MACQUARIE

2024 Annual Report

Macquarie Group
Year ended 31 March 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.

2024 Annual General Meeting

Macquarie Group Limited's 2024 AGM will be held at 10:30am on Thursday, 25 July 2024.

Details of the meeting will be sent to shareholders separately.

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01
About

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. Connected to our existing heritage 50 Martin Place building, it will bring our Sydney teams together in one campus for the first time in 25 years when it opens mid-2024 above a major public transport interchange.

Macquarie (MGL and its subsidiaries, the Consolidated Entity) is a global financial services group with offices in 34 markets.

Macquarie now employs over 20,600[1] people globally across 34 markets.

EMEA ~15%

Americas ~15%

Asia ~21%

ANZ ~49%

(1) This figure includes staff employed in certain operationally segregated subsidiaries (OSS). Unless otherwise stated, further references to staff data and policies do not include those in OSS.

About Macquarie

Macquarie Group Limited (MGL, the Company) is listed in Australia and is regulated by the Australian Prudential Regulation Authority (APRA), the Australian banking regulator, as a Non-Operating Holding Company (NOHC) of Macquarie Bank Limited (MBL), an authorised deposit-taking institution (ADI). Macquarie's activities are also subject to supervision by various other regulatory agencies around the world.

Founded in 1969, Macquarie now employs over 20,600[1] people globally, has total assets of $A403.4 billion and total equity of $A34.0 billion as at 31 March 2024.

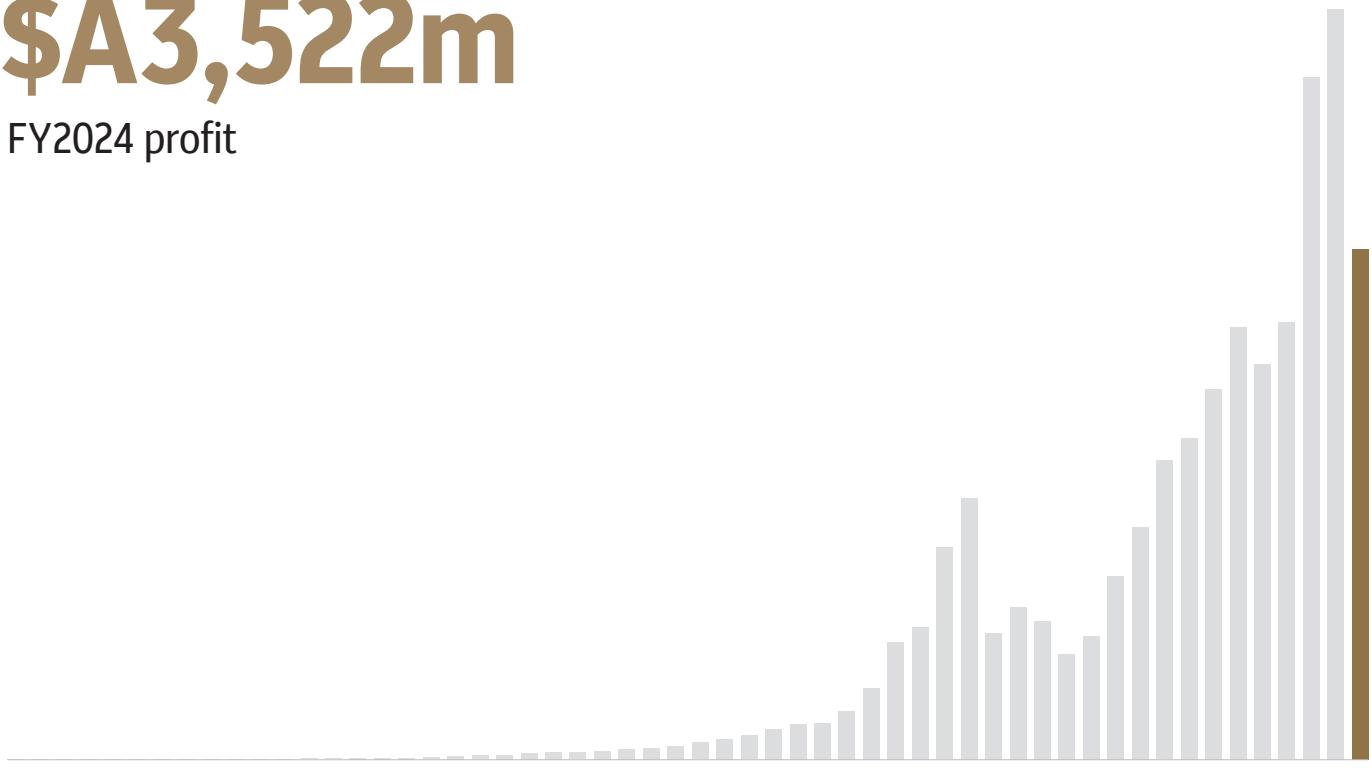
Macquarie's breadth of expertise covers asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment. The diversity of our operations, combined with a strong capital position and robust risk management framework, has contributed to Macquarie's 55-year record of unbroken profitability.

Macquarie works with government, institutional, corporate and retail clients and counterparties around the world, providing a diversified range of products and services. We have established leading market positions as a global specialist in a wide range of sectors, including renewables, infrastructure, resources, commodities and energy.

Alignment of interests is a longstanding feature of Macquarie's client-focused business, demonstrated by our willingness to both invest alongside clients and closely align the interests of our shareholders and staff.

$A3,522m

FY2024 profit



> **Macquarie remains well placed to respond to opportunities and manage the associated risks, thanks to the diversity of our businesses, enduring client franchises, strong balance sheet and disciplined approach to risk management."**

Letter from the

Chair

Macquarie Group delivered a profit of $A3,522 million in FY2024, a decline from the exceptional results of the previous two years. The volatility in global energy markets that had previously increased customer demand for services and presented trading opportunities gave way to much quieter conditions, and hence lower earnings for the Commodities and Global Markets business. For much of the year, less active financial markets also constrained other areas of the Company's business, particularly in Macquarie Asset Management. As long-term investments in growth paid off, Banking and Financial Services and Macquarie Capital both generated higher profits than last year. Shemara's letter gives a more detailed account of performance during the year.

The company earned a return on shareholders' funds for the year of 10.8%, a bit below the level Macquarie typically seeks to achieve. Over the past five years, Macquarie has earned around 15% for shareholders on average.

Increases in headcount and in the broader cost base have been difficult to avoid in recent years given the extent of business growth, the volume of project work and particularly the increase in regulatory requirements. As some of these projects now deliver planned productivity benefits, management has heightened its focus on costs and is working to ensure value for shareholders.

The global economy appears to have stabilised after the disturbances of the immediate post-COVID period, and inflation has declined. Low inflation is not yet assured, however, and the prospects for interest rates are unclear.

Macquarie remains well placed to respond to opportunities – and to manage the associated risks – thanks to the diversity of our businesses, enduring client franchises, a strong balance sheet and our disciplined approach to risk management.

Environmental Social and Governance

Macquarie issued its second Net Zero and Climate Risk Report in late 2023. We continue to manage on balance sheet lending and equity exposures in line with our Net Zero Banking Alliance commitments. In addition, and probably more significantly, we continued to support the development of clean energy infrastructure, with 110 GW of clean energy capacity in development, construction, or operation at the end of FY2024.[2]

With global emissions still increasing, despite the rapid increase in renewable capacity, the global and local conversation about climate change has become more nuanced, and more challenging, as the full magnitude of the decarbonisation challenge becomes apparent. Recent experience highlights that fossil fuels, particularly natural gas, will be required for quite some time to come, even as the trend to renewables continues.

While financial institutions have an important role to play in marshalling financial resources for the transitions their clients are seeking to make, the carbon intensity of financial portfolios can only decline by as much, and as fast, as the underlying physical capital stock of economies is able to decarbonise. That will be determined mainly by non-financial factors – technological advancements, government policies, the supply of skilled labour and of other necessary capacity.

Within its field of influence and capability, and with around 20 years' experience in advancing climate solutions, Macquarie is well-positioned to continue playing a constructive role as a financier, adviser, investor and fiduciary. We expect this to be to the benefit of shareholders.

New workplaces

Technological change is challenging conventional notions of the way work is done. Yet the physical workplace is still important as a place to come together, to collaborate, innovate and to advance professional development.

Macquarie has continued to invest in our physical workplaces around the world. This year sees the opening of our new global headquarters in Sydney, part of an ambitious project that integrates a major interchange for the city's new Metro transport system with two state-of-the-art office buildings and a regenerated public space. The project is one of Macquarie's largest balance sheet infrastructure undertakings to date and is a prime example of how we connect capital with community need.

Board Changes

Nicola Wakefield Evans retired from the Board in February 2024, having served for ten years. Nicola made an important contribution to Macquarie both in her career as a professional lawyer and as a Director, including for over seven years as Chair of the Board Governance and Compliance Committee, a responsibility that has now been taken on by Rebecca McGrath.

During the year, Susan Lloyd-Hurwitz joined the MGL and MBL Boards as an independent director. Susan brings with her significant expertise in the global investment and real estate sectors and is already making a valued contribution.

The process of appointing Bank-only Non-Executive Directors (BONDs) to the MBL Board was completed with the appointment of David Whiteing in September 2023 and Wayne Byres in February 2024. Both bring highly valued skills and experience to the MBL board.

As previously advised, Michael Coleman will retire from the MBL Board after a two-year term as a BOND, expected by mid-2024. Michael has been associated with Macquarie as a Director for 12 years including nine years as Chair of the Audit Committee. We thank him for his exemplary service.

Capital and Dividends

The company finished the year in a strong position, with the Bank Group posting a common equity tier 1 capital ratio of over 13% on an APRA basis, and with surplus capital at the MGL level. The Board declared a final dividend of $A3.85 per share, making for a total dividend of $A6.40 per share for the full year. This was in keeping with the Board's longstanding policy of paying between 50 and 70 per cent of earnings in dividends.

In November 2023, the Board also approved an on-market buy-back for Macquarie Group shares of up to $A2 billion. As at 31 March 2024, $A644 million had been purchased under this program. This decision returns more of the exceptional returns of FY2022 and FY2023 to shareholders.

It remains for me to thank my colleagues on the Board, and the staff and management of Macquarie, for their efforts in a challenging year. This is a high-performing team that remains focused on delivering the best possible results for shareholders.

Finally, your Directors thank you, the owners of Macquarie, for your ongoing support.

Glenn Stevens AC
Independent Director and Chair

Sydney
3 May 2024

(2) As at 31 March 2024 on our balance sheet or under Macquarie management. Excludes lending and private credit funds. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned or managed by Macquarie.

Our people partnered with our clients and communities as they navigated and adapted to uncertainty, identifying and realising new opportunities guided by our purpose and principles and supported by our proven risk management framework and distinct culture."

Letter from the

Managing Director and CEO

Despite ongoing economic uncertainty and subdued market conditions in many parts of the world, Macquarie's client franchises remained resilient over the last year, with continued client growth, fundraising and new business origination across the group as we delivered our 55th consecutive year of profitability since inception.

With the relevant expertise and agility to respond to changes in market conditions and support our clients, our diversified portfolio of businesses continued to invest in structural themes driving long-term growth around the world. Our people partnered with our clients and communities as they navigated and adapted to uncertainty, identifying and realising new opportunities guided by our purpose and principles and supported by our proven risk management framework and distinct culture.

For the year ended 31 March 2024, in what was a period of transition for some of our businesses against a backdrop of less active markets, Macquarie delivered net profit after tax of $A3,522 million, down 32% on a record prior year, with all four of our operating groups delivering solid net profit contributions.

Banking and Financial Services (BFS) delivered a record net profit contribution of $A1,241 million, up 3% from $A1,201 million in FY2023. BFS benefitted from growth in the loan portfolio and BFS deposits, and credit and other impairment reversals primarily reflecting an improvement in the macroeconomic outlook. This was partially offset by margin compression, higher employment expenses and technology investment to support portfolio growth, compliance and regulatory requirements.

Commodities and Global Markets (CGM) delivered a net profit contribution of $A3,213 million, down 47% from a record $A6,007 million in FY2023. Despite an environment characterised by much lower levels of market volatility, CGM delivered revenues at a similar level to the strong performance of FY2022, demonstrating ongoing growth and resilience in the client franchise. The result reflected a lower contribution from Commodities and Asset Finance, partially offset by stronger performance in Financial Markets.

Macquarie Asset Management (MAM) delivered a net profit contribution of $A1,208 million, down 48% from $A2,342 million in FY2023. The decrease was driven by lower asset realisations in green investments and increased net expenditure in investments in the green energy portfolio as it continues its transition into a fiduciary business. Base and performance fees were broadly in line with the prior year.

Macquarie Capital delivered a net profit contribution of $A1,051 million, up 31% from $A801 million in FY2023. The increase was driven by higher investment-related income driven by growth in the private credit portfolio, lower credit provisions and net reversals of impairments, partially offset by lower net gains on investments, lower advisory income and higher operating expenses.

This report provides examples of key areas of activity across Macquarie in FY2024, and explains how, by empowering people to innovate and invest for a better future, our teams continue to create value for our clients, communities, shareholders and each other.

Advancing climate solutions

Despite the more challenging macroeconomic backdrop, last year saw record levels of investment in clean energy and in the deployment of clean technology to reduce broad-based emissions, supported by transformative government policy, investment incentives and investor appetite in major markets around the world.

While certain sub-sectors of the climate response were affected by higher levels of inflation and supply chain constraints, and some governments scaled back their most ambitious climate pledges, long-term momentum supporting the energy transition persists.

At Macquarie, we are using our deep expertise to develop, construct, finance and manage practical solutions to climate change across six continents. We are investing in renewable energy solutions at scale, supporting the next wave of climate technologies, working with clients and portfolio companies on their decarbonisation ambitions, and investing in nature, adaptation and resilience.

Our longstanding view remains that a managed glidepath to deliver an orderly energy transition is the best long-term solution to the energy trilemma of availability, affordability, and emissions.

A culture of entrepreneurialism

By balancing entrepreneurial spirit with operational discipline, actively seeking out and involving the contribution of others, and applying expertise and skills, our people generate new ideas that support our clients and communities through constantly changing times, while also managing risks and being accountable for the outcomes they deliver. I am proud of the many ways that our people have stepped up to support our clients in navigating changing and challenging times.

As geopolitical tensions have escalated over recent years, very real and often tragic human impacts have been exacerbated by the greater uncertainty inflicted on the economic environment. Addressing the key opportunities and challenges the world faces requires the imagination, ideas and innovation that emerge when you collaborate and bring together diverse points of view. We work hard to maintain a culture that empowers people to identify and realise opportunity, and supports them to learn, achieve and succeed.

Opportunities in new technologies

Macquarie is committed to investing in and making generative AI technologies available to our people to unlock productivity, enhance creativity and improve outcomes, ultimately enhancing the experiences of our clients and the community. In FY2024, we piloted a range of Generative AI products and commenced the rollout of enterprise tools to help our staff with everyday activities. Our businesses continue to explore targeted solutions in their areas. Through a strong focus on AI governance and risk management, we have the guardrails in place to protect our people, our business and our clients.

Investing in our communities and our workplaces

A founding principle of Macquarie is creating value for the communities in which we operate by using our expertise to address areas of unmet need, and each of our businesses seeks to do this across their areas of focus.

As a global leader in the infrastructure sector, we develop and manage essential assets that connect communities around the world. This includes creating, investing in, and operating assets across the energy, utility, transportation, digital, waste management and social sectors.

In 2024, we will open our new global headquarters in the heart of Sydney, which has drawn on our team's skillsets across a complex urban, multi-sector development. Part of a new integrated transport and community precinct being delivered in partnership with the New South Wales Government, the project will provide a place for people to come together, facilitate interaction across communities and deliver shared value to all.

This will be followed by the opening of our new regional headquarters for the Americas at 660 Fifth Avenue in New York, coinciding with our 30th anniversary of operating in the region.

Management changes

After 28 years with Macquarie and five years as Group Head, Nicholas O'Kane stepped down as Head of CGM and from Macquarie's Executive Committee, on 27 February 2024. Simon Wright, who was Global Head of CGM's Financial Markets division and has been with Macquarie for 35 years, became Group Head, joining the Executive Committee on 1 April 2024.

I would like to thank Nick for his significant contribution to CGM and Macquarie more broadly. He leaves a team and business that is very well-positioned for the future, and I look forward to continuing to work with Simon to build on CGM's success.

External outlook

Market conditions are likely to remain challenging for some time, making forecasting difficult. While we haven't provided overall guidance for the 2025 financial year, factors impacting our client franchises in the short-term outlook are outlined further in this report.

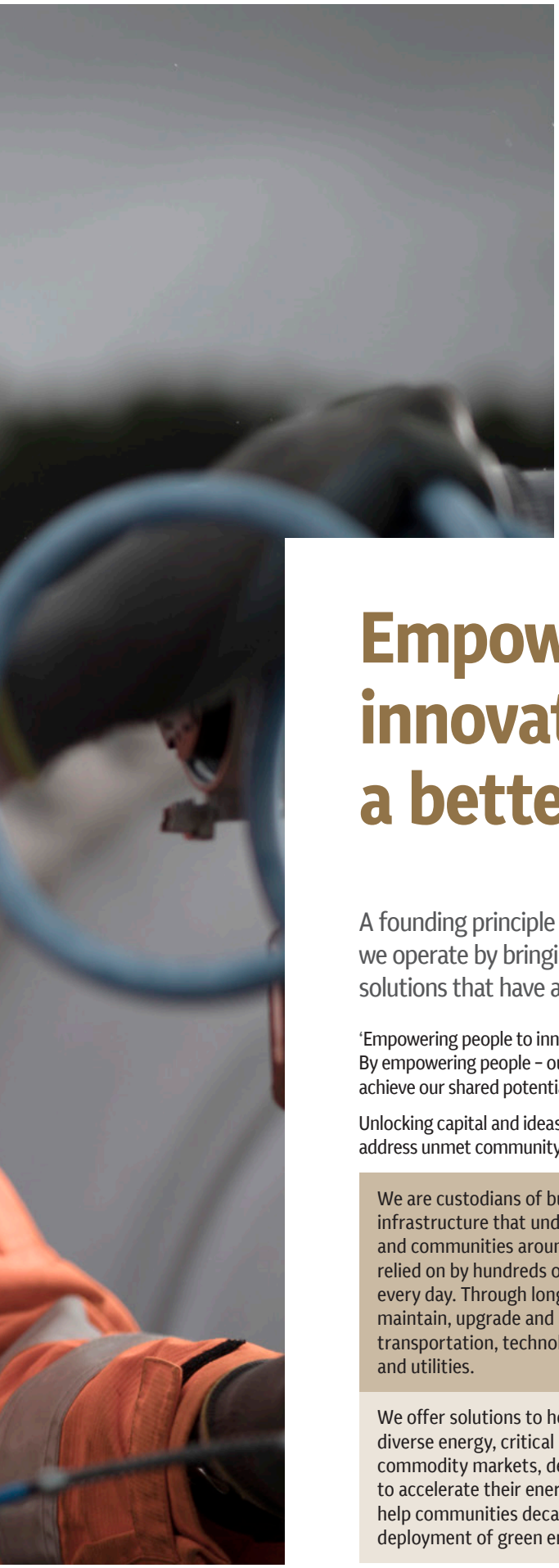
Macquarie remains well-positioned to deliver superior performance for our clients, communities and shareholders in the medium term due to Macquarie's diversification, businesses that lead in their niches, and our combination of global knowledge and local expertise. These are supported by a strong and conservative balance sheet, ongoing investment in our operating platform, flexibility to allocate capital, and our proven risk management framework and culture.

On behalf of senior management, we would like to thank Macquarie's staff for their work and dedication. As a services business, our people are one of our greatest strengths and our success over the past 55 years has been driven their expertise, commitment and ideas. Such success would not be possible without the support of our clients and shareholders, for which the Macquarie team is extremely grateful.

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
3 May 2024

Through its investment in National Gas, Macquarie Asset Management is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system.



Empowering people to innovate and invest for a better future

A founding principle of Macquarie was creating value for the communities in which we operate by bringing together expertise, commitment and ideas to develop solutions that have a positive societal impact.

'Empowering people to innovate and invest for a better future' describes Macquarie's purpose. By empowering people – our colleagues, clients, communities, shareholders and partners – we seek to achieve our shared potential.

Unlocking capital and ideas, we create investment opportunities while helping facilitate economic activity, address unmet community needs and advance long-term prosperity.

We are custodians of businesses and infrastructure that underpin economies and communities around the world and are relied on by hundreds of millions of people every day. Through long-term investment, we maintain, upgrade and build assets in energy, transportation, technology, social infrastructure and utilities.	We connect communities with capital and innovation to meet the growing demands of population growth, changing demographics and the opportunities in digitalisation. Our specialist teams in each region work with clients and partners to respond to common challenges, helping meet the specific needs of local communities.
We offer solutions to help clients navigate diverse energy, critical mineral and other commodity markets, develop new approaches to accelerate their energy transition, and help communities decarbonise through the deployment of green energy technologies.	We bring more choice and innovation to retail financial services in Australia. From everyday banking to investing, growing a business or buying a home, we support our customers through key moments in their lives.

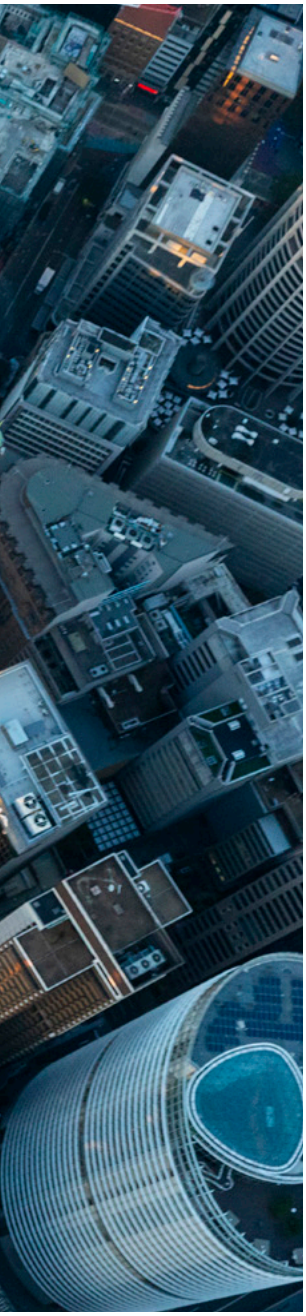
Investing in world-class workplaces

Our workplaces are designed to inspire innovation and learning, reinforce our culture, and empower our people, customers and communities to connect and collaborate. We respond to the changing needs of our business and create equitable workplace environments that have a positive impact on the community. In the past two years we have opened new or refurbished offices in Hong Kong, Houston, Seoul, Melbourne, Milan, Paris, Santiago and Tokyo.

In the coming months, we will open our new global headquarters at 1 Elizabeth Street in the centre of Sydney, as part of our delivery of the new Metro Martin Place station and surrounding precinct. Our existing heritage 50 Martin Place building has been integrated with the new development, bringing our Sydney teams together in one campus for the first time in 25 years.

This will be followed by the opening of our new Americas headquarters at 660 Fifth Avenue in New York, aligned with the 30th anniversary of operating in the region and demonstrating our ongoing commitment to and growth in this dynamic part of the world.

Through a focus on creating efficient, sustainable and inclusive spaces and infrastructure with the latest technology, our workplaces support the future growth and globally connected culture of our businesses and our clients. Both our new Sydney and New York offices have been designed with a dual focus on sustainability and wellbeing. Each is designed to be 100% electric in normal operations, maximise direct access to natural light and views, provide landscaped outdoor areas, optimise indoor air quality, and offer dedicated end-of-trip facilities. The 1 Elizabeth Street, Sydney building has achieved a 6-Star Green Star Design rating, and the 660 Fifth Avenue, New York project's design is targeting a LEED Gold Rating.



Delivering essential infrastructure

Around the world we create, invest in and operate assets that underpin economic and social activity, working with governments and communities to unlock the capital and specialist expertise required to maintain, upgrade and build the infrastructure of the future.

Through its investment in National Gas, MAM is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system. As well as maintaining a safe, secure and reliable source of energy for over 23 million homes, it's helping create a next-generation transmission system capable of transporting low-carbon gases.

CGM has played a pivotal role supporting UK energy providers in the transition to smart meters – a crucial enabler of more efficient energy networks by giving consumers and businesses real-time access to their energy usage data. Over the past 20 years, we have grown to become one of the largest independent meter asset providers in the UK, with just under 8 million owned and managed smart meters.

Macquarie Capital is delivering community connectivity through investments and partnerships in digital infrastructure projects. These include Onivia, Spain's first independent fibre network operator, which is investing in high-speed internet access, supporting the government's agenda to accelerate the country's digital transformation. In India, through its investment in network infrastructure provider CloudExtel, Macquarie Capital is helping to improve the coverage, capacity and speed of data connectivity in local communities.

As governments around the world tackle widespread residential real estate shortages, we are supporting the delivery of new affordable, social and specialist disability accommodation. In the UK, MAM has established Goodstone Living, a specialist residential investment manager and developer with almost 900 new energy-efficient homes under construction. It has also supported a housing association's investment in its property portfolio to meet current safety and energy efficiency standards. Meanwhile in Australia, MAM portfolio company Local is aiming to create over 5,000 build-to-rent apartments at affordable rental levels by 2026.[3]

In Australia and New Zealand, Macquarie Capital is working with Kinetic, an industry leader in the electrification of bus fleets and depot networks. Through an infrastructure debt repositioning, it is supporting Kinetic to meet its ambitious growth pipeline and decarbonisation goals, including replacing diesel buses with zero emission vehicles.

(3) 'Integrating impact housing in Australian build-to-rent developments', Macquarie.

Advancing climate solutions

2023 was more challenging for the energy transition as new projects faced inflationary and supply chain pressures. Nonetheless, global investment reached $US1.8 trillion, an increase of 177% on the previous year.[4]

During FY2024, we extended our activities in supporting the scale-up of established technologies, such as wind and solar, while also investing in less mature technologies, including green fuels.

MAM's global offshore wind platform, Corio Generation – named Offshore Developer of the Year at the 2023 Wind Investment Awards, progressed its development pipeline. Its two UK-based projects, Outer Dowsing and the West of Orkney Wind Farm, submitted offshore planning applications, with the West of Orkney project being the first ScotWind project to achieve this milestone.[5] MAM also launched Aula Energy, a new Australasia-focused renewables platform created with an initial onshore wind development pipeline of ~4GW of capacity.

During the year, Macquarie Capital acquired ONYX Insight, a leading provider of wind turbine performance analytics and condition-based monitoring to the wind energy industry. ONYX monitors more than 17,000 turbines in over 30 countries, providing technology solutions to 7 of the top 10 wind asset owners.[6]

Beyond renewables, MAM sees a growing opportunity to generate new institutional investment in more nascent elements of the energy transition and reached first close on Macquarie's first energy transition fund, Macquarie Green Energy Transition Solutions. Aligned to this strategy, MAM also became the lead investor in a funding round to support the construction of a 16 GWh/year gigafactory in Dunkirk, France. Among other investments, MAM also committed to support an industrial-scale green nitrogen fertiliser development platform in the Americas, contributing to the decarbonisation of the agriculture sector.

CGM continues to develop and deploy climate solutions to help clients with their decarbonisation pathways, including those in carbon-intensive industries, and to support new initiatives in clean fuels and critical minerals. This includes helping meet growing demand for the supply of low-carbon methanol by the shipping industry, through logistics, capital and price risk management services. The business has also developed a new lithium hedging solution to help corporate clients de-risk their supply chains, supporting greater availability of the mineral for the manufacture of clean technologies.

Progress towards net zero

During the year, we published our second Net Zero and Climate Risk Report. It provided an update on financed emissions targets for the coal, oil/gas and motor vehicle sectors, and added new targets for Australian residential mortgage lending. We now have targets in place for over 80% of our dollar ($A) exposures to carbon intensive sectors.

MAM is committed to investing and managing its portfolio in line with global net zero scope 1 and 2 greenhouse gas emissions by 2040, where it has control or significant influence.[7] It is working with its portfolio companies and properties to ensure their net zero business plans are firmly embedded within their organisations and supported by the right resources, providing them with access to Macquarie's breadth of green investment expertise, industrial capabilities and specialist external partners. Where it does not have control or significant influence, such as in its managed portfolio of public securities, MAM will continue to support the goals of the Paris Agreement[8] in a manner consistent with its client-guided fiduciary and regulatory responsibilities.

We believe that the energy transition needs to be managed, orderly and just, and CGM is actively supporting carbon-intensive industries to reduce their emissions while maintaining the vital services they provide and on which communities and industries rely. The scale and breadth of the transition is driving the delivery of holistic solutions across CGM's activities, markets, and client sectors, including carbon and emissions; renewable and flexible power; clean fuels; sustainable transport; critical minerals; the circular economy; and sustainable finance.

Representatives from across Macquarie attended our third successive Conference of the Parties (COP28), meeting with clients and stakeholders in Dubai to discuss the role that we play to support countries and corporates' ambitions to reach net zero.

(4) BloombergNEF.
(5) 'West of Orkney Windfarm first ScotWind project to submit offshore consent application', West of Orkney Windfarm.
(6) 'About us', ONYX Insight.
(7) MAM generally only has influence over scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their scope 3 emissions.
(8) The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C.

Improving governance outcomes

As a custodian of vital businesses and through the investments we make, we have the opportunity to actively drive positive change by advancing governance and societal outcomes.

Macquarie Capital has supported the growth of Forwood, which provides safety software to help companies in high-risk industries globally, including mining, construction and utilities, prevent fatalities. Using artificial intelligence and video analytics to monitor safe behaviours and conditions, Forwood's technology has now been implemented across more than 800 sites globally.

Macquarie Capital also supported Partners Group's refinancing of Civica, which provides software to public bodies across government, healthcare and education in the UK, Asia and the US that helps them increase the efficiency and transparency of service delivery.[9]

MAM continues to encourage its portfolio companies to implement board-approved DEI strategies. One such example is portfolio company 2degrees, a New Zealand telecommunications provider, which has secured Rainbow Tick certification, awarded to organisations that demonstrate they understand and welcome sexual and gender diversity, following the two-year development of a new DEI strategy.

In the US, MAM is engaging with American Electric Power (AEP) – one of America's largest power companies – on how it is supporting communities affected by coal plant shutdowns. A portfolio investment of several MAM Public Investments funds, AEP is working towards a just transition for those affected by its move to net zero, ensuring it is an inclusive process that generates new jobs and reduces inequality.

As a shareholder in over 1,000 stocks globally, the Macquarie Systematic Investments team within MAM is taking a data-driven approach to modern slavery risk. Through direct engagement with companies, the team is able to improve the quality of investment data and encourage improved transparency and disclosures, while identifying those that require closer monitoring and further engagement to track their progress.

In Australia, BFS continues to invest in new safety and security technology, such as the Macquarie Authenticator app, a market-leading multi-factor authentication tool that provides banking customers with real-time account security alerts and notifications.

(9) 'Governance, Risk & Compliance', Civica.

Driving social impact around the world

The Macquarie Group Foundation (The Foundation) drives philanthropic social impact work for Macquarie, supporting our people, businesses and communities to build a better future.

During FY2024, $A67 million was contributed to 3,000 non-profits around the world through employee donations and fundraising, Foundation matching and donations, grants and social impact investments, marking a significant increase on FY2023 and a record year of giving. This includes a record $A10 million raised by the 10th annual Foundation Week, during which our people organised or participated in over 320 charitable initiatives, spanning 42 offices in 25 markets and supporting more than 240 non-profits globally.

By partnering with Macquarie businesses, the Foundation helps integrate a shared value approach into existing business models and identify projects that can deliver both increased social value and enhanced commercial outcomes. Catalysing this work, the Macquarie Shared Value Award recognises a team driving social impact through a shared value project. The 2023 winner was a project managed by Macquarie Capital in the Americas – to develop major bridges in Pennsylvania while also deploying an enduring workforce development initiative. Philadelphia Works, the non-profit involved in the project, was awarded a $A100,000 grant to help increase the scope and scale of social impact.

During the year, World YMCA – whose vision is empowering young people and communities worldwide to build a just, sustainable, equitable and inclusive world – became the Foundation's second global grant partner. Grant funding will support pilot interventions that use digital solutions and innovative financing to move historically underserved young people beyond skilling and into work.

New social impact investments were also announced, including one to US-based Pursuit which received a philanthropic grant and a social impact investment. These two complementary forms of catalytic capital will enable Pursuit to scale its impact supporting low-income individuals without a college degree into long-term careers.

Financial highlights

FY2024 net profit

$A3,522m

↓ 32% on prior year

FY2024 net operating income

$A16,887m

↓ 12% on prior year

FY2024 operating expenses

$A12,061m

— in line with the prior year

FY2024 earnings per share

$A9.17

↓ 32% on prior year

FY2024 return on equity

10.8%

↓ from 16.9% in the prior year

FY2024 dividends per share

$A6.40

(40% franked)
↓ 15% on prior year

FY2024 effective tax rate

26.8%

↑ from 26.0%
in prior year

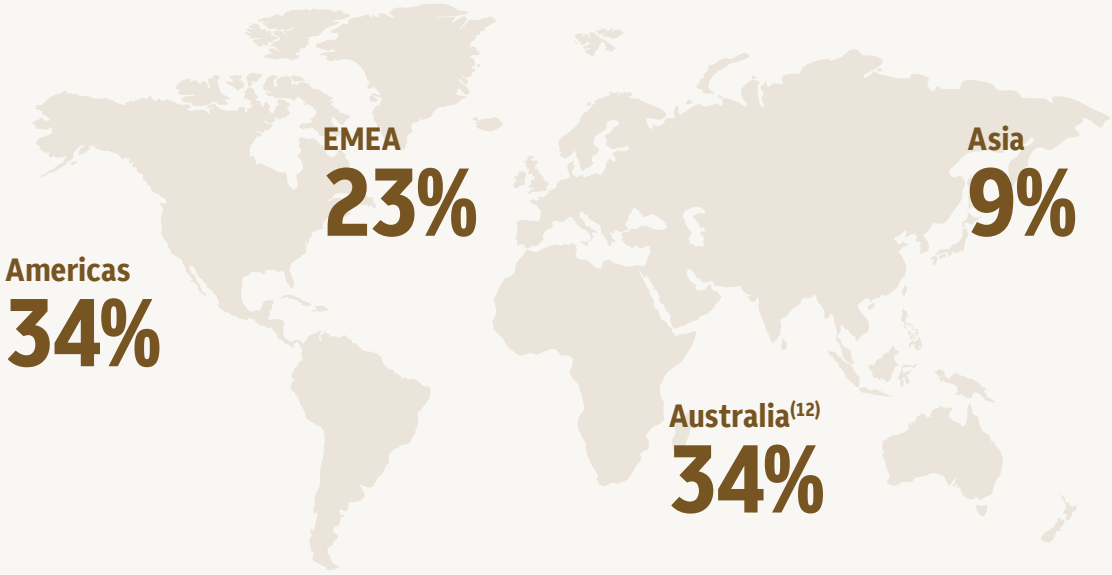
Assets under management

$A938.3b

↑ from $A878.6b[10]
as at 31 March 2023

(10) MAM Private Markets AUM includes equity yet to deploy and equity committed to assets but not yet deployed.

FY2024 international income[11]



FY2024 net profit contribution[13] by activity

Annuity-style activities

$A3,014m

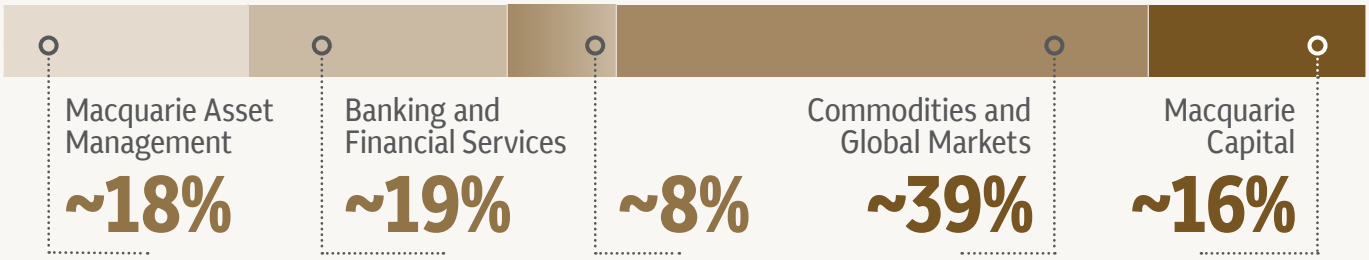
↓ 27% on prior year

Markets-facing activities

$A3,699m

↓ 40% on prior year

~45% ~55%



Macquarie Asset Management ~18%

Banking and Financial Services ~19%

~8%

Commodities and Global Markets ~39%

Macquarie Capital ~16%

(11) International income is net operating income excluding Corporate items.
(12) Includes New Zealand.
(13) Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Macquarie is a diversified financial services group providing clients with asset management and finance, banking, advisory, and risk and capital solutions across debt, equity and commodities.

Asset management

Banking

Advisory

Capital solutions

Further information is also available at **macquarie.com/company**

For more details on the operational performance of the Operating Groups, see slides 13 to 16 of the presentation to investors and analysts available at **macquarie.com/fy24-investor-presentation**

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.

Central Service Groups

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

Risk Management Group (RMG)

An independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the risk management framework.

Financial Management Group (FMG)

Responsible for capital, funding, liquidity, tax and strategic analysis and advice to support the growth of the Macquarie business. Ensures Macquarie meets its financial, regulatory and tax reporting compliance obligations, as well as maintaining relationships with a range of significant external stakeholders.

Legal and Governance Group (LGG)

Provides a full range of legal and corporate governance services, including strategic legal and governance advice and risk assessment on corporate transactions, treasury and funding, insurance, regulatory enquiries and litigation.

Corporate Operations Group (COG)

Provides specialist services in technology, operations, human resources, workplace, data, digital, strategy, operational risk management, business resilience and global security, and the Macquarie Group Foundation.

Annuity-style businesses

Macquarie Asset Management

$A1,208m

↓ 48% on prior year

MAM is investing to deliver positive outcomes for our clients, portfolio companies and communities.

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

FY2024 Highlights

MAM assets under management as at 31 March 2024 increased 7% to $A938.3 billion from $A878.6 billion as at 31 March 2023, due to favourable market movements, investments made by Private Markets-managed funds and favourable foreign exchange movements, partially offset by assets no longer managed as a result of reduction of co-investment management rights.

During the period, MAM raised $A21.9 billion in new equity from clients across a diverse range of strategies, including regional and global infrastructure and energy transition, with record raisings in private credit. MAM invested $A17.9 billion of equity across 51 new investments, including: 19 real assets, 18 real estate and 14 private credit investments.

From 1 November 2023, MAM established Credit as a division, combining the expertise and investment capabilities across Private Credit, Asset Finance and Fixed Income, to create a global integrated credit platform with broad offering to 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 existing and new green platforms as MAM Green Investments transitions to a fiduciary business.

Banking and Financial Services

$A1,241m

↑ 3% on prior year

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, car 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.

FY2024 Highlights

For the year ended 31 March 2024, the loan portfolio increased 10% to $A140.2 billion and BFS deposits increased 10% to $A142.7 billion. Funds on platform increased 15% to $A141.8 billion driven by strong net flows of $A3.0 billion and favourable market movements.

The home loan portfolio increased 10% to $A119.3 billion driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers, while the Business Banking loan portfolio increased 22% to $A15.8 billion driven by strong client retention, an increase in client acquisition across core segments and a continued build into emerging segments.

During the year, BFS expanded the Macquarie Wrap managed accounts offering with funds under administration of $A13.8 billion, up from $A10.5 billion at 31 March 2023.

Medium-term

BFS remains focused 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.

Markets-facing businesses

Commodities and Global Markets

$A3,213m

↓ 47% on prior year

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.

FY2024 Highlights

CGM recorded a net profit contribution of $A3.2 billion, reflecting the diversity and strength of CGM's client platform. This result was down 47% on the prior year, which was characterised by exceptionally strong market volatility, particularly in commodities.

Commodities contribution was down on the prior year due to decreased risk management income primarily in EMEA Gas and Power, and Resources. The decrease was partially offset by an increased contribution from Agricultural markets. Inventory management and trading income substantially lower driven by a reduction in trading activity primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts.

Financial Markets contribution was up on the prior year, driven by increased client hedging activity across foreign exchange and interest rate products and an increased contribution from the Futures business.

Asset Finance contribution was down on prior year, primarily due to an increase in operating expenses, notwithstanding strong origination and portfolio growth in Advanced Technology and Shipping Finance.

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, Electricity and Commodities Research at the Energy Risk Awards 2023 and House of the Year for Commodities Research, Derivatives, Environmental Products, Commodity Trade Finance, Natural Gas/LNG and Emissions at the Energy Risk Asia Awards 2023. CGM is ranked as No.1 Futures Broker on the ASX.

Medium-term

CGM remains focused 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

$A1,051m

↑ 31% on prior year

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.

FY2024 Highlights

Macquarie Capital maintained its leading market position in ANZ across M&A (by deal count) and capital markets (by deal value) in FY2024 and No.1 Global Financial Adviser in Energy Transition on the Inspiratia FY2023 Energy Transition League Table Report (by deal volume).

Macquarie Capital acted as lead sell-side adviser to Parchment, an academic credential management platform on its sale to Instructure (NYSE: INST) for $US835 million and Joint Bookrunner on the financing to fund the acquisition.

As a market leading advisory business with global reach, Macquarie Capital acted as financial adviser to MMG Limited on its acquisition of the Khoemacau copper mine in Botswana for $A2.9 billion. Khoemacau is expected to significantly increase MMG's scale and place MMG as a Top 10 copper-focused producer globally.

As at 31 March 2024, the committed private credit portfolio grew to over $A21.5 billion, with more than $A4.5 billion deployed in FY2024 through focused investment in credit markets and bespoke financing solutions. Macquarie Capital provided bespoke financing to Ottobock, the global leader in orthotic and prosthetic solutions.

Macquarie Capital also announced the acquisition of ONYX Insight, the leading provider of wind turbine performance analytics and condition-based monitoring to the wind energy industry.

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 infrastructure project development. It continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions. 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**

Operating and financial review

Our businesses continued

Our business strategy

The growth of Macquarie's global operations over 55 years reflects our philosophy to expand selectively, focusing on specialist areas where we bring deep expertise to address areas of unmet need on behalf of clients and communities in line with our purpose and longstanding operating principles. We offer our teams significant operating freedom balanced by limits on risk. Alignment of interests is a longstanding feature, demonstrated by willingness to both invest alongside clients and closely align the interests of shareholders and staff.

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

This philosophy is reflected in our flexible approach to allocating capital. We rely on our teams who are close to their markets and clients to drive ideas, setting out 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
Macquarie Asset Management

BFS
Banking and Financial Services

CGM
Commodities and Global Markets

Macquarie Capital

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
Corporate Operations Group

FMG
Financial Management Group

RMG
Risk Management Group

LGG
Legal and Governance Group

Our purpose and principles and what we expect of our staff are set out in our *Code of Conduct*.
macquarie.com/what-we-stand-for

Risk management

A sound risk culture has been integral to Macquarie's risk management framework.

Risk culture

Macquarie sets, promotes, monitors and reflects on the effectiveness of our risk culture. Macquarie's approach to maintaining a sound risk culture is based on:

- setting behavioural expectations
- leading and executing
- monitoring, measuring and reporting.

Risk management framework

Macquarie's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal or external sources of material risk.

Macquarie's approach to risk management is based on stable and robust core risk management principles. These are:

- ownership of risk at the business level
- understanding worst-case outcomes
- requirement for an independent sign-off by RMG.

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance:

- primary responsibility for day-to-day risk management lies with the business
- RMG forms the second line of defence
- Internal Audit, as the third line, provides independent and objective risk-based assurance.

Refer to the **Risk Management** section of this Annual Report for details on Macquarie's risk management framework, risk culture and conduct risk management

Macroeconomic factors

The key macroeconomic risks to Macquarie's short and medium term financial outlook noted on page 32 are:

Market conditions

The general condition of markets, driven by macroeconomic, climate and geopolitical factors, may have a bearing on Macquarie's businesses. Changing market conditions influence the volume and timing of client and principal transactions across businesses and the value of various equity, credit and market risk exposures held by Macquarie on its balance sheet.

The value of the Australian dollar

A significant proportion of Macquarie's net income is denominated in foreign currency. Therefore, net income will be lower in Australian dollar terms if the Australian dollar appreciates against other foreign currencies, and net income will be higher in Australian dollar terms if the Australian dollar depreciates against other foreign currencies.

Potential regulatory changes

Macquarie is affected by changes in regulation. Regulatory change continues to increase at both the global and Australian levels and has the potential to affect the regulatory capital and funding requirements and profitability of Macquarie's businesses.

Funding and liquidity

Macquarie uses deposits and debt markets, among other funding sources, to fund its assets. Macquarie is therefore exposed to the risk of an increase in the cost of funding, or of reduced access to funding sources.

Technology

Macquarie recognises that with the use of systems, technology, and platforms to support its business activities, it is exposed to risk of loss resulting from failure, inadequacy or misuse of technology and technology resources.

In determining those risks that are material to Macquarie, we assess the potential for a risk to affect our earnings resilience and financial strength across market cycles; our ability to meet regulatory obligations; our stakeholders; and our reputation. Macquarie's material risks include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational, regulatory and compliance, strategic, tax, technology and cyber, and work health and safety risks.

Further details on the management of these material risks are available at **macquarie.com/risk-management**

Operating and financial review

for the year ended 31 March 2024

Review of Group performance and financial position

Overview

Profit attributable to ordinary equity holders of $A3,522 million for the year ended 31 March 2024 decreased 32% from $A5,182 million in the prior year.

	FULL YEAR TO		
	31 Mar 24 $Am	31 Mar 23 $Am	*Movement %*
Net operating income	**16,887**	19,122	*(12)*
Operating expenses	**(12,061)**	(12,130)	*(1)*
Income tax expense	**(1,291)**	(1,824)	*(29)*
(Profit)/Loss attributable to non-controlling interests[14]	**(13)**	14	*
Profit attributable to ordinary equity holders	**3,522**	5,182	*(32)*

* Indicates that the result was a gain in one period and a loss in another, or vice versa.

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/fy24-mda**

(14) 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.

FY2024 net profit contribution by Operating Group

Summary of the Operating Groups' performance for the year ended 31 March 2024.

Annuity-style businesses

Non-Banking Activities

Macquarie Asset Management (MAM)

$A1,208m

↓ 48% on prior year due to

- decreased net income on equity, debt and other investments driven by lower asset realisations in green investments
- increased net expenditure on investments in green energy portfolio companies operating on a standalone basis
- increased net interest and trading expense primarily driven by higher funding costs due to an increase in central bank interest rates and investments.

Partially offset by:

- reversal of an impairment previously recognised on a green equity investment.

Banking Activities

Banking and Financial Services (BFS)

$A1,241m

↑ 3% on prior year due to

- higher net interest and trading income driven by growth in the loan portfolio and BFS deposits, and the full year benefit of the rising interest rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs
- higher fee and commission income driven by growth in average funds on platform, as well as higher lending and transaction volumes
- credit impairment reversals largely driven by improvement in the macroeconomic outlook, particularly in the home loans portfolio, partially offset by changes in composition of portfolio growth.

Partially offset by:

- higher operating expenses driven by higher employment expenses and increased technology investment to support portfolio growth, compliance and regulatory requirements.

Markets-facing businesses

Macquarie Capital

$A1,051m

↑ 31% on prior year due to

- higher net interest and trading income primarily from the private credit portfolio, benefitting from $A3.6 billion growth in average drawn loan assets with margins in line with the prior year and the non-recurrence of mark-to-market losses on certain debt underwriting positions
- lower credit provisions due to an improvement in the macroeconomic outlook and lower deployment of the private credit portfolio
- reversal of impairments on a small number of previously underperforming investments.

Partially offset by:

- lower net gains on investments including the non-recurrence of material asset realisations
- lower fee and commission income driven by lower mergers and acquisitions fee income due to weaker market activity
- higher funding costs reflecting higher central bank interest rates and investment activity
- higher operating expenses driven by higher expenditure on technology platforms, increased compliance and regulatory spend and higher employment expenses.

Commodities and Global Markets (CGM)[15]

$A3,213m

↓ 47% on prior year due to

- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts
- decreased risk management income primarily in EMEA Gas and Power, and Resources due to decreased client hedging as volatility and price movements stabilised across commodity markets following record highs in the prior year. The decrease was partially offset by an increased contribution from Agricultural markets
- higher operating expenses driven by higher expenditure on technology platform and infrastructure, compliance and regulatory spend and higher employment expenses.

Partially offset by:

- increased foreign exchange, interest rate and credit products income driven by increased client hedging activity in foreign exchange and interest rate products and an increased contribution from the Futures business
- increased operating lease income driven by increased volumes in technology and energy sectors.

Corporate

Net expenses of **$A3,191m**

↓ 38% on prior year due to

- reduced operating expenses driven by lower performance-related profit share expense as a result of the performance of the Consolidated Entity and lower expenses on certain legacy and other transaction-related charges
- increased net interest and trading income, driven by increased earnings on capital reflecting higher central bank interest rates and higher average volumes, the impact of Macquarie's previously elevated centrally held liquidity and funding surpluses being deployed into the Operating Groups, and improved returns on Group Treasury's liquid asset portfolio
- reduced income tax expense as a result of the performance of the Consolidated Entity, partially offset by a higher effective tax rate mainly driven by the geographic composition and nature of earnings.

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**

(15) 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 Activities.

Net operating income

Net operating income of $A16,887 million for the year ended 31 March 2024 decreased 12% from $A19,122 million in the prior year. The decrease was primarily driven by lower net interest and trading income and lower net other operating income, partially offset by credit and other impairment reversals in the current year.

Net interest and trading income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
8,907	10,601

↓ 16% on prior year

This movement was largely driven by:
- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts, in CGM
- decreased risk management income, primarily in EMEA Gas and Power, and Resources due to decreased client hedging, in CGM.

Partially offset by:
- higher net interest and trading income from the private credit portfolio and the non-recurrence of mark-to-market losses on certain debt underwriting positions, in Macquarie Capital
- higher earnings on capital reflecting higher central bank interest rates
- growth in the loan portfolio and BFS deposits, and the full year benefit of the rising interest rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs.

Fee and commission income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
6,249	6,400

↓ 2% on prior year

This movement was largely driven by:
- lower mergers and acquisitions fee income due to weaker market activity, in Macquarie Capital
- lower performance fees in MAM
- lower base fees in Public Investments primarily driven by outflows in equity strategies, partially offset by favourable market and foreign exchange movements in MAM.

Partially offset by:
- higher base fees in Private Markets which were driven by fundraising and investments made by Private Markets-managed funds and mandates, as well as favourable foreign exchange movements, in MAM.

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

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
(49)	(113)

↓ 57% on prior year

This movement was largely driven by:
- changes in the performance of the investment portfolio, in MAM.

Credit and other impairment charges

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
369	(454)

↑ significantly on prior year

This movement was largely driven by:
- release of credit provisions due to improvement in the macroeconomic outlook
- reversal of impairments recognised on a small number of previously underperforming assets and equity investments in Macquarie Capital and MAM
- lower deployment of the private credit portfolio in Macquarie Capital.

Partially offset by:
- changes in composition of portfolio growth, in BFS.

Net other operating income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,411	2,688

↓ 48% on prior year

This movement was primarily driven by:
- lower asset realisations in green investments in MAM
- non-recurrence of material asset realisations in Macquarie Capital
- increased net expenditure on investments in green energy portfolio companies operating on a standalone basis in MAM.

Partially offset by:
- gains on a number of investments in Macquarie Capital.

Operating expenses

Total operating expenses of $A12,061 million for the year ended 31 March 2024 were broadly in line from $A12,130 million in the prior year.

Employment expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
7,723	7,703

broadly in line with prior year

This movement was largely driven by:
- higher salary and related expenses from higher average headcount and wage inflation
- unfavourable foreign exchange movements
- higher share-based payments expense mainly driven by the prior year's performance of the Consolidated Entity
- higher one-off staff costs.

Offset by:
- lower performance-related profit share expenses as a result of the performance of the Consolidated Entity.

Brokerage, commission and trading-related expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,071	1,028

↑ **4%** on prior year

This movement was largely driven by:
- unfavourable foreign exchange movements
- increased trading and brokerage activities in CGM
- increased transaction volumes in BFS.

Non-salary technology expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,163	1,092

↑ **7%** on prior year

This movement was largely driven by:
- increased investment in technology initiatives, with a focus on data and digitalisation, to support business growth and compliance.

Other operating expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
2,104	2,307

↓ **9%** on prior year

This movement was largely driven by:
- lower expenses on certain legacy and other transaction-related charges
- lower professional fees.

Income tax expense

Income tax expense of $A1,291 million for the year ended 31 March 2024 decreased 29% from $A1,824 million in the prior year. The effective tax rate for the year ended 31 March 2024 was 26.8%, up from 26.0% in the prior year.

The higher effective tax rate compared to the prior year was mainly driven by the geographic composition and nature of earnings.

Operating and financial review

Review of group performance and financial position continued

Statement of Financial Position

The Consolidated Entity's Statement of financial position was impacted during the year ended 31 March 2024 by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

Total assets

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
403,404	387,872

↑ 4% on 31 Mar 23

Total assets of $A403.4 billion as at 31 March 2024 increased 4% from $A387.9 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- loan assets of $A176.4 billion as at 31 March 2024 increased 11% from $A158.6 billion as at 31 March 2023, driven by volume growth in the BFS home loans and business lending portfolios and Macquarie Capital's private credit portfolio
- trading assets of $A27.9 billion as at 31 March 2024 increased 65% from $A16.9 billion as at 31 March 2023, driven by an increase in holdings of listed equity securities in CGM
- cash collateralised lending and reverse repurchase agreements of $A58.4 billion as at 31 March 2024 increased 8% from $A54.3 billion as at 31 March 2023, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management
- financial investments of $A24.4 billion as at 31 March 2024 increased 11% from $A21.9 billion as at 31 March 2023, driven by an increase in holdings of debt securities as part of Group Treasury's liquid asset portfolio management
- other assets of $A12.6 billion as at 31 March 2024 increased 21% from $A10.4 billion as at 31 March 2023, driven by higher commodity-related receivables from increased volumes in CGM.

These increases were partially offset by:

- cash and bank balances of $A31.9 billion as at 31 March 2024 decreased 30% from $A45.7 billion as at 31 March 2023, 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
- derivative assets of $A24.1 billion as at 31 March 2024 decreased 33% from $A36.1 billion as at 31 March 2023, driven by volatility and price movements having stabilised across commodity markets, as well as the maturity of prior year positions. After taking into account related financial instruments, cash and other financial collateral, the residual derivative asset exposure was $A7.4 billion (31 March 2023: $A9.7 billion). The majority of the residual derivative asset exposure was short-term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with a substantial portion of the exposure with investment grade counterparties.

Total liabilities

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
369,408	353,766

↑ 4% on 31 Mar 23

Total liabilities of $A369.4 billion as at 31 March 2024 increased 4% from $A353.8 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- deposits of $A148.4 billion as at 31 March 2024 increased 10% from $A134.7 billion as at 31 March 2023, driven by volume growth in retail and business banking deposits in BFS
- issued debt securities and other borrowings of $A119.9 billion as at 31 March 2024 increased 10% from $A109.5 billion as at 31 March 2023, driven by the issuance of short-term commercial paper and long-term bonds by Group Treasury
- other liabilities of $A14.5 billion as at 31 March 2024 increased 16% from $A12.5 billion as at 31 March 2023, driven by higher commodity-related payables from increased volumes in CGM
- loan capital of $A14.2 billion as at 31 March 2024 increased 10% from $A12.9 billion as at 31 March 2023 driven by the issuance of Tier 2 loan capital.

These increases were partially offset by:

- derivative liabilities of $A25.6 billion as at 31 March 2024 decreased 22% from $A32.8 billion as at 31 March 2023 commensurate with the movement in derivative assets. After taking into account related financial instruments, cash and other collateral, the residual derivative liability was $A6.8 billion (31 March 2023: $A6.6 billion)
- cash collateralised borrowing and repurchase agreements of $A12.6 billion as at 31 March 2024 decreased 33% from $A18.7 billion as at 31 March 2023, driven by a reduction in trading activity in CGM and partial maturity of the RBA Term-Funding Facility.

Total equity

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
33,996	34,106

broadly in line on 31 Mar 23

Total equity of $A34.0 billion as at 31 March 2024 has remained broadly in line with $A34.1 billion as at 31 March 2023.

The Consolidated Entity's equity was impacted by:

- $A2.7 billion in dividend payments
- $A0.6 billion of ordinary shares on-market buy-back
- $A0.4 billion decrease in non-controlling interests.

These decreases were partially offset by $A3.5 billion of earnings generated during the current year and a $A0.5 billion increase in foreign currency translation, largely driven by the depreciation of the Australian Dollar to the United States Dollar.

Funding

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.

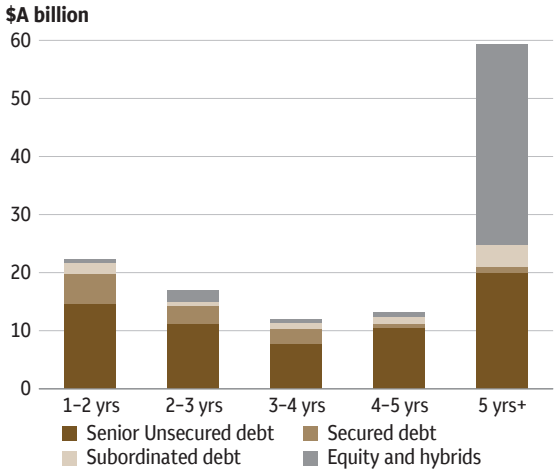
Macquarie has a funding base that is stable with short-term wholesale funding covered by cash, liquids and other short-term assets. As at 31 March 2024, Macquarie's term assets were covered by term funding maturing beyond one year, stable deposits, hybrids and equity.

The weighted average term to maturity of term funding maturing beyond one year (excluding equity and securitisations) was 4.5 years as at 31 March 2024.

4.5
years
Weighted average maturity

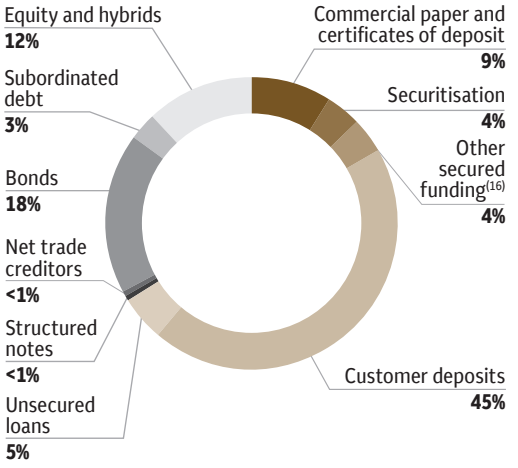
Term funding profile

Detail of drawn funding maturing beyond one year



Diversity of funding source

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 2023, Macquarie has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2023 and 31 March 2024:

		Bank Group $Ab	Non-Bank Group $Ab	**Total $Ab**
Issued paper	– Senior and subordinated	8.7	4.7	13.4
Secured funding	– Term securitisation and other secured finance	5.0	0.7	5.7
Loan facilities	– Unsecured loan facilities	1.5	0.5	2.0
Total[17]		**15.2**	**5.9**	**21.1**

Macquarie has continued to develop its major funding markets and products during the year ended 31 March 2024.

(16) Includes RBA Term Funding Facility (TFF) of $A9.6 billion.
(17) 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.

$A10.7b

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)[18] of 0.75%. The corresponding requirement for Tier 1 capital is 10.5%, inclusive of the CCB and CCyB[18]. 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 31 March 2024:

Bank Group Level 2 Basel III ratios as at 31 March 2024	APRA Basel III	Harmonised Basel III[19]
Common Equity Tier 1 Capital Ratio	13.6%	18.7%
Tier 1 Capital Ratio	15.5%	20.9%
Leverage Ratio	5.2%	5.9%

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**.

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.

(18) The CCyB of the Bank Group at 31 March 24 is 0.71%, 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.

(19) 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.

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02
Governance

One IFC, Hong Kong

The 2021 award-winning redesign of Macquarie's Hong Kong office in One International Finance Centre, overlooking Victoria Harbour, provides support for hybrid working and enhances the connectivity of our people by using flexible multi-use spaces to foster stronger connections between teams.

Corporate Governance Statement

This Corporate Governance Statement has been approved by the Macquarie Group Limited Board (Board). It describes our key governance practices and articulates how decision-making is guided to meet stakeholder expectations of sound corporate governance and prudent decision-making, acknowledging Macquarie's specific and broader responsibilities to its shareholders, funders, clients, employees and the communities in which it operates.

Macquarie Group Limited's (MGL) corporate governance practices have followed the recommendations set by the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* throughout the financial year ended 31 March 2024.

MGL, together with its subsidiaries (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 advisory, capital raising and principal investment.

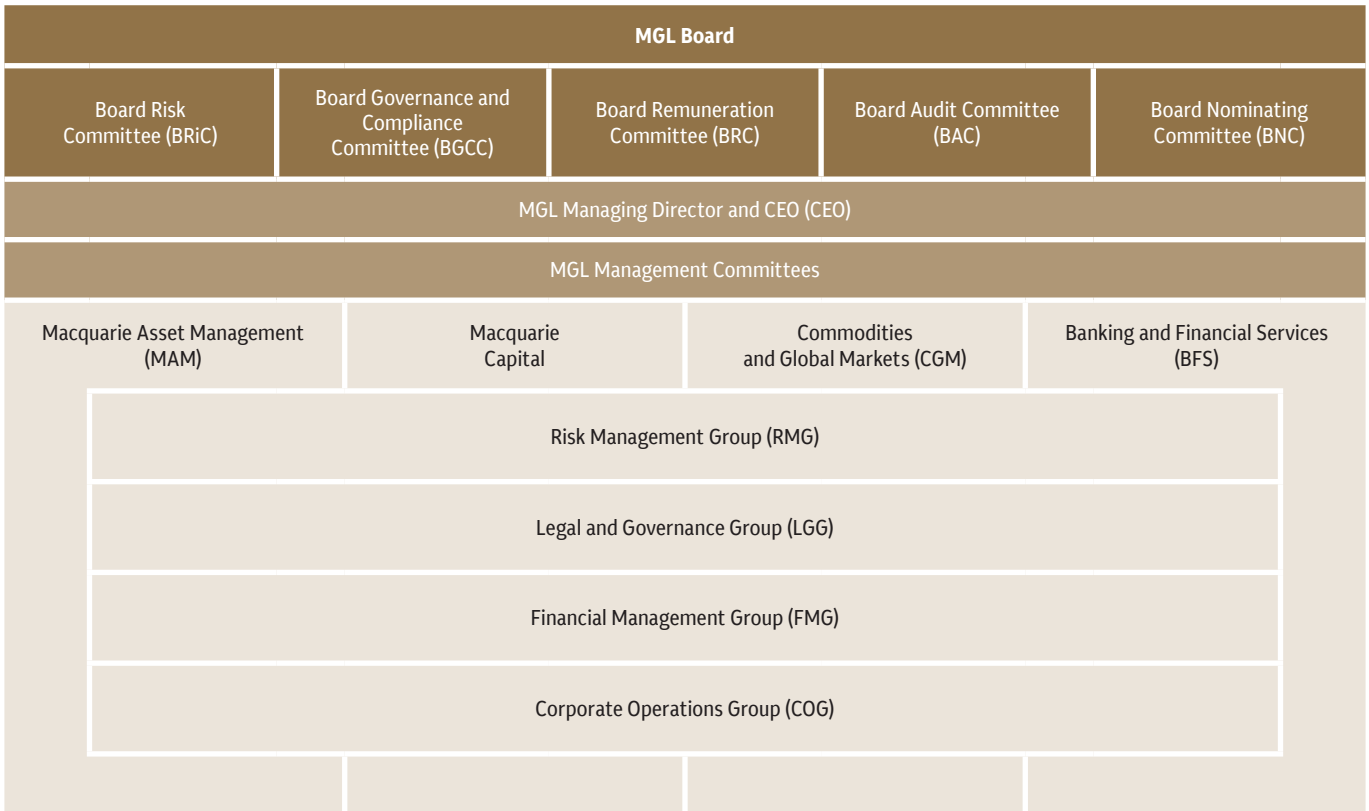
Macquarie's purpose statement 'Empowering people to innovate and invest for a better future' explains why we exist. We believe that by empowering people we will achieve our shared potential.

The way we fulfil our purpose is defined by our principles of Opportunity, Accountability and Integrity. These principles guide Board, management and staff conduct, and it is expected that they will all meet these standards and deal honestly and fairly with our clients, counterparties and regulators. There are appropriate consequences for anyone who fails to meet our standards.

Corporate Governance framework

Our corporate governance framework defines the relationship between the Board and management, underpinned by a strong risk management framework and the infrastructure needed for our Operating Groups to manage their businesses.

Macquarie



Macquarie Bank

Macquarie Bank Limited (MBL) is a regulated authorised deposit-taking institution in Australia and is a key subsidiary of MGL. It has a similar governance structure to MGL, with five standing MBL Board Committees: a Board Audit, Board Remuneration, Board Risk, Board Governance and Compliance and Board Conflicts Committee. In addition to supporting the MGL Board, the MGL Board Nominating Committee supports the MBL Board in satisfying itself that the MBL Board has an appropriate mix of skills, experience, tenure and diversity for the Board.

The MBL Board is comprised of a majority of Non-Executive Directors (NEDs), the MGL CEO and MBL CEO. Following the retirement of Mr Michael Coleman, expected by mid-2024, there will be three Bank-only Non-Executive Directors (BONDs) on the MBL Board: Mr Wayne Byres, Mr Ian Saines and Mr David Whiteing, and seven NEDs who also serve on the MGL Board.

The MBL CEO is assisted by MBL's management committees and the MBL CEO's Office.

During FY2024, Macquarie and MBL continued their oversight of ongoing programs that focus on strengthening MBL's processes and controls, including those around intra-group funding arrangements and internal exposures; capital and liquidity reporting; risk management frameworks; and accountabilities and governance. A number of these programs also form part of a remediation plan with APRA, which has been established to define and deliver detailed programs of work that enhance MBL's governance, risk culture, group structure, and remuneration to ensure full and ongoing compliance with prudential standards and management of MBL-specific risks.

As part of governance changes to better protect the interests of MBL within Macquarie, BOND representation on the MBL Board and MBL Board Committees increased following the new BOND appointments of Mr Whiteing and Mr Byres during FY2024.

Board oversight

The Board sets the 'tone at the top' in a highly visible manner. Board members have broad contact with staff at various levels within the organisation and across regions.

There is a culture of open and frank discussion at the Board. Actions taken by the Board seek to promote long-term sustainability and prudent management of risk consistent with *What We Stand For.*

Board workshops scheduled during FY2024 covered topical, emerging business and governance issues, including presentations on data ethics, operational risk management, risk appetite, sustainability reporting, whistleblower training, anti-bribery and corruption and sanctions compliance and cyber threat intelligence.

NEDs also met regularly without members of management and Board Committees held private meetings with each of the external auditor, Head of Internal Audit, Head of Compliance and Chief Risk Officer (CRO) to assist with their oversight role.

Board members believe that informal conversations with staff are important in assessing the culture within Macquarie and seeing Macquarie's purpose at work. Board members generally attend various staff functions in Australia and conduct two international trips to Macquarie offices each year. In FY2024, the Board visited Macquarie offices in the US, UK and France. Key highlights from these visits included visits to certain Macquarie fund assets in London and New York and presentations from regional staff and external speakers about topical issues in the region; regional business updates; and Macquarie's people, culture, and purpose statement in practice. Each visit brought together staff from various locations within the regions, increasing and enhancing the Board's opportunity for engagement with staff. During the US Board visit, Board members engaged with approximately 650 staff members across all levels of seniority in three key regional hubs: Jacksonville, Philadelphia and New York. During the visit to London and Paris, approximately 211 staff members were invited to engage with Board members at various events, including a staff dinner.

Corporate Governance Statement

Continued

Board oversight

- Commitment to achieving the highest standards of professional conduct across all Macquarie operations
- Regularly reinforce company-wide expectations
- Diligently take action as part of its responsibility to shareholders, funders, clients, employees and the communities in which Macquarie operates
- Review and monitor operations and challenge of management.

Culture and Conduct

- Set high behavioural standards and act in accordance with these standards
- Take a dynamic approach to oversight of risk culture and conduct risk management in response to business outcomes and expectations of communities and regulators
- Monitor the actions management take to embed behavioural standards in operations (including a sound risk culture):
  - staff training
  - direct communications to staff
  - risk surveillance activity.

Business strategy	Financial and non-financial risk management	Pay for performance
Assess ability of strategy to adapt to markets and deliver sound client and community outcomes within Board approved risk appetite and related limits.	Approve Macquarie's *Risk Appetite Statement* and *Risk Management Strategy*, monitor material risks faced by Macquarie and review how they are managed.	Approve a remuneration policy that aligns the interests of staff and shareholders to deliver sustained results for our customers, clients and communities.
Approve budget and funding and capital management strategy to deliver on business strategy.	Oversee management's operation of Macquarie's risk management framework, including its compliance framework.	Remuneration outcomes reflect an assessment against a range of financial and non-financial factors including risk management and compliance.

FY2024 Governance activities

During FY2024, the MGL Board's key governance activities included:

- Continuing Board renewal and succession planning
- Overseeing Macquarie's regulatory engagement, including interacting with some key regulators directly
- Meeting with shareholders and proxy advisors as part of Macquarie's ongoing engagement to discuss matters relating to Macquarie's business performance, governance and remuneration
- Conducting its annual Board performance review and detailed biennial Board Committee performance reviews
- Continuing oversight of ongoing programs that focus on strengthening risk management frameworks and accountabilities and governance
- Continuing cross-committee information sharing through Board and Board Committee Chair meetings and reporting on matters considered by the BGCC to the Board Risk Committee (BRiC)
- Continuing activities relating to the Banking Executive Accountability Regime (BEAR) with respect to MBL and implementation of the Financial Accountability Regime (FAR) applying to MGL and MBL from 15 March 2024
- Convening a joint annual meeting of the BRC, BGCC, BRiC and BAC to discuss significant incidents, issues, regulatory and litigation matters, internal audit outcomes and other financial and non-financial risk matters as presented in independent reports provided to the BRC by the CRO and the Head of Internal Audit for consideration in the determination of remuneration outcomes for FY2024
- Conducting a comprehensive review of the Board and Board Committee Charters, as well as external reviews of the *Continuous Disclosure Policy* and the MGL *Trading Policy*
- Meeting staff in Australia, the US, UK and France to discuss in informal settings topics relating to Macquarie's culture, including risk culture, innovation and growth, people and leadership, and diversity, equity and inclusion

Board and management

MGL's Constitution sets out requirements concerning board size, meetings, election of directors and the powers and duties of directors. In accordance with the Constitution, the Board has resolved that the maximum number of Voting Directors (Directors) is currently 12.

The Board Charter details the Board's role and responsibilities and matters expressly reserved for the Board, which include annually approving the strategy and business plan, adopting an annual budget, approving Macquarie's funding and capital management strategy, approving Macquarie's *Risk Appetite Statement* and *Risk Management Strategy*, monitoring material risks faced by Macquarie and how they are managed, appointing the CEO and approving major group policies including those relating to remuneration, diversity and equity, and the *Code of Conduct*.

The role of the Board is to promote the long-term interests of Macquarie, taking into account Macquarie's specific and broader responsibilities to its shareholders, funders, clients, employees and the communities in which it operates. The Board is assisted by its various Board Committees as detailed in each Board Committee Charter.

MGL's Constitution and Board Charter are available at **macquarie.com/corporate-governance**

The Board determines delegations to management and approves applicable limits and policies.

The CEO has been granted authority for matters not reserved for the Board at law or as set out in the Board's Charter, for a Board Committee or one or more other Directors. Macquarie's management committees assist in the exercise of the CEO's delegated authority. The CEO, the CRO and the CFO report to the Board at each meeting. In addition to regular reporting from management, the Board has unrestricted access to senior management and external advisers.

The Company Secretary is appointed by and accountable to the Board, through the Chair, for matters relating to the proper functioning of the Board.

Board renewal, appointment and performance

The Board, with the assistance of the BNC, regularly assesses the skills, experience, tenure and diversity required collectively for the Board to effectively fulfil its role. MGL's *Policy on Board Renewal, Appointment of Directors and Board Performance Review* sets out the fundamental factors relevant to the selection and appointment of new Directors and the process for assessing performance of the Board.

MGL's Policy on *Board Renewal, Appointment of Directors* and *Board Performance Review* is available at **macquarie.com/corporate-governance**

Board diversity and tenure

The Board believes that its membership should comprise Directors with an appropriate mix and diversity of skills, professional experience, tenure, gender and personal background. The general expectation is that NEDs will serve three 3-year terms from first election by shareholders. NEDs may serve for longer than three 3-year terms if the Board considers it to be of significant benefit to MGL.

62.5% of Directors are women

Years of NED tenure

0-3 3-6 6-9

Corporate Governance Statement

Continued

Director appointment, induction and development

In accordance with Macquarie's *Fit and Proper Policy*, for a Director appointment, appropriate background checks are undertaken (typically including criminal record, bankruptcy, employment history and education checks). Directors appointed to fill a casual vacancy stand for election at the first AGM following their appointment. The notice of meeting provides shareholders with material information relevant to a decision as to whether to elect or re-elect a Director including their skills, experience, other directorships and an acknowledgement that they will have sufficient time to fulfil their responsibilities as a Director.

All Directors have received an appointment letter setting out the terms of their appointment. The material terms of appointment are set out in MGL's *Policy on Board Renewal, Appointment of Directors and Board Performance Review.*

New Directors also undertake an induction program covering relevant matters such as Board and Board Committee practices and procedures, prudential requirements and briefings with Heads of Operating and Central Service Groups and other staff.

NEDs identify business awareness needs on an ongoing basis and regular Board workshops are held during the year on topical, emerging business and governance issues relevant to Macquarie. The BRiC, including at regular meetings of the Chairs of the Board and Board Committees, reviews the annual schedule of Board workshop sessions. In addition to workshops, the Board has generally scheduled two separate visits to international Macquarie offices annually.

The BNC reviews the skills and experience of the NEDs. As part of the Board performance review, the Board periodically considers whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role on the Board effectively.

Board performance

A Director's continuing Board membership is subject to their performance and ongoing relevance of their skills and experience. The Board undertakes a formal annual performance evaluation to review its performance and the performance of each Director with emphasis on those individual Directors who are required to stand for re-election at the next AGM. The Board considers the performance and skills of Directors standing for re-election and whether other particular skills or experience not currently available are needed prior to determining whether to recommend their re-election to shareholders.

Every three years an external facilitator conducts the Board's performance review. In the intervening years, an internal performance assessment is led by the Chair with the support of the Company Secretary. The process for conducting the review is agreed by the Board. Typically, the process includes individual interviews by the Chair or an external facilitator with each Director and the use of a self-assessment questionnaire to cover matters such as:

- the Board's contribution to developing strategy
- the Board's performance relative to its objectives
- interaction between the Board and management and between Board members
- the Board's oversight of business performance and risk management
- Board composition and renewal, including consideration of relevant skills and capabilities
- the operation of the Board, including the conduct of Board meetings, Board culture and Chair leadership
- stakeholder management
- succession and remuneration.

A written report summarising the results and feedback (e.g., with themes in FY2024 relating to time allocation, board composition and board operations) is presented to the Board and discussed at a Board meeting. A nominated Independent Director or the external facilitator provides performance feedback to the Chair based on discussion with the other Directors.

The Board's review in FY2024 was conducted internally in accordance with the process described above. The FY2025 review is an external review.

Board Committee performance

As part of the Board's annual performance evaluation, the functioning and performance of the Board Committees is reviewed. Each Board Committee also undertakes a more detailed review, at least biennially, of its performance and the extent to which it has met its responsibilities set out in its Charter. The process for the review of Board Committee performance also includes use of a self-assessment questionnaire to cover matters such as interaction between the Board Committee and management, the operation of the Board Committee, including the conduct of Board Committee meetings, Board Committee culture and Chair leadership, and Board Committee composition. A written report summarising the results and outcomes, including recommendations, is reviewed and discussed by each Board Committee, led by the Committee Chair.

During FY2024, each Board Committee undertook its biennial performance review internally, in accordance with the process described above. The next biennial review is scheduled for FY2026.

Employment and performance of senior executives

In accordance with Macquarie's *Fit and Proper Policy*, for a senior executive appointment, appropriate background checks are undertaken (typically including criminal record, bankruptcy, employment history and education checks).

All Executive KMP receive an employment contract setting out the terms of their employment. The material terms of their employment are set out in the Remuneration Report.

There is a consistent and comprehensive process for the Board and the BRC to assess the performance of the MGL CEO and each Executive KMP during the year to enable them to determine remuneration outcomes at the end of the year. A performance evaluation for senior executives has taken place during the year in accordance with the process described on page 127 in the Remuneration Report.

Details of the nature and amount of remuneration for each Executive KMP and Macquarie's remuneration policies and practices are contained on pages 106 to 156 in the **Remuneration Report** of this Annual Report.

Board structure

Board Committees

MGL's five standing Board Committees assist the Board in its oversight role. Board members have access to all Board Committee meeting papers and may attend any Board Committee meeting. Subsequent to each Board Committee meeting, the minutes are included in the Board papers and presented to the Board by the respective Committee Chairs.

The Chairs of the Board and each Board Committee meet to broadly consider the work plan, responsibilities and the performance of each Committee and to focus on any areas of overlap or gaps in Committee reporting and responsibilities, including coordination of non-financial risk reporting between Committees and the coverage of risk reporting across Committees.

The Board Committee Charters detailing the responsibilities of each Committee are available at **macquarie.com/corporate-governance**

Corporate Governance Statement

Continued

Allocation of responsibilities between Board Committees

The following table provides a summary of the allocation of responsibilities between Board Committees.

Committee	Role
Board Risk Committee (BRiC)	The BRiC assists the Board by providing oversight of Macquarie's risk management framework and advising the Board on Macquarie's risk appetite, risk culture and risk management strategy. Except to the extent another Board Committee is responsible, the BRiC receives information on material risks and reviews the impact of developments in markets in which Macquarie operates on its risk position and profile. The BRiC monitors Macquarie's risk culture and, with assistance from the BGCC, conduct risk and certain other non-financial risks, and forms a view on Macquarie's risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite. The CRO reports directly to the CEO and has a secondary reporting line to the BRiC.
Board Governance and Compliance Committee (BGCC)	The BGCC assists the Board with adopting the most appropriate corporate governance standards for Macquarie and assists the Board in monitoring regulatory, legal, compliance and financial crime risk matters for Macquarie, including reviewing and monitoring compliance with Macquarie's Conduct Risk Management Framework and its implementation. In addition, the BGCC reviews and monitors Macquarie's work health and safety, environmental and social risk management policies, practices and performance, and customer and client reporting. The BRiC, BRC and BAC oversee aspects of the regulatory, legal and compliance risk matters for Macquarie relating to their duties and responsibilities.
Board Remuneration Committee (BRC)	The BRC is responsible for overseeing the design, operation and monitoring of Macquarie's remuneration framework. It makes recommendations to the Board that promote appropriate remuneration policies and practices for Macquarie that align remuneration outcomes with Macquarie's financial and non-financial risk outcomes, drive behaviours that support Macquarie's risk management framework, and promote Macquarie's *Code of Conduct* and the accountability of staff for the business and customer outcomes they deliver by encouraging a long-term perspective. The BRC reviews HR-related reports and consults with the BRiC, BGCC and BAC to ensure risk outcomes are appropriately reflected in remuneration outcomes. The BRC is also responsible for remuneration-related disclosures in the Remuneration Report.
Board Audit Committee (BAC)	The BAC assists the Board with its oversight of the quality and integrity of the accounting, auditing and financial reporting of Macquarie. The BAC also reviews the adequacy of Macquarie's control framework for financial regulatory reporting to APRA and prudential regulators in other jurisdictions and monitors the internal financial control environment. The BAC at least annually, reviews and assesses, and reports to the Board on the quality, effectiveness, objectivity and independence of the external auditor, and other matters relating to the prior year's audit and reports to the Board on the annual performance review of the external auditor. The BAC reviews reports from the external auditor and Internal Audit, referring matters relating to the duties and responsibilities of the BRiC and BGCC to the appropriate Board Committee. The BAC also monitors and reviews the performance objectives and rating, remuneration and the degree of independence of the Head of Internal Audit and the effectiveness of the Internal Audit function.
Board Nominating Committee (BNC)	The BNC assists the Board and MBL in satisfying itself that it has an appropriate mix of skills, experience, tenure and diversity for each board to be an effective decision-making body and to provide successful oversight and stewardship of Macquarie and MBL respectively.

Board and Board Committee membership

The Board has eight Directors, comprising seven Independent Directors and one Executive Director, who is the MGL Managing Director and Chief Executive Officer (CEO).

The Chair of the Board is Mr Glenn Stevens, an Independent Director, who has been the Chair of the Board since 10 May 2022. Ms Shemara Wikramanayake is the CEO of MGL.

Each Board Committee has an Independent Director as its Chair and comprises members who are Independent Directors. Other than the Chair of the Board, all Independent Directors are members of at least two Board Committees and all Independent Directors are members of the BNC.

The Chair of the Board and the CEO receive a standing invitation to all Board Committee meetings and attend as they consider appropriate.

The following changes to MGL Board and Board Committee memberships occurred during FY2024:

- Ms Jillian Broadbent was appointed as a member of the BRiC, effective 28 July 2023
- Ms Susan Lloyd-Hurwitz was appointed as a member of the Board and the BNC effective 1 June 2023, and the BAC and BRC, effective 28 July 2023
- Ms Rebecca McGrath was appointed Chair of the BGCC and stepped down as a member of the BRC, effective 28 July 2023
- Ms Nicola Wakefield Evans retired as a member of the BGCC and BRiC, effective after the conclusion of the Annual General Meeting on 27 July 2023, and retired from the Macquarie board effective 29 February 2024.

Members' attendance at Board and Board Committee meetings during the past year is contained on page 95 in the **Directors' Report** of this Annual Report.

The following table sets out the current composition of the Board, each Director's date of appointment and the membership of each Board Committee.

	MGL Board	Risk	Governance and Compliance	Remuneration	Audit	Nominating
MGL Independent Directors (when commenced)[1]						
Glenn Stevens (November 2017)	Chair					Chair
Jillian Broadbent (November 2018)	Member	Member		Chair		Member
Philip Coffey (August 2018)	Member	Chair	Member			Member
Michelle Hinchliffe (March 2022)	Member		Member		Chair	Member
Susan Lloyd-Hurwitz (June 2023)	Member			Member	Member	Member
Rebecca McGrath (January 2021)	Member	Member	Chair			Member
Mike Roche (January 2021)	Member	Member		Member	Member	Member
MGL CEO (when commenced)						
Shemara Wikramanayake (August 2018)	Member					

Board skills and experience

The Board believes that its membership should comprise high calibre directors with an appropriate mix and diversity of skills, professional experience, tenure and personal background that allow the Directors individually, and the Board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently
- consider and form a view on Macquarie's culture and governance
- understand the business of Macquarie and the environment in which it operates so as to be able to set, with management, the objectives, goals and strategic direction that will promote the creation of superior and sustainable shareholder value; and meet Macquarie's responsibilities to its shareholders, funders, clients, employees and the communities in which it operates
- assess the performance of management in meeting those objectives and goals.

Accordingly, in selecting potential new Directors, the BNC identifies the competencies and diversity required to enable the Board to fulfil its responsibilities. In doing so, the BNC has regard to the results of the annual appraisal of the Board's performance, the performance of each Director and ongoing succession planning.

The Board comprises highly experienced senior business leaders from a variety of professional backgrounds who each meet the fundamental requirements and, collectively, possess the skills, experience, tenure and diversity considered necessary to appropriately govern an ASX-listed, global, diversified financial group.

The BNC also considers the necessary and desirable competencies of new MBL directors. For example, through the appointment of additional BONDs in FY2024, the MBL Board increased the number of directors with skills in technology, digital and financial services regulation. These skills complement those of both the MGL and MBL Boards.

From time to time there are areas identified by the Board where additional knowledge would be beneficial, which it addresses by engaging external advisers, conducting site visits, Board workshops and/or requesting more detailed reporting from management. Sustainability reporting, data ethics and cyber threat intelligence and generative AI (artificial intelligence) are examples where this approach has been taken.

Details of the Directors' qualifications and experience are contained on pages 96 to 100 in the **Directors' Report** of this Annual Report.

(1) Board Committee composition changes that occurred in FY2024 are set out in the Directors' Report under 'Board and Board Committee meetings and attendance' on page 95 in the Directors' Report of this Annual Report.

Corporate Governance Statement

Continued

Skills matrix summary

The competencies of the current Board members and the number of Directors with each skill and their experience is set out below.

Skill	Description	Number of Directors[2]
Leadership		
Large P&L leadership (CEO experience)	International CEO experience, significant P&L leadership, financial services (or other relevant industry) leadership, and long-term value creation	7
International business	International leadership, multi-country acquisition integration, internationalisation of a high-performance culture, internationalisation of remuneration and incentives, and international business connections	5
Customer and growth		
Innovation/growth mindset	Portfolio approach to innovation, growth business leadership, early adopter mindset, and multi-decade investment horizon	5
Financial services customer/ client understanding	Customer advocacy, financial services customer segments, financial services customer needs and frustrations, and the digital expectations of customers	7
Finance and commercial		
Financial, commercial and strategic acumen	Portfolio based capital allocation, multi-jurisdictional financial systems and processes, successful strategic development and implementation, and business planning and budgeting	8
Technical audit	Financial services accounting, external and internal audit, financial controllership, and process and preparation of financial statements	3
Governance, risk and legal		
Large listed governance	Relevant board experience, board/committee leadership, board procedures and processes, investor engagement, and continuous disclosure regime	8
Financial services regulation	Knowledge of regulation, regulatory relationship leadership, proactive regulatory engagement, regulatory process and decision makers, and regulatory negotiation	6
Functional oversight		
People, culture and remuneration	Setting a balanced remuneration framework, external remuneration engagement, short and long-term incentives, and succession planning	7
Change management	Major project governance and oversight, vendor management, change management, and project risk and oversight	5
Technology and digital	Financial services technology, systems integration and vendor management, data management, privacy and data regulation, cybersecurity risk, digital strategy, and execution of digital transformation	1
Risk governance	Risk management systems, risk reporting to the board, crisis management, regulatory risk management, HR and people risks, and development, construction and operations	8
Bank/Group specific		
Australian retail/ commercial banking	Australian financial services understanding, banking P&L leadership, retail banking experience, mortgage oversight, banking systems, and wealth management	5
Global financial and capital markets	Trading P&L leadership, trading risk oversight, and global markets understanding	7
Global funds management	Funds management P&L leadership, private asset investment, public securities investment, emerging markets investment, and client knowledge	5
Global investment banking	Global investment banking experience, investment banking P&L leadership, investment banking risk oversight, investment banking people and culture oversight, debt and equity capital markets, advisory, and merchant banking	5

(2) Number of directors who have a primary skill (i.e. a consistent ability to identify complex issues) in each area.

Director independence

Macquarie recognises that independent directors have an important role in assuring shareholders that the Board is able to act in the best interests of MGL and independently of management. MGL's NEDs meet regularly in the absence of management and Directors are also able to consult independent experts at MGL's expense, subject to the estimated costs being approved by the Chair in advance as being reasonable. The Board Charter requires that the Board has a majority of NEDs who satisfy MGL's criteria for independence.

The independence of NEDs is assessed prior to appointment and reviewed annually by the BGCC. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. MGL's criteria for assessing director independence align with the guidance provided in the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

MGL's *Policy on Director Independence* is available at **macquarie.com/corporate-governance**

88% of Board members are Independent Directors

100% of Board Committee members are Independent Directors

The findings of the annual review of Director independence by the BGCC are considered by the Board. As part of the review, MGL's criteria for assessing director independence are sent to each Independent Director. They are requested to confirm whether they have any interests, positions or relationships with Macquarie that could materially interfere with the Director's capacity to bring independent judgement on matters before the Board and act in the best interests of MGL. This year, there were no material or substantial relationships that were assessed as impacting on the independent judgement of MGL's NEDs. Some of the Directors hold positions in companies with which Macquarie has commercial relationships. All these dealings are not material and are in the ordinary course of business on arm's length commercial terms.

Dealing with potential conflicts of interest

Macquarie recognises that conflicts of interest or potential conflicts of interest may arise from time to time for its Directors. Macquarie has in place procedures to identify and monitor for such conflicts and to adopt appropriate measures where these arise.

The Board has protocols for its members for declaring and dealing with potential conflicts of interest that include:

- Board members declaring their interests required under the Act, the ASX Listing Rules and general law requirements
- Board members with a material personal interest in a matter before the Board not receiving the relevant Board paper and not being present at the Board meeting during the consideration of the matter and subsequent vote, unless the Board (excluding the relevant Board member) resolves otherwise
- as a general rule, Board members with other conflicts not involving a material personal interest in a matter before the Board should not receive the relevant Board paper and not be present at the Board meeting during discussion of the matter.

