Supplemental Listing Document

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Non-collateralised warrants
35,000,000 European Style Cash Settled Call Warrants relating to the ordinary shares of Genting Singapore Limited issued by

Macquarie Bank Limited

(ABN 46 008 583 542)

(Incorporated under the laws of Australia)

Issue Price: SGD 0.207 per Warrant

This document is published for the purpose of obtaining a listing of all the above warrants (the "**Warrants**") to be issued by Macquarie Bank Limited (the "**Issuer**") and is supplemental to and should be read in conjunction with a base listing document published on 15 July 2020 (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer and the Warrants. Information relating to Genting Singapore Limited (the "**Company**") is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Warrants or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration Warrants or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Warrants and on distributions of documents relating thereto in Singapore, the United States, the United Kingdom, Hong Kong and Australia (see Base Listing Document).

Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in this document before they invest in the Warrants.

The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and of no other person, including those in respect of deposits, but excluding any debts for the time being preferred by law and any subordinated obligations and if you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the Company.

The Issuer is regulated as an authorised deposit taking institution by the Australian Prudential Regulation Authority ("APRA"). The Issuer, acting through its Singapore branch is authorised and licensed by the Monetary Authority of Singapore to carry on wholesale banking business in Singapore pursuant to the Banking Act, Chapter 19 of Singapore and therefore is subject to the supervision of the Monetary Authority of Singapore.

24 December 2020

Application has been made to the SGX-ST for permission to deal in and for quotation of the Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. It is expected that dealings in the Warrants will commence on 28 December 2020.

Warrants are complex instruments and are not suitable for inexperienced investors. Investors should also have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants. Prospective purchasers should not invest in Warrants which are complex financial instruments unless they have the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Warrants. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and is not limited by anything likely to affect the import of such information. The information contained herein with regard to the Company consists of extracts from information released publicly by the Company on the web-site of the SGX-ST. The Issuer accepts responsibility for accurately reproducing such extracts but accept no further or other responsibility in respect of such information.

Neither the delivery of this document nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer, and its subsidiaries and affiliates since the date hereof. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the offering of the Warrants, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

This document does not constitute an offer or invitation by or on behalf of the Issuer to purchase or subscribe for any of the Warrants. The distribution of this document and the offering of the Warrants may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Warrants, or interests therein, may not at any time be offered, sold, resold or delivered within the United States or to, or for the account or benefit of, U.S. persons and any offer, sale, resale or delivery made within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Warrants and distribution of this document is given in the section headed "Sales Restrictions" in the Base Listing Document.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Warrants, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer or its affiliates may repurchase Warrants at any time and any Warrant which is repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Investors should not therefore make any assumption as to the number of Warrants in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Call Warrants contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the base listing document dated 15 July 2020 (the "**Base Listing Document**").*

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Call Warrants" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Warrants:	35,000,000 European Style Cash Settled Call Warrants relating to the ordinary shares ("**Shares**") of the Company
Company:	Genting Singapore Limited (Reuters Instrument Code: GENS.SI)
Conversion Ratio (number of Shares per Warrant):	0.285714 (i.e. every 3.5 Warrants initially relate to 1 Share)
Underlying Price[1] and Source:	SGD 0.86 (out of the money) (Reuters/Bloomberg)
Exercise Price:	SGD 0.95
Gearing[1]:	1.2x
Premium[1]:	94.7%
Volatility[1]:	Implied: 410% Historical: 43%
Launch Date:	21 December 2020
Closing Date:	24 December 2020
Dealing Commencement Date:	28 December 2020
Last Trading Date:	The 5th Business Day immediately preceding the Expiry Date, currently being 24 June 2021

[1] These figures are calculated as at, and based on information available to the Issuer on or about, the date of the termsheet in respect of the Warrants. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after the date of the termsheet in respect of the Warrants.

Expiry Date:	01 July 2021
Board Lot:	100 Warrants
Valuation Date:	Each of the five Business Days immediately preceding the Expiry Date (subject to Market Disruption Events as set out in the Conditions of the Warrants)
Exercise:	Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
Cash Settlement Amount:	In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to: (A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date LESS (ii) the Exercise Price MULTIPLIED by (B) the Conversion Ratio In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants.
Reference Currency:	Singapore dollars
Settlement Currency:	Singapore dollars
Exercise Expenses:	Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants.
Relevant Stock Exchange:	Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Clearing System:	The Central Depository (Pte) Limited ("**CDP**")
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Warrants on the SGX-ST.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Call Warrants" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Warrants.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED CALL WARRANTS

1. Form, Status, Transfer and Title

(a) *Form*. The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:

(i) an instrument by way of deed poll (the "**Instrument**") dated the Closing Date, made by Macquarie Bank Limited (the "**Issuer**"); and

(ii) a master warrant agent agreement (the "**Warrant Agent Agreement**") dated 26 November 2004 and such other Warrant Agent Agreement as may be in force from time to time, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Instrument and the Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Warrantholders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument and the Warrant Agent Agreement.

(b) *Status*. The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.

(c) *Transfer*. The Warrants are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression "**Warrantholder**" shall be construed accordingly.

2. Warrant Rights and Exercise Expenses

(a) *Warrant Rights*. Every Warrant entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to:

(A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the relevant stock exchange on which the Shares related to the Warrants are traded ("**Relevant Stock Exchange**") (as specified in the relevant Supplemental Listing Document), subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below) LESS (ii) the Exercise Price for the time being MULTIPLIED by (B) the Conversion Ratio,

and multiplied by the applicable exchange rate if the Reference Currency is different from the Settlement Currency.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:

(A) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(B) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

"**Conversion Ratio**" means the ratio (expressed as the number of Shares to which one Warrant relates) specified by the Issuer, subject to adjustments in accordance with these Conditions.

"**Market Disruption Event**" means the occurrence or existence on any Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Shares requested by the Company if that suspension, is in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption, is in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion, terrorism or otherwise.

"**Valuation Date**" means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

(b) *Exercise Expenses*. Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants (the " **Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantholders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantholders in accordance with Condition 4.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day).

4. Exercise of Warrants

(a) *Exercise*. Warrants may only be exercised on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) in accordance with Condition 4(b).

(b) *Automatic Exercise*. Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.

(c) *Settlement*. In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Last Valuation Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the

Warrantholder and posted to the Warrantholder's address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable.* CDP shall not be liable to any Warrantholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Shares are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation or reclassification of the Shares (excluding a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Shares of (1) such Shares, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Shares, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Shares that are not fully paid;

(v) a repurchase by the Company of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Shares.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Shares, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange;

(ii) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 9. If the Warrants are so cancelled, the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by such Warrantholder which amount shall be the fair market value of a Warrant taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Shares on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Shares are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Warrantholders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Warrantholders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Shares of that Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the Last Valuation Date. "**Nationalisation**" means that all the Shares or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Condition 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Warrantholders generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

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

8. Meetings of Warrantholders; Modification

(a) *Meetings of Warrantholders*. The Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

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

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents*. All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.

(b) *Notices*. All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above, provided that if the tenure of the Warrant is less than one month, the Issuer shall publish the expiry notice as soon as practicable after the listing of the Warrant.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants.

12. De-Listing

(a) *De-Listing*. If at any time, any Shares cease to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Issuer ("**De-Listing**"), the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants (including terminating the Warrants early) as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholders generally are not materially prejudiced as a consequence of such De-Listing (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).

(b) *Adjustments*. Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon the De-Listing, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

(c) *Issuer's Determination*. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination for Illegality and Force Majeure, etc.

(a) *Illegality and Force Majeure, etc*. If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

(b) *Termination*. If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

14. Governing Law

The Warrants, the Instrument and the Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Instrument and the Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

15. Prescription

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

16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Instrument and the Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Instrument and the Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	Macquarie Bank Limited
Company:	Genting Singapore Limited
The Warrants:	European Style Cash Settled Call Warrants relating to the Shares
Number:	35,000,000 Warrants
Form:	The Warrants will be issued subject to, and with the benefit of, an instrument by way of deed poll dated 24 December 2020 (the "**Instrument**") and executed by the Issuer and a master warrant agent agreement dated 26 November 2004 (the "**Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent.
Conversion Ratio (number of Shares per Warrant):	0.285714 (i.e. every 3.5 Warrants initially relate to 1 Share)
Cash Settlement Amount:	In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to: (A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date LESS (ii) the Exercise Price MULTIPLIED by (B) the Conversion Ratio In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants.
Denominations:	Warrants are represented by a global warrant in respect of all the Warrants.
Exercise:	Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business

	Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
Trading Currency:	Singapore dollars
Transfers of Warrants:	Warrants may only be transferred in Board Lots (or integral multiples thereof). All transfers in Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. Issue of the Warrants is conditional on such listing being granted. It is expected that dealings in the Warrants on the SGX-ST will commence on or about 28 December 2020.
Governing Law:	The laws of Singapore
Warrant Agent:	Macquarie Capital Securities (Singapore) Pte. Limited
Further Issues:	Further issues which will form a single series with the Warrants will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

RISK FACTORS

The following risk factors are relevant to the Warrants:

(a) investment in Warrants involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants. You should consider carefully whether Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors;

(b) the Warrants constitute direct, general and unsecured contractual obligations of the Issuer and no other person and will rank pari passu with the Issuer's other unsecured contractual obligations and with the Issuer's unsecured and unsubordinated debt other than indebtedness preferred by mandatory provisions of law. The Warrants are not secured by any collateral.
Section 13A(3) of the Banking Act of 1959 of Australia provides that, in the event of the Issuer becoming unable to meet its obligations or suspends payments, the assets of the Issuer in Australia are to be available to satisfy specified liabilities in priority to all other liabilities of the Issuer (including the obligations of the Issuer under the Warrants). The specified liabilities include first, certain obligations of the Issuer to APRA in respect of amounts payable by APRA to holders of protected accounts, and then as the next priority obligations of the Issuer in respect of APRA's costs of administration, then other liabilities of the Issuer in Australia in relation to protected accounts that account-holders keep with the Issuer, following this any debts that the Authorised Deposit-taking Institution owes to the Reserve Bank of Australia and any liabilities under an industry support contract (certified under section 11CB of the Banking Act) and then, any other liabilities, in order of their priority. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Warrants, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the company which has issued the underlying shares. The Issuer is not a fiduciary of Warrantholders (as defined in the Conditions) and has substantially no obligation to a Warrantholder other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Warrant. Any profit or loss realised by a Warrantholder in respect of a Warrant upon exercise or otherwise due to changes in the value of such Warrant, or the underlying shares, is solely for the account of such Warrantholder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Warrant or the underlying shares. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Warrants;

(c) the price of the Warrants may fall in value as rapidly as it may rise and Warrantholders may sustain a total loss of their investment. The risk of losing all or any part of the purchase price of a Warrant upon the expiry of the Warrants means that, in order to recover and realise a return on investment, investors in Warrants must generally anticipate correctly the direction, timing and magnitude of any change in the value of the shares of the underlying company. Changes in the price of the shares of the underlying company can be unpredictable, sudden and large and such changes may result in the price of such shares moving in a direction which will negatively impact upon the return on an investment. In the case of Warrants relating to shares, certain events relating to such shares or the underlying company may cause adverse movements in the value and price of the underlying shares, as a result of which, the Warrantholders may, in certain circumstances, sustain a total loss of their investment if, for the Warrants, the average closing price of the underlying shares on the valuation dates falls below or is equal to the exercise price;

(d) due to their nature, the Warrants can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Warrants may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the underlying shares, dividends, interest rate, volatility, foreign exchange rates, the time remaining to expiry and the creditworthiness of the Issuer;

(e) before exercising or selling the Warrants, the holders of Warrants should carefully consider, among other things, (i) the trading price of the Warrants; (ii) the value and volatility of the reference security; (iii) the time remaining to expiration; (iv) the probable range of Cash Settlement Amounts; (v) any change(s) in interim interest rates and dividend yields; (vi) any change(s) in currency exchange rates; (vii) the depth of the market or liquidity of the reference security; (viii) any related transaction costs; and (ix) the creditworthiness of the Issuer;

(f) fluctuations in the price of the underlying shares will affect the price of the Warrants but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Warrants to hedge their market risk associated with investing in the underlying shares, should recognise the complexities of utilising the Warrants in this manner;

(g) the settlement amount of Warrants at any time prior to the expiry of the Warrants may be less than the trading price of such Warrants at that time. The difference between the trading price and the settlement amount as the case may be, will reflect, among other things, a “time value” for the Warrants. The “time value” of the Warrants will depend partly upon the length of the period remaining to the expiry date of the Warrants and expectations concerning the value of the shares of the underlying company;

(h) investors should note that an investment in the Warrants involves valuation risks in relation to the underlying asset. The value of the underlying asset may vary over time and may increase or decrease by reference to various factors, which may include corporate actions, macro economic factors and market trends. Certain events relating to the underlying shares require or permit the Issuer to make certain adjustments or amendments to the Conditions (for example, adjusting the Exercise Price and the Conversion Ratio). However, the Issuer is not required to make an adjustment for every event that affects the underlying asset. If an event occurs that does not require the Issuer to adjust the Conversion Ratio or any other part of the Conditions, the market price of the Warrants and the return upon the exercise of the Warrants may be affected;

(i) as indicated in the Conditions, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants in a particular series will either have to sell their Warrants or purchase additional Warrants, incurring transactions costs in each case, in order to realise their investment;

(j) unless otherwise specified in the Conditions, in the case of any exercise of the Warrants, there may be a time lag between the date on which the Warrants are exercised and the time the applicable settlement amount relating to such an event is determined. Any such delay between the time of exercise and the determination of the settlement amount will be specified in the Conditions. However such delay could be significantly longer, particularly in the case of a delay in the exercise of the Warrants arising from, a determination by the Issuer that a Market Disruption Event has occurred at any relevant time or that adjustments are required in accordance with the Conditions. That applicable settlement amount, may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Warrants;

(k) if, whilst the Warrants remain unexercised, trading in the underlying shares on the relevant stock exchange is suspended, trading in the Warrants may be suspended for a similar period;

(l) in the case of the Warrants, certain events relating to the shares of the underlying company require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions, and investors have limited anti-dilution protection under the Conditions. The Issuer may at its sole discretion adjust the entitlement upon exercise or valuation of the Warrants for events such as, amongst others, subdivision of the shares of the underlying company and dividend in specie, however the Issuer is not required to make an adjustment for every event that may affect the shares of the underlying company;

(m) the Warrants are only exercisable on their expiry date and may not be exercised by Warrantholders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount (where applicable) is zero or negative, a Warrantholder will lose the value of his investment;

(n) investors should note that it is not possible to predict the price at which the Warrants will trade in the secondary market or whether such market will be liquid or illiquid. A decrease in the liquidity of the Warrants or the underlying shares, futures, derivatives or other security related to the Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants. The Issuer may, but is not obligated to, at any time, purchase Warrants at any price in the open market or by tender or private agreement. Any Warrants so purchased may be held or resold or surrendered for cancellation. As the Warrants are only exercisable on the expiry date, an investor will not be able to exercise his warrants to realize value in the event that the relevant issue becomes illiquid;

(o) in the event of any delisting of the Warrants from the SGX-ST (other than at expiry), the Issuer will use all reasonable efforts to list the Warrants on another exchange. If the Warrants are not listed or traded on any exchange, pricing information for the Warrants may be difficult to obtain and the liquidity of the Warrants may be adversely affected;

(p) two or more risk factors may simultaneously have an effect on the value of a Warrant such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Warrant;

(q) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the underlying shares or related derivatives. In addition, in connection with the offering of any Warrants, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the underlying shares or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the underlying shares or related derivatives which may affect the market price, liquidity or value of the Warrants and which may affect the interests of Warrantholders;

(r) if the Issuer determines in good faith that the performance of its obligations under the Conditions has become unlawful or impractical in whole or in part, the Issuer may at its sole and absolute discretion and without obligation, terminate the Warrants prior to the expiry date, in which event the Issuer to the extent permitted by any relevant applicable law, will pay to each Warrantholder an amount as determined by the Issuer, in its sole and absolute discretion, in accordance with the Conditions. If the Issuer terminates the Warrants prior to the expiry date, the Issuer will, if and to the extent permitted by any relevant applicable law, pay each Warrantholder an amount to be determined by the Issuer, in its sole and absolute discretion, to be the fair market value of the Warrants immediately prior to such termination or otherwise determined as specified in the Conditions, notwithstanding the illegality or impracticality;

(s) the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its affiliates with respect to the primary or secondary market in the Warrants and such arrangement may present certain conflicts of interest for the brokers. The arrangements may or may not result in the benefit to investors in Warrants buying and selling Warrants through nominated brokers. Investors in the Warrants should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to deal, exclusively in the Warrants, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the shares in the underlying company and/or structured products of other issuers over the same shares in the same underlying company as the Warrants for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Warrants and present certain conflicts of interests;

(t) Third party individuals may comment on the Warrants on social media or other platforms from time to time. None of these third party individuals, whether sponsored by the Issuer or not, is an agent of the Issuer and such commentary is not the Issuer's advice or recommendation to invest in the Warrants. The Issuer is not responsible for any statements or comments made by such third party individuals. To the extent a fee is paid by the Issuer, such fee arrangement may present potential conflicts of interest for the individual;

(u) changes in Singapore tax law and/or policy may adversely affect Warrantholders. Warrantholders who are in any doubt as to the effects of any such changes should consult their stockbrokers, bank managers, accountants, solicitors or other professional advisers;

(v) as the Warrants are represented by a global warrant certificate which will be deposited with the CDP:

   (i) investors should note that no definitive certificate will be issued in relation to the Warrants;

   (ii) there will be no register of Warrantholders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants by way of interest (to the extent of such number) in the global warrant certificate in respect of those Warrants represented thereby shall be treated as the holder of such number of Warrants;

   (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Warrants; and

   (iv) notices to such Warrantholders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices; and

(w) the value of the Warrants depends upon, amongst other things, the ability of Issuer to fulfil its obligations under the terms which, in turn is primarily dependent on the financial prospects of the Issuer; and

(x) Foreign Account Tax Compliance withholding may affect payments on the Warrants

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

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

(y) our business and financial condition has been and may be negatively affected by global credit and other market conditions.