MBL is a subsidiary of MGL and all MGL NEDs generally also serve on the MBL Board. The MBL Board is ultimately responsible for the sound and prudent management of MBL, with due consideration to the interests of deposit holders. Where potential conflicts arise, there are a number of measures available to Directors of the relevant Board to deal with such conflicts (e.g., consideration by the MBL Board Conflicts Committee, BOND representation on the MBL Board and Board Committees, etc.). Management will also assist by giving Directors sufficient information to manage conflicts appropriately. Each Director has the ability to obtain independent advice or consult with independent experts where that Director considers it necessary to carry out their duties and responsibilities.

Culture and values

The balance between opportunity and accountability, while operating with integrity within a strong risk management framework, is a feature of Macquarie's success and a key factor in our long record of unbroken profitability. Our corporate governance practices reflect this balance.

The Board approves the *Code of Conduct* and oversees that the culture instilled by management reflects the principles enshrined within it:

Opportunity	**We are entrepreneurial.** Our people come from diverse backgrounds and are empowered to work together to pursue innovative ideas, to solve problems and challenge conventional thinking and the status quo. We work hard and with enthusiasm and everyone has the opportunity to achieve to their full potential. We have a learning and growth mindset, and continually evolve our expertise. We recognise and reward performance.
Accountability	**We take pride and ownership of the long-term outcomes we deliver for our clients and shareholders, our communities and each other.** We manage risk to ensure these outcomes are sustainable and invest our time and capital to contribute to a better future. We take ownership of the performance of our endeavours and seek to quickly identify and respond to change, emerging issues and trends.
Integrity	**We operate with care and professionalism.** We work collaboratively to amplify our impact and consider the effect of our decisions on others. We have the courage, and are encouraged, to speak up with our ideas, when we make a mistake or see something that doesn't seem right. We respect the law, community expectations, our regulators, shareholders, clients and customers and each other.

Corporate Governance Statement

Continued

The Board oversees compliance with key policies that are intended to instil a culture of acting lawfully, ethically and responsibly. An overview of the key policies that apply to our staff, such as the *Whistleblower Policy* and *Anti-bribery and Corruption Policy*, is provided in Macquarie's *Code of Conduct*. Material incidents and breaches relating to those policies and the *Code of Conduct* are reported to the Board, typically through the relevant Board Committee.

Macquarie's Code of Conduct

The Board approved *Code of Conduct*, which applies to Macquarie's Independent Directors and staff:

- incorporates *What We Stand For*: Macquarie's purpose and the principles of Opportunity, Accountability and Integrity that guide the way staff conduct business
- provides clear guidance on good decision-making and escalation, encouraging staff to speak up and report genuine concerns about improper conduct
- reinforces the main requirements of Macquarie's key policies.

To ensure Macquarie's culture of honesty and integrity remains strong throughout the organisation, all staff who join Macquarie receive specific training on *What We Stand For* and the *Code of Conduct*. Existing staff also receive periodic training and sign an annual certification that they understand the obligations imposed on them by the *Code of Conduct* as well as their responsibility to adhere to the Code.

What We Stand For and the *Code of Conduct* are available at **macquarie.com/what-we-stand-for**

The Integrity Office

Consistent with the principles of *What We Stand For*, Macquarie is committed to providing an environment in which people are comfortable escalating improper conduct or voicing concerns about unethical behaviour. The *Code of Conduct* sets out the expectation that staff speak up, and outlines the mechanisms, support and protections available to staff who do so.

The Integrity Office, established in 1998, supports this commitment as an internally independent function dedicated to receiving and investigating concerns about improper conduct or unethical behaviour and protecting those who raise concerns.

Macquarie's Whistleblower Program (Program) provides numerous channels for staff and external parties to confidentially raise concerns about improper conduct, including suspected breaches of the *Code of Conduct*. The Program, which is managed by the Integrity Office, is supported by the *Whistleblower Policy* and includes an externally managed service that enables concerns to be raised anonymously. All concerns raised with the Integrity Office or through the externally managed service are assessed and where appropriate, investigated.

The Integrity Office is also a point of contact for external parties such as suppliers and former employees to raise concerns about improper conduct by Macquarie or its staff.

The Integrity Office reports directly to MGL's CEO and provides an annual report to the BGCC. Supporting the Group Integrity Officer are Regional Integrity Officers located in various Macquarie offices around the world. The Integrity Office also promotes high ethical standards and good decision-making through communications and engagement with staff.

Macquarie's *Whistleblower Policy* is available at **macquarie.com/whistleblower-policy**

Customer Advocate

Macquarie established the Customer Advocate office in March 2017 to enhance its continuing commitment to its Australian retail and small business customers. In addition to customer support provided by the business, the Customer Advocate's role is to:

- listen to Macquarie's customers and provide a customer-centric voice when making recommendations to improve customer experience
- minimise the risk of future problems by reviewing key customer themes and new product approvals to identify opportunities to enhance products, services, systems and processes
- work with Macquarie complaint teams to promote fair and reasonable customer outcomes.

The Customer Advocate reports directly to the CEO and provides reporting to the BGCC.

Anti-bribery and Corruption Policy

Macquarie's *Anti-bribery and Corruption Policy* strictly prohibits the actual or attempted use of any form of bribery or corruption whether direct or indirect and whether involving Public Officials or private persons. Bribery and corruption are incompatible with the *Code of Conduct, What We Stand For* and the probity and integrity expected of Macquarie's NEDs and staff.

RMG, headed by the CRO, oversees the operation of the policy.

Macquarie's *Anti-bribery and Corruption Policy* is available at **macquarie.com/corporate-governance**

Diversity and Community

Diversity, Equity and Inclusion

Macquarie recognises that the diversity of its people is one of its greatest strengths and is fundamental to Macquarie's success. An inclusive, equitable workplace enables Macquarie to embrace diversity to deliver more innovation and sustainable solutions for its people, clients, shareholders and communities.

Macquarie's *Workforce Diversity Policy* defines its diversity commitment and the structures in place to promote:

- a diverse workforce that is reflective of the communities in which Macquarie operates
- equitable processes that enable staff to reach their full potential, and
- an inclusive environment where all staff can bring their full selves to work.

The BRC sets measurable objectives for increasing the diversity of Macquarie's workforce and annually assesses both those objectives and Macquarie's progress in achieving them.

Macquarie reports against its diversity objectives, which include increasing the proportion of women and people from under-represented groups at all levels in the Macquarie workforce. This includes diverse representation at senior leadership levels (Board of Directors, Executive Committee, Division Head and Senior Executive). The principles of equity and inclusion are embedded in Macquarie's people related practices and processes, including core talent programs, talent acquisition processes and promotion criteria, to ensure all staff have access to equitable opportunities.

All Macquarie staff, including its most senior leaders, are required to have annual DEI objectives, driving accountability from the top down. The BRC is responsible for reviewing and approving the annual Diversity, Equity and Inclusion section for the Annual Report. Reporting to the BRC sets out the composition of Macquarie's workforce, gender and cultural representation and progress towards achieving its measurable objectives for diversity.

Macquarie's measurable objectives for achieving diversity, and progress towards achieving those objectives, are detailed on pages 74 to 77 in the **Diversity, Equity and Inclusion** section of this Annual Report.

Macquarie's Workforce Diversity Policy is available at **macquarie.com/diversity-equity-and-inclusion**

Macquarie and the community

Macquarie supports the wider community through various programs, including the Macquarie Group Foundation's (Foundation) employee engagement, grantmaking and social impact investing, and Macquarie Sports and the Macquarie Group Collection (Collection).

The Foundation is governed by the Macquarie Group Foundation Committee (Committee), which comprises senior executives from across Macquarie. The Committee is chaired by Mr Alex Harvey, Chief Financial Officer of Macquarie.

Committee members bring specific areas of expertise and experience and represent the geographical spread of Macquarie's employees. The Committee meets regularly to assess funding applications, review the Foundation's activities, and to set and monitor strategy.

The Foundation's Social Impact Investment Advisory Committee (SIIAC) and Macquarie Sports Advisory Committee comprise senior employees with a range of experience from across Macquarie.

Acquisitions for the Macquarie Group Collection are made by an Art Committee, comprising Macquarie employees, together with a curatorial consultant. The Collection has a cohesive integrity and it is the Art Committee's responsibility to uphold this integrity through the acquisition process.

Further information is available on pages 78 to 81 in the **Macquarie Group Foundation** section of this Annual Report.

Corporate reporting

Periodic corporate reports are verified internally by management prior to release to ASX and subject to external audit or review by PwC as required. The verification process allocates disclosures within the relevant document to designated persons to substantiate the disclosures by reference to company source documents or, if no source documents are available, by persons with the knowledge and expertise to confirm the accuracy and completeness of the disclosures.

Financial reporting

On behalf of the Board, the BAC:

- **oversees the quality and integrity of Macquarie's financial reporting and the operation of the financial reporting processes:** The processes are aimed at providing assurance that the financial statements and related notes are complete, in accordance with applicable legal requirements and accounting standards and give a true and fair view of Macquarie's financial position and financial performance. During its review of Macquarie's interim and year-end financial reports the BAC meets with the external auditor in the absence of management
- **reviews the external auditor engagement:** At least annually, the BAC reviews the terms of the engagement and assesses the performance, quality, expertise, resources and qualifications, objectivity, independence and effectiveness of the external auditor. During FY2024, the BAC oversaw Macquarie's comprehensive review of the external auditor. The governance framework for the external auditor is described on page 48. The BAC at least annually recommends to the Board the continuation of, appointment of a new, or removal of the existing external auditor
- **monitors and reviews the operation of Internal Audit:** The BAC monitors and reviews the degree of independence of the Head of Internal Audit, their performance and remuneration (after seeking input from the CRO) and approves their appointment and removal. The BAC also approves the Internal Audit annual plan and monitors and reviews the effectiveness of the Internal Audit function
- **reviews the adequacy of Macquarie's control framework for financial regulatory reporting to banking regulators:** The BAC receives reports prepared by management that assess the control effectiveness of Macquarie's Operating and Central Services Groups.

Auditor independence

Before the Board approves the interim and year-end financial reports, the BAC reviews the independence of the external auditor, PricewaterhouseCoopers (PwC).

Macquarie's *Audit and Assurance Independence Policy* sets out the independence requirements Macquarie requires of its auditor. The policy supplements the legal and professional standard requirements applicable to its auditor in each jurisdiction. The policy ensures the independence of the audit firm from MGL, its subsidiaries and Macquarie's managed funds and their controlled portfolio companies.

To ensure an effective and efficient audit, and to ensure the independence of the auditor, the policy guides the use of a single

audit firm for MGL, its subsidiaries, Macquarie's managed funds and their controlled portfolio companies.

Where non-audit work to be performed by the external auditor falls outside the scope of pre-approved services or the proposed engagement fee exceeds the policy's local currency threshold the policy requires BAC approval, or approval of the BAC Chair between meetings for subsequent noting by the BAC.

The policy, which reflects Australian legal requirements, also requires that Macquarie's lead auditor and review auditor be rotated every five years unless the Board grants approval to extend the term for up to a further two years.

As previously announced, in FY2023, the BAC recommended to the Board, and the Board approved, a replacement lead auditor. Ms Voula Papageorgiou of PwC replaced Ms Kristin Stubbins as Macquarie's lead auditor in FY2024. Ms Stubbins had been Macquarie's lead auditor since FY2020.

PwC attended the Annual General Meeting (AGM) held during the reporting period and was available to answer questions about the conduct of the audit, and the preparation and content of the auditor's report.

Macquarie's auditor provides a declaration to the BAC at the time of Macquarie's interim and year-end financial reports, that no prohibited non-audit services have been provided. The external auditor is also required to declare in their audit report that they are independent of MGL and its subsidiaries in accordance with the auditor independence requirements of the Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) that are relevant to its audit of the financial report in Australia.

The External Auditor Policy Statement describe key aspects of Macquarie's Audit and Assurance Independence Policy and external auditor review process, and are available at **macquarie.com/corporate-governance**

Review of the quality and effectiveness of the external auditor's performance

The BAC conducts an annual review of the quality and effectiveness of the external auditor, including qualifications, expertise, resources and performance of the external auditor, PwC. In addition to the BAC's annual external auditor review processes, a more detailed comprehensive review of the external auditor will be conducted at least every five years, beginning in FY2024.

The annual evaluation involves assessing PwC's performance against ASIC's audit quality guidance, obtaining feedback from the Board and senior stakeholders across various Macquarie finance and business teams, and obtaining and reviewing feedback from PwC on the results of any internal or other external audit quality reviews relating to the audit.

The comprehensive review conducted during FY2024 considered the performance of the audit firm over several years – both at Macquarie and as an audit firm in servicing its clients, its industry expertise, application of professional scepticism, internal quality processes and independence processes. This enhanced periodic review strengthens the governance framework for the external auditor and helps manage risks relating to the external auditor's independence and effectiveness, which may include the risk of institutional familiarity arising from the external auditor's tenure.

The outcomes of the annual and comprehensive reviews were presented to and discussed with the BAC, and separately discussed with PwC. Having considered these outcomes, the BAC continues to be satisfied with the audit quality of the auditor.

The comprehensive review identified opportunities for both the auditor and Macquarie to evolve the audit relationship.

Macquarie has revised its *Audit and Assurance Independence Policy* to include requirements relating to audit tender, comprehensive review frequency and the provision of tax services, specifically:

- Macquarie will tender the audit of MGL and its subsidiaries every 10 years and require the same of its managed funds and their controlled portfolio companies, where circumstances allow, and Macquarie has the power to require such appointment
- Macquarie will continue to conduct a comprehensive review of its auditor in the intervening 5-year period with timing aligned to the rotation of the lead audit partner. Macquarie will continue to conduct an annual review of the quality and effectiveness of its auditor which aligns to ASIC's audit quality guidance
- Other than those tax services required for the audit or assurance of the financial statements, MGL and its subsidiaries will cease the use of its auditor for the provision of tax (including tax compliance) services with effect from 1 April 2025
- Macquarie has minimal appetite for the provision of tax services by the auditor to MGL and its subsidiaries and to Macquarie's managed funds and their controlled portfolio companies. Any new engagement will require BAC approval, unless:
  - the managed funds or controlled portfolio companies have an independent executive governance committee or board; and
  - that entity's auditor independence policy contains equivalent provisions as Macquarie's policy.

  In limited commercial circumstances, and where the independence of the auditor is not impaired, the BAC may consider approving these services on an exceptional basis.

Macquarie expects to tender the audit of MGL, its subsidiaries, and its managed funds no later than mid-2026.

Based on the outcomes of this year's annual and comprehensive reviews, and the auditor's independence confirmations, the BAC recommended to the Board that PwC continue in its role as Macquarie's external auditor.

Board evaluation and consideration

In FY2024, the Board exercised its continuing oversight of the performance of the external auditor. Board members provided feedback forming part of the comprehensive review of the external auditor considered by the BAC to assess their effectiveness and service quality.

Based on that assessment, the results of the auditor independence reviews and recommendation of the BAC, in May 2024 the Board agreed that PwC should continue as Macquarie's external auditor.

Chief Executive Officer and Chief Financial Officer declaration

Before the MGL and MBL Boards consider and approve the interim and year-end financial statements, each Board receives written confirmation from their respective CEO and the Chief Financial Officer (CFO) that, in their opinion, the financial records have been properly maintained, the financial statements comply with the appropriate accounting standards and give a true and fair view of the company's financial position and performance, and their opinion is based on a sound system of risk management and internal control which is operating effectively in all material respects

Commitment to shareholders and an informed market

Macquarie is committed to ensuring that the market as a whole is relevantly and consistently informed regarding information about Macquarie by providing securityholders and the market with timely, balanced, direct and equal access to information issued by Macquarie, to promote investor confidence in the integrity of Macquarie and in the trading of its securities.

Macquarie has a *Continuous Disclosure Policy*, which outlines the responsibility of the Continuous Disclosure Committee for authorising the release of any price sensitive market announcements, unless such announcement requires Board approval.

All external communications that include any price sensitive material for public announcement, annual and interim result announcements, release of financial reports, presentations to investors and analysts and other prepared investor presentations for Macquarie will, in accordance with the *Continuous Disclosure Policy*:

- be factual and subject to internal review and authorisation before issue
- not omit material information
- be timely and expressed in a clear and objective manner.

Material announcements relating to matters that fall within the reserved powers of the Board and not delegated to management, or which are otherwise clearly within the purview of the Board's responsibilities, are referred to the Board for approval. The Board receives copies of material market announcements promptly after they have been released by ASX.

Macquarie's *Continuous Disclosure Policy* is available at **macquarie.com/corporate-governance**

Macquarie has an investor relations program to facilitate effective two-way communication with investors and analysts and to provide a greater understanding of Macquarie's business, performance, governance and financial prospects. Macquarie engages with institutional investors, private investors, sell-side analysts and buy-side analysts throughout the year via scheduled and ad hoc interactions.

As part of Macquarie's commitment to keep its investor base informed, management presents at various investment conferences and conducts investor visits and meetings (including virtual) throughout the year.

All material investor or analyst presentations are lodged with ASX ahead of the presentation and made available on Macquarie's website.

Macquarie's website

Recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations, AGM webcasts and copies of recent notices of meeting are available on the investor centre page of our website. Investor Relations contacts are also available on our website.

Further information about Macquarie is available at **macquarie.com**

Shareholder meetings

MGL encourages shareholders to participate in general meetings and aims to choose a date, time and venue convenient to its shareholders. For shareholders who are unable to attend in person, MGL provides a webcast of its AGM and any other general meetings. The results of all resolutions are lodged with ASX as soon as they are available after the meeting.

MGL typically holds its AGM in July each year.

Notices of meeting are accompanied by explanatory notes on the items of business and together they seek to clearly explain the nature of business of the meeting.

If shareholders are unable to attend the meeting, they are encouraged to vote on the proposed motions by appointing a proxy. The proxy form sent to shareholders explains how to appoint a proxy. Online proxy voting is also available to shareholders.

Unless specifically stated in a notice of meeting, all holders of fully paid ordinary shares are eligible to vote on all resolutions. MGL's practice is that voting on each proposed resolution is conducted by poll.

MGL seeks to conduct its shareholder meetings in a courteous manner for those attending. In the interests of attending shareholders, the Chair of the meeting will exercise their powers to ensure the meeting is conducted in an orderly and timely fashion.

MGL's 2023 AGM was held as a hybrid meeting with shareholders able to attend in person or online. Shareholders were provided with various alternatives to participate in the AGM, including by watching the AGM live through a facility that enabled shareholders to vote and to ask questions or make comments online and a dial-in teleconference to listen to the meeting live and to ask questions on the telephone but not vote.

Shareholder communications

Shareholders can elect to receive communications from, and send communications to, MGL and MGL's share registry electronically by visiting the Investor contacts page on Macquarie's website.

Further information about Macquarie is available at **macquarie.com/investors**

Corporate Governance Statement

Continued

Risk governance

Macquarie's approach to risk management is based on stable and robust core risk management principles.

The Board annually approves Macquarie's *Risk Appetite Statement* and *Risk Management Strategy*. The BRiC assists the Board by providing oversight of Macquarie's risk management framework and advising the Board on Macquarie's risk appetite, risk culture and risk management strategy.

The BRiC constructively challenges management's proposals and decisions on risk management arising from Macquarie's activities. The Board is also assisted by the BAC, BRC and BGCC in its oversight of financial and non-financial risk.

Each year, including FY2024, the Board oversees the operation of Macquarie's risk management framework by management to satisfy itself that the framework continues to be appropriate and that Macquarie is operating with due regard to the risk appetite set by the Board. Key components of the framework are reviewed by the relevant Risk Management Group (RMG) divisions and the results are reported to the Board. The Internal Audit Division (IAD) independently and objectively reviews the compliance with, and effectiveness of, Macquarie's risk management framework at least annually, with coverage of all material elements of the framework over a 3-year period.

The risk management framework has been established on the premise that a disciplined approach to risk management is best maintained with a single risk management framework that is applied appropriately throughout Macquarie (including the Bank Group). In addition, the Bank Group maintains its own governance structure, which includes the MBL Board and Board Committees, MBL CEO, MBL Executive Committee and other management committees.

Macquarie's risk culture

A sound risk culture has been integral to Macquarie's risk management framework since inception. Macquarie sets, promotes, monitors and reflects on the effectiveness of our risk culture. All staff have a role in managing risk. Ownership of risk, including risk culture, is at the business level. The Board, assisted by the BRiC, is responsible for forming a view on Macquarie's risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite. The Board also identifies and monitors any necessary or desirable actions to change the risk culture.

Chief Risk Officer

The Head of RMG, as Macquarie's CRO, is a member of the Executive Committee and reports directly to the CEO. The CRO has a secondary reporting line to the BRiC, which reviews the performance and objectives of the CRO and approves the appointment and removal of the CRO. The CRO has unfettered access to the Board, the BRiC and its Chair. The BRiC meets with the CRO, in the absence of other management, at least annually to discuss any matters that the BRiC or the CRO believe should be discussed privately. The CRO reports risk matters at the BRiC meetings. Where there is no scheduled BRiC meeting, the CRO presents risk matters at a Board meeting.

Internal audit

The IAD provides independent and objective risk-based assurance to the BAC, Board, other relevant Board Committees and Senior Management on the compliance with, and effectiveness of, Macquarie's financial and risk management framework, including its governance, systems, structures, policies, processes and people for managing material risks.

The structure of the IAD, and further details of Macquarie's risk management approach, are contained on pages 82 to 88 in the **Risk Management** section of this Annual Report.

Environmental, Social and Governance risk

The Board and management recognise the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to our shareholders, funders, clients, employees and the communities in which Macquarie operates.

Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders. They are: environmental and social risk management; climate change; environmental and social financing; sustainability in our own business operations; client and customer experience; people and workplace; business conduct and ethics; and community. Building on *What We Stand For* and the *Code of Conduct,* these focus areas reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders.

Environmental and social risks have been identified as material risk events within Macquarie's risk management framework, while climate change and net zero transition are incorporated as causal risks under External Risk and Strategic/Business Risk, respectively, within Macquarie's risk management framework.

Information on Macquarie's management of environmental and social risks, including climate-related, nature-related, and human rights risks, are provided within the ESG section of this Annual Report. Further details are also available in Macquarie's Net Zero and Climate Risk Report and Modern Slavery Act Transparency Statement.

Additional information is available at **macquarie.com/esg** and **macquarie.com/risk-management**

Oversight of remuneration

Macquarie's longstanding and consistent approach to remuneration continues to support Macquarie's purpose statement, 'Empowering people to innovate and invest for a better future'. Staff interests are aligned with shareholders to meet the needs of clients and customers, while ensuring that the spirit and intent of regulatory requirements are upheld. This broad approach has been in place since Macquarie's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with our remuneration principles and the expectations of stakeholders.

MGL's NEDs oversee management's implementation of Macquarie's remuneration framework. The BRC assists the Board with Macquarie's remuneration policies and practices.

Non-Executive Director remuneration

MGL's NEDs are remunerated for their services from the maximum aggregate annual amount approved by shareholders, currently $A5 million. They do not receive payments on their retirement from office other than payments relating to their accrued superannuation contributions comprising part of their remuneration, if any.

To align the interests of the Board with shareholders, NEDs are required to have a meaningful direct shareholding in MGL. Unlike Macquarie executives, NEDs are not granted equity nor are they eligible to receive profit share payments.

The Board minimum shareholding requirement for:

- NEDs other than the Chair, is an investment equivalent to one times the average annual NED fee for the financial year ended prior to their appointment
- the Chair, is an investment equivalent to one times the annual Chair fee

with the minimum number of shares to be acquired by NEDs determined using the share price as at the date of appointment.

The above requirements apply to MGL's NEDs and are to be met within three years from appointment with one third of the requirement to be held after one year, two thirds after two years and in full after three years.

Each NED's current Macquarie shareholding is set out in the Key Management Personnel disclosure on page 150 in the **Remuneration Report** of this Annual Report.

Executive remuneration

Macquarie's remuneration framework has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long-term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational outcomes. This approach has been fundamental in ensuring we can continue to attract, motivate and retain exceptional and entrepreneurial people with deep industry expertise across the 34 markets in which we operate. It is characterised by an emphasis on performance-based remuneration, profit share determined based on a range of financial and non-financial factors and retaining a significant proportion of performance-based remuneration to enable risk outcomes to be considered over a longer period.

Macquarie's remuneration framework works as an integrated whole. An individual's remuneration comprises fixed remuneration, profit share and, for Executive Committee members (our Executive Key Management Personnel (Executive KMP)), Performance Share Units. Macquarie retains a percentage of each individuals' annual profit share allocation (retained profit share) above a certain threshold. This is invested in a combination of Macquarie ordinary shares under the Macquarie Group Employee Retained Equity Plan and Macquarie-managed fund equity.

Details of Macquarie's approach and the amount of remuneration paid to NEDs and Executive KMP are contained on pages 106 to 156 in the **Remuneration Report** of this Annual Report.

Corporate Governance Statement

Continued

Key policies

Dealing with potential conflicts

Macquarie's *Conflicts of Interest Policy* sets out the framework, controls and administration for identifying, preventing and managing conflicts of interest – whether actual, potential or perceived.

Macquarie has established various systems and controls to prevent and manage conflicts of interest, many of which are outlined in Macquarie's policies in relation to conflicts of interest, information barriers and confidentiality, investment research, personal investments, gifts and entertainment, outside business activities, allocations of financial products, personal relationships in the workplace and political contributions. Conflict checks are required prior to entering into certain business arrangements.

Staff are expected to appropriately manage or avoid any conflict of interest between Macquarie or its clients and the interests of a staff member. Activities such as personal investment and outside business activities are subject to disclosure and pre-approval.

Managing conflicts of interest forms part of the training on *What We Stand For* and the *Code of Conduct* for all new and existing staff.

Trading Macquarie securities

Key requirements of the *Trading Policy* include:

- **trading prohibition while in possession of material non-public information:** dealing in Macquarie securities while in possession of inside information is prohibited
- **trading windows:** generally, Directors and staff may only trade in Macquarie securities during designated trading windows following MGL's announcement of its interim results, full year results and AGM
- **pre-clear securities trading:** directors and staff must pre-clear their Macquarie securities trading
- **excluded dealings:** certain types of transactions such as acquisition of securities under an employee share plan or participation in a dividend reinvestment plan may be effected outside a trading window without pre-clearance
- **unvested equity held in the MEREP and shares held to meet the minimum shareholding requirement cannot be hedged.**

Each member of the Board is encouraged to consider positions in a Macquarie security as a long-term investment and is not permitted to trade derivatives relating to a Macquarie security without the prior approval of the Chair of the Board (in consultation with the CEO). Board members and Executive KMP are also required to annually disclose to Macquarie any financing arrangements relating to their Macquarie securities and manage their financing arrangements in accordance with Macquarie's policies.

MGL's *Trading Policy* sets out the restrictions that apply to dealing in Macquarie securities by Directors and Macquarie staff, including Executive KMP, and is available at **macquarie.com/corporate-governance**

Corporate governance in Macquarie-managed funds

Macquarie's expertise in managing fund assets and sourcing new value-adding opportunities is a key attraction for investors in Macquarie-managed funds (Funds).

The Funds adopt an appropriate governance framework to ensure that key decisions are taken in the best interests of investors consistent with the Funds' mandates and regulatory requirements.

Macquarie's *Statement of Corporate Governance in Macquarie-managed Funds* sets out the key elements of the corporate governance framework for Macquarie-managed funds and is available at **macquarie.com/corporate-governance**

This Corporate Governance Statement is current as at 2 May 2024 and has been approved by the Board.

Our Key to Disclosures (Appendix 4G) has been lodged with ASX and is available at **macquarie.com/corporate-governance**

Environmental, Social and Governance

ESG approach and governance

The Board and Management recognise the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to shareholders, funders, clients, employees, and the communities in which Macquarie operates. Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders.

The Board is responsible for approving Macquarie's ESG framework, including major ESG policies. In accordance with its Charter, the Board Governance and Compliance Committee (BGCC) assists the Board in adopting appropriate governance standards and reviewing and monitoring Macquarie's environmental and social risk management policies, practices and performance. Management is responsible for implementation of the ESG framework.

ESG focus areas

Environmental and social risk management (see page 56)
Assessing and managing environmental and social risks (including work health and safety risks) is a key business priority for Macquarie. Failure to effectively manage these risks could result in harm to communities, the environment and other external parties, and expose the organisation to regulatory, reputational and financial impacts.

Climate change (see page 59)
Macquarie's approach to climate is based around four areas of action. This includes: reducing the emissions of our own business operations; leveraging our knowledge to help others decarbonise; aligning our financing activity with the global goal of net zero emissions by 2050; and increasing investment in climate mitigation and adaption solutions.

Environmental and social financing (see page 62)
Across our Operating Groups, Macquarie is supporting a range of activities under the following broad categories: financing and developing; advising; managing; researching and trading.

Sustainability in our own business operations (see page 65)
The environmental and social impacts of Macquarie's own business operations predominantly relate to the energy and resources we consume in our offices and data centres, business travel, and our procurement activities. We seek to manage these impacts by monitoring and reducing our operational emissions, developing innovative and sustainable workplaces, being efficient with energy and resource use, and improving the sustainability and diversity of our supply chain.

Client and customer experience (see page 69)
Macquarie's relationships with our clients and customers, and their trust in us, is central to our business and future success. Macquarie focuses on delivering exceptional outcomes, services and customer experiences, continuously building on the trust and confidence in our organisation.

People and workplace (see page 71)
At Macquarie, we foster a culture that welcomes diverse ideas and perspectives and empowers individuals to explore what's possible in an environment that values inclusion, collaboration, innovation and creativity.

Business conduct and ethics (see page 72)
Macquarie's organisational culture drives the way we do business, and our expectations of our people are outlined in Macquarie's *Code of Conduct*. Our principles of Opportunity, Accountability and Integrity determine how we conduct business.

Community (see page 78)
The Macquarie Group Foundation (the Foundation) drives social impact work for Macquarie, supporting its people, businesses, and communities to build a better future. In FY2024, $A67m was contributed by Macquarie employees and the Foundation ($A641m since inception).

Environmental, Social and Governance

Continued

Process for determining our ESG focus areas

Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders. On an annual basis, we identify the ESG focus areas and topics most material to our business and stakeholders by assessing the environmental, social (including human rights) and economic impacts of our activities and business relationships.

Stakeholder engagement

Clear dialogue with stakeholders is important for building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. We regularly engage with a broad range of stakeholders including clients, customers, shareholders, investors, analysts, governments, regulators, employees, suppliers and the wider community.

Our engagement with stakeholders helps identify and validate our ESG focus areas.

Materiality process

We refer to the approach of the Global Reporting Initiative (GRI) *(GRI 3: Material Topics 2021)* to determine our ESG focus areas. This involves:

- **understanding the organisation's context:** gathering and analysing data and information from a broad range of external and internal sources to better understand the context in which we operate
- **identifying negative and positive, actual and potential impacts and assessing their significance:** analysing direct external stakeholder feedback and engaging across our Operating and Central Service Groups to identify impacts, generate a real-world perspective of stakeholder priorities and evaluate the relative importance of material ESG topics across our activities
- **prioritising the most significant impacts for reporting**: utilising inputs from our research and engagement to determine the most material impacts to report
- **validating our ESG focus areas and material ESG topics:** testing our material ESG topics with internal stakeholders and against external standards and market expectations.

ESG focus areas

The ESG topics identified during the FY2024 materiality process were the same as those identified in FY2023. As a result, our eight overarching ESG focus areas remain unchanged.

ESG focus areas	ESG topics[1]
Environmental and social risk management (pages 56)	• Integration of environmental and social risk (ESR) factors in decision-making • Climate change • Human rights • Nature and biodiversity • Work health and safety (WHS) and wellbeing
Climate change (pages 59)	• Climate change • Net zero
Environmental and social financing (pages 62)	• Pursuing investments, markets and products with an ESG focus
Sustainability in our own business operations (pages 65)	• Management of environmental and social issues in our own business operations • Human rights
Client and customer experience (pages 69)	• Client and customer satisfaction • Financial crime • Innovation and digitalisation • Transparent information and fair advice and dealing
People and workplace (pages 71)	• Talent attraction and development • Remuneration • WHS and wellbeing • Human rights • Diversity, equity and inclusion – refer to pages 74–77 in the Diversity, Equity and Inclusion section of this Annual Report
Business conduct and ethics (pages 72)	• Risk culture and conduct • Taxation • Political contributions • Information security and data privacy • Financial crime • Management of legal and regulatory environment
Community (pages 78)	• Social impact – refer to pages 78–81 in the Macquarie Group Foundation section of this Annual Report

Further details are available at **macquarie.com/esg**

(1) ESG topics are listed in the order in which they are discussed in the relevant sections of this report. Some ESG topics are relevant across more than one ESG focus area and have therefore been repeated in the table above. To avoid duplication, these may not be discussed in detail within each relevant section.

About these disclosures

Macquarie's FY2024 ESG disclosures comprise relevant sections of Macquarie's FY2024 Annual Report and Macquarie's website.

Relevant sections of Macquarie's FY2024 Annual Report

- About (pages 4–32)
- Corporate Governance Statement (pages 36–52)
- Diversity, Equity and Inclusion (pages 74–77)
- Macquarie Group Foundation (pages 78–81)

Other relevant disclosures

The below reports and documents provide additional information and context on our ESG approach and material topics, and are available on our website.

Data, reporting and assurance

- FY2024 ESG Dataset
- FY2024 Basis of Preparation for ESG Reporting
- FY2024 GRI Index table
- FY2024 SASB Index table

Net zero and climate risk

- Net Zero and Climate Risk Report

Green finance

- Green Finance Impact Report

Sustainability in our own business operations

- 2025 Sustainability Plan

Sustainability in our MAM business

- Macquarie Asset Management Sustainability Report
- Green Investment Group Progress Report
- Macquarie Asset Management Stewardship Report
- Macquarie Asset Management Responsible Investment Transparency Report

Human rights and modern slavery

- Modern Slavery Statement

Australian Reconciliation Action Plan

- Reconciliation Action Plan

The disclosures listed above can be downloaded from **macquarie.com/esg**, **macquarie.com/climate** and **macquarie.com/diversity**

Reporting standards

Macquarie's FY2024 ESG disclosures have been prepared with reference to the GRI Standards and are complemented by selected Sustainability Accounting Standards Board (SASB) Standards.

Given the growing number of standards and best practices, Macquarie welcomes moves by regulators and governments to progress disclosure requirements to enable consistent reporting and approaches across the industry. During the year, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 *General Requirements of Sustainability-related Financial Information* (IFRS S1), which sets out the overall requirements for sustainability-related financial disclosures; and
- IFRS S2 *Climate-related Disclosures* (IFRS S2), which will require the disclosure of information that enables the users of financial statements to understand the reporting entity's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

In Australia, the proposed sustainability standards have been issued for exposure and comment while proposed legislation has been tabled in Parliament under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth)*. In the present form, these requirements would have the MGL Consolidated Entity commence reporting for its FY2026 financial year. Macquarie acknowledges the growing importance of sustainability-related disclosures and continues to progress its established project to assess and prepare for future sustainability and climate-related reporting obligations.

Independent assurance

PwC has provided limited assurance over select ESG metrics for the FY2024 reporting period, as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting on our website. This also sets out the reporting boundaries, metric definitions and measurement methodologies for the assured metrics.

Macquarie's FY2024 Basis of Preparation for ESG Reporting, FY2024 independent limited assurance report and FY2024 GRI Index and SASB Index tables can be downloaded from **macquarie.com/esg**

Environmental, Social and Governance

Continued

Environmental and social risk management

Under Macquarie's *Code of Conduct*, all our people share responsibility for identifying and managing environmental and social risks as part of normal business practice. They are supported by the Environmental and Social Risk (ESR) team.

The ESR team coordinates a diverse range of ESG activities across Macquarie, including developing and implementing company-wide and business-specific policies, reviewing transactions, providing advice on environmental and social risks and opportunities and facilitating training. The ESR team provides six-monthly reports to the CRO and BGCC on environmental and social risk management policies, practices and performance.

Details on Macquarie's approach to assessing and managing its material risks, and our broader risk management framework are included on pages 82–88 in the Risk management section of this Annual Report.

Environmental and social risks are managed through the implementation of the ESR and WHS policies. These are updated periodically to address opportunities for improvement and emerging issues.

Macquarie's *ESR Policy* describes our approach to ESR management when onboarding or reviewing clients and other counterparties and across a broad range of transactions including equity investments, financing, leasing and advisory mandates. The *ESR Policy* provides a process to assess, manage, mitigate, monitor and report environmental and social risks and takes a precautionary approach to ESR issues including labour and employment practices, climate change, human rights, resource efficiency, pollution prevention, biodiversity and cultural heritage. Guided by international guidelines, including the International Finance Corporation Performance Standards, the *ESR Policy* provides escalated decision-making and approval processes, alongside the credit and broader RMG approval processes, for material environmental and social risks. Transactions with material environmental and social risks are referred to the CRO and may be escalated to the CEO or at least two Non-Executive Directors of the Board.

Macquarie's *WHS Policy* describes our approach to recognise, support and promote the rights of every worker throughout our global operations and investment activities. The *WHS Policy* outlines how we apply our WHS risk management principles for: Macquarie's day-to-day operations and potential impacts to our people, third-party suppliers and visitors to Macquarie premises; product and services provided to our clients; and investments in businesses or projects by Macquarie or on behalf of third-party investors.

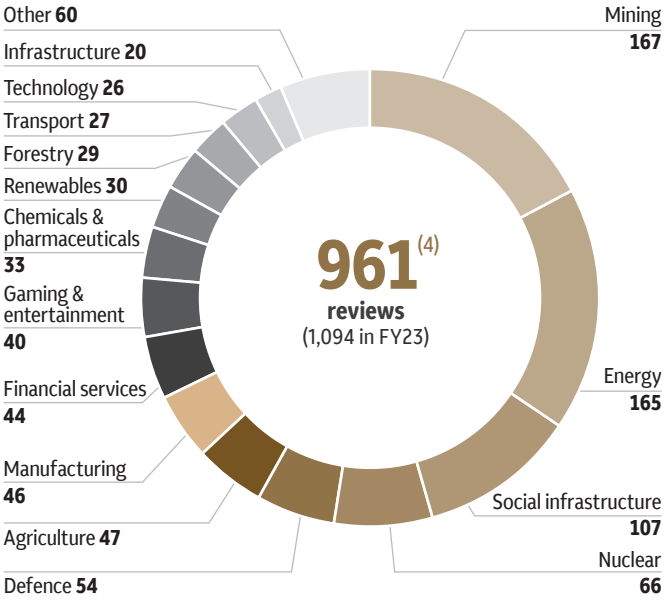
864

attendances at ESR and WHS training sessions in FY2024[2]

961

reviews completed under the *ESR Policy* in FY2024[3]

Reviews completed under the *ESR Policy* in FY2024



(2) Includes risk managers and those in specific business groups with greatest potential exposure to environmental, social and WHS risks. Excludes global online WHS training completions. Some employees may have attended more than one training session, in which case their attendance was counted for each session.
(3) PwC has provided limited assurance over this metric as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics.
(4) PwC has provided limited assurance over the total reviews completed under the *ESR Policy* for the FY2024 reporting period as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics. PwC has not provided assurance over the split by sector.

Climate change

Our approach to managing climate risk is underpinned by the *ESR Policy*. Macquarie considers the risks of climate change (climate risk) to be cross-cutting, meaning we recognise climate risk may impact a broad range of material risks within our risk management framework as detailed on pages 82–88 in the Risk management section of this Annual Report. Macquarie continues to embed and enhance the identification, assessment, monitoring, management and reporting of climate risks across the risk management framework.

Human rights

Macquarie respects fundamental human rights as set out in the *Universal Declaration of Human Rights* and codified in the *International Covenant on Civil and Political Rights*, the *International Covenant on Economic, Social and Cultural Rights* and core International Labour Organization Conventions.

Macquarie has a company-wide framework of polices and processes in place to identify, prevent or mitigate and, where relevant, remediate potential and actual human rights impacts, including modern slavery, resulting from our business activities and the relationships connected to those activities.

Macquarie's Modern Slavery Statement can be downloaded from **macquarie.com/human-rights-at-macquarie**

Nature and biodiversity

Macquarie recognises that nature-related risks, such as biodiversity loss, can have material economic, social and environmental implications.

We have no tolerance for breaches of environmental and social laws and regulations. We seek to comply with recognised international standards to ensure that our business activities limit harm to the environment. We seek to make a positive contribution to environmental performance, including considering our direct and indirect impacts and dependencies on resource efficiency and pollution prevention, biodiversity and natural resource management, and environmentally sensitive or protected areas.

During FY2024, Macquarie Asset Management (MAM) continued to support the development of frameworks to identify, measure and disclose nature-related risk and impacts as a founding member of the Taskforce on Nature-related Financial Disclosures (TNFD). Furthermore, Macquarie participated in a pilot study sponsored by the Australian Government's Department of Climate Change, Energy, the Environment and Water (DCCEEW) to obtain a better understanding of the challenges, barriers and opportunities for Australian organisations in preparing for the adoption of the TNFD framework.

Work health and safety, and wellbeing

At Macquarie we are committed to providing safe workplaces where our employees, contractors and visitors can work and collaborate without risk of physical and psychological harm.

Macquarie's WHS vision, 'Safe workplaces that enable and empower people to do their best work', is designed in connection with our purpose of 'Empowering people to innovate and invest for a better future'. Our strong culture of leadership, governance and assurance is integral to how we do this.

Our WHS practices are supported by:

- clear expectations and behaviours agreed with Macquarie employees, contractors, visitors and business partners
- incorporation of WHS into our investment and business decision-making processes
- WHS management frameworks and controls to: manage safety-critical risks effectively; comply with laws, regulatory obligations and standards; select, contract with and govern third-party suppliers; and enable effective consultation and communication of relevant WHS matters and information
- sufficient resourcing to manage material WHS risks
- measuring, monitoring and managing the progress of our WHS performance to achieve our WHS vision.

Continued **integration of work health and safety** into the investment lifecycle and tailored Safety Alignment Frameworks **across all Macquarie Operating Groups**

Health, safety and wellbeing of our people

The safety and wellbeing of all our people is at the centre of Macquarie's vision to create a healthy and safe environment by identifying, preventing, and managing work-related physical and psychosocial risks.

Our people are provided with opportunities to engage in health and safety forums and consultation committees to address local and regional WHS matters. This input assists in shaping our focus for future wellbeing initiatives and strategies for injury and illness prevention and management.

To maintain a safety-positive culture and manage our WHS risks effectively, Macquarie has implemented:

- resources supporting the identification of health and wellbeing risks, trends and insights used to proactively work on preventative measures to improve the physical and psychological health and safety of our people
- ongoing access to education, assessment and equipment for the prevention of workplace injuries and incidents
- access to mental health and wellbeing training and resources for our employees, including employee and family counselling, mental health first-aid, health coaching, financial counselling and targeted support and training for people leaders in leading a mentally healthy workplace
- resources to support the identification of potential work-related psychosocial risks, including through regular review and workplace assessment
- an enhanced event management standard to ensure WHS risks, including conduct-related risks, are appropriately identified, assessed, and managed.

In addition to these health and safety initiatives, Macquarie's holistic wellbeing program, Macquarie Plus, provides a comprehensive range of wellbeing benefits to equip our people with the tools and resources to help prevent and manage any physical or psychological injury and illness.

Macquarie's Lost Time Injury Frequency Rate (LTIFR) in FY2024 was 0.18.[5] In FY2024, 99% of our people completed global online Conduct at Macquarie training, including managing and responding to psychosocial risks and expected standards of behaviour relating to sexual harassment.

Health and safety in our investments

Macquarie integrates WHS into the investment lifecycle from due diligence prior to investment, through to divestment. We believe there is a strong correlation between actively managing WHS risk and improving investment returns. This includes identifying WHS risks and improvement opportunities at acquisition, if necessary establishing transition plans in agreement with shareholders and assets, and monitoring investments' WHS performance throughout the investment lifecycle.

Macquarie's Operating Groups have tailored Safety Alignment Frameworks to address the specific WHS risk profiles within our investments. Frameworks are regularly reviewed and enhanced to drive consistent WHS governing principles and expectations for equity and fund management portfolio companies, seeking to eliminate fatalities and serious injuries. In FY2024, 205 Macquarie Nominee Directors received WHS governance training and are supported by a network of senior WHS professionals.

WHS is the responsibility of each portfolio company. The portfolio company board oversees the management of WHS and regularly monitors and reports on WHS performance and risk management to Macquarie, including high potential near miss reporting and outcomes of incident investigations where there was a fatality or serious injury.

During FY2024, Macquarie increased its focus on critical safety risk management with the identification of high-risk sectors and industries based on our investment insights, including the introduction of additional WHS performance metrics. Macquarie continues to focus on implementing WHS leading practices, improvement initiatives, ensuring adequate WHS resources are in place, updating WHS performance metrics and sharing lessons learnt across our regions and Operating Groups. This also includes Macquarie regularly promoting intra-industry WHS forums to share lessons between organisations and across regions. In FY2024, 19 safety alerts and lessons were shared across our organisation.

More detailed information, including examples of how we put WHS into practice, is available at **macquarie.com/esg**

(5) Lost time Injury (LTI) is an incident that results in time lost from work equal to or greater than a full day/shift. The LTI Frequency Rate (LTIFR) is the number of LTIs resulting in a compensable claim per million workhours. Data is based on total global workforce for the period 1 April 2023 to 31 March 2024, for Macquarie employees.

Climate change

At Macquarie, our approach to addressing climate challenges is rooted in our purpose of 'Empowering people to innovate and invest for a better future'.

We believe we can contribute most positively to the challenges and opportunities of climate change mitigation and adaptation through the financing of practical solutions driven by the core capabilities of our teams. Over the course of FY2024, we continued to drive additional capacity in established clean energy technologies, while also investing in emerging technologies that seek to reduce emissions across energy, transportation, land use, buildings, waste and industrial processes.

While our fossil fuel financed emissions[6] remain relatively small compared to global peers, we continue to believe that an effective transition must be managed, orderly and just. Consistent with that philosophy, and in recognition that much of the world will depend on the oil/gas industries for years to come, we are working with our oil/gas clients to help them reduce their emissions as well as maintain sufficient energy supply. In addition, our commodity trading activities are helping clients manage their transition risks by maintaining and developing deep and liquid hedging markets, including in emerging commodities essential to the transition, thereby providing greater price certainty as they navigate this historic transformation.

Macquarie's approach to climate is based around four areas of action

The climate strategy set out in our 2023 Net Zero and Climate Risk Report is based around four areas of action:

1	Continue to reduce the emissions of our own business operations
2	Leverage our knowledge and networks to help others decarbonise
3	Align our financing activity with the global goal of net zero emissions by 2050
4	Increase investment in climate mitigation and adaptation solutions

Separately to Macquarie's direct financing activities, MAM has made a commitment to invest and manage its portfolio in line with global net zero Scope 1 and 2 financed greenhouse gas emissions by 2040, where it has control or significant influence.[7] Where MAM does not have control or significant influence, such as in its managed portfolio of public securities, it will continue to support the goals of the Paris Agreement[8] in a manner consistent with its client-guided fiduciary and regulatory responsibilities. Further details on MAM's net zero commitment can be found on the MAM website.

1. Continue to reduce the emissions of our own business operations

We have committed to net zero emissions in our own business operations across Scope 1 and 2 by FY2025 and are progressing well towards achieving this. As part of this commitment, we are aiming to reduce Scope 1 and 2 emissions from a FY2020 baseline, including purchasing renewable electricity for our office premises in line with our RE100 commitment. We are continuing to purchase carbon credits to offset residual Scope 1 emissions that are difficult to abate, and we continue to offset our Scope 3 Category 6: Business travel emissions. In relation to our own business operations' Scope 3 emissions, we are developing methods to measure and track emission reductions and are working towards Scope 3 operational value chain emissions reduction targets aligned to science.[9]

More details can be found on pages 65–68 and in Macquarie's 2025 Sustainability Plan which articulates our corporate sustainability commitments with specific and measurable targets across environmental and social pillars.

Macquarie's *2025 Sustainability Plan* can be downloaded from **macquarie.com/esg-sustainability-in-business-operations**

2. Leverage our knowledge and networks to help others decarbonise

As part of our broader activities, which are described on pages 20–32 in the Operating and financial review section of this Annual Report, each Operating Group is engaging in a range of activities aligned to Macquarie's climate strategy and net zero commitments. This involves partnering with clients and engaging with portfolio companies in different ways to scale clean energy solutions and support their decarbonisation journeys.

More details can be found on pages 62–64 of this Annual Report and on pages 11–13 of the 2023 Net Zero and Climate Risk Report.

(6) For a detailed explanation of our financed emissions, refer to Appendix 3 of our 2023 Net Zero and Climate Risk Report.
(7) MAM generally only has influence over Scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their Scope 3 emissions.
(8) The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C.
(9) Own business operations' Scope 3 covers Categories 1–8 operational value chain emissions as defined by the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. It excludes financed emissions (Scope 3, Category 15).

3. Align our financing activity with the global goal of net zero emissions by 2050

A key aspect of Macquarie's climate strategy is prioritising efforts to reduce financed emissions in carbon-intensive sectors, to help set a path for the global goal of net zero emissions by 2050. We have estimated our financed emissions and set interim targets for the residential mortgage, oil/gas, motor vehicle and coal sectors:

- for residential mortgages we have set a 2030 interim target of 11.6–19.3 $kgCO_2e/m^2$ for Scope 1 and 2 which implies a 50–70% reduction in physical emissions intensity from the FY2021 baseline
- for oil/gas we are making progress towards our 2030 interim target of 56.3–59.6 gCO_2e/MJ for Scope 1, 2 and 3 which implies a 9–14% reduction in physical emissions intensity from the FY2020 baseline
- for motor vehicles we had set a 2030 interim target of 147 gCO_2e/km for Scope 1 and 2 which implies a 34% reduction in physical emissions intensity from the FY2020 baseline. BFS no longer originates new car loans and finance leases and the interim target when adopted had assumed that this business was ongoing. Our physical emissions intensity for this portfolio will be determined by the remaining vehicle mix as loans and leases run-off
- for coal, we are on track to run-off our remaining on-balance sheet lending and equity exposures to the coal sector by the end of 2024.[10]

We now have targets in place for over 80% of our dollar exposures to carbon-intensive sectors and, in line with the Net-Zero Banking Alliance (NZBA) Guidelines for Climate Target Setting – Supporting notes (Guidelines), we will outline our approach to all remaining material carbon-intensive sectors in our next Net Zero and Climate Risk Report.[11],[12] In addition to the four sectors where we have set financed emissions targets, for the first time this year, we reported historical emissions in the power generation sector of 0.75 $MtCO_2e$ for Scope 1.[13]

Our approach to coal

Our broader approach to coal continues to evolve to reflect the needs of the energy transition and industry practice:

- in 2021 we announced our intention to run-off our limited remaining on-balance sheet lending and equity exposures to coal companies by the end of 2024.[10] This commitment is on track and applies to coal companies in both the mining and coal-fired power generation sectors, and to both metallurgical and thermal coal. At the time of making the 2021 coal commitment, we followed the then standard industry practice of classifying clients as coal companies based on ANZSIC and GICS codes
- in 2022, based on the NZBA Guidelines, we began defining coal companies based on the proportion of a company's revenue that comes from coal-related activities. Given computational challenges associated with revenue shares (particularly in a world of high and volatile coal prices), we have consistently defined a coal company as one that derives the majority (i.e., more than 50%) of its revenue from coal (both thermal and metallurgical) production, mine ownership or operation, or coal-fired power station ownership or operation. We acknowledge that the 50% threshold is not in line with the NZBA Guidelines, which define a coal company as one that derives more than 5% of revenues directly from thermal coal only
- separately, Macquarie also committed to not enter into new business activity with any counterparty where the underlying purpose is to fund the purchase, development or expansion of a coal mine or coal-fired power station. Commencing April 2024, we have refined this commitment to note that advisory transactions where the underlying purpose is to fund the purchase, development or expansion of a metallurgical coal mine will be in appetite.[14] This takes into consideration the ongoing importance of metallurgical coal for steel making, the industry's differential treatment of metallurgical and thermal coal, and the short-term nature of advisory relationships. Thermal coal buy-side advisory mandates remain out of appetite
- the global community has recognised the urgent need to reduce global carbon emissions and the importance of working with carbon intensive industries, such as coal, to help them decarbonise. As noted in our 2023 Net Zero and Climate Risk *Report*, we will maintain the ability to work with coal companies to finance projects that will significantly reduce their carbon emissions in line with science-based scenarios or are for the purpose of diversifying away from the coal sector in line with a credible transition plan.

4. Increase investment in climate mitigation and adaptation solutions

The International Energy Agency (IEA) has suggested that annual clean energy investment worldwide will need to increase from $US1.8 trillion in 2023 to $US4.3 trillion by 2030 to put the world on track to reaching net zero emissions by 2050.[15] This will require a collective effort across the private and public sectors. Supporting this need, our businesses are focused on providing solutions to our clients to help them and the communities we serve to navigate the challenges and opportunities ahead.

More details can be found on pages 62–64 of this Annual Report and on pages 15–16 of the 2023 Net Zero and Climate Risk Report.

(10) Lending refers to loan assets held at amortised cost and excludes certain items such as leasing, asset finance, trading assets and short-term financing (e.g., inventory finance).
(11) The percentage of dollar exposures is shown as at 31 March 2023. Exposures include on-balance sheet lending and equity investments. In addition, for motor vehicles, exposures include novated leases. See Appendix 3 of the 2023 Net Zero and Climate Risk Report for details.
(12) UN Environment Programme, Finance Initiative (2022), Guidelines for Climate Target Setting – Supporting notes.
(13) For National Renewable Energy Laboratory (NREL) proxied renewable power generation assets, this also includes immaterial Scope 2 emissions.
(14) Advisory transactions are defined as advisory mandates, introducer roles or similar structures, Debt Capital Markets transactions on a best endeavours (non-underwritten) basis and Equity Capital Markets transactions where there is strong confidence that there is no (or will be no) net underwriting risk exposure post book closure.
(15) International Energy Agency (2023), World Energy Outlook 2023.

Working in partnership

Macquarie works across a wide range of sectors, including renewables, infrastructure, resources, commodities and energy. To better understand the policy context in those sectors, we work in close partnership with a wide range of public and private stakeholders. Through those partnerships, we aim to find solutions to some of the major transition challenges of the financial sector and the real economy.

Refer to pages 13–14 of the 2023 Net Zero and Climate Risk Report and page 43 of the FY23 MAM Sustainability Report for more details on Macquarie's partnerships.

Climate-related financial disclosures

Macquarie will continue to evolve our climate-related financial disclosures in line with related emerging standards, regulations and best practices, and other reporting commitments such as those set out under the NZBA Guidelines.

Our 2023 Net Zero and Climate Risk Report was informed by the Task force on Climate-Related Financial Disclosures (TCFD) and its recommendations, which are based on four key pillars: governance; strategy; risk management; and metrics and targets. The latest report (along with our other historical reports) is available on Macquarie's website.

More detailed information is available in Macquarie's 2023 and 2022 Net Zero and Climate Risk Report which can be downloaded from **macquarie.com/esg**

More detailed information on our approach to climate change is also available at **macquarie.com/esg**

Environmental, Social and Governance

Continued

Environmental and social financing

Macquarie continues to support clients seeking to manage and respond to environmental and social challenges and capitalise on emerging opportunities. Drawing on our global network, sector expertise and strong track record, Macquarie provides a diverse range of products and services with an ESG outcome to corporate, government and institutional clients. Our activities span the investment cycle from research on alternative energy to tailored capital solutions for the development and construction of renewable assets and social infrastructure.

Across our Operating Groups, Macquarie is supporting a range of environmental and social financing activity under the following broad categories: financing and developing; advising; managing; researching and trading. Our activities are described on pages 20–32 in the Operating and financial review section of this Annual Report.

Financing and developing

To further support our climate ambition, Green Investment Group (GIG) moved from Macquarie Capital to Macquarie Asset Management (MAM) in April 2022 (now MAM Green Investments). This allows us to combine the market leading renewables project development and finance expertise of MAM Green Investments and its portfolio of specialist development platforms with the fiduciary capital resources entrusted to MAM, thereby providing access to larger pools of capital and finance that in turn will allow us to facilitate the development of renewables projects on a much larger scale. The sell-down of on-balance sheet MAM Green Investments assets is ongoing.

110 GW

of green energy assets in development, under construction or currently operating, as at 31 March 2024 measured using 100% of generating capacity for assets managed / owned (including partially) by Macquarie[16],[17]

$A2.4 billion

invested or arranged in green energy assets for the year ended 31 March 2024[17],[18]

Examples of environmental and social financing and development activities from across our Operating Groups are described below.

MAM's specialist Green Investments team is connecting clients to a range of green investment opportunities and transition solutions, across technologies, geographies, and stages of the energy transition.

In core renewables, MAM is working to help accelerate deployment and create scale, with the launch of its Australian and New Zealand onshore renewable energy business Aula Energy in November 2023, as well as MAM portfolio companies Corio Generation and Cero Generation taking part in country-first projects and auctions globally. In addition to the mature technologies of wind and solar, MAM is investing across the next generation of decarbonisation solutions – such as French battery manufacturer Verkor and green nitrogen fertiliser company Atlas Agro in September and October 2023 respectively.

CGM is developing and deploying climate solutions that meet our clients' diverse needs and ambitions to help them with their decarbonisation pathways. CGM is supporting clients in carbon-intensive industries, like oil and gas, to reduce their emissions while maintaining the vital services they provide and on which our communities and industries still rely.

The scale and breadth of the energy transition is driving the delivery of holistic solutions across CGM's activities, markets, and client sectors, which includes actively investing in and financing a variety of decarbonisation and sustainability initiatives globally. These are captured under the following broad verticals: carbon and emissions; renewable and flexible power; clean fuels; sustainable transport; critical minerals; the circular economy; and sustainable finance.

CGM has recently established a low-carbon fuels platform, providing market access and working capital solutions across the methanol supply chain via structured supply and offtake solutions.

(16) On our balance sheet or under Macquarie management. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. Excludes lending and private credit funds. Split by life cycle stage: 95 GW in development; 3 GW under construction; 12 GW currently operating. PwC has not provided assurance over the split by life cycle stage. Refer to Macquarie's FY2024 Basis of Preparation for ESG Reporting for the definition of 'green energy assets'.

(17) PwC has provided limited assurance over this metric as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions and measurement methodologies for the assured metrics.

(18) On our balance sheet or under Macquarie management. Refer to Macquarie's FY2024 Basis of Preparation for ESG Reporting for the definition of 'green energy assets'.

In addition, CGM continues to be a long-term strategic partner of Storegga, a UK-based independent, international developer of Carbon Capture and Storage (CCS), hydrogen and direct air capture projects. CGM was a cornerstone investor in Storegga's first equity raise in mid-2020 and has supported three further funding rounds, helping the company grow from a developer of a single CCS project into an international developer of multiple decarbonisation technologies.

Macquarie Capital invests capital into resilient energy transition infrastructure, and advises clients in connection with their own investments in that sector.

In Asia, Macquarie Capital announced a strategic investment into ChargeZone, an Indian EV charging company which will support the growth of electric vehicle infrastructure and green mobility in India.

In Europe, Macquarie Capital has partnered with IP to create IPLANET, a joint venture for electrification of service stations on urban and suburban roads across Italy.

Additionally, Macquarie Capital is focused on driving tech-enabled innovation and connecting capital with opportunities across key sectors, such as an investment in BioCatch, a global leader in behavioural biometrics, leveraging device and behavioural data to protect global organisations against fraud.

Advising

With market-leading renewables and infrastructure advisory expertise,[19] **Macquarie Capital** acted as a financial advisor to APG Asset Management on its €250 million investment in Driveco, a French EV charging company. This investment aims to support Driveco's ambition to be a major player in EV charging infrastructure in France and wider Europe.

In the UK, Macquarie Capital is acting as exclusive financial adviser to Statera Energy Limited, on behalf of InfraRed Capital Partners Ltd and Statera's Founder Management, on its sale to EQT Infrastructure. Statera Energy develops and operates large-scale energy storage and flexible generation assets, balancing the grid to the best value for energy users and supporting the UK's transition to a low-carbon future.

In the US, Macquarie Capital acted as financial adviser to PureSky Energy, a leading developer, owner and operator of US community solar and battery storage projects, on the successful raise of a 3-year $US150 million development loan. The facility will support funding of interconnection and equipment deposits, including deployment of capital towards in-construction projects and the company's growing greenfield and acquisition pipeline.

Further in the US, Macquarie Capital has joined a White House-led initiative to support renewable energy projects for healthcare facilities. The projects aim to increase efficiency, lower energy costs, reduce emissions and improve resilience for critical healthcare hubs, with a focus on safety-net providers in economically disadvantaged communities.

As part of Macquarie's social engagement, we are helping clients expand access to education around the world. Macquarie Capital acted as exclusive financial adviser to Remind, a popular platform for communication and learning, on its merger with ParentSquare, a unified school-home education engagement platform, aimed at increasing student success through expanded communications for educators, students, and families across the US.

Managing

As part of **MAM's** fiduciary responsibility to our clients we assess a range of commercial factors through our asset management activities, including material ESG risks and opportunities, before actively investing in companies and managing portfolios over their holding period.

MAM manages a diverse suite of investment capabilities and asset classes on behalf of its clients, with different levels of ownership in, and influence over, the businesses it is invested in. As a result, the way we exercise our rights and responsibilities as stewards varies between the public markets and private markets businesses of MAM.

Within **MAM's public markets businesses**, our investment teams have continued to advance their approach to integrating ESG factors into their investment processes through access to a variety of ESG-related analytical tools and resources to help them identify, measure and track material ESG factors associated with investee companies or issuers.

MAM is also focused on its investment stewardship activities by encouraging investee companies and issuers to enhance their disclosures, as well as act on material sustainability risks and opportunities, through direct engagement and by exercising proxy voting rights. In doing so, we can better understand how our investee companies are responding to these risks and opportunities and share learnings across our portfolio.

(19) In February 2024, Macquarie Capital was ranked #1 Global Energy Transition Financial Adviser by inspiratia for the 2023 calendar year by deal value. There can be no assurance that other providers would reach the same conclusions.

Environmental, Social and Governance

Continued

Within **MAM's private markets businesses** ESG considerations are embedded in investment decision-making processes and integrated throughout the investment lifecycle. During FY2024, MAM has made progress on its net zero commitment with its infrastructure and agriculture portfolio companies and real estate properties measuring and verifying their baseline emissions, setting interim 2030 targets, and identifying abatement measures to form the basis of their net zero business plans.

Alongside scaling green investments, MAM continues to support carbon-intensive industries and companies to decarbonise, including those in the electricity, water, gas, agriculture, transport, mining, oil and waste sectors. These industries provide products and services that communities rely on and our approach recognises that long-term solutions lie in collaboration, rather than divestment.

MAM also seeks to promote social outcomes through investments in products that intentionally seek to contribute to social goals, such as social and affordable housing.

#1 infrastructure investment manager globally[20]

Further details on MAM's approach to sustainability and performance may be found in Macquarie's FY2023 MAM Sustainability Report, 2022 Stewardship Report and in our Green Investment Groups Progress Report 2023 which can be downloaded at **macquarie.com/mam-sustainability**

Researching

In Australia, stock initiation reports include a section discussing relevant ESG considerations. We have issued specialist ESG reports this year covering topics such as carbon offsets, mandatory climate disclosure requirements, human capital management, company ESG ratings and COP28. We also hosted virtual investor calls focused on renewable energy, biodiversity offsets, circular economy, cyber insurance, board diversity, as well as other sustainability themed events.

Top rating
for Australian ESG research by institutional investors in 2023 Peter Lee survey[21]

In Europe, Macquarie has continued the strategic partnership with Kepler Cheuvreux, a UN PRI signatory. The partnership provides our clients with access to a larger pool of alternative energy research.

In Asia, we continue to see increased client demand for ESG research. Our ESG team works alongside our existing equity and macro research teams on company-level assessments and also thematic research. Since 2021, we have run sector specific ESG scores for our coverage of approximately 800 companies across 11 Asian markets. Our scoring system layers analysts' impressions of covered companies on top of company-reported and third-party data.

We provide more context for the scores and company-level ESG performance through sector thematic reports and investor calls on a wide range of topics. We have focused on EV charging and global cooling (both air conditioners and data centres) in FY2024. Meanwhile, we are continuing our workstreams on labour rights, fossil fuel divestment and EV supply chains in Indonesia, and the impact of geopolitics on the energy transition across Asia.

Trading

CGM provides risk management and trading solutions to support clients' varying energy transition needs. It provides wholesale energy market access and hedging for a wide range of green energy suppliers, retailers and producers, such as waste-to-energy and biomass power plants. Further information about how we manage risks within our markets-facing businesses is provided on pages 82–88 in the Risk management section of this Annual Report.

CGM also provides access for corporations, including those operating in hard-to-abate sectors, to both voluntary and compliance global carbon markets to help manage their emission-related risks and achieve their climate goals. Our Global Carbon business builds on our voluntary carbon and wider commodity market expertise to provide a range of emissions risk management solutions. As part of this, the business brings capital and expertise to carbon offset generating projects as well as wider decarbonisation initiatives including nature-based solutions, carbon capture, utilisation and storage (CCUS), and other forms of innovative environmental and low-carbon technology.

Environmental Products House of the Year and **Emissions House of the Year**
at the Energy Risk Asia Awards 2023[22]

Further examples that demonstrate how Macquarie put its capabilities into practice to pursue recent ESG opportunities can be found on our website.

More detailed information is available at **macquarie.com/esg** and **macquarie.com/climate**

(20) The ranking was awarded to MAM in July 2023 and is the opinion of IPE Real Assets. The ranking is based on Assets Under Management (AUM) at 31 March 2023. There can be no assurance that other providers or surveys would reach the same conclusions.
(21) The ranking was awarded in November 2023 in the Peter Lee Associates 2023 Survey of Australian Institutional Investors – All Investors. There can be no assurance that other providers or surveys would reach the same conclusions.
(22) In September 2023, Macquarie Group was named the Environmental Products House of the Year, and Emissions House of the Year based on the Energy Risk Asia Awards 2023. There can be no assurance that other providers would reach the same conclusions.

Sustainability in our own business operations

Scope 1 and 2 operational emissions[23]

We are progressing well towards our commitment to achieve net zero emissions in our own business operations across Scope 1 and 2 by FY2025. To achieve this, we are focusing on improving energy efficiency within our premises and reducing energy use overall; implementing 100% electrification of our premises; purchasing 100% renewable electricity for our operational requirements; and offsetting any residual emissions in line with industry guidance on the use of credible carbon offsets.

Our FY2024 electricity consumption was 39.9 GWh, which is a decrease of 2% from the previous year and a 38% reduction from the FY2014 baseline. The reduction since FY2014 is the result of the consolidation, relocation, and upgrades of office premises to more sustainable buildings, together with our cloud transformation strategy that enables rationalisation of servers.

Following the move into our new global headquarters in Sydney in 2024, we will re-baseline our electricity consumption to reflect the corresponding energy performance.

This year, Macquarie has sourced the equivalent of 100% of our electricity consumption from renewable sources through a combination of renewable energy from building owners or utilities (47%) and energy attribute certificates (53%).[24]

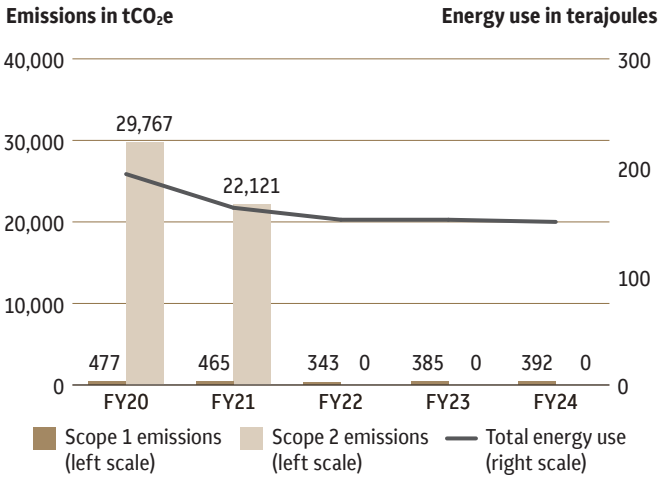
Based on RE100 boundary criteria, the equivalent of our FY2024 electricity consumption sourced from renewable sources is 98.8%.[25] We will continue to work towards full RE100 compliance by FY2025, noting there are challenges purchasing renewable certificates in the South Korean market.

Scope 1 emissions are not considered to be material at 392 tCO_2e and have been offset.[26] These emissions continue to decline as we move to, or develop, premises that are 100% electrified.[27]

Commitment to reach **net zero in Scope 1 and 2 emissions by FY2025**, while developing emissions reduction strategies for **Scope 3**[28],[29]

Sourced the equivalent of **100%** of our global electricity consumption from **renewable sources** in FY2024[30]

Scope 1 and 2 emissions and total energy use[30]



Scope 3 operational value chain emissions

We are improving methods to measure and track Scope 3 emissions for our own business operations, while developing emissions reduction strategies.

Previously, in FY2023, we performed a materiality assessment and developed a baseline for categories of emissions in our upstream operational value chain, except for Scope 3 Category 7: Employee commuting which was subject to further analysis on materiality. We have commenced methodology development and collection of baseline data for employee commuting to support inclusion of this in future business operations Scope 3 inventories.

For Category 1: Purchased goods and services (which includes Category 2: Capital goods, Category 4: Upstream transportation and distribution, and Category 8: Upstream leased assets), emissions have increased 6% from the FY2020 baseline due to an increase in expenditure and a greater proportion of this being for technology services with higher emission factors. For this category, we have a target that by FY2030, suppliers representing 75% of our total supplier related emissions (estimated based on spend) have set a science-based emissions reduction target.[31] We are engaging with our suppliers to understand their climate commitments and transition plans, and making progress toward achieving this target. We are also seeking improved visibility of the emissions associated with the supply of goods and services.

(23) Unless otherwise stated, all Scope 2 emissions in this Annual Report have been calculated using the market-based methodology as described by the *GHG Protocol Scope 2 Guidance*.
(24) Energy Attribute Certificates will be retired by 30 June 2024.
(25) Due to insufficient renewable energy certificates in the South Korean market. Renewable energy certificates were purchased from other international markets to cover this gap.
(26) Carbon offset certificates will be retired by 30 June 2024.
(27) Premises are 100% electrified in normal operations.
(28) Throughout this Annual Report, when we refer to 'net zero' in relation to our own business operations Scope 1 and 2 emissions ambition, and industry guidance, we are informed by recommendations from the Science Based Targets initiative (SBTi) Corporate Net Zero Standard, Net-Zero Banking Alliance Supporting note: The Use of Carbon Credits in Climate Target Setting, and The Oxford Principles for Net Zero Aligned Carbon Offsetting.
(29) Own business operations' Scope 3 covers Categories 1–8 operational value chain emissions as defined by the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. It excludes financed emissions (Scope 3, Category 15).
(30) PwC has provided limited assurance over these metrics as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions, and measurement methodologies for the assured metrics.
(31) Scope 3 Categories 1, 2, 4 and 8 are calculated using the spend-based methodology as set out in the Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* and are directly correlated to our total spend with suppliers that is processed via Macquarie's procurement system. This methodology does not take into account any supplier specific emission reduction initiatives. Currently, due to data limitations, this category excludes capital expenditure on the development of our new global headquarters 1 Elizabeth Street, Sydney, due to be completed in 2024. These offices will be included in Scope 1 and Scope 2 reporting from FY2025.

For Category 6: Business travel (including air, hotels, taxis and car rental, and food and beverages), we continue to offset our emissions through the purchase of credible carbon credits. We also continue to explore emissions reduction strategies, including reviewing travel reduction opportunities, and enhancing data visibility to support lower emissions travel choices.

In FY2024 we conducted a review of our aviation and hotel suppliers' carbon commitments and transition plans, and with this improved understanding we are including business travel (Category 6) in the scope of our purchased goods and services supplier engagement target, so that by FY2030 75% of our aviation and hotel-related emissions will be with suppliers that have set a science-aligned emissions reduction target.[32]

Scope 3 operational value chain categories[33]

Category	FY20 baseline (tCO_2e)	FY24 (tCO_2e)
Category 1: Purchased goods & services[34]	147,003	156,018
Category 2: Capital goods	Included in Category 1	
Category 3: Fuel & energy related activities	4,054	3,631
Category 4: Upstream transportation and distribution	Included in Category 1	
Category 5: Waste generated in operations	112	239
Category 6: Business travel	67,141[35]	63,122
Category 7: Employee commuting	Commenced methodology development and collection of baseline data	
Category 8: Upstream leased assets	Included in Category 1	
Total (Categories 1–6 and 8)	**218,310**	**223,010**

Carbon offsetting

Since FY2010, Macquarie has been offsetting its Scope 1, Scope 2 and Scope 3 business travel emissions and we continue to evolve our carbon offsetting strategy.[36] Where residual or hard-to-abate emissions exist, we utilise credible offsets to achieve carbon reduction targets, consistent with emerging industry guidance including the Science Based Targets initiative (SBTi) Corporate Net Zero Standard, Net-Zero Banking Alliance Supporting note: The Use of Carbon Credits in Climate Target Setting, and The Oxford Principles for Net Zero Aligned Carbon Offsetting.

We have committed to continue offsetting residual Scope 1 emissions and Scope 3 business travel emissions beyond FY2025. For FY2024, Macquarie will purchase and retire a portfolio of Australian Carbon Credit Units and other voluntary carbon offsets by 30 June 2024. Leveraging our internal due diligence processes, offset projects are selected based on quality and verifiability of emissions reductions. We have also engaged an independent third-party to assist with the evaluation and selection of suitable offset projects.

(32) Covers air-travel and hotel bookings made through our corporate travel agency.
(33) PwC has provided limited assurance over the FY2020 baseline Scope 3 business operations emissions in the 2022 Net Zero and Climate Risk Report. Limited assurance was also provided over FY2024 Scope 3 emissions (Categories 1–6, and 8) as detailed in the PwC independent assurance report available within Macquarie's FY2024 Basis of Preparation for ESG Reporting. This also sets out the reporting boundaries, definitions, and measurement methodologies for the assured metrics.
(34) The methodology for Category 1 has been refined following identification of some commissions or equivalent payments related to a financial transaction, which MGL considers to be outside of the procurement process, which had been included in the goods and services calculated emissions. These payments have now been excluded from the Category 1 baseline and calculated emissions to ensure alignment with our company-wide methodology. Please refer to the FY2024 ESG Dataset for further detail.
(35) We have improved data sources and methodology for this category which has resulted in the FY2020 baseline for Category 6 decreasing by 1,603 tCO^2e compared to the previously reported figure. This revised methodology has also seen changes in reported emissions for FY2021, FY2022, and FY2023, and we are purchasing and retiring additional carbon offsets to cover the net increase. Please refer to the FY2024 ESG Dataset for further detail.
(36) To meet our RE100 commitment, in FY2021 we transitioned from purchasing carbon certificates to offset Scope 2 emissions, to purchasing energy attribute certificates to achieve the equivalent of 100% renewable electricity consumed.

Sustainably-rated buildings

Macquarie's corporate offices are fitted with water and energy efficient fittings and fixtures and are continually monitored for energy performance, environmental quality, and our people's comfort. We have a commitment that 80% of our employees will be in sustainably-rated premises by FY2025, and at the end of FY2024, 71% of Macquarie people occupied a sustainably-rated office.[37]

Our new offices in Sydney and New York

Macquarie is delivering the new Sydney Metro Martin Place integrated station precinct. The precinct includes the new Martin Place metro station, a retail and dining destination, underground pedestrian connections, and two landmark buildings: the 39-storey 1 Elizabeth Street (1 Elizabeth) which, together with 50 Martin Place, will become Macquarie's new global headquarters; and the 28-storey 39 Martin Place.

When construction is completed in 2024, the precinct will feature accessible public spaces that are sustainable, maximise the use of natural light, feature native plants and public art, pay respect to the land's traditional owners, and be digitally enabled. Our goal is that this precinct will contribute to the reinvigoration of Martin Place that has been taking place over the past several years.

The 1 Elizabeth building has achieved a 6 Star Green Star Design Review (Design & As Built) rating,[38] has been designed to be energy efficient, 100% electric in normal operations, and our workplace will be powered by 100% renewable electricity. Throughout the construction and fit-out stages, and as we relocate from other offices, we have focused on reuse of materials, fittings, and furniture.

In 2024, coinciding with Macquarie's 30th anniversary in New York, our New York office will be relocated to a recently refurbished building at 660 Fifth Avenue and our tenancy will utilise many of the design principles of our new Sydney global headquarters including a 100% electric design.

The New York project design has achieved a LEED Gold Rating with features such as direct access to natural light and views, multiple outdoor terraces with planting, optimal indoor air quality, and dedicated end-of-trip change room facilities. The project is also being built with materials, and furnished with items, that incorporate reused and sustainable products that have been sourced, moved, and installed with local and diverse-owned businesses.

Resource efficiency and minimising waste to landfill

We continue to raise awareness and improve waste recycling rates across our offices. In our Sydney global headquarters and our London office, we diverted 63% of our operational waste from landfill in FY2024 (compared to our 50% target by FY2025). We have diverted 83% of fit-out construction and demolition waste from landfill in the year, exceeding the 70% target for FY2024.[39]

We have made a FY2025 commitment to eliminate single-use plastic in our premises operations and are making progress towards this by focusing on removing single-use cups, cutlery, and plastic packaging for food presented for sale in our cafes.

In FY2024, we achieved a 74% paper use reduction from our FY2019 baseline (exceeding our 60% reduction target by FY2025). We have an ongoing commitment to use certified sustainable or recycled paper stock for 100% of our office paper needs.

We have committed to managing our electronic waste (e-waste) in our major offices globally through sustainably certified suppliers to ensure it is managed in a responsible manner. We are progressing the first phase of managing our e-waste which involves disposal of laptops, desktops, and information technology (IT) communications room equipment. Macquarie follows the principle of reduce, reuse, and recycle for its devices and appliances, and is aiming to improve the scope of reporting.

(37) Minimum LEED Gold, BREEAM Good, 5 Star Green Star, Green Mark Gold Plus, Beam Plus Gold or equivalent. See Sustainability ratings for Macquarie major offices at macquarie.com/esg-sustainability-in-business-operations
(38) 6 Star Green Star Design Review (Design & As Built) rating from the Green Building Council of Australia.
(39) This target and progress relates to our fit-out projects and excludes the Sydney Metro Martin Place integrated station precinct development currently underway.

Environmental, Social and Governance

Continued

Sustainable procurement

In FY2023, a new sustainable procurement framework was launched, and this has been further embedded this year. The framework outlines how Macquarie manages our environmental, social, and economic impacts across the corporate supply chain, integrating sustainability throughout the procurement life cycle.

We continue to work towards our FY2025 commitment to increase our spend on environmentally and socially sustainable products, with an ambition to have 80% of prioritised goods being sustainable. Clear and consistent sustainability definitions for prioritised categories, such as IT equipment, stationery, pantry consumables, and office furniture, have been developed in partnership with our suppliers, and adoption of these new standards is underway. We have identified challenges in obtaining consistent data, at the product level, across our priority categories to enable reporting against this target, and are working to address this with our suppliers.

Macquarie remains committed to spending 1% of our annual global spend (in our tier one and tier two supply chains) with diverse suppliers and 10% of our annual global spend with small businesses by FY2025.[40] In FY2024, Macquarie spent over $A25.3 million (or 0.6% of global spend) with diverse suppliers and over $A290.4 million (or 6.3% of global spend) with small businesses. Our supplier diversity commitment is now available on our website to support our conversations with our external stakeholders and our commitment to the diverse supplier community.

Since the launch of our Reconciliation Action Plan (RAP) in Australia in February 2023, Macquarie has engaged with First Nations suppliers, partnering with Supply Nation as the peak body that aims to grow the Aboriginal and Torres Strait Islander business sector through the promotion of supplier diversity in Australia.

In FY2024, we continued to achieve 100% compliance with Macquarie's *Supplier Governance Policy's* environmental and social risk requirements.[41] We have also continued to engage an independent auditor to complete ESR audits. These audits follow the Sedex Members Ethical Trade Audit (SMETA) social auditing methodology enabling us to assess our sites and suppliers to understand working conditions in the supply chain.

Macquarie's approach towards identifying and mitigating the risk of modern slavery within our supply chain and business operations is set out in our Modern Slavery Statement.

Further information is available at **macquarie.com/esg**

Macquarie's FY2024 ESG Dataset, including prior years' data can be downloaded from **macquarie.com/esg**

Macquarie's 2025 Sustainability Plan can be downloaded from **macquarie.com/esg**

Macquarie's 2023 Net Zero and Climate Risk Report and Modern Slavery Act Transparency Statement 2023 can be downloaded from **macquarie.com/esg**

Macquarie's Principles for Suppliers and Supplier Diversity Commitment are available at **macquarie.com/suppliers**

Macquarie's Reconciliation Action Plan can be downloaded from **macquarie.com/diversity**

(40) Diverse suppliers means businesses owned and operated by an individual or group that is part of a traditionally underrepresented group in society such as companies owned and operated by minorities, women, or First Nations peoples.
(41) Applies to suppliers that have been identified as presenting heightened environmental or social risk under Macquarie's Supplier Governance Framework.

Client and customer experience

Maintaining and developing our relationships with our corporate, institutional, government and retail clients, along with our co-investors is a focus across all our Operating Groups.

MFAA 2023
Major Lender of the Year
for the fourth year in a row[42]

Supporting vulnerable and disadvantaged customers

BFS continues to equip our customer-facing teams to support customers who may be experiencing heightened vulnerability by utilising specialist training programs, and partnering with an external specialist community services provider to develop resources for customers and deliver specialist training for employees.

In addition, BFS has continued to offer financial support to customers that may experience financial difficulty or require financial assistance. The business is committed to supporting our customers through uncertain and difficult times, and understands every situation is different, offering a range of solutions that can be tailored to meet our customers' needs.

Beyond the commitments made in Macquarie's RAP, BFS has continued an online First Nations cultural competency training program for relevant BFS customer-facing teams, which was developed by an Australian Indigenous business specialising in cultural competency training. The program is designed to enhance participants' understanding of First Nations peoples, culture and history while providing practical knowledge and skills to serve and support First Nations peoples more effectively.

Protecting clients from scams and fraud

As customer fraud and cyber scam attempts are increasing all around the world, BFS is committed to helping our employees, clients and customers become more cyber-resilient.

BFS launched a Scams Awareness Campaign, which includes a customer education program focused on providing the latest updates on trending scams and how best to protect themselves. BFS continues to provide customers with informative content and resources through the Macquarie Scams Hub, as part of our ongoing scams awareness activity.

The Macquarie Authenticator mobile app, with leading digital security features, gives customers control to approve or deny transactions, log-in attempts or account changes in real-time, and is a key part of our proactive approach to keeping customers' accounts and information safe.

Throughout FY2024, BFS has continued to invest in fraud prevention solutions to help identify and prevent fraud and scam losses.

Providing innovative digital solutions

As a digital bank, BFS has a strong focus on innovation, and a key part of that is the development of new products, features and reduced costs for customers. While digital security enhancements make it safer and easier to manage risks for our customers, innovation also allows us to enhance how they manage their money with intuitive and connected digital banking experiences.

Our everyday transaction account allows customers to apply for an account, have their identity fully verified and start banking in under three minutes. Customers are able to load new debit cards into their Apple or Google wallet so they can start using their account straight away.

Macquarie's Business Savings Account, a new digital high interest savings account for small businesses with no fees, is one of the first business accounts in Australia to have a digital-only application process and instant account opening for eligible businesses.

BFS is running more than 96% of its applications on public cloud, including its core banking platform, giving us enhanced performance, agility and security capabilities to underpin our digital banking offering.

Our commitment to delivering exceptional customer experiences across our platforms is reflected in our net promoter scores (NPS), including an NPS score of 51.5 across mobile banking and 45.3 across internet banking.[43]

(42) In July 2023, Macquarie Bank was named the winner of the 2023 Major Lender Award based on information by Mortgage and Finance Association of Australia (MFAA). There can be no assurance that other providers would reach the same conclusions.
(43) Macquarie User Digital Platform Transactional NPS for the period 1 April 2023 to 31 March 2024.

Environmental, Social and Governance

Continued

Fair and efficient resolution of issues

Reflecting our commitment to our customers, Macquarie Bank Limited subscribes to the latest version of the Australian Banking Association *Banking Code of Practice*.

Macquarie has a robust complaint management framework across our retail banking business to resolve customer complaints quickly and fairly. BFS teams analyse complaint data to understand the root causes of complaints so they can be addressed at their source, with oversight from senior management. In FY2024, 39% of BFS complaints were resolved within one business day and 90% within five business days.

Macquarie's Customer Advocate is separate to the operating, risk and support groups including our internal dispute resolution teams.

The Customer Advocate's role is to:

- listen to our customers and provide a customer-centric voice when making recommendations to improve customer experience
- minimise the risk of future problems by reviewing key customer themes and new product approvals to identify opportunities to enhance products, services, systems and processes
- work with Macquarie complaint teams to promote fair and reasonable customer outcomes.

The Customer Advocate reports directly to the MGL CEO and provides annual reporting to the BGCC.

Responsible and transparent communications

There are longstanding regulatory requirements in relation to treating customers fairly and prohibiting misleading statements. Recently, attention on greenwashing as a regulatory, litigation and reputational risk is increasing. Greenwashing is defined at Macquarie as a false, misleading, unsubstantiated, ambiguous or overstated representation of the ESG attributes of an organisation, product or service. This definition is intended to incorporate similar concepts such as impact-washing and social-washing. While the regimes that govern greenwashing vary between jurisdictions, and good practice continues to evolve, we recognise the importance of mitigating this risk for our stakeholders. In FY2024 we implemented a company-wide Greenwashing Standard to support the management of legal, regulatory, reputational and environmental and social risks associated with greenwashing. It provides information on communications with potential for greenwashing risk, and review considerations and requirements in managing greenwashing risk. During FY2024, 3,275 employees completed an online training module that accompanies this standard.

Further information is available at **macquarie.com/bank**

Further information on the Customer Advocate office is available at **macquarie.com/customer-advocate**

The *Banking Code of Practice* can be downloaded from **macquarie.com/banking-code**

Macquarie's Reconciliation Action Plan can be downloaded from **macquarie.com/diversity**

People and workplace

Macquarie leadership programs

The Director Leadership Program (DLP) is a multi-month developmental experience for Macquarie directors globally, designed to develop capability for leading self, leading people, leading teams, and leading business growth. Program delivery continued in FY2024, with directors participating in the program in Sydney, London, New York, Singapore and Hong Kong. Since its inception in 2022, 13% of Associate Directors and 16% of Division Directors have participated in the DLP globally. Overall, the DLP continues to receive favourable feedback, with the program delivering on its objectives, demonstrating a commercial impact, and resonating strongly with participants from across Macquarie.

Executive Directors continue to have access to 3-day Executive Director Leadership Program (EDLP) workshops. During FY2024, newly promoted and lateral hire Executive Directors attended a workshop focused on building self-awareness and conscious impact, and the skills needed to inspire and develop others. Experienced Executive Directors were offered the *Leading a Purpose Driven Culture* workshop, which equips participants with the knowledge and tools to embed a purpose-driven culture across Macquarie. These workshops build a shared understanding of leadership at Macquarie and facilitate strong connections across the organisation. Since its inception in 2017, 84% of Executive Directors have participated in at least one EDLP workshop globally.

Digital upskilling

The talent market remains tight for certain skillsets and Macquarie remains committed to giving employees the opportunity to develop skills that build their careers and that remain in demand in the changing world of work. Macquarie continues to deliver digital upskilling opportunities for in-demand transformation skills such as Agile ways of working, human-centred design, data skills and process improvements to increase organisational efficiencies, with more than 5,800 attendances globally in FY2024.(44)

Training

During FY2024, 3,200 instructor-led courses were delivered globally; 93% of these were non-mandatory, covering topics including: management and leadership; personal effectiveness; and wellbeing. In addition, 1,877 web-based training sessions were completed of which 92% were non-mandatory.

In FY2024, Macquarie launched the Macquarie Learning Portal (MLP), a global platform consolidating numerous regional and business-specific learning opportunities and risk resources within a single environment. The platform delivers an improved developmental experience for all of our people.

Talent and performance management

Macquarie has always had a strong focus on developing talent and enabling career mobility within the organisation. This approach to talent management has evolved company-wide with more focus on dedicated talent conversations by leadership teams, ensuring our top talent stays engaged, continues to develop, and is matched with internal opportunities to build their career further. Across Macquarie globally, employee engagement is strong and remains consistently high.(45) International mobility has been invigorated this year with 306 international career moves facilitated and supported.(46)

Macquarie's company-wide performance management approach promotes ongoing performance and development check-ins and at least one annual career development conversation, in addition to an annual performance appraisal.