Macquarie Group Limited (ABN 94 122 169 279) ("**MGL**") and its controlled entities (" **Macquarie Group**") businesses operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. In particular, uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, constrained access to funding, and the decline in equity and capital market activity have adversely affected and may again affect transaction flow in a range of industry sectors.

In conducting our businesses and maintaining and supporting our global operations, we are subject to risks of possible nationalization and/or confiscation of assets, expropriation, price controls, capital controls, redenomination risk, exchange controls, protectionist trade policies, economic sanctions and other restrictive governmental actions, unfavourable political and diplomatic developments and changes in legislation. These risks are particularly elevated in emerging markets.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions, financial instruments losing their value and liquidity, and interruptions to capital markets that may further affect us. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that we interact with on a daily basis. If any of our counterpart financial institutions fail, our financial exposures to that institution may lose some or all of their value. Any of these events would have a serious adverse effect on our liquidity, profitability and value;

(z) many of our businesses are highly regulated and we could be adversely affected by temporary and permanent changes in regulations and regulatory policy.

We operate various kinds of businesses across multiple jurisdictions or sectors, which are regulated by more than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated. Our businesses include an Authorised Deposit-taking Institution ("**ADI**") in Australia (regulated by APRA) and bank branches in the United Kingdom, the Dubai International Finance Centre, Singapore and Hong Kong. The regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of the Issuer's securities or creditors. In addition, as a diversified financial institution, many of our businesses are subject to financial services regulation other than prudential banking regulation.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal policies. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect us or our businesses, the products and services we offer or the value of our assets, or have unintended consequences across our business. These may include changing required levels of liquidity and capital adequacy, increasing tax burdens generally or on financial institutions or transactions, limiting the type of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the culture in the banking sector have led to increased supervision and regulation, as well as changes in regulation in markets in which we operate, particularly for financial institutions, and may lead to further significant changes of this kind. In Australia, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the "**Royal Commission**") was established in December 2017 and concluded on 1 February 2019. The Royal Commission inquired into the causes of and responses to misconduct by financial services entities and conduct following below community standards and expectations and held rounds of public hearings on a wide range of matters, including consumer and SME lending, financial advice, superannuation, insurance, culture, governance, remuneration, and the remits of regulators. The Royal Commission's final report was published on 4 February 2019 and contains 76 recommendations. No findings were made by the Royal Commission in relation to the Macquarie Group or the Issuer. The Royal Commission's recommendations are likely to result in a range of significant legislative, regulatory and industry practice changes. Such changes may adversely impact the Issuer's business, operations, compliance costs, financial performance and prospects. The Federal Government anticipates that it will introduce all necessary legislation to implement the recommendations of the Royal Commission by mid calendar year 2021. We are closely monitoring the governmental, regulatory and industry responses to these recommendations and will participate in public and industry consultations as appropriate.

In some countries in which we do business or may in the future do business, in particular in emerging markets, the laws and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for us to determine the requirements of local laws in every market. Our inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally. In addition, regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to the Issuer as an ADI. Any such event could result in changes to the organisational structure of Macquarie Group and adversely affect MBL and/or its controlled entities (the "**MBL Group**").

We are also subject in our operations worldwide to rules and regulations relating to corrupt and illegal payments and money laundering, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of our business increases the risk that we may be found in violation of such rules or regulations. Emerging technologies, such as cryptocurrencies, could limit our ability to track the movement of funds. Our ability to comply with these laws is dependent on our ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability;

(aa) we may be adversely affected by increased governmental and regulatory scrutiny or negative publicity

The financial crisis and the subsequent political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, investigations and litigation. Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, and regulators have become aggressive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. If we are subject to adverse regulatory findings, the financial penalties could have a material adverse effect on our results of operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on our reputation with clients and on the morale and performance of our employees;

(ab) changes and increased volatility in currency exchange rates may adversely impact our financial results and our financial and regulatory capital positions.

While our consolidated financial statements are presented in Australian dollars, a significant portion of our operating income is derived, and operating expenses are incurred, from our offshore business activities, which are conducted in a broad range of currencies. Changes in the rate at which the Australian dollar is translated from other currencies can impact our financial statements and the economics of our business. Insofar as we are unable to hedge or have not completely hedged our exposure to currencies other than Australian dollar, our reported profit or foreign currency translation reserve would be affected.

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

(ac) our business may be adversely affected by our failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses

We are continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to our operations. Our completed and prospective acquisitions and growth initiatives may cause us to become subject to unknown liabilities of the acquired or new business and additional or different regulations.

Future growth, including through acquisitions, mergers and other corporate transactions, may also place significant demands on our legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. A number of our recent and planned business initiatives and further expansions of existing businesses may also expose us to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from IT systems and reputational concerns with the manner in which these businesses are being operated or conducted.

We may be exposed to a number of risks in acquiring new businesses and in outsourcing, exiting or restructuring existing businesses. Where our acquisitions are in foreign jurisdictions, or are in emerging or growth economies in particular, we may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk in emerging and growth markets;

(ad) our business depends on our brand and reputation

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

Our business may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or funds that Macquarie has promoted or is associated with. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed assets are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming our reputation and the reputation of other entities that use the Macquarie name;

(ae) competitive pressure, both in the financial services industry as well as in the other industries in which we operate, could adversely impact our business

We face significant competition from local and international competitors, which compete vigorously in the markets and sectors across which we operate. In addition, the use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilizing new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that challenge, and could potentially disrupt, traditional financial services. We face competition from established providers of financial services as well as from businesses developed by non-financial services companies. We believe that we will continue to experience pricing pressures in the future as some of our competitors seek to obtain or increase market share.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance the competitive position of Macquarie's competitors. The effect of competitive market conditions, especially in our main markets, products and services, may lead to an erosion in our market share or margins;

(af) our ability to retain and attract qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance

Our employees are our most important resource, and our performance largely depends on the talents and efforts of highly skilled individuals. Our continued ability to compete effectively in our businesses and to expand into new business areas and geographic regions depends on our ability to retain and motivate our existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry for qualified employees has historically been intense and we expected it to increase during periods of economic growth.

In order to attract and retain qualified employees, we must compensate such employees at or above market levels. As a regulated entity, we may be subject to limitations on remuneration practices. These limitations may require us to further alter our remuneration practices in ways that could adversely affect our ability to attract and retain qualified and talented employees;

Current and future laws (including laws relating to immigration and outsourcing) may restrict our ability to move responsibilities or personnel from one jurisdiction to another. This may impact our ability to take advantage of business and growth opportunities or potential efficiencies;

(ag) our business is subject to the risk of loss associated with falling prices in the equity and other markets in which we operate.

We are exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of our advisory and other fees, due to changes in interest rates, exchange rates, equity and commodity prices and credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors.

We trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial instruments that we hold and contracts to which we are a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. We may incur losses as a result of decreased market prices for products we trade, which decreases the valuation of our trading and investment positions, including our interest rate and credit products, currency, commodity and equity positions. In addition, reductions in equity market prices or increases in interest rates may reduce the value of our clients' portfolios, which in turn may reduce the fees we earn for managing assets in certain parts of our business. Increases in interest rates or attractive prices for other investments could cause our clients to transfer their assets out of our funds or other products.

Interest rate benchmarks around the world (for example, London Interbank Offered Rate or LIBOR) have been subject to regulatory scrutiny and are subject to change. Changes to such benchmarks can result in market disruption and volatility impacting the value of securities, financial returns and potentially impact our ability to effectively hedge market risk.

Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the Macquarie Group;

(ah) failure of third parties to honor their commitments in connection with our trading, lending and other activities may adversely impact our business

We are exposed to the potential for credit-related losses as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations. We are also exposed to potential concentration risk arising from large individual exposures or groups of exposures. Like any financial services organization, we assume counterparty risk in connection with our lending, trading, derivatives and other businesses where we rely on the ability of third parties to satisfy their financial obligations to us on a timely basis. Our recovery of the value of the resulting credit exposure may be adversely affected by a number of factors, including declines in the financial condition of the counterparty, the value of property we may hold as collateral and the market value of the counterparty instruments and obligations we hold. Credit losses can and have resulted in financial services organizations realizing significant losses and in some cases failing altogether. To the extent our credit exposure increases, it could have an adverse effect on our business and profitability if material unexpected credit losses occur;

(ai) failure to maintain our credit ratings and those of our subsidiaries could adversely affect our cost of funds, liquidity, competitive position and access to capital markets

The credit ratings assigned to us and certain of our subsidiaries by rating agencies are based on an evaluation of a number of factors, including our ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and our key operating environments, including the availability of systemic support in Australia. In addition, a credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not related to the MBL Group.

If we fail to maintain our current credit ratings, this could (i) adversely affect our cost of funds and related margins, liquidity, competitive position, the willingness of counterparties to transact with us and our ability to access capital markets or (ii) trigger our obligations under certain bilateral provisions in some of our trading and collateralized financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with us or require us to post additional collateral, which could cause us to sustain losses and impair our liquidity by requiring us to find other sources of financing or to make significant cash payments or securities movements;

(aj) MBL Group relies on services provided by Macquarie Group

Macquarie Group provides shared services to MBL Group. These shared services include, but are not limited to, risk management, financial and treasury services, information technology, human resources, other group-wide services and business shared services. Other than shared service arrangements and compliance with legal obligations, entities of Macquarie Group that are not part of the MBL Group are not obligated to support the businesses of MBL Group. Any failure by Macquarie Group to continue to provide shared services or an increase in the cost of such services will have an adverse impact on our results or operations;

(ak) our business operations expose us to potential tax liabilities that could have an adverse impact on our results of operations and our reputation

We are exposed to risks arising from the manner in which the Australian and international tax regimes may be applied and enforced, both in terms of our own tax compliance and the tax aspects of transactions on which we work with clients and other third parties. Our international, multi-jurisdictional platform increases our tax risks. While we believe that we have in place controls and procedures that are designed to ensure that transactions involving third parties comply with applicable tax laws and regulations, any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect our reputation and affected business areas, significantly increase our own tax liability and expose us to legal, regulatory and other actions;

(al) we may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failed internal or external operational systems and risk management processes.

Our businesses depend on our ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. While we employ a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, we may, in the course of our activities, incur losses. There can be no assurance that the risk management processes and strategies that we have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control.

We are exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems, such as from the disruption or failure of our IT systems, or from external suppliers and service providers, including cloud-based outsourced technology platforms, or external events.

In addition, there have been a number of highly publicized cases around the world involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee, contractor and external service provider misconduct could occur. It is not always possible to deter or prevent employee misconduct and the precautions we take to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage.

We face the risk of operational failure, termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities or derivatives transactions, and as our interconnectivity with our clients and counterparties grows, the risk to us of failures in our clients' and counterparties' systems also grows;

(am) a cyber attack, information or security breach, or a technology failure could adversely affect our ability to conduct our business, manage our exposure to risk or expand our businesses, result in the disclosure or misuse of confidential or proprietary information, and increase our costs.

Our businesses depend on the security and efficacy of our information technology systems, as well as those of third parties with whom we interact or on whom we rely. We implement measures designed to protect the security, confidentiality, integrity and availability of our computer systems, software and networks, including maintaining the confidentiality of information that may reside on those systems. However, there can be no assurances that our security measures will provide absolute security.

Information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of attackers.

Despite efforts to protect the integrity of our systems and implement protective measures, we may not be able to anticipate all security breaches or implement preventive measures against such security breaches.

As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us. Any third-party technology failure, cyber attack or other information or security breach, termination or constraint could adversely affect our businesses.

Cyber attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have adverse consequences for MBL Group;

(an) we could suffer losses due to environmental and social factors and climate change.

Our businesses and assets are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of our control, including natural disasters, extreme weather events, occurrence of diseases, leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events. Any significant environmental change or external event (including increased frequency and severity of storms, floods and other catastrophic events such as earthquake, pandemic (such as COVID-19), other widespread health emergencies, civil unrest or terrorism events) has the potential to disrupt business activities, impact our operations or reputation, increase credit risk and other credit exposures, damage property and otherwise affect the value of assets held in the affected locations and our ability to recover amounts owing to us. In addition, we may implement measures to provide short term financial assistance to customers who are facing financial difficulties as a consequence of such environmental or social factors and may be unable to pay amounts due to us.

Our businesses could also suffer losses due to climate change. Climate change is systemic in nature and is a significant long-term driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions and transition risks such as changes to laws and regulations, technology development and disruptions and consumer preferences. A failure to respond to the potential and expected impacts of climate change may affect MBL Group's performance and could have wide-ranging impacts for the MBL Group. These include, but are not limited to, impacts on the probability of default and losses arising from defaults, asset valuations and collateral. Failure to effectively manage these risks could adversely affect our business, prospects, reputation, financial performance or financial condition.

The occurrence of any such events may prevent us from performing under our agreements with clients, may disrupt our business activities, impair our operations or financial results, affect the value of assets held in the affected locations, and may result in litigation, regulatory action, negative publicity or other reputational harm. We may also not be able to obtain insurance to cover some of these risks and the insurance that we have may be inadequate to cover our losses.

Any such long-term, adverse environmental consequences could prompt us to exit certain businesses altogether. Such an event or environmental change (as the case may be) could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets;

(ao) conflicts of interest could limit our current and future business opportunities.

As we expand our businesses and our client base, we increasingly have to address potential or perceived conflicts of interest, including situations where our services to a particular client conflict with, or are perceived to conflict with, our own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of our businesses have access to material non-public information that may not be shared with other businesses within Macquarie Group. While we believe we have adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among our businesses, appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged and the willingness of clients or counterparties to enter into transactions may be adversely affected if we fail, or appear to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions;

(ap) litigation and regulatory actions may adversely impact our results of operations

We may, from time to time, be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory violations, which, if they crystallize, may adversely impact upon our results of operations and financial condition in future periods or our reputation. We regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm our reputation or brand, thereby adversely affecting our business;

(aq) we are subject to global economic, market and business risks with respect to the COVID-19 pandemic.

The COVID-19 pandemic has, and will likely continue to, severely impact global, regional and national economies and disrupt international trade and business activity. The COVID-19 pandemic has already caused increased unemployment and the levels of equity and other financial markets to decline sharply and to become more volatile, and such effects may continue or worsen in the future. This may in turn reduce the level of activity in sectors in which our businesses operate, and have a negative impact on oh such businesses' ability to generate revenue or profit.

Governments and central banks around the world have reacted to the economic crisis caused by the pandemic by implementing stimulus and liquidity programs and cutting interest rates, however it is unclear whether these actions or any future actions taken by governments and central banks will be successful in mitigating the economic disruption. If the COVID-19 pandemic is prolonged and/or mitigating actions of governments and central banks are unsuccessful, this could amplify the current negative demand in sectors in which our businesses operate, negatively impact global growth and global financial markets, and may lead to recessions in national, regional or global economies.