During FY2024 Macquarie saw an ongoing commitment to our early career programs as a valuable source of junior talent. Our Early Careers offering includes a variety of early university engagement programs to provide a pipeline to our Graduate Program which involved around 550 new graduates this year. The breadth of programs include Summer and Winter Internships and dedicated programs and events for disadvantaged and under-represented groups such as the EMEA CGM Rise to it program and ASHA Community Programme in India which provide opportunities for socially disadvantaged young people and further supplements the pipeline of talent into the Graduate Program. We have also continued investment in our Early Careers Future Technologists programs in addition to technology graduates, with around 100 new hires, many of whom have used the opportunity for a career change or to re-enter the workforce with structured training to support their career in technology.

Approach to remuneration

Details on Macquarie's remuneration framework, including the link between ESG considerations and remuneration outcomes, are outlined on pages 106–156 in the Remuneration report section of this Annual Report.

Macquarie's approach to pay equity is outlined on pages 74–77 in the Diversity, equity and inclusion section of this Annual Report.

Information on our approach to work health and safety is provided on pages 57–58

Information on our approach to human rights is provided on page 57

Macquarie's Reconciliation Action Plan can be downloaded from **macquarie.com/diversity**

Macquarie's Modern Slavery Statement can be downloaded from **macquarie.com/human-rights-at-macquarie**

(44) Some employees may have attended more than one training session, in which case their attendance was counted for each session.
(45) Macquarie 2023 Voice Survey; participation rate is consistently above 80%.
(46) International career moves based on transfers related to changed countries (including international assignments, permanent international transfers and repatriations) for permanent staff only.

Environmental, Social and Governance

Continued

Business conduct and ethics

Macquarie's purpose 'Empowering people to innovate and invest for a better future' represents *why* we exist and *what* we do. We believe that by empowering people – our employees, clients, communities, shareholders and partners – we will achieve our shared potential. Macquarie's principles explain *how* we do business.

Macquarie sets, promotes, monitors and reflects on the risk culture that is needed to effectively manage risk. Macquarie's Risk Culture teams are responsible for developing and maintaining the framework for risk culture, and monitoring and reporting on the application of the framework across Macquarie. As part of their role, risk culture specialists:

- assess the risk culture across the group and provide oversight of its alignment to expectations
- challenge and advise Macquarie teams on how to enhance risk culture.

Macquarie's Conduct Risk team is responsible for managing Conduct Risk globally through establishing and maintaining the Conduct Risk Management Framework and associated policies, processes, guidelines, controls and reporting mechanisms. The team also provides Conduct Risk training and awareness activities for Macquarie employees, and provides regular reports to the BGCC.

Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie employees and external parties to safely raise concerns about improper conduct. It is responsible for implementing the *Whistleblower Policy* and for managing the investigation of concerns raised under this policy.

Further information is outlined in the Corporate Governance Statement section of this Annual Report.

74
disclosures received and managed by the Integrity Office in FY2024[47]

15,500+
attendances at tailored training, workshops and leadership sessions in FY2024[48]

Information on our risk culture and approach to conduct risk is provided on pages 82–88 in the **Risk management** section of this Annual Report

What We Stand For is available at **macquarie.com/what-we-stand-for**

Tax transparency

Macquarie acknowledges stakeholder expectations for increased transparency on tax-related matters. Macquarie is a signatory to the Australian Board of Taxation's voluntary Tax Transparency Code.

More detailed information on Macquarie's approach to tax transparency is available at **macquarie.com/fy24-tax-transparency**

Political engagement and public policy

Macquarie believes we need to be engaged and understand the evolving policy, political and regulatory environments in Australia and other jurisdictions in which we operate, as these factors impact our business as well as those of our clients.

As a listed financial institution operating in highly regulated sectors, we have a responsibility to our shareholders, clients, counterparties and employees to understand and contribute to public policy and to ensure that our organisation and operating environments are well understood by parliamentarians and policy makers. Additionally, our clients, many of whom also operate in regulated sectors, expect us to have detailed current knowledge of public policy issues and drivers when we provide them with advice and services.

Macquarie contributes to public policy in the markets in which we operate in the following ways:

- making submissions to industry consultation processes and inquiries, where appropriate. These may be processes established by parliaments, government departments or government agencies such as regulators. Submissions may be made by Macquarie directly or as part of a broader industry group
- participating in government and other policy advisory panels when invited to do so, and where we can make a differentiated contribution based on our expertise
- engaging with parliamentarians and policy-makers through avenues such as formal meetings, attending events, speaking in public forums and appearing before parliamentary inquiries where appropriate
- contributing to the advocacy work done by industry groups in key markets around the world. Given the diversity of Macquarie's business activities, we are members of industry groups representing sectors such as financial services and markets, infrastructure, energy as well as general business peak bodies.

In Australia, political parties are funded by a mix of public and private monies. As part of its engagement with the Australian political process, Macquarie provides financial support to the major political parties, primarily by paying for our attendance at events.

(47) Covers all disclosures received and managed by the Integrity Office, including whistleblower disclosures, and includes disclosures made through the Integrity Hotline.
(48) Tailored content focused on conduct and supervisory requirements, including those relating to a hybrid working environment. Some employees may have attended more than one training session, in which case their attendance was counted for each session. Macquarie also requires all employees globally to undertake mandatory online *Code of Conduct* training.

Macquarie has a full disclosure policy and declares all monies paid to Australian political parties to the Australian Electoral Commission (AEC) regardless of any thresholds or other provisions that may otherwise limit the need to disclose. This disclosure is made by way of an annual AEC return on a 1 July to 30 June basis and is published by the AEC in the February following the end of the disclosure year.

In the year ended 30 June 2023, Macquarie's political contributions in Australia totalled $A202,950 comprising of $A115,153 to the Australian Labor Party and $A87,797 to the Liberal Party of Australia. Contributions were to meet the costs of memberships of political party business forums, attendance at events and party conference corporate days, and sponsorship and hosting of events. Macquarie did not make any direct donations.

Macquarie does not generally make political donations in other jurisdictions.

Cybersecurity

Macquarie acknowledges the inherent cyber risks associated with employing technology platforms to support our business activities.

Macquarie manages cyber and information security risk through Macquarie's operational risk management framework. The Board Risk Committee receives regular technology and cyber reporting updates.

Throughout FY2024, Macquarie observed the evolving threat landscape including:

- the potential for cyber attacks due to geopolitical tensions
- increasing regulation to protect individual, organisational and national security
- a continued increase in instances of data breaches and high-profile ransomware attacks against supply chains, companies and individuals.

The cyber threat landscape includes financially motivated entities, nation states and hacktivists who attempt to gain access directly to systems or data from anywhere in the world. We continuously monitor for changes in this threat landscape, assess the potential impact on Macquarie, implement controls to mitigate the risks identified and manage residual risks appropriately.

Data privacy

The *Macquarie Group Privacy Policy* sets out why we need to collect personal information, how we collect it, what we do with it, how it is stored and who we might share it with. It also describes how individuals can access or correct information about themselves and how to ask further questions or make a complaint. The policy is available on Macquarie's website. It is administered by a dedicated privacy and data function and is supported by privacy and data training and awareness activities. Macquarie has processes in place to investigate data breaches involving personal information and will notify clients, customers, regulators, and other appropriate stakeholders of a data breach where we are required to do so under local legislation or as is otherwise appropriate in the circumstances.

In FY2024, Macquarie did not have any data protection incidents that were required to be reported under a data protection regime in which Macquarie operates.[49]

	FY2024	FY2023
Reported data protection incidents	**0**	1

Financial crime prevention

Financial crime can have a significant, adverse impact on our clients, counterparties, and the communities in which we operate. Macquarie plays an important role in monitoring and reporting suspicious activities and complying with anti-bribery and corruption, economic and trade sanctions, and anti-money laundering and counter-terrorism financing laws and regulations globally.

Macquarie's Financial Crime Risk Governance Framework outlines our approach to the identification, mitigation and management of financial crime risks that we face. This includes maintaining appropriate policies, standards and procedures and working closely with AUSTRAC and our international regulators, law enforcement and the Fintel Alliance to detect and deter financial crime.

Further information is available at **macquarie.com/corporate-governance** and **macquarie.com/what-we-stand-for**

A summary of our policies, including Macquarie's Sanctions Compliance Statement, *Code of Conduct*, *Anti-Bribery and Corruption Policy*, *Anti-Money Laundering and Counter-Terrorism Financing Policy*, *Macquarie Group Privacy Policy*, and *Whistleblower Policy* are available at **macquarie.com/esg**

Anti-bribery and corruption

Macquarie seeks to prevent the actual or attempted use of any form of bribery or corruption. Macquarie's *Anti-Bribery and Corruption Policy* outlines the expectations and elements of Macquarie's Anti-Bribery and Corruption Framework and program of activities to prevent, detect and deter bribery and corruption.

Maintaining procedures for identifying bribery and corruption (B&C) risk and ensuring key business processes have appropriate B&C controls and systems is an important part of our anti-bribery and corruption (AB&C) program. The Anti-Bribery and Corruption Framework sets out the company-wide approach to managing the risk of bribery and corruption. AB&C training and awareness forms part of the control framework. Macquarie employees receive annual training to ensure they understand their role in preventing financial crime including AB&C risk. Additional AB&C training is also provided as required, including for board directors.

Macquarie employees must report suspected or actual instances of bribery or other corrupt practices in accordance with our *Anti-Bribery and Corruption Policy*, *Whistleblower Policy* and *Incidents and Issues Policy*.

(49) For example, as per section 26WE of the *Australian Privacy Act 1988 (Cth)* and reportable under Part IIIC of the Act.

Diversity, Equity and Inclusion

Macquarie's ongoing commitment to diversity, equity and inclusion ensures that our business accesses, retains, develops and empowers the broadest and most diverse talent.

Our commitment

In the second year of implementing our FY2023–26 Global Diversity, Equity, and Inclusion (DEI) Strategy we have continued to focus our action and measure our progress in three areas: our diverse people, our equity commitment, and our inclusive culture. The global strategy is implemented through DEI strategies that are led by our group and regional leaders.

Our efforts to level the playing field for talent from underrepresented groups are global and focused on maintaining equitable talent processes, mitigating bias, gathering and monitoring data, and evaluating appropriate outcomes at all stages of the talent lifecycle. These efforts are enhanced by building manager capability and maintaining an inclusive culture.

Macquarie's *Workforce Diversity Policy* is available at **macquarie.com/diversity-and-inclusion**

Diversity, Equity and Inclusion objectives

The Executive Committee and Board Remuneration Committee (BRC) monitor the diversity, equity and inclusion objectives and the progress of each group and region. The *Workforce Diversity Policy* requires that each year the BRC will set measurable objectives for increasing the diversity of Macquarie's workforce and maintaining a culture of respect and inclusion.

Executive Committee members have DEI objectives in their performance assessment criteria. Leadership teams globally, in each Operating and Central Service Group and region, are also accountable for achieving Macquarie's DEI objectives. The Board and BRC receive regular updates on progress against Macquarie's DEI commitments and encourage continuous improvement.

Macquarie's BRC has endorsed the FY2023–2026 DEI objectives as set out in the global strategy.

Global DEI Strategy FY2023-2026

In FY2023, we used Human Centred Design methodology to refresh our Global DEI Strategy.

Our diverse people

Building a workforce that harnesses a range of perspectives, ideas, and insights in everything we do.

Diversity objectives:

- support leader accountability for DEI outcomes
- increase the diversity in talent pipelines
- increase availability and completeness of candidate and employee data.

Success measures:

- diverse employee representation
- leader DEI objectives
- leader visibility and actions based on diversity metrics
- meet regulatory and stakeholder commitments
- employee self-identification completion rates.

Our equity commitment

Achieving equitable outcomes by removing barriers and valuing differences, enabling everyone to be included and to reach their full potential.

Equity objectives:

- align principles of equity in all people-related policies, processes and programs
- champion and elevate equity for people from under-represented groups
- encourage an equitable approach when engaging with our clients, community and suppliers.

Success measures:

- diverse representation across the talent lifecycle
- organisational spend with diverse suppliers
- employee support to advance equity in our community
- pay equity.

Our inclusive culture

Creating an environment where people are respected for their uniqueness, valued for their contributions and celebrated for being their authentic selves.

Inclusion objectives:

- continue education and maintain awareness
- enable inclusive leaders, teams and employees
- elevate inclusive networks and strong allyship.

Success measures:

- employee and candidate feedback
- employee DEI objectives
- employ of people from underrepresented groups
- training completion.

DEI Progress in FY2024

We have made progress against the objectives and success measures in all three pillars of diversity, equity and inclusion.

Progress – Our diverse people

We measure the diversity of our workforce by encouraging our employees to confidentially self-identify across a range of dimensions, including gender, race, cultural identity, gender identity, sexual orientation, and parenting and caring responsibilities.

Gender Equity

The outcome of our ongoing commitment to gender equity is demonstrated in Table 1. Female representation on the MGL Board of Directors has stayed at 62.5% with the retirement of Nicola Wakefield Evans and the appointment of Susan Lloyd-Hurwitz, who is currently also President of Chief Executive Women (CEW) in Australia.

Female representation has increased year-on-year across Macquarie's total workforce and senior executive population. There was a temporary increase in female representation at the Executive Committee level because Nicholas O'Kane stepped down as Group Head of CGM and from the Executive Committee before 31 March 2024, whereas new CGM Group Head Simon Wright was not appointed to Executive Committee until 1 April 2024. Female representation in the Division Head population decreased because of some senior male appointments.

Table 1: Global female representation by level over five years[1]

As of 31 March	2020 %	2021 %	2022 %	2023 %	2024 %
Board of Directors	36.4	45.5	50.0	62.5	**62.5**
Executive Committee[2]	25.0	27.3	30.0	30.0	**33.3**
Division Head[3]	23.9	23.0	26.5	25.5	**23.3**
Senior Executive[4]	19.1	20.5	21.8	23.3	**24.3**
Macquarie Workforce[5]	40.1	42.0	43.0	44.1	**44.3**

We supported the work of CEW and its partner Intersection, as the sponsor of a research project and report detailing the experiences of culturally diverse women leaders. To launch the report, 'Unlocking Leadership: Conversations about Gender and Race in Corporate Australia', we hosted an event where our CEO joined a panel to discuss the findings, which she also addressed as a keynote speaker at the CEW Leadership Summit in Melbourne.

We continue to invest in gender equity partnerships and programs around the world, including the Bright Network in EMEA, Girls who Invest in the US and The Women's Foundation, Girls Go Tech, and NavGurukul in Asia. The Male Allies program in Asia is now in its third year.

Our CEO hosted an International Women's Day event, leading a discussion on this year's United Nations theme, *Count Her In: Invest in Women. Accelerate Progress*, exploring how the economic empowerment of women, within Macquarie and the broader community, contributes to building a resilient society and dynamic future economy. Ms Wikramanayake was joined by Nicole Sorbara, our Global COO and Group Head of COG, Lisa Sonnabend, CGM's Global COO and Head of its Central Division, Ric Deverell, Macquarie's Chief Economist and Head of Net Zero, and Lisa George, Global Head of the Macquarie Group Foundation.

Families and carers

Macquarie continues to provide support to working parents and carers through flexibility, paid leave, and initiatives such as coaching. We were the first organisation in Australia to achieve a National Level 3 carer accreditation from Carers+Employers and have retained accreditation as a Family Friendly Workplace.

Macquarie's global return to work rate was 97% in FY2024 and we continue to achieve high retention rates for employees who have taken parental leave. To support the transition back to work after a period of parental leave, our employees can choose to take 12 paid transition days in the first 12 weeks of returning to work. This benefit, and other forms of flexibility are available to parents and carers in all regions.

Cultural diversity and racial equity

Cultural diversity and racial equity continue to be priorities for Macquarie, and we take an active and localised approach to drive progress in our business and communities. We continue to invest in internship and recruitment channels that expand our reach and better connect with talent from under-represented racial groups around the world.

Macquarie was shortlisted for 'Company of the Year' in the European Diversity Awards 2023 and ranked a top 10 exemplary employer in the Ethnicity Awards in the UK. Our regional sponsorship program connected high potential ethnically diverse individuals with experienced leaders.

(1) Workforce data based on total global workforce as at 31 March 2024, excluding employees in operationally segregated subsidiaries and investments where Macquarie does not have a controlling interest.
(2) Executive Committee excludes Head of Commodities and Global Markets Group as Nicholas O'Kane was a member of the Executive Committee until 27 February 2024 while Simon Wright was appointed to the Executive Committee effective 1 April 2024.
(3) Division Head refers to critical roles across Macquarie. It typically includes executives two layers down from the CEO. For this metric, we consider individuals who are direct reports of Group Heads and are at Executive Director and Division Director levels.
(4) Senior Executive refers to Macquarie's combined Division Director and Executive Director population.
(5) Data includes permanent staff only in all employee statuses (Active, Paid Leave, Leave without Pay).

Diversity, Equity and Inclusion

Continued

In the US, we offered targeted leadership development programs for Black, Latinx and Asian talent to accelerate their careers and implement strategies to increase contribution and personal growth. We continued to partner with Seizing Every Opportunity (SEO) and Hive Diversity, growing the talent pipeline for the future.

In Australia, in line with our inaugural Reconciliation Action Plan (RAP), Macquarie held sessions to support staff in informing and educating themselves on the proposed Aboriginal and Torres Strait Islander Voice to Parliament. The sessions featured Greg Ward, Group Head of BFS, in conversation with Indigenous ABC commentator Dan Bourchier, and Group General Counsel, Evie Bruce, in conversation with University of Sydney Professor Emerita, Anne Twomey. More than 4,000 Australian employees (approximately 40% of the ANZ workforce) also completed an eLearning program made available to them on this topic.

LGBTQ+

Once again, Macquarie has been recognised by external community partners as a leading LGBTQ+ inclusive organisation. Macquarie achieved a perfect score (one hundred) for the fifth consecutive year on the Human Rights Campaign's Corporate Equality Index in the US. In Asia, Macquarie was recognised as a Gold Employer by the India Workplace Equality Index 2023, Silver Standard, Community Business' 2023 LGBT+ Inclusion Index in Hong Kong and Gold Standard in Singapore.

Jay Adams, Louise McNaughton, and Cameron Mangnall co-chairs of Pride ANZ

Accessibility

Macquarie is a member of The Valuable 500, a global collective focused on disability inclusion. This year we participated in the pilot of the global Generation Valuable mentoring program, where a senior leader was matched with an employee living with disability to share insights and experiences. We have progressed our work on a global Accessibility Action Plan (AAP). Elements of the plan address candidate, employee and customer experiences, global offices, and technology.

Progress – Our equity commitment

Our equity commitment extends beyond candidate and employee experience to customers and our supply chain. It also guides the work of the Macquarie Group Foundation (Foundation), which has taken steps to evolve its grantmaking processes and practices globally with the goal of becoming a more equitable funder. The Foundation also funds organisations that focus on promoting a more equitable and just society for underrepresented people.

We monitor diversity data to ensure equitable outcomes in candidate and employee experiences such as recruitment, performance, remuneration and promotion.

Macquarie conducts annual pay equity reviews, provides comprehensive data to the Workplace Gender Equality Agency (WGEA) in Australia, and is also required to adhere to regulatory requirements in other locations where we operate.

Macquarie has continually ensured that we have pay equity across the organisation for men and women performing the same roles, similar roles, or work of equal or comparable value. This is reviewed on an annual basis, during which we work with all groups as part of Macquarie's commitment to ensure there is no bias in how we pay our people and to maintain pay equity for like roles and performance.

Progress – Our inclusive culture

Macquarie has a range of Employee Network Groups (ENGs) and DEI committees in each region. Their focus spans culture and heritage, First Nations, gender, LGBTQ+, race and ethnicity, families and carers, neurodiversity, and military veterans. They amplify the voices of under-represented people, enhance networks, and support our DEI strategy.

Allies are essential to inclusion. Macquarie continues to offer Allyship and Inclusive Leadership training, especially to Management.

Every employee is held accountable for contributing to our inclusive culture through the Macquarie Standards and Objectives, which include DEI.

Inclusion remains a strong component of Macquarie's culture. Progress is measured through an annual employee engagement survey, which also informs local and regional action plans.

Diversity, Equity & Inclusion awards

In FY2024 Macquarie was recognised for its commitment to and progress towards creating an inclusive workplace for all employees and supporting our communities in each of our regions.

Select Diversity, Equity & Inclusion partnerships

Macquarie Group Foundation

The Macquarie Group Foundation drives social impact work for Macquarie, supporting its people, businesses, and communities to build a better future.

$A67m
contributed in FY2024[1]

21,000+
people supported through employment focused grants[2]

36%
eligible employees involved in the community[3]

$A641m
contributed since inception in 1985[4]

Together with Macquarie employees, the Macquarie Group Foundation (the Foundation) has contributed $A641 million to thousands of non-profit organisations since its inception in 1985. During FY2024, $A67 million was contributed to 3,000 non-profits around the world through employee donations and fundraising, Foundation matching and donations, grants and social impact investments, marking a significant increase on FY2023 and a record year of giving.

Our people

The Foundation's impact reflects Macquarie's biggest asset: its people.

Macquarie encourages employees to support the causes that matter to them by providing a range of benefits including donation matching, paid volunteer leave and charitable donations in recognition of time spent volunteering or serving on a non-profit board.

In FY2024, 36% of eligible employees globally were engaged in the community by giving their time, financial support or skills. Employees donated or fundraised a record $A19.5 million in FY2024 and took over 1,900 days of paid volunteer leave to support community organisations.

In October 2023 a record $A10 million was raised during Macquarie's 10th annual Foundation Week, during which additional matching incentives are available. Macquarie employees organised or participated in over 320 initiatives, spanning 42 offices in 25 markets and supporting more than 240 non-profits globally.

For more information about how our people contribute to the community see pages 80 and 81.

Our businesses

As well as providing advice on philanthropic giving, the Foundation is partnering with Macquarie businesses to integrate a shared value approach into existing business models and identify upcoming projects that can deliver both increased social value and enhanced commercial advantage.

To catalyse this work within Macquarie, the Foundation created the Macquarie Shared Value Award, in memory of Macquarie's former Managing Director and Executive Chairman David Clarke AO (1942–2011). The Award recognises a Macquarie team driving social impact through a business-led shared value project and the inaugural winner was the Pennsylvania Department of Transportation Major Bridge P3 Initiative managed by Macquarie Capital in the Americas. This project is developing major bridges throughout the Commonwealth of Pennsylvania while also deploying an enduring workforce development initiative. Philadelphia Works, the non-profit involved in the project, was awarded a $A100,000 grant to help increase the scope and scale of social impact.

Our communities

The Foundation supports community organisations through its global focus on breaking down barriers to employment, its commitment to promoting a more equitable and just society for underrepresented people and its special grants programs.

Breaking down barriers to employment

Recognising that many people around the world face systemic barriers to employment, the Foundation uses a range of tools, including grants and social impact investments, to break down these barriers and build effective pathways to employment.

The Foundation's grantmaking efforts in each region focus on issues of local relevance, and garner additional support from employees through mentoring, training, knowledge sharing and employability programs.

In FY2024, the Foundation provided $A13.4 million in philanthropic and impact investment funding to 54 employment focused partners. The Foundation's existing employment focused partners reported supporting 1,300 people into employment, with a total of 21,000 people supported through training, skilling and employment programs.[5] In FY2024, World YMCA joined Generation, You Employed as the Foundation's second global grant partner.

(1) In the 12 months to 31 March 2024.
(2) Data was supplied and not independently verified between 1 April 2023 – 31 March 2024 for activities undertaken by Macquarie's employment focused partners with philanthropic and impact investment support from Macquarie Group.
(3) Eligible employees engaged in the community by giving their time, financial support or skills in the 12 months to 31 March 2024.
(4) Contribution figures comprise Macquarie employees' donations and fundraising; Foundation matching support for employees' donations and fundraising; Foundation donations to commemorate employees attaining 10-year and 25-year anniversaries at Macquarie; Foundation grants to non-profit organisations to recognise 12 months of board service by a Macquarie employee; and Macquarie and Foundation grants and social impact investments to community organisations since inception in 1985 to 31 March 2024.
(5) Data was supplied and not independently verified between 1 April 2023 – 31 March 2024 for activities undertaken by Macquarie's employment focused partners with philanthropic and impact investment support from Macquarie Group. 'Into employment' is defined by our partners using one or more of these categories: type of work, hours of work, living wage work, meaningful work, secure work, career progression, income progression, jobs created, jobs maintained. It is possible for a person to be counted as employed more than once (for example: if they move to another employment position within the reporting period). 'Support' is defined by our partners using one or more of these categories: direct help, indirect help, giving information. Into employment is a subset of the total number of people supported.

Grant funding for World YMCA will support pilot interventions that use digital solutions and innovative financing to move historically underserved young people beyond skilling and into work. New regional grant partners in FY2024 also include social enterprises through the Lord Mayor's Charitable Foundation, The Majurity Trust and An Cosán.

In FY2024, the Foundation announced that Pursuit, based in the USA, would receive both a philanthropic grant and a social impact investment. These two complementary forms of catalytic capital will enable Pursuit to scale its impact supporting low-income individuals without a college degree into long-term careers.

The Foundation also made a social impact investment into the Growth Impact Fund in the United Kingdom. Capital provided through social impact investments aim to be patient, risk-tolerant and flexible, with any financial returns to be re-invested into future Foundation social impact projects.

Promoting a more equitable and just society

The Foundation takes an equitable approach to its grantmaking, and also funds organisations that focus on promoting a more equitable and just society for underrepresented people. These grants include the Centre for Social Impact (ANZ), Asia Pacific Mission for Migrants (Asia), Baobab Foundation (EMEA) and four Racial Equity Fund grantees in the Americas.

Now in its fourth year, the Racial Equity Fund supports four partners as well as this year's four People's Choice grant recipients selected by employees. In FY2024, the Foundation provided a grant to the Bullard Center for Environmental & Climate Justice to fund a new HBCU (Historically Black College or University) Climate Corps at Texas Southern University. The program will equip young people with the tools they need to become the next generation of leaders and educate them on climate change and its impact on communities of colour.

Macquarie 50th Anniversary Award

Throughout FY2024 the five organisations awarded $A10 million each as part of the Macquarie 50th Anniversary Award in 2019 continued to make progress against each of the project milestones.

One award recipient, the Murdoch Children's Research Institute's World Scabies Program (WSP) rolled out world-first, nation-wide mass drug administration (MDA) programs to treat scabies in both Fiji and the Solomon Islands. These MDAs have positioned WSP to help drive similar programs across the globe, surfacing best practice scabies management and advocacy to replicate the outcomes seen in Fiji and the Solomons thus far.

Another award recipient, Social Finance US, continued to scale its talent finance portfolio, expanding high quality career training to help unemployed and underemployed people participate in the modern economy.

Over the past year, Social Finance launched a Pay It Forward Fund in Colorado to prepare residents for in-demand, well-paying jobs in industries including IT, cybersecurity, and health care. Seeded with over $A12 million from multiple philanthropic sources, the Colorado Pay It Forward Fund provides different kinds of financing for learners, training providers, and employers. For each kind of financing, all loan repayments are recycled back into the fund to support future learners.

Responding to humanitarian needs

In support of humanitarian relief efforts in Israel and the Palestinian Territories, employees and the Foundation contributed over $A3 million to organisations working to provide vital support. In addition, the Foundation also provided $A1 million in grant funding to two aid agencies – Anera and IsraAID – both providing critical humanitarian relief in the region.

Our broader community

Macquarie Sports

Macquarie Sports aims to engage young Australians by improving access to sporting opportunities. In FY2024, Macquarie Sports supported 36 sporting clinics in communities around Australia, reaching over 1,500 participants.

Aligned with the Foundation's focus of breaking down barriers to employment, in FY2024 Macquarie Sports renewed grants to Surfing Australia and Clontarf Foundation, organisations that support young people through education, training and employment-based programs. During calendar year 2023 this funding supported 60 young people and provided pathways for 29 people into employment.

Macquarie Sports also awarded four corporate scholarships to elite sportspeople, to assist with their transition into the financial services sector following their sporting careers.

Macquarie Group Collection

The Macquarie Group Collection (Collection) is a unique philanthropic corporate collecting model comprising 940 works. Featuring art in all media, the theme of the Collection is *The Land and Its Psyche*. The Collection promotes the talent and diversity of Australian emerging artists by acquiring and displaying their art in 44 Macquarie offices worldwide.

Planning is underway for the opening of the new public gallery, The Art Space, in Macquarie's new global headquarters at 1 Elizabeth Street, Sydney (1 Elizabeth). The Art Space will host the 2024 Macquarie Group Emerging Artist Prize opening night and exhibition.

Find out more about the Macquarie Group Foundation visit **macquarie.com/community**.

$A67 million contribution in total during FY2024

Total Macquarie contribution
(including matching of staff contributions)

$A47,189,715

Staff contribution
(estimation based on Foundation match funding)

$A19,492,986

Courtney Lollback (second from left) and James Gardner (fourth from left) pictured with the Growth Impact Investment pro bono team in London.

Macquarie's first ever Racial Equity Fund externship, New York.

Camille Andrada (first from the left, front row) volunteering at the Fair Training Center in Manila.

Sohan Pujarand's colleagues at The Big Kitchen, Sydney.

Macquarie Group Foundation

Social impact led by our people

Macquarie employees are at the heart of the Foundation's social impact work. Through a range of Foundation benefits, Macquarie encourages employees to give their time, financial support or skills to the causes that matter to them.

Fundraising for a cause

In Asia, Teng Ee Teoh, Jamie Chung and The Majurity Trust working group in Macquarie's Singapore office held a fundraising event on World Alzheimer's Day. Designed to uncover the fastest thinking team, 13 teams took part in a series of quizzes over three rounds of intense competition.

Together with matching from the Foundation, over $A4,000 was raised for The Majurity Trust's Silver is Gold program, which supports innovative solutions and services to meet the needs of persons living with dementia and tackles public stigma surrounding dementia.

"The quiz was a fun way to engage our colleagues and fundraise for a good cause. With matching from the Foundation, it doubles our fundraising efforts and means a larger donation for The Majurity Trust. Many of us know someone living with dementia so it was meaningful to be able to contribute in this way."

Teng Ee Teoh
Commodities and Global Markets, Singapore

Giving time

Macquarie encourages volunteering by offering two days of paid volunteering leave to all eligible employees, and the Foundation recognises time spent volunteering by providing volunteer rewards and board service rewards in the form of charitable donations. Employees can explore hands-on, skills sharing or pro bono volunteering opportunities.

In Sydney, a popular team building activity is spending a day volunteering at Our Big Kitchen, which prepares and distributes meals to shelters for people suffering from homelessness, extreme illness, and domestic violence. Sohan Pujarand and his colleagues recently spent a day volunteering and received volunteer rewards.

"Together we made over 200 meals for people in need. After a fun day, everyone returned home with their newfound cooking skills but more importantly with a feeling of fulfilment. We also received volunteer rewards of $A25 per hour to donate to a charity of our choice, so this was another way we could support Our Big Kitchen's vital services."

Sohan Pujarand
Financial Management Group, Sydney

Sharing skills

Many employees around the world volunteer as board members for non-profit organisations and are eligible to receive a $A10,000 charitable donation for the non-profit organisation they support. Matt Osborn has been a longtime volunteer with Noah's House, an organisation dedicated to providing opportunities for growth, fulfillment, and independence for adults with intellectual and developmental disabilities.

"Having a son with Down Syndrome, Noah's House's mission is one I'm passionate about and it's incredible to see how a few people can come together and have such a big impact.

As a current board member, I know how much of an effect the fundraising, matching and board service donation makes on an organisation that is changing the lives of many people."

Matt Osborn
Corporate Operations Group, Houston

Recognising exceptional contributions to the community

Avantika Pratap, James Sim, Mai Dinh and Mark Yam led BFS's annual trivia fundraiser event in both Sydney and Melbourne, which supported the Cooper Rice-Brading Foundation (CRBF). CRBF funds clinical research into sarcoma, an aggressive form of cancer, whilst also raising awareness to promote early diagnosis, and providing support for patients and their families.

In FY2024, the team were recognised with a Macquarie Award (Community category) for their fundraising.

"It was a thrill to win the Macquarie Award and receive an additional charitable donation for CRBF. This is a close and personal cause for many at Macquarie, especially for those who knew Cooper personally before his passing in 2017. To raise over $A158,000 including matching from the Foundation for such a meaningful cause was an honour and it has truly been one of the highlights of our Macquarie journey."

Avantika Pratap
Banking and Financial Services, Sydney

Our businesses

Driving shared value

The Foundation is partnering with Macquarie businesses to integrate a shared value approach into existing business models and identify upcoming projects that can deliver both increased social value and commercial advantage.

Geoff Segal was part of the Macquarie Capital team who won the inaugural Macquarie Shared Value Award for their Pennsylvania Department of Transportation Major Bridge P3 Initiative.

"As well as having a direct positive impact on the local economy, this project will establish an enduring workforce development program. When we commenced work on the proposal, we sought advice from the Foundation team on how we could maximise the benefit of the project for jobseekers in the local community.

It's a great example of how our work can build a better future for the communities in which we operate by delivering both economic and social outcomes."

Geoff Segal
Macquarie Capital, New York

Our communities

Macquarie's support for grant and social impact investment partners expands beyond funding thanks to our people.

Supporting Macquarie 50th Anniversary Award winners

The Macquarie 50th Anniversary Award Ambassador Network was established to engage employees to further support and contribute to each of the five causes. Emily Mellett volunteers her time on The Ocean Cleanup Ambassador network, which brings together colleagues from across the globe.

"As a network, we have organised a range of initiatives to raise awareness and funds for The Ocean Cleanup's mission. We've also supported them to progress a global research study, which aims to identify global and political incentives to fund the cleanup efforts. The strength of Macquarie's networks and connectivity allowed us to provide essential and different insights to support them to progress their analysis and research and develop their industry connections."

Emily Mellett
Corporate Operations Group, London

Supporting our Racial Equity Fund grant partners

In addition to funding for grant partners, the Foundation creates opportunities for staff engagement through mentoring, training, knowledge sharing and employability programs.

In November 2023, nearly 50 college sophomores in Houston and New York celebrated completion of Macquarie's first ever Racial Equity Fund externship, designed to expose students that have historically been underrepresented in the sector to financial services. Through the externship, students spent eight weeks meeting with Macquarie colleagues, building their skills and confidence and growing their knowledge of the business.

"During their time at Macquarie, the externs toured our offices, visited Macquarie-owned assets and connected with over 40 Macquarie colleagues for mentorship, networking, mock interviews and informational sessions. Students also completed a final project to develop an investment pitch in the green energy sector, meeting with colleagues from across Macquarie to refine their presentations and deliver a final pitch. It was fantastic to see Macquarie's Racial Equity Fund make such an impactful experience for the students."

Nicole Spaur
Risk Management Group, Houston

Working groups dedicated to breaking down barriers to employment

Across Asia there are several working groups made up of passionate employees who come together to support a non-profit organisation.

In Manila, one working group supports the Fair Training Center (FTC), which focuses on ending the forced labour of migrant workers by reinventing domestic worker training. The working group has organised fundraising and volunteering throughout the year for FTC and recently collaborated with a local designer to help FTC revamp its video training materials.

"Being part of a group of volunteers focused on creating better migration outcomes for migrant workers is a meaningful way to make a difference. I've taken volunteer leave and sought matching from the Foundation to further contribute to FTC, so I'm grateful that Macquarie supports me to give back in this way."

Camille Andrada
Corporate Operations Group, Manila

Pro bono contributions enabling social impact investments

Every social impact investment the Foundation makes utilises knowledge and expertise from across Macquarie. The Foundation collaborates with small teams of colleagues from around the world who conduct various forms of due diligence, incorporating impact, commercial and risk considerations.

During FY2024 Courtney Lollback and James Gardner from Macquarie's Asset Management Group and Legal and Governance Group provided their expertise on Macquarie's investment into the Growth Impact Fund social impact investment, announced in October 2023.

"The opportunity to work alongside the Foundation on commercial and financial due diligence of the Growth Impact Fund investment was a highlight of my year. I thoroughly enjoyed the experience and the chance to put my skills to use to help create positive social change."

Courtney Lollback
Macquarie Asset Management, London

"Working on the Growth Impact Fund transaction was brilliant in many ways. It's been helpful from a professional perspective, great to work with different people and to be running towards something that feels purposeful and tangible."

James Gardner
Legal and Governance Group, Macquarie Asset Management, London

Risk Management

Risk governance at Macquarie

Role of the Board

The role of the Board is to promote the long-term interests of Macquarie, taking into account Macquarie's specific and broader responsibilities to its shareholders, funders, clients, staff and the communities in which it operates. In accomplishing its role with respect to risk management, among the Board's key responsibilities are oversight of management's operation of Macquarie's risk management framework, approving risk appetite and the risk management strategy, engagement with key regulators and forming a view of risk culture.

Role of Management

The Group Heads of the Operating and Central Service Groups are responsible for the implementation of the risk management framework in their Groups. They are required semi-annually to attest that key risks have been identified and are adequately controlled in their Groups. These management representations support the sign-off of the half-year and full-year financial statements.

Three lines of defence

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance:

- primary responsibility for day-to-day risk management lies with the business. The risk owner is the first line of defence. All staff throughout Macquarie are expected to manage risks in accordance with the risk management framework
- the Risk Management Group (RMG) forms the second line of defence and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks
- Internal Audit, as the third line, provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's financial and risk management framework.

Risk management framework

Macquarie's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk. Macquarie maintains a single risk management framework that is applied appropriately throughout the Operating and Central Service Groups.

In determining those risks that are material to Macquarie, we assess the potential for a risk to affect our earnings resilience and financial strength across market cycles, our ability to meet regulatory obligations, our stakeholders, and our reputation.

Macquarie's material risks include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational, regulatory and compliance, strategic, tax, technology and cyber, and work health and safety risks.

Details about the risks we manage are available at **macquarie.com/risk-management**

Details on Environmental and Social risks, and Work Health and Safety risks, are set out in the **ESG section** of this Annual Report.

Key components

Risk management principles

Macquarie's approach to risk management is based on stable and robust core risk management principles. These are:

- **ownership of risk at the business level:** Group Heads are responsible for ownership of material risks that arise in, or because of, their business' operations, including identification, measurement, evaluation, monitoring, control and mitigation of these risks. Before making decisions, clear analysis of the risks is sought to ensure those decisions are consistent with the risk appetite and strategy of Macquarie
- **understanding worst-case outcomes:** Macquarie's risk management approach is based on examining the consequences of worst-case outcomes and determining whether these are acceptable and within Macquarie's risk appetite. This approach is adopted for all material risk types and is often achieved by stress testing. Macquarie operates a number of sophisticated quantitative risk management processes, but the foundation of the approach is the informed consideration of both quantitative and qualitative inputs by experienced professionals
- **requirement for an independent sign-off by RMG:** Macquarie places significant importance on having a strong, independent risk management function to review, challenge and sign-off all material risk acceptance decisions. It is essential that RMG has the capability to do this effectively. RMG has invested in recruiting skilled professionals from a range of industries, including those with trading or advisory and capital markets experience. For all material proposals, RMG's opinion must be sought at an early stage in the decision-making process. The approval document submitted to Senior Management must include independent input from RMG on risk and return.

Risk Management Group

RMG, which forms the second line of defence, is an independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the risk management framework. RMG is structured into specialist functional divisions (depicted below) and employs an integrated approach to risk analysis and management across risk classes. RMG's assessment and monitoring of risks involves a collaborative effort across the divisions to ensure a detailed analysis takes place both at the individual and aggregate risk level.

RMG's oversight of risk is based on five principles:

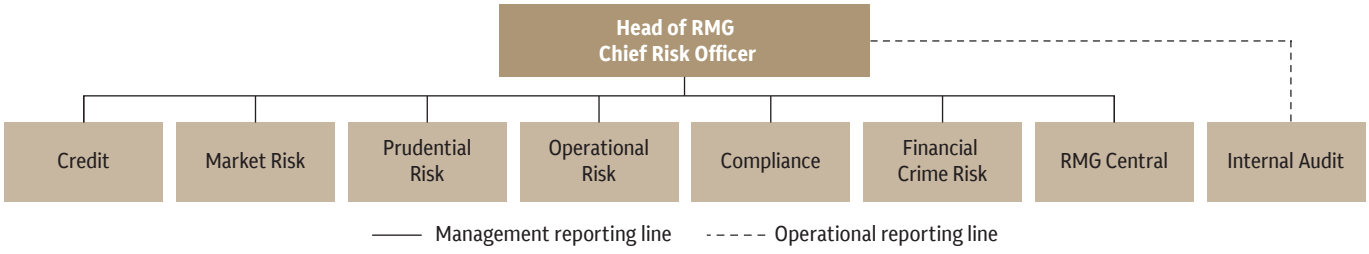
- **independence:** RMG is independent of Macquarie's Operating Groups and other Central Service Groups. The Head of RMG, as the CRO, reports directly to the CEO with a secondary reporting line to the BRiC. RMG approval is required for all material risk acceptance decisions
- **centralised risk management:** RMG's responsibility covers the whole of Macquarie. It assesses risks from a company-wide perspective and provides a consistent approach across Macquarie
- **approval of all new business activities:** the Operating and Central Service Groups may not undertake new businesses or activities, offer new products, enter new markets, or undertake significant projects without first consulting RMG. RMG reviews and assesses risks and sets limits. Where appropriate, these limits are approved by the Executive Committees and the Board
- **continuous assessment:** RMG continually reviews risks to account for changes in market circumstances and developments within Macquarie's business
- **frequent monitoring and reporting:** the risk profile of Macquarie with respect to all material risks is monitored by RMG on an ongoing basis. Centralised systems exist to allow RMG to monitor financial risks daily. For the valuation of all trading positions and deals, daily revaluation factors are sourced, where possible, from independent market sources. Reporting on all material risks is provided to Senior Management, the Board and relevant Board Committees.

Internal audit

The Internal Audit Division (IAD), as the third line, provides independent and objective risk-based assurance to the Board Audit Committee (BAC), Board, other relevant Board Committees and Senior Management on the compliance with, and effectiveness of, Macquarie's financial and risk management framework, including its governance, systems, structures, policies, processes and people for managing material risks. The Internal Audit Division assesses whether material risks have been properly identified by management and reported to the Board or relevant Board Committees, and whether key internal controls have been properly designed and are operating effectively and sustainably to mitigate those material risks.

The BAC has primary power of direction over the IAD and is accountable for reviewing the effectiveness of the IAD. The Head of Internal Audit reports functionally to the BAC and is primarily accountable to it. The Head of Internal Audit has unrestricted access to the BAC (and its Chair) and meets privately with the BAC members at least annually. The BAC monitors and reviews the performance, objectives, rating, remuneration and degree of independence of the Head of Internal Audit. The BAC also approves any appointment and removal of the Head of Internal Audit. The Head of Internal Audit reports operationally to the CRO for day-to-day management. For audit matters relating to RMG, the role of the CRO is substituted by the CEO.

RMG structure



Risk Management

Continued

Risk appetite

Risk appetite is set by the Board as the degree and type of risk that Macquarie is prepared to accept in pursuit of its strategy, giving consideration to the interests of its stakeholders. Macquarie's Board-approved *Risk Appetite Statement (RAS)* defines the overarching risk-taking settings of Macquarie through risk appetite and risk tolerances.

As part of the Annual Strategy Review and Business Planning process, RMG undertakes an independent review of Macquarie's strategy and considers how risks identified could individually or in aggregate impact Macquarie's risk profile and risk appetite. Macquarie's strategy and the outcome of RMG's review together inform the annual review of Macquarie's risk appetite and tolerance settings.

Stress testing

Stress testing is a key component of Macquarie's risk management framework and is integrated with Macquarie's strategy review and financial forecasting. Stress testing, including scenario analysis and sensitivity analysis, is a key tool that informs the calibration of Macquarie's risk tolerances; provides insights into the Annual Strategy Review and Business Planning process; and tests and informs whether Macquarie's strategy remains, and is forecast to remain, in line with its risk appetite.

Policies

Policies are key tools for ensuring that risks taken are consistent with Macquarie's risk appetite. They are designed to set out the principles that govern decision-making across Macquarie.

New product and business approval process

All new businesses, new products, major organisational projects, and significant changes to existing businesses, products, processes or systems which will expose Macquarie to new or significantly varied risks must be assessed against the applicable risk appetite and tolerances.

This formal process sets out the requirement for each Operating and Central Service Group to have a demonstrable robust change management process to ensure material risks are appropriately identified, assessed and within Macquarie's risk appetite as defined in the RAS. The Operating and Central Service Groups may not undertake the proposed activity without first consulting RMG. RMG reviews and assesses risk and sets limits. Where appropriate, these limits are approved by the Executive Committee and the Board.

RMG is also responsible for reviewing that all relevant internal approvals are obtained prior to commencement.

Risk culture

A sound risk culture has been integral to Macquarie's risk management framework since inception. Macquarie sets, promotes, monitors and reflects on the effectiveness of our risk culture. All staff have a role in managing risk. Ownership of risk, including risk culture, is at the business level. The Board, assisted by the BRiC, is responsible for forming a view on Macquarie's risk culture and the extent to which it supports the ability of Macquarie to operate consistently within its risk appetite. The Board also identifies and monitors any necessary or desirable actions to change the risk culture.

Macquarie's approach to maintaining a sound risk culture is based on three components:

Setting behavioural expectations

Senior Management, with oversight from the Board, set behavioural expectations. The way we fulfil Macquarie's purpose is defined by our principles of *What We Stand For:* Opportunity, Accountability and Integrity. Staff are made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are specified in the Board-approved *Code of Conduct*, which is actively promoted by Management and cascaded through the organisation.

Leading and executing

Management implements behavioural expectations through:

- leadership actions and communication
- organisational governance
- incentives and consequence management
- organisational and individual capability.

Monitoring, measuring and reporting

Macquarie monitors and measures its risk culture to gauge its effectiveness while promoting continuous improvement. Mechanisms include:

- reports incorporating behavioural indicators (such as policy, limit and training breaches) prepared by all Operating and Central Service Groups, including reports prepared by RMG, HR and Macquarie's Integrity Office, and escalated where relevant, in accordance with our governance framework. These include regular reports relating to risk culture which are provided to Senior Management, the Board and relevant Board Committees
- risk culture teams in both RMG Prudential Risk and IAD undertake a range of business level and thematic assessments of risk culture and behaviour.

These mechanisms facilitate a feedback loop of sharing good practice and lessons learnt to enable cultural alignment.

Remuneration and consequence management

The Board considers that the effective alignment of remuneration with prudent risk-taking is fundamental to Macquarie's remuneration approach. Risk considerations are embedded throughout the remuneration process, including through the determination of individual profit share allocations, business group and company-wide profit share pools, as well as through the way in which remuneration is structured and delivered. Effective consequence management is a key component of Macquarie's risk culture. Macquarie aims to apply consequences for non-compliance in a timely manner, and as fairly and consistently as possible.

See the **Remuneration Report** for more details on Macquarie's remuneration framework and consequence management process

Conduct risk

Macquarie defines conduct risk as the risk of behaviour, action or omission by individuals employed by, or on behalf of, Macquarie or taken collectively in representing Macquarie that may have a negative outcome for our clients, counterparties, the communities and markets in which we operate, our staff, or Macquarie.

Such behaviour, actions or omissions may include:

- breaches of laws or regulations
- disregard for Macquarie's principles of *What We Stand For* or the *Code of Conduct*
- negligence and/or a lack of reasonable care and diligence
- failure to escalate improper conduct
- inadequate product design and distribution.

Conduct risk can arise inadvertently or deliberately in any of Macquarie's Operating and Central Service Groups.

Macquarie's approach to conduct risk management is integrated in our risk management framework and is consistent with our three lines of defence model. Risk-taking must be consistent with Macquarie's principles of *What We Stand For* and the Board-approved *Code of Conduct*.

Macquarie has a range of controls and processes in place to identify and manage conduct risk, including:

- new and emerging conduct risks are identified through the annual strategy and business planning process
- conduct risks that may arise when Macquarie establishes a new business or product, or makes a significant change to an existing business, product, process or system are identified and assessed through the new business and product approval process
- independent monitoring and surveillance conducted by RMG, in addition to front line supervisory activities performed by the business
- the Risk and Control Self-Assessment requires businesses to identify and assess their key conduct risks
- supporting the efficient operation of markets through appropriate controls and monitoring
- where incidents occur, businesses investigate the underlying contributing behaviours and are responsible for recording all conduct related issues and incidents in Macquarie's Governance, Risk and Compliance system, and escalating within the set timeframes
- performance-based remuneration reflects an individual's performance, which is assessed against a range of financial and non-financial factors including approach to risk management and compliance
- an Integrity Office that is an independent point of contact for staff to safely raise concerns about misconduct, unethical behaviour or breaches of the *Code of Conduct*, and protects those who raise concerns under Macquarie's *Whistleblower Policy*
- a global Staff Hotline for staff who wish to speak up anonymously
- a Customer Advocate Office (ANZ only) to promote fair and reasonable customer complaint outcomes and to review and assist with determining escalated customer complaints.

Risk Management

Continued

Market and credit risk

Year-end performance indicators

Macquarie monitors and measures a range of risks as outlined above in the risk management framework overview. The following graphs provide historical and current year information on key market and credit risks.

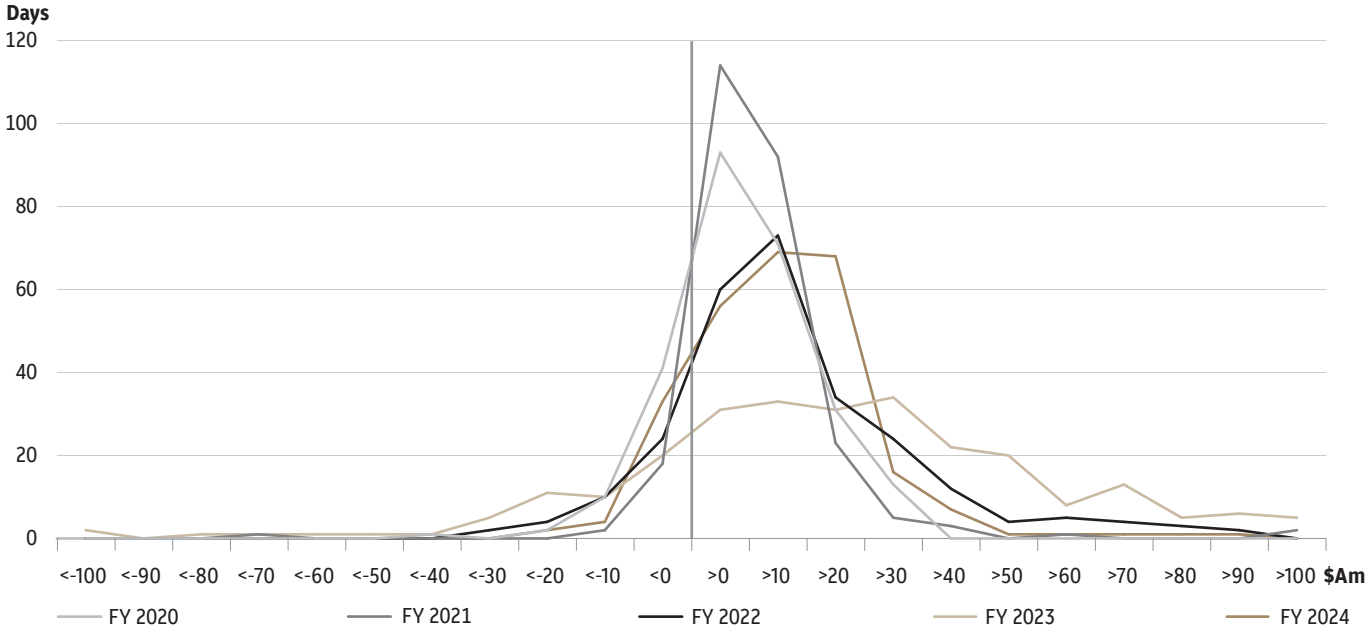
Trading revenue

The effectiveness of Macquarie's market risk management framework can be partially measured by Macquarie's daily trading results. These are daily profit and loss results that are directly attributable to market-based activity from Macquarie's trading desks.

Macquarie's market risk activities continue to be based on earning income from client-facing businesses. The majority of trading income is derived from client activities rather than outright proprietary trading activity.

Macquarie's trading results over time have shown consistent profits and low volatility. In FY2024, Macquarie made a net trading profit on 221 out of 260 trading days (FY2023 results: 208 out of 261 trading days).

Daily trading profit and loss

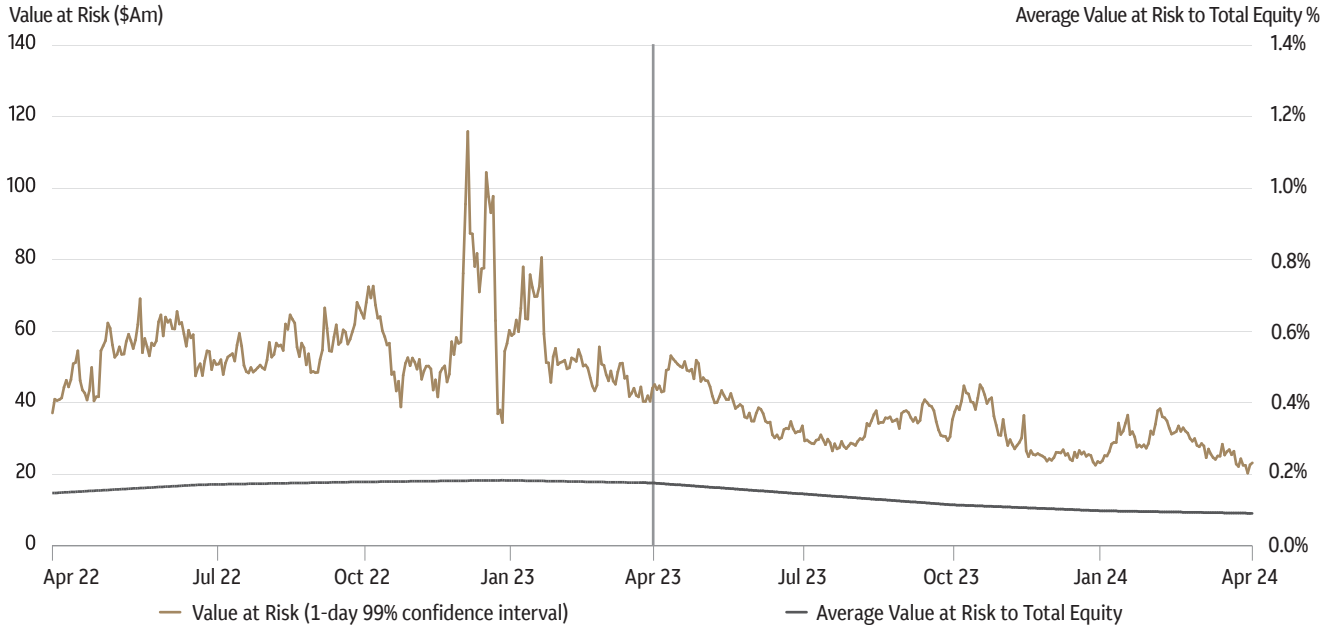


Value at Risk (VaR)

VaR provides a statistically based summary of overall market risk in Macquarie. The magnitude of VaR reflects changes in positions as well as changes in market volatility, correlations and enhancements to the model. The integrity of the VaR model is regularly tested against daily profit and loss.

Macquarie's market risk decreased compared to the previous year, primarily driven by lower commodity exposure from gas and power as well as decreasing market volatility. VaR remains modest in comparison to capital and earnings, representing less than 0.2% of total equity.

Aggregate VaR



Risk Management

Continued

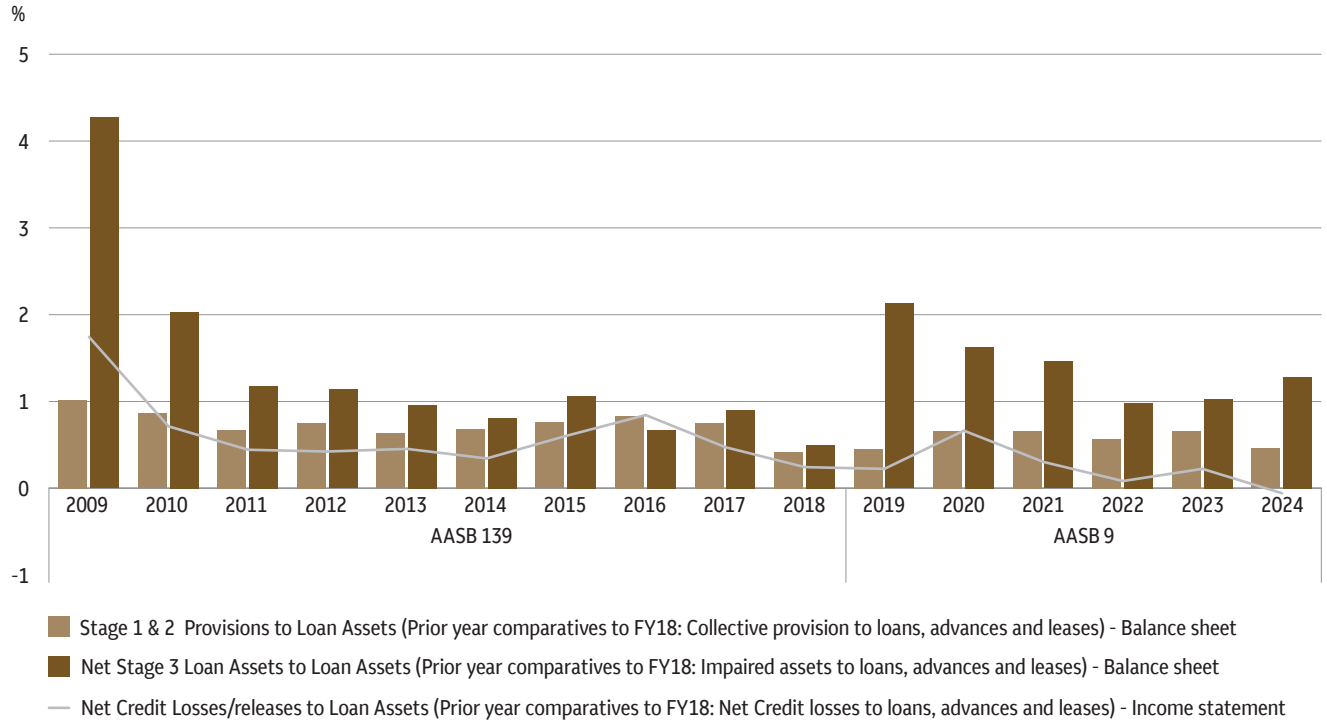
Loan impairment review

Macquarie prospectively adopted AASB 9 *Financial Instruments* (AASB 9) effective 1 April 2018. As permitted by AASB 9, prior year comparative information was not restated. AASB 9 contains requirements for the classification and measurement of certain financial instruments, hedge accounting requirements and, from a credit provisioning perspective, introduced an expected credit loss methodology, which differed to the incurred loss methodology applied prior to FY2019.

For AASB 9 disclosures refer to Note 36.1 *Credit risk* to the financial statements including disclosure of loan asset exposures by stage of credit performance. Note 13 *Expected credit losses* to the financial statements discloses expected credit losses on loan assets by stage of credit performance. The FY2024 numbers presented below are calculated with reference to this information. Loan assets categorised as Stage 3 in terms of AASB 9 are defined as 'credit impaired'. As noted, AASB 9 did not require the restatement of comparative information, and for that reason the comparative numbers in the graph below have not been restated.

Underlying credit quality in FY2024, remains broadly unchanged relative to FY2023, with the reduction in Stage 1 & 2 Provisions, and Net Credit Losses, being the result of a more favourable forward looking economic outlook as at 31 March 2024 compared to 31 March 2023 (as disclosed in the Notes to the financial statements). The increase in Stage 3 Loan Assets, is the result of inflationary pressure on wages and costs in addition to the higher interest rate environment.

Ratio of Provisions and Credit Impaired Loan Assets to Loans Assets



Notes to prior year comparatives[1]

- Loans, advances and leases excluded securitised mortgages, securitised Macquarie Capital loans/leases, segregated futures funds and receivables in the form of fees.
- The collective provision is intended to cover losses inherent in the existing overall credit portfolio which are not yet specifically identifiable.
- Net impaired assets and net losses excluded investment securities.
- Net credit losses represented the total P&L impact in the stated period due to additional individual provisions, direct write-offs (net of any writebacks) and change in Stage 1 & 2 provisions.

(1) The information for the financial years ended 31 March 2009–2024 is based on results using the Australian Accounting Standards that were effective and adopted by the Consolidated Entity at the reporting dates. 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' requirements.

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03
Directors' Report

100 Independence, Philadelphia

Situated amongst cultural landmarks including the Liberty Bell, Macquarie's office in the iconic 100 Independence building opened in 2021 and is a significant global location for Macquarie Asset Management. Designed to create a connected architecture and leveraging a human-centred design approach, its balance of spaces for physical and virtual interaction encourages connectivity and collaboration.

Directors' Report

For the financial year ended 31 March 2024

The Directors of MGL submit their report with the financial report of the Consolidated Entity and of the Company for the year ended 31 March 2024.

Principal activities

The principal activity of MGL during the financial year ended 31 March 2024 was to act as a Non-Operating Holding Company (NOHC) for the Consolidated Entity. The activities of the Consolidated Entity were those of a global financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. In the opinion of the Directors, there were no significant changes to the principal activities of the Consolidated Entity during the financial year under review that are not otherwise disclosed in this report.

Result

The financial report for the financial year ended 31 March 2024 has been prepared in accordance with Australian Accounting Standards.

The consolidated profit after income tax attributable to the ordinary equity holders for the financial year ended 31 March 2024 was $A3,522 million (2023: $A5,182 million).

Dividends and distributions

Subsequent to the year ended 31 March 2024, the Directors have resolved to pay a final ordinary dividend of $A3.85 per share ($A1,471 million in aggregate), 40% franked based on tax paid at 30%. The final ordinary dividend is payable on 2 July 2024.

On 19 December 2023, the Company paid an interim ordinary dividend of $A2.55 per share ($A982 million in aggregate), 40% franked, for the financial year ended 31 March 2024.

On 4 July 2023, the Company paid a final ordinary dividend of $A4.50 per share ($A1,734 million in aggregate), 40% franked, for the financial year ended 31 March 2023.

No other ordinary share dividends or distributions were declared or paid during the financial year by the Company.

Rounding of amounts

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

Events subsequent to balance date

At the date of this report the Directors are not aware of any matter or circumstance, other than transactions disclosed in the financial statements, that has arisen and has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the financial years subsequent to 31 March 2024.

State of affairs

There were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review that are not otherwise disclosed in this report.

Operating and financial review

Please refer to section 1 of this Annual Report for the following in respect of the Consolidated Entity:

- a review of operations during the year and the results of those operations
- likely developments in the operations in future financial years and the expected results of those operations
- comments on the financial position
- comments on business strategies and prospects for future financial years.

In respect of likely developments, business strategies and prospects for future financial years, material which if included would be likely to result in unreasonable prejudice to the Consolidated Entity, has been omitted.

Environmental regulations

The Consolidated Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, those obligations are identified, appropriately addressed and material breaches notified.

The Directors have determined that there has not been any material breach of those obligations during the financial year.

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 (CEO)

Other than Ms Lloyd-Hurwitz, the Directors listed above each held office as a Director of MGL throughout the financial year ended 31 March 2024.

Ms Lloyd-Hurwitz was appointed as an Independent Director on 1 June 2023. Ms N.M. Wakefield Evans AM retired as an Independent Director on 29 February 2024.

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

Details of the qualifications, experience and special responsibilities of the Directors and qualifications and experience of the Company Secretaries at the date of this report are set out on pages 96 to 100.

Directors' and officers' indemnification and insurance

Under MGL's Constitution, MGL indemnifies all past and present directors and secretaries of MGL and its wholly-owned subsidiaries (including at this time the Directors named in this report and the Secretaries), against certain liabilities and costs incurred by them in their respective capacities. The indemnity covers the following liabilities and legal costs (subject to the exclusions described as follows):

- every liability incurred by the person in their respective capacity
- all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of their respective capacity
- legal costs incurred by the person in good faith in obtaining legal advice on issues relevant to the performance and discharge of their duties as an officer of MGL and its wholly-owned subsidiaries, if that has been approved in accordance with MGL policy.

This indemnity does not apply to the extent that:

- MGL is forbidden by law to indemnify the person against the liability or legal costs, or
- an indemnity by MGL of the person against the liability or legal costs, if given, would be made void by law.

MGL has also entered into a Deed of Access, Indemnity, Insurance and Disclosure (as amended from time to time) (Deed) with each of the Directors. Under the Deed, MGL agrees to, among other things:

- indemnify the Director upon terms broadly consistent with the indemnity contained in MGL's Constitution
- take out and maintain an insurance policy against liabilities incurred by the Director acting as an officer of MGL or its wholly-owned subsidiaries. The insurance policy must be for an amount and on terms and conditions appropriate for a reasonably prudent company in MGL's position. Insurance must be maintained for seven years after the Director ceases to be a Director or until any proceedings commenced during that period have been finally resolved (including any appeal proceedings)
- grant access to the Director to all relevant company papers (including Board papers and other documents) for seven years after the Director ceases to be a Director or until any proceedings commenced during that period have been finally resolved (including any appeal proceedings).

In addition, MGL made an Indemnity and Insurance Deed Poll on 12 September 2007 (Deed Poll). The benefit of the undertakings made by MGL under the Deed Poll have been given to each of the directors, secretaries, persons involved in the management and certain other persons, of MGL and its wholly-owned subsidiaries and other companies where the person is acting as such at the specific request of MGL and its wholly-owned subsidiaries. The Deed Poll provides for broadly the same indemnity and insurance arrangements for those persons with the benefit of the Deed Poll as for the Deed described above. However, the Deed Poll does not provide for access to company documents.

The indemnities and insurance arrangements provided for under the MGL Constitution, the Deed and the Deed Poll, are broadly consistent with the corresponding indemnities and insurance arrangements provided under the MBL Constitution and deeds entered into by MBL.

Macquarie maintains a Directors' and Officers' insurance policy that provides cover for each person in favour of whom such insurance is required to be taken out under the Deed and the Deed Poll and for MGL in indemnifying such persons pursuant to the Deed and the Deed Poll. Relevant individuals pay the premium attributable to the direct coverage under the policy and MGL pays the premium attributable to the company reimbursement coverage under the policy. The Directors' and Officers' insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

To the extent permitted by law, MGL has agreed to reimburse its auditor, PricewaterhouseCoopers (PwC), for any liability (including reasonable legal costs) PwC incurs in connection with any claim by a third party arising from MGL's breach of the letter of engagement dated 5 July 2023.

Directors' equity participation and other relevant interests

As at the date of this report, the Directors have relevant interests in MGL ordinary shares, MGL securities, or managed investment schemes made available by related companies of MGL and other relevant disclosable interests, as notified by the Directors to ASX in accordance with the *Corporations Act 2001* (Cth) (the Act), in the following:

	EQUITY PARTICIPATION			OTHER RELEVANT INTERESTS	
Name and position	MGL ordinary shares	RSUs held in MEREP[1]	PSUs held in MEREP[1]	Direct and Indirect Interests	Number held
Executive Voting Director					
S.R. Wikramanayake	1,175,897	509,300	97,751	MAFCA Investments Pty Ltd ordinary shares	2,000,000
Independent Directors					
J.R. Broadbent AC	16,062	–	–	Macquarie Group Capital Notes 3 (MCN3)	7,177
				Macquarie Group Capital Notes 4 (MCN4)	4,000
				Macquarie Bank Capital Notes 2 (BCN2)	1,500
P.M. Coffey	8,895	–	–	Walter Scott Global Equity Fund units	408,699.89
M.A. Hinchliffe	2,800	–	–	–	–
S.J. Lloyd-Hurwitz	880				
R.J. McGrath	3,817	–	–	–	–
M. Roche	7,000	–	–	–	–
G.R. Stevens AC	5,847	–	–	–	–

During the financial year, Directors received dividends relating to their holdings of MGL ordinary shares at the same rate as other shareholders.

(1) These RSUs and PSUs were issued pursuant to the MEREP and are subject to the vesting, forfeiture and other conditions applied to grants of awards to Executive Directors, as described in Note 32 *Employee equity participation* to the financial statements in the Financial Report.

Board and Board Committee meetings and attendance

The number of meetings of the Board of Directors (the Board) and of the Committees of the Board and the individual attendance by Directors at those meetings which they were eligible to attend as members, during the financial year, is summarised in the table below. The table excludes the attendance of those Directors who attended the Board Committee meetings of which they were not a member.

	Committee membership	Regular Board meetings[2]	BAC meetings[2],[3]	BGCC meetings[2],[3]	BNC meetings[2]	BRC meetings[2],[3]	BRiC meetings[2],[3]	Special Board meetings[2]
Number of meetings		10	7	5	4	7	6	2
Chair and Executive Directors								
G.R. Stevens AC	C	10/10			4/4			2/2
S.R. Wikramanayake		10/10						2/2
Non-Executive Directors								
J.R. Broadbent AC[4]	C	10/10			4/4	7/7	4/4	2/2
P.M. Coffey	C	10/10		5/5	4/4		6/6	2/2
M.A. Hinchliffe	C	10/10	7/7	5/5	4/4			2/2
S.J. Lloyd-Hurwitz[5]		8/8	4/4		3/3	3/3		2/2
R.J. McGrath[6]	C	10/10		5/5	4/4	4/4	6/6	2/2
M. Roche		10/10	7/7		4/4	7/7	6/6	2/2
Former Non-Executive Director								
N.M. Wakefield Evans AM[7]		9/9	6/6	2/2	4/4		2/2	2/2

Key

Ⓒ Committee Chair
Board Audit Committee
Board Governance & Compliance Committee
Board Nominating Committee
Board Remuneration Committee
Board Risk Committee

The Chair of the Board and the CEO receive a standing invitation to all Board Committee meetings and attend as they consider appropriate. All Board members are sent Board Committee meeting agendas and may attend any meeting.

There was one Board sub-committee convened during the period, with two meetings held. Both meetings were attended by all eligible sub-committee members, being Mr Stevens, Ms Wikramanayake, Ms Hinchliffe and the Chief Financial Officer (CFO), Mr Harvey.

(2) Number of meetings attended by the member/total number of meetings eligible to attend as a member.
(3) There was one meeting of the relevant committee that was a joint meeting during the year.
(4) Ms Broadbent became a member of the Board Risk Committee on 28 July 2023.
(5) Ms Lloyd-Hurwitz was appointed to the MGL Board as an Independent Voting Director and became a member of the Board Nominating Committee on 1 June 2023 and became a member of the Board Audit Committee and Board Remuneration Committee on 28 July 2023. She became an Independent Voting Director of the MBL Board, and a member of the MBL Board Audit Committee and MBL Board Remuneration Committee on 28 July 2023.
(6) Ms McGrath ceased to be a member of the Board Remuneration Committee and became Chair of the Board Governance and Compliance Committee on 28 July 2023.
(7) Ms Wakefield Evans ceased to be Chair and a member of the Board Governance and Compliance Committee, and a member of the Board Risk Committee, on 27 July 2023. She retired from her role as an Independent Voting Director of the MGL Board on 29 February 2024.

Directors' experience and special responsibilities

Glenn R Stevens AC

BEc (Hons) (Sydney), MA (Econ) (UWO)

Resides: New South Wales

Independent Chair of MGL and MBL since May 2022

Independent Voting Director of MGL and MBL since November 2017

Mr Stevens is Chair of the BNC

Experience

Glenn Stevens worked at the highest levels of the Reserve Bank of Australia (RBA) for 20 years and, as well as developing Australia's successful inflation targeting framework for monetary policy, played a significant role in central banking internationally. Most recently, he was Governor of the Reserve Bank of Australia between 2006 and 2016.

Mr Stevens has also made key contributions to a number of Australian and international boards and committees, including as chair of the Australian Council of Financial Regulators between 2006 and 2016, as a member of the Financial Stability Board and on a range of G20 committees.

Other current directorships/appointments

- Board member, NSW Treasury Corporation
- Director, Anika Foundation
- Director, Lowy Institute
- Deputy Chair, Temora Aviation Museum

Shemara R Wikramanayake

BCom, LLB (UNSW)

Resides: New South Wales

Managing Director and Chief Executive Officer of MGL since December 2018

Executive Voting Director of MGL and MBL since August 2018

Experience

Shemara Wikramanayake has been Macquarie's Managing Director and CEO since late 2018.

Shemara joined Macquarie in 1987 in Macquarie Capital in Sydney. In her time at Macquarie, Shemara has worked in six countries and across several business lines, establishing and leading Macquarie's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada. Shemara has also served as Chair of the Macquarie Group Foundation.

As Head of Macquarie Asset Management for 10 years before her appointment as CEO, Shemara led a team of 1,600 staff in 24 markets. Macquarie Asset Management grew to become a world-leading manager of infrastructure and real assets and a top 50 global public securities manager.

Before joining Macquarie, Shemara worked as a corporate lawyer at Blake Dawson Waldron in Sydney. She holds Bachelor of Commerce and Bachelor of Laws degrees from UNSW and completed the Advanced Management Program at Harvard Business School in 1996.

Other current directorships/appointments

- Founding Member, Glasgow Financial Alliance for Net Zero (GFANZ)
- Founding Member, Climate Finance Leadership Initiative; Co-Chair, CFLI India
- Founding Commissioner, Global Commission on Adaptation
- Member, UK Investment Council
- Member, World Bank Private Sector Investment Lab
- Member, Global Investors for Sustainable Development Alliance
- Member, International Advisory Panel, Monetary Authority of Singapore

Jillian R Broadbent AC

BA (Maths & Economics) (Sydney)

Resides: New South Wales

Independent Voting Director of MGL and MBL since November 2018

Ms Broadbent is Chair of the BRC and a member of the BNC and BRiC

Experience

Jillian Broadbent has extensive investment banking industry knowledge and markets expertise, including a deep knowledge of risk management and regulation in these areas. She also has considerable executive management and listed company board experience. Ms Broadbent spent 22 years at Bankers Trust Australia until 1998, initially as an economic strategist and then as executive director responsible for risk management and derivatives in foreign exchange, interest rates and commodities.

Ms Broadbent was also a Member of the Reserve Bank of Australia Board between 1998 and 2013 and has previously served as Chair of the Board of Clean Energy Finance Corporation (CEFC), and as a director of ASX Limited, SBS, Coca Cola Amatil Limited, Woodside Petroleum Limited, Qantas Airways Limited, Westfield Management Limited, Woolworths Group Limited and the National Portrait Gallery of Australia.

Other current directorships/appointments

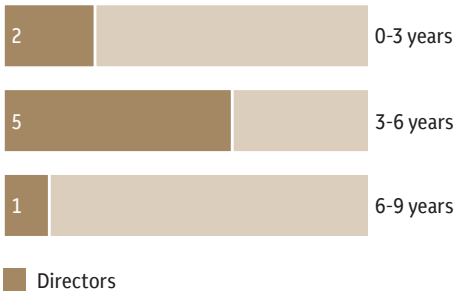
- Director, Lowy Institute
- Director, National Portrait Gallery Board Foundation
- Director, Seaborn, Broughton & Walford Pty. Limited
- Director, Sydney Dance Company

Gender diversity

Female: **5**

Male: **3**

Board tenure



Board independence

88% of Board members are independent directors

Directors' experience and special responsibilities

Continued

Philip M Coffey

BEc (Hons) (Adelaide), GAICD, SF Finsia

Resides: New South Wales

Independent Voting Director of MGL and MBL since August 2018

Mr Coffey is Chair of the BRiC and a member of the BGCC and BNC

Experience

Phil Coffey served as the Deputy Chief Executive Officer (CEO) of Westpac Banking Corporation, from April 2014 until his retirement in May 2017. As the Deputy CEO, Mr Coffey had the responsibility for overseeing and supporting relationships with key stakeholders of Westpac including industry groups, regulators, customers and government. He was also responsible for the Group's Mergers & Acquisitions function. Prior to this role, Mr Coffey held a number of executive positions at Westpac including Chief Financial Officer and Group Executive, Westpac Institutional Bank.

He has successfully led operations based in Australia, New Zealand, the United States, the United Kingdom and Asia and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at AIDC Limited and Citigroup. Mr Coffey previously served as a director of Clean Energy Finance Corporation.

Listed company directorships (last three years)

- Director, Lendlease Group (Lendlease Corporation Limited and Lendlease Responsible Entity Limited) (since January 2017)

Other current directorships/appointments

- Director, Goodstart Early Learning Ltd

Michelle A Hinchliffe

BCom (UQ), FCA, ACA

Resides: United Kingdom

Independent Voting Director of MGL and MBL since March 2022

Ms Hinchliffe is Chair of the BAC and a member of the BGCC and BNC

Experience

Michelle Hinchliffe has more than 35 years' professional experience within the financial services sector in the United Kingdom and Australia, with extensive experience in leading large global teams in the provision of external audit, internal audit and advisory services to clients across financial services.

Michelle was the Global Lead Audit Partner for a number of global banking institutions as well as the Head of Audit, KPMG UK from September 2017 to April 2019 and then Chair of Audit, KPMG UK from May 2019 to September 2021. During the period from May 2019 to February 2022 she was a board member of KPMG UK. Prior to this she was the Head of Financial Services for KPMG Australia, where she was also a member of the board.

Listed company directorships (last three years)

- Director, BHP Group Limited (since March 2022)

Other current directorships/appointments

- Director, Santander UK plc
- Director, Santander UK Group Holdings plc

Susan J Lloyd-Hurwitz

BA (Hons) (USYD), MBA (Distinction), INSEAD

Resides: New South Wales

Independent Voting Director of MGL since June 2023 and MBL since July 2023

Ms Lloyd-Hurwitz is a member of the BAC, BNC and BRC

Experience

Susan Lloyd-Hurwitz has significant expertise in the global investment and real estate sectors. She served as the CEO of Mirvac for more than a decade and prior to that was the Managing Director of Europe for LaSalle Investment Management.

Susan was the National President for the Property Council of Australia, a director of the Business Council of Australia, and Chair of the Green Building Council of Australia.

Listed company directorships (last three years)

- Chief Executive Officer and Managing Director, Mirvac Group (November 2012–June 2023)
- Director, Rio Tinto Limited (since June 2023)

Other current directorships/appointments

- Director, Rio Tinto plc
- Director, Spacecube Pty Ltd
- Director and President, Chief Executive Women
- Chair, Advisory Board, Gender Equality and Inclusion @ Work
- Chair, Australian National Housing Supply & Affordability Council
- Global Board member, INSEAD
- Member, Sydney Opera House Trust

Rebecca J McGrath

BTP (Hons) (UNSW), MAppSc (ProjMgt) (RMIT), FAICD

Resides: Victoria

Independent Voting Director of MGL and MBL since January 2021

Ms McGrath is Chair of the BGCC and a member of the BNC and BRiC

Experience

Rebecca McGrath is an experienced professional company director and Chair, with substantial international business experience. She spent 25 years at BP plc where she held various executive positions, including Chief Financial Officer Australasia and served as a member of BP's Executive Management Board for Australia and New Zealand.

Ms McGrath has served as a director of Goodman Group, CSR Limited, Big Sky Credit Union and Incitec Pivot Ltd, and as Chair of Oz Minerals Limited, Scania Australia Pty Limited and Kilfinan Australia. She is a former member of the JP Morgan Advisory Council. She has attended executive management programmes at Harvard Business School, Cambridge University and MIT in Boston.

Listed company directorships (last three years)

- Chair, OZ Minerals Limited (May 2017–May 2023); Director (November 2010–May 2023)
- Director, Goodman Group (April 2012–February 2023)
- Director, Djerriwarrh Investments Limited (since January 2024)

Other current directorships/appointments

- Chair, Investa Commercial Property Fund (ICPF)
- Chair, Investa Office Management Holdings Pty Limited
- Chair, Investa Wholesale Funds Management Limited
- Director, Melbourne Business School Limited
- Member, National Board, Australian Institute of Company Directors
- Member, The Australian British Chamber of Commerce
- Advisory Council
- Member, ASIC Corporate Governance Consultative Panel

Directors' experience and special responsibilities

Continued

Mike Roche

BSc (UQ), GAICD, FIA (London), FIAA

Resides: New South Wales

Independent Voting Director of MGL and MBL since January 2021

Mr Roche is a member of the BAC, BNC, BRC and BRiC

Experience

Mike Roche has over 40 years' experience in the finance sector as a highly skilled and experienced provider of strategic, financial, mergers and acquisitions, and capital advice to major corporate, private equity and government clients. He held senior positions with AXA Australia as a qualified actuary and Capel Court/ANZ Capel Court.

Mr Roche spent more than 20 years at Deutsche Bank and was Head of Mergers and Acquisitions (Australia and New Zealand) for 10 years where he advised on major takeovers, acquisitions, privatisations, and divestments.

He stepped down as Deutsche Bank's Chair of Mergers and Acquisitions (Australia and New Zealand) in 2016. He was a member of the Takeovers Panel for two terms from 2008 to 2014.

Listed company directorships (last three years)

- Director, Wesfarmers Limited (since February 2019)

Other current directorships/appointments

- Director, MaxCap Group Pty Ltd
- Director, Te Pahau Management Ltd
- Managing Director, M R Advisory Pty Ltd
- Co-founder and Director, Sally Foundation

Company secretaries' qualifications and experience

Simone Kovacic

BBus LLB (Hons) (UTS), LLM (Sydney), FGIA

Company Secretary since December 2022

Experience

Simone Kovacic is a Division Director of Macquarie, having joined in 2009. Simone has responsibility for Macquarie's company secretarial requirements and provides advice on governance and certain corporate matters, including aspects of Macquarie's employee equity plans. She has over 20 years' experience as a corporate lawyer with Macquarie and, prior to Macquarie, worked in private practice at Skadden, Arps, Slate, Meagher & Flom LLP in the US and Freehills, now Herbert Smith Freehills.

Olivia Shepherd

BCM (UoW), BCom (UoW), MSc (LSBU), FGIA

Assistant Company Secretary since December 2022

Experience

Olivia Shepherd is a Division Director of Macquarie. Olivia has company secretarial responsibilities and provides corporate governance advice. She has over 15 years' company secretarial and governance experience with Macquarie and Investec Bank plc in the UK.

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Executive Committee

Shemara Wikramanayake

Managing Director
Chief Executive Officer of MGL

Chief Executive Officer of MGL since August 2018
Member of Executive Committee since 1 August 2008

Experience

Shemara joined Macquarie in 1987 in Macquarie Capital in Sydney. In her time at Macquarie, Shemara has worked in six countries and across several business lines, establishing and leading Macquarie's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada. Shemara has also served as Chair of the Macquarie Group Foundation.

As Head of Macquarie Asset Management for 10 years before her appointment as CEO, Shemara led a team of 1,600 staff in 24 markets. Macquarie Asset Management grew to become a world-leading manager of infrastructure and real assets and a top 50 global public securities manager. Shemara sits on the World Bank's Global Commission on Adaptation and was a founding CEO of the United Nations Climate Finance Leadership Initiative (CFLI). She currently leads emerging markets workstreams for CFLI and the Glasgow Financial Alliance for Net Zero (GFANZ).

Greg Ward

Deputy Managing Director
Head of Banking and Financial Services Group

Member of Executive Committee since 3 March 2005

Experience

Greg has been Head of Banking and Financial Services Group since July 2013 and Deputy Managing Director of Macquarie Group Limited since 2011. Greg joined Macquarie in 1996, the year the organisation became publicly listed, and during his tenure has driven the growth of Macquarie's retail financial services business. He has over 30 years' experience in finance and financial services.

Chief Financial Officer for 14 years before being appointed Deputy Managing Director of Macquarie Group, Greg was also Chief Executive Officer of the Group's banking subsidiary, Macquarie Bank, from 2011 to 2013.

Evie Bruce

Group General Counsel
Head of Legal and Governance Group

Member of Executive Committee since 2 March 2022

Experience

Evie has been the Group General Counsel and Head of the Legal and Governance Group since March 2022.

Evie is a lawyer with nearly 30 years' practice and management experience, across ANZ, Asia and the US, specialising in mergers and acquisitions, capital markets, and the financial services sector.

Prior to joining Macquarie, Evie worked for King & Wood Mallesons where she led the law firm's extensive global engagement with Macquarie's businesses for a number of years.

Evie is a member of Corporations Committee of the Law Council of Australia, Law Society of New South Wales, and State Bar of New York. Evie is also a member of the Macquarie Group Foundation Committee.

Andrew Cassidy

Chief Risk Officer
Head of Risk Management Group

Member of Executive Committee since 1 January 2022

Experience

Andrew was appointed Chief Risk Officer in early 2022.

After joining Macquarie in 2004, Andrew spent over 15 years working in Macquarie Capital, across various roles including leadership of Macquarie's principal investment activity in Asia Pacific. He joined the Risk Management Group in 2019 and has overseen the continued strengthening of Macquarie's risk framework.

Andrew also manages the Internal Audit function jointly with the Board Audit Committee.

Stuart Green

Managing Director
Chief Executive Officer of MBL

Chief Executive Officer of MBL since July 2021

Member of Executive Committee since 1 July 2021

Experience

Stuart has been Managing Director and CEO of Macquarie Bank Ltd since July 2021.

Stuart joined Macquarie in 2001 and worked in the Corporate & Asset Finance group, responsible for originating asset financing transactions for Macquarie. In 2002, he assumed responsibility for investor relations for Macquarie's listed airport fund, Macquarie Airports, before moving to become Global Head of Investor Relations for Macquarie's portfolio of listed funds. In 2008, he was appointed Macquarie Group's Head of Corporate Communications and Investor Relations, responsible for managing Macquarie Group's relationships with investors and analysts, government and media.

Stuart was appointed Group Treasurer in August 2013, a role he held until July 2021, when he became Managing Director and CEO of Macquarie Bank Limited.

Prior to joining Macquarie Group, Stuart worked in the UK as a Chartered Accountant in public practice for BDO Binder, where he obtained his professional qualifications, and later in a number of corporate roles as head of finance and corporate strategy.

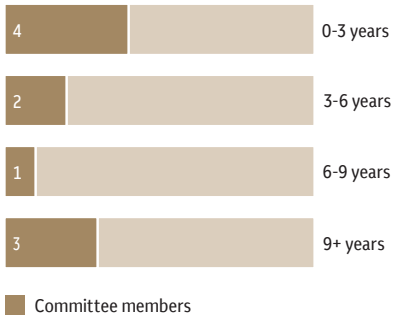
From 2010 to 2020, Stuart served on the Board of the Juvenile Diabetes Research Foundation where he was Treasurer and Chair of the Finance & Audit Committee.

Gender diversity

Female: **3**

Male: **7**

Committee tenure



Executive Committee

Continued

Alex Harvey

Chief Financial Officer
Head of Financial Management Group

Chair of the Macquarie Group Foundation
Member of Executive Committee since 1 January 2018

Experience

Alex has been Head of Financial Management Group and the Chief Financial Officer of Macquarie Group since 2018.

Alex joined Macquarie in 1998 and was the CEO of Macquarie Group Asia from 2011 to 2014 and Executive Chair of the region until this year.

Before being appointed CFO, Alex was the Global Head of the Principal Transaction Group in Macquarie Capital and a member of Macquarie Capital's Management Committee.

Alex has more than 30 years' experience in the financial services industry across Australia, Asia, Europe and the US.

In January 2022, Alex became Chair of the Macquarie Group Foundation.

Michael Silverton

Head of Macquarie Capital Group

Member of Executive Committee since 1 June 2019

Experience

Michael is Head of Macquarie Capital, a position he has held since 2019.

Michael leads a global team that provides advisory, capital markets, investing, development and equities capabilities to clients, with a focus on infrastructure and real assets; technology, software and services; and resources, energy and materials.

Since joining Macquarie Group in 1997, Michael has built and led businesses across the globe, with roles in Sydney, London and Chicago before moving to New York in 2010. Prior to Macquarie Capital, Michael held positions in Macquarie Group's Central Executive Strategy unit and Risk Management Division. In 2013, he became Head of Macquarie Capital in the Americas, adding oversight of Europe and Asia shortly after.

Nicole Sorbara

Chief Operating Officer
Head of Corporate Operations Group

Member of Executive Committee since 1 January 2013

Experience

Nicole is Head of Corporate Operations Group and has been Global Chief Operating Officer since 2013.

Nicole leads a global team across 25 countries covering Digital Transformation & Data, Technology, Operations, Human Resources, Business Services, Corporate Strategy & Solutions, and the Macquarie Group Foundation.

During her time at Macquarie, she has worked across various roles in finance, Macquarie Capital and was previously the Head of Human Resources.

Nicole is a Chartered Accountant with more than 30 years' experience in accounting and financial services. She joined Macquarie in 1996.

Nicole is Chair of the Board of PCYC NSW.

Ben Way

Head of Macquarie Asset Management Group

Member of Executive Committee since 1 April 2021

Experience

Ben has been Head of Macquarie Asset Management since 2021.

Ben joined Macquarie in 2006 and has held several senior positions in the Group, including CEO of Macquarie Group in Asia.

He has more than 20 years' experience in asset management across Australia, Asia, Europe, and the US. Prior to joining Macquarie, he was Chair and CEO of Taiwan Broadband Communications and a management consultant with Bain & Company.