The MBL Group has implemented a range of support measures to provide short term financial assistance to customers who are facing difficulties as a result of COVID-19. Various individual and business customers of the Banking Group's Personal and Banking businesses who are experiencing financial difficulties due to COVID-19 are able to immediately defer their loan repayments for up to six months.

Should the impact of COVID-19 on global market conditions be prolonged or worsen, or lead to additional market disruption, we could experience reduced client activity and demand for our products and services, higher credit and valuation losses in its loan and investment portfolios, impairments of financial assets, trading losses and other negative impacts on our operations, financial position and prospects.

Any material or prolonged negative conditions may lead to constraints on our capital and liquidity, a downgrade in credit ratings and an increased cost of capital. Any increase in Macquarie Group's funding costs may limit its ability to replace maturing liabilities, which could adversely affect its ability to fund and grow its business.

Additionally, despite the business continuity and crisis management policies currently in place, travel restrictions and potential prolonged impacts of the COVID-19 pandemic on personnel and operations may disrupt our business and increase operational risk losses. The expected duration and magnitude of the COVID-19 pandemic and its potential impacts on the economy and our personnel and operations are unclear. Should the impact of COVID-19 and the actions taken to control its spread be prolonged or increasingly widespread and severe, this may adversely affect our operations, financial position and prospects.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

Genting Singapore Limited (the "**Company**" or "**Genting Singapore**") was incorporated in 1984 in the Isle of Man. The Company was converted into a public limited company on 20 March 1987 and listed on the Main Board of the Singapore Exchange Securities Trading Limited on 12 December 2005. Genting Singapore is a constituent stock of the FTSE Straits Times Index and is one of the largest companies in Singapore by market capitalisation. Genting Singapore is a principal subsidiary of Genting Berhad.

The principal activities of Genting Singapore and its subsidiaries (the “Group”) are in the development and operation of integrated destination resorts comprising gaming, hospitality, MICE, leisure and entertainment facilities. Since 1984, the Group has been at the forefront of gaming and integrated resort development in Australia, the Bahamas, Malaysia, the Philippines, the United Kingdom and Singapore. Genting Singapore owns Resorts World Sentosa in Singapore, an award-winning destination resort and one of the largest integrated destination resorts in Asia, offering a casino, Universal Studios Singapore theme park, Adventure Cove Waterpark, S.E.A. Aquarium (one of the world’s largest Oceanariums), MICE facilities, hotels, F&B outlets and specialty retail outlets.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for the half year ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 6 August 2020 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Macquarie Capital Securities (Singapore) Pte. Limited ("**MCSSP**") has been appointed the designated market maker ("**DMM**") for the Warrants. The DMM will provide competitive buy and sell quotes for the Warrants continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	10 times the minimum permitted price movement in the Warrants in accordance with the rules of the SGX-ST or SGD 0.20, whichever is the greater
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Warrants
(c)	Last Trading Day for Market Making	:	The date falling five Business Days immediately preceding the Expiry Date

Quotations will/may however not be provided by the DMM in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Warrant is valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) when trading in the Shares is suspended or limited in a material way (including price quote limits activated by the relevant exchange or otherwise);

(iv) when the Issuer or DMM faces technical problems affecting the ability of the DMM to provide the bid and offer prices;

(v) when the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions. The Issuer will inform the SGX-ST of its inability to do so as soon as practicable;

(vi) in cases where the Issuer has no Warrants to sell, the DMM will only provide the bid price;

(vii) when the stock market experiences exceptional price movements and volatility; and

(viii) when it is a public holiday in Singapore and the SGX-ST is not open for dealings.

History and Business

MCSSP holds a Capital Markets Services License issued by the Monetary Authority of Singapore and is a trading member of SGX-ST as well as a Clearing Member of the CDP. Under the Capital Markets Services License, MCSSP is permitted to deal in securities and provide custodial services as well as act as an exempt financial adviser. Its principal activities are those relating to the provision of stock and share broking services, prescribed under the rules and regulations of the SGX-ST, and related securities research services. MCSSP is a wholly owned subsidiary of Macquarie Group Holdings (Singapore) Pte. Limited and its ultimate holding company is Macquarie Group Limited.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The Macquarie Bank Limited Interim Directors' Report and Financial Report for the half-year ended 30 September 2020 is set out in Appendix II of this document. References to page numbers in Appendix II are to page numbers of the Macquarie Bank Limited Interim Directors' Report and Financial Report. Copies of the Macquarie Bank Limited Interim Directors' Report and Financial Report can be obtained at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View #21-07 Marina One West Tower Singapore 018937, and viewed at www.macquarie.com.au.

For more information on the Issuer, please see www.macquarie.com.

Queries regarding the Warrants may be directed to 1800 288 2880 (Toll Free) or +65 6601 0289 (International) or info@warrants.com.sg.

SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

United Kingdom and European Economic Area

Please note that in relation to EEA states, additional selling restrictions may apply in respect of any specific EEA state, including those set out below for the United Kingdom.

The Warrants are not offered, sold or otherwise made available and will not be offered, sold, or otherwise made available under this document to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPS Regulation. For the purposes of this provision:

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

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

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

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

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

In respect of the United Kingdom, each dealer represents and agrees, and each further dealer appointed in respect of the Warrants will be required to further represent and agree, that:

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

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

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

United States of America

The Warrants have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Warrants, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Warrants, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, any estate or trust the income of which is subject to United States income taxation regardless of its source, and any other "**U.S. person**" as such term is defined in Regulation S under the Securities Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Warrants may not be circulated or distributed, nor may Warrants be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each distributor, purchaser or subscriber of the Warrants has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Commonwealth of Australia

This document is not a prospectus, product disclosure statement or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) (the "**Act**"). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, ASX

Limited or any other government agency in Australia. Each Warrantholder will be required to represent and agree that, unless the applicable final terms otherwise provides, it:

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

(b) has not distributed or published, and will not distribute or publish, this document, any addendum to the Base Listing Document and this document or any other offering material or advertisement relating to any Warrant in Australia,

Unless:

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

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

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

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

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 120 of the Base Listing Document.

1. Settlement of trades done on a normal “ready basis” on the SGX-ST generally takes place on the second Business Day following the transaction. Dealing in the Warrants will take place in Board Lots in Singapore dollars. For further details on the transfer of Warrants and their exercise, please refer to the section headed “Summary of the Issue” above.

2. It is not the current intention of the Issuer to apply for a listing of the Warrants on any stock exchange other than the SGX-ST.

3. The Issuer is an indirect subsidiary of Macquarie Group Limited. Macquarie Group Limited, with its controlled entities ("**Macquarie Group**"), is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Group has been subject to lawsuits.

   There are no, nor have there been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Macquarie Bank or the Macquarie Group is aware) in the 12 month period prior to the date of this document which may have or have had a significant effect on the financial position or profitability of Macquarie Bank.

4. To the best of the Issuer's knowledge, there has been no adverse change, material in the context of the issue of the Warrants, in the financial position of the Issuer since 30 September 2020.

5. The following contracts, relating to the issue of the Warrants, have been or will be entered into by the Issuer and may be material to the issue of the Warrants:

   (a) the Instrument; and

   (b) the Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

6. The Warrants are not fully covered by Shares held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Warrants.

7. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View, #21-07 Marina One West Tower, Singapore 018937, until the expiry of the Warrants:

   (a) the Constitution of the Issuer;

   (b) the 2019 and 2020 annual reports of the Issuer and the unaudited half-year financial statements of the Issuer;

   (c) the Instrument;

   (d) the Warrant Agent Agreement; and

(e) the Base Listing Document.

APPENDIX I

REPRODUCTION OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020 OF GENTING SINGAPORE LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited consolidated financial statements of the Company and its subsidiaries for the half year ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 6 August 2020 in relation to the same.

Genting Singapore Limited (Company Registration No. 201818581G)
10 Sentosa Gateway, Resorts World Sentosa, Singapore 098270

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1(a)(i) Statement of Comprehensive Income for the Group

	Half Year ended 30 June		
	2020	**2019**	***Change***
	$'000	**$'000**	***%***
Revenue	**448,248**	**1,277,118**	***(65)***
Cost of sales	(481,429)	(733,951)	*(34)*
Gross (loss)/profit	**(33,181)**	**543,167**	***NM***
Other operating income	8,790	10,939	*(20)*
Interest income	32,139	41,448	*(22)*
Administrative expenses	(86,894)	(89,677)	*(3)*
Selling and distribution expenses	(13,001)	(27,460)	*(53)*
Other operating expenses	(28,312)	(4,512)	*>100*
Operating (loss)/profit	**(120,459)**	**473,905**	***NM***
Finance costs	(2,047)	(18,304)	*(89)*
Share of results of joint venture	471	2,207	*(79)*
(Loss)/profit before taxation	**(122,035)**	**457,808**	***NM***
Taxation	5,355	(83,929)	*NM*
Net (loss)/profit for the financial period	**(116,680)**	**373,879**	***NM***
Net (loss)/profit attributable to ordinary shareholders of the Company	**(116,680)**	**373,879**	***NM***
Other comprehensive loss, may be reclassified subsequently to profit or loss:			
Foreign currency exchange differences	(1,148)	(279)	*>100*
Other comprehensive loss for the financial period, net of tax	(1,148)	(279)	*>100*
Total comprehensive (loss)/income for the financial period	**(117,828)**	**373,600**	***NM***
Total comprehensive (loss)/income attributable to ordinary shareholders of the Company	**(117,828)**	**373,600**	***NM***

NM: Not meaningful

1(a)(i) Statement of Comprehensive Income for the Group (Continued)

	Half Year ended 30 June		
	2020	**2019**	***Change %***
(Loss)/earnings per share attributable to ordinary shareholders of the Company			
Basic (loss)/earnings per share (cents)	(0.97)	3.10	*NM*
Diluted (loss)/earnings per share (cents)	(0.96)	3.10	*NM*

1(a)(ii) Notes to the Statement of Comprehensive Income for the Group

Included in net (loss)/profit for the financial period are the following charges and credits:

	Half Year ended 30 June		
	2020 $'000	**2019 $'000**	***Change %***
Depreciation of property, plant and equipment	(152,888)	(178,506)	*(14)*
Amortisation of:			
- Intangible assets	(12,986)	(13,161)	*(1)*
- Borrowing costs	(188)	(8,566)	*(98)*
Share-based payment	(12,826)	(5,183)	*>100*
Net impairment on trade receivables	(13,081)	(58,424)	*(78)*
Included in other operating income:			
- Gain on disposal of property, plant and equipment	1,011	122	*>100*
- Fair value gain on financial assets at fair value through profit or loss	-	10,814	*(100)*
- Net foreign exchange gain	5,910	-	*NM*
Included in other operating expenses:			
- Write-off of property, plant and equipment	(422)	(884)	*(52)*
- Impairment of property, plant and equipment	(20,048)	-	*NM*
- Fair value loss on financial assets at fair value through profit or loss	(7,842)	-	*NM*
- Net foreign exchange loss	-	(3,628)	*(100)*
Finance charges	(1,859)	(9,738)	*(81)*
(Under)/over provision of tax in prior financial years	(9)	5,693	*NM*

NM: *Not meaningful*

1(b)(i) Statements of Financial Position

	Group		Company	
	30 June 2020 $'000	31 December 2019 $'000	30 June 2020 $'000	31 December 2019 $'000
Non-current assets				
Property, plant and equipment	4,549,752	4,667,062	590	143
Intangible assets	142,199	152,880	-	-
Interests in joint venture	62,710	62,239	-	-
Interests in subsidiaries	-	-	2,218,178	2,218,522
Deferred tax assets	329	276	-	-
Financial assets at fair value through profit or loss	23,483	233,251	-	-
Trade and other receivables	7,302	971	388,541	388,541
	4,785,775	**5,116,679**	**2,607,309**	**2,607,206**
Current assets				
Inventories	49,065	48,695	-	-
Trade and other receivables	150,254	137,454	421,943	413,111
Financial assets at fair value through profit or loss	126,148	-	-	-
Cash and cash equivalents	3,633,816	3,947,250	3,429,545	3,529,675
	3,959,283	**4,133,399**	**3,851,488**	**3,942,786**
Less: Current liabilities				
Trade and other payables	394,055	489,474	332,938	155,177
Borrowings	2,879	3,991	319	56
Income tax liabilities	210,337	209,906	22,392	15,471
	607,271	**703,371**	**355,649**	**170,704**
Net current assets	**3,352,012**	**3,430,028**	**3,495,839**	**3,772,082**
Total assets less current liabilities	**8,137,787**	**8,546,707**	**6,103,148**	**6,379,288**

1(b)(i) Statements of Financial Position (Continued)

	Group		Company	
	30 June 2020 $'000	31 December 2019 $'000	30 June 2020 $'000	31 December 2019 $'000
Equity				
Share capital	5,527,705	5,527,705	5,527,705	5,527,705
Treasury shares	(23,485)	(29,541)	(23,485)	(29,541)
Other reserves	20,545	16,774	13,447	9,475
Retained earnings	2,126,202	2,542,651	326,226	624,803
Attributable to ordinary shareholders	**7,650,967**	**8,057,589**	**5,843,893**	**6,132,442**
Non-controlling interests	2	2	-	-
Total equity	**7,650,969**	**8,057,591**	**5,843,893**	**6,132,442**
Non-current liabilities				
Deferred tax liabilities	219,719	231,382	-	-
Borrowings	266,415	256,654	259,198	246,789
Provision for retirement gratuities	265	263	57	57
Other payables	419	817	-	-
	486,818	**489,116**	**259,255**	**246,846**
Total equity and non-current liabilities	**8,137,787**	**8,546,707**	**6,103,148**	**6,379,288**

1(b)(ii) Group's Borrowings and Debt Securities

	30 June 2020 $'000	31 December 2019 $'000
Secured borrowings [1]		
- Amount repayable in one year or less, or on demand	2,879	3,991
- Amount repayable after one year	7,437	9,868
	10,316	13,859
Unsecured borrowings [2]		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	258,978	246,786
	258,978	246,786
	269,294	**260,645**

(1) The secured borrowings comprise lease liabilities which are secured over the leased assets.
(2) The unsecured borrowings comprise unsubordinated Japanese Yen-denominated bonds.

Genting Singapore Limited (Company Registration No. 201818581G)
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1(c) Statement of Cash Flows for the Group

	Note	Half Year ended 30 June 2020 $'000	Half Year ended 30 June 2019 $'000
Net cash generated from operating activities	**A**	**31,035**	**532,356**
Investing activities			
Property, plant and equipment:			
- Proceeds from disposals		983	105
- Purchases		(59,858)	(110,543)
Additions of intangible assets		(2,306)	(73,025)
Proceeds from disposal of financial assets at fair value through profit or loss		22,532	-
Net cash used in investing activities		**(38,649)**	**(183,463)**
Financing activities			
Interest paid		(2,430)	(9,464)
Dividends paid		(301,620)	(241,145)
Repayment of bank borrowings		-	(785,000)
Repayment of lease liabilities		(2,740)	(2,596)
Restricted cash (deposit released as security for loan repayments and interest)		-	118,851
Net cash used in financing activities		**(306,790)**	**(919,354)**
Decrease in cash and cash equivalents		**(314,404)**	**(570,461)**
Beginning of financial period		**3,947,250**	**4,214,237**
Net outflow		(314,404)	(570,461)
Effects of exchange rate changes		970	(1,580)
End of financial period		**3,633,816**	**3,642,196**

1(c) Statement of Cash Flows for the Group (Continued)

Note A - Net cash generated from operating activities

	Half Year ended 30 June	
	2020	**2019**
	$'000	**$'000**
(Loss)/profit before taxation for the financial period	**(122,035)**	**457,808**
Adjustments for:		
Property, plant and equipment:		
- Depreciation	152,888	178,506
- Net gain on disposals	(1,011)	(122)
- Written off	422	884
- Impairment	20,048	-
Amortisation of:		
- Intangible assets	12,986	13,161
- Borrowing costs	188	8,566
Net impairment on trade receivables	13,081	58,424
Fair value loss/(gain) on financial assets at fair value through profit or loss	7,842	(10,814)
Share-based payment	12,826	5,183
Inventory write-down	681	85
Finance charges	1,859	9,738
Unrealised foreign exchange (gain)/loss	(1,576)	3,123
Interest income	(32,139)	(41,448)
Share of results of joint venture	(471)	(2,207)
Provision/(write-back) of retirement gratuities	1	(117)
	187,625	**222,962**
Operating cash flows before movements in working capital	**65,590**	**680,770**
Changes in working capital:		
(Increase)/decrease in inventories	(1,051)	2,772
Decrease/(increase) in trade and other receivables	7,733	(65,686)
Decrease in trade and other payables	(80,872)	(35,962)
	(74,190)	**(98,876)**
Cash (used in)/generated from operating activities	**(8,600)**	**581,894**
Interest received	45,561	43,630
Net taxation paid	(5,926)	(93,097)
Retirement gratuities paid	-	(71)
Net cash generated from operating activities	**31,035**	**532,356**

1(d)(i) Statements of Changes in Equity

Group	Attributable to ordinary shareholders of the Company							
	Share capital $'000	**Treasury shares $'000**	**Performance share reserve $'000**	**Exchange translation reserve $'000**	**Retained earnings $'000**	**Subtotal $'000**	**Non-controlling interests $'000**	**Total $'000**
As at 1 January 2020	**5,527,705**	**(29,541)**	**9,479**	**7,295**	**2,542,651**	**8,057,589**	**2**	**8,057,591**
Total comprehensive loss								
- Loss for the period	-	-	-	-	(116,680)	(116,680)	-	(116,680)
- Other comprehensive loss	-	-	-	(1,148)	-	(1,148)	-	(1,148)
Transactions with owners:								
Performance share schemes:								
- Value of employee services	-	-	12,826	-	-	12,826	-	12,826
- Treasury shares reissued	-	6,056	(7,907)	-	1,851	-	-	-
Dividends paid	-	-	-	-	(301,620)	(301,620)	-	(301,620)
Total transactions with owners	-	6,056	4,919	-	(299,769)	(288,794)	-	(288,794)
As at 30 June 2020	**5,527,705**	**(23,485)**	**14,398**	**6,147**	**2,126,202**	**7,650,967**	**2**	**7,650,969**
As at 1 January 2019	**5,527,705**	**(35,349)**	**8,060**	**7,182**	**2,273,747**	**7,781,345**	**2**	**7,781,347**
Total comprehensive income/(loss)								
- Profit for the period	-	-	-	-	373,879	373,879	-	373,879
- Other comprehensive loss	-	-	-	(279)	-	(279)	-	(279)
Transactions with owners:								
Performance share schemes:								
- Value of employee services	-	-	5,183	-	-	5,183	-	5,183
- Treasury shares reissued	-	5,808	(8,111)	-	2,303	-	-	-
Dividends paid	-	-	-	-	(241,145)	(241,145)	-	(241,145)
Total transactions with owners	-	5,808	(2,928)	-	(238,842)	(235,962)	-	(235,962)
As at 30 June 2019	**5,527,705**	**(29,541)**	**5,132**	**6,903**	**2,408,784**	**7,918,983**	**2**	**7,918,985**

1(d)(i) Statements of Changes in Equity (Continued)

Company	Attributable to ordinary shareholders of the Company					
	Share capital $'000	Treasury shares $'000	Performance share reserve $'000	Exchange translation reserve $'000	Retained earnings $'000	Total $'000
As at 1 January 2020	**5,527,705**	**(29,541)**	**9,479**	**(4)**	**624,803**	**6,132,442**
Total comprehensive income/(loss)						
- Profit for the period	-	-	-	-	1,192	1,192
- Other comprehensive loss	-	-	-	(947)	-	(947)
Transactions with owners:						
Performance share schemes:						
- Value of employee services	-	-	12,826	-	-	12,826
- Treasury shares reissued	-	6,056	(7,907)	-	1,851	-
Dividends paid	-	-	-	-	(301,620)	(301,620)
Total transactions with owners	-	6,056	4,919	-	(299,769)	(288,794)
As at 30 June 2020	**5,527,705**	**(23,485)**	**14,398**	**(951)**	**326,226**	**5,843,893**
As at 1 January 2019	**5,527,705**	**(35,349)**	**8,060**	**(83)**	**407,332**	**5,907,665**
Total comprehensive income/(loss)						
- Profit for the period	-	-	-	-	283,527	283,527
- Other comprehensive loss	-	-	-	(249)	-	(249)
Transactions with owners:						
Performance share schemes:						
- Value of employee services	-	-	5,183	-	-	5,183
- Treasury shares reissued	-	5,808	(8,111)	-	2,303	-
Dividends paid	-	-	-	-	(241,145)	(241,145)
Total transactions with owners	-	5,808	(2,928)	-	(238,842)	(235,962)
As at 30 June 2019	**5,527,705**	**(29,541)**	**5,132**	**(332)**	**452,017**	**5,954,981**

1(d)(ii) Share Capital

Changes in share capital

	2020		2019	
	Number of issued shares	**Amount $'000**	**Number of issued shares**	**Amount $'000**
Balance as at 1 January and 30 June	12,094,026,824	5,527,705	12,094,026,824	5,527,705

There was no change in the Company's issued and paid-up share capital for the half year ended 30 June 2020.

As at 30 June 2020, the number of ordinary shares in issue was 12,094,026,824 of which 29,221,850 were held by the Company as treasury shares (30 June 2019: 12,094,026,824 ordinary shares of which 36,792,150 were held as treasury shares).

The number of treasury shares represented 0.24% (30 June 2019: 0.31%) of the total number of issued shares (excluding treasury shares).

Performance Share Scheme ("PSS")

On 8 August 2007, the shareholders of the Company approved the PSS for eligible Group executives, Group executive directors and non-executive directors, for an initial period of up to 7 August 2017. Under the PSS, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares to the participants. The awards represent the right of a participant to receive fully-paid shares free of charge, upon the participant satisfying the criteria set out in the PSS and upon satisfying such criteria as may be imposed.

On 21 April 2016, the shareholders of the Company approved the amendments to the rules of the PSS and the extension of the duration of the PSS for a further period of 10 years from 8 August 2017 to 7 August 2027 (both dates inclusive) (the "Extended Period"). During the Extended Period, the total number of shares which may be awarded pursuant to awards granted under the PSS on any date shall not exceed 420,433,143 shares and when added to the number of shares issued and/or issuable under the PSS prior to the Extended Period and such other share-based incentives schemes of the Company, shall not exceed 5% of the total number of shares of the Company (excluding treasury shares) from time to time.

As at 30 June 2020, the number of PSS shares outstanding in the Company is as follows:

Number of PSS shares outstanding as at 1 January 2020	Number of PSS shares granted	Number of PSS shares vested	Number of PSS shares lapsed	Number of PSS shares outstanding as at 30 June 2020
12,215,000	48,874,000	(7,570,300)	(957,700)	52,561,000

1(d)(iii) Number of Issued Shares excluding Treasury Shares

	30 June 2020	31 December 2019
Total number of issued shares (excluding treasury shares)	12,064,804,974	12,057,234,674

1(d)(iv) Treasury Shares

The movement in the Company's treasury shares during the period ended 30 June 2020:

	No. of shares
As at 1 January 2020	36,792,150
Treasury shares reissued pursuant to PSS granted to employees of:	
- the Company	(3,454,250)
- subsidiaries of the Company	(4,116,050)
As at 30 June 2020	**29,221,850**

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The financial information for the six months ended 30 June 2020 as set out in paragraphs 1, 6, 8 and 12 have been extracted from the condensed interim financial information that has been reviewed by PricewaterhouseCoopers LLP in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

3. Auditors' report

Please refer to Attachment I for the Report on Review of Condensed Interim Financial Information for the six months ended 30 June 2020 by PricewaterhouseCoopers LLP.

4. Accounting policies

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the new standards, amendments and interpretations that are mandatory for financial year beginning on or after 1 January 2020. The adoption of these new standards, amendments and interpretations has no significant impact to the Group.

5. Changes in the accounting policies

There were no significant changes in the accounting policies and methods of computation as compared to those adopted in the most recently audited financial statements.

6. Earnings per share for the Group

(Singapore cents)	Half Year ended 30 June	
	2020	**2019**
Based on weighted average number of shares in issue	(0.97)	3.10
On a fully diluted basis	(0.96)	3.10

The basic and diluted earnings per ordinary share for the financial period ended 30 June 2020 have been calculated based on the Group's loss attributable to ordinary shareholders of approximately $116,680,000 divided by the weighted average number of ordinary shares of 12,062,517,246 and 12,101,816,192 in issue respectively during the financial period.

The basic and diluted earnings per ordinary share for the financial period ended 30 June 2019 have been calculated based on the Group's profit attributable to ordinary shareholders of approximately $373,879,000 divided by the weighted average number of ordinary shares of 12,055,034,628 and 12,066,188,598 in issue respectively during the financial period.

7. Net asset value

(Singapore cents)	**30 June 2020**	**31 December 2019**
Group	63.4	66.8
Company	48.4	50.9

Net asset value per ordinary share as at 30 June 2020 and 31 December 2019 are calculated based on net assets that are attributable to the ordinary shareholders, divided by the number of issued shares (excluding treasury shares) of the Company at those dates of 12,064,804,974 ordinary shares and 12,057,234,674 ordinary shares respectively.

8. Review of Group performance

(a) Significant factors that affected the turnover, costs, and earnings of the Group

	Half Year ended 30 June 2020 $'000	Half Year ended 30 June 2019 $'000	Change %
Revenue			
Singapore Integrated Resorts ("IR")			
- Gaming	274,384	871,299	*(69)*
- Non-gaming	154,696	404,320	*(62)*
Others #	19,168	1,499	*>100*
	448,248	**1,277,118**	***(65)***
Results for the period			
Singapore IR	80,230	645,757	*(88)*
Others #	(13,573)	(21,698)	*(37)*
Adjusted EBITDA *	**66,657**	**624,059**	***(89)***
Net exchange gain/(loss) relating to investments	5,184	(4,220)	*NM*
Share-based payment	(12,826)	(5,183)	*>100*
Other (expenses)/income	(45,739)	9,468	*NM*
EBITDA	**13,276**	**624,124**	***(98)***
Depreciation and amortisation	(165,874)	(191,667)	*(13)*
Interest income	32,139	41,448	*(22)*
Finance costs	(2,047)	(18,304)	*(89)*
Share of results of joint venture	471	2,207	*(79)*
(Loss)/profit before taxation	**(122,035)**	**457,808**	***NM***
Taxation	5,355	(83,929)	*NM*
Net (loss)/profit after taxation	**(116,680)**	**373,879**	***NM***

NM: Not meaningful

Others represent the investment business along with other hospitality and support services.

* *Adjusted EBITDA is based on a measure of adjusted earnings before interest, tax, depreciation, amortisation and share of results of joint venture, excluding the effects of share-based payment, net exchange gain/(loss) relating to investments and other income/(expenses) which include but not limited to impairment/ write-off/ gain/(loss) on disposal of property, plant and equipment, pre-opening/ development expenses and other non-recurring adjustments.*

8. Review of Group performance (Continued)

(a) Significant factors that affected the turnover, costs, and earnings of the Group (Continued)

The Group suffered a net loss of $163.3 million for the second quarter of 2020, the worst quarter since the opening of our Singapore Integrated Resorts, as a result of the devastating effect of the Covid-19 global pandemic for this reporting period.

At the onset of the pandemic, visitor arrivals dropped very significantly from February 2020. The Multi-Ministry Taskforce of Singapore directed the temporary cessation of almost all businesses (Circuit Breaker) in April 2020 to contain the spread of the virus. In line with the Singapore Government's directive, Resorts World Sentosa suspended all guest offerings including Universal Studios Singapore, S.E.A. Aquarium, Adventure Cove Waterpark and Dolphin Island, hotels and the casino from 6 April 2020. Despite the swift implementation of a series of cost containment measures including payroll rationalisation as well as other productivity initiatives, the impact of suffering almost zero revenue was devastating.

For the first half of 2020, the Group recorded a significant 98% decline in earnings before interest, tax, depreciation and amortisation ("EBITDA") to $13.3 million and a net loss of $116.7 million.

(b) Material factors affecting the cash flow, working capital, assets or liabilities of the Group

Amid the suspension of business due to the Covid-19 pandemic, the second quarter of 2020 experienced a deficit in the cash flow from operating activities of $80.2 million.

As at 30 June 2020, $126.1 million of the Group's financial assets at fair value through profit or loss were reclassified from non-current assets to current assets in the statement of financial position due to the Group's intention to redeem its investments in quoted debt securities in the near term.

Other than the above and as disclosed in the other notes, there have been no material factors that affected the cash flow, working capital, assets or liabilities of the Group for the half year ended 30 June 2020.

9. Variance from forecast statement

No forecast or prospect statement has been disclosed to shareholders.

10. Commentary of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The travel and tourism industry is in a state of shock caused by the Covid-19 pandemic. As an integrated resort, Resorts World Sentosa ("RWS") was strategised and built predominantly to attract large scale international demand. With air travel reduced to a near standstill and international borders severely restricted, our commercial proposition has become non-viable in this period. As such, since March 2020, RWS has swiftly embarked on a cost control exercise including payroll savings across the board with management taking the most reduction.

However, with the Government's implementation of the Circuit Breaker and the continued rigorous entry restraints to foreign visitors, the medium term outlook for the entire travel environment remains significantly challenged. Air travel in Asia is only expected to reach 50% of pre Covid-19 levels by June 2021. We have therefore made a painful but necessary decision to streamline our operational resources by implementing a one-off workforce rationalisation in July 2020. This was a difficult occasion for affected team members especially for those who have assisted in the commencement of RWS operation over a decade ago.

Notwithstanding the strong headwinds and the severe impact on the Group's financial results for the first half of 2020, the Group remains steadfast and pragmatic in our approach to navigating through this period of disruption and will emerge stronger once the dust from the pandemic has settled. To weather through and ride out this crisis, the Group will necessitate preservation of our resources.

Already certified as the SG Clean venue by the Singapore Government before the Circuit Breaker, we are delighted to have progressively reopened our casino to Genting Rewards members and annual levy holders, Universal Studios Singapore and S.E.A. Aquarium from 1 July 2020. Keeping hygiene and safety at the heart of all the experiences we have created, we are committed to maintaining high standards of environmental public hygiene across the resort.

Staying true to our kampong spirit, the Group is continuing to support the national effort to contain community spread of Covid-19 as a managing agent of the Community Care Facilities at the Singapore EXPO and MAX Atria and the Big Box warehouse mall. More than 2,000 team members have participated in this community effort since April 2020, contributing our expertise in managing large-scale, non-medical facilities to support the Ministry of Health and the Ministry of National Development in caring for Covid-19 patients. In addition, some of RWS hotels have been supporting the national initiative as designated stay-home-notice ("SHN") facilities for individuals serving SHN.

As Singapore moves carefully towards the recovery phase from the pandemic, we are working closely with the authorities on our $4.5 billion mega expansion plan ("RWS 2.0") to transform our IR to be a centre piece of Singapore's tourism. The timeline of the project will however be impacted due to design changes required by safety management measures and disruption to the construction industry and global supply chain caused by the pandemic. It is also envisioned that new design changes will be necessary to adapt to the post Covid-19 environment.

10. Commentary of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months (Continued)

Moving forward, we believe our customer-centric offerings and commitment to provide unique and differentiated experiences are key to our progress and an enabler to traverse through this crisis. At the 13th Annual TTG China Travel Awards 2020 which recognises the best of Greater China's travel industry, RWS was crowned the winner of the Best Integrated Resort (International). A new award title launched in 2020, RWS is proud to be chosen as the first winner of this prestigious title.

In relation to our Japan IR investment opportunity, the Group has participated in the Request-for-Concept (RFC) by Yokohama City and will continue to monitor the developments in anticipation of the launch of Request-for-Proposal (RFP) in the second half of 2020.

11. Dividend

The Board has considered the ongoing severity and uncertainty of the impact of the Covid-19 pandemic on the Group's financial performance and on the Singapore and global economy.

In light of this, the Board has decided not to declare an interim dividend for the half year ended 30 June 2020 (30 June 2019: 1.5 cents per ordinary share). However, the Board also recognises shareholders' interests and barring any unforeseen circumstances has intentions to declare a final dividend for the financial year ending 31 December 2020, if necessary out of the retained profits of the Company.