Ben is a member of the Board of Directors of Mothers Choice, a Hong Kong charity. Ben is a Fellow of the 2017 class of the Finance Leaders Fellowship and a member of the Aspen Global Leadership Network. He holds a Bachelor of Law and a Bachelor of Arts from Macquarie University.

Simon Wright

Head of Commodities and Global Markets Group

Member of Executive Committee since 1 April 2024

Experience

Simon was appointed Head of Commodities and Global Markets in February 2024 and is responsible for its global business offering capital and financing, risk management, market access, and physical execution and logistics solutions across Commodities, Financial Markets and Asset Finance.

He is also Head of the Financial Markets division within Commodities and Global Markets, which provides Fixed Income, Currencies and Credit Market services to corporate and institutional listed derivates.

Since joining Macquarie in 1989, Simon has held a number of senior roles within Commodities and Global Markets, while leading the build and oversight of Macquarie's global Financial Markets platform. He was appointed Head of CGM Australia in 2012.

Simon holds a Bachelor of Economics from Sydney University.

Consistent with our established remuneration framework that rewards performance across a range of financial and non-financial measures and aligns outcomes for staff with those of our shareholders, total profit share awarded to staff is substantially down on the prior year."

Letter from the

Chair of the Board Remuneration Committee

On behalf of the Board, as Chair of the Board Remuneration Committee (BRC), I am pleased to present the 2024 Remuneration Report.

Against a backdrop of challenging market conditions during the 2024 financial year (FY2024), Macquarie has continued to deliver on its strategy. The fundamentals of our businesses remain sound, as demonstrated by the strength and diversity of the underlying franchises, strong and conservative balance sheet, proven risk management framework and our distinct culture.

Macquarie remains well positioned to deliver long-term sustainable value for shareholders, consistent with our track record. In less supportive markets, financial results in FY2024 are down from a record FY2023. Consistent with our established remuneration framework that rewards performance across a range of financial and non-financial measures and aligns outcomes for staff with those of our shareholders, total profit share awarded to staff is substantially down on the prior year.

Performance and remuneration outcomes for FY2024

The Board remains focused on ensuring there is a robust and rigorous process in place to determine remuneration outcomes. Significant oversight and judgement are applied so that our remuneration outcomes are aligned with both individual and company-wide financial and non-financial performance and Macquarie's ongoing success.

In considering Macquarie's non-financial performance, the Board recognises the importance of sound ESG practices as part of their responsibility to clients, shareholders, employees and the communities in which Macquarie operates.

Financial performance

Following record financial results in FY2023, Macquarie delivered:

- net profit after tax (NPAT) of $A3,522 million in FY2024 (down 32% from FY2023)
- return on equity (ROE) of 10.8% (down compared to FY2023's 16.9%)
- earnings per share (EPS) of 916.6 cents per share (down 32% compared to FY2023)
- the FY2024 full-year dividend is down 15% compared to FY2023

The total compensation expense is in line with the prior year, impacted by the higher average number of staff during the year, wage inflation and unfavourable foreign exchange movements. These factors, as well as lower overall revenue, led to the significant increase in the compensation expense to income ratio to 43.1%.

Non-financial performance

In addition to financial performance, the Board's determination of remuneration outcomes for FY2024 for the CEO and other Executive KMP reflects the following non-financial factors which the Board sees as essential drivers of long-term sustainable growth:

- the strong leadership of the Executive Committee, led by the CEO, to effectively role model our purpose and principles and to embed a strong risk culture
- Executive Committee collaboration to solve challenges and maximise opportunities across Operating and Central Service Groups
- the continued evolution of our businesses to remain well positioned to deliver long-term sustainable value, including alignment with areas of structural growth globally (e.g. energy transition, infrastructure for digital and demographic shifts)
- the continued focus on non-financial risks, including in areas such as climate, sustainability and technology, while also uplifting our risk management frameworks across trading, technology, cyber and data. While there were no systemic risk issues identified during the year, a legacy risk matter in MAM was taken into account in determining the MGL CEO's remuneration
- a focus on streamlining investment programs and driving greater returns on investment, following a period of significant investment in our platform
- investment in renewable energy solutions at scale, supporting the next wave of climate technologies
- maintaining strong engagement and focus on meeting regulator expectations including progress against the remediation program with APRA to ensure there is appropriate focus on Macquarie Bank Limited (MBL)
- the refresh of our global employee value proposition to evolve in line with shifts in talent expectations and ensure we accurately reflect the career experience and distinct culture that Macquarie offers.

In addition to assessing the performance of the CEO and other Executive KMP, the BRC is also very aware of competitive market pressures when determining remuneration outcomes. The attraction and retention of high-performing, diverse talent, with deep industry expertise, is a key element of Macquarie's strategy. Macquarie's remuneration framework plays an important role in achieving this. As part of determining remuneration outcomes, the BRC considers relativities in the global markets in which each business competes for talent, including in industries that are not publicly listed with undisclosed remuneration outcomes.

Remuneration outcomes

The Board and the BRC have given careful consideration to both financial and non-financial factors, and we believe the following outcomes for the year are appropriate:

- MGL CEO awarded profit share has decreased 26% on the prior year to $A23.75 million, which reflects the decrease in financial results while considering her strong leadership and ongoing commitment to fostering a positive culture
- MBL CEO awarded profit share of $A3.75 million, reflecting efforts to uplift the role of the MBL CEO
- total comparable Executive KMP awarded profit share of $A80.20 million (down 15% on the prior year)[1]
- Performance Share Unit (PSU) allocations of $A4.0 million for the MGL CEO and $A2.8 million for each Executive KMP, in line with the prior year.

Changes to the remuneration framework

Changes to our remuneration framework, including those previously announced in the 2022 and 2023 Remuneration Reports, have been implemented for FY2024 to meet the requirements of APRA Prudential Standard CPS 511 *Remuneration* (CPS 511). These changes are referenced throughout the relevant sections of this report and include:

- fixed remuneration increases, effective 1 April 2023, the first since 2010, other than adjustments made at the time of a new appointment to the Executive Committee
- a reduction in retention rates and vesting periods (to reflect that awards from FY2024 will no longer be accelerated over two years in the case of retirement or redundancy and will instead vest on their original vesting schedule).

These changes are reflected in the awarded pay outcomes for Executive KMP set out on pages 130-139.

We engaged with APRA during the year in regard to our implementation of CPS 511 and remain committed to ensuring our remuneration framework complies with and considers the spirit and intent of CPS 511 and remains fit for purpose.

Culture, accountability and remuneration

Our approach to remuneration plays an important role in promoting Macquarie's culture. Our framework supports our purpose by motivating staff to be innovative and build businesses but also be accountable for their decisions, behaviours and associated risk management, customer, economic and reputational consequences.

Our purpose and core principles of Opportunity, Accountability and Integrity remain pivotal to our culture and effectively guide our staff in balancing risk and reward when making decisions that realise opportunities for the benefit of our clients, our shareholders, our people and the communities in which we operate. The Board recognises the importance of continually assessing Macquarie's culture formally through surveys and Board reporting and informally through direct interactions with staff.

Risk management is a fundamental part of everyone's role at Macquarie. Staff understand that they are rewarded for their performance, including the identification and management of risk, and that there are consequences for non-compliance with Macquarie's behavioural expectations.

In FY2024, there were 131 (FY2023: 129) matters involving conduct or policy breaches that resulted in formal consequences. Consistent with prior years, further details regarding these matters are disclosed on page 122.

The BRC assessed and determined that there were no instances that required the application of malus or clawback during the year.

I look forward to receiving your views and support at the 2024 Annual General Meeting.

Jillian Broadbent AC
Chair
Board Remuneration Committee

Sydney
3 May 2024

(1) Comparable Executive KMP are KMP who are members of the Executive Committee for the full year in both FY2024 and FY2023.

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Remuneration Report

Remuneration framework

This section explains the link between our purpose, our remuneration objectives and principles, and how these are reflected in the remuneration framework.

Our purpose statement, 'Empowering people to innovate and invest for a better future,' articulates why Macquarie exists and what we do. It supports our *What We Stand For* principles of Opportunity, Accountability and Integrity, which express how we do business. Our longstanding and consistent approach to remuneration continues to support this purpose and aligns with our *What We Stand For* principles.

Our remuneration framework has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long-term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational outcomes. Their interests are aligned with shareholders to meet the needs of clients and customers, while ensuring that the spirit and intent of regulatory requirements are upheld.

This framework has been fundamental in ensuring we can continue to attract, motivate and retain exceptional and entrepreneurial people with deep industry expertise across the 34 markets in which we operate. These people come from organisations that broadly operate in the same markets and compete for the same people as Macquarie in various industry sectors (including hedge funds, private equity firms, global investment banks, fund managers, advisory boutiques, commodity houses and other banks, as well as industries that are not specific to banking or financial services, for example, technology, accounting, and engineering) across many jurisdictions.

This broad approach has been in place since Macquarie's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with our remuneration principles and the expectations of our stakeholders.

The table below shows the link between our purpose, *What We Stand For* principles and our remuneration objectives and principles.

Our purpose:

Empowering people to innovate and invest for a better future

Opportunity | **Accountability** | **Integrity**

Remuneration objectives

Macquarie's remuneration framework is designed to:

- attract, motivate and retain exceptional people with deep industry expertise
- deliver strong company performance over the short and long-term whilst prudently managing risk
- promote effective management of financial and non-financial risks, and Macquarie's long-term soundness
- align the interests of staff and shareholders to deliver sustained results for our customers, clients and community
- promote innovation and the building of sustainable businesses
- drive behaviours that reflect Macquarie's culture and the principles of *What We Stand For* and support the prevention and mitigation of conduct risk
- foster a diverse, equitable and inclusive work environment.

Remuneration principles

These objectives are achieved by:

- emphasising performance-based remuneration
- determining an individual's variable remuneration based on a range of financial and non-financial factors
- having the ability to adjust performance-based remuneration to reflect risk outcomes, where appropriate
- retaining a significant proportion of performance-based remuneration to enable risk outcomes to be considered over a longer period
- delivering retained profit share in equity to ensure the interests of staff and shareholders are aligned over the long-term
- remunerating high-performing staff appropriately, relative to global peers
- providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives.

Remuneration Report

Continued

Remuneration framework for FY2024

The remuneration framework operates as an integrated whole. An individual's remuneration comprises fixed remuneration, profit share and, for Executive Committee members (our Executive KMP), Performance Share Units (PSUs).

The table below and diagram opposite summarise the framework for FY2024.

FY2024 remuneration framework

Fixed remuneration

- primarily comprises base salary, as well as superannuation contributions and standard country-specific benefits in line with local market practice
- for Executive KMP, is set at a comparatively low level, relative to the industry, and is a low proportion of total remuneration but sufficient to avoid inappropriate risk-taking
- is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements
- for risk and financial control staff, is generally a higher proportion of total remuneration than for revenue-generating staff.

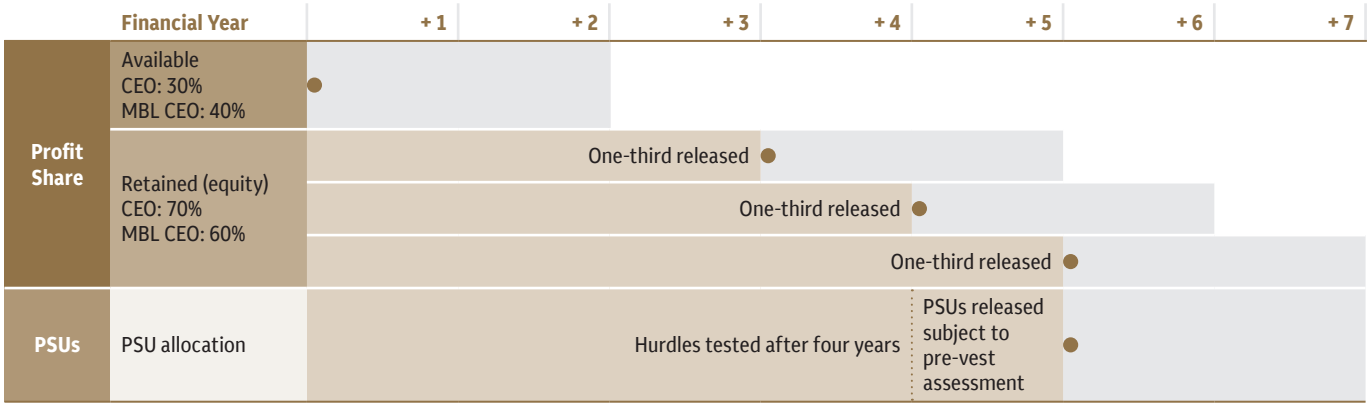
Performance-based remuneration

	Criteria	Profit share	Performance Share Units
	Eligibility	• all permanent employees	• Executive Committee members
	Determination	• allocations reflect an individual's performance, which is assessed against a range of financial and non-financial factors including: – financial/business results – risk management and compliance – business leadership including outcomes for customers and the community – people leadership and professional conduct	• individual allocations reflect their role as members of the Executive Committee and their contribution to driving the collective performance of Macquarie • allocations are based on the face value of shares on the grant date • allocations are subject to Board discretion
	Structure	• significant proportion is retained (70% for the CEO, 60% for the MBL CEO and 50% for other Executive KMP) • long deferral periods (three to five years for the CEO and other Executive KMP) • retained profit share is invested in a combination of Macquarie equity and Macquarie-managed fund equity	• PSUs are structured as Deferred Share Units (DSUs) with no exercise price[2] • PSUs vest after five years for the CEO and MBL CEO and four years for other Executive KMP, subject to the achievement of two performance hurdles (no retesting of hurdles) and, new from FY2024, a pre-vest assessment (see page 117) • PSU holders have no right to dividend equivalent payments
	Malus and Clawback	• malus applies to all awards • clawback applies to all Executive KMP and certain employees identified under CPS 511 or UK and European remuneration regulations	• malus and clawback apply to all awards
	Forfeiture	• retained profit share is subject to forfeiture upon leaving Macquarie except in certain circumstances	• unvested PSUs are subject to forfeiture upon leaving Macquarie except in certain circumstances

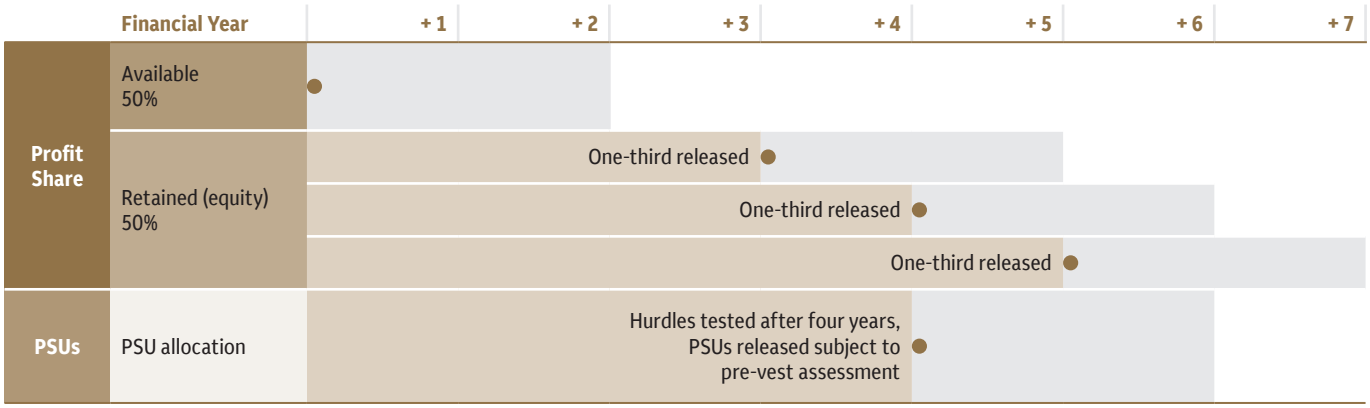
(2) A DSU is a Deferred Share Unit and is an award type under the Macquarie Group Employee Retained Equity Plan (MEREP). For further details, refer to Note 32 *Employee equity participation* to the financial statements in the Financial Report.

The diagram below illustrates the long time horizons over which performance-based remuneration for Executive KMP is determined, delivered and subject to risk adjustments.

For the CEO and MBL CEO



For other Executive KMP



Key

● Payment or vesting (shortly after the end of the relevant year)

Period subject to malus

Period subject to clawback

Profit share

This section describes the way in which profit share is determined, structured and delivered.

Annual process to determine profit share outcomes

Profit share allocations are determined through a principles-based approach, which considers individual, business group and company-wide performance. At all levels, profit share determinations take into account risk management, compliance and conduct.

Individual profit share allocations

Individual profit share allocations reflect an employee's performance against their objectives, which are formally assessed annually. At the beginning of the performance cycle, employees set performance objectives based on four factors (three non-financial and one financial), as relevant to their role. At the end of the year, permanent employees are required to have a formal Year in Review conversation with their manager. The Year in Review comprises two core components:

- **What** was achieved over the past 12 months, measured against their objectives under the four factors
- **How** the objectives were achieved, measured against Macquarie's cultural/behavioural standards.

The below table outlines the areas considered under each factor when assessing performance and determining remuneration outcomes.

	Areas considered
Financial/ business results	• for revenue-generating staff, based on individual contribution to business profitability (including consideration of capital and risk-adjusted returns) • for risk and financial control staff, primarily based on delivery of or contribution to high quality risk and control functions, services and outcomes • for other Central Service Group staff, delivery of or contribution to high quality services to support the businesses • for all staff, the management of costs and investment in people and technology to ensure the ongoing robustness of the risk management framework.
Risk management and compliance	• demonstrating and applying a strong understanding of relevant regulatory obligations • the identification, escalation, ownership and successful management of financial and non-financial risks • motivating a culture of disciplined risk management, and regulatory, policy and business compliance • fostering an environment where staff feel comfortable to admit mistakes and raise issues or concerns.
Business leadership	• focuses on sustainable business growth and innovation by prioritising long-term and scalable solutions over tactical fixes • delivering appropriate solutions and services to our customers and the communities in which we operate • maintaining and leveraging relationships with external and internal stakeholders (includes regulators, customers, clients, communities and suppliers) • seeking out and valuing collaboration and diverse perspectives (internally and externally), including collaborating with others to solve issues and challenges across Operating and Central Service Groups.
People leadership and professional conduct	• upholding Macquarie's *What We Stand For* values and complying with all operational requirements, regulatory obligations, relevant laws, policies and procedures, including the *Code of Conduct* • promoting institutional knowledge-sharing, talent development and succession planning • fostering a diverse, equitable and inclusive work environment, including alignment with Macquarie's DEI strategy • for all people managers, performance against a people management objective aligned to our purpose and culture.

Three of these four factors are non-financial, with considerations given to each in varying proportions to reflect an individual's role and responsibilities. Individual profit share allocations also consider relativities in the markets in which each business competes for talent.

When determining individual profit share allocations, consideration is given to any matters raised in the independent reports provided to the BRC by the Chief Risk Officer (CRO) and the Head of Internal Audit, or matters raised through the consequence management process, which may result in downward adjustments to profit share allocations for relevant individuals (see page 122). Significant judgement is applied in determining remuneration outcomes to ensure all factors that may potentially impact the quantum of profit share allocations are considered.

Profit share pools

The initial business group profit share pools are determined through a combination of a top-down and bottom-up approach. The company-wide profit share pool is an aggregate of the assessments conducted at both the business group and individual level.

The profit share pools reflect consideration of the factors below:

Operating/Central Service Group level

Financial performance

For Operating Groups:

- contribution to company-wide profits
- returns on economic and regulatory capital
- funding requirements and usage.

For Central Service Groups, based on the quality and integrity of control functions and support services and not primarily determined with reference to profitability.

Risk management

- risk profile of the business (e.g. capital usage)
- extent and nature of financial and non-financial risks including any significant reputational, cultural or compliance matters
- regulatory environment and regulatory risk considerations.

Business-specific considerations

- innovation, new business development (including acquisitions) and maturity of the business
- reliance on intellectual versus financial capital
- customer, client and community outcomes
- impact of one-time gains/losses.

Market position and trends

- overall remuneration levels in the market in which each business operates
- staff retention considerations.

Macquarie Group/Macquarie Bank level

Additional considerations at a Macquarie Group and Macquarie Bank level include:

- profitability, including the balance of profit distribution between employees and shareholders
- capital metrics (including prudential ratios) and liquidity considerations
- impact of the profit share pool on Macquarie's capital position and the ability to strengthen its capital base, as confirmed by the Chief Financial Officer (CFO)
- reasonableness of the resultant estimated compensation expense to income ratio and how it compares to that of external comparators
- regulatory considerations, including any company-wide risk and conduct matters
- factors that impact the macro environment in which Macquarie operates, including those that may affect its ability to attract and retain high-performing staff
- CRO and Head of Internal Audit confirmation as to whether there have been any matters of systemic concern during the year.

The Board retains discretion to amend the profit share pool as determined in accordance with the above process to ensure all relevant factors, including risk and conduct matters, have been appropriately taken into consideration.

Retained profit share: retention and vesting

A percentage of each individual's annual profit share allocation is retained (retained profit share) above certain thresholds. While they are employed, an individual's retained profit share vests and is released over a period that reflects the scope and nature of their role and responsibilities.[3] These arrangements ensure that Macquarie continues to retain high-performing staff, provide significant long-term alignment to shareholders and customers, as well as enable risk outcomes to be considered over a longer period.

Retention and vesting arrangements are determined by the BRC according to prevailing market conditions, remuneration trends, and regulatory requirements (including CPS 511, the Banking Executive Accountability Regime (BEAR) and the Financial Accountability Regime (FAR)). For each year's allocation, once the vesting period has been determined it remains fixed for that allocation.

As previously announced, there have been changes to the retention rates and vesting periods for certain senior employees (including the CEO, Executive KMP and other roles specified under CPS 511) for profit share allocations made in respect of FY2024 onwards.

The table below summarises the standard retention and vesting arrangements applicable for FY2024. These vesting periods do not include the performance year but begin following the date remuneration is awarded.

Standard profit share retention and vesting arrangements for FY2024

Role	Profit share retention (%)	Vesting and release of profit share
CEO	70	One-third in each of years 3–5
MBL CEO	60	
Executive Committee members	50	
Other Executive Directors[4],[5]	40	
Staff other than Executive Directors[5],[6]	25–40	One-third in each of years 2–4

The Board's discretion to change remuneration arrangements, as noted above, includes changes to profit share retention levels provided that at least 30% of profit share is retained for all Executive Directors.

(3) Profit share that is not retained (available profit share) is delivered in cash except for certain staff subject to requirements under UK or European remuneration regulations, where 50% of available profit share is delivered in Macquarie equity and is subject to either a 6-month or 12-month hold period, as applicable.
(4) Other Executive Directors include staff other than the CEO and Executive KMP who are specified under CPS 511 as Senior Managers or Material Risk Takers.
(5) For certain staff subject to UK or European remuneration regulations, up to 60% may be retained. Retained profit share invested in Macquarie equity may be subject to a further 6-month or 12-month hold post the vesting period.
(6) Above certain monetary thresholds.

Investment of retained profit share

An individual's retained profit share is invested in a combination of MGL ordinary shares under the Macquarie Group Employee Retained Equity Plan (MEREP) and Macquarie-managed fund equity notionally invested under the Directors' Profit Share (DPS) Plan.[7] The allocation reflects the nature of their role and responsibilities as set out in the table below.

Standard investment of retained profit share for FY2024

	Retained profit share investment	
Role	**MEREP (MGL ordinary shares) %**	**DPS Plan (Macquarie-managed fund equity) %**
CEO and MBL CEO	90	10
Executive Committee members	80–90	10–20
Executive Committee members with funds responsibilities	50	50
Other Executive Directors[8]	80–100	0–20
Other Executive Directors with funds responsibilities[9]	25	75
Staff other than Executive Directors[10]	100	0

In addition to the arrangements set out in the tables above, different arrangements may apply in certain circumstances:

- retention rates and vesting and release schedules may vary for certain groups of staff who have become employees as a result of an acquisition, or for staff in certain jurisdictions, for example in the UK or European Union (EU), to ensure compliance with local regulatory requirements
- in limited circumstances, and only with the approval of the BRC, retained profit share may be allocated under arrangements other than the MEREP or the DPS Plan. For example, this may include investment in funds or products of a specific business group where there is a need to directly align the interests of staff with those of their clients.

Forfeiture – malus and clawback

The Board has the ability to reduce or eliminate unvested retained profit share in certain circumstances (malus). In FY2024, the population subject to malus was expanded to include all staff (previously malus applied to senior employees). For certain employees identified under CPS 511 or UK and European remuneration regulations, the Board also has the ability to recover (in whole or in part) vested profit share in certain circumstances (clawback). For more details on Macquarie's malus and clawback framework, see page 121.

Vesting and release of retained profit share upon departure from Macquarie

The standard policy is that staff who cease employment with Macquarie will forfeit their unvested retained profit share. The Board may exercise discretion for the vesting and release of a departing employee's retained profit share after their employment has ended including, for example, in the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, or serious ill health. Where such discretion is exercised, the release of any profit share may be subject to malus and/or clawback, as applicable, and the Board may impose such other conditions as it considers appropriate. For Executive Directors, the Board's discretion for the vesting and release of retained profit share under these circumstances is subject to the conditions of release as set out below.

Discretion may be exercised in certain other limited exceptional circumstances on the grounds of business efficacy, in relation to strategic business objectives, including in connection with the divestment or internalisation of Macquarie businesses, or when an employee resigns to fulfil a public service role in a governmental organisation or agency. This year, such discretion has been exercised and retained profit share was approved to be released for eight executives due to their transition during FY2024 to employment, engagement or appointment, with or for an asset or a portfolio company of a Macquarie-managed fund or an operationally segregated subsidiary.

(7) Both the MEREP and DPS Plan are fundamental tools in Macquarie's retention, alignment and risk management strategies, encompassing both long-term retention arrangements and equity holding requirements. The MEREP has a flexible plan structure that offers different types of equity grants depending on the jurisdiction in which the participating employees are based. In most cases, the equity grants are in the form of units comprising a beneficial interest in MGL ordinary shares held in a trust for the staff member (Restricted Share Units or RSUs). For further details on the MEREP, refer to Note 32 *Employee equity participation* to the financial statements in the Financial Report. The DPS Plan comprises exposure to a notional portfolio of Macquarie-managed funds. Retained amounts are notionally invested over the retention period. This investment is described as 'notional' because Executive Directors do not directly hold securities in relation to this investment.

(8) For certain Executive Directors subject to UK or European remuneration regulations, retained profit share is invested 60% in Macquarie equity and 40% in the DPS Plan.

(9) For certain Executive Directors with funds responsibilities subject to UK or European remuneration regulations, retained profit share is invested 50% in Macquarie equity and 50% in the DPS Plan.

(10) For staff other than Executive Directors, retained profit share is generally 100% invested in Macquarie equity with the exception of those staff with funds responsibilities where retained profit share is invested in a combination of Macquarie equity and Macquarie-managed fund equity.

Conditions of release to departing Executive Directors – Post Employment Events

Where discretion has been exercised for the vesting and release of retained profit share to a departing Executive Director, the Board may reduce or eliminate their retained profit share if it is determined that, at any time during their employment or the relevant release periods after their employment, a Malus Event has occurred (as set out on page 121) or they have:

(a) taken staff to a competitor of Macquarie or been instrumental in causing staff to go to a competitor, or

(b) joined a competitor of Macquarie or otherwise participated in a business that competes with Macquarie.

Each of the above is a Post Employment Event.

For retained profit share awarded in respect of FY2023 and subsequent years, where the release relates to relevant circumstances other than death or serious disability, the release will occur over the period from 12 months to 24 months after the Executive Director leaves, in accordance with the table below.[11],[12]

For profit share allocations made to Executive KMP and other Executive Directors specified in CPS 511 (including those in risk and financial control functions) in respect of FY2024 onwards, the release of unvested retained profit share will be kept in line with its original vesting schedule (where it relates to relevant circumstances other than death or serious disability). This may result in final vesting being up to five years from the end of employment. There is no change in the timeframe for application of the Post Employment Events set out below.

	First Period	Second Period
Time post-departure	12 months	12 months to 24 months
Unvested retained profit share released	From all but the last 24 months of employment	From the last 24 months of employment
Subject to malus	No Malus Event during employment or the First Period	No Malus Event during employment, the First Period or the Second Period
Subject to Post Employment Events	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and
	No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment	No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment
Where the release is by reason of retirement from Macquarie	As above and in addition, the release is subject to no Post Employment Event (b) during the First Period	As above and in addition, the release is subject to no Post Employment Event (b) during the First or Second Period

In addition to the above, for Accountable Persons under the FAR (Accountable Persons), the exercise of discretion for any release of retained profit share following the end of employment will be subject to minimum deferral periods. Where an Executive Director has a tax liability on termination of employment in respect of any unvested retained profit share, the Board has discretion to release unvested retained profit share up to an amount equal to the Executive Director's tax liability at an earlier time than noted above subject to any legal or regulatory requirements.

(11) In the case of death or serious incapacitation, the Board will typically accelerate the vesting of retained profit share and immediately release it.
(12) Awards in respect of FY2022 and earlier will remain subject to their original conditions of release to a departing Executive Director, as previously disclosed.

Performance Share Units

This section describes the way in which PSUs are determined, structured and delivered.

Allocation and structure

Executive Committee members are the only staff eligible to receive PSUs, which are determined with reference to Macquarie's performance as a whole. As such they provide an additional incentive to Executive Committee members to drive company-wide performance over the long-term and beyond their Operating and Central Service Group responsibilities. PSU awards are a meaningful incentive but are generally not the major element of an Executive Committee member's total remuneration.

As previously announced, for awards in respect of FY2024 onwards, the vesting period for PSUs granted to the CEO and the MBL CEO has been extended by a year, to five years. In addition, prior to the vesting of PSUs, the Board will conduct a pre-vest assessment of the Executive Committee's collective performance over the vesting period. The table below summarises the approach to PSU allocations in respect of FY2024.

1. Pre-grant period *(Financial Year (FY))*

- Individual PSU allocations are based on performance over the financial year prior to grant (taking into consideration both financial and non-financial factors). Considerations include their role as members of the Executive Committee and their contribution to driving the collective performance of Macquarie, including their collaboration across businesses, progress on company-wide programs and maintaining Macquarie's risk culture.
- The face value of PSUs awarded to each Executive Committee member is approved by the Board as part of the annual remuneration review process. Shareholder approval is also sought at MGL's Annual General Meeting (AGM) to allocate PSU awards to the MGL CEO, who is an Executive Voting Director.
- PSUs are granted in August each year, after MGL's AGM, in respect of the previous financial year. The number of PSUs allocated is calculated by dividing the face value of the award by the price of MGL ordinary shares on or around the date of grant.
- PSUs are structured as DSUs with no exercise price. Holders have no right to dividend equivalent payments.

2. Performance period *(FY+1 to FY+4)*

- PSUs will only become exercisable to the extent that two equally weighted ROE and EPS performance hurdles are achieved over a four-year performance period. Details of, and the rationale for, the ROE and EPS hurdles are set out below.
- The ROE and EPS performance hurdles attached to PSUs are tested at the end of the performance period and the results are reported to the BRC.

3. Additional vesting period *(FY+5)*

- For the CEO and the MBL CEO, an additional one-year period applies before PSUs may vest following the end of the four-year performance period.
- For other Executive KMP, PSUs may vest on 1 July following the end of the four-year performance period.

4. Pre-vest assessment *(At end of vesting period)*

- Prior to vesting of PSU awards, the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie over the vesting period, based on the extent to which the Executive Committee has:
  - promoted behaviour that is consistent with and reflects Macquarie's risk culture, *Code of Conduct* and the principles of *What We Stand For*
  - overseen the effectiveness of Macquarie's risk management framework, regulatory compliance, policies and practices in managing key financial and non-financial risks, and
  - overseen funding, liquidity and capital management to ensure Macquarie's financial soundness.
- Where the Board forms a negative overall assessment of the relevant Executive Committee's collective performance, it will consider whether an adjustment is appropriate, taking into account any mitigating and aggravating factors.
- To assist the Board with their determination of an adjustment to the PSU vesting outcome, and to ensure that the determination encompasses all relevant considerations, the BRC will receive regular reporting over the vesting period.

Performance hurdles

PSUs will only become exercisable to the extent that the following performance hurdles are achieved:

	EPS CAGR hurdle	ROE hurdle
Application	50% of PSU award	50% of PSU award
Performance measure	Compound annual growth rate (CAGR) in EPS over the four-year performance period	Relative average annual ROE over the four-year performance period compared to a reference group of international financial institutions. The reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.[13],[14]
Hurdle	Sliding scale applies: • 50% becoming exercisable at EPS CAGR of 7.5% • 100% at EPS CAGR of 12% For example, if EPS CAGR was 9.75%, 75% of the relevant awards would become exercisable	Sliding scale applies: • 50% becoming exercisable above the 50th percentile • 100% at the 75th percentile For example, if ROE achievement was at the 60th percentile, 70% of the relevant awards would become exercisable

Rationale for hurdles

The PSU hurdles are periodically reviewed by the BRC to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC's review includes consideration of the most relevant performance metrics to be used as hurdles as well as the levels at which the hurdles are achieved. The international reference group used for the ROE hurdle is also reviewed to determine whether our comparators remain suitable for Macquarie's diversified business interests and global footprint. The BRC also considers historical and forecast market data, the views of corporate governance groups, shareholders and regulators, as well as market practice.

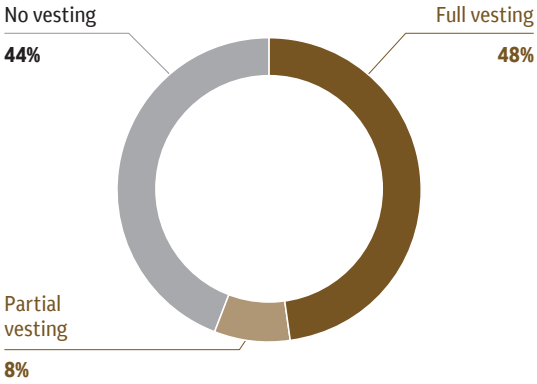
In the FY2024 annual review, both the absolute EPS and relative ROE hurdles were considered to still be appropriate for the following reasons:

- EPS and ROE growth drive long-term shareholder value and are appropriate as the Executive Committee can affect outcomes on both measures. In contrast, Total Shareholder Return (TSR) is influenced by many external factors over which executives have limited control
- EPS and ROE can be substantiated using information that is disclosed in Macquarie's annual reports
- a sliding scale diversifies the risk of not achieving the hurdles and provides rewards proportionate to performance for shareholders and is preferable to an all-or-nothing test, which some have argued could promote excessive risk-taking
- the hurdles are designed to reward sustained strong performance and are relatively well-insulated from short-term fluctuations
- the EPS targets are confirmed as rigorous when market performance is considered, with the EPS threshold hurdle exceeding the performance of most of the ASX20, the international reference group and relevant indices over time
- for the EPS element to fully vest, Macquarie needs to achieve at least 12% CAGR over the vesting period. Supporting the rigour of the hurdle, cumulative EPS growth of 57% over four years is required to achieve full vesting
- the ROE vesting thresholds and sliding scale are in line with the domestic market and are particularly challenging when compared to international practice.

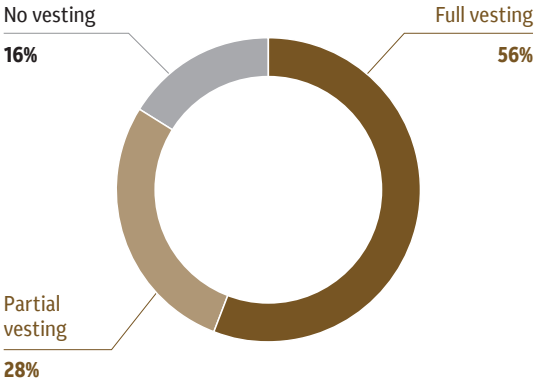
(13) Company comparator information is presented in the same order throughout the Remuneration Report
(14) For unvested PSU awards made prior to FY2023, the reference group included Bank of America Corporation, Barclays PLC, Credit Suisse, Deutsche Bank AG, Goldman Sachs Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.

The charts below display Macquarie's historical EPS and ROE PSU outcomes, highlighting that since their introduction in 2009, 48% of the EPS tranches and 56% of the ROE tranches have resulted in full vesting.

Historical EPS tranche outcomes



Historical ROE tranche outcomes



Use of an international reference group

The BRC has given careful consideration to the appropriate reference group to use for the relative ROE measure, recognising that Macquarie's combination of business activities, size and global footprint means that there are few direct comparators. The BRC's view is that simplistic comparator groups based on a company's country of listing, broad industry categorisation and/or market capitalisation do not accurately reflect the businesses and competitive markets for talent in which we operate.

When assessing and determining the appropriate reference group, the BRC considers the overall size of the reference group, the degree of internationalisation (including the degree to which they compete for shareholder capital, clients and talent in each market), each comparator's overlap with Macquarie's revenue mix and the resulting business mix when considered in aggregate. Taking into account these factors, the BRC has selected an international reference group that recognises the extent of Macquarie's diversification and internationalisation.

The BRC is mindful that some of Macquarie's businesses compete with other types of financial institutions, including asset managers, retail banks, hedge funds and commodity trading houses. However, given differences in business mix, regulatory environment, or the unavailability of public financial information, it does not consider these institutions appropriate for inclusion in the PSU reference group.

The BRC considers the international reference group to be appropriate on the basis that:

- total international income represented approximately 66% of Macquarie's total income as at 31 March 2024, with approximately 51% of Macquarie's staff located outside Australia[15]
- the international reference group is currently most representative of Macquarie's business operations and talent pool. These firms broadly operate in the same markets and in similar business segments and compete for the same people as Macquarie
- the international reference group members share broadly comparable risk, compliance and regulatory profiles
- Macquarie has no directly comparable Australian-listed peers.

While the BRC considers it important not to intervene reactively to remove under-performers or over-performers in order to provide relative stability and transparency across market cycles, it reviews and adapts the reference group as companies, markets and other situations evolve.

Risk adjustment, malus and clawback

The Board may determine that a downward adjustment to PSU allocations prior to grant may be appropriate, including a collective adjustment where there has been an adverse outcome for MGL, MBL or their stakeholders. Risk considerations also form part of the pre-vest assessment, as set out above.

In addition, Macquarie's malus and (from FY2024) clawback provisions apply to all PSUs granted, as set out on page 121.

Departure from Macquarie or change in control

The standard policy is that unvested PSUs will be forfeited upon termination of employment. In the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health or other limited exceptional circumstances, the Board or the BRC has the ability to accelerate the vesting of PSUs (to the extent permitted by law or regulation, for example in the case of death or serious incapacitation) or to take other action, for example to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles.

Should a change of control occur, the Board or the BRC has discretion to determine how unvested PSUs should be treated, having regard to factors such as the length of time elapsed in the performance and vesting periods, the level of performance to date, the circumstances of the change in control and any relevant legal or regulatory requirements.

(15) Headcount includes staff employed in certain operationally segregated subsidiaries (OSS).

Remuneration Report

Continued

Culture, accountability and remuneration

This section describes how risk and conduct are considered throughout Macquarie's remuneration approach.

Risk culture

Our purpose of 'Empowering people to innovate and invest for a better future' and *What We Stand For* principles of Opportunity, Accountability and Integrity remain pivotal to our culture. Our purpose and principles effectively guide our staff in balancing risk and reward and making decisions that realise opportunity for the benefit of our clients, shareholders, partners, and the communities in which we operate. Staff are continually made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are outlined in the Board approved *Code of Conduct*, which is actively promoted by management and cascaded through the organisation through multiple mechanisms. We invest significant time and effort in communicating and reinforcing our culture through communications from senior management, policy reminders, training, and learning and development activities. The Board is able to assess Macquarie's culture in a number of ways including through staff survey results, human capital reporting, strategy presentations, risk culture reports, consequence management reports as well as through personal observation of management, and staff behaviour and actions.

Prudent risk management is a fundamental part of everyone's role at Macquarie. Staff understand they are rewarded not just for their contribution to financial results, but also for how those results are achieved. This includes an assessment of an individual's approach to managing risk, and adherence with the *What We Stand For* principles. Staff are aware of the consequences for non-compliance with the risk management framework and Macquarie's *Code of Conduct*. Staff training and communications emphasise the link between risk, conduct, policy breaches and consequence management outcomes, including, where appropriate, adjustments to performance-based remuneration.

Alignment of remuneration with risk outcomes

The Board considers that the effective alignment of remuneration with prudent risk-taking is fundamental to Macquarie's remuneration approach. Risk considerations are embedded throughout the remuneration process including through the determination of individual profit share allocations, business group and company-wide profit share pools as well as through the way in which remuneration is structured and delivered.

The Board is aware of the increasing focus of regulators and shareholders on ensuring risk-related matters that come to light subsequent to remuneration being awarded are appropriately factored into remuneration decisions. Macquarie's retention and vesting arrangements provide a mechanism for the Board to consider risk outcomes over a longer period. Furthermore, where an investigation has commenced into a risk or conduct-related matter that may result in forfeiture, malus or clawback (where applicable – see page 122), Macquarie may further defer the payment, vesting and/or release of profit share to allow for the investigation to be completed.

Culture, accountability and remuneration continued

The following mechanisms exist to adjust FY2024 remuneration outcomes for risk and conduct outcomes:

In-year adjustments — **Applies to all staff**

- for profit share, determined as part of assessing an individual's performance each year, which includes consideration of compliance with the risk management framework and with the behavioural expectations outlined in the *Code of Conduct*
- for PSUs, determined as part of the assessment of Executive Committee members' roles and their contribution to driving the collective performance of Macquarie
- in addition, any outcomes from the consequence management process (such as a formal warning) or the independent reporting from the CRO, Head of Internal Audit, and Group General Counsel (GGC) are also considered for both profit share and PSUs.

Forfeiture — **Applies to all staff**

- where an individual's employment is terminated due to a compliance or conduct concern (or they resign), unvested remuneration is forfeited, as per our standard policy.

Malus — **Applies to all staff**

Malus provisions provide the Board with the ability to reduce or eliminate in full unvested remuneration (including retained profit share, and for Executive Committee members, unvested PSUs), where it is determined:

- there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based, or
- the employee has at any time:
  - engaged in misconduct leading to significant adverse outcomes
  - acted dishonestly (including, but not limited to, misappropriating funds or deliberately concealing a transaction)
  - significantly failed in or breached their compliance, accountability or fitness and propriety requirements, or
  - acted or failed to act in a way that contributed to, and/or by virtue of their role or seniority is accountable for:
    - a breach of a significant legal or significant regulatory requirement relevant to Macquarie
    - MGL or MBL making a material financial restatement
    - MGL, MBL or any Group within Macquarie incurring significant reputational harm[16]
    - MGL, MBL or any Group within Macquarie incurring a significant unexpected financial loss, impairment charge, cost or provision
    - a significant failure of financial or non-financial risk management, or
    - a significant adverse outcome for customers, beneficiaries or other stakeholders.

Clawback — **Applies to certain senior employees**

Clawback provisions provide the Board with the ability to recover in exceptional circumstances (in part or whole) variable remuneration that has already been paid or vested for up to two years from the point of payment or vesting, if it is determined that:

- there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based
- the employee has at any time engaged in misconduct leading to significant adverse outcomes
- the employee has at any time significantly failed in or breached their compliance, accountability or fitness and propriety requirements, or
- the employee has at any time acted or failed to act in a way that contributed to:
  - a significant failure of financial or non-financial risk management, or
  - a significant adverse outcome for customers, beneficiaries or other stakeholders.

Additional provisions may apply to staff in certain jurisdictions to ensure compliance with local regulations. This includes UK and European staff who are subject to additional malus and clawback provisions under local regulatory requirements.

The BRC considers whether, and the extent to which, to apply malus or clawback, taking into account local employment laws, the nature and circumstances of the event and any other redress that has been or may be applied.

(16) A "Group within Macquarie" is a reference to any Operating Group or Central Service Group within MGL or MBL.

Remuneration Report

Continued

Risk adjustment processes

There are robust processes in place to ensure that all risk, reputation, and conduct-related matters are specifically considered when determining remuneration outcomes. These processes may result in a downward adjustment to group and/or individual profit share allocations where appropriate. A wide range of risks that could have a financial or non-financial impact on Macquarie are considered, including any detriment to customers or impact on prudential standing.

To assist the Board and BRC when determining remuneration outcomes, independent control functions provide input as follows:

Independent control function input when determining remuneration outcomes

Risk Management Group	Internal Audit	Legal
The CRO provides the BRC with an independent report detailing significant risk matters (financial and non-financial) including those relating to incidents, issues, and regulatory and litigation matters.	The Head of Internal Audit provides the BRC with an independent report detailing notable internal audit issues and any trends at company-wide or business group level.	The GGC provides a further source of independent input and, in conjunction with HR, considers whether there are any incidents (including any breach of the BEAR or FAR obligations) that should be reviewed that might lead to a malus or clawback determination.

Human Resources

The Global Head of HR discusses the reports from RMG and Internal Audit with the Group Heads to ensure any matters listed in the reports are appropriately reflected in remuneration outcomes for relevant staff and provides a report to the joint committee meeting of the BRC, Board Risk Committee (BRiC), Board Audit Committee (BAC) and Board Governance and Compliance Committee (BGCC) on how this has been achieved.

The Global Head of HR also annually reports to the BRC on the outcomes from the consequence management process and confirms that these matters have been considered in determining remuneration and promotion outcomes where appropriate.

Consequence management process

Incidents, breaches of policy and misconduct issues are regularly reported to senior management. There are a number of processes in place to ensure consistency (across business groups and staff levels) in the application of consequences and the determination of remuneration outcomes, including the review and challenge by senior management of consequence management outcomes at year end.

Where an investigation has commenced into a risk or conduct-related matter, vesting, payment and/or release of profit share (including available and/or retained amounts) to an employee may be deferred to allow for the investigation to be completed.

Consequence management outcomes

Macquarie's Consequence Management Guideline applies wherever a breach of internal policy or regulatory requirement is identified, including where there has been a breach of FAR (or prior to 15 March 2024, BEAR) accountability obligations. Consequences may include further training, removal of delegated authorities or permissions, adjustments to performance-based remuneration, impact on promotion, formal warnings or termination.

Where an employee has received a formal warning, their performance-based remuneration will likely be impacted and in some cases, reduced to zero. Promotion decisions may also be impacted. Impacts may also be applied where a formal warning has not been issued. In each case, judgement is exercised as to the appropriate consequence(s) based on all the relevant circumstances.

In FY2024, there were 131 (FY2023: 129) matters involving conduct or policy breaches that resulted in formal consequences. These included 84 (FY2023: 71) *Code of Conduct* or appropriate workplace behaviour related matters and 47 (FY2023: 58) other policy matters including risk management and technology breaches. Of the 131:

- for 48 matters, termination of employment was the outcome (FY2023: 49)
- for 83 matters, a formal warning was issued (FY2023: 80). Additional consequences were applied as appropriate including additional training, adjustments to profit share and/or proposed fixed remuneration increases, and/or impact to promotion (22 individuals who received a formal warning subsequently left Macquarie before year-end outcomes were applied and 60 individuals had their profit share reduced by an average of 39%).

The 131 matters were considered isolated incidents and there was no evidence of broader systemic conduct issues.

Further details on the remuneration framework

This section describes other key features of the remuneration framework and of the employment contracts for Executive Committee members.

Other features of the remuneration framework

Role-based allowances	• Role-based allowances are a component of fixed remuneration that may be awarded to certain employees, including those identified as Material Risk Takers under UK or European regulatory requirements. These allowances are determined based on the role and organisational responsibility of the individuals.
Minimum shareholding requirement	• Executive Directors are required to hold a relevant interest in MGL ordinary shares that have a value equal to 5% of an Executive Director's aggregate profit share allocations for each of the past five years (10 years for Executive Committee members), which can be satisfied by the profit share retention requirements • For Executive Committee members with a minimum of 10 years of service at the Executive Director level, compliance with this policy equates to a minimum shareholding requirement of between 70% to 620% of fixed remuneration based on share values unadjusted for market price changes.
Promotion and New Hire Awards	• Staff who are promoted to or hired at Associate Director, Division Director or Executive Director level receive an allocation of MEREP awards set with reference to an Australian dollar value. Currently these awards range from the equivalent of $A25,000 to $A175,000 depending on the Director level.
Performance fees (carried interest)	• Under Macquarie Asset Management's carried interest arrangements, certain individuals with funds responsibilities may receive a portion of their deferred performance-based remuneration as a share of performance fees paid by Macquarie-managed funds • The company-wide profit share pool is adjusted downwards to reflect these deferred remuneration arrangements, which are also taken into account in determining the individual's profit share allocation • Consistent with market practice, these individuals are allocated an entitlement to a share of performance fees paid by a particular fund. This allocation is based on performance (including consideration of non-financial factors), seniority and the extent of the individual's involvement with and expected contribution to the particular fund • An individual will not receive their entitlement until Macquarie has received performance fees towards the end of the fund's life, which is typically upwards of 10 years. For arrangements implemented prior to September 2022, the entitlement will be forfeited if their employment ceases before five years from the date of allocation For arrangements implemented from September 2022, vesting generally starts from 3 years from fund final close. Entitlements are subject to similar forfeiture conditions as profit share • Prior to joining the Executive Committee, Mr Way (who joined the Executive Committee on 1 April 2021) participated in these arrangements for certain funds in his former role. Upon joining the Executive Committee, he maintained his participation in these existing funds, but he has not been allocated any additional entitlements. No other Executive Committee members currently participate in these arrangements.
Hedging	• Macquarie prohibits staff from hedging shares held to meet the minimum shareholding requirement and unvested equity held in the MEREP.

Employment contracts

The following table summarises key features of the employment contracts for Executive Committee members including the CEO.

Length of contract	Permanent open-ended.
Remuneration review period	1 April to 31 March annually.
Profit share participation	Executive Committee members are eligible to be considered for a profit share allocation that ensures a large part of their remuneration is 'at risk'. Refer to pages 112-116 for details.
PSU participation	Executive Committee members are eligible to receive PSUs. Refer to pages 117-119 for details.
Termination of employment	Requires no more than three months' notice by Macquarie or the Executive Committee member (Post employment restrictions apply).
Post employment restrictions	Restrictions include non-solicitation provisions applicable for six months, and paid non-competition provisions applicable, at Macquarie's election, for up to three months post-termination.

Remuneration Report

Continued

Pay for performance

This section details Macquarie's results and demonstrates the link between pay and performance.

Macquarie's results

Compared to the exceptionally strong prior year, Macquarie's NPAT and EPS both decreased by 32%, while ordinary dividends decreased by 15%. Consistent with our established remuneration framework that rewards performance across a range of financial and non-financial measures and aligns outcomes for staff with those of our shareholders, CEO awarded profit share decreased by 26% and total comparable Executive KMP awarded profit share is down 15% on the prior year. The overall decline has not resulted in a corresponding decrease in statutory remuneration, which is calculated on a different basis to awarded pay and includes the vesting of historical share-based awards from prior years.

The total compensation expense is in line with the prior year, impacted by the higher average number of staff during the year, wage inflation and unfavourable foreign exchange movements. These factors, as well as lower overall revenue, led to the significant increase in the compensation expense to income ratio (compensation ratio) to 43.1%.

Comparison of performance measures and executive remuneration measures: FY2023–2024

	Expressed as	FY2024	FY2023	Increase/(Decrease) %
Performance measures				
NPAT	$Am	**3,522**	**5,182**	(32%)
Basic EPS	Cents per share	**916.6**	**1,353.7**	(32%)
Ordinary dividends	Cents per share	**640.0**	**750.0**	(15%)
Return on equity	Percent	**10.8**	**16.9**	
Executive remuneration measures				
Total compensation expense	$Am	**7,273**	**7,278**	-
Compensation expense to income ratio	Percent	**43.1**	**38.1**	
Average staff headcount[17]		**21,066**	**19,480**	8%
Actual staff headcount[17]		**20,666**	**20,509**	1%
CEO awarded profit share	$Am	**23.75**	**32.00**	(26%)
Total Executive KMP awarded profit share	$Am	**80.20**	**151.59**	(47%)
Total comparable Executive KMP awarded profit share[18]	$Am	**80.20**	**94.70**	(15%)
CEO statutory remuneration	$Am	**29.37**	**30.40**	(3%)
Total Executive KMP statutory remuneration	$Am	**67.19**	**150.47**	(55%)
Total comparable Executive KMP statutory remuneration	$Am	**109.51**	**107.78**	2%

Performance over past 10 years: FY2015–2024

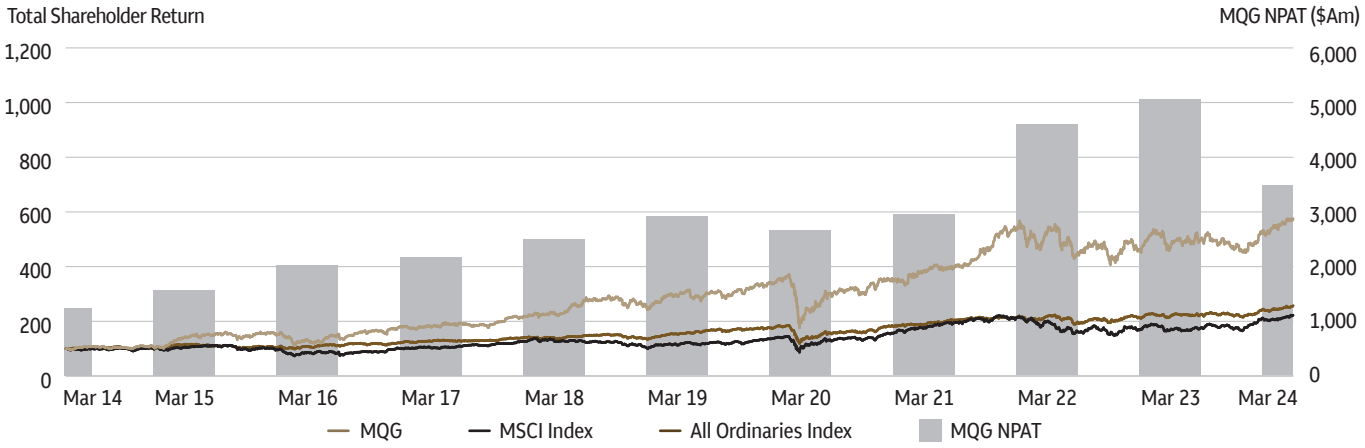
Year ended 31 March	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income statement										
NPAT ($Am)	1,604	2,063	2,217	2,557	2,982	2,731	3,015	4,706	5,182	**3,522**
Basic EPS (cents per share)	502.3	619.2	657.6	758.2	883.3	791.0	842.9	1,271.7	1,353.7	**916.6**
Shareholder returns										
Return on equity (%)	14.0	14.7	15.2	16.8	18.0	14.5	14.3	18.7	16.9	**10.8**
Ordinary dividends (cents per share)	330	400	470	525	575	430	470	622	750	**640**
Share price as at 31 March ($A)	76.67	66.09	90.20	102.90	129.42	85.75	152.83	203.27	175.66	**199.70**
Annual TSR (%) to 31 March[19],[20]	40.0	(9.2)	46.0	21.3	32.8	(29.9)	83.9	38.6	(9.8)	**19.3**
10 year TSR (%) to 31 March[19],[20]	187.7	83.5	99.0	257.7	723.6	220.7	628.6	1,101.9	706.5	**475.6**

(17) Headcount for both FY2024 and FY2023 includes staff employed in certain operationally segregated subsidiaries (OSS).
(18) Comparable Executive KMP are KMP who are members of the Executive Committee for the full year in both FY2024 and FY2023.
(19) TSR data reflects the reinvestment of gross dividends.
(20) Source: Bloomberg.

Total shareholder return

Macquarie's TSR over the long-term has been strong and continues to outperform both the MSCI World Capital Markets Index (MSCI Index) and the All Ordinaries Accumulation Index (All Ords Index), as shown in the chart and table below.[21],[22] Macquarie's NPAT over the same period has been shown for reference.

Macquarie TSR versus the MSCI Index and All Ords Index: 31 Mar 2014 to 31 Mar 2024[23]



TSR Performance	MQG	All Ordinaries Index	MSCI World Capital Markets Index
Since listing[24]	13,955%	1,335%	220%
10 years[25]	476%	158%	122%

Source: Bloomberg.

Macquarie's ROE performance compared with an international reference group

Macquarie's ROE for FY2024 of 10.8% has decreased from 16.9% in the prior year but remains higher than the average of the international reference group. In addition, Macquarie's three, five and ten-year average annual ROE exceeds the majority of the reference group.

Reference group ROE over ten years FY2015–2024

	1-year average % p.a.	3-year average % p.a.	5-year average % p.a.	10-year average % p.a.
Macquarie	**10.8**	**15.0**	**14.4**	**14.3**
Average of reference group	**9.5**	**14.1**	**13.2**	**12.0**
Company	9.8	10.9	10.0	8.3
Company	7.6	9.2	7.0	3.7
Company	4.2	7.7	7.8	6.2
Company	6.7	6.2	1.8	-0.3
Company	7.5	13.6	12.4	10.8
Company	16.9	16.3	15.0	12.9
Company	-15.4	29.1	35.5	44.4
Company	9.4	12.0	12.1	10.2
Company	39.0	21.5	16.8	11.9

Source: Bloomberg where available, otherwise company reported.

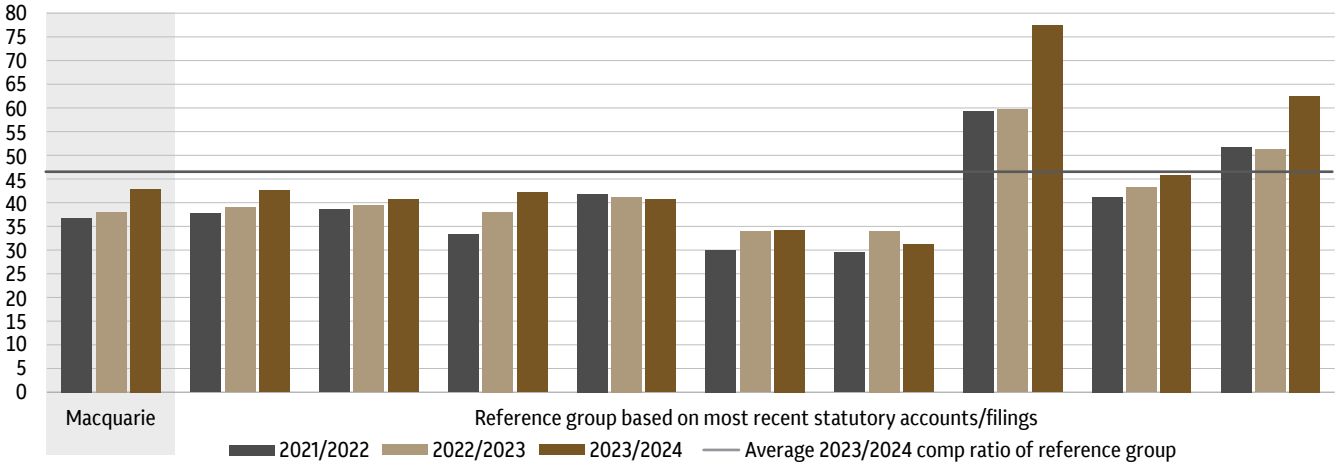
(21) The MSCI World Capital Markets Index comprises a basket of companies that provide capital markets activities (defined by MSCI as asset management, investment banking and brokerage, and diversified capital markets activities).
(22) The All Ords Index comprises the 500 largest ASX listed companies by market capitalisation.
(23) All indexed to 100 on 31 March 2014.
(24) "Since listing" for MQG and All Ords Index refers to MQG listing date 29 July 1996. For MSCI, this refers to the date the MSCI World Capital Markets Index was first calculated, being 30 April 2003. Macquarie TSR calculations assume continuous listing. Therefore, they are based on Macquarie Bank Limited (ASX Code: MBL) data up to and including 2 November 2007 (the last day of trading of MBL shares), and MGL (ASX Code: MQG) data from the commencement of trading of MGL ordinary shares on 5 November 2007 onwards.
(25) For the period 31 March 2014 to 31 March 2024.

Compensation expense to income ratio

In determining the reasonableness of the company-wide profit share pool, the Board considers Macquarie's compensation ratio compared with that of the international reference group as a broad guide to assess whether the share of profits distributed to staff and shareholders is reasonable. The compensation ratio effectively adjusts for differences in size between organisations; however, some companies are or have become part of larger organisations, often with large retail operations that can distort comparisons.

In the following chart, Macquarie's compensation ratio is compared with that of the international reference group.[26] Macquarie's FY2024 compensation ratio of 43.1% is higher than previous years, as explained above, but remains below the average of our international reference group.

Compensation expense to income ratio: FY2022–2024 (%)

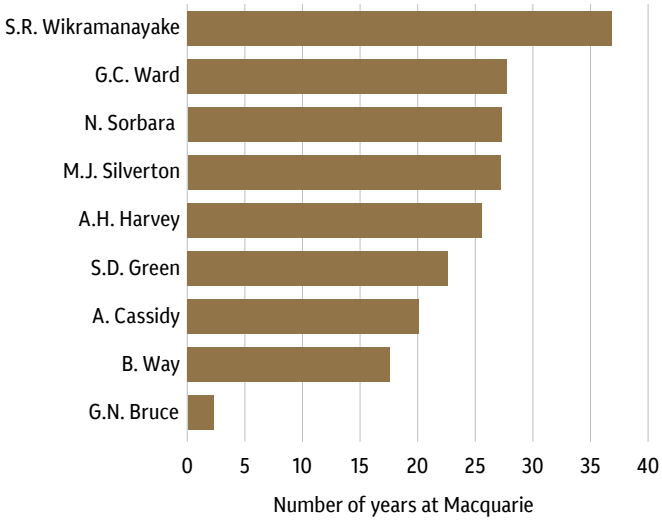


Source: Data has been calculated by Macquarie. The information is based on publicly available information for the reference group. In order to show more comparable compensation ratios, impairments have been consistently netted against net revenue in the revised calculations for some organisations.

Tenure of Executive KMP[27]

One of the primary goals of our remuneration framework is to attract, motivate and retain high-performing staff. The Board's view is that we continue to achieve this goal as demonstrated by the following:

- Macquarie's Executive KMP had an average tenure of 23 years with Macquarie as at 31 March 2024.[28] Their strong leadership and deep expertise have been integral to driving company and business performance in FY2024
- as at 31 March 2024, 49% of Director-level staff had more than ten years' experience with Macquarie, while a further 24% had between five and ten years' experience with Macquarie[29]
- the 4% Director-level voluntary turnover rate in FY2024 is lower than the prior year's rate of 5% and well below the voluntary turnover rate across Macquarie overall.[30]



(26) The reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JPMorgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.
(27) This includes accumulated service at acquired companies, for example, Bankers Trust Investment Bank Australia.
(28) Excludes Simon Wright, Head of CGM, who was appointed to the Executive Committee on 1 April 2024.
(29) Data is based on active permanent staff only.
(30) Data is based on permanent regular staff only.

Executive KMP remuneration outcomes for FY2024

This section details the process for determining Executive KMP remuneration outcomes for FY2024 and demonstrates the link between pay and performance.

Process to determine Executive KMP remuneration outcomes

There is a consistent and comprehensive process for the Board and the BRC to assess the performance of the CEO and each Executive KMP during the year to enable them to determine remuneration outcomes at the end of the year. The Board is always mindful of the external focus on overall remuneration levels and has spent considerable time determining remuneration outcomes. The BRC recognises the range of expectations and has made decisions that take into consideration the perspectives of all key stakeholders. Significant judgement is applied to ensure that remuneration outcomes are aligned both with individual and company-wide performance and with outcomes delivered to our shareholders, our clients and the communities in which we operate.

As part of the Board's annual review of the Macquarie CEO's performance, the CEO meets with the Board towards the end of the financial year to consider formal documentation that outlines her views of Macquarie's and her own performance. The presentation includes a broad range of Macquarie's activities covering the following main areas:

- financial/business results
- risk management and compliance
- business leadership including customer and community outcomes
- people leadership and professional conduct consistent with the *Code of Conduct* and the principles of *What We Stand For.*

Over the course of the year the Board receives regular reports and updates on many of these areas. These are summarised in the CEO's presentation, together with additional information on matters the Board has identified for further discussion as a part of the review process. The Non-Executive Directors (NEDs) of the Board then consider the CEO's performance and progress against all of these topics in determining the CEO's remuneration for the year. A similar process is followed for the CEO of Macquarie Bank focused on MBL-specific measures.

The MGL CEO annually evaluates the performance of the other Executive KMP and considers the same factors set out above. The Board and the BRC review formal performance assessment documentation for each Executive KMP.

For the CRO and CFO, the Board and the BRC seek to ensure that their performance and remuneration outcomes reflect the independence and purpose of their functions and have not been unduly influenced by the performance of wider business activities.

The BRC also considers risk-related matters raised in the independent reports from the CRO and the Head of Internal Audit. To ensure all matters are appropriately brought to the BRC's attention and to achieve an integrated approach to remuneration that reflects prudent and appropriate risk management, there is a joint meeting of the BRC, BRiC, BAC and the BGCC.

Finally, the BRC considers remuneration levels for organisations that broadly operate in the same markets and compete for the same people as Macquarie.

Annual remuneration outcomes reflect:

- achievements against a range of financial and non-financial factors
- the recognition that our people are our greatest asset, and the importance of retaining key people to encourage innovation and pursue growth opportunities
- alignment to the outcomes delivered to shareholders
- risk management, compliance and conduct outcomes.

Details on specific factors for FY2024 are discussed below.

Executive KMP fixed remuneration outcomes

In line with our pay for performance approach to remuneration, fixed remuneration for our Executive KMP in FY2024 comprised approximately 13% of total awarded remuneration, with the balance at risk and explicitly linked to performance.

As noted in the 2023 Remuneration Report, fixed remuneration for Executive KMP in FY2024 increased for the first time since 2010, other than adjustments made when they were first appointed to the Executive Committee. The fixed remuneration levels in the table below include salary and, for Australia-based Executive KMP, superannuation.

Role	FY2023 ($Am)	FY2024 ($Am)
CEO	0.8	1.5
MBL CEO	0.7	1.3
Executive KMP	0.7-0.75	1.1[31]

Fixed remuneration remains set at a comparatively low level, relative to the industry, and at a lower proportion of total remuneration, but sufficient to avoid inappropriate risk-taking. No increases are planned for FY2025.

(31) For US-based Executive KMP, this is equivalent to $US750,000.

FY2024 Executive KMP profit share outcomes

The Board's determination of remuneration outcomes for FY2024 for the CEO and Executive KMP reflect the following factors:

- lower overall financial results compared to the record FY2023, reflective of the challenging market conditions during the year
- the financial performance of each Operating Group, which reflected a period of transition for some businesses amid less supportive markets
- the strong leadership of the Executive Committee, led by the CEO, to effectively role model our purpose and principles and to embed a strong risk culture
- Executive Committee collaboration to solve challenges and maximise opportunities across Operating and Central Service Groups
- the continued evolution of our businesses to remain well positioned to deliver long-term sustainable value, including alignment with areas of structural growth globally (e.g. energy transition, infrastructure for digital and demographic shifts)
- the continued focus on non-financial risks, including in areas such as climate, sustainability and technology, while also uplifting our risk management frameworks across trading, technology, cyber and data. While there were no systemic risk issues identified during the year, a legacy risk matter in MAM was taken into account in determining the MGL CEO's remuneration
- a focus on streamlining investment programs and driving greater returns on investment, following a period of significant investment in our platform
- investment in renewable energy solutions at scale, supporting the next wave of climate technologies
- maintaining strong engagement and focus on meeting regulator expectations including progress against the remediation program with APRA to ensure there is appropriate focus on MBL
- the refresh of our global employee value proposition to evolve in line with shifts in talent expectations and ensure we accurately reflect the career experience and distinct culture that Macquarie offers.

Executive KMP remuneration outcomes have also been considered in the context of the wider workforce. The BRC receives extensive reporting on remuneration outcomes and individually reviews and approves the remuneration of staff who hold regulated roles and other senior staff and has reviewed overall total remuneration levels across each business to ensure appropriate distribution of remuneration across the organisation. The BRC has also considered the compensation expense to income ratio as a guide as to whether the share of profits distributed to staff and shareholders is reasonable.

Through a challenging economic and market environment, we have given careful consideration of all these factors and we believe the following outcomes for the year are appropriate:

- CEO awarded profit share has decreased 26% on the prior year to $A23.75 million
- total comparable Executive KMP awarded profit share of $A80.20 million (down 15% on the prior year)
- PSU allocations of $A4.0 million for the CEO and $A2.8 million for other Executive KMP.

Link between ESG considerations and remuneration outcomes

The Board and management recognise the importance of sound ESG practices as part of their responsibility to clients, shareholders, employees and the communities in which Macquarie operates. The Board's and the BRC's assessment of each Executive KMP's performance against the three non-financial performance factors when determining profit share outcomes includes progress on relevant ESG initiatives.

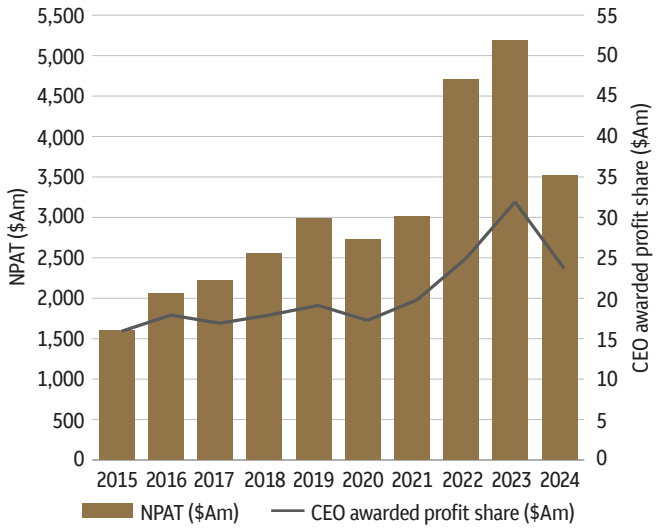
For ESG considerations relevant to specific Executive KMP, see the commentary on pages 130-139.

In addition to the process for Executive KMP, ESG considerations are assessed as part of other employees' individual performance and remuneration determinations where relevant to the responsibilities of their role.

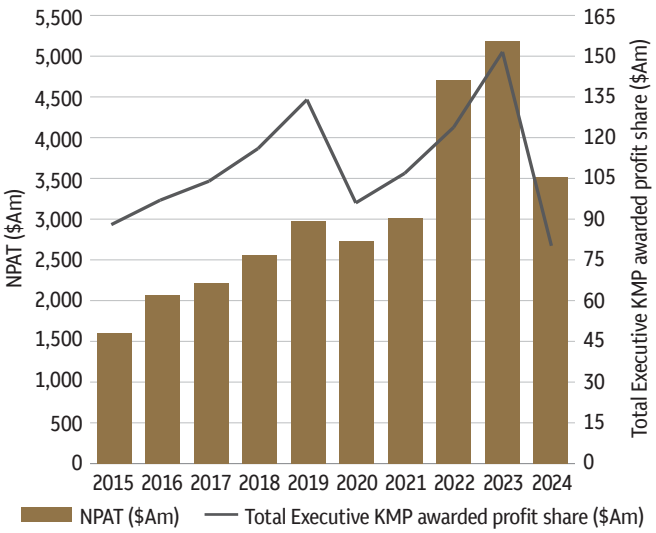
More detailed information on our ESG approach, including our eight focus areas, is available on pages 53-55 in the **ESG section** of this Annual Report and at **macquarie.com/esg**.

To demonstrate the alignment between pay and performance, the following graphs show the multi-year alignment between CEO and total Executive KMP awarded profit share and Macquarie NPAT over a ten-year period.

CEO awarded profit share[32]



Total Executive KMP awarded profit share[33]



(32) For 2019, the graph reflects awarded profit share for the CEO role for FY2019. This equates to the sum of awarded profit share for Mr Moore for the period 1 April 2018 to 30 November 2018 and awarded profit share for Ms Wikramanayake for the period 1 December 2018 to 31 March 2019.

(33) For 2024, the graph does not reflect any awarded profit share for the Head of Commodities and Global Markets role given Mr O'Kane stepped down as Head of CGM and from the Executive Committee effective 27 February 2024 and resigned from Macquarie effective 18 March 2024.

Remuneration Report

Continued

Executive KMP awarded pay

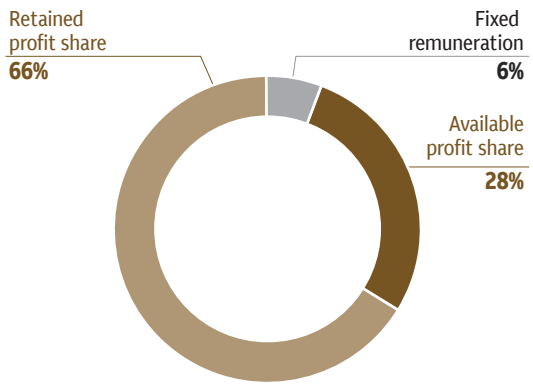
To clearly demonstrate the link between pay and performance, we have included awarded remuneration disclosures for fixed remuneration and profit share as well as highlights of each Executive KMP's performance for the year. Details of PSUs awarded and vested in the year are set out in the following sections. The tables on the following pages are additional disclosures that are prepared on a different basis to those included in the statutory disclosures in Appendix 2 and are not additive. Remuneration relating to the portion of the relevant periods that each person was an Executive KMP is disclosed.

Macquarie Group

S.R. Wikramanayake
Macquarie CEO

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,527,224	821,081
Available profit share	7,125,000	6,400,000
Retained profit share	16,625,000	25,600,000
Total	**25,277,224**	**32,821,081**

FY2024 Awarded remuneration



Financial/business results

- Delivered NPAT of $A3,522 million and ROE of 10.8%, down from a record prior year which benefitted from exceptionally volatile commodity markets and strong asset realisations
- Continued growing our underlying client franchises with consistent support from capital and funding providers, while strengthening our platform amidst more challenging macroeconomic conditions
- Maintained a strong balance sheet and raised diversified funding to support business growth
- Achieved an upgrade to Macquarie's credit rating.

Risk management and compliance

- Continued to embed a robust risk culture and enhanced the conduct risk framework
- Enhanced Macquarie's risk capabilities and frameworks to ensure they remain fit for purpose and in line with changes in the external environment
- Strategically invested in building our data and technology capabilities, including in Artificial Intelligence (AI)
- Maintained strong engagement and focus on meeting regulator expectations, including making material progress on our regulatory and remediation programs.

Business leadership (including customer and community outcomes)

- Streamlined our investment programmes after a period of heavy investment and focused on driving greater return on investment
- Guided the evolution of our businesses to remain well positioned to deliver long-term sustainable value and positive social impact, including alignment with areas of structural growth globally (e.g. energy transition, digital infrastructure and demographic shifts)
- Dedicated significant time to leadership of global climate initiatives, including as a founding member of the World Bank Private Sector Investment Lab and attendance at the COP28 climate summit in Dubai
- Participated in external forums including the Australian Treasurer's investor roundtable series and the ASEAN-Australia Summit where Ms Wikramanayake was named as the Australian Government's Business Champion to progress economic opportunities with the Philippines.

People leadership and professional conduct

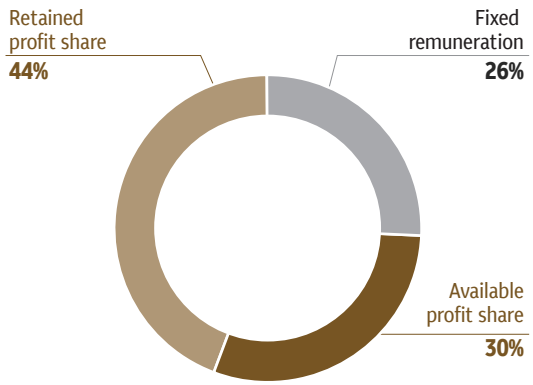
- Provided strong people leadership, reflected in consistently high Macquarie Voice Survey results with voluntary turnover levels returning to pre-pandemic levels
- Continued to drive collaboration amongst Executive Committee members to solve challenges and maximise opportunities across Operating and Central Service Groups
- Enhanced our ability to attract and retain top, diverse talent in line with market expectations by refreshing our employee value proposition
- Supported key senior CGM leaders following the departure of Mr O'Kane to ensure the senior team is positioned to build on CGM's success.

Macquarie Bank

S.D. Green
Macquarie Bank CEO

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,323,893	771,741
Available profit share	1,500,000	1,400,000
Retained profit share	2,250,000	2,100,000
Total	**5,073,893**	**4,271,741**

FY2024 Awarded remuneration



Financial/business results

- Strong management of Macquarie Bank's balance sheet including completing a range of initiatives to diversify funding
- Achieved upgrade to MBL's Moody's ratings from 'A2' to 'Aa2'
- Moody's upgrade of Macquarie International Finance Limited from A3 to A2 and short-term rating from P-2 to P-1.

Risk management and compliance

- Ongoing leadership and timely delivery of remediation plans for MBL
- Supported uplift of risk management and governance for Macquarie Bank Europe DAC and MBL London branch
- Continued to focus on proactive and transparent engagement with regulators, including through progress of key regulatory initiatives
- Enhanced the individual counterparty large exposure framework, credit concentration risk and capital management frameworks
- Continued to monitor and strengthen risk culture to protect the interests of MBL and deposit holders, including leading initiatives encouraging people to speak-up.

Business leadership (including customer and community outcomes)

- Continued to evolve the MBL CEO role to protect MBL's interests, including by embedding the MBL CEO Office to provide further independent review and challenge
- Supported the further evolution of the MBL Board, including the addition of two Bank-only Non-Executive Directors (BONDs)
- Engaged with investors, peers and external counterparties to optimally support our businesses from a funding and capital perspective, as well as ensure we are compliant with regulatory requirements
- Participated actively in external forums including as an Australian Banking Association Council member, the Hong Kong Monetary Authority / Bank for International Settlements forum and at the Boao Forum for Asia
- Continued as a member of the Macquarie Group Foundation Committee and the Social Impact Investment Advisory Committee.

People leadership and professional conduct

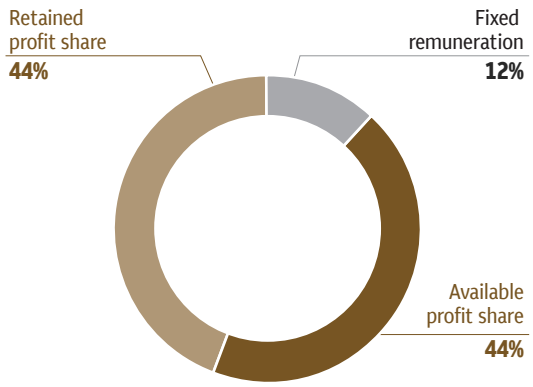
- Continued to lead the MBL CEO office to increase the level of review and challenge that MBL provides on a range of matters
- Reinforced the privilege of holding a banking licence by representing the interests of MBL at internal meetings and forums, including the annual strategy process and staff engagements
- Remained committed to DEI initiatives, including sponsoring the global Accessibility Action Plan and acting as an inaugural mentor for Generation Valuable (a global business partnership working to end disability exclusion).

Macquarie Asset Management (MAM)

B.I. Way
Head of MAM

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,330,435	907,110
Available profit share	5,000,000	6,400,000
Retained profit share	5,000,000	9,600,000
Total	**11,330,435**	**16,907,110**

FY2024 Awarded remuneration



Financial/business results

- Delivered a net profit contribution of $A1,208 million, down 48% on the prior year largely driven by delayed asset realisations in green investments and higher funding costs
- Increased base fees across Private Markets businesses and delivered strong Real Asset performance fees
- Despite difficult fundraising conditions, delivered Private Markets capital fundraising of $A21.9 billion including record fundraising in private credit, compared to record fundraising of $A38.2 billion in FY2023
- $A37.6 billion equity to deploy, up 8% on FY2023.

Risk management and compliance

- Promoted a fiduciary mindset and fostered a strong risk culture through risk training, a strong emphasis on psychological safety and communicating leadership behavioural standards
- Evolved risk frameworks to manage reputational, regulatory, ESG and geopolitical risks
- Continued to prioritise Work Health and Safety (WHS) through various initiatives such as establishing critical risk expectations for key industries.

Business leadership (including customer and community outcomes)

- Evolved our platform to position MAM as a global integrated manager to better service clients and communities
- Combined private and public credit businesses into one division, MAM Credit, to deliver an integrated offering for clients
- Launched new investment strategies, including in energy transition, fund capital, and the first private markets alternatives capability in the US wealth channel
- Uplifted data, technology and processes including build-out of AI capabilities.

People leadership and professional conduct

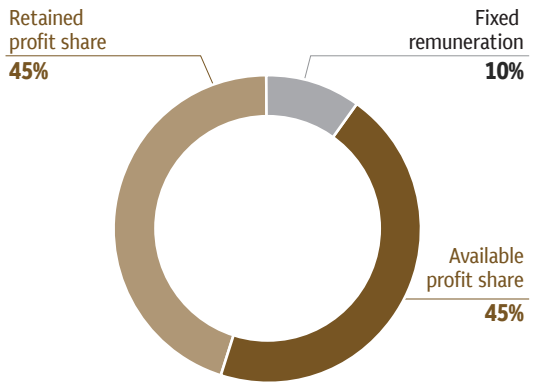
- Invested in leadership capabilities in strategic growth areas
- Made progress on DEI with equal proportion of males and females promoted during FY2024 and an increase in female representation
- Proactively managed workforce to create reinvestment capacity for talent in strategic growth areas.

Banking and Financial Services (BFS)

G.C. Ward
Deputy Managing Director and Head of BFS

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,120,562	771,741
Available profit share	5,000,000	4,000,000
Retained profit share	5,000,000	6,000,000
Total	**11,120,562**	**10,771,741**

FY2024 Awarded remuneration



Financial/business results

- Delivered a net profit contribution of $A1,241 million, up 3% on the prior year, despite market challenges
- Oversaw strong organic growth in key BFS products, with Macquarie now the fifth largest household deposit holder in Australia, the home loan book growing by 10%, and the Business Banking loan portfolio by 22% in a slowing market.

Risk management and compliance

- Ongoing commitment to investing in and refining our risk management approach to ensure it remains sustainable, efficient and fit for purpose
- Delivered a lower risk and loss profile for the home loan portfolio compared to the industry average
- Continued investment in fraud detection capabilities which has resulted in a higher detection rate compared to FY2023, despite the number of fraud attempts increasing
- Continued to invest in our complaints management process, which reduced the time to resolve a complaint.

Business leadership (including customer and community outcomes)

- Made investments in technology infrastructure to increase digital adoption and improve the reliability of our systems
- Increased customer satisfaction, as measured by our Market Net Promoter Score[34]
- Digitised onboarding and maintenance processes across our deposits, banking and platform products to improve customer experience and efficiency
- Added a physical carbon emissions intensity target for our residential mortgages portfolio.

People leadership and professional conduct

- Maintained strong staff engagement
- Monitored key people risk indicators through leadership forums, including employee wellbeing, health and safe work environment
- Made consistent progress in hiring and retaining diverse talent and driving a strong culture of continuous learning.

(34) Based on the total market who have Any Financial Relationship with the specified bank, and how likely the respondent would be to recommend the specified bank to their friends and family, prepared by RFI-DBM.

Commodities and Global Markets (CGM)

N. O'Kane
Former Head of CGM

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,019,528	723,419
Available profit share	–	17,067,000
Retained profit share	–	39,823,000
Total	**1,019,528**	**57,613,419**

Mr O'Kane stepped down as Head of CGM and from the Executive Committee effective 27 February 2024. He resigned from Macquarie effective 18 March 2024. As such, he is not eligible for a FY2024 profit share allocation. As a result of his resignation, Mr O'Kane forfeited his unvested retained profit share and unvested PSUs.

Simon Wright, who has been with Macquarie for 35 years, became Head of CGM on 28 February 2024 and joined the Executive Committee on 1 April 2024. He will be disclosed as an Executive KMP in the FY2025 Remuneration Report.

Financial/business results

- CGM delivered a net profit contribution of $A3,213 million in FY2024, down 47% on a record prior year that benefitted from unprecedented market conditions
- CGM continued to focus on ensuring its capital and funding structure is robust, efficient and able to support the growth of its businesses and changing regulatory requirements.

Risk management and compliance

- Continued to demonstrate commitment in leading the team to uplift CGM's risk management framework and risk culture
- Evolved CGM's approach to non-financial risk to provide the business with a comprehensive end-to-end view of risk, with a strong focus on identifying and resolving issues
- CGM focused on proactive engagement with regulators globally, as part of both regular engagements as well as in response to specific regulatory reviews.

Business leadership (including customer and community outcomes)

- CGM maintained strong market recognition including No.1 Futures broker on the ASX;[35] awarded House of the Year for Oil and Products, Electricity and Commodities Research at the Energy Risk Awards 2023; and awarded House of the Year for Commodities Research, Derivatives, Environmental Products, Commodity Trade Finance, Natural Gas/LNG and Emissions at the Energy Risk Asia Awards 2023
- Continued to invest in our core client base by scaling existing businesses, developing new products and growing through adjacencies
- Focused on collaborative initiatives to help better understand our clients' perspectives to provide them with holistic solutions/opportunities
- Invested in projects and initiatives that support CGM's growth, secure our competitiveness in the market and strengthen our change project management governance and capabilities.

People leadership and professional conduct

- Continued to develop leadership bench strength focusing on the optimal organisational structure and leadership succession for CGM
- Focused on hiring, retaining and developing diverse and engaged people, and cultivating improved wellbeing and workload sustainability
- Launched a refreshed FY2024-2026 People and Culture Strategy focused on identifying and developing future leaders through targeted and effective talent mapping, pipelining and capability development to secure long term and sustained profitability of the business
- Embedded DEI considerations into all facets of the broader People and Culture Strategy for the business.

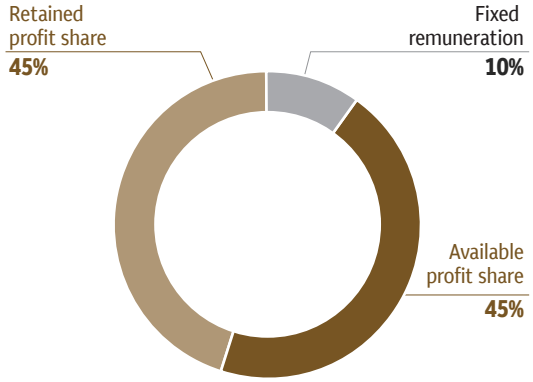
(35) As at 31 March 2024.

Macquarie Capital

M.J. Silverton
Head of Macquarie Capital

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,198,965	784,865
Available profit share	5,250,000	3,920,000
Retained profit share	5,250,000	5,880,000
Total	**11,698,965**	**10,584,865**

FY2024 Awarded remuneration



Financial/business results

- Delivered a net profit contribution of $A1,051 million, up 31% on FY2023
- Investment-related income increased from FY2023
- Fee and commission income down on FY2023, with challenging market conditions for global mergers and acquisitions (M&A).

Risk management and compliance

- Continued commitment to risk culture across all activities and roles
- Pursued various initiatives to ensure appropriate funding to capitalise on opportunity
- Continued to strengthen the regulatory reporting framework to better manage complex and diverse regulatory requirements and associated controls.

Business leadership (including customer and community outcomes)

- Continued progress on strategic priority areas such as private credit and enhancing coverage niches with a focus on sell-side M&A
- Focused on delivering for clients and positioning the business for future opportunities, with ongoing focus on deploying equity and credit principal, and growing advisory in geographic and sector niches
- Maintained cost discipline of controllable costs
- Retained Macquarie Capital's leading market position in ANZ across M&A and capital markets in FY2024 (by deal count) and No.1 Global Financial Adviser in Energy Transition on the Inspiratia FY2023 Energy Transition League Table Report (by deal volume)
- Continued focus on delivering improved community outcomes, including an announced commitment to the White House's healthcare energy efficiency initiative and the inaugural winner of the Macquarie Social Impact Award for Pennsylvania Bridges project.

People leadership and professional conduct

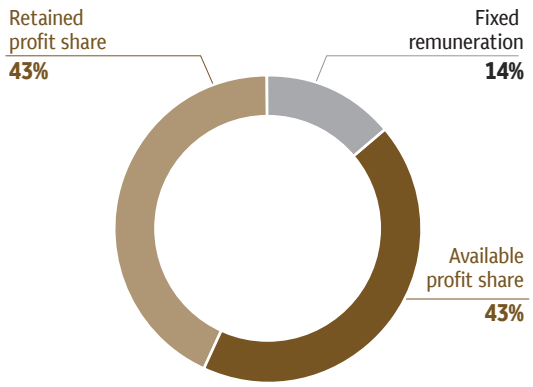
- Despite challenging market conditions, staff engagement remains strong
- Maintained investment in core development programs and launched a Global Learning Pathway to help clarify expectations and skills required at each level, as well as to establish consistency and equity in development and experience offered to staff.