12. Utilisation of Rights Issue proceeds

As at 30 June 2020, the proceeds from the 2009 Rights Issue have been utilised in accordance with its stated use and the breakdown is as follows:

	Amount $'000
Cost of issuance	37,832
Repayment of term loan facilities taken for the acquisition of Genting UK PLC	30,675
Repayment of the Group's $2.27 billion syndicated senior secured credit facilities	217,817
Net repayment of revolving credit facility taken for the working capital of the Group's UK operations	70,000
Subscription of shares in subsidiaries	172,722
Investment in an associate	412,271
Purchase of property, plant and equipment	169,648
Payment of operating expenses of the Company and its subsidiaries	284,475
	1,395,440
Balance unutilised	149,811
Total proceeds	1,545,251

GENTING SINGAPORE

Genting Singapore Limited (Company Registration No. 201818581G)
10 Sentosa Gateway, Resorts World Sentosa, Singapore 098270

13. Interested persons transactions for the half year ended 30 June 2020

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Genting Hong Kong Limited Group	An associate of a person who is the Company's director and controlling shareholder		
Sale of Goods and Services		108	380
Purchase of Goods and Services		-	28

14. Board of Directors' assurance

As at the date of this announcement, the Board of Directors confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results to be false or misleading, in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

By Order of the Board
Genting Singapore Limited

Liew Lan Hing
Company Secretary

6 August 2020

Attachment I

The Board of Directors
Genting Singapore Limited
10 Sentosa Gateway
Resorts World Sentosa
Singapore 098270

Dear Sirs

Report on Review of Condensed Interim Financial Information to the Members of Genting Singapore Limited

Introduction

We have reviewed the accompanying condensed statement of financial position of Genting Singapore Limited (the “Company”) as at 30 June 2020, the condensed statement of changes in equity of the Company for the six months then ended, the consolidated condensed statement of financial position of the Company and its subsidiaries (the “Group”) as at 30 June 2020, the consolidated condensed statements of comprehensive income, changes in equity and cash flows of the Group for the six months then ended, and other explanatory notes (the “condensed interim financial information”). Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 6 August 2020

APPENDIX II

REPRODUCTION OF THE MACQUARIE BANK LIMITED INTERIM DIRECTORS' REPORT AND FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2020

MACQUARIE BANK

MACQUARIE BANK INTERIM FINANCIAL REPORT

Half year ended 30 September 2020

MACQUARIE BANK LIMITED ACN 008 583 542

Macquarie Bank 2021 Interim Financial Report

This Interim Financial Report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) and does not include all the notes of the type normally included in an annual financial report. Macquarie Bank Limited's (MBL) most recent annual financial report is available at **www.macquarie.com** as part of Macquarie Bank's 2020 Annual Report. MBL has also released information to the Australian Securities Exchange operated by ASX Limited (ASX) in compliance with the continuous disclosure requirements of the ASX Listing Rules. Announcements made by MBL under such rules are available on ASX's internet site **www.asx.com.au** (MBL's ASX code is 'MBL').

The material in this report has been prepared by MBL ABN 46 008 583 542 and is current at the date of this report. It is general background information about Macquarie Bank's (MBL and its subsidiaries, the Consolidated Entity) activities, is provided in summary form in terms of the requirements of AASB 134 *Interim Financial Reporting* and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

The Interim Financial Report was authorised for issue by MBL's Directors on 6 November 2020. The Board of Directors has the power to amend and reissue the Financial Report.

Mozo Experts Choice Excellent Banking App 2020
Macquarie Bank Limited ABN 46 008 583 542 AFSL & Australian Credit Licence 237502

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Directors' Report

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Financial Report

Directors' Report

Directors

For the half year ended 30 September 2020

The Directors of MBL submit their report with the financial report of the Consolidated Entity for the half year ended 30 September 2020.

Directors

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

Independent Directors

P.H. Warne, Chairman

J.R. Broadbent AC

G.M. Cairns

P.M. Coffey

M.J. Coleman

D.J. Grady AO

G.R. Stevens AC

N.M. Wakefield Evans

Executive Voting Directors

M.J. Reemst, Managing Director and Chief Executive Officer

S.R. Wikramanayake

The Directors listed above each held office as a Director of Macquarie Bank throughout the period and until the date of this report. Those Directors listed as Independent Directors have been independent throughout the period of their appointment.

M.J. Hawker AM retired as an Independent Director effective 30 September 2020.

G.R. Banks AO retired as an Independent Director effective 30 July 2020.

Result

The financial report for the half year ended 30 September 2020 and the results herein are prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The consolidated profit attributable to the ordinary equity holder of Macquarie Bank, in accordance with Australian Accounting Standards, for the period was $A660 million (half year to 31 March 2020: $A469 million; half year to 30 September 2019: $A992 million).

Operating and financial review

For the half year ended 30 September 2020

Review of performance and financial position

Overview

Macquarie Bank's consolidated net profit attributable to the ordinary equity holder of $A660 million for the half year ended 30 September 2020 decreased 33% from $A992 million in the prior corresponding period[1] and increased 41% from $A469 million in the prior period[2].

	HALF YEAR TO			*MOVEMENT*	
	30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am	*31 Mar 20 %*	*30 Sep 19 %*
Net operating income	**2,943**	2,742	3,430	*7*	*(14)*
Operating expenses	**(2,103)**	(2,169)	(2,108)	*(3)*	*(<1)*
Income tax expense	**(180)**	(262)	(324)	*(31)*	*(44)*
Profit from discontinued operations after income tax	**–**	164	–	*(100)*	*
Distribution paid or provided on Macquarie Income Securities	**–**	(6)	(6)	*(100)*	*(100)*
Profit attributable to the ordinary equity holder	**660**	469	992	*41*	*(33)*

Prior period discontinued operations

On 10 December 2018, the Consolidated Entity disposed of its Corporate and Asset Finance's Principal Finance and Transportation Finance businesses (the businesses) to a related group entity, Macquarie Financial Holdings Pty Limited (MFHPL) and its subsidiaries.

Under terms of the agreement the Consolidated Entity recognises there is an adjustment to the sales consideration in certain situations following a subsequent sale of the transferred businesses by MFHPL and its subsidiaries. A gain of $A164 million was recognised in the period ended 31 March 2020 as a consequence of this provision.

Operating Group update

During the current period, certain activities of CGM's Cash Equities business, which operated within the Bank Group, were transferred to Macquarie Capital in the Non-Bank Group. The Cash Equities current period result and comparatives have been reclassified into the Corporate segment to reflect the reorganisation from CGM in the Bank Group.

(1) Prior corresponding period (pcp) refers to the six months ended 30 September 2019.
(2) Prior period refers to the six months ended 31 March 2020.

Operating Groups

Banking and Financial Services (BFS)

$A315m

↓ 18% on pcp

- Increased credit impairment charges driven by portfolio growth as well as a deterioration in current and expected macroeconomic conditions compared to the prior corresponding period as a result of COVID-19
- Higher employment expenses including increased headcount to better support clients through the impacts of COVID-19 as well as increased costs associated with investment in technology to support business growth and to meet regulatory requirements.

Partially offset by:

- higher net interest and trading income driven by volume growth in BFS deposits and the loan portfolio, partially offset by margin compression on deposits and lower vehicle finance portfolio volumes.

Commodities and Global Markets (CGM)

$A924m

↓ 19% on pcp

- Reduced client contribution in the commodities sector on a strong prior corresponding period, predominantly due to lower activity in 2Q21[1]
- Increased credit and other impairment charges reflecting a deterioration in current and expected macroeconomic conditions compared to the prior corresponding period due to COVID-19, resulting in overlays for regional and industry specific risks as well as impairments taken on a small number of underperforming positions
- Reduced fee and commission income due to decreased demand for commodity risk premia products.

Partially offset by:

- consistent client and trading activity in foreign exchange, interest rate and credit products
- increased net operating lease income driven by higher secondary income from the asset financing portfolio.

(1) 2Q21 refers to the three months ended 30 September 2020.

Net operating income

Net operating income of $A2,943 million for the half year ended 30 September 2020 decreased 14% from $A3,430 million in the prior corresponding period, mainly driven by lower Other operating income and charges as well as higher Credit and Other impairment charges. This was partially offset by higher Net operating lease income.

Net interest and trading income

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
2,379	2,240	2,415

↓ **1%** on prior corresponding period

- Margin compression on deposits and lower vehicle finance portfolio volumes in BFS
- The CGM commodities platform was down on a strong pcp.

Partially offset by:

- growth in average BFS deposits and loan portfolio volumes in BFS
- impact of Cash Equities transfer to Macquarie Capital in the Non-Bank Group in the current period.

Fee and commission income

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
516	591	594

↓ **13%** on prior corresponding period

- Reduced demand for commodity risk premia products in CGM
- Reduction in income by supporting clients through COVID-19 in BFS
- Reduction in Cash Equities due to the transfer to Macquarie Capital in the Non-Bank Group in the current period.

Net operating lease income

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
206	211	160

↑ **29%** on prior corresponding period

- Higher secondary income from the asset financing portfolio in CGM.

Share of net profits of associates and joint ventures

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
12	21	6

↑ significantly on prior corresponding period

- Increased overall performance of underlying assets across the Operating Groups.

Credit and Other impairment charges

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
(262)	(387)	(85)

↑ significantly on prior corresponding period

- Higher credit impairment charges recognised across the Operating Groups primarily reflecting the economic impact of COVID-19 on our clients and customers, and new loans originated during the period
- Higher impairment charges in the prior period reflect the initial impact of COVID-19 on markets and its impact on the forward-looking economic outlook.

Other operating income and charges

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
92	66	340

↓ **73%** on prior corresponding period

- Recognition of a gain in Corporate on the sale of Macquarie Specialised Investment Solutions (MSIS) fiduciary businesses to Macquarie Asset Management Holdings Pty Limited (MAMHPL), a related party of MBL, owned 100% by MGL, in the prior corresponding period.

Operating expenses

Total operating expenses of $A2,103 million for the half year ended 30 September 2020 was broadly in line with $A2,108 million in the prior corresponding period, mainly driven by decreases across Employment expenses and Brokerage, commission and trading-related expenses, predominantly offset by Other operating expenses and Occupancy.

Key drivers included:

Employment expenses

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
643	612	735

↓ 13% on prior corresponding period

- Decrease in performance-related profit share expense mainly as a result of lower performance in the Bank Group
- Lower share-based payments expense mainly driven by the non-recurrence of accelerated amortisation of equity awards relating to retiring Key Management Personnel recognised in the prior corresponding period.

Partially offset by:

- higher leave provisions due to less holiday entitlements being taken by staff driven by COVID-19.

Brokerage, commission and trading-related expenses

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
296	289	307

↓ 4% on prior corresponding period

- The sale of an investment in Macquarie Pacific Funding in the prior corresponding period in BFS.

Non-salary technology expenses

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
88	85	85

↑ 4% on prior corresponding period

- Higher technology expenses to support business growth and to meet regulatory requirements in BFS.

Other operating expenses and Occupancy

HALF YEAR TO		
30 Sep 20 $Am	31 Mar 20 $Am	30 Sep 19 $Am
1,076	1,183	981

↑ 10% on prior corresponding period

- Increased support services due to increasing compliance and regulatory requirements and higher business activity in the Bank Group
- The recognition of certain transaction related charges in Corporate.

Partially offset by:

- reduced travel and entertainment expenses across the Bank Group driven by COVID-19.

Income tax expense

Income tax expense for the half year ended 30 September 2020 was $A180 million, a 44% decrease from $A324 million in the prior corresponding period. The effective tax rate for the half year ended 30 September 2020 was 21.4%, down from 24.5% in the prior corresponding period and 45.7% in the prior period.

The lower effective tax rate compared to the prior corresponding period was mainly driven by the geographic composition and nature of earnings.

Statement of financial position

The Consolidated Entity's statement of financial position has been impacted during the period ended 30 September 2020 by changes resulting from business activities, Group Treasury management initiatives, developments with respect to COVID-19 and macroeconomic factors including the appreciation of the Australian dollar against major currencies.

Total assets

AS AT	
30 Sep 20 $Am	31 Mar 20 $Am
205,854	226,136

↓ **9%** on 31 Mar 20

In addition to the appreciation of the Australian dollar against major currencies which contributed to the decrease in total assets, the principal drivers for the decrease in the Consolidated Entity's total assets were as follows:

- derivative assets of $A21.6 billion as at 30 September 2020 decreased 52% from $A44.8 billion as at 31 March 2020 primarily due to a decrease in client trade volumes and mark to market movements in energy markets, interest rate and foreign exchange products in CGM
- margin money and settlement assets of $A9.2 billion as at 30 September 2020 decreased 25% from $A12.2 billion as at 31 March 2020 primarily due to lower trade volumes resulting in a decrease in margins placed with financial institutions by CGM.

These decreases were partially offset by:

- cash collateral on securities borrowed and reverse repurchase agreements of $A42.9 billion as at 30 September 2020 increased 14% from $A37.7 billion as at 31 March 2020, primarily driven by an increase in reverse repurchase agreements in CGM and an increase in Group Treasury reverse repurchase agreements following lower Operating Group funding requirements
- trading assets of $A18.5 billion as at 30 September 2020 increased 13% from $A16.3 billion as at 31 March 2020 primarily due to an increase in oil and precious metals inventories, and trading and equity positions held as hedges in CGM, partially offset by a decrease in certain bond and treasury bills.

Total liabilities

AS AT	
30 Sep 20 $Am	31 Mar 20 $Am
192,011	211,909

↓ **9%** on 31 Mar 20

In addition to the appreciation of the Australian dollar against major currencies which contributed to the decrease in total liabilities, the principal drivers for the decrease in the Consolidated Entity's total liabilities were as follows:

- derivative liabilities of $A16.1 billion as at 30 September 2020 decreased 57% from $A37.8 billion as at 31 March 2020 primarily due to a decrease in client trade volumes and mark to market movements in energy markets, interest rate and foreign exchange products in CGM
- debt issued of $A40.6 billion as at 30 September 2020 decreased 13% from $A46.9 billion as at 31 March 2020 driven by maturity of debt positions and repayment of notes
- margin money and settlement liabilities of $A16.7 billion as at 30 September 2020 decreased 13% from $A19.1 billion as at 31 March 2020 primarily due to lower trade volumes resulting in a decrease in call margins placed by financial institutions with CGM.

These decreases were partially offset by:

- deposits of $A77.2 billion as at 30 September 2020 increased 15% from $A67.3 billion as at 31 March 2020 primarily due to an increase in retail and business banking deposits in BFS
- cash collateral on securities lent and repurchase agreements of $A5 billion as at 30 September 2020 increased significantly from $A2.3 billion as at 31 March 2020 primarily due to the initial draw down of the new Term Funding Facility from the Reserve Bank of Australia by Group Treasury and increased stock lending agreements in CGM.

Total equity

AS AT	
30 Sep 20 $Am	31 Mar 20 $Am
13,843	14,227

↓ **3%** on 31 Mar 20

- The decrease in the Consolidated Entity's equity was attributable to the decrease in the foreign currency translation and net investment hedge reserve of $A0.6 billion following the appreciation of the Australian dollar against major currencies and redemption of the Macquarie Income Securities of $A0.4 billion, partially offset by an increase in retained earnings of $A0.7 billion during the period.

Funding

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

Macquarie Bank has diversity of funding by both source and maturity. The weighted average term to maturity of term funding maturing beyond one year[(1)] was 4.1 years as at 30 September 2020.

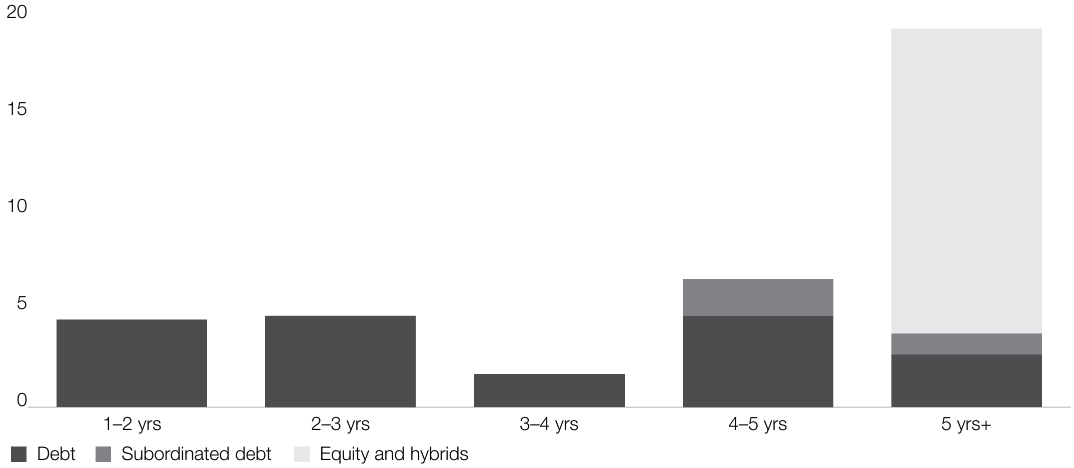
4.1 years

The weighted average term to maturity of term funding maturing beyond one year at 30 September 2020

Term funding profile

Detail of drawn funding maturing beyond one year

$A billion



Macquarie Bank has a liability driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Since 1 April 2020, Macquarie Bank has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2020 and 30 September 2020:

		Total $Ab
Issued paper	– Senior and subordinated	1.9
Secured funding	– Term securitisation and other secured finance	1.9
	– RBA Term Funding Facility[(2)]	1.7
Hybrids	– Hybrid instruments	0.6
Total[(3)]		6.1

Macquarie Bank has continued to develop its major funding markets and products during the half year ended 30 September 2020.

(1) Including drawn RBA Term Funding Facility (TFF), excluding equity which is a permanent source of funding, and securitisations.
(2) Initial Allowance drawn as at 30 September 2020. MBL has $A1.3 billion of undrawn TFF Supplementary Allowance. MBL has access to the TFF Additional Allowance, the volume of which will be determined by business lending growth to April 2021.
(3) Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on FX rates at the time of issuance and include undrawn facilities (does not include undrawn accessible TFF Allowances).

Capital

Under Basel III rules, APRA requires authorised deposit-taking institutions (ADIs) to have a minimum ratio of Tier 1 capital to risk-weighted assets of 8.5% including the 2.5% capital conservation buffer, with at least 7.0% in the form of Common Equity Tier 1 capital, per APRA ADI Prudential Standard 110[1]. In addition, APRA may impose ADI-specific minimum capital ratios which may be higher than these levels. The minimum BCBS Basel III leverage ratio requirement of 3% was effective from 1 January 2018[2].

Macquarie Bank is well capitalised, with the following capital adequacy ratios as at 30 September 2020.

Macquarie Bank Basel III ratios as at 30 September 2020	Harmonised Basel III[3]	APRA Basel III
Common Equity Tier 1 Capital Ratio	16.8%	13.5%
Tier 1 Capital Ratio	18.9%	15.4%
Leverage Ratio	6.5%	5.9%

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

(1) Based on materiality, the countercyclical capital buffer (CCyB) of ~1bps has not been included.
(2) APRA has released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from January 2023.
(3) 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework.

Our purpose

Empowering people to innovate and invest for a better future.

What We Stand For

Opportunity

Accountability

Integrity

The way we fulfil our purpose is defined by these three long held principles that determine how we conduct business and guide what we do every day. Our purpose and principles and what we expect of our staff are set out in our *Code of Conduct*.

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

Our business strategy

Consistent with the principles of *What We Stand For*, Macquarie Bank's business strategy is focused on the medium-term with the following key aspects:

Risk management approach

Adopting a conservative approach to risk management underpinned by a sound risk culture. Macquarie Bank's robust risk management framework and risk culture are embedded across all Bank Group entities.

Strong balance sheet

Maintaining a strong and conservative balance sheet.

This is consistent with Macquarie Bank's longstanding policy of holding a level of capital which supports its business and managing its capital base ahead of ordinary business requirements. Macquarie Bank remains well funded, with diversified funding sources, including deposits.

We continue to pursue the strategy of diversifying funding sources by growing our deposit base and accessing different funding markets.

Business mix

Conducting a mix of annuity-style and markets-facing businesses that deliver solid returns in a range of market conditions.

Macquarie Bank has progressively developed its annuity-style businesses, providing steady returns to the business and our stakeholders, and stability to clients.

Diversification

Operating a diversified set of businesses across different locations and service offerings: asset finance, lending, banking, and risk and capital solutions across debt, equity and commodities.

Macquarie Bank offers a range of services to government, institutional, corporate and retail clients. This diversity in services and clients mitigates concentration risk and provides resilience to Macquarie Bank.

Proven expertise

Utilising proven deep expertise has allowed Macquarie Bank to establish leading market positions as a global specialist in sectors including resources and commodities, energy and financial institutions.

Adjacencies

Expanding progressively by pursuing adjacencies through organic opportunities and selective acquisitions.

These include products and geographies adjacent to our established areas of expertise. This results in sustainable evolutionary growth.

Pursuit of growth opportunities

Targeting continued evolution and growth through innovation. We start with knowledge and skill, and we encourage ingenuity and entrepreneurial spirit coupled with accountability.

Ideas for new businesses are typically generated in the Operating Groups. Additionally, there are no specific businesses, markets or regions in which our strategy dictates that we operate. This means we retain operational flexibility and can adapt the portfolio mix to changing market conditions within the boundaries of the Risk Appetite Statement (RAS) approved by the Board.

The *Code of Conduct* is available at **macquarie.com/what-we-stand-for**

Events after the reporting date

There were no material events between 30 September 2020 and the date of this report that have not been disclosed elsewhere in the financial statements.

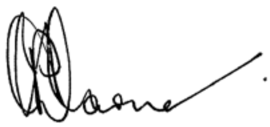
Interim dividend

No dividends were paid during the current period. On 29 October 2020 the directors resolved to pay a dividend of $A500 million on 2 November 2020.

Rounding of amounts

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

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



Peter Warne
Independent Director and Chairman

Mary Reemst
Managing Director and Chief Executive Officer

Sydney
6 November 2020

Auditor's independence declaration

For the half year ended 30 September 2020

As lead auditor for the review of Macquarie Bank Limited for the half-year ended 30 September 2020, I declare that to the best of my knowledge and belief, there have been:

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

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

K. Stubbins

Kristin Stubbins
Partner
PricewaterhouseCoopers

Sydney
6 November 2020

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
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Financial Report

Contents

For the half year ended 30 September 2020

The Financial Report was authorised for issue by the Board of Directors on 6 November 2020.
The Board of Directors has the power to amend and reissue the Financial Report.

Consolidated income statement

For the half year ended 30 September 2020

	Notes	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Interest and similar income				
Effective interest rate method	2	**1,559**	1,867	1,910
Other	2	**144**	328	358
Interest and similar expense	2	**(698)**	(1,136)	(1,287)
Net interest income		**1,005**	1,059	981
Fee and commission income	2	**516**	591	594
Net trading income	2	**1,374**	1,181	1,434
Net operating lease income	2	**206**	211	160
Share of net profits of associates and joint ventures	2	**12**	21	6
Net credit impairment charges	2	**(241)**	(370)	(81)
Other impairment charges	2	**(21)**	(17)	(4)
Other operating income and charges	2	**92**	66	340
Net operating income		**2,943**	2,742	3,430
Employment expenses	2	**(643)**	(612)	(735)
Brokerage, commission and trading-related fee expenses	2	**(296)**	(289)	(307)
Occupancy expenses	2	**(57)**	(52)	(52)
Non-salary technology expenses	2	**(88)**	(85)	(85)
Other operating expenses	2	**(1,019)**	(1,131)	(929)
Total operating expenses		**(2,103)**	(2,169)	(2,108)
Operating profit from continuing operations before income tax		**840**	573	1,322
Income tax expense	4	**(180)**	(262)	(324)
Profit from continuing operations after income tax		**660**	311	998
Profit from discontinued operations after income tax	23	**–**	164	–
Profit from continuing and discontinued operations after income tax		**660**	475	998
Profit attributable to the equity holders of Macquarie Bank Limited		**660**	475	998
Distribution paid or provided for on:				
Macquarie Income Securities	5	**–**	(6)	(6)
Profit attributable to the ordinary equity holder of Macquarie Bank Limited		**660**	469	992
From continuing operations		**660**	305	992
From discontinued operations		**–**	164	–

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

Consolidated statement of comprehensive income

For the half year ended 30 September 2020

	Notes	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Profit from continuing and discontinued operations after income tax		**660**	475	998
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	18	**69**	(50)	4
Change in allowance for expected credit losses	18	**–**	5	1
Cash flow hedges:				
Revaluation movement	18	**(48)**	(26)	(67)
Transferred to income statement	18	**29**	15	29
Share of other comprehensive losses of associates and joint ventures	18	**–**	(1)	(1)
Exchange differences on translation and hedge accounting of foreign operations		**(618)**	411	155
Movements in item that will not be subsequently reclassified to the income statement:				
Fair value (loss)/gain attributable to own credit risk on debt that is designated as fair value through profit or loss (DFVTPL)	18	**(78)**	68	(18)
Total other comprehensive (loss)/income from continuing operations		**(646)**	422	103
Total comprehensive income		**14**	897	1,101
Total comprehensive loss attributable to non-controlling interests		**1**	–	–
Total comprehensive income attributable to Macquarie Income Securities holders		**–**	(6)	(6)
Total comprehensive income attributable to the ordinary equity holder of Macquarie Bank Limited		**15**	891	1,095
From continuing operations		**15**	727	1,095
From discontinued operations	23	**–**	164	–

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

(1) All items are net of tax, where applicable.

Consolidated statement of financial position

As at 30 September 2020

	Notes	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19[1] $m
Assets				
Cash and bank balances		**6,869**	7,847	6,551
Cash collateral on securities borrowed and reverse repurchase agreements		**42,933**	37,708	29,910
Trading assets	6	**18,518**	16,251	21,981
Margin money and settlement assets	7	**9,162**	12,183	9,935
Derivative assets		**21,618**	44,845	17,606
Financial investments	8	**7,575**	7,484	6,360
Held for sale and other assets	9	**3,712**	3,267	3,763
Due from related body corporate entities		**4,525**	5,278	1,259
Loan assets	10	**87,737**	87,719	78,472
Interests in associates and joint ventures		**227**	251	219
Property, plant and equipment and right-of-use assets	12	**2,239**	2,598	2,668
Intangible assets	12	**162**	185	179
Deferred tax assets		**577**	520	460
Total assets		**205,854**	226,136	179,363
Liabilities				
Cash collateral on securities lent and repurchase agreements		**4,954**	2,322	5,494
Trading liabilities	13	**5,971**	5,363	6,514
Margin money and settlement liabilities	14	**16,746**	19,052	15,145
Derivative liabilities		**16,139**	37,823	14,057
Deposits		**77,186**	67,253	58,965
Held for sale and other liabilities	15	**2,464**	2,946	2,725
Due to related body corporate entities		**19,647**	22,115	16,266
Borrowings		**2,256**	3,047	2,611
Debt issued	16	**40,618**	46,922	40,411
Deferred tax liabilities		**45**	69	10
Total liabilities excluding loan capital		**186,026**	206,912	162,198
Loan capital		**5,985**	4,997	4,828
Total liabilities		**192,011**	211,909	167,026
Net assets		**13,843**	14,227	12,337
Equity				
Contributed equity	17	**8,501**	8,899	7,900
Reserves	18	**424**	991	637
Retained earnings	18	**4,918**	4,336	3,799
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited		**13,843**	14,226	12,336
Non-controlling interests	18	**–**	1	1
Total equity		**13,843**	14,227	12,337

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

(1) Refer to Note 1(ii) *Comparatives* for an explanation of the re-presentation of certain comparative financial information.

Consolidated statement of changes in equity

For the half year ended 30 September 2020

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance as at 1 Apr 2019		7,898	516	2,824	11,238	2	11,240
Profit from continuing and discontinued operations after income tax		–	–	998	998	–	998
Other comprehensive income/(loss), net of tax		–	121	(18)	103	–	103
Total comprehensive income		–	121	980	1,101	–	1,101
Transactions with equity holders:							
Dividends and distributions paid or provided for	18	–	–	(6)	(6)	–	(6)
Non-controlling interests:							
Changes in non-controlling ownership interests		–	–	1	1	(1)	–
Other equity movements:							
Contributions from ultimate parent entity[1] in relation to share-based payments	17	2	–	–	2	–	2
		2	–	(5)	(3)	(1)	(4)
Balance as at 30 Sep 2019		7,900	637	3,799	12,336	1	12,337
Profit from continuing and discontinued operations after income tax		–	–	475	475	–	475
Other comprehensive income, net of tax		–	354	68	422	–	422
Total comprehensive income		–	354	543	897	–	897
Transactions with equity holders:							
Contributions of ordinary equity	17	1,000	–	–	1,000	–	1,000
Dividends and distributions paid or provided for	18	–	–	(6)	(6)	–	(6)
Other equity movements:							
Contributions from ultimate parent entity[1] in relation to share-based payments	17	(1)	–	–	(1)	–	(1)
		999	–	(6)	993	–	993
Balance as at 31 Mar 2020		**8,899**	**991**	**4,336**	**14,226**	**1**	**14,227**
Profit from continuing and discontinued operations after income tax		**–**	**–**	**660**	**660**	**–**	**660**
Other comprehensive loss, net of tax		**–**	**(567)**	**(78)**	**(645)**	**(1)**	**(646)**
Total comprehensive (loss)/income		**–**	**(567)**	**582**	**15**	**(1)**	**14**
Transactions with equity holders:							
Redemption of Macquarie Income Securities		**(400)**	**–**	**–**	**(400)**	**–**	**(400)**
Other equity movements:							
Contributions from ultimate parent entity[1] in relation to share-based payments	17	**2**	**–**	**–**	**2**	**–**	**2**
		(398)	**–**	**–**	**(398)**	**–**	**(398)**
Balance as at 30 Sep 2020		**8,501**	**424**	**4,918**	**13,843**	**–**	**13,843**

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

(1) Macquarie Group Limited.

Consolidated statement of cash flows

For the half year ended 30 September 2020

	Notes	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19[1] $m
Cash flows (utilised in)/generated from operating activities				
Interest income and expense:				
Received		**1,720**	2,196	2,286
Paid		**(773)**	(1,120)	(1,347)
Fees, commissions, other income and charges:				
Received		**549**	570	682
Paid		**(305)**	(312)	(318)
Operating lease income received		**507**	679	517
Dividends and distributions received		**3**	3	1
Operating expenses paid:				
Employment expenses		**(837)**	(586)	(799)
Other operating expenses		**(1,139)**	(1,483)	(1,061)
Income tax paid		**(93)**	(98)	(180)
Changes in operating assets:				
Trading assets, derivatives, cash collateral and repurchase transactions, margin money and settlement balances (net of related liabilities) and trading income		**(7,912)**	8,930	(5,185)
Loan assets and balances with related body corporate entities		**(2,171)**	(6,932)	(6,870)
Other assets		**(414)**	(420)	(34)
Assets under operating lease		**(84)**	(167)	(349)
Changes in operating liabilities:				
Deposits		**10,165**	8,116	2,800
Debt issued		**(3,055)**	3,836	4,737
Borrowings		**(479)**	581	935
Other liabilities		**(34)**	50	(62)
Life business:				
Life investment linked contract premiums received, disposal of investment assets and unitholder contributions		**62**	252	174
Life investment linked contract payments, acquisition of investment assets and unitholder redemptions		**(60)**	(249)	(173)
Net cash flows (utilised in)/generated from operating activities	19	**(4,350)**	13,846	(4,246)
Cash flows utilised in investing activities				
Net proceeds from/(payments for) financial investments		**17**	(690)	(673)
Associates, subsidiaries and businesses:				
Proceeds from/(payments for) the disposal or capital return, net of cash deconsolidated		**4**	(29)	302
Payments for the acquisition of or additional capital contribution, net of cash acquired		**(10)**	(21)	(8)
Payment for the acquisition of property, plant and equipment and intangible assets		**(65)**	(59)	(12)
Net cash flows utilised in investing activities		**(54)**	(799)	(391)
Cash flows generated from/(utilised in) financing activities				
Loan Capital:				
Issuance	19	**2,474**	–	–
Redemption		**(740)**	(429)	–
Issuance of ordinary shares to entity		**–**	1,000	–
Redemption of Macquarie Income Securities		**(400)**	–	–
Distributions paid		**(3)**	(6)	(7)
Payment to non-controlling interests		**–**	(1)	–
Net cash flows generated from/(utilised in) financing activities		**1,331**	564	(7)
Net (decrease)/increase in cash and cash equivalents		**(3,073)**	13,611	(4,644)
Cash and cash equivalents at the beginning of the period		**27,290**	12,463	16,744
Effect of exchange rate movements on cash and cash equivalents		**(2,158)**	1,216	363
Cash and cash equivalents at the end of the period	19	**22,059**	27,290	12,463

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

(1) Refer to Note 19 *Notes to the consolidated statement of cash flows* for an explanation of the re-presentation of certain comparative financial information.