Corporate Operations Group (COG)

N. Sorbara
COO and Head of COG

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,120,562	771,741
Available profit share	3,400,000	3,200,000
Retained profit share	3,400,000	4,800,000
Total	**7,920,562**	**8,771,741**

FY2024 Awarded remuneration



Financial/business results

- Provides specialist services in technology, operations, human resources, workplace, data, digital, strategy, operational risk management, business resilience and global security, and the Macquarie Group Foundation
- Delivered bottom line cost savings of $A195 million per annum by using data, digitalisation and automation programs to build a more scalable and resilient operating model
- Realised $A165 million in savings to Macquarie from direct costs influenced by COG.

Risk management and compliance

- Maintained a strong risk culture, met regulatory obligations, and made substantial progress across several risk reduction programs
- Invested in technology platforms, tools and technical expertise to continue providing a safe and secure cyber environment, protecting our critical assets and data against malicious action
- Hired an experienced Chief Data Officer and accelerated execution of programs to reduce data risk
- Led the engagement with APRA and the Board in regard to the implementation of CPS 511 and, in conjunction with RMG, leading the implementation of CPS 230 across Macquarie.

Business leadership (including customer and community outcomes)

- Evolved our global workplaces including a leadership role on the successful near-completion and delivery of the Sydney Metro Martin Place project and New York office redevelopment
- Led pilots of Generative AI (GenAI) use-cases and built risk guardrails, enabling businesses to capture productivity benefits
- Strong execution on digitalisation programs for Operating and Central Service Groups, with substantial progress made on end-to-end transformation project
- Refreshed the 2025 Sustainability Plan for Macquarie's own business operations and improved the methods used to measure and track supplier emissions
- Sponsored a program of work to enhance enterprise change governance
- Launched new recruitment and digitalised remuneration platforms
- Supported 3,000 non-profit organisations with $A67 million contributed by Macquarie employees and the Macquarie Group Foundation in FY2024.

People leadership and professional conduct

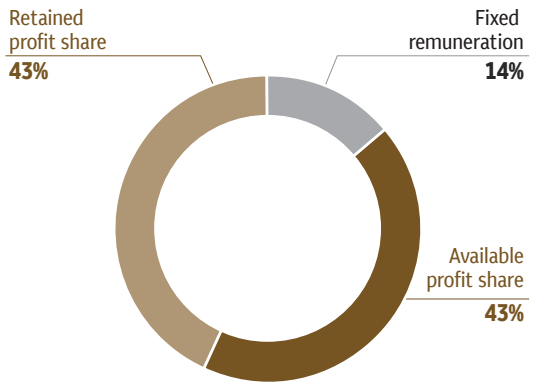
- Continued to invest in building strong leadership, technology and digitalisation skills through strategic partnerships with thought-leaders in leadership, innovation and purpose
- Optimised COG's leadership structure through key senior leadership appointments and a focus on succession planning and development
- Continued to embed a safety culture through targeted WHS initiatives, including upholding a strong safety record across the Metro Martin Place project
- Led the global rollout and embedding of Macquarie Standards across the enterprise, clarifying the behaviours required of our employees to underpin Macquarie's success, now and for the future.

Financial Management Group (FMG)

A.H. Harvey
CFO and Head of FMG

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,120,562	771,741
Available profit share	3,400,000	3,200,000
Retained profit share	3,400,000	4,800,000
Total	**7,920,562**	**8,771,741**

FY2024 Awarded remuneration



Financial/business results

- Responsible for providing strategic analysis and advice related to capital, funding, liquidity, tax and financial performance, ensuring Macquarie meets financial, regulatory and tax reporting compliance obligations, and maintaining relationships with key external stakeholders
- Advanced end-to-end transformation and Finance transformation initiatives, which has enabled more timely and accurate outcomes that enable business growth.

Risk management and compliance

- Reduced risk via transformation initiatives to improve data automation and ongoing implementation of the Enterprise Data Management Policy and framework
- Continued to mature FMG's Non-Financial Risk (NFR) Division through key senior hires and building the NFR operating model as an independent voice of risk within FMG
- Progressed initiatives on the remediation program with APRA.

Business leadership (including customer and community outcomes)

- Supported the business and customers globally through uncertain market conditions whilst maintaining a strong balance sheet through fundraising
- Maintained positive outlook based on analyst consensus and obtained ratings upgrades to both MBL and MGL
- Led Macquarie's engagement with equity and debt investors and analysts, bank and other funders, rating agencies and governments
- Collaborated and strengthened partnerships across the Operating Groups and other Central Service Groups to progress strategic initiatives, deliver transformation to reduce complexity, increase transparency and simplify structures
- Continued to Chair the Macquarie Group Foundation through an active year, including significant progress on its social impact strategy. $A67 million contributed to 3,000 non-profit organisations by Macquarie employees and the Macquarie Group Foundation in FY2024.

People leadership and professional conduct

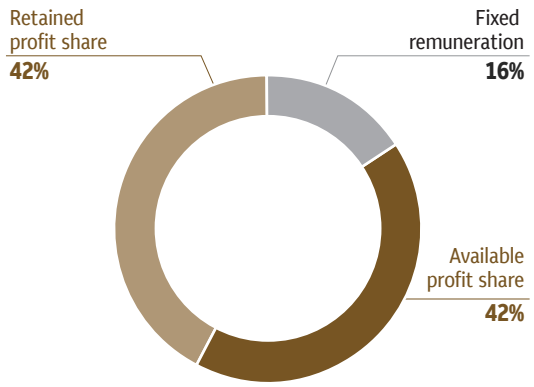
- Continued to make progress on FMG's multi-year transformation strategy, hiring in areas beyond 'traditional' finance roles and successfully retaining key staff and redeploying some impacted staff at the completion of change initiatives
- Strengthened risk culture through clear accountability, specific risk management performance objectives implemented across FMG and celebrating successes with FMG awards focused on positive risk culture outcomes
- Continued to prioritise and invest in the FMG DEI action plan globally, fostering a culture of inclusion and actively working towards increasing representation of under-represented groups at senior leadership levels.

Risk Management Group (RMG)

A. Cassidy
CRO and Head of RMG

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,120,562	771,741
Available profit share	2,800,000	1,800,000
Retained profit share	2,800,000	2,700,000
Total	**6,720,562**	**5,271,741**

FY2024 Awarded remuneration



Financial/business results

- Responsible for providing independent review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks
- Investment in systems and capabilities to ensure regulatory and business expectations are being met
- Enhanced the RMG operating model by continuing to invest in our people, data and technology capabilities.

Risk management and compliance

- Continued to support and embed the remediation program with APRA
- Focused on ensuring that our engagement with regulators is open, transparent and constructive in line with Macquarie's Regulator Engagement Framework
- Drove material initiatives to maintain the Risk Management Framework and set effective guardrails for risk taking including in areas such as obligations management, trade surveillance, anti-money laundering and financial risk management
- Modelled and reinforced key risk behaviours including the importance of a 'speak up culture' and supervisory oversight.

Business leadership (including customer and community outcomes)

- Enhanced risk frameworks and capabilities including in areas such as climate, sustainability and technology
- Invested in operational resilience frameworks to respond to changes in the external operating environment (e.g. cyber security risk) and to support regulatory expectations, noting the interconnectedness of the financial system and greater reliance on third-party service providers
- Continued to lead the company-wide Net Zero and Climate Risk Program and launched Macquarie's Greenwashing Standard.

People leadership and professional conduct

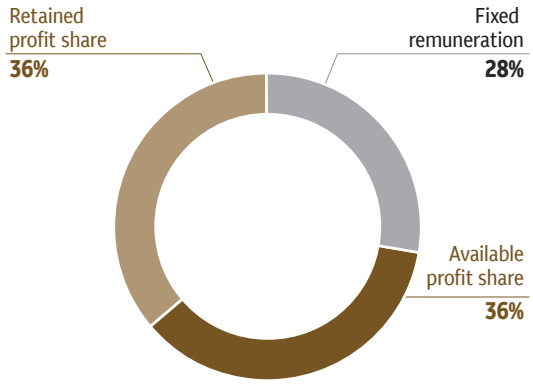
- Introduced a refreshed RMG Strategy and continued to embed the RMG and Macquarie purpose statements
- Developed succession plans for senior leadership across RMG, including a focus on diverse talent.

Legal and Governance Group (LGG)

G.N. Bruce
GGC and Head of LGG

Awarded remuneration ($A)	FY2024	FY2023
Fixed remuneration	1,120,562	771,741
Available profit share	1,500,000	1,160,000
Retained profit share	1,500,000	1,740,000
Total	**4,120,562**	**3,671,741**

FY2024 Awarded remuneration



Financial/business results

- Responsible for providing legal and corporate governance services, including strategic legal and governance advice and risk assessment on corporate transactions, treasury and funding, insurance, regulatory enquiries and litigation
- Implemented initiatives to enhance the LGG operating model by continuing to invest in our people and processes.

Risk management and compliance

- Continued commitment and investment to ensure risk management approach is sustainable, efficient and fit-for-purpose, particularly for legal and governance risk types
- Played a central role in delivering the ongoing program of regulatory work, which is important to maintain our social licence to operate, including good progress on the remediation program with APRA
- Provided oversight and support for the delivery of the FAR.

Business leadership (including customer and community outcomes)

- Completed second full year as GGC, Head of LGG and as an Executive Committee member
- Continued delivery of strategy to protect and represent the interests of Macquarie as one community of legal and governance professionals
- Continued as a member of the Macquarie Group Foundation Committee.

People leadership and professional conduct

- Maintained strong staff engagement, and continued to emphasise a high performing and inclusive culture, role-modelling advocacy for diverse talent
- Developed professional standards for LGG in support of Macquarie's purpose, and principles of *What We Stand For,* which are now embedded in annual review feedback assessments
- Continued investment in staff capabilities through tailored skills programs and partnerships, as well as pro bono opportunities.

Executive KMP – Allocation of PSUs for FY2024

As set out on page 117, individual PSU allocations were determined based on their role as members of the Executive Committee and contribution to driving the collective performance of Macquarie (taking into consideration both financial and non-financial factors), including their collaboration across businesses.

The number of PSUs to be allocated will be calculated by dividing the face value of the PSU award by the price of MGL ordinary shares on or around the date of grant.

Approval will be sought at Macquarie's 2024 AGM to allocate PSU awards to the Macquarie CEO, who is also an Executive Voting Director.

The table below sets out PSU awards to current Executive KMP but does not include former Executive KMP who received PSU awards in the prior year.

Executive KMP	Face value of the FY2024 PSU award ($A)	Face value of the FY2023 PSU award ($A)
S.R. Wikramanayake	4,000,000	4,000,000
G.N. Bruce	2,800,000	2,800,000
A. Cassidy	2,800,000	2,800,000
S.D. Green	2,800,000	2,800,000
A.H. Harvey	2,800,000	2,800,000
M.J. Silverton	2,800,000	2,800,000
N. Sorbara	2,800,000	2,800,000
G.C. Ward	2,800,000	2,800,000
B.I. Way	2,800,000	2,800,000

Page 118 sets out details of the performance hurdles and vesting periods applicable to these awards.

Executive KMP – PSUs vesting during FY2024

The PSUs that completed their performance period on 30 June 2023 comprised the second tranche of those awards granted in 2019.[36] The performance hurdle tests were performed using data sourced from Bloomberg for all companies in the international reference group (as well as Macquarie) and the calculations were reviewed independently.

The results showed that the performance hurdles:

- based on the EPS CAGR in Macquarie's reported financial year was partially met, and
- based on Macquarie's relative average annual ROE compared to the international reference group was fully met.

As a result, 96% of the awards became exercisable on 1 July 2023, as shown below:

	EPS CAGR Hurdle			ROE Hurdle		
PSU tranche	**Macquarie result (for vesting period)**	**Hurdle**	**Outcome**	**Macquarie result (for vesting period)**	**Hurdle**	**Outcome**
2019 Tranche 2	11.26%	50% at 7.5% CAGR 100% at 12% CAGR	92% exercisable	15.34% (88th percentile)	50% above the 50th percentile[37] 100% at the 75th percentile[37]	100% exercisable

(36) PSUs awarded prior to FY2020 vested in two equal tranches after three and four years.
(37) International reference group ROE at 50th percentile 12.73% and international reference group ROE at 75th percentile 14.56%.

Remuneration governance

Effective governance is central to Macquarie's remuneration strategy and approach. The key elements of Macquarie's remuneration governance framework are described below.

BOARD	
Board Remuneration Committee	**Board Risk Committee, Board Audit Committee & Board Governance and Compliance Committee**
Oversees remuneration policies and practices, and makes recommendations to the Board	Discusses any relevant matters that may impact remuneration in a joint meeting with the Board Remuneration Committee

Strong Board oversight

The Board oversees Macquarie's remuneration framework and its effective application. The Board has a BRC whose objective is to assist the Board with Macquarie's remuneration policies and practices. The BRC currently comprises three independent NEDs as set out earlier in the Directors' Report.

The BRC members have the required experience and expertise in human resources, remuneration and risk to enable them to achieve effective governance of the remuneration framework. The BRC has a regular meeting cycle and met seven times during FY2024. Attendance at meetings by the BRC members is set out on page 95. Strict processes are in place to ensure conflicts of interest are appropriately managed.

The MBL BRC (established in 2022) works closely with the BRC to assist the MBL Board with its oversight of remuneration policies and practices applying to staff of Macquarie Bank.

BRC responsibilities

The BRC pays close attention to the design and operation of remuneration practices for all Macquarie staff, not just for the most senior executives. The responsibilities of the BRC are outlined in its Charter, which is reviewed and approved annually by the Board.

The Charter is available at **macquarie.com/corporate-governance**

Some of the responsibilities include:

- overseeing the process for the annual review by the Board of the CEO's, MBL CEO's and other Executive KMPs' performance
- recommending to the Board the remuneration outcomes for all Executive KMP, other roles specified under CPS 511 and other senior executives
- assessing the effectiveness of the *Remuneration Policy* to ensure compliance with legal and regulatory requirements, as well as to support the alignment of remuneration with prudent risk-taking and professional conduct across the organisation
- recommending the *Remuneration Policy* to the Board for approval.

Alignment to risk

The BRC liaises with the BRiC, BAC and BGCC to ensure there is effective co-ordination between the Committees to assist in producing an integrated approach to remuneration that reflects prudent and appropriate risk management.

As set out on page 122, the CRO and the Head of Internal Audit provide the BRC with independent reports detailing significant risk and internal audit matters (financial and non-financial) including those relating to incidents, issues, and regulatory and litigation matters. A joint meeting of the BRC, BRiC, BAC and BGCC is held to discuss these matters, with the CRO and the Head of Internal Audit in attendance. The GGC attends as required to provide a further source of independent input, including on matters that might lead to a malus or clawback determination.

Engagement with external stakeholders

The Chair of the Board and the BRC Chair undertook a series of meetings with investors and proxy advisors during the year to communicate our remuneration approach and to hear any concerns raised by the investor community.

They also engaged with APRA during the year regarding Macquarie's implementation of CPS 511.

Remuneration Report

Continued

Independent remuneration review

The BRC has retained Pay Governance as its independent remuneration consultant, for the use of the Board to obtain advice on the appropriateness of Macquarie's remuneration framework.

The only service that Pay Governance provides to Macquarie is executive compensation consulting to the BRC. Pay Governance has not made any remuneration recommendations, as defined by the *Corporations Act 2001* (Cth) (the Act). The BRC is responsible for making decisions within the terms of its Charter. Pay Governance's terms of engagement set out their independence from members of Macquarie's management. This year, Pay Governance:

- provided information on global remuneration and regulatory trends
- considered alignment with shareholder interests
- compared individual remuneration for Executive KMP where relevant comparator company information was available
- considered Macquarie's overall remuneration approach compared to comparator company organisations.

Pay Governance's findings included that:

- the objectives of Macquarie's remuneration framework are similar to those cited by other leading global investment banks
- Macquarie's remuneration components support its remuneration objectives and principles and are largely consistent with practices at other leading global investment banks, including that performance-based remuneration takes risk management into account.

Non-Executive Director remuneration

The Board seeks to appoint and appropriately remunerate high calibre NEDs. Reflecting the Board's role, the remuneration arrangements applicable to NEDs, as outlined in this section, differ significantly from the arrangements applicable to executives.

Non-Executive Director remuneration

Non-Executive Director fees are set acknowledging the level required to appropriately remunerate highly qualified NEDs who have the relevant skills and experience to govern as a member of the Board.

The NED remuneration framework seeks to remunerate high calibre directors by:

- setting an overall fee that reflects the scale and complexity of Macquarie including additional risk management and regulatory responsibilities and the global financial nature of Macquarie's activities
- setting Board and Board Committee fees to reflect the time commitment to meet the responsibilities involved in the annual scheduled calendar, taking into account market rates for relevant organisations and market trends
- paying separate fees for additional responsibilities that may arise on an ad hoc basis
- delivering these fees in a form that is not contingent on Macquarie's performance
- setting a minimum shareholding requirement to align the interests of NEDs with MGL shareholders.

The Board ensures that MGL NED remuneration does not exceed the Macquarie shareholder approved maximum amount. Shareholders approved the current limit ($A5.0 million per annum) at MGL's 2019 AGM. Where MGL NEDs are also members of the MBL Board, their fees include those payable for acting as a director of MBL.

Board and Board Committee fees are reviewed annually.[38] An internal review of NED fees was completed during the year. The Boards determined, following this review, that Board and Board Committee fees would remain unchanged.

The CEO is not remunerated separately for acting as an Executive Voting Director.

Unlike Macquarie executives, NEDs are not granted equity, nor are they eligible to receive profit share payments. There are no termination payments to NEDs on their retirement from office other than payments relating to their accrued superannuation contributions comprising part of their remuneration, if any.

NEDs may elect to receive their remuneration, in part, in the form of superannuation contributions over and above the minimum level of contribution required under applicable legislation.

Minimum shareholding requirement for Non-Executive Directors

To align the interests of the Board with shareholders, the Board has a minimum shareholding requirement for MGL NEDs to have a meaningful direct shareholding in Macquarie.

The minimum shareholding requirement for:

- NEDs other than the Chair: an investment equivalent to one times the average annual aggregate NED fee for the financial year ending prior to their appointment. Where a MGL NED is also on the MBL Board, this calculation will reflect the aggregate fee for acting as a MGL NED and MBL NED
- the Chair: an investment equivalent to one times the annual Chair fee. Where the Chair is also the MBL Chair, this calculation will reflect the aggregate fee for the role of MGL Chair and MBL Chair.

The above requirements are to be met within three years from appointment with one third of the requirement to be held after one year, two thirds after two years and in full after three years.

Under Macquarie's *Trading Policy*, NEDs may only trade Macquarie securities during designated trading windows and are prohibited from hedging shares held to meet this minimum shareholding requirement. Each NED's current holding of MGL ordinary shares is included on page 94.

The annual Board and Board Committee fees are set out in the table below.

Annual Director Fees[39]	Chair $A[40]	Member $A
Board	935,000	275,000
Board Audit Committee (BAC)	80,000	37,000
Board Governance and Compliance Committee (BGCC)	80,000	37,000
Board Remuneration Committee (BRC)	80,000	37,000
Board Risk Committee (BRiC)	80,000	37,000
Board Nominating Committee (BNC)	n/a	18,500

(38) MGL has five standing Board Committees.
(39) Where applicable, annual director fees include all fees payable by MGL to a NED for acting as a director of MGL and MBL, including attending and participating in any board committee meetings.
(40) The Chair of the Board does not receive Board Committee membership fees.

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Appendix 1: Key Management Personnel (KMP) for FY2024

All the individuals listed below have been determined to be KMP for FY2024 for the purposes of the Act and as defined by AASB 124 *Related Party Disclosures*. KMP include Executive Voting Directors and executives with authority and responsibility for planning, directing and controlling the activities of MGL and its controlled entities (together making Executive KMP) and NEDs. MGL's NEDs are required by the Act to be included as KMP for the purposes of disclosures in the Remuneration Report. However, the NEDs do not consider themselves part of management.

Name	Position	Term as KMP for FY2024
Executive Voting Director		
S.R. Wikramanayake	CEO	Full year
Non-Executive Directors		
J.R. Broadbent AC	Independent Director	Full year
P.M. Coffey	Independent Director	Full year
M.A. Hinchliffe	Independent Director	Full year
S.J. Lloyd-Hurwitz	Independent Director	Appointed to the Board effective from 1 June 2023
R.J. McGrath	Independent Director	Full year
M. Roche	Independent Director	Full year
G.R. Stevens AC	Independent Chair	Full year
N.M. Wakefield Evans AM	Independent Director	Ceased to be a member of the Board on 29 February 2024
Executives[41]		
G.N. Bruce	GGC, Head of LGG	Full year
A. Cassidy	CRO, Head of RMG	Full year
S.D. Green	Macquarie Bank CEO	Full year
A.H. Harvey	CFO, Head of FMG	Full year
N. O'Kane	Former Head of CGM	Ceased to be a member of the Executive Committee on 27 February 2024
M.J. Silverton	Head of Macquarie Capital	Full year
N. Sorbara	COO, Head of COG	Full year
G.C. Ward	Deputy Managing Director and Head of BFS	Full year
B.I. Way	Head of MAM	Full year

(41) Except where otherwise indicated, all of the executives as well as the CEO were members of the Executive Committee as at 3 May 2024. Simon Wright, Head of CGM, was appointed to the Executive Committee on 1 April 2024.

Appendix 2: Executive KMP remuneration disclosure (in accordance with Australian Accounting Standards)

			SHORT-TERM EMPLOYEE BENEFITS		
Name	Position	Year	Salary (including superannuation) $A	Performance related remuneration $A	Total short-term employee benefits $A
Executive Voting Director					
S.R. Wikramanayake	Macquarie Group CEO	**2024**	**1,527,224**	**7,125,000**	**8,652,224**
		2023	821,081	6,400,000	7,221,081
Executives					
G.N. Bruce[42]	GGC, Head of LGG	**2024**	**1,120,562**	**1,500,000**	**2,620,562**
		2023	771,741	1,160,000	1,931,741
A. Cassidy	CRO, Head of RMG	**2024**	**1,120,562**	**2,800,000**	**3,920,562**
		2023	771,741	1,800,000	2,571,741
S.D. Green	Macquarie Bank CEO	**2024**	**1,323,893**	**1,500,000**	**2,823,893**
		2023	771,741	1,400,000	2,171,741
A.H. Harvey	CFO, Head of FMG	**2024**	**1,120,562**	**3,400,000**	**4,520,562**
		2023	771,741	3,200,000	3,971,741
M.J. Silverton[43]	Head of Macquarie Capital	**2024**	**1,198,965**	**5,250,000**	**6,448,965**
		2023	784,865	3,920,000	4,704,865
N. Sorbara	COO, Head of COG	**2024**	**1,120,562**	**3,400,000**	**4,520,562**
		2023	771,741	3,200,000	3,971,741
G.C. Ward	Deputy Managing Director, Head of BFS	**2024**	**1,120,562**	**5,000,000**	**6,120,562**
		2023	771,741	4,000,000	4,771,741
B.I. Way[44]	Head of MAM	**2024**	**1,330,435**	**5,000,000**	**6,330,435**
		2023	907,110	6,400,000	7,307,110
Total Remuneration – Comparable Executive KMP		**2024**	**10,983,327**	**34,975,000**	**45,958,327**
		2023	7,143,502	31,480,000	38,623,502
Former Executives					
N. O'Kane[45]	Former Head of CGM	**2024**	**1,019,528**	**-**	**1,019,528**
		2023	723,419	17,067,000	17,790,419
Total Remuneration - Executive KMP		**2024**	**12,002,855**	**34,975,000**	**46,977,855**
(including former Executives)		2023	7,866,921	48,547,000	56,413,921

(42) Ms Bruce was hired by Macquarie on 1 January 2022 and appointed to the Executive Committee on 2 March 2022. To secure Ms Bruce's appointment, the Board determined it was necessary and appropriate to provide competitive remuneration arrangements. This included awarding a minimum profit share allocation of $A2.619 million for the performance year ending 31 March 2023 (subject to Macquarie's standard remuneration arrangements) and a minimum PSU allocation of face value $A2.0 million for FY2023 (subject to the performance hurdles and other conditions applicable to the PSU allocations awarded to other Executive Committee members).

(43) Mr Silverton is paid in US dollars. As a US tax resident, Mr Silverton's remuneration is subject to US social security and Medicare taxes, payable by Macquarie. Amounts of $A217,665 and $A189,509 were paid during FY2023 and FY2024, respectively, and are not included in Mr Silverton's statutory remuneration.

(44) Mr Way is paid in US dollars. As a US tax resident, Mr Way's remuneration is subject to US social security and Medicare taxes, payable by Macquarie. An amount of $A18,843 and $A132,130 was paid during FY2023 and FY2024, respectively, and are not included in Mr Way's statutory remuneration.

(45) Mr O'Kane ceased to be a member of the Executive Committee on 27 February 2024 and resigned from Macquarie effective 18 March 2024. In compliance with Macquarie's standard remuneration arrangements and as a result of his resignation, Mr O'Kane forfeited his unvested retained profit share and unvested PSUs. In accordance with accounting requirements this resulted in a net reversal of previously recognised remuneration expense consisting of $A10.3 million for forfeited retention notionally invested in Macquarie-managed fund equity and $A33.4 million of amortisation for forfeited equity awards during FY2024.

LONG-TERM EMPLOYEE BENEFITS			SHARE BASED PAYMENTS				
Restricted profit share $A	Earnings on prior years' restricted profit share $A	Total long-term employee benefits $A	Equity awards $A	PSUs $A	Total share-based payments $A	Total remuneration $A	Percentage of remuneration that consists of PSUs %
1,662,500	**1,785,358**	**3,447,858**	**16,179,390**	**1,091,832**	**17,271,222**	**29,371,304**	**4%**
2,560,000	2,642,127	5,202,127	15,000,954	2,980,078	17,981,032	30,404,240	10%
150,000	**21,083**	**171,083**	**680,276**	**1,168,968**	**1,849,244**	**4,640,889**	**25%**
174,000	5,132	179,132	407,908	737,125	1,145,033	3,255,906	23%
280,000	**57,094**	**337,094**	**1,323,780**	**1,363,717**	**2,687,497**	**6,945,153**	**20%**
270,000	42,610	312,610	870,592	936,669	1,807,261	4,691,612	20%
225,000	**69,930**	**294,930**	**1,295,980**	**1,276,407**	**2,572,387**	**5,691,210**	**22%**
210,000	71,782	281,782	981,118	936,669	1,917,787	4,371,310	21%
340,000	**275,651**	**615,651**	**3,895,780**	**1,100,275**	**4,996,055**	**10,132,268**	**11%**
480,000	343,104	823,104	3,846,002	1,870,796	5,716,798	10,511,643	18%
525,000	**342,859**	**867,859**	**5,098,054**	**830,053**	**5,928,107**	**13,244,931**	**6%**
588,000	393,301	981,301	4,770,628	1,758,795	6,529,423	12,215,589	14%
340,000	**276,976**	**616,976**	**3,907,448**	**1,100,275**	**5,007,723**	**10,145,261**	**11%**
480,000	344,233	824,233	3,856,298	1,870,796	5,727,094	10,523,068	18%
1,000,000	**741,822**	**1,741,822**	**4,684,026**	**838,734**	**5,522,760**	**13,385,144**	**6%**
1,200,000	946,218	2,146,218	4,606,203	2,109,455	6,715,658	13,633,617	15%
2,500,000	**2,971,001**	**5,471,001**	**2,787,411**	**1,363,717**	**4,151,128**	**15,952,564**	**9%**
4,800,000	2,669,933	7,469,933	2,456,941	936,669	3,393,610	18,170,653	5%
7,022,500	**6,541,774**	**13,564,274**	**39,852,145**	**10,133,978**	**49,986,123**	**109,508,724**	
10,762,000	7,458,440	18,220,440	36,796,644	14,137,052	50,933,696	107,777,638	
(10,281,020)	**297,845**	**(9,983,175)**	**(29,037,486)**	**(4,315,830)**	**(33,353,316)**	**(42,316,963)**	**10%**
3,982,300	1,220,197	5,202,497	17,593,725	2,109,455	19,703,180	42,696,096	5%
(3,258,520)	**6,839,619**	**3,581,099**	**10,814,659**	**5,818,148**	**16,632,807**	**67,191,761**	
14,744,300	8,678,637	23,422,937	54,390,369	16,246,507	70,636,876	150,473,734	

Additional information regarding the statutory remuneration disclosures set out in this Appendix

The remuneration disclosures set out in this Appendix have been prepared in accordance with Australian Accounting Standards and differ to the additional disclosures set out on pages 130-139.

Under the requirements of AASB 124 *Related Party Disclosures*, the remuneration disclosures for the years ended 31 March 2024 and 31 March 2023 only include remuneration relating to the portion of the relevant periods that each person was an Executive KMP.

The following information provides more detail regarding some of the column headings in this Appendix:

1. Short-term employee benefits:
   (a) Salary: includes salary, superannuation, any accrual for long service leave and other benefits.
   (b) Performance-related remuneration: this represents the cash portion of each person's profit share allocation for the reporting period as an Executive KMP.
2. Long-term employee benefits:
   (a) Restricted profit share: this represents the amount of retained profit share awarded for the current period that is deferred to future periods and held as a notional investment in Macquarie-managed fund equity (DPS Plan).
   (b) Earnings on prior years' restricted profit share: Profit share amounts retained under the DPS Plan are notionally invested in Macquarie-managed funds, providing Executive Directors with an economic exposure to the underlying investments. Executive Directors are each entitled to amounts equivalent to the investment earnings (dividends/distributions and security price appreciation) on the underlying securities. The notional returns are calculated based on Total Shareholder Return. Where these amounts are positive, they may be paid to Executive Directors and are included in these remuneration disclosures as part of 'Earnings on prior years' restricted profit share'. If there is a notional loss, this loss will be offset against any future notional income until the loss is completely offset and is reported as a negative amount in the same column. These earnings reflect the investment performance of the assets in which prior years' retained amounts have been notionally invested. Their inclusion in the individual remuneration disclosures on the previous pages may, therefore, cause distortions when year-on-year remuneration trends are examined. They do not reflect remuneration review decisions made about the individual's current year performance.
3. Share-based payments:
   (a) Equity awards including shares: This represents the current year expense for retained profit share that is invested in MGL ordinary shares under the MEREP as described on page 115. This is recognised as an expense over the respective vesting periods, or service period if shorter, as described on page 114 and includes amounts relating to prior years equity awards that have been previously disclosed. Equity awards in respect of FY2024 performance will be granted during FY2025; however, Macquarie begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023. The expense is estimated using the price of MGL ordinary shares as at 31 March 2024 and the number of equity awards expected to vest. In the following financial year, Macquarie will adjust the accumulated expense recognised for the final determination of the accounting fair value for each equity award when granted and will use this validation for recognising the expense over the remaining vesting period.
   (b) PSUs: This represents the current year expense for PSUs that is recognised over the vesting period as described on page 117. This includes amounts relating to prior years' PSU awards. PSU awards in respect of FY2024 will be granted during FY2025; however, Macquarie begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023. The expense is estimated using the price of MGL ordinary shares as at 31 March 2024 and the number of PSUs expected to vest. The estimate also incorporates an interest rate to maturity of 3.97% per annum (3.99% for grants to the CEO and the MBL CEO), expected vesting date of 1 July 2028 (1 July 2029 for the CEO and the MBL CEO), and a dividend yield of 3.76% per annum. In the following financial year, Macquarie will adjust the accumulated expense recognised for the final determination of the accounting fair value for each PSU when granted and will use this validation for recognising the expense over the remaining vesting period. Performance hurdles attached to the PSUs allow for PSUs to become exercisable upon vesting only when the relevant performance hurdles are met. The current year expense is reduced for previously recognised remuneration expense where performance hurdles have not been met, have been partially met or are not expected to be met.

Appendix 3: Non-Executive Director remuneration

The remuneration arrangements for all the persons listed below as NEDs are described on page 143 of the Remuneration Report. The fees shown include fees paid as members of both the MGL and MBL Boards.

	Year	Fees $A	Other benefits[46] $A	Total compensation $A
J.R. Broadbent AC[47]	**2024**	**398,565**	**-**	**398,565**
	2023	378,000	–	378,000
P.M. Coffey[48]	**2024**	**410,500**	**-**	**410,500**
	2023	415,000	–	415,000
M.J. Coleman[49]	**2024**	**-**	**-**	**-**
	2023	143,891	6,300	150,191
M.A. Hinchliffe[50]	**2024**	**410,500**	**-**	**410,500**
	2023	388,979	6,300	395,279
S.J. Lloyd-Hurwitz[51]	**2024**	**294,712**	**-**	**294,712**
	2023	-	-	-
R.J. McGrath[52]	**2024**	**408,565**	**-**	**408,565**
	2023	396,667	–	396,667
M. Roche[53]	**2024**	**404,500**	**-**	**404,500**
	2023	396,667	–	396,667
G.R. Stevens AC[54]	**2024**	**935,000**	**-**	**935,000**
	2023	872,903	–	872,903
N.M. Wakefield Evans AM[55]	**2024**	**340,700**	**-**	**340,700**
	2023	445,833	–	445,833
P.H. Warne[56]	**2024**	**-**	**-**	**-**
	2023	100,538	-	100,538
Total Remuneration – Non-Executive KMP	**2024**	**3,603,042**	**-**	**3,603,042**
	2023	3,538,478	12,600	3,551,078

(46) No other benefits were paid in FY2024 (FY2023: due diligence fees paid to Mr Coleman and Ms Hinchliffe of A$6,300 each).
(47) Ms Broadbent ceased to be a member of the BRiC on 1 June 2022, and was reappointed as a member of the BRiC on 28 July 2023.
(48) Mr Coffey ceased to be a member of the BAC and BRC and became a member of the BGCC on 1 June 2022.
(49) Mr Coleman ceased to be a member of the MGL Board on 28 July 2022, at which point he became a Bank-only Non-Executive Director (BOND). BOND fees are received from MBL and are set out in the 2024 MBL Annual Report.
(50) Ms Hinchliffe ceased to be a member of the BRiC on 1 June 2022. She became a member of the BGCC and Chair of the BAC on 28 July 2022.
(51) Ms Lloyd-Hurwitz was appointed to the MGL and MBL Boards as an Independent Voting Director on 1 June 2023 and 28 July 2023, respectively. She became a member of the BNC on 1 June 2023, and a member of the BAC and BRC on 28 July 2023.
(52) Ms McGrath became a member of the BRC on 1 June 2022. She ceased to be a member of the BRC and was appointed Chair of the BGCC on 28 July 2023.
(53) Mr Roche became a member of the BAC on 1 June 2022.
(54) Mr Stevens became Chair of the MGL and MBL Boards on 10 May 2022. He ceased to be a member of the BAC and BRiC on 1 June 2022.
(55) Ms Wakefield Evans ceased to be a member of the MGL and MBL Boards on 29 February 2024 and 27 July 2023, respectively. She ceased to be Chair of the BGCC and a member of the BRiC on 27 July 2023.
(56) Mr Warne retired from his roles as Chair and Independent Voting Director of the MGL and MBL Boards on 9 May 2022.

Appendix 4: Share disclosures

Shareholdings of KMP and their related parties

The following table sets out details of MGL ordinary shares held during the financial year by KMP including their related parties.

Name and position	Number of shares held at 1 April 2023[57]	Shares received on withdrawal from the MEREP[58]	Other changes[59]	Number of shares held at 31 March 2024[60],[61]
Executive Voting Director				
S.R. Wikramanayake	1,088,094	87,803	-	**1,175,897**
Non-Executive Directors				
J.R. Broadbent AC	16,062	-	-	**16,062**
P.M. Coffey	8,895	-	-	**8,895**
M.A. Hinchliffe	2,127	-	673	**2,800**
S.J. Lloyd-Hurwitz	-	-	880	**880**
R.J. McGrath	2,750	-	1,067	**3,817**
M. Roche	3,504	-	3,496	**7,000**
G.R. Stevens AC	5,847	-	-	**5,847**
N.M. Wakefield Evans AM	7,267	-	-	**7,267**
Executives				
G.N. Bruce	69	-	(69)	**-**
A. Cassidy	18	2,938	(2,938)	**18**
S.D. Green	232	6,164	(6,164)	**232**
A.H. Harvey	-	38,883	(8,175)	**30,708**
N. O'Kane	6,840	97,200	(82,712)	**21,328**
M.J. Silverton	4,662	26,865	(13,716)	**17,811**
N. Sorbara	9,384	38,303	(38,303)	**9,384**
G.C. Ward	-	50,700	(50,700)	**-**
B.I. Way	-	11,123	(5,680)	**5,443**

(57) Or date of appointment if later.
(58) For RSUs, this represents RSUs vesting during the current financial year. For PSUs, this represents vested PSUs exercised during the current financial year.
(59) Includes on market acquisitions and disposals.
(60) Or date of ceasing to be a KMP if earlier.
(61) In addition to the MGL ordinary shares set out in this table, Executive KMP also hold an interest in MGL ordinary shares through the MEREP, as set out in the table on page 155.

RSU awards to KMP

The following table sets out details of the RSU awards associated with Macquarie equity granted to Executive KMP. Grants made to Executive KMP prior to their joining the Executive Committee are not disclosed. PSUs are disclosed in a separate table.

A significant portion of an Executive KMP's retained profit share is invested in Macquarie equity, delivered as RSUs. RSUs are units comprising a beneficial interest in MGL ordinary shares held in a trust for the staff member. For further details, refer to Note 32 *Employee equity participation* to the financial statements in the Financial Report. There have been no alterations to the terms or conditions of the grants set out below since the grant date.

RSU awards are subject to forfeiture as set out on page 115. The maximum potential value of unvested awards could vary significantly and is dependent on the MGL ordinary share price at the time of vesting. Retention rates, the vesting profiles and service and performance criteria for the current year are set out on pages 114-115. RSUs are granted in the financial year following the year of Macquarie's performance to which the grant relates. For example, RSUs granted to KMP in June 2023 relate to their performance in FY2023. All awards that were eligible to vest, vested during the year. No awards were forfeited during the year, other than 615,729 RSU awards held by Mr O'Kane which were forfeited upon his resignation from Macquarie.

Name and position	RSU awards granted to date[62]	Grant date	Number vested during the year[62],[63]
Executive Voting Director			
S.R. Wikramanayake	**128,592**	**01-Aug-23**	**-**
	106,628	02-Aug-22	-
	94,193	03-Aug-21	-
	139,266	04-Aug-20	27,853
	65,003	15-Aug-19	13,000
	49,162	21-Jun-18	9,832
	49,025	22-Jun-17	9,805
	54,473	17-Jun-16	10,897
Executives			
G.N. Bruce	**8,740**	**21-Jun-23**	**-**
	2,094	21-Jun-22	-
A. Cassidy	**13,562**	**21-Jun-23**	**-**
	7,997	21-Jun-22	-
S.D. Green	**10,548**	**21-Jun-23**	**-**
	7,837	21-Jun-22	-
A.H. Harvey	**24,111**	**21-Jun-23**	**-**
	23,191	21-Jun-22	-
	21,709	09-Jun-21	-
	45,661	09-Jun-20	9,132
	25,945	24-Jun-19	5,189
	27,009	21-Jun-18	5,401
N. O'Kane	**200,037**	**21-Jun-23**	**-**
	113,559	21-Jun-22	-
	89,324	09-Jun-21	-
	148,994	09-Jun-20	29,798
	91,106	24-Jun-19	18,221
	61,902	21-Jun-18	12,380
M.J. Silverton	**29,912**	**21-Jun-23**	**-**
	54,263	21-Jun-22	-
	21,836	09-Jun-21	-
	37,375	09-Jun-20	7,475
	37,138	24-Jun-19	7,427

(62) Or during the period that the individual was a KMP.
(63) For RSUs, this represents RSUs vesting during the current financial year in respect of grants made while a KMP. Grants made prior to individuals becoming a KMP are not disclosed.

Remuneration Report

Continued

Name and position	RSU awards granted to date[62]	Grant date	Number vested during the year[62],[63]
N. Sorbara	**24,111**	**21-Jun-23**	**-**
	23,191	21-Jun-22	-
	21,709	09-Jun-21	-
	45,661	09-Jun-20	9,132
	25,945	24-Jun-19	5,189
	27,009	21-Jun-18	5,401
	26,967	22-Jun-17	5,393
	25,049	17-Jun-16	5,013
G.C. Ward	**26,790**	**21-Jun-23**	**-**
	25,590	21-Jun-22	-
	25,466	09-Jun-21	-
	57,499	09-Jun-20	11,499
	31,618	24-Jun-19	6,323
	33,211	21-Jun-18	6,642
	40,801	22-Jun-17	8,160
	32,445	17-Jun-16	6,489
B.I. Way	**27,155**	**21-Jun-23**	**-**
	26,863	21-Jun-22	-
	8,877	09-Jun-21	-

PSU awards to KMP

The following table sets out details of PSU awards granted to Executive KMP.

	GRANTED TO DATE				FORFEITED/LAPSED DURING THE FINANCIAL YEAR[64]			EXERCISED DURING THE FINANCIAL YEAR[64]	
Name and position	Number	Date	Accounting Fair Value $A[65]	Face Value $A[66]	Number	%	Value $A[67]	Number exercised	Value $A[68]
Executive Voting Director									
S.R. Wikramanayake	**22,535**	**01-Aug-23**	**3,418,560**	**3,999,963**	**-**	**-**	**-**	**-**	**-**
	22,363	02-Aug-22	3,500,704	3,999,846	-	-	-	-	-
	20,278	03-Aug-21	2,718,063	3,164,585	-	-	-	-	-
	32,575	04-Aug-20	3,423,307	4,079,693	-	-	-	-	-
	34,198	15-Aug-19	3,385,267	4,035,364	(683)	2%	(121,314)	16,416	2,913,840
Executives									
G.N. Bruce	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	7,827	02-Aug-22	1,225,239	1,399,937	-	-	-	-	-
A. Cassidy	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
S.D. Green	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
A.H. Harvey	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
	14,195	03-Aug-21	1,902,698	2,215,272	-	-	-	-	-
	16,223	04-Aug-20	1,704,875	2,031,769	-	-	-	-	-
	17,032	15-Aug-19	1,686,001	2,009,776	(341)	2%	(60,568)	8,175	1,433,656
N. O'Kane	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
	14,195	03-Aug-21	1,902,698	2,215,272	-	-	-	-	-
	22,994	04-Aug-20	2,416,439	2,879,769	-	-	-	-	-
	24,139	15-Aug-19	2,389,524	2,848,402	(483)	2%	(85,790)	11,587	1,970,614
M.J. Silverton	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
	14,195	03-Aug-21	1,902,698	2,215,272	-	-	-	-	-
	22,994	04-Aug-20	2,416,439	2,879,769	-	-	-	-	-
N. Sorbara	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**-**	**-**	**-**	**-**	**-**
	15,654	02-Aug-22	2,450,477	2,799,874	-	-	-	-	-
	14,195	03-Aug-21	1,902,698	2,215,272	-	-	-	-	-
	16,223	04-Aug-20	1,704,875	2,031,769	-	-	-	-	-
	17,032	15-Aug-19	1,686,001	2,009,776	(341)	2%	(60,568)	8,175	1,439,785

(64) Or during the period for which the individual was a KMP if shorter. Forfeitures exclude 68,617 PSU awards held by Mr O'Kane which were forfeited upon his resignation from Macquarie.
(65) Based on the accounting fair value on the date of grant.
(66) Face value is calculated by multiplying the number of PSUs granted by the closing market price of MGL ordinary shares on the date of grant.
(67) Based on the closing share price at 30 June 2023, being the day the PSUs were forfeited.
(68) Based on the share price at the time of exercise.

	GRANTED TO DATE				FORFEITED/LAPSED DURING THE FINANCIAL YEAR[64]			EXERCISED DURING THE FINANCIAL YEAR[64]	
Name and position	Number	Date	Accounting Fair Value $A[65]	Face Value $A[66]	Number	%	Value $A[67]	Number exercised	Value $A[68]
G.C. Ward	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**	**–**	**–**	**–**	**–**	**–**
	15,654	02-Aug-22	2,450,477	2,799,874	–	–	–	–	–
	14,195	03-Aug-21	1,902,698	2,215,272	–	–	–	–	–
	22,994	04-Aug-20	2,416,439	2,879,769	–	–	–	–	–
	24,139	15-Aug-19	2,389,524	2,848,402	(483)	2%	(85,790)	11,587	2,027,572
B.I. Way	**15,774**	**01-Aug-23**	**2,392,916**	**2,799,885**					
	15,654	02-Aug-22	2,450,477	2,799,874	–	–	–	–	–

As required under the Act, Macquarie has adopted the fair value measurement provisions of AASB 2 *Share-Based Payment* for all PSUs granted to KMP. The accounting fair value of such grants is being amortised and disclosed as part of each KMP's remuneration on a straight-line basis over the vesting period. The accounting fair value of $A151.70 at this date has been estimated using a discounted cash flow method.

The following key assumptions were adopted in determining the value of the PSUs granted:

Interest rate to maturity	4.25% per annum
Expected vesting dates	1 July 2027
Dividend yield	3.54% per annum

PSUs have a nil exercise price. PSUs awarded from FY2020 vest in four years as set out on page 117 while PSUs awarded prior to FY2020 vest on a pro-rata basis as set out on page 140, footnote 36. For the 2023 grant, PSUs will vest on 1 July 2027 and expire on 1 August 2032.

MEREP awards of KMP and their related parties

The following tables set out details of the MEREP RSU and PSU awards held during the year for the KMP including their related parties.

Further details in relation to the MEREP RSU and PSU awards are disclosed in Note 32 Employee equity participation to the financial statements in the **Financial Report** of this Annual Report.

Name and position	Type of Award	Number of Awards held at 1 April 2023	Awards granted during the financial year[69]	Awards vested/ exercised during the financial year[70],[71]	Awards forfeited or not able to be exercised during the financial year[72]	Number of Awards held as at 31 March 2024[73]
Executive Voting Director						
S.R. Wikramanayake	RSU	452,095	128,592	(71,387)	-	**509,300**
	PSU	92,315	22,535	(16,416)	(683)	**97,751**
Executives						
G.N. Bruce	RSU	3,041	8,740	-	-	**11,781**
	PSU	7,827	15,774	-	-	**23,601**
A. Cassidy	RSU	16,682	13,562	(2,938)	-	**27,306**
	PSU	15,654	15,774	-	-	**31,428**
S.D. Green	RSU	29,638	10,548	(6,164)	-	**34,022**
	PSU	15,654	15,774	-	-	**31,428**
A.H. Harvey	RSU	142,814	24,111	(30,708)	-	**136,217**
	PSU	54,588	15,774	(8,175)	(341)	**61,846**
N. O'Kane	RSU	501,305	200,037	(85,613)	-	**615,729**
	PSU	64,913	15,774	(11,587)	(483)	**68,617**
M.J. Silverton	RSU	155,148	29,912	(26,865)	-	**158,195**
	PSU	52,843	15,774	-	-	**68,617**
N. Sorbara	RSU	143,325	24,111	(30,128)	-	**137,308**
	PSU	54,588	15,774	(8,175)	(341)	**61,846**
G.C. Ward	RSU	176,587	26,790	(39,113)	-	**164,264**
	PSU	64,913	15,774	(11,587)	(483)	**68,617**
B.I. Way	RSU	68,343	27,155	(11,123)	-	**84,375**
	PSU	15,654	15,774	-	-	**31,428**

(69) RSU awards are granted in the financial year following the year of the Company's performance to which the grant relates. RSUs disclosed as granted above relate to FY2023. PSUs are granted annually in August. RSU and PSU awards granted to the CEO, who is an Executive Voting Director, were approved by shareholders at the 2023 AGM as required under ASX Listing Rule 10.14.
(70) For RSUs, this represents vested RSUs transferred to the Executive KMP's shareholding and includes RSUs vesting during the current year in respect of all grants, including those made prior to individuals becoming an Executive KMP.
(71) There were no PSUs that vested during the year that were not exercised.
(72) Or during the period for which the individual was a KMP if shorter. Forfeitures exclude 615,729 RSUs and 68,617 PSU awards held by Mr O'Kane which were forfeited upon his resignation from Macquarie.
(73) Or date of ceasing to be a KMP if earlier.

Appendix 5: Loan disclosures

Loans to Key Management Personnel and their related parties

Details of loans provided by Macquarie to KMP and their related parties are disclosed in the following table.

Name and Position	Balance as at 1 April 2023[74] $A'000	Interest charged $A'000	Write downs $A'000	Balance as at 31 March 2024[75] $A'000	Highest balance during the year $A'000
Non-Executive Directors					
N.M. Wakefield Evans AM (related party)	4,489	97	-	4,347	4,489
Executives					
A. Cassidy	3,568	157	-	3,428	3,568
A.H. Harvey	8,000	197	-	7,500	8,000
M.J. Silverton	172	2	-	-	172
Aggregate of KMP and related party loans[76]	16,230	453	-	15,276	16,230

This Remuneration Report has been prepared in accordance with the Act. The Remuneration Report contains disclosures as required by AASB 124 *Related Party Disclosures* as permitted by Corporations Regulation 2M.3.03 *Prescribed details*.

Throughout this Remuneration Report financial information for Macquarie relating to the years ended 31 March 2015 through to 31 March 2024 has been presented in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(74) Or date of appointment if later.
(75) Or date of ceasing to be a KMP if earlier.
(76) The aggregate of KMP and related party loans includes all loans to KMP (including their related parties) and the table above details KMP (including their related parties) with loans above $A100,000 during FY2024. All loans provided by Macquarie to KMP are made in the ordinary course of business on an arm's length basis and are entered into under normal terms and conditions consistent with other customers and employees. There have been no write-downs or allowances for doubtful debts.

Directors' Report

For the financial year ended 31 March 2024 continued

Non-audit services

Fees paid or payable to PwC, being the auditor of the Consolidated Entity, for non-audit services during the year ended 31 March 2024 total $A14.3 million (2023: $A27.3 million). Further details of amounts paid or payable to PwC and its related practices are disclosed in Note 41 *Audit and other services provided by PricewaterhouseCoopers* in the Financial Report.

The Voting Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the Act for the following reasons:

- the operation of the Consolidated Entity's *Audit and Assurance Independence Policy*, restricts the external auditor from providing non-audit services under which the auditor assumes the role of management, becomes an advocate for the Consolidated Entity, audits its own professional expertise, or creates a mutual or conflicting interest between the auditor and the Consolidated Entity. The policy also provides that significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the Board Audit Committee (BAC) or the BAC Chair, as appropriate
- the BAC has reviewed a summary of non-audit services provided by PwC, including details of the amounts paid or payable, and has provided written advice to the Board of Directors.

Consistent with the advice of the BAC, the Voting Directors are satisfied that the provision of non-audit services during the year by the auditor and its related practices is compatible with the general standard of independence for auditors imposed by the Act.

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

Auditor's independence declaration

As lead auditor for the audit of Macquarie Group Limited for the year ended 31 March 2024, I declare that to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* (Cth) in relation to the audit, and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Group Limited and the entities it controlled during the financial year.

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
3 May 2024

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Liability limited by a scheme approved under
Professional Standards Legislation

Glenn Stevens AC
Independent Director and Chair

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
3 May 2024

04
Financial Report

660 Fifth, New York

Thirty years after Macquarie's first office opened in New York, our new Americas headquarters at 660 Fifth Avenue, in the heart of Manhattan, will open in late 2024. This next-generation, interconnected workplace reflects a focus on innovation and our ongoing investment in the Americas, supporting our ability to deliver for clients and communities across the region.

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The Financial Report was authorised for issue by the Board of Directors on 3 May 2024.
The Board of Directors has the power to amend and reissue the Financial Report.

Income statements

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED 2024 $m	CONSOLIDATED 2023 $m	COMPANY 2024 $m	COMPANY 2023 $m
Interest and similar income					
Effective interest rate method	2	**15,751**	9,751	**1,650**	1,217
Other	2	**741**	388	**267**	186
Interest and similar expense	2	**(13,033)**	(7,111)	**(1,883)**	(1,366)
Net interest income		**3,459**	3,028	**34**	37
Fee and commission income	2	**6,249**	6,400	**7**	13
Net trading income/(loss)	2	**5,448**	7,573	**(305)**	(223)
Share of net losses from associates and joint ventures	2	**(49)**	(113)	**–**	–
Net credit impairment reversals/(charges)	2	**134**	(388)	**4**	(15)
Net other impairment reversals/(charges)	2	**235**	(66)	**–**	–
Net other operating income	2	**1,411**	2,688	**2,089**	2,749
Net operating income		**16,887**	19,122	**1,829**	2,561
Employment expenses	2	**(7,723)**	(7,703)	**(4)**	(4)
Brokerage, commission and fee expenses	2	**(1,071)**	(1,028)	**–**	–
Non-salary technology expenses	2	**(1,163)**	(1,092)	**–**	–
Other operating expenses	2	**(2,104)**	(2,307)	**(2)**	(24)
Total operating expenses		**(12,061)**	(12,130)	**(6)**	(28)
Operating profit before income tax		**4,826**	6,992	**1,823**	2,533
Income tax (expense)/benefit	4	**(1,291)**	(1,824)	**76**	91
Profit after income tax		**3,535**	5,168	**1,899**	2,624
(Profit)/loss attributable to non-controlling interests		**(13)**	14	**–**	–
Profit attributable to the ordinary equity holders of Macquarie Group Limited		**3,522**	5,182	**1,899**	2,624
		Cents	Cents	**Cents**	Cents
Basic earnings per share	6	**916.6**	1,353.7	**–**	–
Diluted earnings per share	6	**911.4**	1,316.3	**–**	–

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

Statements of comprehensive income

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED 2024 $m	CONSOLIDATED 2023 $m	COMPANY 2024 $m	COMPANY 2023 $m
Profit after income tax		**3,535**	5,168	**1,899**	2,624
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	28	**(8)**	(15)	**1**	–
Changes in expected credit losses (ECL) allowance	28	**(24)**	29	**–**	–
Cash flow hedges reserves:					
Revaluation movement	28	**(41)**	14	**(14)**	(13)
Transferred to income statement on realisation	28	**42**	110	**14**	–
Cost of hedging reserves:					
Revaluation movement	28	**(55)**	(28)	**–**	–
Transferred to income statement on realisation	28	**13**	14	**–**	–
Share of other comprehensive income from associates and joint ventures	28	**22**	138	**–**	–
Foreign exchange movement on translation and hedge accounting of foreign operations		**447**	1,338	**–**	–
Movements in item 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)	28	**(44)**	11	**(35)**	10
Others		**(2)**	12	**–**	–
Total other comprehensive income/(loss)		**350**	1,623	**(34)**	(3)
Total comprehensive income		**3,885**	6,791	**1,865**	2,621
Total comprehensive loss attributable to non-controlling interests		**(20)**	(4)	**–**	–
Total comprehensive income attributable to the ordinary equity holders of Macquarie Group Limited		**3,865**	6,787	**1,865**	2,621

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

[1] All items are net of tax, where applicable.

Statements of financial position

As at 31 March 2024

	Notes	CONSOLIDATED 2024 $m	CONSOLIDATED 2023 $m	COMPANY 2024 $m	COMPANY 2023 $m
Assets					
Cash and bank balances		**31,855**	45,656	**–**	–
Cash collateralised lending and reverse repurchase agreements		**58,416**	54,323	**–**	–
Trading assets	7	**27,924**	16,881	**–**	–
Margin money and settlement assets	8	**24,117**	25,256	**–**	–
Derivative assets	9	**24,067**	36,114	**1**	3
Financial investments	10	**24,378**	21,874	**1,763**	–
Held for sale assets		**2,204**	921	**–**	–
Other assets	11	**12,638**	10,438	**22**	30
Loan assets	12	**176,371**	158,572	**–**	–
Due from subsidiaries	30	**–**	–	**49,712**	48,817
Interests in associates and joint ventures	14	**6,969**	5,574	**–**	–
Property, plant and equipment and right-of-use assets	15	**8,134**	6,639	**–**	–
Intangible assets	16	**4,254**	3,827	**–**	–
Investments in subsidiaries	17	**–**	–	**33,805**	32,604
Deferred tax assets	18	**2,077**	1,797	**41**	3
Total assets		**403,404**	387,872	**85,344**	81,457
Liabilities					
Cash collateralised borrowing and repurchase agreements		**12,599**	18,737	**–**	–
Trading liabilities	19	**5,044**	4,810	**–**	–
Margin money and settlement liabilities	20	**28,423**	27,482	**–**	–
Derivative liabilities	21	**25,585**	32,790	**5**	5
Deposits	22	**148,416**	134,714	**–**	–
Held for sale liabilities		**407**	173	**–**	–
Other liabilities	23	**14,472**	12,512	**169**	241
Due to subsidiaries	30	**–**	–	**7,257**	5,686
Issued debt securities and other borrowings	24	**119,878**	109,461	**43,135**	39,055
Deferred tax liabilities	18	**383**	196	**–**	–
Total liabilities excluding loan capital		**355,207**	340,875	**50,566**	44,987
Loan capital	26	**14,201**	12,891	**3,371**	3,362
Total liabilities		**369,408**	353,766	**53,937**	48,349
Net assets		**33,996**	34,106	**31,407**	33,108
Equity					
Contributed equity	27	**11,372**	12,407	**13,809**	14,872
Reserves	28	**3,891**	3,302	**1,744**	1,559
Retained earnings	28	**18,218**	17,446	**15,854**	16,677
Total capital and reserves attributable to the ordinary equity holders of Macquarie Group Limited		**33,481**	33,155	**31,407**	33,108
Non-controlling interests	28	**515**	951	**–**	–
Total equity		**33,996**	34,106	**31,407**	33,108

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

Statements of changes in equity

For the financial year ended 31 March 2024

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
							CONSOLIDATED
Balance as at 1 Apr 2022		12,298	1,523	14,740	28,561	245	28,806
Profit/(loss) after income tax		–	–	5,182	5,182	(14)	5,168
Other comprehensive income, net of tax		–	1,582	23	1,605	18	1,623
Total comprehensive income		–	1,582	5,205	6,787	4	6,791
Transactions with equity holders in their capacity as ordinary equity holders:							
Issue of shares	27	485	–	–	485	–	485
Dividends paid	5, 28	–	–	(2,495)	(2,495)	–	(2,495)
Purchase of shares by MEREP Trust	27	(923)	–	–	(923)	–	(923)
Movement in non-controlling interests		–	–	(4)	(4)	702	698
Other equity movements:							
MEREP share-based payment arrangements	27, 28	512	239	–	751	–	751
Deferred tax benefit/(expense) on MEREP share-based payment arrangements	27, 28	35	(42)	–	(7)	–	(7)
		109	197	(2,499)	(2,193)	702	(1,491)
Balance as at 31 Mar 2023		12,407	3,302	17,446	33,155	951	34,106
Profit after income tax		**–**	**–**	**3,522**	**3,522**	**13**	**3,535**
Other comprehensive income/(loss), net of tax		**–**	**389**	**(46)**	**343**	**7**	**350**
Total comprehensive income		**–**	**389**	**3,476**	**3,865**	**20**	**3,885**
Transactions with equity holders in their capacity as ordinary equity holders:							
Dividends paid	5, 28	**–**	**–**	**(2,716)**	**(2,716)**	**–**	**(2,716)**
Purchase of shares by MEREP Trust	27	**(1,028)**	**–**	**–**	**(1,028)**	**–**	**(1,028)**
On-market share buyback[1]	27	**(644)**	**–**	**–**	**(644)**	**–**	**(644)**
Movement in non-controlling interests		**–**	**–**	**4**	**4**	**(456)**	**(452)**
Other equity movements:							
MEREP share-based payment arrangements	27, 28	**607**	**184**	**8**	**799**	**–**	**799**
Deferred tax benefit on MEREP share-based payment arrangements	27, 28	**30**	**16**	**–**	**46**	**–**	**46**
		(1,035)	**200**	**(2,704)**	**(3,539)**	**(456)**	**(3,995)**
Balance as at 31 Mar 2024		**11,372**	**3,891**	**18,218**	**33,481**	**515**	**33,996**

[1] On 2 November 2023, the Macquarie Group Limited ("MGL") Board approved an on-market share buyback of up to $2 billion of MGL shares. During the financial year, 3,514,221 ordinary shares were bought back at an average price of $183.26 per share. The shares bought back were subsequently cancelled.

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
					COMPANY
Balance as at 1 Apr 2022		14,781	1,332	16,521	32,634
Profit after income tax		–	–	2,624	2,624
Other comprehensive (loss)/ income, net of tax		–	(13)	10	(3)
Total comprehensive (loss)/income		–	(13)	2,634	2,621
Transactions with equity holders in their capacity as ordinary equity holders:					
Issue of shares	27	502	–	–	502
Dividends paid	5, 28	–	–	(2,478)	(2,478)
Purchase of shares by MEREP Trust	27	(923)	–	–	(923)
Other equity movements:					
MEREP share-based payment arrangements	27, 28	512	239	–	751
Deferred tax benefit on MEREP share-based payment arrangements	28	–	1	–	1
		91	240	(2,478)	(2,147)
Balance as at 31 Mar 2023		14,872	1,559	16,677	33,108
Profit after income tax		**–**	**–**	**1,899**	**1,899**
Other comprehensive income/(loss), net of tax		**–**	**1**	**(35)**	**(34)**
Total comprehensive (loss)/income		**–**	**1**	**1,864**	**1,865**
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends paid	5, 28	**–**	**–**	**(2,695)**	**(2,695)**
Purchase of shares by MEREP Trust	27	**(1,028)**	**–**	**–**	**(1,028)**
On-market share buyback, including transaction costs[2]	27	**(644)**	**–**	**–**	**(644)**
Other equity movements:					
MEREP share-based payment arrangements	27, 28	**607**	**184**	**8**	**799**
Deferred tax benefit on MEREP share-based payment arrangements	28	**2**	**–**	**–**	**2**
		(1,063)	**184**	**(2,687)**	**(3,566)**
Balance as at 31 Mar 2024		**13,809**	**1,744**	**15,854**	**31,407**

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

[2] On 2 November 2023, the Macquarie Group Limited ("MGL") Board approved an on-market share buyback of up to $2 billion of MGL shares. During the financial year, 3,514,221 ordinary shares were bought back at an average price of $183.26 per share. The shares bought back were subsequently cancelled.

Statements of cash flows

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED 2024 $m	CONSOLIDATED 2023 $m	COMPANY 2024 $m	COMPANY 2023 $m
Cash flows (utilised in)/generated from operating activities					
Interest income and expense:					
Received		**16,217**	9,807	**1,910**	1,403
Paid		**(12,601)**	(6,279)	**(1,804)**	(1,220)
Fees, commissions and other income and charges:					
Received		**6,060**	6,498	**24**	13
Paid		**(1,099)**	(1,091)	**-**	-
Operating lease income received		**908**	883	**-**	-
Dividends and distributions received		**218**	632	**2,079**	2,749
Operating expenses paid:					
Employment expenses		**(7,549)**	(6,532)	**(4)**	(4)
Other operating expenses including brokerage, commission and fee expenses		**(3,022)**	(3,267)	**(3)**	(6)
Income tax paid		**(1,633)**	(2,035)	**(356)**	(414)
Changes in operating assets:					
Loan assets and balances with subsidiaries		**(17,031)**	(21,856)	**2,244**	(3,517)
Trading and related assets, and collateralised lending balances (net of liabilities)		**(5,431)**	(5,939)	**-**	-
Assets under operating lease		**(960)**	(1,042)	**-**	-
Other assets (net of liabilities)		**(78)**	(32)	**15**	(7)
Liquid asset holdings		**1,845**	(2,021)	**(1,271)**	-
Changes in operating liabilities:					
Issued debt securities, borrowings and other funding		**6,586**	(12,138)	**3,217**	3,345
Deposits		**13,480**	33,032	**-**	(31)
Net cash flows (utilised in)/generated from operating activities	29	**(4,090)**	(11,380)	**6,051**	2,311
Cash flows (utilised in)/generated from investing activities					
Net payments for financial investments		**(83)**	(1,828)	**-**	-
Associates, joint ventures, subsidiaries and businesses:					
Proceeds from distribution or disposal, net of cash deconsolidated		**958**	4,105	**-**	1,000
Payments for additional contribution or acquisitions, net of cash acquired		**(2,797)**	(2,753)	**(1,200)**	(1,136)
Property, plant and equipment and right-of-use assets, investment property and intangible assets:					
Payments for acquisitions		**(1,957)**	(824)	**-**	-
Proceeds from disposals		**-**	70	**-**	-
Net cash flows utilised in investing activities		**(3,879)**	(1,230)	**(1,200)**	(136)
Cash flows (utilised in)/generated from financing activities					
Dividends and distributions paid		**(2,662)**	(2,010)	**(2,695)**	(1,991)
Payments for acquisition of treasury shares		**(1,084)**	(923)	**(1,028)**	(923)
Payments for on-market share buyback		**(644)**	-	**(644)**	-
Receipts from non-controlling interests		**153**	305	**-**	-
Proceeds from the issuance of loan capital		**1,246**	3,078	**-**	739
Net cash flows (utilised in)/generated from financing activities		**(2,991)**	450	**(4,367)**	(2,175)
Net (decrease)/increase in cash and cash equivalents		**(10,960)**	(12,160)	**484**	-
Cash and cash equivalents at the beginning of the financial year		**77,214**	84,323	**-**	-
Effect of exchange rate movements on cash and cash equivalents		**513**	5,051	**-**	-
Cash and cash equivalents at the end of the financial year	29	**66,767**	77,214	**484**	-

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

Notes to the financial statements

For the financial year ended 31 March 2024

Note 1

Basis of preparation

This Financial Report is a General Purpose Financial Report which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth). Macquarie Group Limited is a for-profit company for the purposes of preparing this Financial Report.

The principal accounting policies adopted in the preparation of this Financial Report are set out in Note 44 *Material accounting policies*. These policies have been consistently applied to all the financial years presented and are applicable to both the Consolidated Entity (Macquarie Group Limited and its subsidiaries) as well as the Company (Macquarie Group Limited), unless otherwise stated.

(i) Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that this Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report is compliant with IFRS.

(ii) Basis of measurement

This Financial Report has been prepared on a going concern basis using the historical cost convention except for the following items, as disclosed in the respective accounting policy:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL); financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that have been designated as FVTPL (DFVTPL)
- financial assets and liabilities that are otherwise measured on an amortised cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge relationships
- non-current assets and disposal groups that have been classified as held for sale and where a disposal group has been impaired to its fair value less costs to sell
- commodity inventories that are measured at fair value less costs to sell in accordance with the broker-trader exemption
- certain other non-financial assets and liabilities that are measured at fair value, such as investment property.

(iii) Critical accounting estimates and significant judgements

The preparation of this Financial Report in compliance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated Financial Report such as:

- determining the appropriate business model for a group of financial assets which includes determining the level at which the business model condition is applied and whether past or expected sales activity is consistent with a held to collect business model (Note 44(vii))
- assessing whether the cash flows generated by a financial asset constitute solely payments of principal and interest (SPPI) may require the application of judgement, particularly for certain subordinated or non-recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable (Note 44(vii))
- choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss, including the determination of significant increase in credit risk (SICR), forecasts of economic conditions and the weightings assigned thereto (Note 44(xxii) and Note 13)
- timing and amount of impairment of interests in associates and joint ventures and investment in subsidiaries, including the reversal thereof (Note 44(i), Note 44(xxii), Note 14 and Note 17)
- timing and amount of impairment of goodwill and other identifiable intangible assets and, where applicable, the reversal thereof (Note 44(xxii) and Note 16)
- determining fair value of assets and liabilities where market-observable inputs are not available including the determination of non-recurring fair values and accounting for day 1 profits or losses for financial instruments (Note 44(vii), Note 44(x) and Note 38)
- distinguishing between whether assets or a business is acquired under a business combination, particularly the determination of whether a substantive process exists that, together with an integrated set of activities and assets, significantly contributes to the ability to create an output (Note 44(ii))
- determination of significant influence over associates, joint control over arrangements and control over subsidiaries, including the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity as agent or principal, and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (Note 44(i))
- recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 44(vi), Note 4 and Note 18)
- recognition and measurement of certain revenue streams including performance fees from Macquarie-managed funds and other capital market investments and transactions (Note 44(iv))
- recognition and measurement of provisions related to actual and potential claims, and the determination of contingent liabilities (Note 44(iv), Note 44(xvii) and Note 33)
- application of hedge accounting principles, including the assessment that a forecast transaction is highly probable (Note 44(x) and Note 35)
- determination of the loss of control of a subsidiary, joint control over a joint arrangement or loss of significant influence over an associate including the timing of derecognition of assets and liabilities following the disposal of an investment and, the measurement of the associated gain or loss (Note 44(i)).

Note 1

Basis of preparation continued

(iii) Critical accounting estimates and significant judgements continued

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 used in preparing this Financial Report are reasonable. Notwithstanding, it is possible that outcomes within the next financial year differ from management's assumptions and estimates, which may result in an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

(iv) New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current financial year

(a) AASB 17 *Insurance Contracts* (AASB 17)

AASB 17 amends the accounting for insurance contracts and replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

The adoption of AASB 17, mandatorily effective for the current annual reporting period did not have a material impact on this Financial Report.

(b) 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 and certain jurisdictions in which the Consolidated Entity has operations and 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 annual Financial Report.

The Consolidated Entity will ultimately be subject to Pillar Two legislation in various jurisdictions. Applicable Pillar Two legislation was not effective at the reporting date and as a result the Consolidated Entity has no related current tax exposure as at 31 March 2024.

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 or the Company on implementation of the changes. The impact of the Pillar Two income taxes legislation on future financial performance will continue to be assessed.

(c) Other amendments made to existing standards

The amendments made to other existing standards that were mandatorily effective for the annual reporting period beginning on 1 April 2023 did not result in a material impact on this Financial Report.

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

(i) IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued *IFRS 18 Presentation and Disclosure in Financial Statements* (IFRS 18) which sets out requirements for the presentation and disclosure of information in general purpose financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The transition provisions of IFRS 18 require retrospective application. The AASB is expected to issue the Australian equivalent of the standard in June 2024. The Consolidated Entity is continuing to assess the full impact of adopting IFRS 18.

(ii) 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 2023 and have not been early adopted, are not likely to result in a material impact to the Consolidated Entity's financial statements.

Note 1

Basis of preparation continued

(vi) Other developments

(a) ISSB sustainability reporting standards

During the year, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1), which sets out the overall requirements for sustainability-related financial disclosures, and
- IFRS S2 *Climate-related Disclosures* (IFRS S2), which will require the disclosure of information that enables the users of financial statements to understand the reporting entity's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

In Australia, the proposed sustainability standards have been issued for exposure and comment while proposed legislation has been tabled in Parliament under the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth). In the present form, these requirements would have the Consolidated Entity 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 assess and prepare for future sustainability and climate-related reporting obligations.

(b) IBOR reform: Transition from interbank 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) have undergone, or are undergoing, reform. The nature of such reforms varies by benchmark and jurisdiction.

IBOR including the GBP, JPY, EUR, CHF and USD London Interbank 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 Canadian Dollar Offer Rate (CDOR) and Mexican Interbank Equilibrium Interest Rate (TIIE)). Information regarding these exposures is disclosed in Note 36.3 *Market Risk*.

Note 2

Operating profit before income tax

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Net interest income				
Interest and similar income:[1]				
Effective interest rate method - Amortised cost	**12,961**	8,349	**1,598**	1,217
Effective interest rate method - FVOCI	**2,790**	1,402	**52**	–
Other - FVTPL	**741**	388	**267**	186
Interest and similar expense:				
Effective interest rate method - Amortised cost	**(12,988)**	(7,075)	**(1,880)**	(1,366)
Other - FVTPL	**(45)**	(36)	**(3)**	–
Net interest income	**3,459**	3,028	**34**	37
Fee and commission income				
Base, portfolio administration and other asset management fees:				
Base fees	**2,895**	2,804	**–**	–
Portfolio administration fees	**298**	271	**–**	–
Other asset management fees	**200**	198	**–**	–
Mergers and acquisitions, advisory and underwriting fees	**743**	991	**–**	–
Brokerage and other trading-related fees	**791**	715	**–**	–
Performance fees	**632**	692	**–**	–
Other fee and commission income	**690**	729	**7**	13
Total fee and commission income	**6,249**	6,400	**7**	13
Net trading income[2]				
Commodities[3]	**4,099**	6,443	**–**	–
Credit, interest rate and foreign exchange products	**712**	666	**(305)**	(227)
Equities	**637**	464	**–**	4
Net trading income/(loss)	**5,448**	7,573	**(305)**	(223)
Share of net losses from associates and joint ventures	**(49)**	(113)	**–**	–

[1] Prior year comparatives for interest income have been re-presented between Effective Interest rate and Other to conform with the presentation in the current year in alignment with the accounting policy.

[2] 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.

[3] Includes $859 million (2023: $684 million) of transportation, storage and certain other trading-related costs and $25 million (2023: $20 million) depreciation on right-of-use (ROU) assets held for trading-related business.

Note 2

Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2024 $m	2023 $m	2024 $m	2023 $m
Credit and other impairment reversals/(charges)				
Credit impairment (charges)/reversals				
Loan assets	**107**	(343)	**–**	–
Off balance sheet exposures	**11**	(72)	**–**	(4)
Financial investments and other assets[4]	**(27)**	(25)	**4**	(11)
Margin money and settlement assets	**16**	42	**–**	–
Loans to associates and joint ventures	**27**	5	**–**	–
Gross credit impairment reversals/(charges)	**134**	(393)	**4**	(15)
Recovery of amounts previously written off	**–**	5	**–**	–
Net credit impairment reversals/(charges)	**134**	(388)	**4**	(15)
Other impairment reversals/(charges)				
Interests in associates and joint ventures	**263**	(47)	**–**	–
Intangible and other non-financial assets	**(28)**	(19)	**–**	–
Net other impairment reversals/(charges)	**235**	(66)	**–**	–
Net other operating income				
Investment income				
Net gain/(loss) from:				
Interests in associates and joint ventures	**284**	1,806	**–**	–
Interests in businesses and subsidiaries[5]	**303**	407	**–**	–
Non-financial assets	**18**	8	**–**	–
Financial investments	**505**	(53)	**–**	–
Dividends from subsidiaries (Note 30)	**–**	–	**2,079**	2,749
Net investment income	**1,110**	2,168	**2,079**	2,749
Operating lease income				
Rental income	**1,023**	860	**–**	–
Depreciation	**(470)**	(395)	**–**	–
Net operating lease income	**553**	465	**–**	–
Subsidiaries and businesses held for investment purposes:[6]				
Net operating revenue[7]	**749**	421	**–**	–
Expenses[8]	**(1,131)**	(608)	**–**	–
Net loss from subsidiaries and businesses held for investment purposes	**(382)**	(187)	**–**	–
Other income	**130**	242	**10**	–
Total net other operating income	**1,411**	2,688	**2,089**	2,749
Net operating income	**16,887**	19,122	**1,829**	2,561

[4] Balance under Company represents ECL reversals/(charges) on amounts Due from subsidiaries.
[5] Includes any gain/(loss) recognised on deconsolidation of subsidiaries due to a loss of control. For certain investments where the Consolidated Entity exercises significant influence over its retained investment (including instances when the Consolidated Entity holds greater than 50% ownership interest), an investment in associate has been recognised.
[6] Subsidiaries and business held for investment purposes are consolidated entities that are held with the ultimate intention to sell as part of Macquarie's investment activities.
[7] Includes revenue of $1,064 million (2023: $628 million) before deduction of $315 million (2023: $207 million) related to cost of goods sold and other direct costs.
[8] Includes employment expenses, depreciation, amortisation expenses and other operating expenses.

Note 2

Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Employment expenses				
Salary and related costs including commissions, superannuation and performance-related profit share	**(6,394)**	(6,456)	**(4)**	(4)
Share-based payments[9]	**(833)**	(762)	**–**	–
Provision for long service leave and annual leave	**(46)**	(60)	**–**	–
Total compensation expenses	**(7,273)**	(7,278)	**(4)**	(4)
Other employment expenses including on-costs, staff procurement and staff training	**(450)**	(425)	**–**	–
Total employment expenses	**(7,723)**	(7,703)	**(4)**	(4)
Brokerage, commission and fee expenses				
Brokerage and other trading-related fee expenses	**(770)**	(740)	**–**	–
Other fee and commission expenses	**(301)**	(288)	**–**	–
Total brokerage, commission and fee expenses	**(1,071)**	(1,028)	**–**	–
Non-salary technology expenses				
Information services	**(286)**	(256)	**–**	–
Depreciation on own use assets: equipment (Note 15)	**(28)**	(25)	**–**	–
Service provider and other non-salary technology expenses	**(849)**	(811)	**–**	–
Total non-salary technology expenses	**(1,163)**	(1,092)	**–**	–
Other operating expenses				
Occupancy expenses				
Lease expenses	**(173)**	(151)	**–**	–
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements (Note 15)	**(61)**	(57)	**–**	–
Other occupancy expenses	**(160)**	(164)	**–**	–
Total occupancy expenses	**(394)**	(372)	**–**	–
Other expenses				
Professional fees	**(468)**	(537)	**–**	–
Advertising and promotional expenses	**(177)**	(196)	**–**	–
Travel and entertainment expenses	**(168)**	(171)	**–**	–
Amortisation of intangible assets	**(164)**	(181)	**–**	–
Indirect and other taxes	**(186)**	(155)	**–**	–
Fees for audit and other services	**(70)**	(83)	**–**	–
Other	**(477)**	(612)	**(2)**	(24)
Total other expenses	**(1,710)**	(1,935)	**(2)**	(24)
Total other operating expenses	**(2,104)**	(2,307)	**(2)**	(24)
Total operating expenses	**(12,061)**	(12,130)	**(6)**	(28)
Operating profit before income tax	**4,826**	6,992	**1,823**	2,533

[9] Includes share-based payment related expenses of $34 million (2023: $11 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 Senior Management for evaluating Operating Segment performance and for deciding how to allocate resources to Operating Segments. Such information may be produced using different measures to that used in preparing the statutory income statement.

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

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

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

- **MAM** which provides investment solutions to clients across a range of capabilities 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 expense 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 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 expense 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 are not allocated to the Operating Groups. However, to recognise an Operating Group's contribution to permanent income tax differences, the internal management revenue/charge category is used.

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

Presentation of segment income statements

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

Reportable segment assets

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

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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
Full year ended 31 March 2024		
Net interest and trading (expense)/income	**(557)**	**2,645**
Fee and commission income/(expense)	**3,941**	**554**
Share of net profits/(losses) from associates and joint ventures	**54**	**–**
Other operating income and charges		
Net credit and other impairment reversals	**122**	**15**
Net other operating income and charges	**196**	**(6)**
Internal management (charge)/revenue	**(2)**	**1**
Net operating income	**3,754**	**3,209**
Total operating expenses	**(2,559)**	**(1,968)**
Operating profit/(loss) before income tax	**1,195**	**1,241**
Income tax expense	**–**	**–**
Loss/(profit) attributable to non-controlling interests	**13**	**–**
Net profit/(loss) contribution	**1,208**	**1,241**
Reportable segment assets	**15,523**	**141,975**
Full year ended 31 March 2023		
Net interest and trading (expense)/income	(396)	2,520
Fee and commission income/(expense)	4,029	504
Share of net (losses)/profits from associates and joint ventures	(1)	(7)
Other operating income and charges		
Net credit and other impairment charges	(14)	(34)
Net other operating income and charges	1,241	(13)
Internal management revenue/(charge)	92	(10)
Net operating income	4,951	2,960
Total operating expenses	(2,595)	(1,759)
Operating profit/(loss) before income tax	2,356	1,201
Income tax expense	–	–
(Profit)/loss attributable to non-controlling interests	(14)	–
Net profit/(loss) contribution	2,342	1,201
Reportable segment assets	14,328	129,046

Commodities and Global Markets $m	Macquarie Capital $m	Corporate $m	Total $m
5,156	**690**	**973**	**8,907**
586	**1,201**	**(33)**	**6,249**
42	**(144)**	**(1)**	**(49)**
11	**164**	**57**	**369**
508	**680**	**33**	**1,411**
19	**21**	**(39)**	**-**
6,322	**2,612**	**990**	**16,887**
(3,108)	**(1,538)**	**(2,888)**	**(12,061)**
3,214	**1,074**	**(1,898)**	**4,826**
-	**-**	**(1,291)**	**(1,291)**
(1)	**(23)**	**(2)**	**(13)**
3,213	**1,051**	**(3,191)**	**3,522**
135,640	**33,636**	**76,626**	**403,404**
7,639	410	428	10,601
539	1,356	(28)	6,400
32	(137)	-	(113)
(57)	(294)	(55)	(454)
535	903	22	2,688
29	(11)	(100)	-
8,717	2,227	267	19,122
(2,710)	(1,456)	(3,610)	(12,130)
6,007	771	(3,343)	6,992
-	-	(1,824)	(1,824)
-	30	(2)	14
6,007	801	(5,169)	5,182
141,453	28,481	74,564	387,872

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
						CONSOLIDATED 2024
Fee and commission income						
Base, portfolio administration and other asset management fees:						
Base fees	**2,874**	**19**	**2**	**–**	**–**	**2,895**
Portfolio administration fees	**3**	**295**	**–**	**–**	**–**	**298**
Other asset management fees	**200**	**–**	**–**	**–**	**–**	**200**
Mergers and acquisitions, advisory and underwriting fees	**11**	**–**	**8**	**726**	**(2)**	**743**
Brokerage and other trading-related fees	**2**	**39**	**296**	**454**	**–**	**791**
Performance fees	**631**	**–**	**–**	**1**	**–**	**632**
Other fee and commission income	**220**	**201**	**280**	**20**	**(31)**	**690**
Total fee and commission income	**3,941**	**554**	**586**	**1,201**	**(33)**	**6,249**
						CONSOLIDATED 2023
Fee and commission income						
Base, portfolio administration and other asset management fees:						
Base fees	2,782	20	2	–	–	2,804
Portfolio administration fees	–	271	–	–	–	271
Other asset management fees	198	–	–	–	–	198
Mergers and acquisitions, advisory and underwriting fees	75	–	6	912	(2)	991
Brokerage and other trading-related fees	3	39	252	421	–	715
Performance fees	692	–	–	–	–	692
Other fee and commission income	279	174	279	23	(26)	729
Total fee and commission income	4,029	504	539	1,356	(28)	6,400

Note 3

Segment reporting continued

(iii) Products and services

The Consolidated Entity's Operating Segments reflect different core products and services offered by the Group. Refer to Note 3(i) *Operating segments* for net operating income contribution by various Operating Segments.

(iv) Geographical areas

Geographical segments have been determined based on the tax domicile of the entity where the transactions have been recorded. The operations of the Consolidated Entity are headquartered in Australia.

	CONSOLIDATED 2024		CONSOLIDATED 2023	
	Income[1]	Non-current assets[2]	Income[1]	Non-current assets[2]
	$m	$m	$m	$m
Americas[3]	**5,969**	**5,383**	7,612	4,447
Australia	**5,353**	**4,036**	5,066	2,329
Europe, Middle East and Africa[4]	**4,278**	**10,156**	4,956	9,156
Asia Pacific	**1,287**	**710**	1,488	893
Total	**16,887**	**20,285**	19,122	16,825

(v) Major customers

The Consolidated Entity does not rely on any major customers.

[1] Income represents net operating income disclosed in the income statement, prior period comparatives have been re-presented to conform to changes in the current period.
[2] Non-current assets consists of intangible assets, interests in associates and joint ventures, property, plant and equipment and right-of-use assets and investment properties.
[3] Includes income from the United States of $5,647 million (2023: $7,408 million).
[4] Includes income from the United Kingdom of $2,828 million (2023: $3,917 million).

Note 4

Income tax expense

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
(i) Income tax (expense)/benefit				
Current tax (expense)/benefit	**(1,318)**	(2,110)	**56**	68
Deferred tax benefit/ (expense)	**27**	286	**20**	23
Total income tax (expense)/benefit	**(1,291)**	(1,824)	**76**	91
(ii) Reconciliation of income tax expense to prima facie tax expense				
Prima facie income tax expense on operating profit @30% (2023: 30%)	**(1,448)**	(2,098)	**(547)**	(760)
Tax effect of amounts which are (non-deductible)/non-assessable in calculating taxable income:				
Rate differential on offshore income	**229**	346	**(8)**	28
Intra-group dividends	**–**	–	**624**	825
Other items	**(72)**	(72)	**7**	(2)
Total income tax (expense)/ benefit	**(1,291)**	(1,824)	**76**	91
(iii) Tax benefit/(expense) relating to OCI				
FVOCI reserve	**16**	(8)	**–**	–
Own credit risk	**19**	(10)	**15**	(4)
Cash flow hedges and cost of hedging	**17**	(4)	**–**	6
Foreign currency translation reserve	**3**	–	**–**	–
Share of other comprehensive expense of associates and joint ventures	**(14)**	(33)	**–**	–
Total tax benefit/(expense) relating to items of other comprehensive income	**41**	(55)	**15**	2
(iv) Deferred tax benefit/(expense) represents movements in deferred tax assets and liabilities				
Property, plant and equipment	**15**	(16)	**–**	–
Intangible assets	**85**	67	**–**	–
Financial investments and interests in associates and joint ventures	**(206)**	(108)	**–**	15
Tax losses	**147**	147	**–**	–
Operating and finance leases	**58**	(22)	**–**	–
Loan assets and derivatives	**19**	42	**(6)**	(6)
Other assets and liabilities	**(91)**	176	**26**	14
Deferred tax benefit	**27**	286	**20**	23

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

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
(i) Dividends paid				
Ordinary share capital				
Final dividend paid (2023: $4.50 (2022: $3.50) per share)	**1,734**	1,339	**1,721**	1,331
Interim dividend paid (2024: $2.55 (2023: $3.00) per share)	**982**	1,156	**974**	1,147
Total dividends paid (Note 28)[1]	**2,716**	2,495	**2,695**	2,478

The 2024 interim and 2023 final dividends paid during the year were franked at 40%, based on tax paid at 30% (2023 interim dividend and 2022 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 current and prior year were allocated as fully paid ordinary shares pursuant to the DRP, details of which are included in Note 27 *Contributed equity*.

(ii) Dividends not recognised at the end of the financial year

Since the end of the financial year, the Directors have resolved to pay a final dividend of $3.85 per fully paid ordinary share, 40% franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 2 July 2024 from retained profits, but not recognised as a liability at the end of the financial year is $1,471 million. This amount has been estimated based on the number of shares and MEREP awards eligible to participate as at 31 March 2024.

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
Cash dividend (distribution of current year profits) ($ per share)	**6.40**	7.50	**6.40**	7.50
Franking credits available for the subsequent financial year at a corporate tax rate of 30% (2023: 30%) ($m)[2]	**224**	462	**224**	462

[1] The Consolidated Entity included an additional $21 million (2023: $17 million) of dividend equivalent amount paid to Deferred Share Unit (DSU) holders as described in Note 32 *Employee equity participation*.
[2] Amount represents balances for franking accounts adjusted for franking credits/debits that will arise from the payment/receipt of income tax payables/receivables as at the end of the financial year respectively.

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 financial year (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.

	CONSOLIDATED	
	2024	2023
		CENTS
Basic earnings per share	**916.6**	1,353.7
Diluted earnings per share	**911.4**	1,316.3
	$m	$m
Reconciliation of earnings used in the calculation of basic and diluted earnings per share		
Profit after income tax	**3,535**	5,168
Loss/(profit) attributable to non-controlling interests	**(13)**	14
Profit attributable to the ordinary equity holders of MGL	**3,522**	5,182
Less: profit attributable to participating unvested MEREP awards	**(137)**	(167)
Earnings used in the calculation of basic earnings per share	**3,385**	5,015
Add back:		
Profit attributable to dilutive participating unvested MEREP awards	**84**	104
Interest on convertible subordinated debt[1]	**-**	233
Earnings used in the calculation of diluted earnings per share	**3,469**	5,352
		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	**369,315,116**	370,473,587
Add: weighted average number of dilutive potential ordinary shares:		
Unvested MEREP awards	**11,305,877**	10,784,377
Convertible subordinated debt[1]	**-**	25,333,746
Weighted average number of equity shares (net of treasury shares) and potential equity shares used in the calculation of diluted earnings per share	**380,620,993**	406,591,710

[1] The Consolidated Entity has issued loan capital which may convert into ordinary shares in the future (refer to Note 26 *Loan capital* for further details). These loan capital instruments are potentially dilutive instruments, and diluted EPS is therefore calculated as if the instruments had been converted at the beginning of the year or, if later, the instruments' issue dates. For the year ended 31 March 2024, all loan capital instruments were antidilutive (31 March 2023: dilutive).

Note 7
Trading assets

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Equity securities	**19,271**	7,830	**-**	-
Commodity contracts	**2,980**	3,612	**-**	-
Debt securities	**3,147**	3,033	**-**	-
Commodity inventories	**2,526**	2,406	**-**	-
Total trading assets	**27,924**	16,881	**-**	-

The majority of the above amounts are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity.

Note 8
Margin money and settlement assets

Margin money	**13,148**	14,397	**-**	-
Security settlement assets	**6,875**	6,476	**-**	-
Commodity settlement assets	**4,094**	4,383	**-**	-
Total margin money and settlement assets	**24,117**	25,256	**-**	-

The majority of above amounts are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity.