Note 1
Summary of significant accounting policies

(i) Basis of preparation

This general purpose interim set of financial statements for the half year ended 30 September 2020 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Accounting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

This interim set of financial statements comprises the consolidated financial report of Macquarie Bank Limited (MBL or the Company) and the entities it controlled at the end of, or during the period (the Consolidated Entity).

This interim set of financial statements does not include all the disclosures of the type that are normally included in the Consolidated Entity's annual financial report. Accordingly, this report is to be read in conjunction with the Consolidated Entity's annual financial report for the year ended 31 March 2020 and any public announcements made by the Consolidated Entity during the half year ended 30 September 2020 in accordance with the continuous disclosure requirements.

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

The accounting policies adopted in the preparation of the interim set of financial statements are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2020.

Critical accounting estimates and significant judgements

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

Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the interim set of financial statements are consistent with those that were applied and disclosed in the annual financial report for the year ended 31 March 2020.

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 the financial report are reasonable. Actual results in the future may differ from those reported and it is therefore reasonably possible, on the basis of existing knowledge, that outcomes within the next financial period that are different from the Consolidated Entity's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

Coronavirus (COVID-19) impact

Background

The Novel Coronavirus (COVID-19) continues to have an impact on global economies and financial markets. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments, and regulators.

The Consolidated Entity's understanding of the impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities at the reporting date. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Impact of COVID-19 on the macroeconomic outlook

The Consolidated Entity's outlook towards macroeconomic scenarios at the end of the reporting period remained broadly consistent with the scenarios applied as at 31 March 2020. Individual macroeconomic factors within those scenarios have however been adjusted for published data and applicable reputable guidance, where applicable.

Forward-looking information (FLI), including a detailed explanation of the scenarios and related probabilities considered in determining the Consolidated Entity's forward-looking assumptions for the purposes of its expected credit loss (ECL), has been provided in Note 11 *Expected credit losses*.

Processes applied

Consistent with the approach applied in the preparation of the annual financial statements for the year ended 31 March 2020, management:

– re-evaluated whether there were any additional areas of judgement or estimation uncertainty
– reviewed external market communications to identify COVID-19 related impacts
– reviewed public forecasts and experience from previous downturns
– updated its economic outlook, principally for the purposes of inputs into its ECL models through the application of FLI and as an input into the impairment analysis of non-financial assets
– assessed the impact of market inputs and variables impacted by COVID-19 on the carrying values of its assets and liabilities
– ran stress testing scenarios, which are an integral component of Consolidated Entity's risk management framework and a key input to the capital adequacy assessment process, to assess the potential impacts of COVID-19 on its portfolios to assist in its prudent risk management
– considered the impact of COVID-19 on the Consolidated Entity's financial statements disclosures.

Note 1
Summary of significant accounting policies continued

(i) Basis of preparation continued

Consideration of the impact on the financial statements and related disclosures

Key areas that have been impacted by COVID-19 and that were consistent with those presented in Note 1(i) *Basis of preparation* in the annual financial statements for the year ended 31 March 2020 were as follows:

Trading assets and liabilities

Refer to Note 6, Note 13 and Note 22.

The impact of changes in valuation inputs has been considered in terms of the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis.

Financial investments

Refer to Note 8.

The determination of the investments' carrying value for unlisted equity investments included a consideration of the impact of COVID-19.

Derivative assets and liabilities

Refer to Note 21.

The Consolidated Entity reviewed the appropriateness of the adjustments used in determining the fair value and the classification within the fair value hierarchy.

Held for sale assets and liabilities

Refer to Note 9 and Note 15.

The appropriateness of the held for sale classification at the reporting date was reassessed and affirmed.

Loan and other assets

Refer to Note 10 and Note 11.

Consistent with the approach at 31 March 2020, the Consolidated Entity monitored its stage II and stage III exposures through its CreditWatch forum which included a consideration of the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of support measures.

The ECL methodology, significant increase in credit risk (SICR) thresholds, and definition of default remained consistent with prior periods. The model inputs, including FLI, scenarios and associated weightings, together with the determination of the staging of exposures were adjusted as appropriate based on latest available information. The continued uncertainty in the economic outlook has resulted in an increased use of post model adjustments (overlays). These overlays to the modelled ECL results reflect the application of judgement.

In March 2020, the Consolidated Entity announced a comprehensive package of support measures to help Macquarie business and personal banking clients affected by COVID-19. In terms of accounting standards, the support measures were modifications of the original terms of the contract and typically accounted for as non-substantial modifications.

Debt issued, loan capital, borrowings and repurchase arrangements

Refer to Note 16 and Note 19(iii).

During the current reporting period, the Consolidated Entity issued new debt arrangements and there were no modifications to existing debt facilities. An assessment of the Consolidated Entity's debt-related covenants concluded that there were no breaches.

During the current reporting period, the Consolidated Entity drew down $1.7 billion from the Reserve Bank of Australia (RBA) under the Term Funding Facility (TFF). The objective of the TFF is to reduce funding costs of Australian Deposit-taking Institutions (ADIs) and thus assist in reducing interest rates for borrowers, as well as encourage ADIs to support businesses during this period by expanding their lending. The draw down is in the nature of repurchase agreements, is collateralised with issued loan notes in the Consolidated Entity's home loans' structured entity and has a term of three years. For drawdowns under the initial allowance, which closed on 30 September 2020, the TFF attracts an interest rate of 0.25% per annum and for new drawdowns, effective 4 November 2020, is 0.1% per annum.

Hedge accounting

Based on available facts at the reporting date, including announcements from governments and regulators, as well as discussions with our clients, the future cash flows were determined to remain highly probable and hence hedge accounting remains appropriate in accordance with relevant accounting standards.

Note 1
Summary of significant accounting policies continued

(i) Basis of preparation continued

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which deductible temporary differences can be utilised. A review of deferred tax asset balances has been performed at 30 September 2020 to determine the recoverability of the balances, which included consideration of the COVID-19 environment, asset impairments and timeframe in which those temporary differences can be recovered.

Off balance sheet exposures

Refer to Note 20.

The Consolidated Entity incorporated an assessment of COVID-19 in determining the completeness of its contingent liabilities and commitments.

(a) New Australian Accounting Standards and amendments to Australian Accounting Standards that are effective in the current period

Revised AASB *Conceptual Framework* for Financial Reporting

The revised Australian Accounting Standards Board *Conceptual Framework* (AASB Framework) was effective for the Consolidated Entity's annual financial reporting period beginning on 1 April 2020.

The AASB Framework provides the AASB with a base of consistent concepts upon which future accounting standards will be developed. The AASB Framework will also assist financial report preparers to develop consistent accounting policies when there is no specific or similar standard that addresses an issue.

The AASB Framework includes amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts. The application of the AASB Framework did not have a material impact on the Consolidated Entity's financial statements.

Other amendments made to existing standards

Other amendments that were mandatorily effective for the annual reporting period beginning on 1 April 2020 did not result in a material impact on the Consolidated Entity's financial statements.

(b) New Australian Accounting Standards and amendments to Australian Accounting Standards that are not yet effective for the current period

(i) AASB 17 *Insurance Contracts*

AASB 17 *Insurance Contracts* amends the accounting for insurance contracts and will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts.* The standard is mandatorily effective for the Consolidated Entity's annual reporting period beginning on 1 April 2023. The Consolidated Entity is assessing the impact of the revised standard.

(ii) AASB 2019-3 *Interest Rate Benchmark Reform*

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

IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate), 'EURIBOR' (the Euro Inter-bank Offered Rate) and 'BBSW' (the Australian Bank Bill Swap Rate). Historically, each IBOR has been calculated and published daily based on submissions by a panel of banks. Over time, changes in inter-bank funding markets have meant that IBOR panel bank submissions have become less based on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

Some jurisdictions will adopt a multiple rate approach and develop new ARRs alongside IBORs reformed to reference observable transactions. Australia is such an example where the existing IBOR benchmark BBSW has undergone reform and will continue for the foreseeable future with the nominated ARR for AUD which is AONIA. In the case of LIBOR, a multiple rate approach is not possible due to the lack of observable transactions to support robust LIBOR reference rates. A transition away from LIBOR by the end of 2021 is therefore necessary.

Industry working groups are currently working with authorities and consulting with market participants to develop market practices that may be used to transition existing LIBOR-linked contracts for derivatives, loans, bonds and other financial instruments that mature beyond the end of 2021 to ARRs. Amongst the issues to be considered are key differences between LIBOR and ARRs. LIBOR are term rates which are quoted for forward-looking periods (for example, one-, three-, six- or twelve-month periods) at the beginning of that period and includes a credit spread for bank credit risk. ARRs on the other hand are overnight rates with little or no credit risk. To facilitate the transition of contracts from LIBOR to ARRs on an economically equivalent basis, adjustments for term and credit differences will need to be applied.

As a diversified financial services group with a variety of global products and services, IBOR reforms, including the transition from LIBOR to ARRs, are important changes for the Consolidated Entity.

Note 1
Summary of significant accounting policies continued

(i) Basis of preparation continued

The Consolidated Entity's IBOR project

During 2018, the Consolidated Entity initiated a project, which is sponsored by its Chief Financial Officer (CFO), to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARRs. A group-wide steering committee was established with its key responsibility being the governance of the project. This committee includes senior executives from the Consolidated Entity's Operating Groups, Financial Management Group (FMG), Risk Management Group (RMG), Corporate Operations Group (COG) and Legal and Governance.

In addition to the project's scoping and assessments outlined in the Consolidated Entity's annual financial report for the year ended 31 March 2020, the project has progressed from the planning phase to implementing plans across businesses in readiness for new ARR products and to manage the transition of existing contracts that reference LIBOR and mature beyond the end of 2021. Industry working groups and authorities have also outlined a range of recommendations and milestones that the industry and the Consolidated Entity are working towards. Whilst the COVID-19 pandemic has led to some delays across the industry and the project, the target completion date of end-2021 remains unchanged.

During the current half year, further measures have been implemented to ensure the key risks of IBOR transition are being appropriately managed. These measures include changes to transaction approval processes, staff training, client communications, system upgrades and the implementation of an IBOR conduct risk management framework.

Impacts on financial reporting

AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*, issued in October 2019, amended AASB 7 *Financial Instruments: Disclosures* (AASB 7) and AASB 9 *Financial Instruments* (AASB 9), to provide certain relief from applying specific accounting requirements to hedge accounting relationships directly affected by IBOR reform. The relief enables the continuation of hedge accounting for impacted hedge relationships during the period of uncertainty prior to IBOR transition. The Consolidated Entity early adopted these amendments for the year ended 31 March 2020.

In August 2020, AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2*, amended standards including AASB 7, AASB 9 and AASB 16 *Leases* (AASB 16) to address accounting issues arising following the transition to ARR. The amendments provide certain relief from applying specific requirements related to hedge accounting and the modification of financial assets and financial liabilities if certain criteria are met.

Where modifications to a contract, or changes in the basis for determining the contractual cash flows under a contract, are necessitated as a result of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the relief allows an entity to reset the yield applied to such an exposure on a prospective basis. Thus, at the time of modification, where the relief applies, there is no impact to the income statement. The relief requires continuation of hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform.

The amendments, which are mandatorily effective for annual reporting periods beginning on or after 1 January 2021, also require additional quantitative and qualitative disclosures. The Consolidated Entity is considering whether it will early adopt the amendments for its annual financial statements for the year ending 31 March 2021.

Other amendments made to existing standards

Other amendments made to existing standards that are not mandatorily effective for the annual reporting period beginning on 1 April 2020 and have not been early adopted, are not likely to result in a material impact on the Consolidated Entity's financial statements in the period of initial application.

(ii) Comparatives

As explained in the Note 1(i) *Basis of preparation* for the Consolidated Entity's annual financial report for the year ended 31 March 2020, the Consolidated Entity revised its accounting policy as it relates to client monies and cash and cash equivalents. As a result of the retrospective application of the revised accounting policy, the Consolidated Entity's statement of financial position at 30 September 2019 has been re-presented to remove client-related margin money deposited with clearing houses as well as excess cash received from certain clients. These amendments had no impact on reserves. As at 30 September 2019, this resulted in an (decrease)/ increase to:

- margin money and settlement assets of ($5,163 million)
- cash and bank balances of ($1,222 million)
- due from related body corporate entities of $43 million
- margin money and settlement liabilities of ($6,313 million)
- due to related body corporate entities of ($29 million).

The amendment to these balances impacted the Consolidated Entity's presentation of cash and cash equivalents for the purposes of the statement of cash flows. In addition to re-presenting for this change, and in order to more closely align with the Consolidated Entity's cash and liquid assets portfolio, the Consolidated Entity extended its review of the balances included in the determination of cash and cash equivalents. The impact on the Consolidated Entity's cash and cash equivalents and statement of cash flows for the period ended 30 September 2019 is explained in Note 19 *Notes to the consolidated statement of cash flows*.

Separately, the Consolidated Entity reclassified several other balances within the statement of financial position's 30 September 2019 comparative financial information in order to better reflect the nature of the underlying asset or liability.

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

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Note 2			
Operating profit from continuing operations before income tax			
Net interest income			
Interest and similar income			
Effective interest rate method[1]	**1,559**	1,867	1,910
Other	**144**	328	358
Interest and similar expense[2]	**(698)**	(1,136)	(1,287)
Net interest income	**1,005**	1,059	981
Fee and commission income			
Brokerage and other trading-related fee income	**227**	264	237
Portfolio administration fees	**107**	112	121
Lending fees	**62**	70	79
Other fee and commission income	**120**	145	157
Total fee and commission income	**516**	591	594
Net trading income[3]			
Commodities[4]	**953**	799	1,058
Credit, interest rate, foreign exchange and other products	**228**	201	147
Equities	**193**	181	229
Net trading income	**1,374**	1,181	1,434
Net operating lease income			
Rental income	**483**	583	614
Depreciation and other operating lease-related charges	**(277)**	(372)	(454)
Net operating lease income	**206**	211	160
Share of net profits of associates and joint ventures	**12**	21	6

(1) Includes interest income calculated using the effective interest rate method of $1,519 million (half year to 31 March 2020: $1,799 million; half year to 30 September 2019: $1,875 million) on financial assets that are measured at amortised cost and $40 million (half year to 31 March 2020: $68 million; half year to 30 September 2019: $35 million) on financial assets measured at FVOCI.
(2) Includes interest expense calculated using the effective interest rate method of $671 million (half year to 31 March 2020: $1,056 million; half year to 30 September 2019: $1,193 million) on financial liabilities measured at amortised cost.
(3) Includes fair value movements on trading assets and liabilities, ineffective portion of designated hedge relationships and fair value changes on derivatives used to economically hedge the Consolidated Entity's interest rate and foreign currency risk.
(4) Includes $228 million (half year to 31 March 2020: $259 million; half year to 30 September 2019: $233 million) of transportation, storage and certain other trading related costs.

Note 2
Operating profit from continuing operations before income tax continued

Credit and other impairment (charges)/reversal

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Credit impairment (charges)/reversal			
Loan assets	**(193)**	(231)	(94)
Margin money and settlement assets	**(24)**	(66)	–
Financial investments, other assets, undrawn credit commitments and financial guarantees	**(26)**	(71)	(1)
Gross credit impairment charges	**(243)**	(368)	(95)
Recovery of loans previously written off	**2**	(2)	14
Net credit impairment charges	**(241)**	(370)	(81)
Other impairment charges			
Interests in associates and joint ventures	**(10)**	(7)	–
Intangible and other non-financial assets	**(11)**	(10)	(4)
Total other impairment charges	**(21)**	(17)	(4)
Total credit and other impairment charges	**(262)**	(387)	(85)
Other operating income and charges			
Investment income			
Net gain/(loss) on:			
Equity and debt investments	**52**	(2)	11
Interests in associates and joint ventures	**–**	9	9
Net (loss)/gain on disposal of businesses and subsidiaries held for sale[1]	**–**	(1)	242
Total investment income	**52**	6	262
Other income and charges	**40**	60	78
Total other operating income and charges	**92**	66	340
Net operating income	**2,943**	2,742	3,430

(1) Half year to 30 September 2019 included $241 million of gain on the sale of Macquarie Specialised Investment Solutions fiduciary businesses to Macquarie Asset Management Holdings Pty Limited, a wholly owned subsidiary of MGL and a related party of MBL.