Note 9
Derivative assets

Held for trading	**23,064**	34,906	**1**	3
Designated in hedge relationships	**1,003**	1,208	**-**	-
Total derivative assets	**24,067**	36,114	**1**	3

The above amounts under held for trading category are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity.

Note 10

Financial investments

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Equity securities:				
Listed	**171**	135	**–**	–
Unlisted	**2,047**	2,035	**–**	–
Debt securities:				
Liquid asset holdings	**18,729**	16,421	**1,763**	–
Bonds, money market and other securities	**3,431**	3,283	**–**	–
Total financial investments	**24,378**	21,874	**1,763**	–

Of the above amounts, $2,897 million (2023: $4,417 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and $nil (2023: $nil) by the Company.

Note 11

Other assets

Other financial assets				
Commodity-related receivables	**4,869**	3,264	**–**	–
Trade debtors and other receivables	**2,524**	2,495	**–**	7
Fee and commission receivables	**1,011**	1,051	**–**	–
Total other financial assets	**8,404**	6,810	**–**	7
Other non-financial assets				
Contract assets	**1,144**	960	**–**	–
Investment properties	**927**	917	**–**	–
Income tax receivables	**651**	631	**15**	8
Inventories	**564**	228	**–**	–
Prepayments	**502**	420	**–**	–
Indirect tax receivables	**198**	271	**7**	15
Other	**248**	201	**–**	–
Total other non-financial assets	**4,234**	3,628	**22**	23
Total other assets	**12,638**	10,438	**22**	30

Of the above amounts, $1,442 million (2023: $2,901 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and $nil (2023: $1 million) by the Company.

Note 12

Loan assets

	CONSOLIDATED 2024			CONSOLIDATED 2023		
	Gross	ECL allowance[1]	Net	Gross	ECL allowance[1]	Net
	$m	$m	$m	$m	$m	$m
Home loans[2]	**120,890**	**(106)**	**120,784**	109,538	(121)	109,417
Corporate, commercial and other lending[2]	**48,647**	**(1,002)**	**47,645**	40,871	(1,036)	39,835
Asset financing[2,3]	**8,049**	**(107)**	**7,942**	9,479	(159)	9,320
Total loan assets	**177,586**	**(1,215)**	**176,371**	159,888	(1,316)	158,572

Of the above amounts, $148,368 million (2023: $107,950 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity.

Finance lease receivables

Finance lease receivables are included within loan assets. The Consolidated Entity provides finance leases to a broad range of clients to support financing needs in acquiring movable assets such as motor vehicles, small plant and equipment, electronic and IT equipment. The following table represents the maturity profile of the contractual undiscounted cash flows of the Consolidated Entity.

	CONSOLIDATED 2024			CONSOLIDATED 2023		
	Gross investment in finance lease receivables	Unearned income	Present value of minimum lease payments receivable	Gross investment in finance lease receivables	Unearned income	Present value of minimum lease payments receivable
	$m	$m	$m	$m	$m	$m
Within one year	**1,065**	**(97)**	**968**	999	(84)	915
Between one to two years	**712**	**(69)**	**643**	656	(59)	597
Between two to three years	**498**	**(54)**	**444**	422	(39)	383
Between three to four years	**193**	**(18)**	**175**	237	(24)	213
Between four to five years	**110**	**(11)**	**99**	182	(11)	171
Later than five years	**14**	**–**	**14**	22	(1)	21
Total	**2,592**	**(249)**	**2,343**	2,518	(218)	2,300

[1] The ECL allowance carried against loan assets measured at FVOCI is not presented in the table as the allowance is included in reserves. Refer Note 13 *Expected credit losses*.
[2] Prior period comparative information has been re-presented, or additional information provided, to conform to changes in the current period
[3] Includes $4,534 million (2023: $5,986 million) of car loan portfolio, for which in April 2024 it was announced new car lending will cease.

Note 13

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 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 Senior Management to closely monitor exposures showing signs of stress. All exposures on CreditWatch are classified as Stage II or, if defaulted, as Stage III.

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

Retail exposures

Exposures are assigned a 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.

Note 13

Expected credit losses continued

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.

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 $175 million (2023: $475 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. This judgement draws on internal risk and economics specialist input, comparison to general market outlooks and publicly available market commentary.

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

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

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

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

Note 13

Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Baseline A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,600 million[1]	Probable	**Global:** The baseline scenario forecasts a 2.6% year-on-year expansion in global GDP in 2024 as global recession fears recede. Interest rates cuts are expected in the second half of 2024, supporting an acceleration in real GDP growth to 3.1% year-on-year in 2025. **Australia:** GDP growth is anticipated to slow to 1.3% year-on-year in 2024 before picking up to 2.4% in 2025. Unemployment rates are forecast to increase moderately, peaking at 4.4% in the first quarter of 2025. The Reserve Bank of Australia (RBA) is expected to start lowering the cash rate in the second half of 2024, cutting by 125 basis points from current levels by end-2025. House prices are projected to continue their upward trend, rising by 9% by end of 2025, supported by a policy of monetary loosening. **United States:** Real GDP growth is projected to moderate to 2.1% by December 2024 and remain stable at 2.2% through to December 2025. The unemployment rate is expected to remain at 3.8% in 2025. The first policy rate cut from the Federal Reserve is expected in the second half of 2024. **Europe:** The scenario projects a modest growth of 0.9% until late 2024, followed by a 1.8% year-on-year expansion in 2025. Unemployment is forecast to increase throughout 2024 and peak at 7.0% through the first half of 2025.
Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,950 million[1]	Possible	**Global:** The downside scenario projects annual GDP growth that is approximately 1 percentage point lower than the baseline until mid 2025. **Australia:** The scenario forecasts GDP to grow by 0.4% by the first quarter of 2025 and rise to 2.8% by mid-2026. Unemployment will trend upwards peaking at 5.6% in first quarter of 2025. The RBA cash rate is forecast to rise by a further 25 basis points in the first half of 2024, followed by 250 basis points of cuts by mid-2026. House prices are projected to fall 15% by mid-2026. **United States:** The scenario projects GDP growth of 0.4% by the end of 2024 followed by a modest 1.1% growth in mid-2026. High inflation is expected to force the US Federal Reserve to increase interest rates by 50 basis points in 2024, before a cut in Q2 2025 as the economy slows. The unemployment rate is projected to peak at 5.2% in mid 2025. **Europe:** The scenario projects sequential real GDP contraction through to the first quarter of 2025, declining to 0.5% followed by growth of 1.8% in mid 2026. Unemployment rates are projected to peak at 8.7% in mid-2025.

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

Note 13

Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Severe Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$2,450 million[2]	Unlikely	**Global:** The scenario projects a sharp slowdown in annual GDP growth, around 3 to 3.5 percentage points lower than the baseline. **Australia:** The scenario projects four consecutive quarters of contraction in real GDP, followed by 1.8% growth in mid 2026. Unemployment rises sharply, peaking at 6.9% in mid-2025 and remaining elevated throughout the forecast period. The RBA cash rate is cut sharply, though house prices still fall 19% in the two years to mid-2026. **United States:** The scenario projects three consecutive quarters of contraction in real GDP followed by 0.8% growth in mid-2026. High inflation drives 100 basis points in rate increases in 2024, followed by significant cuts in 2025 as the US Federal Reserve attempts to stimulate the economy. Unemployment rises sharply to 7.2% in mid-2025 and falls slowly thereafter. **Europe:** The scenario projects GDP to decline by 2.3% in 2024, with quarterly growth not returning until mid-2026. Unemployment peaks at 9.9% in the second quarter of 2025.
Upside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,425 million[2]	Possible	**Global:** The upside scenario projects annual GDP growth that is approximately 1 percentage point higher than the baseline in 2024 and into 2025. **Australia:** The scenario forecasts GDP to grow by 1.7% year-on-year in 2024 and 3.2% in mid-2025. Interest rate cuts start in the second quarter of 2024. Unemployment rises only modestly and peaks at 4.3% in late 2024. House prices rise 14% to the end of 2025. **United States:** The scenario projects real GDP growth of 3.7% year-on-year in 2024 and 3.6% in mid-2025. The US Federal Reserve is able to cut interest rates by 50 basis points in 2024, holding the target rate at 4.75-5.00% until 2026. Unemployment drops to 3.2% in the first quarter of 2025. **Europe:** The scenario projects a return to growth in the third quarter of 2024. Annual growth in 2024 remains flat before recovering to 1.9% in mid-2025. Unemployment increases slowly, peaking at around 7.2% by mid-2026.

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

Note 13

Expected credit losses continued

The table below presents the gross exposure and related ECL allowance for assets measured at amortised cost or FVOCI 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	FVOCI	Other	Gross exposure	Amortised cost	FVOCI	Other	Total ECL allowance
	$m	$m	$m	$m	$m	$m	$m	$m
								CONSOLIDATED 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[3]	**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**
								CONSOLIDATED 2023
Cash and bank balances	45,659	–	–	45,659	3	–	–	3
Cash collateralised lending and reverse repurchase agreements	15,903	33,463	–	49,366	6	2	–	8
Margin money and settlement assets	24,738	–	–	24,738	58	–	–	58
Financial investments	1,721	17,269	–	18,990	–	4	–	4
Held for sale and other assets[3]	4,613	4	960	5,577	120	–	–	120
Loan assets	158,295	643	–	158,938	1,316	128	–	1,444
Loans to associates and joint ventures	480	–	–	480	60	–	–	60
Off balance sheet exposures	–	–	28,510	28,510	–	–	134	134
Total	251,409	51,379	29,470	332,258	1,563	134	134	1,831

Loan assets continue to represent the Consolidated Entity's most significant component of credit exposures on which ECL allowances are carried. The credit quality of the Consolidated Entity's loan assets, is monitored through its credit policies, as set out in Note 36.1 *Credit risk*. The Company's ECL provision of $47 million (2023: $50 million) primarily relates to related party loans of $45,928 million (2023: $44,993 million) that are presented as Due from subsidiaries in the Statements of financial position and certain off balance sheet exposures of $7,327 million (2023: $5,239 million).

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

Note 13

Expected credit losses continued

The table below provides a reconciliation between the opening and closing balance of the ECL allowance.

	Cash and bank balances	Cash collateralised lending and repurchase agreements	Margin money and settlement assets	Financial investments	Held for sale and other assets	Loan assets	Loans to associates and joint ventures	Off balance sheet exposures	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 Apr 2022	4	8	97	3	159	1,090	96	56	1,513
Credit impairment charges/ (reversals) (Note 2)	(1)	–	(42)	1	25	343	(5)	72	393
Amount written off, previously provided for	–	–	–	–	(64)	(74)	–	–	(138)
Reclassifications, foreign exchange and other movements	–	–	3	–	–	85	(31)	6	63
Balance as at 31 Mar 2023	3	8	58	4	120	1,444	60	134	1,831
Credit impairment charges/ (reversals) (Note 2)	**(2)**	**(3)**	**(16)**	**(4)**	**36**	**(107)**	**(27)**	**(11)**	**(134)**
Amount written off, previously provided for	**–**	**–**	**–**	**–**	**(36)**	**(30)**	**–**	**–**	**(66)**
Reclassifications, foreign exchange and other movements	**–**	**(4)**	**1**	**1**	**21**	**8**	**2**	**2**	**31**
Balance as at 31 Mar 2024	**1**	**1**	**43**	**1**	**141**	**1,315**	**35**	**125**	**1,662**

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	Stage II Not credit impaired	Stage III Credit impaired	Total
	$m	$m	$m	$m
Balance as at 1 Apr 2022	486	285	319	1,090
Transfers during the year	(5)	8	(3)	–
Credit impairment charges (Note 2)	93	145	105	343
Amount written off, previously provided for	–	–	(74)	(74)
Reclassifications, foreign exchange and other movements	51	(13)	47	85
Balance as at 31 Mar 2023	625	425	394	1,444
Transfers during the year	**165**	**(119)**	**(46)**	**–**
Credit impairment charges/(reversals) (Note 2)	**(346)**	**43**	**196**	**(107)**
Amount written off, previously provided for	**–**	**–**	**(30)**	**(30)**
Reclassifications, foreign exchange and other movements	**4**	**6**	**(2)**	**8**
Balance as at 31 Mar 2024	**448**	**355**	**512**	**1,315**

Note 14

Interests in associates and joint ventures

	CONSOLIDATED	
	2024	2023
	$m	$m
Equity investments with no provisions for impairment	**5,653**	3,877
Equity investments with provisions for impairment:		
Gross carrying value[1]	**398**	1,304
Less: provisions for impairment	**(210)**	(571)
Equity investments with provisions for impairment	**188**	733
Total equity investments in associates and joint ventures[2]	**5,841**	4,610
Loans to associates and joint ventures	**1,163**	1,024
Less: credit impairment charges	**(35)**	(60)
Total loans to associates and joint ventures	**1,128**	964
Total interests in associates and joint ventures[3,4]	**6,969**	5,574

The majority of the above amounts are expected to be recovered more than 12 months after the balance date by the Consolidated Entity.

Principal associates

The Consolidated Entity's principal associates at the balance date are:

Associates	Carrying value 2024 $m	Carrying value 2023 $m	Ownership interest	Nature of activities	Financial reporting date
Macquarie AirFinance Limited	**1,058**	868	50%	Aircraft leasing	31 March

Macquarie AirFinance Limited

The Consolidated Entity holds 50% interest in Macquarie AirFinance Limited (MAF) under the MAM operating group and accounts for it as an equity-accounted associate due to having significant influence.

During the current year, MAF acquired a portfolio of aircraft and committed to acquire an additional portfolio of aircraft, funded through debt and equity. As at balance date, the Consolidated Entity has an undrawn equity commitment of $230 million to MAF to fund the acquisition of the aircraft portfolio.

[1] Represents the carrying value after equity-accounted gains and losses, if any.
[2] Includes investments in Macquarie-managed funds of $2,059 million (2023: $1,597 million). In some instances, the Consolidated Entity holds less than 20% ownership interest in these investments, yet classifies its investments in these funds as equity-accounted associates on the basis of its ability to participate in the financial and operating policy decisions through its role as general partner or manager.
[3] Comprises $4,467 million (2023: $3,596 million) relating to interests in associates and $2,502 million (2023: $1,978 million) relating to interests in joint ventures.
[4] Financial statements of associates and joint ventures have been adjusted to align with the Consolidated Entity's reporting date, where the reporting date differs.

Note 15

Property, plant and equipment and right-of-use assets

	CONSOLIDATED 2024			CONSOLIDATED 2023		
	Cost	Accumulated depreciation and impairment	Carrying Value	Cost	Accumulated depreciation and impairment	Carrying Value
	$m	$m	$m	$m	$m	$m
Assets for own use						
Land and buildings	**1,396**	**(49)**	**1,347**	879	(44)	835
Furniture, fittings and leasehold improvements	**1,141**	**(576)**	**565**	843	(614)	229
Infrastructure assets and equipment	**845**	**(190)**	**655**	760	(182)	578
Total assets for own use	**3,382**	**(815)**	**2,567**	2,482	(840)	1,642
Assets under operating lease						
Meters	**2,807**	**(1,260)**	**1,547**	2,558	(1,082)	1,476
Aviation	**1,604**	**(259)**	**1,345**	1,274	(217)	1,057
Telecommunications	**1,620**	**(699)**	**921**	1,699	(666)	1,033
Equipment and others	**1,189**	**(266)**	**923**	1,073	(239)	834
Total assets under operating lease	**7,220**	**(2,484)**	**4,736**	6,604	(2,204)	4,400
Right-of-use assets						
Office premises	**1,435**	**(693)**	**742**	1,050	(554)	496
Others	**124**	**(35)**	**89**	176	(75)	101
Total right-of-use assets	**1,559**	**(728)**	**831**	1,226	(629)	597
Total property, plant and equipment and right-of-use assets[1]	**12,161**	**(4,027)**	**8,134**	10,312	(3,673)	6,639

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

The future minimum lease payments expected to be received under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	2024	2023
	$m	$m
Assets under operating lease		
Within one year	**480**	438
Between one to two years	**331**	333
Between two to three years	**251**	170
Between three to four years	**200**	103
Between four to five years	**129**	82
Later than five years	**262**	243
Total future minimum lease payments receivable	**1,653**	1,369

[1] Includes carrying value of $7,308 million (2023: $5,943 million) related to the Consolidated Entity's integrated consolidated businesses and $826 million (2023: $696 million) related to the Consolidated Entity's subsidiaries held for investment purposes with the ultimate intention to sell as part of Macquarie's investment activities.

Note 15

Property, plant and equipment and right-of-use assets continued

The movement in the carrying value of the Consolidated Entity's property, plant and equipment was as follows.

	Land and buildings $m	Furniture, fittings and leasehold improvements $m	Infrastructure assets and equipment $m	Total $m
				CONSOLIDATED
Assets for own use				
Balance as at 1 Apr 2022	614	293	203	1,110
Acquisitions and additions	233	137	360	730
Disposals	–	(2)	(79)	(81)
Depreciation expense[2]	(5)	(53)	(55)	(113)
Impairments	–	–	(1)	(1)
Reclassification and other adjustments	(9)	(156)	125	(40)
Foreign exchange movements	2	10	25	37
Balance as at 31 Mar 2023[3]	835	229	578	1,642
Acquisitions and additions	**531**	**394**	**633**	**1,558**
Disposals	**(1)**	**(1)**	**(129)**	**(131)**
Depreciation expense[2]	**(5)**	**(60)**	**(48)**	**(113)**
Impairments	**–**	**–**	**(15)**	**(15)**
Reclassification and other adjustments[4]	**(13)**	**–**	**(384)**	**(397)**
Foreign exchange movements	**–**	**3**	**20**	**23**
Balance as at 31 Mar 2024[3]	**1,347**	**565**	**655**	**2,567**

	Meters $m	Aviation $m	Telecommunications $m	Equipment and others $m	Total $m
					CONSOLIDATED
Assets under operating lease					
Balance as at 1 Apr 2022	1,364	865	809	537	3,575
Acquisitions and additions	262	146	265	462	1,135
Disposals	–	(21)	–	(55)	(76)
Depreciation expense	(190)	(34)	(35)	(141)	(400)
Impairments	–	(4)	–	–	(4)
Reclassification and other adjustments[5]	(33)	–	(51)	(10)	(94)
Foreign exchange movements	73	105	45	41	264
Balance as at 31 Mar 2023	1,476	1,057	1,033	834	4,400
Acquisitions and additions	**254**	**323**	**33**	**392**	**1,002**
Disposals	**–**	**(9)**	**(2)**	**(63)**	**(74)**
Depreciation expense	**(213)**	**(40)**	**(34)**	**(187)**	**(474)**
Impairments	**–**	**(3)**	**–**	**–**	**(3)**
Reclassification and other adjustments[5]	**(41)**	**(13)**	**(148)**	**(62)**	**(264)**
Foreign exchange movements	**71**	**30**	**39**	**9**	**149**
Balance as at 31 Mar 2024	**1,547**	**1,345**	**921**	**923**	**4,736**

[2] Includes depreciation expense of $20 million (2023: $30 million) on infrastructure assets and equipment, and $4 million (2023: $1 million) on buildings, furniture, fittings and leasehold improvements relating to subsidiaries held for investment purposes and presented under other operating income and charges in Note 2 *Operating profit before income tax.*

[3] Includes $1,988 million (2023: $1,011 million) for capital work in progress.

[4] Includes assets reclassified as held for sale in the current year.

[5] Includes $70 million loss (2023: $51 million) on fair value hedge adjustments. Refer to Note 35 *Hedge accounting.*

Note 15

Property, plant and equipment and right-of-use assets continued

The movement in the carrying value of the Consolidated Entity's Right-of-use assets was as follows.

	Office premises $m	Others $m	Total $m
			CONSOLIDATED
Right-of-use assets			
Balance as at 1 Apr 2022	404	54	458
Acquisitions and additions	216	69	285
Disposals	(12)	(6)	(18)
Depreciation expense[6]	(145)	(26)	(171)
Impairments	(3)	–	(3)
Reclassification and other adjustments	7	5	12
Foreign exchange movements	29	5	34
Balance as at 31 Mar 2023	496	101	597
Acquisitions and additions	**429**	**87**	**516**
Disposals	**(32)**	**(64)**	**(96)**
Depreciation expense[5]	**(173)**	**(36)**	**(209)**
Reclassification and other adjustments	**1**	**(1)**	**–**
Foreign exchange movements	**21**	**2**	**23**
Balance as at 31 Mar 2024	**742**	**89**	**831**

[6] Includes depreciation expense of $165 million (2023: $140 million) on office premise leases presented under other operating expenses, $25 million (2023: $20 million) on assets held for trading-related business presented under net trading income and $5 million (2023: $4 million) on technology leases presented under non-salary technology expenses in Note 2 *Operating profit before income tax*.

Note 16

Intangible assets

	CONSOLIDATED 2024			CONSOLIDATED 2023		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	$m	$m	$m	$m	$m	$m
Intangible assets with indefinite useful lives						
Goodwill	**2,408**	**(30)**	**2,378**	2,037	(33)	2,004
Management rights	**295**	**–**	**295**	308	–	308
Intangible assets with finite useful lives						
Management rights and licenses	**1,320**	**(518)**	**802**	1,313	(393)	920
Customer and servicing contracts	**848**	**(362)**	**486**	729	(308)	421
Software and other intangibles	**509**	**(216)**	**293**	391	(217)	174
Total intangible assets[1]	**5,380**	**(1,126)**	**4,254**	4,778	(951)	3,827

The above amounts are expected to be recovered after 12 months of the balance date by the Consolidated Entity.

In accordance with the Consolidated Entity's accounting policies, assets with an indefinite useful life are tested on an annual basis for impairment, and additionally, along with assets with a finite useful life, whenever an indication of impairment exists. An impairment loss is recognised for the amount by which the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value-in-use. Where required, the recoverable amount is determined either with reference to external valuations or estimated using discounted cash flow techniques. In this case, estimates specific to the asset or CGU are required to be determined, including forecast cash flows, long-term growth rates and discount rates (ranged from 10.5%–13.0%). There was no material impairment or reversal of existing impairment recognised during the year.

The movement in the carrying value of the Consolidated Entity's intangible assets is as follows.

	INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES		INTANGIBLE ASSETS WITH FINITE USEFUL LIVES			
	Goodwill	Management rights	Management rights and licenses	Customer and servicing contracts	Software and other Intangibles	Total
	$m	$m	$m	$m	$m	$m
Balance as at 1 Apr 2022	1,863	276	1,167	387	87	3,780
Acquisitions[2]	161	–	2	21	146	330
Impairments	(12)	–	–	–	–	(12)
Amortisation[3]	–	–	(153)	(44)	(31)	(228)
Disposals and reclassifications	(111)	(2)	(196)	(6)	(118)	(433)
Foreign exchange movements and other adjustments	103	34	100	63	90	390
Balance as at 31 March 2023	2,004	308	920	421	174	3,827
Acquisitions[2]	**559**	**–**	**2**	**95**	**391**	**1,047**
Impairments	**(8)**	**–**	**(2)**	**–**	**–**	**(10)**
Amortisation[3]	**–**	**–**	**(134)**	**(46)**	**(25)**	**(205)**
Disposals and reclassifications	**(250)**	**(21)**	**–**	**–**	**(260)**	**(530)**
Foreign exchange movements and other adjustments	**73**	**7**	**16**	**16**	**13**	**125**
Balance as at 31 March 2024	**2,378**	**294**	**802**	**486**	**293**	**4,254**

[1] Includes $2,832 million (2023: $2,959 million) related to the Consolidated Entity's core business operations and $1,422 million (2023: $868 million) related to the Consolidated Entity's subsidiaries held for investment purposes with the ultimate intention to sell as part of Macquarie's investment activities.
[2] Includes intangible assets acquired as part of business combinations and otherwise.
[3] Includes amortisation of $41 million (2023: $47 million) related to the Consolidated Entity's subsidiaries held for investment purposes, presented under other operating income and charges and $164 million (2023: $181 million) under other operating expenses in Note 2 *Operating profit before income tax*.

Note 17

Investment in subsidiaries

	COMPANY	
	2024	2023
	$m	$m
Investment at cost with no provisions for impairment[1]	**33,805**	32,604
Total investment in subsidiaries	**33,805**	32,604

The above amounts are expected to be recovered after 12 months of the balance date by the Company.

The following are the Company's notable subsidiaries:

BANK GROUP	NON-BANK GROUP	
Macquarie B.H. Pty Ltd (MBHPL)	**Macquarie Financial Holdings Pty Limited (MFHPL)**	**Macquarie Asset Management Holdings Pty Limited (MAMH)**
Australia		
• Macquarie B.H. Pty Ltd • Macquarie Bank Limited • Macquarie Group Services Australia Pty Ltd • Macquarie International Finance Limited • Macquarie Offshore Services Pty Ltd • Macquarie Equities Limited • Macquarie Investment Management Ltd	• Macquarie Financial Holdings Pty Limited • Macquarie Corporate Holdings Pty Limited • Macquarie Securities (Australia) Limited • Macquarie Capital (Australia) Limited	• Macquarie Asset Management Holdings Pty Limited • Macquarie Investment Management Global Limited • Macquarie Investment Management Australia Limited • Macquarie Infrastructure Management (Asia) Pty Limited • Macquarie Specialised Asset Management Ltd
Asia Pacific		
• Macquarie Global Services Private Limited (India) • Macquarie Group Services (Philippines), Inc. (Philippines)	• Macquarie Capital Limited (Hong Kong)	• Macquarie Korea Asset Management Co Ltd (South Korea)
Europe, Middle East and Africa		
• Macquarie Bank Europe Designated Activity Company (Ireland)	• Macquarie Investment Management Europe Limited (United Kingdom) • Macquarie Asset Management Europe S.à r.l. (Luxembourg) • Macquarie Capital France Société Anonyme (Reporting date 31 December) (France) • Macquarie Capital (Europe) Limited (United Kingdom) • Infinity UK Borrower 1 Limited (United Kingdom)	• Macquarie Infrastructure and Real Assets Investments Limited (United Kingdom) • Macquarie Infrastructure and Real Assets (Europe) Limited (United Kingdom)

[1] In accordance with its accounting policies, the Company reviewed its investments in subsidiaries for indicators of impairment. Where its investments had indicators of impairment, the investment's carrying value was compared to its recoverable value which was determined as the higher of value-in-use and fair value less cost to sell (valuation). The valuations, which are classified as Level 3 in the fair value hierarchy (as defined in Note 38 *Fair value of assets and liabilities*), have been calculated using a valuation technique with significant unobservable inputs including the subsidiary's maintainable earnings, growth rates and relevant earnings multiples. A range of valuations of the investments in the subsidiaries, under different scenarios, was used that demonstrated that the recoverable value was either equivalent to or exceeded the current carrying value.

Note 17

Investment in subsidiaries continued

BANK GROUP	NON-BANK GROUP	
Macquarie B.H. Pty Ltd (MBHPL)	**Macquarie Financial Holdings Pty Limited (MFHPL)**	**Macquarie Asset Management Holdings Pty Limited (MAMH)**
Americas		
• Macquarie Energy LLC (United States) • Macquarie Global Services (USA) LLC (United States) • Macquarie Futures USA LLC (United States)	• Macquarie Capital (USA) Inc. (United States) • Macquarie Holdings (U.S.A.) Inc. (United States) • Macquarie PF Inc. (United States) • Infinity US Borrower 1 LLC (United States) • Macquarie PF LLC (United States) • MIP III (ECI) GP LLC (United States) • Macquarie Capital Funding LLC (United States)	• Delaware Management Company (United States) • Delaware Distributors, L.P. (United States) • Macquarie Management Holdings, Inc. (United States)

The subsidiaries included in the notable subsidiaries list above are identified on the basis of their ongoing contribution to the Consolidated Entity's external assets and operating profit. Additionally, these include the major employing entities, entities that are key providers of funding to other subsidiaries and other operating entities considered key for each Operating Group and region.

The list of notable subsidiaries has been categorised based on the geographic region of their incorporation. The country of incorporation has been stated in brackets. For entities in the Australia region, the country of incorporation is Australia. Overseas subsidiaries and their branches conduct business predominantly in the place of incorporation and location of their branches. Notable subsidiaries may conduct business in other geographic regions through branches. The branches have not been separately included in the list of notable subsidiaries.

All notable subsidiaries have a 31 March reporting date, except for specific cases covered above.

Significant restrictions

During the year, the Company's subsidiaries did not experience any significant restrictions on paying dividends, accessing or using assets and settling liabilities of the Group. There are no foreseen restrictions envisaged with regard to planned dividends or payments. However, the ability of subsidiaries to pay dividends or advance monies to the Group depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

Non-controlling interest

Details of non-controlling interest are covered in Note 28 *Reserves, retained earnings and non-controlling interests*.

Note 18

Deferred tax assets/(liabilities)

The balance comprises temporary differences attributable to:

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Other assets and liabilities	**1,743**	1,800	**43**	3
Financial investments and interests in associates and joint ventures	**461**	475	**-**	-
Tax losses	**506**	358	**-**	-
Intangible assets	**304**	283	**-**	-
Property, plant and equipment	**144**	112	**-**	-
Loan assets and derivatives	**176**	268	**4**	-
Operating and finance leases	**31**	43	**-**	-
Set-off of deferred tax liabilities	**(1,288)**	(1,542)	**(6)**	-
Net deferred tax assets	**2,077**	1,797	**41**	3
Intangible assets	**(391)**	(419)	**-**	-
Operating and finance leases	**(289)**	(359)	**-**	-
Financial investments and interests in associates and joint ventures	**(647)**	(444)	**-**	-
Loan assets and derivatives	**(112)**	(274)	**(6)**	-
Other assets and liabilities	**(181)**	(205)	**-**	-
Property, plant and equipment	**(51)**	(37)	**-**	-
Set-off of deferred tax assets	**1,288**	1,542	**6**	-
Net deferred tax liabilities	**(383)**	(196)	**-**	-

The above amounts are expected to be recovered more than 12 months after the balance date by the Consolidated Entity and the Company.

Potential tax assets of approximately $517 million (2023: $533 million) attributable to tax losses carried forward by subsidiaries and other timing differences have not been brought to account in the Consolidated Entity as Management do not believe that the realisation of the tax assets is probable. Included in this amount are gross losses of $142 million (2023: $57 million) that will expire within two years, $200 million (2023: $207 million) that will expire in 2–5 years, $231 million (2023: $280 million) that will expire in 5–10 years and $547 million (2023: $543 million) that will expire in 10–20 years. $1,276 million (2023: $1,260 million) of gross tax losses do not expire and can be carried forward indefinitely.

Note 19

Trading liabilities

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Equity securities	**4,991**	4,770	**-**	-
Debt securities	**53**	40	**-**	-
Total trading liabilities	**5,044**	4,810	**-**	-

Note 20

Margin money and settlement liabilities

Margin money	**17,793**	17,109	**-**	-
Security settlement liabilities	**6,253**	6,408	**-**	-
Commodity settlement liabilities	**4,377**	3,965	**-**	-
Total margin money and settlement liabilities	**28,423**	27,482	**-**	-

Note 21

Derivative liabilities

Held for trading	**21,808**	29,055	**5**	5
Designated in hedge relationships	**3,777**	3,735	**-**	-
Total derivative liabilities	**25,585**	32,790	**5**	5

Note 22

Deposits

Interest bearing deposits:				
Call	**102,764**	89,917	**-**	-
Term	**21,893**	23,367	**-**	-
Non-interest bearing deposits - repayable on demand	**23,759**	21,430	**-**	-
Total deposits	**148,416**	134,714	**-**	-

Note 23
Other liabilities

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Other financial liabilities				
Commodity-related payables	**3,848**	1,371	**–**	–
Creditors	**1,831**	1,929	**36**	20
Lease liabilities	**918**	702	**–**	–
Total other financial liabilities	**6,597**	4,002	**36**	20
Other non-financial liabilities				
Employment-related liabilities	**3,485**	4,065	**95**	83
Provisions[1]	**1,782**	1,620	**10**	20
Accrued charges and other payables	**867**	841	**3**	2
Income tax provision[2]	**785**	1,087	**24**	112
Income received in advance	**504**	600	**–**	–
Indirect taxes payables	**260**	138	**1**	4
Other	**192**	159	**–**	–
Total other non-financial liabilities	**7,875**	8,510	**133**	221
Total other liabilities	**14,472**	12,512	**169**	241

[1] In the ordinary course of its business, the Consolidated Entity and the Company may be subject to actual and potential civil claims and regulatory enforcement actions. During the current year, 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 and the Company consider 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 24

Issued debt securities and other borrowings

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Bonds	**57,233**	50,972	**35,242**	31,050
Commercial paper	**26,025**	23,466	**–**	–
Securitised notes[1]	**11,621**	11,424	**–**	–
Structured notes[2,3]	**2,550**	2,413	**1,470**	1,063
Certificates of deposits	**1,333**	2,274	**–**	–
Total issued debt securities	**98,762**	90,549	**36,712**	32,113
Borrowings	**21,116**	18,912	**6,423**	6,942
Total issued debt securities and other borrowings	**119,878**	109,461	**43,135**	39,055

The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to its issued debt securities and other borrowings during the financial years reported.

Reconciliation of issued debt securities and other borrowings by major currency				
(In Australian dollar equivalent)				
United States dollar	**74,384**	67,194	**29,103**	25,573
Australian dollar	**19,660**	20,523	**253**	252
Euro	**13,179**	8,635	**5,803**	5,225
Pound sterling	**6,891**	5,960	**3,291**	3,135
Japanese yen	**2,286**	2,429	**1,971**	2,181
Other	**3,478**	4,720	**2,714**	2,689
Total issued debt securities and other borrowings	**119,878**	109,461	**43,135**	39,055

[1] Represents payable to note holders and debt holders of instruments issued by consolidated Structured Entities (SEs) for which loan assets are available as security. Refer Note 40 *Pledged assets and transfers of financial assets* for the details of assets pledged for the liabilities of the Consolidated Entity.

[2] The amount that would be contractually required to be paid at maturity to the holders of issued debt securities measured at DFVTPL for the Consolidated Entity is $3,868 million (2023: $3,696 million) and for the Company is $2,470 million (2023: $2,037 million). This amount is based on the final notional amount rather than the fair value. Refer to Note 37 *Measurement categories of financial instruments* for the carrying value of issued debt securities measured at DFVTPL.

[3] The Consolidated Entity includes a cumulative fair value gain recognised in OCI of $14 million (2023: $49 million) and the Company includes a cumulative fair value gain recognised in OCI of $15 million (2023: $34 million) due to changes in own credit risk on issued debt securities measured at DFVTPL.

Note 25

Capital management

Capital management strategy

The Consolidated Entity's and the Company's capital management strategy is to maximise shareholder value through optimising the mix, level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Consolidated Entity's capital management objectives are to maintain sufficient capital resources to:

- support the Consolidated Entity's business and operational requirements;
- safeguard interest of depositors' and the Consolidated Entity's ability to continue as a going concern;
- exceed regulatory capital requirements; and
- support the Consolidated Entity's credit ratings.

The Consolidated Entity's capital management strategy uses both internal and external measures of capital. Internally, the Consolidated Entity has developed an Economic Capital Adequacy Model (ECAM) that complements the management of specific risk types such as equity, credit, market and operational risk by providing an aggregate view of the Consolidated Entity's risk profile. Externally, the Consolidated Entity is subject to minimum capital requirements imposed by APRA.

Measures of capital used to support business decision-making include:

- capital adequacy assessment
- risk appetite setting
- risk-adjusted performance measurement

Regulatory capital framework

Regulatory capital requirements are imposed and measured at three levels of consolidation within the Consolidated Entity:

- **Level 1:** MBL and certain subsidiaries which meet the APRA definition of Extended Licensed Entities.
- **Level 2:** MBL, its subsidiaries and its immediate parent less certain subsidiaries of MBL which are deconsolidated for APRA reporting purposes. These include entities conducting insurance, funds management and non-financial operations.
- **Level 3:** The Level 2 group, other bank entities excluded from Level 2 plus the Non-Bank Group. In determining the capital requirements, transactions internal to the Consolidated Entity are eliminated.

MBL, a wholly owned subsidiary of the Company, is an APRA regulated ADI and is subject to the prevailing APRA ADI Prudential Standard requirements. MBL is accredited by APRA to apply the Basel III Foundation Internal Ratings Based Approach for credit risk and the Internal Model Approach for market risk and interest rate risk in the banking book.

The Company and Consolidated Entity, as an APRA authorised and regulated NOHC, is regulated on a Level 3 basis and is required to maintain minimum regulatory capital calculated as the sum of:

- MBL's minimum Tier 1 capital requirement, based on a percentage of risk-weighted assets (RWAs) plus Tier 1 deductions per the prevailing APRA ADI Prudential Standards.
- The Non-Bank Group capital requirement, per the Consolidated Entity's ECAM.

The Consolidated Entity's Level 3 eligible capital consists of ordinary equity, retained earnings, certain reserves and hybrid instruments. The overall Level 3 capital position is reported as an excess over the regulatory minimum capital adequacy requirement.

The Consolidated Entity has complied with minimum capital requirements at Level 1, Level 2 and Level 3 throughout the financial year.

Note 26

Loan capital

Subordinated debt

Subordinated debt comprises of agreements between the Consolidated Entity and its lenders that provide that, in the event of liquidation, entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of the Consolidated Entity.

The table below highlights key capital instruments with conditional repayment obligations (Tier 1 loan capital) issued by the Consolidated Entity.

Contract feature	Macquarie Group Capital Notes 3	Macquarie Group Capital Notes 4	Macquarie Group Capital Notes 5
Code	MCN3	MCN4	MCN5
Issuer	Macquarie Group Limited	Macquarie Group Limited	Macquarie Group Limited
Par value	$100	$100	$100
Currency	AUD	AUD	AUD
Carrying value at reporting date	$1,000 million	$905 million	$725 million
Accounting measurement basis	Financial liability at amortised cost	Financial liability at amortised cost	Financial liability at amortised cost
Issue date	7 June 2018	27 March 2019	17 March 2021
Interest rate	90-day BBSW plus a fixed margin of 4.00% per annum, adjusted for franking credits	90-day BBSW plus a fixed margin of 4.15% per annum, adjusted for franking credits	90-day BBSW plus a fixed margin of 2.90% per annum, adjusted for franking credits
Interest payment frequency	Quarterly in arrears	Quarterly in arrears	Quarterly in arrears
Interest payment	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
Dividend stopper	Yes	Yes	Yes
Outstanding notes at reporting date	10 million	9.05 million	7.25 million
Maturity	Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument	Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument	Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument
Convertible into ordinary shares	Yes	Yes	Yes
Convertible into issuer shares	MGL	MGL	MGL
Mandatory conversion date	15 December 2027	10 September 2029	18 September 2030
Maximum number of shares on conversion	43,798,178	35,439,961	24,641,304
Optional exchange dates	• 16 December 2024 • 16 June 2025 • 15 December 2025 earlier in specified circumstances at the discretion of MGL subject to APRA approval	• 10 September 2026 • 10 March 2027 • 10 September 2027 earlier in specified circumstances at the discretion of MGL subject to APRA approval	• 18 September 2027 • 18 March 2028 • 18 September 2028 earlier in specified circumstances at the discretion of MGL subject to APRA approval
Other exchange events	• acquisition date (where a party acquires control of MGL) • where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support)	• acquisition date (where a party acquires control of MGL) • where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support)	• acquisition date (where a party acquires control of MGL) • where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support)
EPS Dilution[1]	Anti-Dilutive	Anti-Dilutive	Anti-Dilutive
Capital treatment	Eligible hybrid capital	Eligible hybrid capital	Eligible hybrid capital

[1] The Consolidated Entity has issued loan capital which may convert into ordinary shares in the future. These loan capital instruments are potentially dilutive instruments, and diluted EPS is therefore calculated as if the instruments had been converted at the beginning of the year or, if later, the instruments' issue dates. For the year ended 31 March 2024, all loan capital instruments were antidilutive (31 March 2023: dilutive).

Macquarie Group Capital Notes 6	Macquarie Additional Capital Securities	Macquarie Bank Capital Notes 2	Macquarie Bank Capital Notes 3
MCN6	MACS	BCN2	BCN3
Macquarie Group Limited	Macquarie Bank Limited	Macquarie Bank Limited	Macquarie Bank Limited
$100	n/a	$100	$100
AUD	USD	AUD	AUD
$750 million	$US750 million/($A1,085 million)	$641 million	$655 million
Financial liability at amortised cost	Financial liability at amortised cost	Financial liability at amortised cost	Financial liability at amortised cost
15 July 2022	8 March 2017	2 June 2020	27 August 2021
90-day BBSW plus a fixed margin of 3.70% per annum, adjusted for franking credits	6.125% per annum	90-day BBSW plus a fixed margin of 4.70% per annum, adjusted for franking credits	90-day BBSW plus a fixed margin of 2.90% per annum, adjusted for franking credits
Quarterly in arrears	Semi-annually in arrears	Quarterly in arrears	Quarterly in arrears
Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
Yes	MBL only	MBL only	MBL only
7.5 million	—[2]	6.41 million	6.55 million
Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument	Perpetual, redeemed subject to APRA's written approval, and at the discretion of MBL in limited circumstances	Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument	Perpetual unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the instrument
Yes	Yes	Yes	Yes
MGL	MGL	MGL	MGL
12 September 2032	n/a	21 December 2028	8 September 2031
22,525,190	56,947,286	30,532,190	20,316,704
• 12 September 2029 • 12 March 2030 • 12 September 2030 earlier in specified circumstances at the discretion of MGL subject to APRA approval	No optional exchange dates	• 21 December 2025 • 21 June 2026 • 21 December 2026 earlier in specified circumstances at the discretion of MBL subject to APRA approval	• 7 September 2028 • 7 March 2029 • 7 September 2029 earlier in specified circumstances at the discretion of MBL subject to APRA approval
• acquisition date (where a party acquires control of MGL) • where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support)	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 capital ratio falls below 5.125%	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or conversion or write off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 Capital ratio falls below 5.125%	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or conversion or write off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 Capital ratio falls below 5.125%
Anti-Dilutive	n/a	Anti-Dilutive	Anti-Dilutive
Eligible hybrid capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital

[2] As at 31 March 2024, the $US750 million of MACS were held by an authorised representative for the Depository Trust Company being the common depository for the MACS global security.

Note 26

Loan capital continued

In addition to the subordinated debt with conditional repayment obligations, the Consolidated Entity has also issued certain capital instruments with fixed repayment obligations, denominated in United States dollars and Australian dollars which are eligible Tier 2 capital under APRA's capital standards.

The table below discloses the carrying value of Loan capital at the balance date. Where these instruments are designated in fair value hedge accounting relationships, the carrying value includes the fair value hedge adjustment (refer to Note 35 *Hedge accounting*). The contractual undiscounted cash flows are disclosed in Note 36.2 *Liquidity risk*.

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Subordinated debt with fixed repayment obligations (Tier 2 loan capital) by contractual maturity dates:				
10 June 2025	**1,112**	1,075	**-**	-
28 May 2030	**750**	750	**-**	-
3 June 2030	**935**	921	**-**	-
17 June 2031	**750**	750	**-**	-
7 June 2032	**843**	849	**-**	-
18 January 2033	**1,460**	1,497	**-**	-
1 March 2034	**1,256**	-	**-**	-
3 March 2036	**1,285**	1,282	**-**	-
Instruments with conditional repayment obligations (Tier 1 loan capital):				
MCN3	**1,000**	1,000	**1,000**	1,000
MCN4	**905**	905	**905**	905
MCN5	**725**	725	**725**	725
MCN6	**750**	750	**750**	750
MACS	**1,085**	1,064	**-**	-
BCN2	**641**	641	**-**	-
BCN3	**655**	655	**-**	-
Accrued interest payable as per terms of instruments:				
Less than 12 months	**101**	89	**12**	11
	14,253	12,953	**3,392**	3,391
Less: directly attributable issuance costs	**(52)**	(62)	**(21)**	(29)
Total loan capital	**14,201**	12,891	**3,371**	3,362

Reconciliation of loan capital by major currency				
(In Australian dollar equivalent)				
Australian dollar	**8,315**	7,057	**3,392**	3,391
United States dollar	**5,938**	5,896	**-**	-
	14,253	12,953	**3,392**	3,391
Less: directly attributable issuance costs	**(52)**	(62)	**(21)**	(29)
Total loan capital	**14,201**	12,891	**3,371**	3,362

The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to their loan capital during the financial years reported.

Note 27
Contributed equity

	Notes	CONSOLIDATED 2024 $m	CONSOLIDATED 2023 $m	COMPANY 2024 $m	COMPANY 2023 $m
Ordinary share capital		**14,156**	14,735	**16,593**	17,200
Treasury shares		**(2,784)**	(2,328)	**(2,784)**	(2,328)
Total contributed equity		**11,372**	12,407	**13,809**	14,872

		CONSOLIDATED Number of shares	CONSOLIDATED Total $m	COMPANY Number of shares	COMPANY Total $m
(i) Ordinary share capital[1]					
Balance as at 1 Apr 2022		383,647,637	14,156	383,647,637	16,639
Issued fully paid shares pursuant to the DRP on 4 July 2022 @ 177.11 per share		2,736,737	485	2,736,737	485
Issued shares on retraction of exchangeable shares on 27 May 2022 and 1 June 2022		92,380	–	92,380	17
For employee MEREP awards:					
Transfer from share-based payments reserve on vesting of MEREP awards	28	–	512	–	512
Transfer of deferred tax benefit on MEREP from share-based payments reserve on vesting of MEREP awards	28	–	35	–	–
Transfer from treasury shares for MEREP awards exercised		–	(453)	–	(453)
Balance as at 31 Mar 2023		386,476,754	14,735	386,476,754	17,200
For employee MEREP awards:					
Transfer from share-based payments reserve on vesting of MEREP awards	28	**–**	**607**	**–**	**607**
Transfer of deferred tax benefit on MEREP from share-based payments reserve on vesting of MEREP awards	28	**–**	**30**	**–**	**2**
Transfer from treasury shares for MEREP awards exercised		**–**	**(572)**	**–**	**(572)**
On-market share buyback[2]		**(3,514,221)**	**(644)**	**(3,514,221)**	**(644)**
Balance as at 31 Mar 2024		**382,962,533**	**14,156**	**382,962,533**	**16,593**

[1] Ordinary shares have no par value.
[2] On 2 November 2023, the Macquarie Group Limited ("MGL") Board approved an on-market share buyback of up to $2 billion of MGL shares. During the financial year, 3,514,221 ordinary shares were bought back at an average price of $183.26 per share. The shares bought back were subsequently cancelled.

Note 27

Contributed equity continued

	CONSOLIDATED		COMPANY	
	Number of shares	Total $m	Number of shares	Total $m
(ii) Treasury shares[3]				
Balance as at 1 Apr 2022	(15,234,983)	(1,858)	(15,234,983)	(1,858)
Acquisition of shares for employee MEREP awards	(5,470,493)	(923)	(5,470,493)	(923)
Transfer to ordinary share capital for MEREP awards exercised	3,981,423	453	3,981,423	453
Acquisition of shares for allocation under DRP scheme	(571,655)	(102)	–	–
Allocation of shares under DRP scheme	571,655	102	–	–
Acquisition of shares for allocation under ESP scheme	(10,975)	(2)	–	–
Allocation of shares under ESP scheme	10,975	2	–	–
Balance as at 31 Mar 2023	**(16,724,053)**	**(2,328)**	**(16,724,053)**	**(2,328)**
Acquisition of shares for employee MEREP awards	**(5,737,537)**	**(1,028)**	**(5,737,537)**	**(1,028)**
Transfer to ordinary share capital for MEREP awards exercised	**4,548,969**	**572**	**4,548,969**	**572**
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)**	**(17,912,621)**	**(2,784)**

[3] Under MEREP, a portion of staff retained profit share is held in MGL ordinary shares by the MEREP Trust and is presented as Treasury shares. The Consolidated Entity has resolved to purchase additional Treasury shares to satisfy MEREP requirements of approximately $696 million, commencing on 13 May 2024. Ordinary shares will be issued if purchasing becomes impractical or inadvisable. For further information regarding terms and conditions of MEREP refer to Note 32 *Employee equity participation*.

Note 28

Reserves, retained earnings and non-controlling interests

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
(i) Reserves				
Foreign currency translation reserve				
Balance at the beginning of the financial year	**1,632**	312	**-**	-
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax	**440**	1,320	**-**	-
Balance at the end of the financial year	**2,072**	1,632	**-**	-
FVOCI and other reserves				
Balance at the beginning of the financial year	**30**	16	**-**	-
Revaluation movement, net of tax	**(8)**	(15)	**1**	-
Changes in ECL allowance, net of tax	**(24)**	29	**-**	-
Balance at the end of the financial year	**(2)**	30	**1**	-
Share-based payments reserve				
Balance at the beginning of the financial year	**1,621**	1,424	**1,572**	1,332
MEREP share-based payment arrangements[1]	**799**	751	**799**	751
Deferred tax on MEREP share-based payment arrangements	**46**	(7)	**2**	1
Transfer to ordinary share capital on vesting of MEREP awards	**(607)**	(512)	**(607)**	(512)
Transfer of deferred tax benefit to ordinary share capital on vesting of MEREP awards	**(30)**	(35)	**(2)**	-
Transfer to retained earnings for forfeited awards	**(8)**	-	**(8)**	-
Balance at the end of the financial year	**1,821**	1,621	**1,756**	1,572
Cash flow hedge reserve				
Balance at the beginning of the financial year	**21**	(103)	**(13)**	-
Revaluation movement, net of tax	**(41)**	14	**(14)**	(13)
Transferred to income statement on realisation, net of tax	**42**	110	**14**	-
Balance at the end of the financial year	**22**	21	**(13)**	(13)
Share of reserves in associates and joint ventures				
Balance at the beginning of the financial year	**28**	(110)	**-**	-
Share of other comprehensive income of associates and joint ventures, net of tax	**22**	138	**-**	-
Balance at the end of the financial year	**50**	28	**-**	-
Cost of hedging reserves				
Balance at the beginning of the financial year	**(30)**	(16)	**-**	-
Revaluation movement, net of tax	**(55)**	(28)	**-**	-
Transferred to income statement on realisation, net of tax	**13**	14	**-**	-
Balance at the end of the financial year	**(72)**	(30)	**-**	-
Total reserves at the end of the financial year	**3,891**	3,302	**1,744**	1,559

[1] Represents MEREP issued to employees of the Company's subsidiaries (Note 32 *Employee equity participation*).

Note 28

Reserves, retained earnings and non-controlling interests continued

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
(ii) Retained earnings				
Balance at the beginning of the financial year	**17,446**	14,740	**16,677**	16,521
Profit attributable to the ordinary equity holders of MGL	**3,522**	5,182	**1,899**	2,624
Dividends paid on ordinary share capital (Note 5)	**(2,716)**	(2,495)	**(2,695)**	(2,478)
Movement due to change in non-controlling ownership interest	**4**	(4)	**–**	–
Actuarial (loss)/gain on defined benefit plans	**(2)**	12	**–**	–
Fair value changes attributable to own credit risk on debt classified as DFVTPL, net of tax	**(44)**	11	**(35)**	10
Transfer from share-based payment reserve for forfeited MEREP awards	**8**	–	**8**	–
Balance at the end of the financial year	**18,218**	17,446	**15,854**	16,677
(iii) Non-controlling interests				
Share capital	**748**	1,161	**–**	–
Reserves	**(56)**	(51)	**–**	–
Accumulated losses	**(177)**	(159)	**–**	–
Total non-controlling interests	**515**	951	**–**	–

Note 29

Notes to the statements of cash flows

(i) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year are reflected in the relevant items in the Statements of financial position as follows.

Cash and bank balances[1,2]	**23,232**	39,379	**–**	–
Cash collateralised lending and reverse repurchase agreements	**33,291**	31,149	**–**	–
Financial investments	**10,084**	6,651	**484**	–
Held for sale assets	**160**	35	**–**	–
Cash and cash equivalents at the end of the financial year	**66,767**	77,214	**484**	–

[1] Amounts excluded from cash and cash equivalents but presented in the Statements of financial position as Cash and bank balances primarily relates to $8,021 million (2023: $5,317 million) of funds received from clients which are segregated from the Consolidated Entity's own funds and other balances of $602 million (2023: $960 million), not readily available to meet the Consolidated Entity's short-term cash commitments.

[2] Includes $2,004 million (2023: $1,461 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.

Note 29

Notes to the statements of cash flows continued

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
(ii) Reconciliation of profit after income tax to net cash flows generated from/(utilised in) operating activities				
Profit after income tax	**3,535**	5,168	**1,899**	2,624
Adjustments to profit after income tax:				
Depreciation and amortisation	**997**	899	**(4)**	15
Credit and other impairment (reversal)/charges	**(369)**	459	**–**	–
Investment and other income	**(1,022)**	(2,102)	**–**	–
Share-based payments expense	**799**	751	**–**	–
Share of net profits of associates and joint ventures	**49**	113	**–**	–
Changes in assets and liabilities:				
Issued debt securities, borrowings and other funding	**6,586**	(12,138)	**3,217**	3,345
Deposits	**13,480**	33,032	**–**	(31)
Trading and related assets and collateralised lending balances (net of liabilities)	**(10,903)**	(13,463)	**–**	–
Liquid asset holdings	**1,845**	(2,021)	**(1,271)**	–
Debtors, prepayments, accrued charges and creditors	**(880)**	228	**3**	18
Carrying values of associates due to dividends received	**185**	569	**–**	–
Other assets and liabilities	**(78)**	(32)	**15**	(7)
Tax balances	**(341)**	(210)	**(432)**	(505)
Interest, fee and commission receivable and payable	**18**	265	**75**	141
Assets under operating lease	**(960)**	(1,042)	**–**	–
Loan assets and balances with subsidiaries	**(17,031)**	(21,856)	**2,549**	(3,289)
Net cash flows (utilised in)/generated from operating activities	**(4,090)**	(11,380)	**6,051**	2,311

(iii) Non-cash financing activities

Non-cash transactions included $nil (2023: $485 million) relating to issue of shares to shareholders under the DRP and ESP for settlement of the dividend liability. Refer to Note 27 *Contributed equity* for further details.

(iv) Reconciliation of loan capital

Balance at the beginning of the financial year	**12,891**	9,513	**3,362**	2,612
Cash flows:[3,4]				
Issuance	**1,246**	3,078	**–**	739
Non-cash changes:				
Foreign currency translation and other movements	**64**	300	**11**	11
Balance at the end of the financial year	**14,201**	12,891	**3,373**	3,362

[3] During the year ended 31 March 2023, the Consolidated Entity issued MCN6 for $740 million. These are perpetual securities which are eligible for conversion into a variable number of Consolidated Entity's ordinary shares on the scheduled mandatory exchange date, provided the exchange conditions are satisfied, unless redeemed, resold or written off earlier. Refer to Note 26 *Loan capital* for details.

[4] During the year ended 31 Mar 2024, the Consolidated Entity raised $1,246 million (2023: $2,338 million) net of cost of issuance through the issue of Tier 2 loan capital under fixed repayment obligations.

Note 30

Related party information

Transactions between the Company and its subsidiaries principally arise from the provision and repayment of funding arrangements which are repayable on demand or may be extended on a term basis and where appropriate may be either subordinated or collateralised, provision of banking and other financial services, provision of management and administration services, the provision of guarantees, capital, distribution and trading activities including derivative transactions for managing and hedging market risks that are governed by standard market practices and arrangements under ISDA Master Agreement, Global Master Repurchase Agreement (GMRA) and other brokerage agreements.

The Master Loan Agreement (MLA) governs the funding and netting arrangements between various subsidiaries which are under the common control of MGL and which have acceded to the MLA.

The Tripartite Outsourcing Major Services Agreement (TOMSA) governs the provision of intra-group services between subsidiaries other than certain excluded entities.

The Company, as the ultimate parent entity of the Consolidated Entity, is the head entity of the Australian tax consolidated group and has entered into a tax funding agreement with its eligible Australian resident subsidiaries. The terms and conditions of this agreement are set out in Note 44(vi) *Taxation*.

Subsidiaries

Amounts due from and due to subsidiaries are presented separately in the Statements of financial position of the Company except when the parties have the legal enforceable right and the intention to offset. Due from and due to subsidiaries balance primarily represents loans, receivables and payables presented net as per the terms of the funding arrangements under the MLA, amounts in respect of MEREP awards offered to its subsidiaries' employees, bespoke funding agreements and trading-related balances including derivatives designated in hedge accounting relationships.

A list of notable subsidiaries is set out in Note 17 *Investment in subsidiaries*.

The following represents transactions with subsidiaries during the financial year:

	COMPANY	
	2024	2023
	$'000	$'000
The following represents transaction balances with subsidiaries during the financial year:		
Interest income	**1,864,059**	1,403,250
Interest expense	**(100,939)**	(59,700)
Fee and commission income	**7,762**	12,587
Investment income:		
Dividend (Note 2)	**2,079,000**	2,749,000
Other charges[1]	**(57,903)**	(137,670)
Share based payments	**798,464**	750,659
The following represents outstanding balances and off balance sheet arrangements with subsidiaries as at the reporting date:		
On Balance Sheet		
Due from subsidiaries	**49,711,648**	48,817,719
Due to subsidiaries	**(7,257,460)**	(5,686,232)
Off Balance Sheet		
Guarantees provided[2]	**(7,327,080)**	(5,239,240)

[1] Includes expense charged by a subsidiary for an asset development contract which the Company recovers from external parties.

[2] Includes guarantees to counterparties with respect to their exposures from certain trading subsidiaries having notional value of $12,295,858 thousand (2023: $10,070,095 thousand) with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date. Guarantee exposures reported in table above are also included under Off balance sheet exposures in Note 36.1 *Credit risk*.

Note 30

Related party information continued

Associates and joint ventures

The Consolidated Entity provides a range of services to its associates and joint ventures, including the provision of corporate advisory, management services, lending and borrowing activities. Other transactions with associates and joint ventures may involve the sale of the Consolidated Entity's interest in subsidiaries, associates or joint ventures or financial investments as part of fund management activities, disclosed in Note 42 *Acquisitions and disposals of subsidiaries and businesses*.

Balances may arise between the Consolidated Entity and its associates and joint ventures from lending and borrowing activities, with loans generally extended on a term basis and, where appropriate, are either subordinated or collateralised.

During the financial year, the following amounts of income/(expense) resulted from transactions with associates and joint ventures:

	CONSOLIDATED	
	2024	2023
	$'000	$'000
Interest income	**87,174**	92,810
Net fee and commission income[3]	**1,891,811**	1,997,604
Other income	**8,909**	7,193

Dividends and distributions of $217,905 thousand (2023: $215,602 thousand) received from associates were recorded as a reduction from the carrying amount of the investment.

The following represents the outstanding balances and off balance sheet arrangements with associates and joint ventures were outstanding at the reporting date (these exclude amounts which in substance form part of the Consolidated Entity's net investment in associates and joint ventures, disclosed in Note 14 *Interests in associates and joint ventures*).

On Balance Sheet		
Amounts receivable[4]	**1,509,862**	1,476,983
Amounts payable	**(270,069)**	(327,738)
Off Balance Sheet		
Undrawn commitments	**(1,954,475)**	(2,191,749)
Guarantees	**(10,667)**	(41,931)
Letters of credit	**(53,452)**	(49)

[3] Includes $622,307 thousand (2023: $682,863 thousand) of performance fees.
[4] Includes $1,047,649 thousand (2023: $903,328 thousand) of fee and commission receivable and fee-related contract assets from Macquarie-managed funds.

Note 31

Key management personnel disclosure

Key management personnel (KMP)

The following persons were Directors of the Company during the financial years ended 31 March 2024 and 31 March 2023, unless indicated otherwise.

Executive Voting Director

S.R. Wikramanayake	CEO

Non-Executive Directors

G.R. Stevens AC	Chair (became Chair on 10 May 2022)
J.R. Broadbent AC	
P.M. Coffey	
M.A. Hinchliffe	
S.J. Lloyd-Hurwitz [1]	(appointed to the MGL Board effective from 1 June 2023)
R.J. McGrath	
M. Roche	

Former Non-Executive Directors

M.J. Coleman[2]	(ceased to be a member of the MGL Board on 28 July 2022)
N.M. Wakefield Evans AM[3]	(ceased to be a member of the MGL Board on 29 February 2024)
P.H. Warne[4]	(retired from his role as Chair on 9 May 2022)

In addition to the Executive Voting Director listed above, the following persons also had authority and responsibility for planning, directing and controlling the activities of MGL during the financial years ended 31 March 2024 and 31 March 2023, unless indicated otherwise.

Current Executives[5]

G.N. Bruce	GGC, Head of LGG
A. Cassidy	CRO, Head of RMG
S.D. Green	Macquarie Bank CEO
A.H. Harvey	CFO, Head of FMG
M.J. Silverton	Head of Macquarie Capital
N. Sorbara	COO, Head of COG
G.C. Ward	Deputy Managing Director and Head of BFS
B.I. Way	Head of MAM

Former Executive Director

N. O'Kane[6]	Former Head of CGM (ceased to be a member of the Executive Committee on 27 February 2024)

The remuneration arrangements for all of the persons listed above are described on pages 106 to 156 of the Remuneration Report, contained in the Directors' Report.

[1] Ms Lloyd-Hurwitz was appointed to the MGL Board effective 1 June 2023 and MBL Board effective 28 July 2023.
[2] Mr Coleman retired as a Non-Executive Director of the MGL Board effective 28 July 2022. Mr Coleman remains on the MBL Board as a MBL Bank-only Non-Executive Director (BOND).
[3] Ms Wakefield Evans ceased to be a member of the MGL Board on 29 February 2024 and the MBL Board on 27 July 2023.
[4] Mr Warne retired from his roles as Independent Voting Director and Chair of the MGL and MBL Boards on 9 May 2022.
[5] Except where indicated otherwise, all of the Executives as well as the CEO were members of the Executive Committee as at 3 May 2024.
[6] Mr O'Kane ceased to be a member of the Executive Committee on 27 February 2024. Mr Wright became Group Head of CGM on 28 February 2024 and joined the Executive Committee on 1 April 2024.

Note 31

Key management personnel disclosure continued

Key management personnel remuneration

The following table details the aggregate remuneration for KMP:

	SHORT-TERM EMPLOYEE BENEFITS				LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees (including superannuation) $	Performance-related remuneration[7] $	Other benefits $	Total short-term employee benefits $	Restricted profit share including earnings on restricted profit share[8] $	Equity awards[9] $	PSUs[10] $	Total remuneration[11] $
Executive Remuneration								
2024[12]	**12,002,855**	**34,975,000**	**–**	**46,977,855**	**3,581,099**	**10,814,659**	**5,818,148**	**67,191,761**
2023	7,866,921	48,547,000	–	56,413,921	23,422,937	54,390,369	16,246,507	150,473,734
Non-Executive Remuneration								
2024	**3,603,042**	**–**	**–**	**3,603,042**	**–**	**–**	**–**	**3,603,042**
2023	3,538,478	–	12,600	3,551,078	–	–	–	3,551,078

Equity holdings of KMP and their related parties

The following table sets out details of MGL ordinary shares held during the financial year by KMP, including their related parties, on a Consolidated Entity basis.

	Number of shares held by current KMP as at 1 Apr	Number of shares held by new KMP at appointment date (after 1 Apr)	Shares received on withdrawal from MEREP	Other changes[13]	Number of shares held by KMP at date of resignation/ retirement (prior to 31 Mar)	Number of shares held as at 31 Mar
2024	**1,155,751**	**–**	**359,979**	**(202,341)**	**(28,595)**	**1,284,794**
2023	1,165,290	–	367,799	(328,829)	(48,509)	1,155,751

[7] The cash portion of each KMP's profit share allocation for the reporting period when they were a KMP.
[8] The amount of retained profit share held via the DPS plan including earnings on notional investments from retained profit share in prior financial years. This includes reversal of amounts previously accrued for retained DPS forfeited by Mr. O'Kane upon his resignation.
[9] The current year amortisation for equity awards calculated as described in Note 44(xxiii) Performance based remuneration. This includes reversal of amounts previously accrued for RSU awards (net of dividends paid during the vesting period) forfeited by Mr. O'Kane upon his resignation.
[10] The current year amortisation for PSUs calculated as described in Note 44(xxiii) Performance based remuneration. The current year expense is reduced for previously recognised remuneration expense where performance hurdles have not been met, have been partially met or are not expected to be met. This includes reversal of amounts previously accrued for PSU awards forfeited by Mr. O'Kane upon his resignation.
[11] For KMP residing in US, their remuneration is subject to US social security and Medicare taxes, payable by Macquarie. Tax amounts of $237 thousand and $322 thousand were paid during FY2023 and FY2024, respectively, and are not included in statutory remuneration.
[12] For further detail on the impact of changes to KMP composition and forfeitures during the period refer to pages 146 and 147 of the Director's Remuneration Report.
[13] Includes on-market acquisitions and disposals.

Note 31

Key management personnel disclosure continued

MEREP RSU Awards of KMP and their related parties

The following table sets out details of the MEREP RSU awards held during the financial year for the KMP including their related parties, on a Consolidated Entity basis. Further details of the particulars of the grants can be found in Appendix 4 of the Remuneration Report, contained in the Directors' Report from pages 150 to 155. Further details in relation to the MEREP RSU awards are disclosed in Note 32 *Employee equity participation*.

	Number of RSU awards held by current KMP at 1 Apr	Number of RSU awards held by new KMP at appointment date (after 1 Apr)	RSU awards granted during the financial year[14]	Vested RSU awards transferred to the KMP's shareholding during the financial year	Number of RSU awards held by KMP at the date of resignation/ retirement (prior to 31 Mar)[15]	Number of RSU awards held as at 31 Mar
2024	**1,688,978**	**–**	**493,558**	**(304,039)**	**(615,729)**	**1,262,768**
2023	1,554,210	–	391,213	(256,445)	–	1,688,978

MEREP PSU Awards of KMP and their related parties

The following table sets out details of MEREP PSU awards held during the financial year for the KMP including their related parties, on a Consolidated Entity basis. Further details of the particulars of the grants can be found in the Directors' Report on page 150 to 155. Further details in relation to the MEREP PSU awards are disclosed in Note 32 *Employee equity participation*.

	Number of PSU awards held by current KMPs at 1 Apr	Number of PSU awards held by new KMP at appointment date	PSU awards granted during the financial year[16]	Vested PSU awards transferred to KMP shareholding during the financial year	PSU awards for which performance hurdles were not met	PSU awards cancelled on termination	Number of PSU awards held by KMP at date of resignation/ retirement[17]	Number of PSU awards held as at 31 Mar
2024	**438,949**	**–**	**164,501**	**(55,940)**	**(2,331)**	**–**	**(68,617)**	**476,562**
2023	393,763	–	155,422	(110,236)	–	–	–	438,949

[14] RSUs are granted in the financial year following the year of the Company's performance to which the grant relates. RSUs disclosed as granted above for 2024 relate to the Consolidated Entity's performance in 2023.
[15] Includes 615,729 RSU awards held by Mr O'Kane which were forfeited upon his resignation from Macquarie.
[16] PSUs are granted in the financial year following the year of the Company's performance to which the grant relates. PSUs disclosed as granted above for 2024 relate to the Consolidated Entity's performance in 2023.
[17] Includes 68,617 PSU awards held by Mr O'Kane which were forfeited upon his resignation from Macquarie.

Note 31

Key management personnel disclosure continued

Details of share-based payment grant dates whose vesting periods affected compensation for the financial years ended 31 March 2024 and 31 March 2023.

		GRANT DATE	
Financial year grant relates to	Type of grant	Managing Director	All other KMP
2015	Retained DPS	17 August 2015	6 July 2015
2016	Retained DPS	15 August 2016	17 June 2016
	PSUs	15 August 2016	15 August 2016
2017	Retained DPS	15 August 2017	22 June 2017
	PSUs	15 August 2017	15 August 2017
2018	Retained DPS	15 August 2018	21 June 2018
	PSUs	15 August 2018	15 August 2018
2019	Retained DPS	15 August 2019	24 June 2019
	PSUs	15 August 2019	15 August 2019
2020	Retained DPS	4 August 2020	9 June 2020
	PSUs	4 August 2020	4 August 2020
2021	Retained DPS	3 August 2021	9 June 2021
	PSUs	3 August 2021	3 August 2021
2022	Retained DPS	2 August 2022	21 June 2022
	PSUs	2 August 2022	2 August 2022
2023	Retained DPS	1 August 2023	21 June 2023
	PSUs	1 August 2023	1 August 2023

Loans to KMP and their related parties

Details of loans provided by the Consolidated Entity to KMP and their related parties are disclosed in aggregate in the following tables.

Total for KMP and their related parties[18]	Opening balance as at 1 Apr $'000	Additions during the year $'000[19]	Interest Charged $'000	Repayments during the year $'000[20]	Write-downs $'000	Closing balance as at 31 Mar $'000[21]
2024	**16,230**	**–**	**453**	**(5,755)**	**–**	**10,928**
2023	17,402	61	344	(1,577)	–	16,230

[18] All loans provided by Macquarie to KMP are made in the ordinary course of business on an arm's length basis and are entered into under normal terms and conditions consistent with other customers and employees. There have been no write-downs during the financial years reported.
[19] Or loan held as at date of appointment of new KMP.
[20] Or loan held as at date ceased to be a KMP.
[21] The aggregate balance included loans to 2 persons (31 March 2023: 5).

Note 32

Employee equity participation

MEREP

The Consolidated Entity continues to operate the MEREP in conjunction with other remuneration arrangements.

Award types under the MEREP

Restricted Share Units (RSUs)

A RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee (Trustee).

The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	NUMBER OF RSU AWARDS	
	2024	2023
RSUs on issue at the beginning of the financial year	**12,721,894**	11,503,940
Granted during the financial year	**4,635,847**	4,731,329
Vested RSUs withdrawn or sold from the MEREP during the financial year	**(3,440,514)**	(3,252,760)
Forfeited during the financial year	**(888,954)**	(260,615)
RSUs on issue at the end of the financial year	**13,028,273**	12,721,894
RSUs vested and not withdrawn from the MEREP at the end of the financial year	**53,291**	1,262

The weighted average fair value of the RSU awards granted during the financial year was $180.17 (2023: $165.57).

Deferred Share Units (DSUs)

A DSU represents the right to receive on exercise of the DSU either a share held in the Trust or a newly issued share (as determined by the Company in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. The Company may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of the Company in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the Company's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical, or where PSUs are structured as DSUs (see PSUs). DSUs have been granted with an expiry period of up to nine years.

	NUMBER OF DSU AWARDS	
	2024	2023
DSUs on issue at the beginning of the financial year	**4,178,466**	3,471,835
Granted during the financial year	**1,391,808**	1,379,684
Exercised during the financial year	**(1,121,323)**	(609,485)
Forfeited during the financial year	**(113,925)**	(63,568)
DSUs on issue at the end of the financial year	**4,335,026**	4,178,466
DSUs exercisable at the end of the financial year	**1,290,695**	1,373,742

The weighted average fair value of the DSU awards granted during the financial year was $171.68 (2023: $159.14).

Note 32

Employee equity participation continued

Award types under the MEREP continued

Performance Share Units (PSUs)

All PSUs currently on issue are structured as DSUs with performance hurdles that must be met before the underlying share or cash equivalent (as the case may be) will be delivered. PSU holders have no right to dividend equivalent payments before the PSUs vest.

	NUMBER OF PSU AWARDS	
	2024	2023
PSUs on issue at the beginning of the financial year	**604,043**	682,751
Granted during the financial year	**164,501**	155,422
Exercised during the financial year	**(112,361)**	(234,130)
Expired during the year	**(4,180)**	–
Forfeited during the financial year	**(68,617)**	–
PSUs on issue at the end of the financial year	**583,386**	604,043
PSUs exercisable at the end of the financial year	**–**	12,069

The weighted average fair value of the PSU awards granted during the financial year was $151.70 (2023: $156.54).

Restricted Shares

A Restricted Share is an MGL ordinary share transferred from the MEREP Trust and held by a MEREP participant subject to restrictions on disposal, vesting and forfeiture rules. The participant is entitled to receive dividends on, and to exercise the voting rights of, the Restricted Shares. Restricted Shares are only offered in jurisdictions where legal or tax rules make RSU/DSU awards impractical.

	NUMBER OF RESTRICTED SHARE AWARDS	
	2024	2023
Restricted shares on issue at the beginning of the financial year	**251,208**	212,002
Transfer from MEREP Trust during the financial year	**193,642**	340,606
Released during the financial year	**(204,242)**	(301,400)
Restricted shares on issue at the end of the financial year	**240,608**	251,208

The weighted average fair value of the Restricted Shares granted during the financial year was $nil (2023: $nil).

Participation in the MEREP is currently provided to the following Eligible Employees:

- Executive Directors with retained Directors' Profit Share (DPS), a proportion of which is allocated in the form of MEREP awards (Retained DPS Awards)
- staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards) and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards)
- Macquarie staff with retained commission (Commission Awards)
- new Macquarie staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value (New Hire Awards)
- members of the MGL and MBL Executive Committees who are eligible for PSUs (PSU awards)
- in limited circumstances, Macquarie staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of the Consolidated Entity upon the acquisition of their employer by a Macquarie entity or who receive an additional award at the time of joining Macquarie (also referred to above as New Hire Awards).

Note 32

Employee equity participation continued

Award types under the MEREP continued

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards and Promotion Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]
Retained DPS Awards granted in relation to years 2013 to 2023	Executive Committee members and Designated Executive Directors	1/5th in the 3rd, 4th, 5th, 6th and 7th year following the year of grant[2]
Retained DPS Awards granted in relation to years 2013 to 2023	All other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant[2]
Retained DPS Awards granted in relation to 2024 and following years	Executive Committee members and other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant[2]
PSU Awards granted in relation to years 2017 to 2019	Executive Committee members (including CEO and MBL CEO)	50% in the 3rd and 4th years following the year of grant[3]
PSU Awards granted in relation to 2020 and following years	Executive Committee members (excluding CEO and MBL CEO)	100% in the 4th year following the year of grant[3]
PSU Awards granted in relation to years 2020 to 2023	CEO and MBL CEO	100% in the 4th year following the year of grant[3]
PSU Awards granted in relation to 2024 and following years	CEO and MBL CEO	100% in the 5th year following the year of grant[3]
Commission Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]
New Hire Awards	All Director-level staff	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in certain jurisdictions may have a different vesting period due to local regulatory requirements.

For Retained Profit Share awards representing 2023 retention, the allocation price was the weighted average price of the shares acquired for the 2023 purchase period, which was 15 May 2023 to 21 June 2023. That price was calculated to be $179.17 (2022 retention: $168.81).

[1] Vesting will occur during an eligible staff trading window.
[2] Vesting will occur during an eligible staff trading window. If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly.
[3] Subject to achieving certain performance hurdles.

Note 32

Employee equity participation continued

Performance Share Units (PSUs)

PSUs will only be released or become exercisable upon the achievement of certain pre-vest assessment[4] and performance hurdles. Only members of the MGL and MBL Executive Committees are eligible to receive PSUs. For the PSUs allocated to Executive Committee Members, two performance hurdles have been determined and each will apply individually to 50% of the total number of PSUs awarded. Hurdles are periodically reviewed by the Board Remuneration Committee (BRC) to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC considers historical and forecast market data, the views of corporate governance groups, shareholders and regulators as well as market practice. No change has been made to the hurdles for this financial year.

The hurdles are outlined below.

Performance hurdle 1

Hurdle	Reference group
50% of the PSUs based solely on the relative average annual return on ordinary equity (ROE) over the vesting period compared to a reference group of global financial institutions. A sliding scale applies with 50% becoming exercisable above the 50th percentile and 100% vesting at the 75th percentile.	The current reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JPMorgan Chase & Co., Lazard Limited, Morgan Stanley and UBS AG.[5]

Performance hurdle 2

Hurdle	Required result
50% of the PSUs based solely on the compound annual growth rate (CAGR) in earnings per share (EPS) over the vesting period.	A sliding scale applies with 50% becoming exercisable at EPS CAGR of 7.5% and 100% at EPS CAGR of 12%. For example, if EPS CAGR were 9.75%, 75% of the relevant awards would become exercisable.

Under both performance hurdles, the condition is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year-end results available. To the extent that a condition is not met when examined, the PSUs due to vest will not be exercisable upon vesting, resulting in no benefit to Executive Committee members.

Pre-vest assessment (At end of vesting period)[4]

Prior to vesting of PSU awards, the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie over the vesting period, based on the extent to which the Executive Committee has:

1. promoted behaviour that is consistent with and reflects Macquarie's risk culture and *Code of Conduct* and the principles of *What We Stand For*
2. overseen the effectiveness of Macquarie's risk management framework, policies and practices in managing key financial and non-financial risks
3. overseen funding, liquidity and capital management to ensure Macquarie's financial soundness.

Where the Board forms a negative overall assessment of the relevant Executive Committee's collective contribution, it may consider whether an adjustment is appropriate, taking into account any mitigating and aggravating factors.

To assist the Board with their determination of an adjustment to the PSU vesting outcome, and to ensure that the determination encompasses all relevant considerations, the BRC will receive reporting over the vesting period.

[4] Pre-vest assessment applicable for awards to be granted in relation to 2024 and following years.
[5] For unvested PSU awards made prior to 2023, the reference group included Bank of America Corporation, Barclays PLC, Credit Suisse, Deutsche Bank AG, Goldman Sachs Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.

Note 32

Employee equity participation continued

Assumptions used to determine fair value of MEREP awards

RSUs and DSUs are measured at their grant dates based on their fair value[6] and for each PSU, the awards expected to vest are measured on the basis of the assumptions below. This amount is recognised as an expense over the respective vesting periods.

RSUs, DSUs and PSUs relating to the MEREP plan for Executive Committee members have been granted in the current financial year in respect of the 2023 performance. The accounting fair value of each of these grants is estimated using the Company's share price on the date of grant and for each PSU also incorporates a discounted cash flow method using the following key assumptions:

- interest rate to maturity: 4.25% per annum
- expected vesting dates of PSUs: 1 July 2027
- dividend yield: 3.54% per annum.

While RSUs, DSUs and PSUs (for Executive Committee members) for FY2024 will be granted during FY2025, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2024 and applying the amortisation profile to the retained amount.

For PSU, the estimate also incorporates an interest rate to maturity of 3.97% per annum (3.99% for grants to the CEO and the MBL CEO), expected vesting date of 1 July 2028 (1 July 2029 for the CEO and the MBL CEO), and a dividend yield of 3.76% per annum. In the following financial year, the Consolidated Entity will adjust the accumulated expense recognised for the final determination of fair value for each RSU, DSU and PSU when granted and will use this valuation for recognising the expense over the remaining vesting period. The Consolidated Entity annually reviews its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement, with a corresponding adjustment to equity (for equity settled awards), or a corresponding adjustment to liabilities (for cash settled awards).

For the financial year ended 31 March 2024, compensation expense relating to the MEREP totalled $831,043 thousand (2023: $760,289 thousand).

For the equity settled awards, the estimated future withholding tax outflow is $642,312 thousand (2023: $534,218 thousand).

Employee Share Plan

The Consolidated Entity continues to operate the Macquarie Group Employee Share Plan (ESP) whereby each financial year eligible employees are offered up to $1,000 worth of fully paid MGL ordinary shares for no cash consideration.

Shares allocated under the ESP cannot be sold until the earlier of three years after allocation or the time when the participant is no longer employed by the Consolidated Entity. In all other respects, shares allocated rank equally with all other fully paid ordinary shares then on issue.

The latest offer under the ESP was made during November 2023. A total of 2,391 (2023: 2,195) staff participated in this offer.

On 1 December 2023, the participants were each allocated 6 (2023: 5) fully paid ordinary shares based on the offer amount of $1,000 and the average market share price of $166.34 (2023: $178.23), resulting in a total of 14,346 (2023: 10,975) shares being allocated. The shares were allocated to staff for no cash consideration. The aggregate value of the shares allocated was deducted from staff profit share and commissions.

For the financial year ended 31 March 2024, compensation expense relating to the ESP totalled $2,388 thousand (2023: $1,968 thousand).

Other plans

The Consolidated Entity operates other local share-based compensation plans, none of which, individually or in aggregate are material.

Shares purchased on-market/issued for the purpose of an employee incentive scheme

During the financial year ended 31 March 2024, the Consolidated Entity purchased 3,180,994 (2023: 3,600,455) shares on-market and 2,556,543 (2023: 1,870,038) shares via off-market transfer from its employees during the Staff Trading window for MEREP. A further 14,346 (2023: 10,975) shares were purchased on-market for the ESP. The average price of all shares purchased during the financial year was $179.14 (2023: $168.83) and the average price of the purchases made on-market was $182.84 (2023: $162.70).

[6] For employees categorised as Material Risk Takers who are required to comply with the European Banking Authority Guidelines on the CRD IV and CRD V remuneration requirements, the fair value of the awards granted for performance periods after 1 April 2019 has been adjusted to take into account the prohibition of dividends on unvested awards.

Note 33

Contingent liabilities and commitments

	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Credit risk related exposures				
Undrawn credit facilities and debt commitments[1,2]	**30,880**	26,703	**–**	–
Letters of credit and guarantees[3]	**2,453**	2,057	**7,327**	5,239
Total credit risk related exposures	**33,333**	28,760	**7,327**	5,239
Other contingencies and commitments				
Equity investment commitments	**2,090**	2,531	**–**	–
Asset development and purchase commitments[4]	**706**	2,358	**249**	1,225
Performance-related contingencies[3]	**260**	469	**–**	–
Total other contingencies and commitments	**3,056**	5,358	**249**	1,225
Total contingent liabilities and commitments	**36,389**	34,118	**7,576**	6,464

[1] Undrawn credit facilities include fully or partially undrawn commitments against which clients can borrow money under defined terms and conditions. Balance includes revocable undrawn commitments for certain retail banking products of $14,839 million (2023: $13,723 million) which are considered to be exposed to credit risk.
[2] Includes $1,101 million (2023: $1,066 million) of revolving credit facilities wherein loan positions have been sub-participated to a third party and will be transferred if and when drawdown.
[3] 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 (any related liability to return the collateral) is recognised in the Statement of financial position.
[4] Includes asset development commitments to third parties of $249 million (2023: $1,225 million) for which the Consolidated Entity and the Company have entered into sales agreement to divest off certain assets upon development completion.

Note 34

Structured entities

A Structured Entity (SE) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well-defined objectives. SEs are classified as subsidiaries and are consolidated when control exists.

The Consolidated Entity engages with SEs for securitisation, asset-backed financing and structured financing arrangements in order to diversify its sources of funding for asset origination and capital efficiency purposes. The Consolidated Entity also engages with SEs when providing investment management and other fiduciary activities. The Consolidated Entity's involvement with SEs is primarily of the following nature.

Type	Details
Securitisations	Securitisations involve transferring assets into a vehicle that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor. These vehicles are created for securitising assets, including mortgages, and finance leases. The Consolidated Entity also establishes SEs on behalf of customers to securitise their loans or receivables and may manage these securitisation vehicles or provide liquidity or other support. The Consolidated Entity may serve as a sponsor, servicer, underwriter, liquidity provider, derivative counterparty, purchaser of notes and/or purchaser of residual income units. The Consolidated Entity may also provide redraw facilities or loan commitments to securitisation vehicles.
Asset-backed financing	Asset-backed vehicles are used to provide tailored lending for the purchase or lease of assets transferred by the Consolidated Entity or its clients. The assets are normally pledged as collateral to the lenders. The Consolidated Entity engages in raising finance for assets such as vessels, electronic and IT equipment.
Structured financing and other arrangements	Includes: • financing for prepaid commodity delivery contracts. The Consolidated Entity has contractually guaranteed the performance obligation under these arrangements • financing through loans and reverse repurchase agreements for short-term term funding requirements of SEs which are sponsored by third parties.
Funds management and administration activities	The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian, advisor or manager of investment funds or trusts, including superannuation and approved deposit funds, wholesale and retail trusts. Certain funds meet the definition of a structured entity. The Consolidated Entity's interests in these funds includes holding units in funds, receiving fees for services, providing lending facilities and derivative.

Note 34

Structured entities continued

The following table presents the carrying value and maximum exposure to loss (before the benefit of collateral and credit enhancements) of the Consolidated Entity's interests in unconsolidated SEs.

	CONSOLIDATED 2024				CONSOLIDATED 2023			
	Securitisations $m	Asset-backed financing $m	Structured Financing and other arrangements $m	Total $m	Securitisations $m	Asset-backed financing $m	Structured Financing and other arrangements $m	Total $m
Maximum exposure to loss								
Carrying value of assets:								
Loan assets	**1,319**	**1,895**	**5,011**	**8,225**	1,145	1,895	3,869	6,909
Financial investments	**3,582**	**–**	**–**	**3,582**	2,904	–	–	2,904
Margin money and settlement assets	**14**	**–**	**–**	**14**	251	–	–	251
Derivative assets	**121**	**–**	**–**	**121**	229	–	–	229
Trading assets	**249**	**–**	**–**	**249**	132	4	–	136
Reverse repurchase agreements[1]	**–**	**–**	**3,212**	**3,212**	–	–	5,015	5,015
Total carrying value of assets[2]	**5,285**	**1,895**	**8,223**	**15,403**	4,661	1,899	8,884	15,444
Undrawn commitments[3]	**70**	**21**	**275**	**366**	12	193	276	481
Total maximum exposure to loss	**5,355**	**1,916**	**8,498**	**15,769**	4,673	2,092	9,160	15,925

The Consolidated Entity's exposure to securitisation entities in the nature of financial investments, margin money, derivatives, trading assets and reverse repurchase agreements are acquired for the purpose of trading and liquidity management. These exposures are typically managed under credit and market risk limits described in Note 36.1 *Credit risk* and Note 36.3 *Market risk*. For these reasons, information on the size and structure for these SEs is not considered meaningful for understanding the related risks, and have not been presented in the table above.

In respect of the Consolidated Entity's loan assets exposure in securitisation, asset-backed financing entities and structured financing, the total size of the unconsolidated SEs is $74,580 million (2023: $44,114 million). Size is based on the latest available information representing either the total assets of the SE (measured either at amortised cost excluding impairments or fair values if readily available), outstanding notional of issued notes or the principal amount of liabilities if there is nominal equity.

For the above exposures, the Consolidated Entity does not sponsor or control these SEs, nor is it a significant user of the services of these SEs.

Additionally, as part of its funds management and administration activities the Consolidated Entity has interests in certain funds including investments, receivables, contract assets and undrawn commitments which represent the Consolidated Entity's maximum exposure to loss. In certain cases the Consolidated Entity invests alongside its own managed funds to demonstrate further alignment with investors. The carrying value of the Consolidated Entity's investments in funds is disclosed in Note 14 *Interests in associates and joint ventures*. Interests in the nature of receivables, contract assets and undrawn commitments are disclosed in Note 30 *Related party information* and Note 11 *Other assets*. The Assets Under Management (AUM) of $938.3 billion (2023: $878.6 billion) represent the indicative size of these funds and is measured as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises on. Private Markets AUM includes equity yet to deploy.

[1] Prior period comparative information has been re-presented, or additional information provided, to conform to changes in the current period

[2] Includes non-investment grade interests of $829 million (2023: $544 million) in securitisation activities, $1,269 million (2023: $1,267 million) in asset-backed financing activities and $886 million (2023: $474 million) in structured financing and other arrangements.

[3] Excludes $3,039 million (2023: $3,074 million) of guarantees provided by the Company in respect of a subsidiary to fulfil its obligations for certain prepaid commodity contracts towards unconsolidated structured entities. On consolidation, these guarantees are accounted for as part of borrowings that represent the subsidiary obligations in terms of these commodity contracts.

Note 35

Hedge accounting

Hedging strategy

The use of derivative and non-derivative instruments to economically hedge non-traded positions potentially gives rise to income statement volatility as a result of mismatches in the accounting treatment between the derivative and non-derivative instruments and the related exposure. The Consolidated Entity's objective is to reduce the risk of volatility in earnings, within pre-defined thresholds. This volatility is managed through designation of hedge accounting relationships and the use of naturally offsetting positions in the income statement.

Hedging instruments

Detail on hedging instruments, the nature of hedged risks, as well as the notional and the carrying amount of derivative financial instruments and, in the case of hedges of net investment in foreign operations, the notional of foreign currency denominated borrowings and other balance sheet items, for each type of hedge relationship, is shown in the respective sections. The maturity profile for the hedging instruments' notional amounts are reported based on their contractual maturity. Where a cross currency swap has been dual designated in both a cash flow and a fair value hedge, the notional is shown more than once. Increases in notional profiles of hedging instruments are presented as negative figures, with decreases and maturities presented as positive figures.

Hedging ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item for the hedged risk. In the case of a cash flow hedge, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item. In the case of hedges of net investment in foreign operations, hedge ineffectiveness is the extent to which the change in the carrying amount of foreign currency denominated borrowings and other balance sheet items attributable to the change in exchange rates exceeds, in absolute terms, that of the hedged item. Sources of hedge ineffectiveness primarily arise from basis and timing differences between the hedged items and hedging instruments, and designating existing derivatives with a non-zero fair value as hedging instruments. Hedge ineffectiveness is reported in net trading income in the income statement.

Note 35

Hedge accounting continued

Cash flow hedges

The cash flow hedge reserve, representing the effective portion of the movements in the hedging instrument, is disclosed in Note 28(i) *Reserves*. Changes in this reserve are reported in the Consolidated Entity's statements of comprehensive income. The cumulative gains and losses remaining in the cash flow hedge reserve for hedging relationships that have ceased, but for which the hedged cash flows are still expected to occur is $1 million gain (2023: $2 million gain) for the Consolidated Entity and $nil (2023: $nil) for the Company. This amount will be transferred to the income statement when the hedged item affects profit and loss.

Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
Instrument type	Risk category	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
						CONSOLIDATED 2024
Derivative assets						
Cross currency swaps	Foreign exchange	**31**	**91**	**1,371**	**1,245**	**2,738**
Interest rate swaps and options	Interest rate	**10**	**140**	**3,702**	**824**	**4,676**
Derivative liabilities						
Cross currency swaps	Foreign exchange	**–**	**141**	**749**	**1,187**	**2,077**
Interest rate swaps and options	Interest rate	**533**	**1,279**	**7,834**	**67**	**9,713**
Commodity derivatives	Commodity price	**–**	**–**	**–**	**163**	**163**
Borrowings						
Foreign currency denominated borrowings	Foreign exchange	**11**	**–**	**187**	**–**	**198**
						CONSOLIDATED 2023
Derivative assets						
Cross currency swaps	Foreign exchange	(8)	832	1,828	2,811	5,463
Interest rate swaps and options	Interest rate	145	544	1,771	1,037	3,497
Derivative liabilities						
Cross currency swaps	Foreign exchange	–	–	143	143	286
Interest rate swaps and options	Interest rate	123	1,026	3,292	354	4,795
Commodity derivatives	Commodity price	8	20	142	114	284
Borrowings						
Foreign currency denominated borrowings	Foreign exchange	–	–	254	–	254

		CONSOLIDATED CARRYING AMOUNT			
		2024		2023	
Instrument type	Risk category	Asset $m	Liability $m	Asset $m	Liability $m
Cross currency swaps	Foreign exchange	**384**	**189**	612	49
Interest rate swaps and options	Interest rate	**191**	**166**	204	191
Commodity derivatives	Commodity price	**–**	**7**	–	15
Foreign currency denominated borrowings	Foreign exchange	**–**	**120**	–	188

Note 35

Hedge accounting continued

Instrument type	Risk category	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
		MATURITY ANALYSIS PER NOTIONAL				COMPANY 2024
Derivative liabilities						
Interest rate swaps	Interest rate	**54**	**161**	**519**	**–**	**734**
						COMPANY 2023
Derivative liabilities						
Interest rate swaps	Interest rate	52	157	716	–	925

Instrument type	Risk category	COMPANY CARRYING AMOUNT 2024 Asset $m	2024 Liability $m	2023 Asset $m	2023 Liability $m
Interest rate swaps[1]	Interest rate	**–**	**19**	–	19

Hedge ineffectiveness

In the case of cash flow hedge relationships, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item.

Hedging instruments	Risk category	GAIN/(LOSS) ON HEDGING INSTRUMENT 2024 $m	2023 $m	GAIN/(LOSS) ON HEDGED ITEM 2024 $m	2023 $m	HEDGE INEFFECTIVENESS GAIN/(LOSS) 2024 $m	2023 $m
							CONSOLIDATED
Cross currency swaps	Foreign exchange	**(53)**	19	**54**	(16)	**1**	3
Foreign currency denominated borrowings	Foreign exchange	**2**	(9)	**(2)**	9	**–**	–
Interest rate swaps and options	Interest rate	**24**	44	**(31)**	(49)	**(7)**	(5)
Commodity derivatives	Commodity price	**–**	88	**–**	(88)	**–**	–
Total		**(27)**	142	**21**	(144)	**(6)**	(2)
							COMPANY
Interest rate swaps	Interest rate	**–**	(19)	**–**	19	**–**	–
Total		**–**	(19)	**–**	19	**–**	–

[1] The carrying amount of hedging instrument derivative liabilities is disclosed in the Company's Statement of financial position as 'Due to other Macquarie Group entities'.

Note 35

Hedge accounting continued

Hedge accounting executed rates

The following table shows the executed rates for the most significant hedging instruments designated in cash flow hedges, which represent the contractual rates when the hedging instruments were traded.

		CONSOLIDATED		COMPANY	
Hedging instruments	Currency pair/currency	**2024**	2023	**2024**	2023
Cross currency swaps	AUD/EUR	**0.68**	0.68	**-**	-
	USD/GBP	**0.66**	0.66	**-**	-
	AUD/CHF	**0.66**	0.66-0.72	**-**	-
	GBP/CHF	**-**	1.46	**-**	-
	AUD/NOK	**5.88-6.31**	5.88-6.31	**-**	-
	AUD/JPY	**92.93-94.21**	92.93-94.21	**-**	-
Interest rate swaps	GBP	**0.97%-4.65%**	0.97%-3.48%	**-**	-
	USD	**0.46%-4.60%**	0.99%-3.57%	**2.90%**	2.90%
	AUD	**0.56%-5.96%**	3.64%-4.07%	**-**	-

Note 35

Hedge accounting continued

Net investment in foreign operation hedges

The Consolidated Entity's net investment in foreign operations (NIFO) changes as a result of earnings, dividends, other capital-related events and changes in the Consolidated Entity's group structure as a result of internal restructures. The risk of changes in the NIFO for movements in foreign exchange rates may be hedged by the Consolidated Entity using a combination of derivatives, foreign currency denominated borrowings and other balance sheet items. Refer to Note 36 *Financial risk management*: Non-traded risk for further information on the Consolidated Entity's risk management strategy.

In order to reflect the Consolidated Entity's risk management strategy, hedge accounting is applied where changes in the derivatives and foreign denominated borrowings and other balance sheet items are recognised, together with the related foreign currency translation reserve, in the Consolidated Entity's other comprehensive income and is subsequently reclassified to the income statement or re-attributed within equity as defined in Note 44(iii) *Foreign currency translation*: Subsidiaries and other equities. Hedge ineffectiveness, if any, is recognised in the income statement. Given that the Consolidated Entity's NIFO frequently changes, the hedge designations are reviewed on a monthly basis or more frequently where required.

		CONSOLIDATED CARRYING AMOUNT			
		ASSET		LIABILITY	
		2024	2023	**2024**	2023
Hedging instrument	Risk category	**$m**	$m	**$m**	$m
Foreign exchange contracts and other foreign currency denominated balance sheet items[2]	Foreign exchange	**386**	989	**98**	128
Foreign currency denominated borrowings	Foreign exchange	**-**	-	**24,105**	22,282

		CONSOLIDATED NOTIONAL			
		ASSET		LIABILITY	
		2024	2023	**2024**	2023
Hedging instrument	Risk category	**$m**	$m	**$m**	$m
Foreign exchange contracts and other foreign currency denominated balance sheet items	Foreign exchange	**4,949**	4,437	**2,541**	2,966
Foreign currency denominated borrowings	Foreign exchange	**-**	-	**23,958**	22,155

In order to hedge the currency exposure of certain net investments in foreign operations, the Consolidated Entity jointly designates hedging instruments from the currency of the underlying foreign operation to USD and then the hedging instruments from USD to AUD. As a result, the notional value of hedging instruments presented in the table above of $31,448 million (2023: $29,558 million) represents the notional of Foreign currency denominated borrowings, Foreign exchange contracts and other foreign currency denominated balance sheet items. The notional of the underlying hedged component of the Consolidated Entity's net investment in foreign operations is $24,486 million (2023: $23,001 million).

Hedge ineffectiveness is the extent to which the absolute change in either the fair value of the derivative or the carrying amount of foreign currency denominated borrowings attributable to the change in exchange rates exceeds that of the hedged item. There was no ineffectiveness recognised in the income statement by the Consolidated Entity in the current year (2023: $nil).

[2] Where the fair value of the derivative is positive/(negative), the notional of the derivative has been similarly included in the table as an asset/(liability).

Note 35

Hedge accounting continued

Fair value hedges

The fair value attributable to the hedged risk is recognised as a fair value adjustment to the hedged item on the balance sheet. In an effective fair value hedge relationship, movements in this fair value adjustment are largely offset by movements in the fair value of the hedging instrument. Any residual is recognised as ineffectiveness in net trading income in the income statement. Executed rates for fair value hedges of interest rate risk and commodity price risk have not been shown as these would represent the market reference rates at the time of designation.

Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Instrument type	Risk category	$m	$m	$m	$m	$m
						CONSOLIDATED 2024
Derivative assets						
Interest rate swaps	Interest rate	**–**	**2,933**	**5,744**	**3,531**	**12,208**
Basis swaps	Interest rate	**–**	**–**	**993**	**–**	**993**
Commodity derivatives	Commodity price	**–**	**174**	**446**	**–**	**620**
Foreign exchange forwards	Foreign exchange	**21**	**41**	**361**	**–**	**423**
Derivative liabilities						
Cross currency swaps	Interest rate	**–**	**141**	**1,236**	**175**	**1,552**
Interest rate swaps	Interest rate	**564**	**8,466**	**20,843**	**16,083**	**45,956**
Commodity derivatives	Commodity price	**21**	**131**	**598**	**–**	**750**
Foreign exchange forwards	Foreign exchange	**–**	**273**	**675**	**–**	**948**
						CONSOLIDATED 2023
Derivative assets						
Interest rate swaps	Interest rate	244	1,790	2,147	2,300	6,481
Commodity derivatives	Commodity price	–	35	688	–	723
Foreign exchange forwards	Foreign exchange	27	41	369	–	437
Derivative liabilities						
Cross currency swaps	Interest rate	–	491	143	330	964
Interest rate swaps	Interest rate	26	2,506	22,694	16,802	42,028
Commodity derivatives	Commodity price	27	42	605	–	674
Foreign exchange forwards	Foreign exchange	–	36	929	–	965

		CONSOLIDATED CARRYING AMOUNT			
		2024		2023	
		Asset	Liability	Asset	Liability
Instrument type	Risk category	$m	$m	$m	$m
Cross currency swaps	Interest rate	**–**	**52**	–	26
Interest rate swaps	Interest rate	**231**	**3,202**	158	3,219
Basis swaps	Interest rate	**6**	**–**	–	–
Commodity derivatives	Commodity price	**11**	**38**	17	41
Foreign exchange forwards	Foreign exchange	**13**	**44**	10	67

Note 35

Hedge accounting continued

Hedged item

As the hedged item is adjusted only for the hedged risk, the hedged item's carrying value disclosed in the following table will not be equivalent to its fair value as disclosed in other notes to these financial statements. The accumulated amount of the fair value hedge adjustments remaining in the Statements of financial positions for hedged items that have ceased to be adjusted for hedging gains and losses is $10 million loss (2023: $8 million gain) for the Consolidated Entity and have been included in the fair value hedge adjustment in the table below. These amounts will be amortised to the income statement on an effective interest rate basis.

	CONSOLIDATED 2024			CONSOLIDATED 2023		
	Gross amount	Fair value hedge adjustment	Carrying amount[3]	Gross amount	Fair value hedge adjustment	Carrying amount[3]
	$m	$m	$m		$m	$m
Assets						
Financial investments[4]	**1,232**	**–**	**1,232**	1,996	–	1,996
Loan assets	**1,214**	**(16)**	**1,198**	294	(67)	227
Property, plant and equipment	**961**	**(67)**	**894**	967	3	970
Liabilities						
Issued debt securities	**49,201**	**(2,728)**	**46,473**	41,802	(2,881)	38,921
Loan capital	**7,619**	**(642)**	**6,977**	5,364	(523)	4,841
Bank borrowings	**767**	**–**	**767**	–	–	–

Hedge ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item.

		GAIN/(LOSS) ON HEDGING INSTRUMENT		GAIN/(LOSS) ON HEDGED ITEM		HEDGE INEFFECTIVENESS GAIN/(LOSS)	
		2024	2023	**2024**	2023	**2024**	2023
Hedging instruments	Risk category	**$m**	$m	**$m**	$m	**$m**	$m
							CONSOLIDATED
Cross currency swaps	Interest rate	**10**	(47)	**(10)**	47	**–**	–
Interest rate swaps	Interest rate	**(18)**	(2,052)	**4**	2,061	**(14)**	9
Basis swaps	Interest rate	**–**	–	**–**	–	**–**	–
Commodity derivatives	Commodity price	**48**	101	**(48)**	(101)	**–**	–
Foreign exchange forwards	Foreign exchange	**22**	(50)	**(22)**	50	**–**	–
Total		**62**	(2,048)	**(76)**	2,057	**(14)**	9

[3] The carrying amounts in the table above exclude accrued interest and include fair value hedge adjustments.
[4] The carrying amount includes debt instruments classified at fair value through other comprehensive income. Where this applies, the fair value hedge adjustment for interest rate risk is recognised in the income statement together with changes in the fair value of the hedging instrument.

Note 36

Financial risk management

Risk Management Group

Risk is an integral part of the Consolidated Entity's businesses. The material risks faced by the Consolidated Entity include aggregate, asset, conduct, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational (including cyber and information security), regulatory and compliance, reputational, strategic, tax, and work health and safety risks.

The primary responsibility for risk management lies with the business. An important part of the role of all staff throughout Macquarie is to ensure they manage risks appropriately.

RMG is independent of other areas of the Consolidated Entity. RMG approval is required for all material risk acceptance decisions. RMG reviews and assesses risks and sets limits. Where appropriate, these limits are approved by the Executive Committee and the Board. The Head of RMG, as Macquarie's CRO, is a member of the Executive Committee of MGL and MBL and reports directly to the CEO with a secondary reporting line to the Board Risk Committee. Further details on the Risk Management Framework in the Consolidated Entity can be found in the Risk Management Report of this Annual Report.

Note 36.1 Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequential loss is the amount of the financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

Credit risk assessment and approval

Exercise of credit authority within Macquarie is undertaken under authority delegated by the MGL and MBL Boards directly.

Credit risk assessment includes a comprehensive review of the creditworthiness of the counterparty and related entities, key risk and mitigants, and that the downside risk is properly understood and acceptable.

After this analysis is undertaken, limits are set for an acceptable level of potential exposure. All wholesale limits and ratings are reviewed at least once a year or more frequently if required.

Retail credit exposures are monitored by the business units and overseen by RMG Credit on a portfolio basis.

All credit exposures are monitored regularly against limits. For limit monitoring, credit exposures for loan assets are reported at amortised cost. Derivative exposures are measured using high confidence potential future underlying asset prices.

To mitigate credit risk, where appropriate, the Consolidated Entity makes use of margining and other forms of collateral or credit enhancement techniques (including guarantees, letters of credit and the purchase of credit default swaps).

Ratings and reviews

Refer to Note 13 *Expected credit losses* for details regarding the manner in which the Consolidated Entity has adopted and applied AASB 9's expected credit loss impairment requirements.

For the purpose of presenting the credit risk associated with assets on the Consolidated Entity's Statements of financial position in accordance with the requirements of AASB 9, the following methodology has been adopted.

Wholesale rating

Macquarie wholesale ratings broadly correspond to Standard & Poor's credit ratings as follows.

Credit Profile	Internal Rating	Standard & Poor's Equivalent
Investment grade	MQ1 to MQ8	AAA to BBB-
Non-investment grade	MQ9 to MQ16	BB+ to C
Default	MQ99	Default

Retail rating

Retail pools are mapped to the credit quality grades based on their PDs.

Mapping retail portfolios to the credit grades has been done for comparability of the overall portfolio presentation and does not reflect the way that the retail portfolio is segmented for management purposes. Management reviews a range of information, including past due status for the portfolio, to assess the credit quality of these assets.

Due from subsidiaries

Balances with subsidiaries are mapped to the rating grades assigned internally to these counterparties for the pricing of internal funding arrangements on an arm's length basis.

Portfolio and country risk

A review of the credit portfolio analysing credit concentrations by counterparty, geography, risk type, industry and credit quality is carried out quarterly and reported to the Board semi-annually. Policies are in place to regulate large exposures to single counterparties or groups of counterparties.

The Consolidated Entity has a country risk management framework which covers the assessment of country risk and the approval of country risk limits. Where appropriate the country risk may be mitigated or transferred by parent company guarantees, bank letters of credit, or political risk insurance.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[2] $m	Stage II[2] $m	Stage III[2] $m	Total $m
				CONSOLIDATED 2024
Investment grade				
Cash and bank balances	**31,343**	**–**	**–**	**31,343**
Cash collateralised lending and reverse repurchase agreements	**38,884**	**–**	**–**	**38,884**
Margin money and settlement assets	**18,858**	**–**	**–**	**18,858**
Financial investments	**21,387**	**–**	**–**	**21,387**
Held for sale and other assets	**3,323**	**–**	**–**	**3,323**
Loan assets	**66,710**	**1,913**	**–**	**68,623**
Off balance sheet exposures	**14,081**	**198**	**–**	**14,279**
Total investment grade	**194,586**	**2,111**	**–**	**196,697**
Non-investment grade				
Cash and bank balances	**513**	**–**	**–**	**513**
Cash collateralised lending and reverse repurchase agreements	**7,687**	**–**	**–**	**7,687**
Margin money and settlement assets	**4,989**	**–**	**–**	**4,989**
Financial investments	**41**	**–**	**–**	**41**
Held for sale and other assets	**2,082**	**169**	**–**	**2,251**
Loan assets	**85,287**	**18,906**	**–**	**104,193**
Loans to associates and joint ventures	**449**	**64**	**–**	**513**
Off balance sheet exposures	**16,420**	**475**	**–**	**16,895**
Total non-investment grade	**117,468**	**19,614**	**–**	**137,082**
Default				
Cash collateralised lending and reverse repurchase agreements	**–**	**–**	**72**	**72**
Margin money and settlement assets	**–**	**–**	**38**	**38**
Held for sale and other assets	**–**	**–**	**95**	**95**
Loan assets	**–**	**–**	**2,762**	**2,762**
Off balance sheet exposures	**–**	**–**	**134**	**134**
Total default	**–**	**–**	**3,101**	**3,101**
Total gross credit risk by ECL stage	**312,054**	**21,725**	**3,101**	**336,880**

Loan assets under investment grade ($68,623 million) and non-investment grade ($104,193 million) includes $1,816 million past due up to 30 days and $449 million past due between 31 and 90 days.

[1] The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance, for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance and for financial assets measured at FVTPL represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

[2] For definitions of Stage I, II and III, refer to Note 13 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality. The ECL for the Stage III assets includes the benefit of collateral and other credit enhancements.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[3] of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[4] $m	Stage II[4] $m	Stage III[4] $m	Total $m
				CONSOLIDATED 2023
Investment grade				
Cash and bank balances	45,402	–	–	45,402
Cash collateralised lending and reverse repurchase agreements	41,189	–	–	41,189
Margin money and settlement assets	20,705	–	–	20,705
Financial investments	18,941	–	–	18,941
Held for sale and other assets	4,030	–	–	4,030
Loan assets	60,538	1,655	–	62,193
Off balance sheet exposures	10,395	75	–	10,470
Total investment grade	201,200	1,730	–	202,930
Non-investment grade				
Cash and bank balances	257	–	–	257
Cash collateralised lending and reverse repurchase agreements	8,090	–	–	8,090
Margin money and settlement assets	3,991	1	–	3,992
Financial investments	49	–	–	49
Held for sale and other assets	1,474	10	–	1,484
Loan assets	76,450	18,270	–	94,720
Loans to associates and joint ventures	21	459	–	480
Off balance sheet exposures	17,394	492	–	17,886
Total non-investment grade	107,726	19,232	–	126,958
Default				
Cash collateralised lending and reverse repurchase agreements	–	–	87	87
Margin money and settlement assets	–	–	41	41
Held for sale and other assets	–	–	63	63
Loan assets	–	–	2,025	2,025
Off balance sheet exposures	–	–	154	154
Total default	–	–	2,370	2,370
Total gross credit risk by ECL stage	308,926	20,962	2,370	332,258

Loan assets under investment grade ($62,193 million) and non-investment grade ($94,720 million) includes $1,124 million past due up to 30 days and $342 million past due between 31 and 90 days.

[3] The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposure values will not equal the amount presented in the Statement of financial position.

[4] For definitions of Stage I, II and III, refer to Note 13 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality. The ECL for the Stage III assets includes the benefit of collateral and other credit enhancements.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

The following table below discloses, by credit rating grades, the gross carrying amount of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Company subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the rating grades assigned internally to these counterparties for the pricing of internal funding arrangements on an arm's length basis.

	COMPANY 2024		COMPANY 2023	
	Stage I	**Total**	Stage I	Total
	$m	**$m**	$m	$m
Investment grade				
Financial investments	**1,763**	**1,763**	–	–
Due from subsidiaries	**45,928**	**45,928**	44,993	44,993
Off balance sheet exposures[5]	**7,327**	**7,327**	5,239	5,239
Total investment grade	**55,018**	**55,018**	50,232	50,232
Total gross credit risk by ECL stage	**55,018**	**55,018**	50,232	50,232

[5] The Company includes guarantees to counterparties with respect to their exposures to certain subsidiaries. These guarantees have a maximum value of $12,296 million (2023: $10,071 million) with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions[6] $m	Other $m	Total $m	Governments $m	Financial institutions[6] $m	Other $m	Total $m
								CONSOLIDATED 2024
Australia								
Cash and bank balances	-	19,129	-	19,129	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	10,819	-	10,819	-	1,234	-	1,234
Trading assets	-	-	-	-	-	159	-	159
Margin money and settlement assets	72	2,668	8	2,748	-	-	-	-
Derivative assets	-	-	-	-	-	1,126	1,422	2,548
Financial investments	8,408	8,780	106	17,294	-	-	4	4
Held for sale and other assets	14	304	789	1,107	-	54	35	89
Loan assets[7]	33	3,277	144,513	147,823	-	33	93	126
Loans to associates and joint ventures	-	-	1	1	-	-	9	9
Off balance sheet exposures	37	934	20,449	21,420	-	-	3	3
Total Australia	8,564	45,911	165,866	220,341	-	2,606	1,566	4,172
Asia Pacific								
Cash and bank balances	-	2,602	1	2,603	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	5,044	-	5,044	-	2,233	-	2,233
Trading assets	-	-	-	-	-	307	150	457
Margin money and settlement assets	160	3,156	-	3,316	-	-	-	-
Derivative assets	-	-	-	-	35	1,010	529	1,574
Financial investments	113	451	-	564	-	88	5	93
Held for sale and other assets	2	55	86	143	-	-	912	912
Loan assets	-	-	585	585	-	-	-	-
Loans to associates and joint ventures	-	-	-	-	-	-	195	195
Off balance sheet exposures	-	96	265	361	-	-	138	138
Total Asia Pacific	275	11,404	937	12,616	35	3,638	1,929	5,602

[6] Financial institutions represents banks, financial intermediaries and auxiliaries.
[7] Loan assets in the Australia region includes home loans of $119,734 million, asset financing of $6,674 million and Corporate, commercial and other lending of $21,416 million.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions[8] $m	Other $m	Total $m	Governments $m	Financial institutions[8] $m	Other $m	Total $m
								CONSOLIDATED 2024
Europe, Middle East and Africa								
Cash and bank balances	-	6,091	-	6,091	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	19,053	-	19,053	-	2,945	-	2,945
Trading assets	-	-	-	-	-	44	1,765	1,809
Margin money and settlement assets	5	11,729	12	11,746	-	-	-	-
Derivative assets	-	-	-	-	-	4,589	6,608	11,198
Financial investments	10	583	-	593	-	355	-	355
Held for sale and other assets	86	751	1,917	2,754	-	-	1,489	1,489
Loan assets	-	2,085	8,695	10,780	-	46	734	780
Loans to associates and joint ventures	-	447	65	512	-	69	338	407
Off balance sheet exposures	-	504	2,432	2,936	-	2	206	208
Total Europe, Middle East and Africa	101	41,243	13,121	54,465	-	8,050	11,140	19,191
Americas								
Cash and bank balances	-	4,033	-	4,033	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	11,727	-	11,727	-	5,361	-	5,361
Trading assets	-	-	-	-	2,168	39	1,495	3,702
Margin money and settlement assets	311	5,749	15	6,075	-	-	275	275
Derivative assets	-	-	-	-	114	6,331	2,302	8,747
Financial investments	305	2,672	-	2,977	-	71	262	333
Held for sale and other assets	3	956	706	1,665	24	-	1,444	1,468
Loan assets	133	4,778	11,479	16,390	-	157	248	405
Loans to associates and joint ventures	-	-	-	-	-	-	50	50
Off balance sheet exposures	31	745	5,815	6,591	-	-	1,676	1,676
Total Americas	783	30,660	18,015	49,458	2,306	11,959	7,752	22,017
Total gross credit risk[9]	9,723	129,218	197,939	336,880	2,341	26,253	22,387	50,982

[8] Financial institutions represents banks, financial intermediaries and auxiliaries.

[9] The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance, for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance and for financial assets measured at FVTPL represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions[10] $m	Other $m	Total $m	Governments $m	Financial institutions[10] $m	Other $m	Total $m
								CONSOLIDATED 2023
Australia								
Cash and bank balances	–	33,049	2	33,051	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	7,719	–	7,719	–	462	–	462
Trading assets	–	–	–	–	988	127	5	1,120
Margin money and settlement assets	329	3,151	743	4,223	–	–	–	–
Derivative assets	–	–	–	–	2	742	2,218	2,962
Financial investments	5,296	9,512	–	14,808	–	–	–	–
Held for sale and other assets	25	264	881	1,170	–	–	45	45
Loan assets[11]	36	2,992	131,842	134,870	–	50	91	141
Loans to associates and joint ventures	–	–	2	2	–	–	–	–
Off balance sheet exposures	28	313	20,273	20,614	–	–	–	–
Total Australia	5,714	57,000	153,743	216,457	990	1,381	2,359	4,730
Asia Pacific								
Cash and bank balances	–	2,081	1	2,082	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	3,774	–	3,774	–	666	–	666
Trading assets	–	–	–	–	43	14	560	617
Margin money and settlement assets	133	3,190	188	3,511	–	–	2	2
Derivative assets	–	–	–	–	38	1,673	1,063	2,774
Financial investments	–	220	5	225	–	39	8	47
Held for sale and other assets	2	94	257	353	–	–	600	600
Loan assets	–	111	370	481	–	–	3	3
Loans to associates and joint ventures	–	–	–	–	–	–	161	161
Off balance sheet exposures	–	–	46	46	–	–	–	–
Total Asia Pacific	135	9,470	867	10,472	81	2,392	2,397	4,870

[10] Financial institutions represents banks, financial intermediaries and auxiliaries.
[11] Loan assets in the Australia region includes home loans of $114,020 million, asset financing of $6,427 million and Corporate, commercial and other lending of $14,423 million.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions[12] $m	Other $m	Total $m	Governments $m	Financial institutions[12] $m	Other $m	Total $m
								CONSOLIDATED 2023
Europe, Middle East and Africa								
Cash and bank balances	–	6,048	–	6,048	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	20,743	–	20,743	–	1,441	–	1,441
Trading assets	–	–	–	–	–	10	2,039	2,049
Margin money and settlement assets	41	8,983	2,938	11,962	–	–	–	–
Derivative assets	–	–	–	–	–	6,737	13,775	20,512
Financial investments	2,315	318	–	2,633	–	57	–	57
Held for sale and other assets	163	394	1,631	2,188	–	–	979	979
Loan assets	–	1,269	8,319	9,588	–	46	505	551
Loans to associates and joint ventures	–	406	72	478	–	137	173	310
Off balance sheet exposures	30	62	2,340	2,432	–	–	–	–
Total Europe, Middle East and Africa	2,549	38,223	15,300	56,072	–	8,428	17,471	25,899
Americas								
Cash and bank balances	–	4,478	–	4,478	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	17,130	–	17,130	–	2,394	–	2,394
Trading assets	–	–	–	–	1,044	11	1,803	2,858
Margin money and settlement assets	37	3,584	1,421	5,042	1	114	459	574
Derivative assets	–	–	–	–	46	7,472	2,904	10,422
Financial investments	1,118	206	–	1,324	–	419	198	617
Held for sale and other assets	3	1,457	406	1,866	–	4	836	840
Loan assets	136	4,211	9,652	13,999	–	96	319	415
Loans to associates and joint ventures	–	–	–	–	–	–	73	73
Off balance sheet exposures	–	397	5,021	5,418	–	–	250	250
Total Americas	1,294	31,463	16,500	49,257	1,091	10,510	6,842	18,443
Total gross credit risk[13]	**9,692**	**136,156**	**186,410**	**332,258**	**2,162**	**22,711**	**29,069**	**53,942**

[12] Financial institutions represents banks, financial intermediaries and auxiliaries.

[13] The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance, for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance and for financial assets measured at FVTPL represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Company's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9		
	Financial institutions[14] $m	Other $m	Total $m	Financial institutions[14] $m	Other $m	Total $m
						COMPANY 2024
Australia						
Financial investments	**1,335**	**40**	**1,375**	**–**	**–**	**–**
Due from subsidiaries	**42,215**	**3,706**	**45,921**	**2,720**	**754**	**3,474**
Off balance sheet exposures	**151**	**232**	**383**	**–**	**–**	**–**
Total Australia	**43,701**	**3,978**	**47,679**	**2,720**	**754**	**3,474**
Asia Pacific						
Financial investments	**141**	**–**	**141**	**–**	**–**	**–**
Due from subsidiaries	**1**	**–**	**1**	**–**	**–**	**–**
Off balance sheet exposures	**–**	**358**	**358**	**–**	**–**	**–**
Total Asia Pacific	**142**	**358**	**500**	**–**	**–**	**–**
Europe, Middle East and Africa						
Off balance sheet exposures	**–**	**832**	**832**	**–**	**–**	**–**
Total Europe, Middle East and Africa	**–**	**832**	**832**	**–**	**–**	**–**
Americas						
Due from subsidiaries	**6**	**–**	**6**	**–**	**–**	**–**
Off balance sheet exposures	**187**	**5,567**	**5,754**	**–**	**–**	**–**
Total Americas	**193**	**5,567**	**5,760**	**–**	**–**	**–**
Total gross credit risk	**44,036**	**10,735**	**54,771**	**2,720**	**754**	**3,474**
						COMPANY 2023
Australia						
Due from subsidiaries	41,233	3,758	44,991	2,787	763	3,550
Off balance sheet exposures	197	122	319	–	–	–
Total Australia	41,430	3,880	45,310	2,787	763	3,550
Asia Pacific						
Due from subsidiaries	1	1	2	–	–	–
Off balance sheet exposures	–	239	239	–	–	–
Total Asia Pacific	1	240	241	–	–	–
Europe, Middle East and Africa						
Off balance sheet exposures	–	205	205	–	–	–
Total Europe, Middle East and Africa	–	205	205	–	–	–
Americas						
Off balance sheet exposures	213	4,263	4,476	–	–	–
Total Americas	213	4,263	4,476	–	–	–
Total gross credit risk	41,644	8,588	50,232	2,787	763	3,550

[14] Financial institutions represents banks, financial intermediaries and auxiliaries.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet (refer to Note 37 *Measurement categories of financial instruments*). For off balance sheet instruments, the maximum exposure to credit risk is a function of the contractual notional amount, except for certain usage-based guarantees in which case the maximum exposure is determined with respect to the fair value of the underlying exposure and is disclosed in Note 13 *Expected credit losses*.

Collateral and credit enhancements held

Cash collateralised lending and reverse repurchase agreements

The Consolidated Entity enters into securities and commodities borrowing and reverse repurchase transactions with counterparties which require lodgement of collateral. These arrangements include:

- securities and commodities borrowed in return for cash, for which the fair value of the securities and commodities borrowed is equal to or less than the cash deposited with the counterparty
- reverse repurchase agreements (collateralised financing arrangements), for which the fair value of the securities and commodities received as collateral is generally in excess of the principal amount
- securities received as collateral in return for the transfer of other securities; and
- securities borrowed on an unsecured basis in return for a fee.

The non-cash collateral received is not recognised by the Consolidated Entity in the Statements of financial position, as the risks and rewards of ownership remain with the counterparty. The Consolidated Entity is permitted to sell or repledge the securities and commodities received. In the absence of default by the counterparty, the Consolidated Entity has an obligation to return the non-cash collateral received to the counterparty.

For securities and commodities borrowed in return for cash and reverse repurchase arrangements, the fair value of non-cash collateral received is $60,082 million (2023: $55,834 million). For securities borrowed in return for other securities, the fair value of the securities received is $19,012 million (2023: $11,807million). For securities borrowed on an unsecured basis, the fair value of the securities received is $7,530 million (2023: $7,899 million).

Out of the above, the fair value of securities repledged is $22,320 million (2023: $20,933 million).

The fair value attributed to non-cash collateral held is judgmental and measured with reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair value are estimated using pricing models or other recognised valuation techniques that maximise the use of quoted prices and observable market inputs. The fair value of these securities and commodities were determined when last assessed and have been determined periodically.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Loan assets

Home loans

Macquarie purchases risk protection for its home loans portfolio consistent with the risk appetite. Macquarie has diversified its risk protection coverage to a global panel of reinsurers with diverse lines of business coverage and ratings ranging from AA+ to A– from external rating agencies. The length of risk protection cover is up to 10 years from the year of origination with the type of cover including excess of loss and quota share.

The following table provides information on the loan to collateral value ratio as determined using loan carrying values and the most recent valuation of the home loan collateral.

	2024			2023		
	Australia	**EMEA**	**Total**	Australia	EMEA	Total
	$m	**$m**	**$m**	$m	$m	$m
						CONSOLIDATED
<=25%	**4,171**	**5**	**4,176**	3,623	5	3,628
>25% to 50%	**25,719**	**30**	**25,749**	23,146	34	23,180
>50% to 70%	**48,572**	**96**	**48,668**	45,395	130	45,525
>70% to 80%	**38,834**	**73**	**38,907**	33,775	78	33,853
>80% to 90%	**2,950**	**24**	**2,974**	2,819	18	2,837
>90% to 100%	**280**	**7**	**287**	375	2	377
Partly collateralised	**20**	**3**	**23**	14	3	17
Total home loans	**120,546**	**238**	**120,784**	109,147	270	109,417

Corporate, commercial and other lending

Collateral held against corporate, commercial and other lending consists of secured positions over assets of the counterparty, often in the form of corporate assets. Of the term lending of $47,645 million (2023: $39,835 million), the credit exposure after considering the estimated value of collateral and credit enhancements is $7,123 million (2023: $6,129 million).

Asset financing

The Consolidated Entity leases assets and provides asset-related financing to corporate and retail clients. Titles to the underlying assets are held by the Consolidated Entity as collateral. Of the asset finance portfolio of $7,942 million (2023: $9,320 million), the credit exposure after considering the depreciated value of collateral is $2,820 million (2023: $3,661 million).

Derivative instruments

Derivatives may be traded on an exchange (exchange traded) or they may be privately negotiated contracts, which are referred to as Over-the-Counter (OTC) derivatives. The Consolidated Entity's and the Company's OTC derivatives are cleared and settled either through central clearing counterparties (OTC-cleared), or bilateral contracts between two counterparties.

The Consolidated Entity's approach to financial risk management includes entering into margining and collateralisation arrangements and enforceable master netting arrangements (MNA) with counterparties. The MNAs allow for net settlement with counterparties in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's financial position in that circumstance is to settle these contracts as one arrangement.

The Consolidated Entity receives both cash and non-cash collateral in relation to margining arrangements. Refer to Note 39 *Offsetting financial assets and financial liabilities* for impact of master netting arrangements, cash margins and other financial collateral held against the positions as at balance date.

Refer Note 40 *Pledged assets and transfers of financial assets* for non-cash collateral received and repledged as part of derivative margining arrangements.

Note 36

Financial risk management continued

Note 36.1 Credit risk continued

Financial investments

Debt securities held by the Consolidated Entity carrying a credit risk are primarily in the nature of bonds, NCDs, floating rate notes (FRN), commercial paper and other debt securities for liquidity management purposes and other securities for short-term gains.

Settlement assets

Security and commodity settlements of $6,875 million (2023: $6,476 million) and $4,094 million (2023: $4,383 million) respectively presented in Note 8 *Margin money and settlement assets*, represent amounts owed by an exchange (or a client) for equities, commodities and other securities sold. These assets are secured with the underlying securities, commodities or cash held by the Consolidated Entity until the date of settlement. The period between trade and settlement date varies as per regional regulatory and business norms.

Other financial assets

Commodity related receivables under other financial assets are typically either collateralised with the underlying commodity held by the Consolidated Entity until the date of settlement or short-term receivables with standard credit terms which would be backed by a bank guarantee where required to remain within credit limits.

Credit commitments

Undrawn facilities and lending securities commitments of $33,333 million (2023: $28,760 million) are secured through collateral and credit enhancement. The remaining credit exposure after considering the estimated value of collateral is $9,931 million (2023: $5,877 million).

Additional collateral

Apart from collateral details disclosed above, the Consolidated Entity also holds other types of collateral, such as unsupported guarantees. While such mitigants have value as a credit risk mitigant often providing rights in insolvency, their assignable values are uncertain and therefore are assigned no value for disclosure purposes.

For all collateral, in the event of default realised collateral values may be lower than the value of collateral as at the reporting date.

Repossessed collateral

In the event of a customer default, the Consolidated Entity may either take possession of the underlying collateral held as security and/or exercise its right to dispose of the customer's asset. At the reporting date, the Consolidated Entity did not have any material amounts of such collateral recognised in its Statements of financial position.

Note 36.2 Liquidity risk

Governance and oversight

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

Liquidity management is performed centrally by Group Treasury, with oversight from the MGL and MBL Asset and Liability Committees (ALCO), the MGL and MBL Boards and RMG. Macquarie's liquidity policies are approved by the MGL and MBL Boards after endorsement by the respective ALCO and liquidity reporting is provided to the Boards on a regular basis. The MGL and MBL ALCOs include the MGL CEO, MBL CEO, CFO, CRO, COO, Group General Counsel, Co-Heads of Group Treasury and relevant Operating Group Heads.

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

Liquidity policy and risk appetite

The MGL and MBL liquidity policies are designed so that each of Macquarie, the Bank Group and the Non-Bank Group maintains sufficient liquidity to meet their obligations as they fall due. The *MBL Liquidity Policy* outlines the standalone framework for the Bank Group and its principles are consistent with the *MGL Liquidity Policy*. Macquarie's liquidity risk appetite is intended to ensure that Macquarie is able to meet all of its liquidity obligations during a period of liquidity stress: a twelve month period with constrained access to funding markets for MBL, no access to funding markets for MGL and with only a limited reduction in Macquarie's franchise businesses.

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

Liquidity contingency plan

Group Treasury maintains a *Liquidity Contingency Plan* for MGL and a *Liquidity Contingency Plan* for MBL, which outline how a liquidity crisis would be managed for the Group and Bank, respectively. The plans define roles and responsibilities and actions to be taken in a liquidity event, including identifying key information requirements and appropriate communication plans with both internal and external parties.

Note 36

Financial risk management continued

Note 36.2 Liquidity risk continued

Specifically, the plans detail:

- factors that may constitute a crisis
- the officers responsible for invoking each plan
- a committee of senior executives responsible for managing a crisis
- the information required to effectively manage a crisis
- a communications strategy
- a high level checklist of possible actions to conserve or raise additional liquidity for the Group or Bank; and
- contact lists to facilitate prompt communication with all key internal and external stakeholders.

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

The *Liquidity Contingency Plans* are subject to regular review by both Group Treasury and RMG. They are submitted annually to the MGL and MBL ALCO and respective Boards for approval.

Macquarie is a global financial institution, with branches and subsidiaries in a variety of countries. Regulations in certain countries may require some branches or subsidiaries to have specific local contingency plans. Where that is the case, the *Liquidity Contingency Plans* contain either a supplement or a reference to a separate document providing the specific information required for those branches or subsidiaries.

Funding strategy

Macquarie prepares a *Funding Strategy* for MGL and a *Funding Strategy* for MBL on an annual basis and monitors progress against the strategies throughout the year.

The *Funding Strategies* aim to maintain diversity of funding sources for MGL and MBL, ensure ongoing compliance with all liquidity requirements and facilitate forecast asset growth.

The *Funding Strategies* are reviewed by the MGL and MBL ALCO and approved by the respective Boards.

Scenario analysis

Scenario analysis is central to Macquarie's liquidity risk management framework. In addition to regulatory defined scenarios, Group Treasury models additional liquidity scenarios covering both market-wide and Macquarie name-specific crises.

These scenarios use a range of assumptions, which Macquarie intends to be conservative, regarding the level of access to capital markets, deposit outflows, contingent funding requirements and asset sales.

As an example, one internal scenario projects the expected cash and liquid asset position during a combined market-wide and Macquarie name-specific crisis over a twelve month time frame. This scenario assumes no access to wholesale funding markets, a significant loss of customer deposits and contingent funding outflows resulting from undrawn commitments, market moves impacting derivatives and other margined positions combined with a multiple notch credit rating downgrade. Macquarie's cash and liquid asset portfolio must exceed the minimum requirement as calculated in this scenario at all times.

Liquid asset holdings

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

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

Funds transfer pricing

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

Note 36

Financial risk management continued

Note 36.2 Liquidity risk continued

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Consolidated Entity's financial liabilities as at 31 March based on a contractual undiscounted repayment basis and hence would vary from the carrying value as reported on the Statements of financial position at the balance date. Repayments subject to notice are treated as if notice were given immediately. This does not reflect the behaviour of the expected cash flows as indicated by the Consolidated Entity's deposit retention history since the Consolidated Entity expects that many customers will not request repayment on the earliest date the Consolidated Entity could be required to pay.

	Statement of financial position	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$m	$m	$m	$m	$m	$m
						CONSOLIDATED 2024
Cash collateralised borrowing and repurchase agreements[1]	12,599	12,655	13	5	-	12,673
Trading liabilities[2]	5,044	5,053	-	-	-	5,053
Margin money and settlement liabilities	28,423	28,461	-	-	-	28,461
Derivative liabilities (trading)[2]	21,808	21,811	-	-	-	21,811
Derivative liabilities (Hedge Accounting Relationships)[3]	3,777					
Contractual amounts payable		946	2,761	4,067	1,799	9,573
Contractual amounts receivable		(459)	(1,625)	(1,774)	(1,229)	(5,087)
Deposits	148,416	138,855	9,370	555	12	148,792
Held for sale and other liabilities	6,994	3,180	2,415	1,207	497	7,299
Issued debt securities and other borrowings[4]	119,878	11,507	36,148	59,910	27,137	134,702
Loan capital[5]	14,201	190	1,681	10,902	5,568	18,341
Total	361,140	222,199	50,763	74,872	33,784	381,618
Total undiscounted contingent liabilities and commitments[6]	-	16,483	1,047	4,070	14,789	36,389

[1] Includes $9,556 million of RBA Term Funding Facility due to be repaid by June 2024.
[2] Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.
[3] Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.
[4] Includes $11,621 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment maturity of the underlying loans that the SE holds.
[5] Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 26 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.
[6] Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 36

Financial risk management continued

Note 36.2 Liquidity risk continued

	Statement of financial position	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$m	$m	$m	$m	$m	$m
						CONSOLIDATED 2023
Cash collateralised borrowing and repurchase agreements	18,737	7,345	1,759	9,657	–	18,761
Trading liabilities[7]	4,810	4,810	–	–	–	4,810
Margin money and settlement liabilities	27,482	27,482	–	–	–	27,482
Derivative liabilities (trading)[7]	29,055	29,055	–	–	–	29,055
Derivative liabilities (Hedge Accounting Relationships)[8]	3,735					
Contractual amounts payable		543	1,202	3,877	870	6,492
Contractual amounts receivable		(169)	(252)	(1,756)	(266)	(2,443)
Deposits	134,714	123,760	10,672	731	11	135,174
Held for sale and other liabilities	4,422	2,647	706	1,000	221	4,574
Issued debt securities and other borrowings[9]	109,461	19,722	22,995	51,349	32,831	126,897
Loan capital[10]	12,891	210	645	9,377	7,146	17,378
Total	345,307	215,405	37,727	74,235	40,813	368,180
Total undiscounted contingent liabilities and commitments[11]	–	27,097	1,951	2,303	2,767	34,118

[7] Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.

[8] Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.

[9] Includes $11,424 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment maturity of the underlying loans that the SE holds.

[10] Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 26 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

[11] Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 36

Financial risk management continued

Note 36.2 Liquidity risk continued

	Statement of financial position	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$m	$m	$m	$m	$m	$m
						COMPANY 2024
Derivative liabilities (trading)[12]	**5**	**5**	**–**	**–**	**–**	**5**
Other liabilities	**36**	**36**	**–**	**–**	**–**	**36**
Due to subsidiaries	**6,112**	**5,056**	**131**	**588**	**337**	**6,112**
Issued debt securities and other borrowings	**43,135**	**451**	**2,587**	**28,891**	**19,335**	**51,264**
Loan capital[13]	**3,371**	**60**	**1,160**	**2,055**	**776**	**4,051**
Total	**52,659**	**5,608**	**3,878**	**31,534**	**20,448**	**61,468**
Total undiscounted contingent liabilities and commitments[14]	**–**	**7,576**	**–**	**–**	**–**	**7,576**
						COMPANY 2023
Derivative liabilities (trading)[11]	5	5	–	–	–	5
Other liabilities	20	20	–	–	–	20
Due to subsidiaries	4,698	4,698	–	–	–	4,698
Issued debt securities and other borrowings	39,055	420	1,146	22,758	22,756	47,080
Loan capital[13]	3,362	55	160	2,257	1,726	4,198
Total	47,140	5,198	1,306	25,015	24,482	56,001
Total undiscounted contingent liabilities and commitments[14]	–	5,496	965	1	2	6,464

[12] Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.

[13] Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 26 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

[14] Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 36

Financial risk management continued

Note 36.3 Market risk

Macquarie's balance sheet includes a '**trading book**', which is defined in accordance with APRA's traded market risk prudential statement (APS116), and subject to the traded market risk framework. Any position not deemed to be trading book is considered to be '**banking book**', and covered by either the non-traded market risk or equity risk frameworks.

Traded market risk

Market risk is the risk of adverse changes in the value of the Consolidated Entity's trading positions as a result of changes in market conditions. The Consolidated Entity is exposed to the following risks:

- **price**: The risk of loss due to changes in price of a risk factor (interest rates, foreign exchange, commodities etc.)
- **volatility**: The risk of loss due to changes in the volatility of a risk factor
- **basis**: The risk of imperfect correlation between offsetting investments in a hedging strategy
- **correlation**: The risk that the actual correlation between two assets or variables is different from the assumed correlation
- **illiquid market**: The risk of inability to sell assets or close out positions in thinly-traded markets at close to the last market prices
- **concentration**: The risk of over concentration of trading exposures in certain markets and products
- **valuation adjustments**: The risk of actual valuation adjustments to derivative positions; specifically Credit Valuation Adjustment (CVA), Debit Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA).

It is recognised that all trading activities contain calculated elements of risk taking. The Consolidated Entity is prepared to accept such risks provided they are within agreed limits, independently and correctly identified, calculated and monitored by RMG, and reported to Senior Management on a regular basis.

RMG monitors positions within the Consolidated Entity according to a limit structure which sets limits for all exposures in all markets. Limits are for both individual trading desks and divisions as well as in aggregate.

RMG sets three complementary limit structures:

- **contingent loss limits**: Worst-case scenarios that shock prices and volatilities by more than that which has occurred historically. Multiple scenarios are set for each market to capture the non-linearity and complexity of exposures arising from derivatives. A wide range of assumptions about the correlation between markets is applied
- **position limits**: Volume, maturity and open position limits are set on a large number of market instruments and securities in order to constrain concentration risk and to avoid the accumulation of risky, illiquid positions
- **Value-at-Risk (VaR) limits**: A statistical measure based on a 10-day holding period and a 99% confidence level, as stipulated by the APRA capital adequacy standard. The model is validated daily by back testing a one-day VaR against hypothetical and actual daily trading profit or loss.

Note 36

Financial risk management continued

Note 36.3 Market risk continued

Value-at-Risk figures (1-day, 99% confidence level)

The table below shows the average, maximum and minimum VaR over the financial year for the major markets in which the Consolidated Entity operates. The VaR shown in the table is based on a one-day holding period being the mark-to-market loss that could be incurred over that period. The aggregated VaR includes the effects of correlation between risk factors.

	2024			2023		
	Average	**Maximum**	**Minimum**	Average	Maximum	Minimum
	$m	**$m**	**$m**	$m	$m	$m
Equities	**5.74**	**8.04**	**3.59**	4.15	7.75	1.91
Interest rates	**5.21**	**8.00**	**3.56**	6.57	11.24	2.98
Foreign exchange	**3.37**	**8.05**	**1.41**	3.71	9.07	0.89
Commodities and commodity contracts	**32.02**	**50.26**	**17.18**	54.71	118.42	33.99
Aggregate	**33.26**	**53.17**	**20.36**	55.51	115.88	34.48

Value-at-Risk

The VaR model uses a Monte Carlo simulation where price and volatility risk factors are derived from multiple normal distributions, based on three years of historical data. The following factors can limit the effectiveness of VaR in predicting future price moves:

- the use of historical data means that the current model parameters may not reflect future market conditions especially when entering a period of heightened volatility. The model utilises exponential weighting to place emphasis on the most recent market movements to more accurately reflect current conditions
- VaR is calculated at the 99% level of confidence and does not account for losses that could occur beyond this point.

For capital adequacy purposes, debt-specific risk is measured using APRA's standard method, whilst all other exposures are captured by the VaR model. This combined approach has been approved by APRA.

Non-traded market risk

The Consolidated Entity has exposure to non-traded market risks arising from transactions entered into during its normal course of business and as a result of its investments in foreign operations. These risks include:

- **interest rate:** changes in the level, shape and volatility of yield curves, and/or client behaviour given these changes
- **foreign exchange:** changes in the spot exchange rates.

The Consolidated Entity has limited appetite for non-traded market risks. Where commercially feasible, these risks are transferred into the trading books of CGM and Group Treasury and governed within the traded market risk framework described above. Responsibility for managing exposures rests with individual businesses, with independent monitoring performed by RMG and FMG.

Accounting considerations arising from hedging activities

The use of derivative and other financial instruments to hedge non-traded positions potentially gives rise to income statement volatility due to difference in accounting treatments. The Consolidated entity manages this volatility through hedge accounting and use of naturally offsetting positions in the income statement as set out in Note 44(x) *Derivative instruments and hedging activities* and Note 35 *Hedge accounting*.

Note 36

Financial risk management continued

Note 36.3 Market risk continued

Interest rate risk in the banking book (IRRBB)

Macquarie measures and monitors interest rate risk on both an economic value and earnings basis, which are modelled as the worst-case contingent loss from a set of six severe interest rate shocks, including both parallel and non-parallel shocks. Aggregate IRRBB exposures for the Consolidated Entity are constrained on both measures:

- **Economic Value Sensitivity (EVS)**: the EVS metric measures the change in net present value of the interest-bearing portfolios in the banking book as a result of changes in interest rates.
- **Earnings at Risk (EaR)**: the EaR model constrains the impact on reported net income over 12 months for a change in interest rates.

A central objective of the Consolidated Entity's *Non-traded Market Risk Policy* is to reduce earnings volatility to interest rate movements. A key component of this arises where shareholders' equity invested in interest bearing assets are managed by holding a portfolio of 'receive fixed' interest rate swaps. The duration of this hedging program is constrained by Board-approved limits, and subject to independent oversight by RMG.

Foreign exchange risk

The Consolidated Entity is active in various currencies globally. A key objective of the Consolidated Entity's *Non-traded Market Risk Policy* is to reduce this sensitivity of regulatory capital ratios to foreign currency movements.

This is achieved by leaving specific investments in foreign operations exposed to foreign currency translation movements and captured in the foreign currency translation reserve, a component of regulatory capital, which aligns the foreign exchange sensitivity of capital supply with that of foreign currency capital requirements.

The table below presents the sensitivity of the Consolidated Entity's net investment in foreign operations to the most material currencies. As a result of the policy described above, these movements will not have a material impact on the capital ratios.

	2024		2023	
	Movement in exchange rates	**Sensitivity of other comprehensive income after tax**	Movement in exchange rates	Sensitivity of other comprehensive income after tax
	%	**$m**	%	$m
				CONSOLIDATED
United States dollar	**+10**	**(1,312)**	+10	(1,254)
Pound sterling	**+10**	**(220)**	+10	(201)
Euro	**+10**	**(145)**	+10	(111)
Total		**(1,677)**		(1,566)
United States dollar	**-10**	**1,312**	-10	1,254
Pound sterling	**-10**	**220**	-10	201
Euro	**-10**	**145**	-10	111
Total		**1,677**		1,566

Note 36

Financial risk management continued

Note 36.3 Market risk continued

Interest rate risk – Interest Rate Benchmark Reform (IBOR)

During 2018, the Consolidated Entity initiated a group-wide project to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARRs.

The Consolidated Entity's reform project oversaw the successful transition of contracts referencing LIBORs that ceased publication on 30 June 2023 and 31 December 2021 in accordance with industry and regulatory guidance. This included the transition of the Consolidated Entity's exposures in GBP, JPY, EUR, CHF and USD LIBOR, as well as IBOR for other minor currencies.

The remaining transition focus is on the Canadian Dollar Offered Rate (CDOR) which will cease publication on 28 June 2024. The Consolidated Entity has actively begun to engage with clients to support them through the transition from CDOR to the Canadian Overnight Repo Rate Average (CORRA).

The Consolidated Entity also continues to have exposures to the 28-day term Mexican Interbank Equilibrium Interest Rate (TIIE). The transition risk for these contracts is low, given that the TIIE will be calculated synthetically from 1 January 2025 and amendments to existing contracts are not required.

Whilst the transition of contracts referencing CDOR and other minor IBORs continues to expose the Consolidated Entity to inherent risks, the remaining IBOR transition efforts and risk has significantly reduced. The operating groups manage remaining IBOR transition risks within the Consolidated Entity's existing risk management framework.

Exposure yet to be transitioned to ARRs: The notional value of the Consolidated Entity's financial instruments which are yet to transition to ARRs as at the reporting date includes:

- **derivatives**: gross exposure of $19,342 million in MXN TIIE, $3,942 million in CDOR and $884 million in other currencies (2023: $79,673 million in USD LIBOR, $14,886 million in MXN TIIE, $3,573 million in CDOR and $618 million in other currencies)
- **non-derivative financial assets**: exposure of $470 million in CDOR and $103 million in other currencies (2023: $5,231 million in USD LIBOR, $704 million in CDOR and $152 million in other currencies).
- **non-derivative financial liabilities**: $nil exposure (2023: $3,637 million in USD LIBOR).

The scope of the above-mentioned exposures has been determined as follows:

- the benchmark will be replaced, and the replacement date is known. Only exposures with contractual maturities extending beyond the replacement date have been included
- the gross notional values for derivatives and both on-balance sheet and off-balance sheet exposures have been included
- for contracts that reference more than one benchmark, such as a cross currency swap, the exposure includes both benchmarks to reflect the absolute exposure to different reference rates
- derivative contracts of $nil (2023: $9,664 million) designated in hedge accounting relationships have synthetically transitioned and have been excluded, primarily relating to the USD LIBOR to SOFR transition.

Note 36

Financial risk management continued

Note 36.3 Market risk continued

Equity price risk

The below table indicates the income statement effect of the Consolidated Entity's equity exposures held as part of its non-trading investment portfolio, due to a reasonably possible change in equity prices, with all other variables held constant. Equity exposures exclude interest in associate and joint ventures.

	2024		2023	
	Movement in equity price	**Sensitivity of profit after tax**	Movement in equity price	Sensitivity of profit after tax
	%	**$m**	%	$m
				CONSOLIDATED
Listed	**+10**	**13**	+10	10
Unlisted	**+10**	**137**	+10	144
Increase in equity prices	**+10**	**150**	+10	154
Listed	**-10**	**(13)**	-10	(10)
Unlisted	**-10**	**(137)**	-10	(144)
Decrease in equity prices	**-10**	**(150)**	-10	(154)

Note 37

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 description of measurement categories are included in Note 44(vii) *Financial instruments*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 38 *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	Statements of financial position total	Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
									CONSOLIDATED 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[1]	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[2]	–	–	787	19,453	1,920	–	22,160	20,240	1,920
Held for sale assets	–	–	352	–	–	1,852	2,204	352	–
Other assets[3]	–	–	3,976	255	4,173	4,234	12,638	5,157	4,173
Loan assets[2]	–	–	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[2]	–	–	649	–	478	–	1,127	649	478
Property, plant and equipment and right-of-use assets[2]	–	–	–	–	–	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	129,449	249,014
Liabilities									
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	–
Deposits	–	–	–	–	148,416	–	148,416	–	148,375
Held for sale liabilities	–	–	–	–	397	10	407	–	397
Other liabilities[4]	–	3,885	–	–	2,712	7,875	14,472	3,885	2,712
Issued debt securities and other borrowings[2]	–	2,792	–	–	117,086	–	119,878	2,792	118,276
Deferred tax liabilities	–	–	–	–	–	383	383	–	–
Loan capital	–	–	–	–	14,201	–	14,201	–	14,688
Total liabilities	26,852	6,759	3,777	–	323,752	8,268	369,408	37,388	325,388

[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 the 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.

Note 37

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT							FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE				Amortised Cost	Non-financial instruments	Statements of financial position total		
	HFT	DFVTPL	FVTPL	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
									CONSOLIDATED 2023
Assets									
Cash and bank balances	–	–	–	–	45,656	–	45,656	–	45,656
Cash collateralised lending and reverse repurchase agreements	–	–	4,963	33,463	15,897	–	54,323	38,426	15,897
Trading assets[5]	14,475	–	–	–	–	2,406	16,881	16,881	–
Margin money and settlement assets	–	–	576	–	24,680	–	25,256	576	24,680
Derivative assets	34,906	–	1,208	–	–	–	36,114	36,114	–
Financial investments:									
Equity	–	–	2,170	–	–	–	2,170	2,170	–
Debt[6]	–	–	721	17,262	1,721	–	19,704	17,983	1,721
Held for sale assets		–	59	–	82	780	921	59	82
Other assets[7]		–	2,394	4	4,411	3,629	10,438	3,327	4,411
Loan assets	–	–	1,110	549	156,913	–	158,572	1,659	156,364
interests in associates and joint ventures:									
Equity interests	–	–	–	–	–	4,610	4,610	–	–
Loans to associates and joint ventures[6]	–	–	544	–	420	–	964	544	420
Property, plant and equipment and right-of-use assets[6]	–	–	–	–	–	6,639	6,639	–	–
Intangible assets	–	–	–	–	–	3,827	3,827	–	–
Deferred tax assets	–	–	–	–	–	1,797	1,797	–	–
Total assets	49,381	–	13,745	51,278	249,780	23,688	387,872	117,739	249,231
Liabilities									
Cash collateralised borrowing and repurchase agreements	–	277	–	–	18,460	–	18,737	277	18,460
Trading liabilities	4,810	–	–	–	–	–	4,810	4,810	–
Margin money and settlement liabilities	–	–	–	–	27,482	–	27,482	–	27,482
Derivative liabilities	29,055	–	3,735	–	–	–	32,790	32,790	–
Deposits	–	–	–	–	134,714	–	134,714	–	134,598
Held for sale liabilities	–	–	–	–	145	28	173	–	145
Other liabilities[8]	–	1,330	–	–	2,947	8,235	12,512	1,330	2,245
Issued debt securities and other borrowings[6]	–	2,583	–	–	106,878	–	109,461	2,583	106,496
Deferred tax liabilities	–	–	–	–	–	196	196	–	–
Loan capital	–	–	–	–	12,891	–	12,891	–	12,806
Total liabilities	33,865	4,190	3,735	–	303,517	8,459	353,766	41,790	302,232

[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 the 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.

Note 37

Measurement categories of financial instruments continued

The following table contains information relating to the measurement categories of assets and liabilities of the Company. The description of measurement categories are included in Note 44(vii) *Financial instruments*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 38 *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	Statements of financial position total	Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
									COMPANY 2024
Assets									
Derivative assets	**1**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**–**
Financial investments:									
Debt	**–**	**–**	**–**	**1,763**	**–**	**–**	**1,763**	**1,763**	**–**
Other assets	**–**	**–**	**–**	**–**	**–**	**22**	**22**	**–**	**–**
Due from subsidiaries[9]	**82**	**–**	**3,394**	**–**	**45,891**	**345**	**49,712**	**3,476**	**43,514**
Investments in subsidiaries	**–**	**–**	**–**	**–**	**–**	**33,805**	**33,805**	**–**	**–**
Deferred tax assets	**–**	**–**	**–**	**–**	**–**	**41**	**41**	**–**	**–**
Total assets	**83**	**–**	**3,394**	**1,763**	**45,891**	**34,213**	**85,344**	**5,240**	**43,514**
Liabilities									
Derivative liabilities	**5**	**–**	**–**	**–**	**–**	**–**	**5**	**5**	**–**
Other liabilities[10]	**–**	**–**	**–**	**–**	**36**	**133**	**169**	**–**	**36**
Due to subsidiaries[11]	**768**	**–**	**–**	**–**	**5,344**	**1,145**	**7,257**	**768**	**5,344**
Issued debt securities and other borrowings	**–**	**1,377**	**–**	**–**	**41,758**	**–**	**43,135**	**1,377**	**40,211**
Loan capital	**–**	**–**	**–**	**–**	**3,371**	**–**	**3,371**	**–**	**3,530**
Total liabilities	**773**	**1,377**	**–**	**–**	**50,509**	**1,278**	**53,937**	**2,150**	**49,121**

[9] Due from subsidiaries includes derivatives and trading positions classified as HFT and subordinated loan to subsidiaries classified as FVTPL. All other intercompany receivables are carried at amortised cost. Non-financial receivables primarily represent internal tax balances.

[10] Non-financial liabilities primarily represents provisions for tax payable and MEREP related obligations.

[11] Due to subsidiaries includes derivatives and trading positions classified as held for trading; employee stock option related obligations and tax payables classified as non-financial liabilities. All other intercompany payables are carried at amortised cost.

Note 37

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT					Non-financial instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE				Amortised Cost				
	HFT	DFVTPL	FVTPL	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
									COMPANY 2023
Assets									
Derivative assets	3	–	–	–	–	–	3	3	–
Other assets	–	–	–	–	7	23	30	–	7
Due from subsidiaries[12]	112	–	3,438	–	44,952	315	48,817	3,550	42,121
Investments in subsidiaries	–	–	–	–	–	32,604	32,604	–	–
Deferred tax assets	–	–	–	–	–	3	3	–	–
Total assets	115	–	3,438	–	44,959	32,945	81,457	3,553	42,128
Liabilities									
Derivative liabilities	5	–	–	–	–	–	5	5	–
Other liabilities[13]	–	–	–	–	20	221	241	–	20
Due to subsidiaries[14]	823	–	–	–	3,875	988	5,686	823	3,875
Issued debt securities and other borrowings	–	973	–	–	38,082	–	39,055	973	35,425
Loan capital	–	–	–	–	3,362	–	3,362	–	3,451
Total liabilities	828	973	–	–	45,339	1,209	48,349	1,801	42,771

[12] Due from subsidiaries includes derivatives and trading positions classified as HFT and subordinated loan to subsidiaries classified as FVTPL. All other intercompany receivables are carried at amortised cost. Non-financial receivables primarily represent internal tax balances.
[13] Non-financial liabilities primarily represents provisions for tax payable and MEREP related obligations.
[14] Due to subsidiaries includes derivatives and trading positions classified as held for trading; employee stock option related obligations and tax payables classified as non-financial liabilities. All other intercompany payables are carried at amortised cost.

Note 38

Fair value of assets and liabilities

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

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

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

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

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

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

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

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

Asset or liability	Valuation techniques, inputs and other significant assumptions
Cash and bank balances, Cash collateralised lending and reverse repurchase agreements, Cash collateralised borrowing and repurchase agreements	The fair value of cash and bank balance, 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 approximate their carrying amounts.

Note 38

Fair value of assets and liabilities continued

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

Asset or liability	Valuation techniques, inputs and other significant assumptions
Trading assets, Trading liabilities and Derivatives	Trading assets, including 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.
Reverse repurchase and repurchase agreements	Reverse repurchase and 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 and Issued debt securities and other borrowings	Fair values of loans and issued debt securities are measured by reference to quoted prices in active markets, where available. If quoted prices are not available in active markets, the fair values are estimated with reference to current market rates.
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 38

Fair value of assets and liabilities continued

Assets and liabilities measured at amortised cost

The fair values calculated for financial instruments which are carried in the Statements of financial position at amortised cost are for disclosure purposes only. The methods and assumptions applied to derive these fair values can require significant judgement by management and therefore may not necessarily be comparable to other financial institutions. Where information on the significance of unobservable inputs to the fair value measurement is not readily available, financial assets and financial liabilities measured at amortised cost are presented on the basis that unobservable inputs are significant to the position.

The following table summarises the levels of the fair value hierarchy of financial assets and financial liabilities measured at amortised cost except where the carrying value is approximately equal to the fair value.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
				CONSOLIDATED 2024
Assets				
Loan assets	**–**	**7,134**	**167,885**	**175,019**
Total assets	**–**	**7,134**	**168,363**	**175,019**
Liabilities				
Deposits	**107,085**	**21,675**	**19,616**	**148,376**
Issued debt securities and other borrowings	**–**	**106,752**	**11,525**	**118,277**
Loan capital	**5,979**	**8,709**	**–**	**14,688**
Total liabilities	**113,064**	**137,136**	**31,141**	**281,341**
				CONSOLIDATED 2023
Assets				
Loan assets	–	5,847	150,459	156,306
Total assets	–	5,847	150,459	156,306
Liabilities				
Deposits	94,700	18,259	21,689	134,648
Issued debt securities and other borrowings	476	95,270	10,750	106,496
Loan capital	4,779	8,027	–	12,806
Total liabilities	99,955	121,556	32,439	253,950

The financial assets and liabilities measured at amortised cost in the Company as at 31 March 2024 and 31 March 2023 are predominantly categorised as Level 2 in the fair value hierarchy except for loan capital which is classified as Level 1.

Note 38

Fair value of assets and liabilities continued

Assets and liabilities measured at fair value

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

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
				CONSOLIDATED 2024
Assets				
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**
Interests in 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**
				CONSOLIDATED 2023
Assets				
Cash collateralised lending and reverse repurchase agreements	–	38,426	–	38,426
Trading assets	8,296	7,781	804	16,881
Margin money and settlement assets	–	576	–	576
Derivative assets	13	35,305	796	36,114
Financial investments	5,373	12,918	1,862	20,153
Held for sale and other assets[1]	–	2,313	1,073	3,386
Loan assets	–	418	1,241	1,659
Loans to associates and joint ventures	–	–	544	544
Total assets	13,682	97,737	6,320	117,739
Liabilities				
Cash collateralised borrowing and repurchase agreements	–	277	–	277
Trading liabilities	4,671	139	–	4,810
Derivative liabilities	8	31,998	784	32,790
Held for sale and other liabilities	–	1,330	–	1,330
Issued debt securities and other borrowings	–	2,583	–	2,583
Total liabilities	4,679	36,327	784	41,790

The Company does not hold financial instruments measured at fair value except for:

- $1,763 million (2023: $nil million) financial investments which are Level 2 financial instruments,
- $3,394 million (2023: $3,438 million) loan capital securities held in subsidiaries which are Level 3 financial instruments
- $82 million (2023: $112 million) derivative assets and $768 million (2023: $823 million) derivative liabilities with subsidiaries and
- $1,377 million (2023: $973 million) structured notes issued which are Level 2 financial instruments.

Fair value sensitivity of these intercompany balances to alternate assumptions and valuation inputs is not significant and hence not covered under the sensitivity analysis disclosures.

[1] Includes $927 million (2023: $917 million) of investment properties measured at fair value.

Note 38

Fair value of assets and liabilities continued

Reconciliation of balances in Level 3 of the fair value hierarchy

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

	Trading assets $m	Financial investments $m	Held for sale and other assets $m	Loan assets $m	Interests in associates and joint ventures $m	Derivative financial instruments (net fair values)[2] $m	Held for sale and other liabilities	Total $m
Balance as at 1 Apr 2022	535	2,047	1,016	566	359	(769)	–	3,754
Purchases, originations, issuances and other additions	272	1,130	204	1,127	298	329	–	3,360
Sales, settlements and repayments	(23)	(152)	(333)	(281)	(53)	219	–	(623)
Reclassification	–	–	86	–	(86)	–	–	–
Transfers into Level 3[3]	222	57	56	2	–	158	–	495
Transfers out of Level 3[3]	(180)	(1,295)	(5)	(65)	(85)	37	–	(1,593)
Fair value movements recognised in the income statement:								
Net trading income/(loss)[4]	(22)	190	63	(62)	31	4	–	204
Other income/(loss)	–	(50)	(14)	(38)	(19)	12	–	(109)
Fair value movements recognised in OCI	–	(65)	–	(8)	99	22	–	48
Balance as at 31 Mar 2023	804	1,862	1,073	1,241	544	12	–	5,536
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[4]	(16)	164	16	36	39	(22)	–	217
Balance as at 1 Apr 2023	**804**	**1,862**	**1,073**	**1,241**	**544**	**12**	**–**	**5,536**
Purchases, originations, issuances and other additions	**712**	**500**	**259**	**675**	**512**	**42**	**(126)**	**2,574**
Sales, settlements and repayments	**(617)**	**(91)**	**(191)**	**(558)**	**(35)**	**(226)**	**21**	**(1,697)**
Reclassification	**–**	**(9)**	**201**	**–**	**(192)**	**–**	**–**	**–**
Transfers into Level 3[3]	**10**	**36**	**–**	**4**	**69**	**30**	**–**	**149**
Transfers out of Level 3[3]	**(182)**	**(653)**	**(169)**	**–**	**(106)**	**(64)**	**5**	**(1,169)**
Fair value movements recognised in the income statement:								
Net trading income/(loss)[4]	**92**	**68**	**23**	**35**	**8**	**47**	**–**	**273**
Other income/(loss)	**–**	**368**	**44**	**50**	**(127)**	**–**	**–**	**335**
Fair value movements recognised in OCI	**–**	**35**	**–**	**(5)**	**(15)**	**(10)**	**–**	**5**
Balance as at 31 Mar 2024	**819**	**2,116**	**1,240**	**1,442**	**658**	**(169)**	**(100)**	**6,006**
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[4]	**91**	**416**	**(1)**	**57**	**(95)**	**48**	**–**	**516**

[2] The derivative financial instruments in the table above are presented on a net basis. On a gross basis, derivative assets are $414 million (2023: $796 million) and derivative liabilities are $583 million (2023: $784 million).

[3] Assets and liabilities transferred in or out of Level 3 are presented as if the assets or liabilities were transferred at the beginning of the financial year.

[4] 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 38

Fair value of assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

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

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

Unrecognised gains or losses

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

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

	CONSOLIDATED	
	2024	2023
	$m	$m
Balance at the beginning of the financial year	**272**	76
Deferred gain on new transactions and other adjustments	**190**	231
Foreign exchange movements	**(2)**	23
Recognised in net trading income during the year	**(172)**	(58)
Balance at the end of the financial year	**288**	272

Note 38

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
					CONSOLIDATED 2024	
Interest rate and other products	**3,661**	**69**	Discounted cash flows	Discount rate – Credit spreads	**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[5]		
			Pricing model	Earnings multiples	**7.0x**	**16.7x**
Total	**6,689**	**683**				
					CONSOLIDATED 2023	
Interest rate and other products	3,268	16	Discounted cash flows	Discount rate – Credit spreads	5.5%	10.0%
			Comparable transactions	Price in %	24.1%	95.4%
Commodities	1,523	759	Pricing model	Commodity margin curves	(242.0)	2,243.0
			Pricing model	Correlation	(72.0%)	100.0%
			Pricing model	Volatility and related variables	6.0%	600.0%
Equity and equity-linked products	1,529	9	Net Asset Value (NAV)	Fund's NAV[5]		
			Pricing model	Earnings multiples	3.0x	14.8x
Total	6,320	784				

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 spreads: 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 increase 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 judgemental depending on the characteristics of the asset/liability.

[5] 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 38

Fair value of assets and liabilities continued

Commodities

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

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

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
				CONSOLIDATED 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)**
				CONSOLIDATED 2023
Product type				
Commodities	115	-	(104)	-
Interest rate and other products	122	11	(114)	-
Equity and equity-linked products	126	1	(93)	-
Total	363	12	(311)	-

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

Note 39

Offsetting financial assets and financial liabilities

The Consolidated Entity and the Company presents financial assets and financial liabilities on a net basis in the Statements of financial position when they meet the criteria described in Note 44(vii) *Financial instruments*. The following tables provide information on the impact of offsetting of financial instruments in the Statements of financial position, as well as amounts subject to enforceable netting arrangements that do not meet all the criteria for offsetting and therefore presented gross in the Statements of financial position. Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's and the Company's financial position in that circumstance is to settle these contracts as one arrangement.

The Consolidated Entity uses a variety of credit risk mitigation strategies in addition to netting and collateral arrangements, therefore amounts presented in this note are not intended to represent the credit risk exposure of the entity. Refer to Note 36.1 *Credit risk* for information on credit risk management.

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS[1]			
	Gross amount[2] $m	Amounts offset on the Statements of financial position $m	Net amounts reported on the Statements of financial position $m	Other recognised financial instruments $m	Cash and other financial collateral $m	Other collateral for exposures not subject to enforceable netting arrangements $m	Net exposure $m
							CONSOLIDATED 2024
Cash collateralised lending and reverse repurchase agreements	**58,728**	**(312)**	**58,416**	**(16)**	**(54,405)**	**(3,947)**	**48**
Settlement assets[3]	**17,157**	**(6,188)**	**10,969**	**(2,782)**	**–**	**–**	**8,187**
Derivative assets	**29,845**	**(5,778)**	**24,067**	**(12,593)**	**(4,059)**	**(60)**	**7,355**
Other assets[4]	**5,329**	**(460)**	**4,869**	**(211)**	**(127)**	**(29)**	**4,502**
Total Assets	**111,059**	**(12,738)**	**98,321**	**(15,602)**	**(58,591)**	**(4,036)**	**20,092**
Cash collateralised borrowing and repurchase agreements	**(12,911)**	**312**	**(12,599)**	**16**	**10,357**	**59**	**(2,167)**
Settlement liabilities[3]	**(16,818)**	**6,188**	**(10,630)**	**2,777**	**(3)**	**–**	**(7,856)**
Derivative liabilities	**(31,363)**	**5,778**	**(25,585)**	**12,598**	**6,076**	**70**	**(6,841)**
Other liabilities[4]	**(4,308)**	**460**	**(3,848)**	**211**	**–**	**–**	**(3,637)**
Total Liabilities	**(65,400)**	**12,738**	**(52,662)**	**15,602**	**16,430**	**129**	**(20,501)**
							CONSOLIDATED 2023
Cash collateralised lending and reverse repurchase agreements	54,632	(309)	54,323	(166)	(48,275)	(5,831)	51
Settlement assets[3]	18,872	(8,013)	10,859	(3,685)	–	–	7,174
Derivative assets	45,304	(9,190)	36,114	(19,919)	(6,397)	(94)	9,704
Other assets[4]	4,411	(1,147)	3,264	(106)	(42)	(50)	3,066
Total Assets	123,219	(18,659)	104,560	(23,876)	(54,714)	(5,975)	19,995
Cash collateralised borrowing and repurchase agreements	(19,046)	309	(18,737)	166	14,707	249	(3,615)
Settlement liabilities[3]	(18,386)	8,013	(10,373)	3,843	–	–	(6,530)
Derivative liabilities	(41,980)	9,190	(32,790)	19,761	6,330	149	(6,550)
Other liabilities[4]	(2,518)	1,147	(1,371)	106	–	–	(1,265)
Total Liabilities	(81,930)	18,659	(63,271)	23,876	21,037	398	(17,960)

[1] Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation.

[2] Gross amounts for assets include $3,947 million (2023: $5,831 million) of cash collateralised lending and reverse repurchase agreements, $2,201 million (2023: $1,408 million) of settlement assets, $907 million (2023: $1,804 million) of derivative assets, and $4,455 million (2023: $3,054 million) of commodity related receivables not subject to enforceable netting arrangements. Gross amounts for liabilities include $59 million (2023: $249 million) of cash collateralised borrowing and repurchase agreements, $2,027 million (2023: $1,675 million) of settlements liabilities, $1,165 million (2023: $1,522 million) of derivative liabilities, and $3,264 million (2023: $1,001 million) of commodity related payables not subject to enforceable netting arrangements.
Amounts not subject to enforceable netting arrangements are where there are no master netting agreements or enforceability of agreement is uncertain under bankruptcy laws in some countries or industries.

[3] Excludes margin money assets and liabilities presented under Note 8 *Margin money and settlement assets* and Note 20 *Margin money and settlement liabilities* respectively on the Statements of financial position.

[4] Other assets and liabilities are comprised of commodity related receivables and payables, respectively.

Note 39

Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS[5]			
	Gross amount	Amounts offset on the Statements of financial position	Net amounts reported on the Statements of financial position	Other recognised financial instruments	Cash and other financial collateral	Other collateral for exposures not subject to enforceable netting arrangements	Net exposure
	$m	$m	$m	$m	$m	$m	$m
							COMPANY 2024
Due from subsidiaries[6]	**49,644**	**(925)**	**48,719**	**(2,717)**	**-**	**-**	**46,002**
Due to subsidiaries[6]	**(7,038)**	**925**	**(6,113)**	**2,717**	**675**	**-**	**(2,721)**
							COMPANY 2023
Due from subsidiaries[6]	50,088	(2,247)	47,841	(2,335)	-	-	45,506
Due to subsidiaries[6]	(6,945)	2,247	(4,698)	2,335	696	-	(1,667)

[5] Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation.
[6] Excludes margin money and non-financial assets of $993 million (2023: $976 million) and liabilities of $1,144 million (2023: $988 million) presented under Due from subsidiaries and Due to subsidiaries respectively on the Statements of financial position.

Note 40

Pledged assets and transfers of financial assets

Pledged assets

Assets pledged as security for liabilities include the following:

- securities and commodities included under trading assets and off balance sheet collateral securities pledged for repurchase transactions, stock lending arrangements, trading liabilities and derivative margining. These transactions are governed by standard industry agreements
- loan assets held by the Consolidated SEs provided as collateral against issued debt securities and other borrowings or repurchase transactions
- other types of financial and non-financial assets provided as collateral for borrowings and issued debt securities.

The table below represents assets that have been pledged as security for liabilities.

	CONSOLIDATED	
	2024	2023
	$m	$m
On Balance Sheet assets		
Cash and bank balances[1]	**556**	657
Trading assets	**9,102**	3,728
Financial investments	**305**	947
Loan assets[2]	**31,507**	33,950
Margin money and settlement assets	**594**	403
Property, plant and equipment[1]	**1,181**	781
Intangible assets	**1,193**	1,006
Other assets[1]	**1,640**	610
Total On Balance Sheet assets pledged for liabilities	**46,078**	42,082
Off Balance Sheet assets		
Securities and commodities[3]	**25,050**	23,454
Total On and Off Balance Sheet assets pledged for liabilities	**71,128**	65,536

[1] Certain balances available for immediate sale have been presented as held for sale on Statement of Financial Position.

[2] Includes $19,252 million (2023: $19,862 million) held by Consolidated SEs, which are available as security to holders of notes issued by consolidated securitisation vehicles. Additionally, includes $11,870 million (2023: $13,972 million) held by Consolidated securitisation vehicles wherein internally held bonds have been pledged against repurchase agreement liabilities.

[3] Represents fair value of securities and commodities repledged by the Consolidated Entity out of the non-cash collateral received of $86,624 million (2023: $75,540 million) as part of Cash collateralised lending and reverse repurchase agreements and of $2,730 million (2023: $2,521 million) as part of derivative margining arrangements. Refer Cash collateralised lending and reverse repurchase agreements and Derivative instruments under Note 36.1 *Credit risk – Collateral and credit enhancements held* for further details.

Note 40

Pledged assets and transfers of financial assets continued

Transfer of financial assets

The Consolidated Entity may enter into transactions in the normal course of business that transfer risks and rewards of financial assets recognised in the Consolidated Entity's Statements of financial position to other entities. Depending on the criteria discussed in Note 44(vii) *Financial instruments*, the Consolidated Entity may be unable to derecognise the transferred asset, be able to derecognise the transferred assets in full or continue to recognise the asset to the extent of its continuing involvement.

Transferred financial assets that are derecognised

When financial assets are derecognised, some continuing involvement may be retained in the assets in the form of liquidity support, financial guarantees, certain derivatives or retention of part of securitisation interests. For the financial years ended 31 March 2024 and 31 March 2023, there were no material transfers of financial assets where the Consolidated Entity has had continuing involvement.

Transferred financial assets that are not derecognised

The Consolidated Entity did not derecognise any financial assets to the extent of continuing involvement in the years ended 31 March 2024 and 31 March 2023. The following transactions typically result in the transferred assets continuing to be recognised in full.

Repurchase and securities lending agreements

Securities and commodities sold under an agreement to repurchase and securities subject to lending agreements continue to be recognised in the Statements of financial position and an associated liability is recognised for the consideration received.

Where securities are transferred in return for the loan of other securities or on an unsecured basis in return for a fee, the transferred asset continues to be recognised in full. There is no associated liability as the securities received are not recognised on the balance sheet. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these assets.

In certain arrangements the transferee cannot otherwise sell or pledge the transferred securities, however, the assets may be substituted if the required collateral is maintained.

Other financial transfers not derecognised

Includes loans and leases sold or lent to an external funder where the Consolidated Entity retains full economic exposure. In such instances, the Consolidated Entity has a right to receive cash from the lessee and an obligation to pay those cash flows to the external funder.

Also, includes trading assets and financial investments that have been transferred as margin against future trades. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of open position and remains exposed to interest rate risk and credit risk on these assets.

Note 40

Pledged assets and transfers of financial assets continued

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

			FOR THOSE LIABILITIES THAT ONLY HAVE RECOURSE TO THE TRANSFERRED ASSETS		
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net fair value
	$m	$m	$m	$m	$m
					CONSOLIDATED 2024
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets[4]	**7,407**	**(247)**	**-**	**-**	**-**
Loan assets[5]	**11,870**	**(9,556)**	**-**	**-**	**-**
Other financial assets not derecognised:					
Trading assets	**831**	**-**	**-**	**-**	**-**
Financial investments	**305**	**-**	**-**	**-**	**-**
Loan assets	**369**	**(369)**	**369**	**(369)**	**-**
Total financial assets not derecognised	**20,782**	**(10,172)**	**369**	**(369)**	**-**
					CONSOLIDATED 2023
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets[4]	2,122	(459)	-	-	-
Financial investments	742	(740)	-	-	-
Loan assets[5]	13,972	(11,280)	-	-	-
Financial assets not derecognised due to total return/asset swaps:					
Financial investments	205	(189)	-	-	-
Other financial assets not derecognised:					
Trading assets	308	-	-	-	-
Loan assets	116	(116)	116	(116)	-
Total financial assets not derecognised	17,465	(12,784)	116	(116)	-

There were no material transfers of financial assets for the Company during the financial years ended 31 March 2024 and 31 March 2023.

[4] Includes $7,140 million (2023: $1,622 million) assets transferred under return for the loan of other securities where there is no associated liability on the Consolidated Entity's statement of financial position. The transferee has the right to sell or re-pledge the entire value of securities received.

[5] Represents the fair value of the SEs securitised bonds internally held by the Company which are pledged against repurchase agreement liabilities.

Note 41

Audit and other services provided by PricewaterhouseCoopers

During the financial year, PricewaterhouseCoopers (PwC) and its network firms, the auditor of the Consolidated Entity and the Company, earned the following remuneration.

	CONSOLIDATED	
	2024	2023[1]
	$'000	$'000
Audit of the Group and controlled entities:[2]		
PwC – Australia	**29,088**	30,007
Network firms of PwC Australia	**25,215**	23,719
Total audit services	**54,303**	53,726
Audit-related services:[3]		
PwC – Australia	**10,806**	22,405
Network firms of PwC Australia	**1,070**	1,142
Total audit-related services	**11,876**	23,547
Total audit and audit-related services	**66,179**	77,273
Taxation services:		
PwC – Australia	**210**	584
Network firms of PwC Australia	**966**	1,372
Total taxation services	**1,176**	1,956
Other services:		
PwC – Australia	**1,179**	1,331
Network firms of PwC Australia	**44**	468
Total other services	**1,223**	1,799
Total other non-audit services	**2,399**	3,755
Total remuneration paid to PwC for audit, audit-related and other non-audit services[4]	**68,578**	81,028

Use of PwC's services for engagements other than audit is restricted in accordance with the Consolidated Entity's *Audit and Assurance Independence Policy.*

[1] Comparative information has been restated to conform to the presentation in the current year.
[2] Prior period includes additional fees of $809 thousand (2022: $1,955 thousand) for PwC Australia and $966 thousand (2022: $2,187 thousand) for network firms of PwC Australia that related to the year ended 31 March 2023 but were incurred during the 2024 financial year.
[3] Audit related services consist of assurance and related services traditionally performed by the independent external auditor of the Consolidated Entity. While in addition to their statutory audit role, these services are consistent with the role of the external auditor and include statutory assurance and other assurance services such as engagements required under regulatory, prudential, legislative or financing programmes as well as reviews requested by regulators and other agreed upon procedures.
[4] An additional amount of $24,472 thousand in 2023 (2022: $21,295 thousand) was paid or payable to PricewaterhouseCoopers as fees for audit services for Macquarie-managed funds that are not a part of the Consolidated Entity.

Note 42

Acquisitions and disposals of subsidiaries and businesses

Acquisitions of subsidiaries and businesses

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

Core business operations

During the current year and prior financial year, there were no material business or subsidiaries held for core business operations were acquired.

Held for investment purposes

During the year ended 31 March 2024, subsidiaries and businesses acquired or consolidated primarily includes Camin Cargo Control Holdings, Inc., Adept Technology Group, Fidus Information Security Limited, Treglown Topco Limited, Insight Analytics Solutions Holdings Limited, Net Technical Solutions Limited and Excel Telesonic India Private Limited for a total consideration of $761 million.

On acquisition, net assets of $216 million, non-controlling interests of $14 million and goodwill of $559 million were recognised in the Statement of Financial Position. The purchase price allocations for the business combinations are provisional as at 31 March 2024.

During the year ended 31 March 2023, subsidiaries and businesses acquired or consolidated primarily includes Macquarie Real Estate Partners SCSp, Treaty Oak Clean Energy, LLC, Cowal Agriculture Unit Trust, Victorium Consortium Trust and OGL Computer Support Holdings for a total consideration of $674 million.

On acquisition, net assets of $1,877 million, non-controlling interests of $1,364 million and goodwill of $161 million were recognised in the Statement of Financial Position.

Disposals of subsidiaries and businesses

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

Core business operations

During the current year and prior financial year, there were no material business or subsidiaries held for core business operations were disposed of or deconsolidated.

Held for investment purposes

During the year ended 31 March 2024, subsidiaries and businesses disposed of or deconsolidated primarily includes MPF Vision HoldCo LLC, MPF Vision Parent LLC & Camin Cargo Control Holdings, Inc., Fibreconnect Italian Holding S.P.A., FibreConnect S.P.A, MAM Alliance Partners Infrastructure Fund L.P., Blue Leaf Energy Asia Pte Ltd, Treaty Oak Clean Energy HoldCo, LLC, Aula Energy Assets Hold Trust, Cowal Agriculture Unit Trust, Altius Bidco GmbH, Telemachus Holdings limited, Gana Energy Co. Ltd, Excel Telesonic India Private Limited, Macquarie Real Estate Partners SCSp and Macquarie Sustainable Global Listed Infrastructure Fund for a total transaction value of $1,833 million.

Loss of control resulted in deconsolidation of net assets of $2,240 million and non-controlling interest of $710 million, resulting in the recognition of investment income (gain on interests in business and subsidiaries) of $303 million in the income statement.

During the year ended 31 March 2023, subsidiaries and businesses disposed of or deconsolidated primarily includes Collfield Investments sp. Z.o.o, Nordic Renewable Power (Holdings) AB, Nordic Renewable Power AB, Lake Wind AB, Tysvaer Vindpark AS, Buheii Vindkraft AS and Victorium Consortium Trust for a total transaction value of $1,002 million.

Loss of control resulted in deconsolidation of net assets of $1,692 million and non-controlling interest of $1,071 million, resulting in the recognition of investment income (gain on interests in business and subsidiaries) of $381 million in the income statement.

Note 43

Events after the reporting date

There were no material events subsequent to 31 March 2024 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

Note 44

Material accounting policies

(i) Principles of consolidation

Subsidiaries

The consolidated Financial Report reflects the financial performance and financial position of the Consolidated Entity. Subsidiaries are all those entities (including structured entities) which the Consolidated Entity controls. The Consolidated Entity controls an entity where it has:

- power to direct the relevant activities
- exposure, or rights, to variable returns, and
- the ability to utilise power to affect the entity's returns.

The determination of control is based on current facts and circumstances and is continuously assessed. The Consolidated Entity has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. The Consolidated Entity also considers the entity's purpose and design. If the Consolidated Entity determines that it has power over an entity, the Consolidated Entity then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

All variable returns are considered in making that assessment including, but not limited to, returns from debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts. In certain instances, the Consolidated Entity has determined that it controls entities that it has less than half of the voting rights on the basis of its ability to direct the relevant activities of those entities.

Structured entities

Structured Entities (SEs) are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities of the SE are directed by means of contractual arrangements. When assessing whether the Consolidated Entity controls (and therefore consolidates) a SE, judgement is required as to whether the Consolidated Entity has power over the relevant activities as well as exposure, or rights, to variable returns of the SE.

Where the Consolidated Entity has power over the SE's relevant activities, has assessed that its exposure to variable returns (including through the residual risk associated with its involvement in SEs) is sufficient, and is able to affect its returns, the SE is consolidated. Refer to Note 34 *Structured entities* for further information related to both consolidated and unconsolidated SE's.

Consolidation

The effects of all transactions between subsidiaries in the Consolidated Entity are eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (NCI) in the results and equity of subsidiaries are shown separately in the consolidated Income statements, consolidated Statements of comprehensive income, consolidated Statements of changes in equity and consolidated Statements of financial position and are determined on the basis of the Consolidated Entity's present ownership interest in the entity.

Where control of an entity was obtained during the financial year, its results are included in the consolidated Income statements from the date on which control was obtained. Where control of an entity ceased during the financial year, its results are included for that part of the financial year during which control existed.

The Consolidated Entity determines the dates of obtaining control (i.e. acquisition date) and losing control (i.e. disposal date) of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to direct the relevant activities and the extent of the Consolidated Entity's exposure to the entity's variable returns. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

Subsidiaries held by the Company are carried in its financial statements at cost less accumulated impairment.

Interests in associates and joint ventures

Associates and joint ventures are entities over which the Consolidated Entity has significant influence or joint control. Existing ownership interests (including in substance ownership interests) in associates and joint ventures are accounted for under the equity method. In-substance ownership interests are interests that are substantially similar to an investee's ordinary shares. Equity accounting of the ownership interests is applied from the date that the Consolidated Entity has significant influence or joint control and ceases when the Consolidated Entity no longer has significant influence or joint control.

The Consolidated Entity determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control the relevant activities of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

Note 44

Material accounting policies continued

(i) Principles of consolidation continued

The equity method of accounting is applied in the consolidated Financial Report and requires the recognition of the Consolidated Entity's share of its associates' and joint ventures' post acquisition profits or loss (including impairments of the associates' or joint ventures' assets) in the consolidated income statement, and the share of the post-acquisition movements in other comprehensive income in the consolidated statement of comprehensive income. Dividends received by the Consolidated Entity from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Transactions reported directly in equity (besides those reflected in other comprehensive income) are accounted for by the Consolidated Entity in accordance with the substance of the transaction and whether the transaction is dilutive to the Consolidated Entity's ownership interest. Where the transaction is dilutive, the impact is recorded as part of the Consolidated Entity's share of profits or losses of associates and joint ventures.

Equity accounting of losses is restricted to the Consolidated Entity's interests in its associate or joint venture, unless the Consolidated Entity has an obligation or has made payment on behalf of the entity.

Long-term interests in an associate or joint venture, to which the equity method is not applied but in-substance form part of the net investment in the associate or joint venture, are accounted for in accordance with the Consolidated Entity's financial instruments' accounting policies, which includes accounting for expected credit losses, where applicable. Subsequently, the loss allocation and impairment requirements in AASB 128 *Investments in Associates and Joint Ventures* are applied to long-term interests.

Where necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with those adopted by the Consolidated Entity.

At the end of each reporting period, management reviews the Consolidated Entity's investments in associates and joint ventures for indicators of impairment. Where there is an indicator of impairment, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying value. Impairment losses and reversals are recognised in other impairment charges/reversals. A reversal of a previously recognised impairment loss is recognised only to the extent that the investment's carrying value does not exceed the carrying amount that would have been determined (including consideration of any equity accounted losses) if no impairment loss had been recognised.

Interests in associates and joint ventures are classified as held for sale when the Consolidated Entity determines that the interest will be recovered principally through a sale transaction rather than through continuing use. Equity accounting is suspended when the interest is classified as held for sale.

On disposal of an investment in an associate or a joint venture, the difference between the sales consideration, any retained interest and the carrying value is recognised as a gain or loss in investment income as part of other operating income and charges together with any gains and losses in OCI that is related to the associate or joint venture.

Changes in ownership interests

When acquiring additional interests:

- of a financial asset (such that it becomes an associate, joint venture or subsidiary), or
- in an investment in an associate or joint venture (such that it becomes a subsidiary), where the underlying entity constitutes a business,

previously held interests are revalued to their fair value and any gain or loss is recognised in investment income as part other operating income and charges.

Similarly, when selling ownership interests of a subsidiary, where the underlying constitutes a business (such that control is lost), or an investment in an associate or joint venture (such that it becomes a financial asset), retained ownership interests are revalued to their fair value and any gain or loss is recognised in investment income as part of other operating income and charges. Retained ownership interests are not revalued where the sale represents a contribution to an associate or joint venture, nor in certain circumstances where the partial sale of an investment in associate or joint venture, which continues to be equity accounted post the sale, is affected through a holding company subsidiary.

Increases and decreases in the Consolidated Entity's interest in a subsidiary (that do not result in the loss of control) are accounted for directly within equity. Increases in the Consolidated Entity's ownership interest in an associate or joint venture are accounted for as an increase in the carrying value of the interest in associate or joint venture. The difference between the reduction in the Consolidated Entity's interest in an associate or joint venture that remains an associate or joint venture and the fair value of consideration received is accounted for as a gain or loss within investment income as part of other operating income and charges. A proportionate amount of associated OCI is reclassified to profit or loss, or reclassified within equity, as would otherwise be required on disposal of the underlying position.

(ii) Business combinations

Distinguishing between whether assets or a business is acquired involves judgement. The Consolidated Entity identifies a business where an acquired integrated set of activities and assets includes an economic resource (input) and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income from ordinary activities (outputs).

On a transaction-by-transaction basis, the Consolidated Entity may use a practical expedient to determine that an acquired set of activities is not a business. Under this assessment, the transaction is accounted for as an asset acquisition if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Note 44

Material accounting policies continued

(ii) Business combinations continued

Business combinations are accounted for using the acquisition method. The consideration exchanged is measured as the aggregate of the acquisition-date fair values of assets transferred, equity instruments issued, and liabilities incurred. Transaction costs of a business combination are recognised directly in the consolidated income statement as part of other operating expenses.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. The Consolidated Entity elects, on a transaction-by-transaction basis, to initially measure NCI either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities.

Goodwill is measured as the excess of the consideration exchanged, recognised NCI, and the fair value of previously held equity interests over the fair value of the identifiable net assets of the business acquired and is recognised as part of Intangible assets in the Statements of financial position. Goodwill is subsequently measured at cost less accumulated impairment.

If the consideration is less than the Consolidated Entity's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised in investment income as part of other operating income and charges, but only after a reassessment of the identification and measurement of the net assets acquired.

Contingent consideration that is dependent on any subsequent event is measured at fair value with changes in its fair value recognised in investment income as part of other operating income and charges.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the acquisition date. The discount rate used is the Consolidated Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(iii) Foreign currency translation

Functional and presentation currency

The functional currency of each entity (including branches) in the Consolidated Entity is determined as the currency of the primary economic environment in which the entity operates. The Consolidated Entity and the Company's financial statements are presented in Australian dollars (the presentation currency), which is also the Company's functional currency.

Transactions and balances

At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary assets and liabilities are translated using the closing exchange rate
- non-monetary items (including equity) measured in terms of historical cost in a foreign currency remain translated using the spot exchange rate at the date of the transaction, and
- non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured.

Foreign exchange gains and losses arising from the settlement or translation of monetary items, or non-monetary items measured at fair value, are recognised in net trading income with one exception being where such monetary items are designated as hedging instruments in qualifying cash flow hedge or net investment hedge relationships. In such circumstances, the foreign exchange gains and losses may be deferred in OCI to the extent the hedge is effective (refer to Note 35 *Hedge accounting* and Note 44(x) *Derivative instruments and hedging activities*).

Subsidiaries and other entities

The results and financial position of all entities that have a functional currency other than Australian dollars are translated into Australian dollars as follows:

- assets and liabilities for each Statements of financial position presented are translated at the closing exchange rate at the date of that Statements of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate
- income and expenses for each income statement are translated at actual or average exchange rates at the dates of the transactions
- all resulting exchange differences are recognised in OCI within a separate component of reserves, being the foreign currency translation reserve (FCTR).

Foreign currency gains and losses on intragroup loans are recognised in the income statement except where the loan is in substance part of the Consolidated Entity's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Consolidated Entity's FCTR.

The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:

- if there is a disposal of a foreign operation, then the accumulated FCTR is reclassified from OCI to investment income within other operating income and charges
- if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated FCTR is reclassified to investment income
- if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated FCTR is reattributed within equity to non-controlling interests.

Note 44

Material accounting policies continued

(iv) Revenue and expense recognition

Net interest income

Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset which is not measured at fair value) are recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in interest income or interest expense, as applicable, over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the remeasurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of the EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit impaired (POCI). Interest income on these assets is determined using a credit adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest income on financial assets that are subsequently classified as credit-impaired (Stage III), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss). Interest income and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis and included in Other Interest Income.

Fee and commission income

Revenue earned by the Consolidated Entity from its contracts with customers primarily consists of the following categories of fee and commission income:

Base and other asset management fees, and performance fees

The Consolidated Entity earns base and other asset management and performance fees for providing asset management services for listed and unlisted funds, managed accounts and co-investments arrangements. It has been determined that the provision of asset management services is typically a single performance obligation.

Base management fees are recognised over the life of the contract as the asset management services are provided. Any associated performance fees are deemed to be a variable component of the same asset management service and are recognised only when it is highly probable that the performance hurdles are met, and a significant reversal of cumulative fees recognised to date will not occur. Determining the amount and timing of performance fees to be recognised involves judgement, the use of estimates (including management estimates of underlying asset values) and consideration of a number of criteria relating to both the fund or managed account in which the asset(s) are held, as well as the underlying asset(s), such as:

- the extent to which performance fee liabilities have been accrued by the fund or managed account to date or consideration of the current valuation case of the assets in relation to the related performance fee hurdle rate
- the proportion of assets realised and returns on those assets
- nature of remaining underlying fund or managed account's assets and potential downside valuation risks on each
- time remaining until realisation of the assets and the fund's life or asset management services' timeline
- consideration of the ability to dispose of the asset, including any barriers to divest.

Mergers and acquisitions, advisory and underwriting fees

The Consolidated Entity earns revenue through its role as advisor on corporate transactions as well as through its role as manager and underwriter of equity and debt issuances. The revenue from these arrangements is recognised at a point in time, and when it has been established that the customer has received the benefit of the service such that the performance obligation is satisfied. For advisory services this is typically at the time of closing the transaction.

Where mandates contain rights to invoice upon reaching certain milestones, the Consolidated Entity assesses whether distinct services have been transferred at these milestones and accordingly recognises revenue. If not, the fee recognition will be deferred until such time as the performance obligation has been completed. Management of capital raisings and underwriting of debt or equity capital raisings are each considered distinct performance obligations that are typically satisfied on the allocation date of the underwritten securities.

Brokerage and other trading-related fee income

The Consolidated Entity enters into contracts with customers to act as an agent to buy and sell securities. The brokerage and commission income related to this service is recognised on trade date and is presented net of any rebates.

Other fee and commission income

Other fee and commission income includes fees earned on a range of banking products and services platforms, wealth services, credit cards, structuring fees, lending services, stock borrow and lending activities and income on structured products which is recognised when the performance obligation is satisfied.

Note 44

Material accounting policies continued

(iv) Revenue and expense recognition continued

Net operating lease income

Operating lease income is recognised on a straight-line basis over the lease term and is presented net of the related depreciation expense.

Other operating income and charges

Other operating income and charges includes investment income, and other income/charges.

Investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities that are classified as FVTPL and dividends or distributions on these securities which represent the return on such investments.

Gains or losses on the change of control, joint control and/or significant influence and reclassifications to/from held for sale also forms part of investment income. Refer to Note 44(i) *Principles of consolidation* for details on the timing of recognition of such gains or losses.

Dividends

Dividends or distributions are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated with the dividend will flow to the Company and/or Consolidated Entity and the dividend can be measured reliably.

Dividends or distributions from HFT assets are recognised in net trading income, as investment income as part of other operating income and charges for other financial assets measured at FVTPL or FVOCI, or as a reduction to the carrying amount of the investment in associates and joint ventures in the Consolidated Entity's Statements of financial position. Where associates and joint ventures are classified as held for sale, dividends or distributions are recognised within other income as part of other operating income and charges.

In the Company's financial statements, judgement may be applied in determining whether distributions from subsidiaries, associates and joint ventures are to be recognised as dividend income or as a return of capital. Distributions that represent a return of capital are accounted for by the Company as a reduction to the cost of its investment and are otherwise recognised by the Company within investment income as part of other operating income and charges when the recognition criteria are met.

Expenses

Expenses are recognised in the income statement as and when the provision of services is received.

(v) Segment reporting

Operating Segments are identified on the basis of internal reports to Senior Management about components of the Consolidated Entity that are regularly reviewed by Senior Management who have been identified as the chief operating decision makers, in order to allocate resources to the segment and to assess its performance. Information reported to Senior Management for the purposes of resource allocation and assessment of performance is specifically focused on core products and services offered, comprising five reportable segments as disclosed in Note 3 *Segment reporting*.

Information about products and services is based on the financial information used to produce the Consolidated Entity's financial statements. Information about geographical segments is based on the jurisdiction of the respective entities.

(vi) Taxation

The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and deferred tax liabilities that would otherwise arise following the enactment or substantive enactment of Pillar Two legislation are not recognised in the financial statements in accordance with a mandatory exception to the Accounting Standards, as disclosed in Note 1(iv) *New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretation that are effective in the current financial year*.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

The Consolidated Entity exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Note 44

Material accounting policies continued

(vi) Taxation continued

Factors considered include the ability to offset tax losses within the tax consolidated group in Australia or groups of entities in overseas jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Consolidated Entity undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Consolidated Entity estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities with reference to the nature of the underlying uncertainty.

Tax consolidation

The Consolidated Entity's Australian tax liabilities are determined according to tax consolidation legislation.

The Company, together with all eligible Australian resident wholly owned subsidiaries, comprise a tax consolidated group (TCG) with the Company as the head entity. As a consequence, the relevant subsidiaries are not liable to make income tax payments and do not recognise any current tax balances or any deferred tax assets arising from unused tax losses or credits.

The TCG recognises its current and deferred taxes using the 'group allocation approach' detailed in AASB UIG Interpretation 1052 *Tax Consolidation Accounting*. Under the terms and conditions of a tax funding agreement, the Company charges each subsidiary for all current tax liabilities incurred in respect of their activities and reimburses each subsidiary for any tax assets arising from unused tax losses.

Should the Company be in default of its tax payment obligations, or a default is probable, the current tax balances of its subsidiaries will be determined in accordance with the terms and conditions of a tax sharing agreement between the Company and entities in the TCG.

Goods and Services tax (GST)

Where an amount of GST (or other value added tax) is not recoverable from global tax authorities, it is either capitalised to the Statements of financial position as part of the cost of the related asset or is recognised as part of other operating expenses.

Where GST (or other value added tax) is recoverable from or payable to global tax authorities, the net amount is recorded as a separate asset or liability in the Statements of financial position.

(vii) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted (in the case of instruments not classified at FVTPL) for transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees paid or received relating to financial instruments carried at FVTPL are recorded in the income statement.

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

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another
- have the same counterparty
- relate to the same risk
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction, or
- whether each of the financial instruments has its own terms and conditions and may be transferred or settled separately.

Derecognition of financial instruments

Financial assets

Financial assets are derecognised from the Statements of financial position when:

- the contractual rights to cash flows have expired, or
- the Consolidated Entity has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Consolidated Entity:

(i) transfers the contractual rights to receive the cash flows of the financial asset, or

(ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where the Consolidated Entity is:

- not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset
- prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
- obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay, generally considered to be within 1 to 3 months.

Note 44

Material accounting policies continued

(vii) Financial instruments continued

In transactions where the Consolidated Entity neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

In transfers where control over the asset is retained, the Consolidated Entity continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Financial liabilities are derecognised from the Statements of financial position when the Consolidated Entity's obligation has been discharged, cancelled or has expired.

Gains and losses on the derecognition of debt financial assets and liabilities

Gains and losses arising from the derecognition of debt financial assets or financial liabilities are recognised in:

- net trading income in respect of trading-related balances that are subsequently measured at amortised cost
- investment income within other operating income and charges in respect of financial investments and loans to associates
- other income and charges as part of other operating income and charges for all other financial assets and financial liabilities.

Financial guarantee contracts issued

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under AASB 9, or
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial asset that is renegotiated is derecognised if the rights to receive cash flows from the existing agreement have expired, either through replacement by a new agreement or the existing terms are substantially modified. To determine whether the existing terms are substantially modified, both qualitative and quantitative factors may be considered. Qualitative factors would, for example, include a consideration of whether and to what extent the modification is driven by financial difficulties of the borrower or where the terms are modified such that the instrument no longer meets the SPPI requirements.

A financial liability that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. The assessment on whether the terms are substantially different consider both quantitative and qualitative factors. Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recognised in the income statement in accordance with the nature of the financial instrument as described in the derecognition of financial instruments policy.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when the modification does not result in derecognition, the gross carrying amount of the financial instrument is recalculated and a modification gain or loss is recognised in the income statement. The gain or loss is measured as the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the instrument's original EIR.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Consolidated Entity uses judgement in determining the business model at the level that reflects how groups of financial assets are managed together to achieve a particular business objective. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Consolidated Entity's Senior Management personnel and senior executives
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected), and
- Frequency, value, timing of and reasons for sales of assets in the portfolio and expectations about future sales activity.

Solely payment of principal and interest (SPPI)

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding, consistent with a basic lending arrangement. This includes an assessment of whether the cash flows primarily reflect consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs including a reasonable profit margin.

Note 44

Material accounting policies continued

(vii) Financial instruments continued

In assessing whether the contractual cash flows are SPPI, the Consolidated Entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet the SPPI criteria. Such an assessment would consider, for example, the impact of any of the following features:

- Contingent events that could change the amount and/or timing of cash flows;
- Leverage features that could change the economic characteristics of principal and interest cash flows introducing volatility inconsistent with a basic lending arrangement;
- Prepayment features, to determine whether the amount due on early repayment substantially represents unpaid amounts of principal and accrued interest which may include reasonable compensation for the early termination of the contract;
- Terms that limit the Consolidated Entity's claim to cash flows from specified assets - for example, through non-recourse or limited recourse arrangements - in a way that is inconsistent with a basic lending arrangement.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements, and
- the financial asset has not been classified as DFVTPL.

Interest income is determined in accordance with the EIR method and recognised as part of interest and similar income.

Fair value through other comprehensive income

A financial asset is subsequently measured at FVOCI if the following conditions are met:

- the financial asset is held within a business model whose objective is to both collect contractual cash flows and to sell the financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- the financial asset has not been classified as DFVTPL.

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised in credit and other impairment charges/reversal) and foreign exchange gains and losses (which are recognised in net trading income) and is net of any related hedge accounting adjustments. When debt financial assets classified as at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to investment income in respect of debt financial investments and loans to associates, or to other income and charges as part of other operating income and charges for all other financial assets.

Fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL.

For the purposes of the Consolidated Entity's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading (held for trading (HFT)). This classification includes all derivative financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL)
- financial assets that fail the SPPI test (FVTPL), and
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income and charges.

Subsequent changes in the fair value of debt financial assets measured at FVTPL are presented as follows:

- changes in the fair value of financial assets that are classified as HFT and financial assets managed on a fair value basis are recognised in net trading income
- changes in the fair value of debt financial investments and loans to associates and joint ventures that fail SPPI are recognised in investment income as part of other operating income and charges
- changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income and charges within other operating income and charges.

Where applicable, the interest component of these financial assets is recognised as interest and similar income.

Reclassification of financial instruments

The Consolidated Entity reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial asset's new measurement category.

The Consolidated Entity does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either HFT, or have been designated to be measured at FVTPL (DFVTPL). A financial liability may be DFVTPL if:

- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen
- a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

Note 44

Material accounting policies continued

(vii) Financial instruments continued

- the liability contains embedded derivatives which must otherwise be separated and carried at fair value.

All derivative financial liabilities are classified as HFT, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL. Refer to Note 44(x) *Derivative instruments and hedging activities* for the detailed hedge accounting policy.

Changes in the fair value of financial liabilities that are not classified as HFT, with the exception of changes relating to the Consolidated Entity's own credit risk, are recognised in net trading income, or other income and charges as part of other operating income and charges, depending on the nature of the underlying transaction. Changes in fair value relating to changes in the Consolidated Entity's own credit risk are presented separately in OCI and are not subsequently reclassified to profit or loss.

Where applicable, the interest component of these financial liabilities is recognised as interest and similar expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Statements of financial position, when there is a current legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

(viii) Cash collateral on securities borrowed and lent and repurchase and reverse repurchase agreements

As part of its trading, financing and liquidity management activities, the Consolidated Entity borrows and lends securities, commodities and other assets (the underlying) on a collateralised basis. The underlying that is subject to the arrangement is not derecognised from the Statements of financial position of the relevant parties, as the risks and rewards of ownership remain with the initial holder.

These transactions include:

- reverse repurchase transactions, where the Consolidated Entity purchases an underlying under an agreement to resell
- repurchase transactions, where the Consolidated Entity sells an underlying under an agreement to repurchase.

The Consolidated Entity continually reviews the fair values of the underlying on which the above transactions are based and where appropriate, requests or provides additional collateral to support the transactions, in accordance with the terms of the respective agreements.

Reverse repurchase agreements are subsequently measured as follows by the Consolidated Entity:

- agreements that are collateralised with commodities are measured at amortised cost when they are held in a business model to collect contractual cash flows and AASB 9's SPPI criteria are met
- agreements that are held within the Consolidated Entity's cash and liquid assets portfolio are measured at FVOCI as they are held in a business model to both collect contractual cash flows and with the intention to sell
- all other reverse repurchase agreements are measured at FVTPL to reflect the Consolidated Entity's business model to realise fair value gains and losses as opposed to a business model in which the objective is to collect contractual cash flows.

Also refer to Note 37 *Measurement categories of financial instruments*.

Repurchase agreements are subsequently measured at amortised cost, except where they are DFVTPL to eliminate an accounting mismatch created by managing the agreements together with the associated reverse repurchase agreements that are measured at FVTPL.

(ix) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Consolidated Entity acquires or incurs principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together with short-term profit or position taking.

The Consolidated Entity uses trade date accounting when recording regular way purchases and sales of financial assets and liabilities that are classified as HFT. At the date a purchase transaction is entered into (trade date), the Consolidated Entity recognises the resulting financial asset or liability and any subsequent unrealised gain or loss arising from revaluing that contract to fair value as part of net trading income, except for interest income on HFT debt financial assets which is recognised in interest income. Refer to Note 44(vii) *Financial instruments*.

Trading assets (long positions) comprise financial instruments such as debt and equity securities, bank bills, treasury notes, and loans, commodity contracts and commodities purchased with the intent of being actively traded either individually or as part of a portfolio.

Trading liabilities comprise obligations to deliver assets (short positions) across the same trading categories and which the Consolidated Entity intends to actively trade.

Commodity inventory is recognised when the Consolidated Entity controls the commodity, the determination of which includes consideration of price risk. Commodity inventory is measured at fair value less costs to sell in accordance with the broker-trader exemption, on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker traders' margin. Commodity contracts reflect agreements for the purchase and sale of commodities where, despite the Consolidated Entity having control over the commodity, the Consolidated Entity has no intention to exercise its control, and where the expected outcome is that the commodity will be sold back to the initial holder or sold on to the intended acquirer (in the case of intermediary trades). Such contracts are measured at FVTPL.

Note 44

Material accounting policies continued

(ix) Trading assets and liabilities continued

When the Consolidated Entity becomes party to a sale contract, and the derecognition criteria are met (refer to Note 44(vii) *Financial instruments*), it derecognises the trading asset or liability and recognises a trade receivable or trade payable from trade date until settlement date.

(x) Derivative instruments and hedging activities

Derivative instruments entered into by the Consolidated Entity include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets. These derivative instruments are principally used by the Consolidated Entity for the purposes of risk management of existing assets and liabilities and forecast transactions and are also entered into for client trading purposes.

Derivatives are recognised in the Statements of financial position as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Derivatives that may have both positive or negative values must meet both the asset and liability derecognition tests before being derecognised from the Statements of financial position.

Fair values are obtained from quoted prices in active markets where available, or valuation techniques including discounted cash flow models and option pricing models, as appropriate. The accounting for derivatives is subject to the application of the day 1 profit or loss policy as described in Note 44(vii) *Financial instruments*).

The Consolidated Entity applies trade date accounting to the recognition and derecognition of derivative financial instruments.

Hedge accounting

As part of its ongoing business, the Consolidated Entity is exposed to several financial risks, principally that of interest rate, foreign exchange and commodity price risks (collectively referred to as the hedged risk or exposure). The Consolidated Entity has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Consolidated Entity mitigates these risks through the use of derivative financial instruments, and, in the case of foreign exchange risk, foreign-denominated debt issued (collectively referred to as hedging instruments). The Consolidated Entity applies hedge accounting to manage accounting mismatches arising from the difference in measurement bases or location of the gains and losses recognised between the exposure that is being hedged and the hedging instrument. Refer to details provided in the table on the following page.

Note 44

Material accounting policies continued

(x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
Nature of hedge	The hedge of the change in fair value of a recognised asset or liability.	The hedge of the change in cash flows of a financial asset or liability or a highly probable forecast transaction.	The hedge of changes in the Consolidated Entity's foreign denominated net assets for changes in foreign currency rates.
Nature of material hedged risks	• Interest rate risk • Foreign exchange risk • Commodity price risk.	• Interest rate risk[1] • Foreign exchange risk • Commodity price risk.	• Foreign exchange risk.
Material hedged items	• Fixed interest rate financial assets and liabilities • Property, plant and equipment.	• Floating interest rate financial assets or liabilities • Highly probable forecast floating interest rate financial assets and liabilities • Highly probable forecast foreign currency payments and receipts • Highly probable forecast commodity sales • Foreign currency denominated interest bearing financial liabilities.	• Net investment in foreign operations.
Material hedging instruments	• Interest rate swaps • Basis swaps • Cross currency swaps • Commodity derivatives • Foreign exchange forwards.	• Interest rate swaps and options • Cross currency swaps • Foreign currency denominated borrowings • Commodity derivatives.	• Foreign exchange contracts • Foreign currency denominated issued debt.
Designation and documentation	At inception of the hedge relationship, documentation is required of the risk management objective and strategy for the hedge, the hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.		
Hedge effectiveness method	All hedge relationships are assessed for prospective hedge effectiveness both at the inception of the hedge, at each reporting period and following any significant change in circumstances affecting the hedge, by demonstrating that: • an economic relationship exists between the hedged item and the hedging instrument • credit risk does not dominate the changes in value of either the hedged item or the hedging instrument • the hedge ratio is reflective of the Consolidated Entity's risk management approach. The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the designated quantities of either the hedged item or the hedging instrument.		
Accounting treatment for the hedging instrument	Fair value through the income statement, aligned to the presentation of the hedged item.	Fair value through the cash flow hedge reserve as part of OCI, and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.	Foreign exchange gains and losses are recognised in the Net Investment Hedge Reserve (NIHR), a separate component of FCTR in OCI.
Accounting treatment for the hedged item	Adjustments to the carrying value are recognised in the income statement for changes in fair value attributable to the hedged risk.	Accounted for on an amortised cost basis, FVOCI, or under other accounting standards as appropriate (such as executory contracts for the sale of commodities).	Foreign exchange gains and losses are recognised in the Consolidated Entity's foreign currency translation reserve as part of OCI.

[1] The Company designates selected hedge accounting relationships that only meet the qualifying criteria for hedge accounting in the Company financial statements (but not the Consolidated Entity).

Note 44

Material accounting policies continued

(x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
Accounting treatment for hedge ineffectiveness	Recognised as part of net trading income in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.	Recognised as part of net trading income in the income statement to the extent to which changes in the fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	
Accounting treatment if the hedge relationship is discontinued	Where the hedged item still exists and is a financial instrument carried at amortised cost, adjustments to the hedged item are amortised to the income statement on an EIR basis. For non-financial items, the adjustment continues as part of the carrying value of the asset up until it is recovered through use or sale, or the item becomes impaired.	The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk. Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.	The exchange gains or losses recognised in the NIHR within FCTR are reclassified to the income statement or reattributed within equity as follows: • if the hedge is discontinued due to a disposal of the hedged foreign operation, then the accumulated NIHR is reclassified from OCI to investment income within other operating income and charges • if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated NIHR is reclassified to investment income • if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated NIHR is reattributed within equity to non-controlling interests.
Other accounting policies	Certain components of the hedging instrument such as the forward element of a forward contract, the time value of an option and the foreign currency basis spread (being the liquidity charge for exchanging different currencies), may be excluded from the hedge designation. These elements are deferred in the cost of hedging reserve and released to the income statement either at the time at which the hedged exposure affects the income statement, or on a systematic basis over the life of the hedge.		

Note 44

Material accounting policies continued

(xi) Margin money and settlement assets and liabilities

Margin money and settlement assets and liabilities includes trade settlement balances, margin monies and balances with clearing houses. Margin monies primarily represent deposits placed with clearing houses in relation to futures trading and other derivatives transactions. The balance includes both initial and variation margin which varies based on trading activities. The balance also includes client margin calls which are funded by the Consolidated Entity. Settlement balances represent outstanding trade timing balances as at the reporting date due to the timing difference between trade and settlement date. Balances are carried at amortised cost except for certain margin money and certain settlement balances which are carried at FVTPL.

(xii) Financial investments

Investment securities in this category include investments in equity or debt securities which are not actively traded by the Consolidated Entity.

Debt investment securities in this category comprise liquid asset holdings, bonds, money markets and other debt securities.

Financial investments are initially recognised on trade date at fair value (adjusted for directly attributable transaction costs for debt investments subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 44(vii) *Financial instruments*).

(xiii) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Consolidated Entity's lending activities to its customers.

Loan assets are initially recognised on settlement date at fair value (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 44(vii) *Financial instruments*).

Certain finance lease receivables are also presented as part of asset financing within loan assets. For the detailed policy on financial instruments, including treatment of derecognition, refer to Note 44(vii) *Financial instruments*).

(xiv) Property, plant and equipment and right-of-use assets

Property, plant and equipment are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less, accumulated depreciation and, where applicable, accumulated impairment losses.

Right-of-use (ROU) assets are initially measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. Subsequently, it is stated at historical cost less accumulated depreciation and, where applicable, impairment losses, and adjusted for remeasurement of lease liabilities.

Property, plant and equipment and right-of-use assets includes assets leased out under operating leases.

Depreciation is the process to allocate the difference between cost and residual values over the estimated useful life. Where the residual value exceeds the carrying value, no depreciation is charged. Depreciation is calculated on the following bases:

- unit of production method for certain infrastructure assets
- straight-line basis for all other assets.

A ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Annual depreciation rates are summarised below:

Property, plant and equipment	Depreciation rates
Buildings	2.5 to 3.3%
Furniture, fittings and leasehold improvements[2]	10 to 20%
Infrastructure assets and equipment[3]	2.5 to 33%
Aviation	4%
Meters	5 to 55%
Telecommunications	24 %
Equipment and other operating lease assets	2.5 to 30%

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised in other income as part of other operating income and charges.

The depreciation charge is recognised as part of:

- net operating lease income for assets given on operating lease
- occupancy expenses for corporate buildings, furniture, fittings and leasehold improvements
- non-salary technology expenses for technology assets
- net trading income for depreciation relating to leased assets held by trading-related businesses for the purpose of facilitating trading activities
- other operating expenses for all other assets.

The Consolidated Entity does not recognise a ROU asset for short-term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses.

[2] Where remaining lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.
[3] Includes infrastructure assets, for which depreciation is calculated on a unit of production basis.

Note 44

Material accounting policies continued

(xv) Goodwill and other identifiable intangible assets

Goodwill

Goodwill is measured as the excess of consideration, recognised NCI, and the fair value of previously held equity interests over the fair value of the identifiable net assets of the business acquired. Goodwill arising from business combinations is included in intangible assets.

Other acquired identifiable intangible assets

At the time at which the Consolidated Entity determines that it has acquired a business, the Consolidated Entity identifies intangible assets that are required to be initially recognised at fair value. An intangible asset is considered to have an indefinite useful life where it is expected to contribute to the Consolidated Entity's net cash inflows indefinitely.

The following intangible assets are typically identified and recognised by the Consolidated Entity:

- licences and trading rights: generally carried at cost less accumulated impairment loss. Where no contractual or legal limitation exists, these assets are not amortised because they are considered to have an indefinite useful life
- management rights: carried at cost less accumulated amortisation and accumulated impairment loss. Certain management right intangible assets, which have indefinite useful lives as the underlying income stream is related to the management of funds that have no defined end date and are expected to operate perpetually, are not amortised. For management rights that have a finite useful life, amortisation is calculated using the straight-line method to allocate the cost of management rights over the estimated useful life usually being a period not exceeding 20 years
- customer and servicing contracts acquired with a finite useful life: carried at cost less accumulated amortisation and accumulated impairment loss. Amortisation is calculated over the period for which the customer relationship is expected to exist
- customer and servicing contracts with an indefinite useful life: carried at cost less accumulated impairment loss.

Certain other intangible assets held for trading, including emission certificates, are measured at fair value less costs to sell in accordance with the broker-trader exemption (on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker traders' margin).

Amortisation of intangible assets held by trading related business is recorded in net trading income and for others is recognised in other operating expenses. Impairments (reversal of impairments) of intangible assets are recognised in other impairment charges/ reversal.

Development expenditure

Development expenditure is recognised as an asset when the Consolidated Entity is able to demonstrate that the project is technically feasible, it is probable the asset will generate future economic benefits, the Consolidated Entity has the intention and ability to complete the development of the project or sell it, and the costs incurred can be reliably measured. All other costs are expensed in the period incurred.

Software

Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life, usually a period of three to seven years on a straight-line basis. The capitalised software asset is subject to impairment testing on an annual basis.

Costs incurred on the maintenance of software is expensed as incurred and recognised in other operating expenses.

(xvi) Deposits

Deposits include customer deposits, business banking and home loan related deposits, deposits from financial institutions and other balances such as client monies. These deposits are initially recognised at fair value less directly attributable transaction costs and are subsequently measured at amortised cost.

(xvii) Other assets and liabilities

Contract assets, contract liabilities and capitalised expenses

Where the Consolidated Entity provides services to clients and the consideration is unconditional, a receivable is recognised. Where the consideration is conditional on something other than the passage of time, such as performance fees, these are recorded as contract assets. Both receivables and contract assets are assessed for impairment in accordance with AASB 9. Commodity-related receivables are accounted for in accordance with Note (vii) *Financial Instruments*.

The Consolidated Entity, as permitted by AASB 15, has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months. The Consolidated Entity also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Consolidated Entity is yet to satisfy its performance obligation.

Note 44

Material accounting policies continued

(xvii) Other assets and liabilities continued

Non-current assets and liabilities of disposal groups classified as held for sale

This category includes non-current assets and disposal groups (groups of assets and directly associated liabilities to be disposed in a single transaction) for which the carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use. This line includes assets and liabilities of businesses and subsidiaries, investments in associates and joint ventures, other assets and liabilities, and subsidiaries that are acquired exclusively with a view to sell or distribute.

These assets and disposal groups are classified as held for sale when they are available for immediate sale in their present condition, the sale or distribution is highly probable and is expected to occur within 12 months. Where there is a planned partial disposal of a subsidiary resulting in loss of control, but the Consolidated Entity retains an interest in the disposed subsidiary, the entire disposal group is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Equity accounting, depreciation and amortisation is suspended when the held for sale criteria are met.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell and is recognised in other impairment charges/reversal. A gain is recognised for any subsequent increase in fair value less costs to sell, limited to the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of sale.

Financial assets and liabilities that are classified as held for sale are measured in accordance with the Consolidated Entity's financial instruments' policies.

Provisions, contingent liabilities and commitments

A provision is a liability of uncertain timing or amount. Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Contingent liabilities are either possible obligations whose existence will be confirmed only by uncertain future events not wholly within the control of the Consolidated Entity, or are present obligations where an outflow of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless an outflow of economic resources is remote. Contingent liabilities generally include performance-related contingents and certain types of letters of credit and guarantees.

Credit related commitments are the Consolidated Entity's firm commitments to provide credit facilities under pre-specified terms and conditions. These generally include loan commitments, financial guarantee contracts and certain types of letters of credit. Such contracts are recognised in the Statements of financial position only when drawn upon, and may expire without being called. Credit related commitments are subject to expected credit loss requirements disclosed in Note 13 *Expected Credit Loss*.

Contingent liabilities and commitments are disclosed in Note 33 *Contingent liabilities and commitments*.

Employee benefit provisions

Employee benefit provisions are recognised by the Consolidated Entity as and when the service has been rendered after deducting amounts already paid. The Consolidated Entity accrues for costs arising under applicable staff carry plans based on the expected cash outflows.

Liabilities for unpaid salaries, salary-related costs and provisions for annual leave are recorded in the Statements of financial position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds, except where there is no deep market, in which case rates on Government securities are used. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled or is transferred to another entity and the Company and Consolidated Entity are legally released from the obligation and do not retain a constructive obligation.

Dividends

Where a dividend is determined or resolved by the Company's Board of Directors, consideration is given to the record date when determining the date on which the provision for the dividend is recognised in the Statements of financial position as a liability, with a corresponding reduction in retained earnings.

Note 44

Material accounting policies continued

(xviii) Borrowings

Borrowings include loans and other payables to banks and financial and non-financial institutions. These balances are:

- initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, or
- when DFVTPL, initially recognised and subsequently measured at fair value.

(xix) Due to/from subsidiaries

Transactions between the Company and its subsidiaries principally arise from the provision of lending arrangements, acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees. Intercompany services and transactions are accounted for in accordance with Note 44(iv) *Revenue and expense recognition* where they are transacted in a principal capacity. Financial assets, financial liabilities and financial guarantee contracts are accounted for in accordance with Note 44(vii) *Financial instruments*. Financial assets and financial liabilities are presented net where the offsetting requirements are met, such that the net amount is reported in the Statements of financial position.

(xx) Debt issued

Debt issued includes debt securities issued by the Consolidated Entity. These balances are:

- initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, or
- when DFVTPL, initially recognised and subsequently measured at fair value in accordance with the Consolidated Entity's accounting policy for financial instruments, refer to Note 44(vii) *Financial instruments*.

(xxi) Loan capital

Loan capital represents issued debt with terms and conditions that qualify for inclusion as capital under Australian Prudential Regulation Authority (APRA) Standards.

Capital instruments are first assessed to determine whether the Consolidated Entity is required to deliver cash or another financial asset on the occurrence of a contingent event that is considered genuine and beyond the control of both the issuer and the holder (such as Common Equity Tier 1 Trigger Events or Non-Viability Trigger Events). Where such a contingent event exists, then the Consolidated Entity does not have the unconditional right to avoid delivering cash or another financial asset and the capital instrument is classified as a financial liability. The financial liability is initially measured at fair value plus directly attributable transaction costs and is subsequently measured at amortised cost.

For compound instruments that have both equity and liability features, the liability component is initially measured at fair value plus directly attributable transaction costs (and is thereafter measured at amortised cost using the EIR method), with the residual being accounted for within the Consolidated Entity's equity.

(xxii) Impairment

Expected credit losses

The ECL requirements apply to financial assets measured at amortised cost or FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts issued that are not DFVTPL. The Consolidated Entity applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward looking information (FLI).

ECL is measured as the product of probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 13 *Expected credit losses* for further information. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I—12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECL is determined based on the probability of default (PD) over the next 12 months adjusted for FLI. Stage I also includes financial assets where the credit risk has improved and has been reclassified from Stage II.

(ii) Stage II—Not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD adjusted for FLI. The Consolidated Entity exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Consolidated Entity's process to determine whether there has been a SICR is provided in Note 13 *Expected credit losses*.

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, the Consolidated Entity exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage II may include financial assets where the credit risk has improved and has been reclassified from Stage III.

Note 44

Material accounting policies continued

(xxii) Impairment continued

(iii) Stage III—Credit-impaired

Financial assets are classified as Stage III where they are determined to be credit impaired, which generally matches the APRA definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure.

Presentation of ECL allowances

The ECL allowances are presented in the Statements of financial position as follows:

- loan assets, loans to related body corporate entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount
- loan assets, loans to associates and joint ventures, and debt financial investments measured at FVOCI – as a reduction in the FVOCI reserve within equity. The carrying amount of the asset is not adjusted as it is measured at fair value
- lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount
- undrawn credit commitments and financial guarantees issued (not measured at FVTPL) – as a provision included in other liabilities.

When the Consolidated Entity concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Impairment of interests in associates and joint ventures

The Consolidated Entity performs an assessment at each reporting date to determine whether there is any objective evidence that its interests in associates or joint ventures are impaired. The main indicators of impairment are significant changes with an adverse effect that have taken place in the technological market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, the Consolidated Entity evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in the associate or joint venture is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value-in-use, with its carrying amount.

Impairment losses recognised in the income statement for investments in associates and joint ventures are subsequently reversed through the income statement if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. The impairment losses (reversal of impairments) on investments in associates and joint ventures are recognised in the income statement as part of other impairment charges/reversal.

Fair value less costs to sell is estimated using market-based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value-in-use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

Impairment of investments in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in other impairment charges/reversal, for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value-in-use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

Impairment of other non-financial assets including cash-generating units

Intangible assets with indefinite lives (goodwill and certain intangible assets) are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For intangible assets that have a finite useful life and property, plant and equipment and ROU assets, an assessment is made at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Note 44

Material accounting policies continued

(xxii) Impairment continued

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets (other than goodwill) for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years.

(xxiii) Performance based remuneration

Employee equity participation

The Consolidated Entity operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans. Information relating to these schemes is set out in Note 32 *Employee equity participation*.

The Consolidated Entity accounts for its share-based payments as follows:

Equity settled awards: The awards are measured at their grant date fair value and based on the number of equity instruments expected to vest. Expenses are recognised as part of employment expenses with a corresponding increase in equity with reference to the vesting period of those awards. Performance hurdles attached to Performance Share Units (PSUs) under the MEREP are not taken into account when determining the fair value of the PSUs at the grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest. For the Company, the accounting is dependent on whether the Company is compensated for its obligations under the MEREP award. To the extent that employing subsidiaries compensate the Company for the MEREP offered to their employees, a recharge liability due to subsidiaries is recognised by the Company at grant date representing the payment received in advance of the award being settled. This liability reduces over the vesting period with a corresponding increase in the share-based payments reserve. MEREP liabilities are recognised and disclosed in Note 30 *Related party information*. To the extent that employing subsidiaries do not compensate the Company for the MEREP offered to their employees', the Company reflects the provision of the equity settled award as a contribution to its subsidiary and as a result increases its investment in the subsidiary with a corresponding increase in the share-based payments reserve. On vesting, amounts recognised in the share-based payments reserve are transferred to contributed equity.

Cash settled awards: The awards are measured at their grant date fair value and based on the number of instruments expected to vest. Expenses are recognised as part of employment expenses with reference to vesting period of those awards which are settled in cash. The award liability is measured with reference to the number of awards and the fair value of those awards at each reporting date. Changes in the fair value of the liability are recognised in employment expenses.

Profit share remuneration

The Consolidated Entity recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

(xxiv) Leases

At the inception of a contract, the Consolidated Entity assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Consolidated Entity allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non lease components as a single lease component.

(i) Accounting where the Consolidated Entity is the lessee

The Consolidated Entity leases office premises, commodity storage facilities, technology and other equipment for which contracts are typically entered into for fixed periods of 12 months to 15 years and may include extension options. Leases are recognised as an ROU asset (as explained in Note 44(xiv) *Property, plant and equipment and right-of-use assets*) and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Consolidated Entity.

Lease liability

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense.

Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of interest and similar expense over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the income statement, where the carrying value of the ROU asset has been reduced to zero.

Note 44

Material accounting policies continued

(xxiv) Leases continued

Presentation

The Consolidated Entity presents ROU assets in Property, plant and equipment and right-of-use assets (refer to Note 15) and lease liabilities in Other liabilities (refer to Note 23) in the Statements of financial position.

(ii) Accounting where the Consolidated Entity is a lessor

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases.

Finance lease

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets.

Interest income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return. Finance lease income is presented within interest and similar income in the income statement.

Operating lease

Where the Consolidated Entity is the lessor under an operating lease, the underlying asset is carried at cost and depreciated over its useful life in accordance with the rates specified in Note 44(xiv) *Property, plant and equipment and right-of-use assets*. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in property, plant and equipment and right of-use assets. Certain right-of-use assets are disclosed as investment property, as applicable.

When the Consolidated Entity is an intermediate lessor, it accounts for its interests in the head lease and the sub lease separately. The lease classification of the sublease is determined with reference to the ROU asset arising from the head lease.

(xxv) Contributed equity

Ordinary shares and other similar instruments are classified as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the issue proceeds.

If the Consolidated Entity reacquires its own equity instruments, those instruments (treasury shares) are recorded at cost and deducted from contributed equity. In cases where treasury shares are acquired and held by the Consolidated Entity, the consideration paid, including any directly attributable transactions costs net of tax, is deducted from contributed equity. Where the instruments are no longer held as treasury shares, any net consideration received is included in contributed equity, after deducting directly attributable transaction costs net of tax.

(xxvi) Fiduciary assets and client money

The Consolidated Entity engages in trust, fund or other fiduciary activities as well as certain brokerage and other trading-related activities that result in the holding or placing of assets on behalf of third parties. Where such assets are controlled, and future economic benefits are expected to be realised by the Consolidated Entity, such assets and the income thereon are reflected in the Statements of financial position and income statement respectively.

Where this is not the case, these assets and the income thereon are excluded from the Consolidated Entity's financial statements as they are not the assets of the Consolidated Entity. Fee income earned by the Consolidated Entity relating to its responsibilities from fiduciary and brokerage and other trading-related activities is included as part of fee and commission income.

(xxvii) Cash and bank balances

Cash and bank balances includes currency on hand, demand deposits and short-term balances with Central and other banks including unallocated precious metal balances. These balances are subsequently measured at amortised cost except unallocated precious metals which are held at FVTPL.

(xxviii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances (except unallocated precious metal balances) as well as certain liquid financial investments and non trading reverse repurchase agreements that have a contractual maturity of three months or less from the date of acquisition and which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are available to meet the Consolidated Entity's short-term cash commitments. Cash and cash equivalents exclude margin money balances, trading assets and certain client-related balances which are segregated from the Consolidated Entity's own funds and are thus restricted from use.

(xxix) Investment property

Investment properties are initially recognised at cost and subsequently stated at fair value at each reporting date. Any change in fair value, in addition to any lease income generated, is recognised in other income as part of other operating income and charges.

(xxx) Comparatives

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

(xxxi) Rounding of amounts

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

Directors' declaration

Macquarie Group Limited

In the Directors' opinion:

(a) the financial statements and notes set out on pages 161 to 291 are in accordance with the *Corporations Act 2001* (Cth) including:
   (i) complying with Australian Accounting Standards, and
   (ii) giving a true and fair view of the Company's and the Consolidated Entity's financial positions as at 31 March 2024 and their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(i) includes a statement that the Financial Report complies with International Financial Reporting Standards.

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

Glenn Stevens AC
Independent Director and Chair

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
3 May 2024

Independent auditor's report

To the members of Macquarie Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Macquarie Group Limited (the Company) and its controlled entities (together the Consolidated Entity) is in accordance with the Corporations Act 2001 (Cth), including

(a) giving a true and fair view of the Company's and Consolidated Entity's financial positions as at 31 March 2024 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth).

What we have audited

The Consolidated Entity and Company financial report comprises:

- the Consolidated and Company statements of financial position as at 31 March 2024
- the Consolidated and Company statements of comprehensive income for the year then ended
- the Consolidated and Company statements of changes in equity for the year then ended
- the Consolidated and Company statements of cash flows for the year then ended
- the Consolidated and Company income statements for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* (Cth) and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach for the Consolidated Entity

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Consolidated Entity, its accounting processes and controls and the industry in which it operates.

The Consolidated Entity is structured into four Operating Groups and a Corporate segment, which includes Group Treasury. It undertakes operational activities that are important to the financial reporting process in multiple locations overseas, including sites in Gurugram in India, Jacksonville in the United States of America and Manila in the Philippines.

Consolidated Entity Audit scope

Our audit focused on where the Consolidated Entity made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

We aligned our audit to the Consolidated Entity's structure by instructing a component audit team for each of the four Operating Groups, Group Treasury and the remainder of the Corporate segment. These component audit teams, in consultation with the group audit team, established an audit strategy tailored for each Operating Group, Group Treasury and the Corporate segment.

Given the extent of the overseas operations of the Consolidated Entity, the component audit teams instructed a number of other member firms of the PwC global network to perform audit procedures. The group audit team determined the level of supervision and direction needed over the audit work performed by component audit teams, including the component audit teams' review and supervision of the overseas audit teams they, in turn, instructed.

The work performed by the component audit teams, together with additional audit procedures performed by the group audit team, such as procedures over the Consolidated Entity's consolidation and the financial report disclosures, provided us with the evidence we needed for our opinion on the Consolidated Entity's financial report as a whole.

Key audit matters

Amongst other relevant topics, we communicated the following key audit matters to the Board Audit Committee:

- Provision for expected credit losses on loan assets
- Valuation of complex or illiquid financial instruments carried at fair value through profit and loss which are based on significant unobservable inputs (level 3 financial instruments)
- Valuation of interests in associates and joint ventures
- IT systems and controls over financial reporting
- Estimation of tax payable relating to tax uncertainties
- Recognition of performance fees and fee income.

These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate only to the audit of the Consolidated Entity, unless otherwise noted.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on loan assets (Refer to Note 13)	
Under the credit impairment model required by AASB 9: Financial Instruments (AASB 9), losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate forward-looking information, reflecting the Consolidated Entity's view of potential future economic scenarios. The level of estimation uncertainty and judgement has remained high during the year ended 31 March 2024 as a result of uncertainties in the macroeconomic and geopolitical environment and persistently high levels of inflation in some territories, as well as developments in the economy more broadly. In order to meet the ECL requirements of AASB 9, the Consolidated Entity has developed models that involve judgement including determining assumptions such as defining a significant increase in credit risk (SICR). The ECL models of the Consolidated Entity rely on numerous data elements and certain post model overlays are applied based on the Consolidated Entity's judgement. Given the extent of judgement involved, we consider this to be a key audit matter.	Our procedures included assessing the design and testing the operating effectiveness of certain controls supporting the Consolidated Entity's estimate of the ECL including controls relating to: • review, challenge and approval of certain forward-looking macroeconomic assumptions and scenario weightings, including specifically the consideration of impacts of rising inflation and interest rates • monitoring the effectiveness of models used to support ECL estimates, and the validation of new and revised models • assessing the credit quality of counterparties • accuracy of certain critical data elements used in key ECL models, and • review and challenge forums to assess the ECL output and post model overlays. In addition to controls testing, we performed substantive procedures including: • together with PwC credit modelling experts, assessing the appropriateness of relevant conclusions reached by the Consolidated Entity from monitoring performed on key models. This included assessing key model components such as SICR and reperforming certain tests carried out as part of the model monitoring • together with PwC credit modelling experts, testing the appropriateness of a selection of changes to key models • together with PwC credit modelling experts, assessing whether the list of critical data elements identified by the Consolidated Entity was appropriate for key models • together with PwC economics experts, assessing the appropriateness of relevant macroeconomic scenarios and certain forward-looking economic data developed by the Consolidated Entity • testing the completeness and accuracy of certain critical data elements used in key ECL models • assessing a selection of post model overlays identified by the Consolidated Entity, including developing an understanding of the methodology used for overlay derivation and testing the underlying datasets used for the calculations, and • considering the impacts on the ECL events occurring subsequent to balance date. For credit impaired loan (stage III) provisions, we examined a sample of individual loan exposures to consider the appropriateness of provisions recognised. We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Valuation of complex or illiquid financial instruments carried at fair value through profit and loss which are based on significant unobservable inputs (level 3 financial instruments) (Refer to Note 38)	
The Consolidated Entity exercises judgement in valuing certain financial assets and liabilities at fair value where there are significant unobservable inputs for the valuation of these assets and liabilities. These assets and liabilities are known as Level 3 financial instruments. For the Consolidated Entity, these Level 3 financial instruments predominantly consist of derivative financial instruments, trading assets, financial investments and loan assets. Judgement is required in estimating the fair value of these financial instruments in determining appropriate models, assumptions and inputs. Given the extent of judgement involved in valuing these Level 3 financial instruments, we considered this to be a key audit matter.	Our procedures included assessing the design and testing the operating effectiveness of certain controls relating to Level 3 financial instruments, including controls over: • approval and validation of the models adopted • accuracy of inputs to models • the price verification process performed by the Consolidated Entity using prices and model inputs sourced from third parties • calculation and approval of key valuation adjustments, and • governance, review and challenge forums. Together with PwC valuation experts, we tested the Consolidated Entity's estimate for a sample of level 3 derivative financial instruments and trading assets. We considered a sample of collateral disputes, gains and losses on disposals and other events to help assess the reasonableness of the valuations. We tested a sample of valuation adjustments at period end, including evaluating the methodology applied and underlying assumptions. For a sample of level 3 financial investments and loan assets, together with PwC valuation experts, we assessed the appropriateness of the valuation methodologies applied, as well as the appropriateness of significant inputs used such as forecasts and comparable market information. We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of Australian Accounting Standards.
Valuation of interests in associates and joint ventures (Refer to Note 14)	
In accordance with Australian Accounting Standards, interests in associates and joint ventures need to be assessed by the Consolidated Entity for indicators of impairment or reversal of impairment at the reporting date. If indicators of impairment or reversal of impairment exist, the recoverable amount for each asset needs to be estimated. These assessments involve significant judgements such as estimating future cash flows, discount rates applied to future cash flows and evaluating fair value less costs to sell. Given the financial significance of the Consolidated Entity's recorded interests in associates and joint ventures, and the judgement and subjectivity involved in determining assumptions, we considered this to be a key audit matter.	We evaluated the Consolidated Entity's valuation methodologies used to estimate the recoverable amount of a sample of interests in associates and joint ventures and the process by which they were developed. Assisted where relevant by PwC Valuation experts, for a sample of interests in associates and joint ventures, our procedures included: • evaluating the Consolidated Entity's assessment of whether there were any indicators of impairment or whether impairment losses recognised in prior periods should be reversed • evaluating the appropriateness of the impairment assessment methodology and significant assumptions applied in calculating the recoverable amount, where indicators of impairment or reversal of impairment have been identified • comparing previous cashflow forecasts to actual results, or comparing previous net asset values to underlying investment values, to assess the ability of the Consolidated Entity to forecast accurately • assessing the appropriateness of discount rates used in valuations • assessing certain underlying data used in determining the carrying value and recoverable amount, and • testing the mathematical accuracy of the Consolidated Entity's discounted cashflow models which were used to determine the recoverable amount of the asset. We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
IT systems and controls over financial reporting (Consolidated Entity and Company)	
The Consolidated Entity's and Company's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions. A fundamental component of these IT systems and controls is ensuring that risks in relation to inappropriate user access management, unauthorised program changes and IT operating protocols are managed. Due to this, we consider the operation of IT systems and controls over financial reporting to be a key audit matter.	For material financial statement balances we developed an understanding of the business processes, IT systems used to generate and support those balances and associated IT application controls and IT dependencies in manual controls. Our procedures included evaluating the design and, where relevant, testing the operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting. This involved assessing, where relevant to the audit: • change management: the processes and controls used to develop, test and authorise changes to the functionality and configurations within systems • system development: the project disciplines which ensure that significant developments or implementations are appropriately tested before implementation and that data is migrated/converted and transferred completely and accurately • security: the access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means, and • IT operations: the controls over operations are used to ensure that any issues that arise are managed appropriately. Within the scope of our audit where technology services are provided by a third party, we obtained assurance through independent testing or, where available, considered assurance reports from the third party's auditor on the design and operating effectiveness of relevant controls for the reporting period. We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Where we identified design or operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative or additional audit procedures, which included considering mitigating controls in order to respond to the impact on our overall audit approach.
Estimation of tax payable relating to tax uncertainties (Refer to Note 23)	
The Consolidated Entity is subject to taxation in a number of jurisdictions. The assessment of the amounts expected to be paid to tax authorities is considered initially by the Consolidated Entity in each local territory, and then reviewed centrally, with consideration given to particular tax positions in certain jurisdictions. In some cases, the treatment of tax positions requires judgement to estimate the ultimate amounts of tax that will be paid, which resulted in this being considered a key audit matter.	Our procedures included evaluating the analysis conducted by the Consolidated Entity which sets out the basis for judgements made in respect of the ultimate amounts expected to be paid to tax authorities. Assisted by PwC tax experts, we read a risk focused selection of correspondence with tax authorities and external advice obtained by the Consolidated Entity and used our understanding of the business to assess the completeness and quantum of the provisions for tax. We considered the likelihood of additional tax exposures occurring based on our knowledge of tax legislation, applicable precedent and industry developments, noting the level of judgement involved. We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of the Australian Accounting Standards.
Recognition of performance fees and fee income (Refer to Note 2)	
In some cases, judgement is required by the Consolidated Entity to estimate the timing and amount of fee income and performance fees recognised in accordance with the requirements of Australian Accounting Standards. Given the extent of the judgement involved, we considered this to be a key audit matter.	Our audit procedures included evaluating the design of relevant controls relating to the recognition and measurement of fee income and performance fees. In assessing the appropriateness of the recognition of fee income and performance fees, we tested the Consolidated Entity's estimate for a sample of fee income based on relevant information in supporting documents including contracts, fund constitutions and management agreements. Specifically for performance fees, we also considered the nature of the underlying fund assets, the proportion of assets already realised, the returns on the assets realised to date and the potential for volatility in the valuation of the remaining unrealised assets. We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of the Australian Accounting Standards.

Independent auditor's report

To the members of Macquarie Group Limited continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: **https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf**. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 March 2024.

In our opinion, the remuneration report of Macquarie Group Limited for the year ended 31 March 2024 complies with section 300A of the *Corporations Act 2001* (Cth).

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001* (Cth). Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

V. Papageorgiou

Voula Papageorgiou
Partner

Sydney
3 May 2024

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Liability limited by a scheme approved under Professional Standards Legislation.

Ten year history

The financial information for the full years ended 31 March 2015–2024 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' requirements.

	YEAR ENDED 31 MARCH									
Particulars	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Income Statement ($ million)										
Net operating income	**16,887**	19,122	17,324	12,774	12,325	12,754	10,920	10,364	10,158	9,262
Total operating expenses	**(12,061)**	(12,130)	(10,785)	(8,867)	(8,871)	(8,887)	(7,456)	(7,260)	(7,143)	(6,740)
Operating profit before income tax	**4,826**	6,992	6,539	3,907	3,454	3,867	3,464	3,104	3,015	2,522
Income tax expense	**(1,291)**	(1,824)	(1,586)	(899)	(728)	(879)	(883)	(868)	(927)	(899)
Profit after income tax	**3,535**	5,168	4,953	3,008	2,726	2,988	2,581	2,236	2,088	1,623
(Profit)/loss attributable to non-controlling interests[1]	**(13)**	14	(247)	7	5	(6)	(24)	(19)	(25)	(19)
Profit attributable to the ordinary equity holders of Macquarie Group Limited	**3,522**	5,182	4,706	3,015	2,731	2,982	2,557	2,217	2,063	1,604
Statement of financial position ($ million)										
Total assets	**403,404**	387,872	399,176	245,653	255,802	197,757	191,325	182,877	196,755	187,976
Total liabilities	**369,408**	353,766	370,370	223,302	234,018	179,393	173,145	165,607	181,091	173,580
Net assets	**33,996**	34,106	28,806	22,351	21,784	18,364	18,180	17,270	15,664	14,396
Loan assets	**176,371**	158,572	134,744	105,026	94,117	77,811	73,509	69,288	72,393	67,663
Shareholders' equity[2]	**33,481**	33,155	28,561	22,048	21,063	17,761	16,357	15,563	15,116	13,909
Impaired loan assets (net of provisions)[3]	**2,250**	1,689	1,325	1,544	1,528	1,674	351	547	418	594
Share information										
Dividends per share (cents)										
Interim	**255**	300	272	135	250	215	205	190	160	130
Final	**385**	450	350	335	180	360	320	280	240	200
Total	**640**	750	622	470	430	575	525	470	400	330
Basic earnings per share (cents per share)	**916.6**	1,353.7	1,271.7	842.9	791.0	883.3	758.2	657.6	619.2	502.3
Share price at reporting date ($)	**199.70**	175.66	203.27	152.83	85.75	129.42	102.90	90.20	66.09	76.67
Ordinary shares (million shares)	**383.0**	386.5	383.6	361.8	354.4	340.4	340.4	340.4	340.3	333.5
Market capitalisation as at reporting date (fully paid ordinary shares) ($ million)	**76,478**	67,889	77,984	55,297	30,388	44,052	35,024	30,700	22,491	25,569
Net tangible assets per ordinary share ($)	**76.32**	75.89	64.59	53.91	50.21	46.21	45.12	42.74	41.23	38.19
Ratios (%)										
Annualised return on equity (%)	**10.8**	16.9	18.7	14.3	14.5	18.0	16.8	15.2	14.7	14.0
Ordinary dividend payout ratio[4]	**69.7**	55.9	50.2	56.4	55.8	65.6	69.8	72.0	65.7	67.6
Expense/income ratio	**71.4**	63.4	62.3	69.4	72.0	69.7	68.3	70.1	70.3	72.8
Net loan (reversal)/losses as % of loan assets (excluding securitisation SPVs)	**(0.1)**	0.2	0.1	0.4	0.8	0.4	0.3	0.5	1.0	0.7
Assets under management ($ billion)[5]	**938.3**	878.6	802.4	598.1	631.0	582.3	516.0	494.5	488.9	497.6
Staff numbers	**20,666**	20,509	18,133	16,459	15,849	15,602	14,810	13,925	14,660	14,373

[1] For financial years ended 31 March 2015–2020, 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.

05
Further Information

12-14 Rond Point des Champs-Élysées, Paris

Located centrally in one of the most historical parts of the city, Macquarie's new Paris office opened in 2022 and provides a unique hybrid-enabled working environment for our people and clients, supporting our ongoing growth across continental Europe.

Additional investor information

Shareholder calendar

2024

Date	Event
3 May	Full-year result announcement
13 May	Ex-dividend date for final ordinary dividend
14 May	Record date for final ordinary dividend
7 June	Payment date for BCN3 distribution
11 June	Payment date for MCN4 distribution
12 June	Payment date for MCN6 distribution
17 June	Payment date for MCN3 distribution
18 June	Payment date for MCN5 distribution
21 June	Payment date for BCN2 distribution
2 July	Payment date for final ordinary dividend
25 July	AGM
9 September	Payment date for BCN3 distribution
10 September	Payment date for MCN4 distribution
12 September	Payment date for MCN6 distribution
16 September	Payment date for MCN3 distribution
18 September	Payment date for MCN5 distribution
23 September	Payment date for BCN2 distribution
30 September	Financial half-year end
1 November[1]	Half-year result announcement
11 November[1]	Ex-dividend date for interim ordinary dividend
12 November[1]	Record date for interim ordinary dividend
9 December	Payment date for BCN3 distribution
10 December	Payment date for MCN4 distribution
12 December	Payment date for MCN6 distribution
16 December	Payment date for MCN3 distribution
17 December[1]	Payment date for interim ordinary dividend
18 December	Payment date for MCN5 distribution
23 December	Payment date for BCN2 distribution

2025

Date	Event
7 March	Payment date for BCN3 distribution
10 March	Payment date for MCN4 distribution
12 March	Payment date for MCN6 distribution
17 March	Payment date for MCN3 distribution
18 March	Payment date for MCN5 distribution
21 March	Payment date for BCN2 distribution
31 March	Financial year end

2024 Annual General Meeting

Macquarie Group Limited's 2024 AGM will be held at 10:30am on Thursday, 25 July 2024. Details of the meeting will be sent to shareholders separately.

The closing date for the receipt of nominations from persons wishing to be considered for election as a director is Wednesday, 22 May 2024.

Dividend details

MGL generally pays a dividend on its fully paid ordinary shares twice a year following the interim and final results announcements. The proposed dates for the 2024 calendar year are in the calendar opposite.

Dividend Reinvestment Plan (DRP)

The DRP allows shareholders to apply their dividends to acquire new MGL ordinary shares rather than receiving dividends in cash.

Stock exchange listing

Equity or hybrid security	Stock exchange listing	Trading code
Macquarie Group Limited Securities		
MGL ordinary shares	ASX	MQG
Macquarie Group Capital Notes 3 (MCN3)	ASX	MQGPC
Macquarie Group Capital Notes 4 (MCN4)	ASX	MQGPD
Macquarie Group Capital Notes 5 (MCN5)	ASX	MQGPE
Macquarie Group Capital Notes 6 (MCN6)	ASX	MQGPF
Macquarie Bank Limited Convertible Securities		
Macquarie Bank Capital Notes 2 (BCN2)	ASX	MBLPC
Macquarie Bank Capital Notes 3 (BCN3)	ASX	MBLPD
Macquarie Additional Capital Securities (MACS)	SGX	6F6B

MGL also has debt securities quoted on the London Stock Exchange, SGX, SIX Swiss Exchange Ltd and Taipei Exchange.

On-market buy-back

As announced to ASX on 3 November 2023, Macquarie intends to buy-back up to $A2.0 billion of its ordinary shares under the current on-market buy-back. As of 31 March 2024, Macquarie has purchased $A644 million of ordinary shares under the buy-back.

Equity and hybrid securities

The following information is correct as at 31 March 2024.

(1) These dates are subject to change.

Macquarie Group Limited securities

Fully paid ordinary shares

Voting rights

At meetings of members or classes of members, each member holding ordinary shares may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has:

- one vote for each fully paid share held by the member, and
- that proportion of a vote for any partly paid ordinary share calculated in accordance with article 8.18 of the MGL Constitution.

A copy of the MGL Constitution is available at **macquarie.com/corporate-governance**

20 largest holders

Registered holder	Number of ordinary shares held	% of ordinary shares
HSBC Custody Nominees (Australia) Limited	108,038,640	28.21
J P Morgan Nominees Australia Pty Limited	66,204,408	17.29
Citicorp Nominees Pty Limited	30,508,613	7.97
Bond Street Custodians Limited <MEREP Allocated A/C>	13,137,398	3.43
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	8,755,516	2.29
National Nominees Limited	8,172,990	2.13
Bond Street Custodians Limited <MEREP Trustee – Unalloc A/C>	4,882,785	1.28
BNP Paribas Noms Pty Ltd	4,408,522	1.15
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	2,855,818	0.75
Argo Investments Limited	2,613,905	0.68
Bond Street Custodians Limited <Solium Nominees Aus A/C>	2,564,914	0.67
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,539,492	0.66
Netwealth Investments Limited <Wrap Services A/C>	2,100,716	0.55
Citicorp Nominees Pty Limited <Colonial First State Inv A/C	2,050,988	0.54
Australian Foundation Investment Company Limited	1,786,967	0.47
HSBC Custody Nominees (Australia) Limited - A/C 2	1,090,504	0.28
Aljebra Pty Ltd <Aljebra Investment A/C>	900,695	0.24
Custodial Services Limited <Beneficiaries Holding A/C>	838,693	0.22
Nicholas Moore	698,417	0.18
Washington H Soul Pattinson and Company Limited	678,129	0.18
Total	**264,828,110**	**69.15**

Substantial shareholders

The following holders are registered by MGL as a substantial shareholder, having declared a relevant interest in accordance with the Act, in the voting shares:

Registered holder	Number of ordinary shares held
Macquarie Group Limited	27,719,351
State Street Corp	22,990,911
Blackrock Group	22,929,594
Vanguard	19,483,841

Spread of shareholdings

Range	Number of shareholders	Number of shares	% of shares
1–1,000	204,024	43,768,122	11.43
1,001–5,000	21,468	40,576,690	10.60
5,001–10,000	1,358	9,165,309	2.39
10,001–100,000	625	14,441,873	3.77
100,001 shares and over	58	275,010,539	71.81
Total	**227,533**	**382,962,533**	**100.00**

There were 1,969 shareholders (representing 2,551 shares) who held less than a marketable parcel.

Additional investor information

Continued

Macquarie Group Capital Notes 3 (MCN3)

Voting rights

MCN3 are unsecured, subordinated notes issued by MGL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. MCN3 holders have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

20 largest holders

Registered holder	Number of MCN3 held	% of MCN3
HSBC Custody Nominees (Australia) Limited	743,364	7.43
Citicorp Nominees Pty Limited <143212 NMMT Ltd A/C>	342,910	3.43
Netwealth Investments Limited <Wrap Services A/C	241,134	2.41
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	231,663	2.32
IOOF Investments Services Limited <IPS Superfund A/C>	216,788	2.17
HSBC Custody Nominees (Australia) Limited – A/C 2	143,196	1.43
Diocese Development Fund – Catholic Diocese of Parramatta	115,000	1.15
Mutual Trust Pty Ltd	111,342	1.11
National Nominees Limited	108,127	1.08
IOOF Investments Services Limited <IOOF IDPS A/C>	86,209	0.86
J P Morgan Nominees Australia Pty Limited	82,573	0.83
Citicorp Nominees Pty Limited	74,842	0.75
BNP Paribas Nominees Pty Ltd <Pitcher Partners>	63,479	0.63
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	52,986	0.53
Netwealth Investments Limited <Super Services A/C>	50,412	0.50
Invia Custodian Pty Limited <WEHI – Investment Pool A/C>	42,395	0.42
Dimbulu Pty Ltd	40,000	0.40
Federation University Australia	30,158	0.30
Ranch Enterprises Pty Ltd <El Rancho A/C>	26,500	0.27
Invia Custodian Pty Limited <A/M Unit A/C>	22,600	0.23
Total	**2,825,678**	**28.26**

Spread of noteholdings

Range	Number of MCN3 holders	Number of MCN3	% of MCN3
1–1,000	10,494	3,582,121	35.82
1,001–5,000	1,202	2,520,623	25.21
5,001–10,000	79	604,349	6.04
10,001–100,000	40	1,039,383	10.39
100,001 notes and over	9	2,253,524	22.54
Total	**11,824**	**10,000,000**	**100.00**

There were 4 noteholders (representing 10 notes) who held less than a marketable parcel.

Macquarie Group Capital Notes 4 (MCN4)

Voting rights

MCN4 are unsecured, subordinated notes issued by MGL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. MCN4 holders have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

20 largest holders

Registered holder	Number of MCN4 held	% of MCN4
HSBC Custody Nominees (Australia) Limited	498,065	5.50
Netwealth Investments Limited <Wrap Services A/C>	293,052	3.24
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	244,342	2.70
Citicorp Nominees Pty Limited	129,986	1.44
J P Morgan Nominees Australia Pty Limited	101,963	1.13
Dimbulu Pty Ltd	100,000	1.10
HSBC Custody Nominees (Australia) Limited – A/C 2	81,207	0.90
Mutual Trust Pty Ltd	76,717	0.85
BNP Paribas Nominees Pty Ltd <Pitcher Partners>	70,247	0.78
John E Gill Trading Pty Ltd	65,000	0.72
National Nominees Limited	60,780	0.67
IOOF Investment Services Limited <IOOF IDPS A/C>	54,274	0.60
Netwealth Investments Limited <Super Services A/C>	53,976	0.60
Invia Custodian Pty Limited <WEHI – Investment Pool A/C>	42,840	0.47
IOOF Investment Services Limited <IPS Superfund A/C>	39,480	0.44
JDB Services Pty Ltd <RAC & JD Brice Invest A/C>	32,967	0.36
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient>	27,761	0.31
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	25,627	0.28
Baird Group Pty Limited	25,300	0.28
Pendant Realty Pty Ltd	25,000	0.28
Total	**2,048,584**	**22.62**

Spread of noteholdings

Range	Number of MCN4 holders	Number of MCN4	% of MCN4
1–1,000	10,200	3,593,554	39.69
1,001–5,000	1,121	2,310,988	25.52
5,001–10,000	93	686,676	7.58
10,001–100,000	43	1,196,284	13.21
100,001 notes and over	5	1,267,408	14.00
Total	**11,462**	**9,054,910**	**100.00**

There were 3 noteholders (representing 9 notes) who held less than a marketable parcel.

Additional investor information

Continued

Macquarie Group Capital Notes 5 (MCN5)

Voting rights

MCN5 are unsecured, subordinated notes issued by MGL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. MCN5 holders have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

20 largest holders

Registered holder	Number of MCN5 held	% of MCN5
HSBC Custody Nominees (Australia) Limited	427,644	5.89
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	326,137	4.50
Netwealth Investments Limited <Wrap Services A/C>	173,808	2.40
BNP Paribas Nominees Pty Ltd <Pitcher Partners>	94,426	1.30
National Nominees Limited	70,871	0.98
Mutual Trust Pty Ltd	66,134	0.91
J P Morgan Nominees Australia Pty Limited	61,697	0.85
Dimbulu Pty Ltd	55,000	0.76
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	53,695	0.74
IOOF Investment Services Limited <IOOF IDPS A/C>	50,557	0.70
IOOF Investment Services Limited <IPS Superfund A/C>	48,859	0.67
HSBC Custody Nominees (Australia) Limited – A/C 2	47,320	0.65
Citicorp Nominees Pty Limited	47,034	0.65
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	42,982	0.59
Netwealth Investments Limited <Super Services A/C>	41,304	0.57
Federation University Australia	37,276	0.51
HSBC Custody Nominees (Australia) Limited – GSI EDA	30,000	0.41
Australian Grain Tech Pty Ltd	27,585	0.38
Kogarah Golf Club Ltd	25,424	0.35
Corp of the Tstees of The Roman Cath Arc	25,000	0.34
Total	**1,752,753**	**24.61**

Spread of noteholdings

Range	Number of MCN5 holders	Number of MCN5	% of MCN5
1–1,000	8,624	2,941,081	40.54
1,001–5,000	952	1,998,130	27.54
5,001–10,000	51	378,630	5.22
10,001–100,000	30	1,008,970	13.91
100,001 notes and over	3	927,589	12.79
Total	**9,660**	**7,254,400**	**100.00**

There was 1 noteholder (representing 1 note) who held less than a marketable parcel.

Macquarie Group Capital Notes 6 (MCN6)

Voting rights

MCN6 are unsecured, subordinated notes issued by MGL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. MCN6 holders have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

20 largest holders

Registered holder	Number of MCN6 held	% of MCN6
HSBC Custody Nominees (Australia) Limited	777,684	10.37
Netwealth Investments Limited <Wrap Services A/C>	365,874	4.88
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	325,926	4.35
Citicorp Nominees Pty Limited	125,796	1.68
BNP Paribas Nominees Pty Ltd <Pitcher Partners>	109,074	1.45
J P Morgan Nominees Australia Pty Limited	108,165	1.44
Netwealth Investments Limited <Super Services A/C>	92,199	1.23
Dimbulu Pty Ltd	60,000	0.80
John E Gill Trading Pty Ltd	50,000	0.67
National Nominees Limited	47,122	0.63
HSBC Custody Nominees (Australia) Limited – A/C 2	41,085	0.55
Nora Goodridge Investments Pty Ltd	32,062	0.43
IOOF Investment Services Limited <IOOF IDPS A/C>	29,441	0.39
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	24,718	0.33
D F 4 Pty Ltd	23,790	0.32
Berne No 132 Nominees Pty Ltd <684168 A/C>	20,000	0.27
Farrar Superannuation Pty Ltd <Farrar Super Fund A/C>	20,000	0.27
Bardavis Pty Limited <Thomas Davis Family A/C>	18,990	0.25
Uuro Pty Ltd	18,900	0.25
Gainsdale Pty Ltd <G F Turner Family A/C>	18,001	0.24
Total	**2,308,827**	**30.78**

Spread of noteholdings

Range	Number of MCN6 holders	Number of MCN6	% of MCN6
1–1,000	7,066	2,659,214	35.46
1,001–5,000	938	1,953,004	26.04
5,001–10,000	59	396,905	5.29
10,001–100,000	27	678,358	9.05
100,001 notes and over	6	1,812,519	24.17
Total	**8,096**	**7,500,000**	**100.00**

There were no noteholders who held less than a marketable parcel.

Additional investor information

Continued

Macquarie Bank Limited convertible securities

Macquarie Additional Capital Securities (MACS)

Voting rights

MACS are unsecured subordinated notes issued by MBL, acting through its London Branch, that may be exchanged for MGL ordinary shares in certain limited circumstances. MACS holders have no voting rights in respect of meetings of members of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

Single Shareholder

As at 31 March 2024, the $US750 million of MACS were held by one holder, Cede & Co, as authorised representative for the Depository Trust Company being the common depository for the MACS global security. The Bank of New York Mellon as Registrar keeps the register in respect of MACS.

Macquarie Bank Capital Notes 2 (BCN2)

BCN2 are unsecured, subordinated notes issued by MBL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. BCN2 holders have no voting rights in respect of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange. As at 31 March 2024, there were 6,410,270 BCN2 on issue held by 10,293 registered holders.

Macquarie Bank Capital Notes 3 (BCN3)

BCN3 are unsecured, subordinated notes issued by MBL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. BCN3 holders have no voting rights in respect of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange. As at 31 March 2024, there were 6,548,480 BCN3 on issue held by 8,225 registered holders.

Unlisted securities

The following information is correct as at 31 March 2024.

MEREP

4,335,026 DSUs are held by 708 participants and 583,386 PSUs are held by 13 participants in the MEREP.

American Depository Receipt (ADR) program

Macquarie ADRs are negotiable certificates issued by BNY Mellon, with one ADR representing one MGL ordinary share. They are traded under the symbol MQBKY and are classified as Level 1. They are not listed on any exchange and are only traded over-the-counter via brokers.

BNY Mellon:

BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516 USA

Toll-free telephone number for domestic callers:
1 888 BNY ADRs

Telephone number for international callers:
+1 201 680 6825

Further information can be found at:
adrbnymellon.com/resources/individual-investors

Enquiries

Investors who wish to enquire about any administrative matter relating to their MGL shareholding, MCN3, MCN4, MCN5, MCN6, BCN2 or BCN3 security holding are invited to contact the Share Registry at:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 Australia

Telephone:	1300 554 096 (within Australia)
	+61 1300 554 096 (international)
Email:	**macquarie@linkmarketservices.com.au**
Website:	**linkmarketservices.com.au**

All other enquiries relating to an MGL share investment can be directed to:

Investor relations

Macquarie Group Limited
Level 6, 50 Martin Place
Sydney NSW 2000 Australia

Telephone:	+61 2 8232 3333
Email:	**macquarie.shareholders@macquarie.com**
Website:	**macquarie.com/investors**

Macquarie's Company Secretary, Simone Kovacic, may be contacted on the above number and email address.

Website

The Interim and Annual Reports, presentations, dividend information and other investor information is available at **macquarie.com/investors**

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Glossary

Defined term	Definition
A	
AASB	Australian Accounting Standards Board
Accountable Person	Accountable Person under the Financial Accountability Regime (FAR)
the Act	*Corporations Act 2001 (Cth)*
ADI	Authorised Deposit-taking Institution
ADR	American Depository Receipt
AEC	Australian Electoral Commission
AGM	Annual General Meeting
All Ords Index	All Ordinaries Accumulation Index
ALCO	Asset and Liability Committee
Annual Report	MGL's 2024 Annual Report
ANZ	Australia and New Zealand
APRA	Australian Prudential Regulation Authority
ARRs	alternative reference rates
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ABN 98 008 624 691 and the market operated by ASX Limited
AUM	assets under management
B	
BAC	Board Audit Committee
Bank Group	MBL and its subsidiaries
Banking Activities	comprises BFS and most business activities of CGM
BBSW	Australian Financial Markets Association's bank-bill rate published daily on AAP Reuters website. The Australian equivalent of LIBOR, SIBOR, etc.
BCBS	Basel Committee on Banking Supervision
BCN2	Macquarie Bank Capital Notes 2
BCN3	Macquarie Bank Capital Notes 3
BEAR	Banking Executive Accountability Regime
BFS	Banking and Financial Services Group
BGCC	Board Governance and Compliance Committee
BNC	Board Nominating Committee
the Board, Macquarie Board	the Board of Voting Directors of Macquarie Group Limited
BONDs	Bank-only Non-Executive Directors
BRC	Board Remuneration Committee
BRiC	Board Risk Committee
Businesses	the areas within the Operating Groups carrying out various operations
C	
CAGR	compound annual growth rate
CCB	capital conservation buffer
CCUS	carbon capture, utilisation and storage

Defined term	Definition
Central Service Groups	the Central Service Groups consist of RMG, LGG, FMG and COG
CEO	Managing Director and Chief Executive Officer
CFLI	Climate Finance Leadership Initiative
CFO	Chief Financial Officer
CGM	Commodities and Global Markets Group
Clawback	the Board's ability to recover (in whole or in part) vested profit share
COG	Corporate Operations Group
the Collection	the Macquarie Group Collection
the Company, MGL	Macquarie Group Limited ABN 94 122 169 279
Comparable Executive Key Management Personnel (Comparable Executive KMP)	Executive KMP who were members of the Executive Committee for the full year in both FY2024 and FY2023
Conduct Risk	the risk of behaviour, action or omission by individuals employed by, or on behalf of, Macquarie or taken collectively in representing Macquarie that may have a negative outcome for our clients, counterparties, the communities and markets in which we operate, our staff, or Macquarie
The Consolidated Entity, Macquarie	MGL and its subsidiaries
COP	United Nations Climate Change Conference of the Parties
Corporate	Head office and Central Service Groups including Group Treasury
CPS 511	APRA Prudential Standard CPS 511 *Remuneration*
CRO	Chief Risk Officer
D	
Deed	Deed of Access, Indemnity, Insurance and Disclosure
Deed Poll	Indemnity and Insurance Deed Poll dated 12 September 2007
DEI	Diversity, Equity & Inclusion
DFVTPL	designated as FVTPL
Directors	the Voting Directors of MGL (unless the context indicates otherwise)
Divisions	named divisions within Macquarie
DLP	Director Leadership Program
DPS Plan	Directors' Profit Share Plan
DRP	Dividend Reinvestment Plan
DSU	Deferred Share Unit issued under the MEREP
E	
EAD	exposure at default
ECAM	Economic Capital Adequacy Model
ECL	expected credit loss
EDLP	Executive Director Leadership Program

Defined term	Definition
EIR	effective interest rate
EMEA	Europe, Middle East and Africa
ENGs	Employee Network Groups
EPS	earnings per share
ESP	Macquarie Group Employee Share Plan
ESG	Environmental, Social and Governance
ESR	Environmental and Social Risk
EU	the European Union
EURIBOR	Euro Inter-bank Offered Rate
EV	electric vehicle
Executive Committee	the committee typically comprises the CEO and heads of the Operating Groups and Central Service Groups
Executive Director, EDs	Macquarie's most senior level of employee including Group Heads, Division Heads and senior business unit managers
Executive Key Management Personnel (Executive KMP)	members of the Executive Committee of MGL
Executive Voting Director	an executive Board member
F	
FAR	Financial Accountability Regime
FCTR	foreign currency translation reserve
FLI	forward looking information
FMG	Financial Management Group
the Foundation	Macquarie Group Foundation
FRN	floating rate notes
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
G	
GDP	gross domestic product
GFANZ	Glasgow Financial Alliance for Net Zero
GGC	Group General Counsel
GHG	greenhouse gas
GIG	Green Investment Group
GRI	Global Reporting Initiative
Group Head	the Head of a particular Operating or Central Service Group
GST	Goods and Services Tax
GRESB assessment	captures information regarding ESG performance and sustainability best practices for real estate and infrastructure funds, companies and assets worldwide
GW	gigawatt
GWh	gigawatt hours

Defined term	Definition
H–J	
HFT	held for trading
HyCC	Hydrogen Chemistry Company
IAD	Internal Audit Division
IASB	International Accounting Standards Board
IBOR	Interbank-offered rates
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
Independent Directors	independent Voting Directors of the Board
ISSB	International Sustainability Standards Board
K	
Key Management Personnel (KMP)	all Voting Directors and members of the Executive Committee of MGL
L	
LGBTQ+	Lesbian Gay Bisexual Transgender and Queer
LGG	Legal and Governance Group
LIBOR	London Inter-bank Offered Rate
LMI	lenders mortgage insurance
LNG	liquid natural gas
Loss Given Default (LGD) Estimate	Macquarie's estimated economic loss should a counterparty default occur
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
M	
M&A	mergers and acquisitions
Macquarie Bank, MBL	Macquarie Bank Limited ABN 46 008 583 542
Macquarie, the Consolidated Entity	MGL and its subsidiaries
Macquarie Nominee Director	a person who is appointed by a member of the Macquarie Group as a director to a board or board committee of a company
MACS	Macquarie Additional Capital Securities
MAF	Macquarie AirFinance
Malus	the ability of the Board or its delegate to reduce or eliminate unvested profit share for certain senior employees in certain circumstances
MAM	Macquarie Asset Management Group
Management	Division Directors and Executive Directors who have management or risk responsibility for a Division or business area
MCN2	Macquarie Group Capital Notes 2
MCN3	Macquarie Group Capital Notes 3
MCN4	Macquarie Group Capital Notes 4
MCN5	Macquarie Group Capital Notes 5
MCN6	Macquarie Group Capital Notes 6
MEREP	Macquarie Group Employee Retained Equity Plan

Glossary

Continued

Defined term	Definition
MFHPL	Macquarie Financial Holdings Pty Limited
MGL ordinary shares, MQG	MGL fully paid ordinary shares
MGL, the Company	Macquarie Group Limited ABN 94 122 169 279
MRTs	Material Risk Takers under UK or EU regulatory requirements
MSCI Index	Morgan Stanley Capital International World Capital Markets Index
N	
NCD	negotiable certificates of deposit
NCI	non-controlling interests
NED	Non-Executive Director
NIFO	net investment in foreign operations
NOHC	Non-Operating Holding Company
Non-Bank Group	MGL, MFHPL and its subsidiaries, MAMHPL and its subsidiaries
Non-Banking Activities	comprises Macquarie Capital, MAM and some business activities of CGM
NPAT	net profit after tax
NZAM	Net Zero Asset Managers initiative
NZBA	Net Zero Banking Alliance
O	
OCI	other comprehensive income
Operating Groups	the Operating Groups consist of BFS, CGM, Macquarie Capital and MAM
Operationally Segregated Subsidiaries, OSS	the operations of some controlled subsidiaries are "segregated" from the rest of Macquarie, and a tailored Risk Management Framework may be adopted
OTC	over-the-counter
P	
PD	probability of default
Probability of Default (PD) Estimate	an estimate of the likelihood of the rated entity defaulting on its financial obligations to Macquarie over the period of a year and should look 'through the cycle' – i.e. represent the probability of default in natural economic conditions
PSU	Performance Share Unit issued under the MEREP
PwC	PricewaterhouseCoopers
Q–R	
RAP	Reconciliation Action Plan
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
RE100	global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity
RMG	Risk Management Group
RNG	renewable natural gas
ROE	return on equity
ROU	right-of-use
RSU	Restricted Share Unit issued under the MEREP
RSG	responsibly sourced gas
S	
SASB	Sustainability Accounting Standards Board
Senior Executive	Macquarie's combined Division Director and Executive Director population
Scope 1	emissions released to the atmosphere as a direct result of an activity, or series of activities controlled by an organisation. For example, emissions from natural gas and diesel usage in corporate offices
Scope 2	indirect emissions released to the atmosphere associated with the generation of purchased or acquired electricity, heating and cooling consumed by the organisation
Scope 3	indirect emissions, other than Scope 2 emissions, that are a consequence of the activities of the company but occur from sources not owned or controlled by the company. For example, emissions associated with employee travel
Senior Management	members of the Executive Committee of MGL and Executive Directors (as relevant) who have a significant management or risk responsibility in the organisation
SEs	structured entities
SGX	Singapore Stock Exchange
SICR	significant increase in credit risk
SPPI	solely payment of principal and interest
T	
TCFD	Financial Stability Board's Task Force on Climate-related Financial Disclosures
tCO_2-e (Carbon dioxide equivalent in tonnes)	metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (US Environment Protection Agency)
TFF	Term Funding Facility
TJ	terajoules
TNFD	Taskforce on Nature-related Financial Disclosures
TSR	total shareholder return
U–V	
UN PRI	UN-supported Principles for Responsible Investment
VaR	Value-at-Risk
Voting Directors	the Voting Directors of MGL as defined in the MGL Constitution
W–Z	
WHS	Work Health and Safety

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