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Note 2			
Operating profit from continuing operations before income tax continued			
Employment expenses			
Salary and related costs including commissions, superannuation and performance-related profit share	**(551)**	(532)	(622)
Share-based payments	**(73)**	(81)	(111)
(Provision for)/reversal of long service and annual leave	**(19)**	1	(2)
Total employment expenses	**(643)**	(612)	(735)
Brokerage, commission and trading-related fee expenses			
Brokerage and other trading-related fee expenses	**(253)**	(257)	(273)
Other fee and commission expenses	**(43)**	(32)	(34)
Total brokerage, commission and trading-related fee expenses	**(296)**	(289)	(307)
Occupancy expenses			
Lease and other occupancy expenses	**(55)**	(50)	(50)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements	**(2)**	(2)	(2)
Total occupancy expenses	**(57)**	(52)	(52)
Non-salary technology expenses			
Information services	**(41)**	(39)	(44)
Depreciation on own use assets: equipment	**(3)**	(2)	(2)
Service provider and other non-salary technology expenses	**(44)**	(44)	(39)
Total non-salary technology expenses	**(88)**	(85)	(85)
Other operating expenses			
Service cost recoveries by related entities	**(825)**	(885)	(758)
Professional fees	**(67)**	(76)	(69)
Indirect and other taxes	**(44)**	(67)	(11)
Auditor's remuneration	**(15)**	(12)	(10)
Amortisation of intangible assets	**(11)**	(11)	(9)
Advertising and promotional expenses	**(10)**	(9)	(10)
Communication expenses	**(6)**	(6)	(5)
Travel and entertainment expenses	**(2)**	(19)	(22)
Other expenses	**(39)**	(46)	(35)
Total other operating expenses	**(1,019)**	(1,131)	(929)
Total operating expenses	**(2,103)**	(2,169)	(2,108)
Operating profit from continuing operations before income tax	**840**	573	1,322

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 two Operating Groups and a Corporate segment (Reportable segments).

During the current period, certain activities of CGM's Cash Equities business which operated within the Bank Group were transferred to Macquarie Capital in the Non-Bank Group. Comparatives have been reclassified to reflect this reorganisation.

The financial information disclosed relates to the Consolidated Entity's continuing operations.

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

- **BFS** provides a diverse range of personal banking, wealth management, business banking and vehicle finance(1) products and services to retail clients, advisers, brokers and business clients
- **CGM** provides an integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology, media and telecoms, as well as providing clients with risk and capital solutions across physical and financial markets. CGM also delivers a range of tailored specialised asset finance solutions across a variety of industries and asset classes.

The Corporate segment, which is not considered an Operating Group, comprises head office and central service groups, including Group Treasury. As applicable, the Corporate segment holds certain legacy and strategic investments, assets and businesses that are not allocated to any of the Operating Groups. Consequent to a group internal restructuring, any balances pertaining to an operating segment that are not individually material are also reported as part of the Corporate segment.

Items of income and expense within the Corporate segment include the net result of managing Macquarie Bank's liquidity and funding requirements, earnings on capital and the residual accounting volatility relating to economically hedged positions where hedge accounting is applied, as well as accounting volatility for other economically hedged positions where hedge accounting is not applicable. Central overlays for ECL and impairments representing adjustments to modelled results which are not allocated to specific Operating Groups are presented as part of the Corporate segment. Other items of income and expenses include earnings from investments, unallocated head office costs and costs of central service groups, the Consolidated Entity's performance-related profit share and share-based payments expense, income tax expense and certain distributions attributable to certain non-controlling interests.

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

Internal funding arrangements

Group Treasury has the responsibility for managing funding for the Consolidated Entity, and Operating Groups obtain their funding from Group Treasury. The interest rates charged by Group Treasury are determined by the currency and term of the funding. Break costs may be charged to Operating Groups for the early repayment of term funding.

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

Deposits are a funding source for the Banking Group. BFS receives a deposit premium from Group Treasury on deposits that it generates. This deposit premium is included within Net interest and trading income for segment reporting purposes.

Transactions between Operating Segments

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

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

Accounting for derivatives that 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 fair value are presented in net trading income and gives rise to income statement volatility unless designated in a hedge accounting relationship, in which case the carrying value of the hedged item is adjusted for changes in fair value attributable to the hedged risk to reduce volatility in the income statement. If designated in a cash flow hedge accounting relationship, the effective portion of the derivative's fair value gains or losses is 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 item affects the income statement for the hedged risk. 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.

(1) Includes general plant and equipment.

Note 3
Segment reporting continued

(i) Operating Segments continued

Central service groups

The central service groups provide a range of functions supporting MBL'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 reporting, 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 and Central Executive.

Performance-related profit share and share-based payments

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

Income tax expense and benefits are 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, are offset by an equal and opposite amount recognised in the Corporate segment such that they are eliminated on consolidation.

Reportable segment assets

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

Note 3
Segment reporting continued

(i) Operating Segments continued

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

	Banking and Financial Services $m	Commodities and Global Markets $m	Corporate[1] $m	Total $m
				HALF YEAR TO 30 SEP 20
Net interest and trading income/(expense)	**844**	**1,546**	**(11)**	**2,379**
Fee and commission income	**201**	**225**	**90**	**516**
Net operating lease income	**–**	**198**	**8**	**206**
Share of net (losses)/profits of associates and joint ventures	**(1)**	**13**	**–**	**12**
Credit and other impairment charges	**(78)**	**(173)**	**(11)**	**(262)**
Other operating income and charges	**16**	**57**	**19**	**92**
Internal management revenue/(charge)	**1**	**1**	**(2)**	**–**
Net operating income	**983**	**1,867**	**93**	**2,943**
Total operating expenses	**(668)**	**(943)**	**(492)**	**(2,103)**
Operating profit/(loss) before income tax	**315**	**924**	**(399)**	**840**
Income tax expense	**–**	**–**	**(180)**	**(180)**
Net profit/(loss) attributable to the ordinary equity holder from continuing operations	**315**	**924**	**(579)**	**660**
Reportable segment assets	**80,041**	**103,079**	**22,734**	**205,854**
				HALF YEAR TO 31 MAR 20
Net interest and trading income	890	1,316	34	2,240
Fee and commission income	217	257	117	591
Net operating lease income	–	203	8	211
Share of net profits/(losses) of associates and joint ventures	6	16	(1)	21
Credit and other impairment charges	(108)	(207)	(72)	(387)
Other operating income and charges	9	34	23	66
Internal management revenue/(charge)	–	22	(22)	–
Net operating income	1,014	1,641	87	2,742
Total operating expenses	(631)	(961)	(577)	(2,169)
Operating profit/(loss) before income tax	383	680	(490)	573
Income tax expense	–	–	(262)	(262)
Operating profit/(loss) after income tax	383	680	(752)	311
Distributions paid or provided for on Macquarie Income Securities (MIS)	–	–	(6)	(6)
Net profit/(loss) attributable to the ordinary equity holder from continuing operations	383	680	(758)	305
Reportable segment assets	76,776	126,224	23,136	226,136

(1) The corporate segment in the current and prior comparative periods includes certain balances relating to the Cash Equities business – primarily being margin money and settlements assets amounting to $3,871 million (March 2020: $5,150 million and September 2019: $3,134 million). Following the transfer of the business from the CGM segment to the Macquarie Capital segment in the Non-Bank Group during the period, certain balances will remain on the Consolidated Entity's balance sheet for an interim transition period.

Note 3
Segment reporting continued

(i) Operating Segments continued

	Banking and Financial Services $m	Commodities and Global Markets $m	Corporate[(1)] $m	Total $m
				HALF YEAR TO 30 SEP 19
Net interest and trading income/(expense)	838	1,617	(40)	2,415
Fee and commission income	224	254	116	594
Net operating lease income	–	157	3	160
Share of net (losses)/profits of associates and joint ventures	(3)	9	–	6
Credit and other impairment charges	(41)	(31)	(13)	(85)
Other operating income and charges	–	41	299	340
Internal management revenue/(charge)	2	2	(4)	–
Net operating income	1,020	2,049	361	3,430
Total operating expenses	(636)	(909)	(563)	(2,108)
Operating profit/(loss) before income tax	384	1,140	(202)	1,322
Income tax expense	–	–	(324)	(324)
Operating profit/(loss) after income tax	384	1,140	(526)	998
Distributions paid or provided for on MIS	–	–	(6)	(6)
Net profit/(loss) attributable to the ordinary equity holder from continuing operations	384	1,140	(532)	992
Reportable segment assets	68,869	97,523	12,971	179,363

(1) The corporate segment in the current and prior comparative periods includes certain balances relating to the Cash Equities business – primarily being margin money and settlements assets amounting to $3,781 million (March 2020: $5,150 million and September 2019: $3,134 million). Following the transfer of the business from the CGM segment to the Macquarie Capital segment in the Non-Bank Group during the period, certain balances will remain on the Consolidated Entity's balance sheet for an interim transition period.

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:

	Banking and Financial Services $m	Commodities and Global Markets $m	Corporate $m	Total $m
Fee and commission income/(expense)				**HALF YEAR TO 30 SEP 20**
Brokerage and other trading-related fee income	**24**	**108**	**95**	**227**
Portfolio administration fees	**105**	**2**	**–**	**107**
Lending fees	**56**	**6**	**–**	**62**
Other fee and commission income/(expense)	**16**	**109**	**(5)**	**120**
Total	**201**	**225**	**90**	**516**
Fee and commission income				HALF YEAR TO 31 MAR 20
Brokerage and other trading-related fee income	24	135	105	264
Portfolio administration fees	109	2	1	112
Lending fees	65	5	–	70
Other fee and commission income	19	115	11	145
Total	217	257	117	591
Fee and commission income				HALF YEAR TO 30 SEP 19
Brokerage and other trading-related fee income	25	109	103	237
Portfolio administration fees	110	3	8	121
Lending fees	65	14	–	79
Other fee and commission income	24	128	5	157
Total	224	254	116	594

Note 3
Segment reporting continued

(iii) Products and services

Segment reporting based on products and services is based on the following activities of the Consolidated Entity:
- **Financial markets:** trading in fixed income, equities, foreign exchange and commodities and broking services,
- **Lending:** corporate and structured finance, banking activities, home loans, asset financing and leasing, and
- **Asset and wealth management:** distribution and management of wealth management products.

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Revenue from external customers			
Financial markets	**2,216**	2,430	2,730
Lending	**2,049**	2,324	2,366
Asset and wealth management	**151**	153	402
Total revenue from external customers[(1)]	**4,416**	4,907	5,498

(iv) Geographical areas

Geographical segments have been determined based on tax location of the entity where the transactions have been recorded. The operations of the Consolidated Entity are headquartered in Australia.

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Revenue from external customers			
Australia	**2,183**	2,564	2,925
Americas[(2)]	**916**	915	1,212
Europe, Middle East and Africa[(3)]	**864**	1,093	973
Asia Pacific	**453**	335	388
Total	**4,416**	4,907	5,498

(v) Major customers

The Consolidated Entity does not rely on any major customer.

(1) Revenue from external customers includes fee and commission income relating to contracts with customers, interest and similar income, net trading income, operating lease income, investment income and other income.
(2) Includes external revenue generated in the United States of America of $855 million (half year to 31 March 2020: $833 million; half year to 30 September 2019: $1,101 million).
(3) Includes external revenue generated in the United Kingdom of $836 million (half year to 31 March 2020: $1,057 million; half year to 30 September 2019: $957 million).

Note 4
Income tax expense

(i) Reconciliation of income tax expense to *prima facie* tax expense

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Prima facie income tax expense on operating profit[1]	**(252)**	(202)	(397)
Tax effect of amounts which are non-assessable/(non-deductible) in calculating taxable income:			
Rate differential on offshore income	**75**	(68)	87
Gain on sale of discontinued operations	**–**	93	–
Other items	**(3)**	(23)	(14)
Total income tax expense	**(180)**	(200)	(324)
Income tax expense is attributable to:			
Profit from continuing operations	**(180)**	(262)	(324)
Profit from discontinued operations	**–**	62	–

(ii) Tax benefit/(expense) relating to OCI items

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
FVOCI reserve	**(16)**	5	(2)
Own credit risk	**33**	(29)	8
Cash flow hedges and cost of hedging	**–**	(5)	(2)
Total tax benefit/(expense) relating to OCI items	**17**	(29)	4

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 advice where appropriate, and considers that it holds appropriate provisions.

(1) *Prima facie* income tax expense on operating profit is calculated at the Australian statutory corporate tax rate of 30% (half year to 31 March 2020: 30%; half year to 30 September 2019: 30%). *Prima facie* income tax expense from continuing operations for the half year to 31 March 2020 was $171 million.

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m

Note 5
Dividends

Dividend to Ordinary equity holder

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

No dividends were paid during the current period. On 29 October 2020 the directors resolved to pay a dividend of $500 million on 2 November 2020 from retained profits.

(ii) Distributions on MIS[1]

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Distributions paid (net of distributions previously provided for)	–	3	4
Distributions provided for	–	3	2
Total distributions paid or provided for (Note 18)	–	6	6

(1) The MIS are stapled arrangements, which include perpetual preference shares. Refer to Note 17 *Contributed equity* for further details on these instruments.

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Note 6			
Trading assets			
Equities			
Listed	**5,256**	4,405	8,715
Unlisted	**–**	–	1
Debt securities			
Commonwealth and foreign government securities	**4,995**	6,763	7,580
Corporate loans and securities	**317**	281	602
Treasury notes	**21**	318	100
Other debt securities	**1**	1	1
Commodity contracts	**1,745**	943	2,648
Commodities	**6,183**	3,540	2,334
Total trading assets	**18,518**	16,251	21,981

Note 7
Margin money and settlement assets

Security settlements	**3,453**	3,207	3,970
Margin money	**4,191**	6,842	3,321
Commodity settlements	**1,518**	2,134	2,644
Total margin money and settlement assets	**9,162**	12,183	9,935

Note 8
Financial investments

Equities			
Listed	**66**	39	62
Unlisted	**126**	115	102
Debt securities			
Bonds and Negotiable Certificate of Deposits (NCDs)	**7,252**	7,163	5,892
Corporate loans and securities	**33**	39	39
Money market securities	**–**	55	176
Other debt securities	**98**	73	89
Total financial investments	**7,575**	7,484	6,360

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m

Note 9
Held for sale and other assets

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Held for sale assets			
Assets of disposal groups and interests in associates and joint ventures classified as held for sale	**454**	–	–
Other assets			
Debtors and prepayments[1]	**858**	1,077	1,093
Commodity-related receivables	**2,132**	1,525	2,024
Income tax receivable	**237**	330	228
Life investment linked contracts and other unitholder assets[2]	**11**	308	376
Other	**20**	27	42
Total held for sale and other assets	**3,712**	3,267	3,763

Note 10
Loan assets

	AS AT 30 SEP 20			AS AT 31 MAR 20			AS AT 30 SEP 19		
	Gross $m	ECL allowance[3] $m	Net $m	Gross $m	ECL allowance[3] $m	Net $m	Gross $m	ECL allowance[3] $m	Net $m
Home loans[4]	**61,673**	**(76)**	**61,597**	56,106	(62)	56,044	47,337	(53)	47,284
Asset financing[4]	**14,205**	**(328)**	**13,877**	16,453	(294)	16,159	17,436	(235)	17,201
Corporate, commercial and other lending	**10,804**	**(415)**	**10,389**	13,288	(331)	12,957	11,922	(237)	11,685
Investment lending	**1,875**	**(1)**	**1,874**	2,560	(1)	2,559	2,303	(1)	2,302
Total loan assets	**88,557**	**(820)**	**87,737**	88,407	(688)	87,719	78,998	(526)	78,472

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, which are monitored through its credit policies, at the reporting date, remains broadly consistent with that as disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2020.

The table above reflects continued growth in the home loans' segment driven by strong demand with a comparatively low ECL due to the underlying collateral, lower loan-to-value ratio and credit enhancements. The carrying value of the exposure in the corporate, commercial and other lending segments reduced over the period as a result of repayments and the impact of the stronger Australian dollar. Repayments, lower drawdowns and the impact of the stronger Australian dollar contributed to the reduction in the asset financing portfolio carrying balance over the period.

Following the impact of COVID-19, the Consolidated Entity continued to work with and support its clients and customers. The provision of six month payment pause for Australian retail customers seeking support represented the largest initiative within the loan assets' category. The majority of the customers have since been contacted and the Consolidated Entity continues to see a growing number of customers resuming payments on their facilities. At 30 September 2020, loans assets with a gross carrying value of $4,511 million continued to be subject to COVID-19 related payment deferrals after peaking at $10,088 million during the period, which has continued to reduce post the reporting date as our customers have either resumed payments or have entered into alternate arrangements. Where the Consolidated Entity's customers utilising payment pauses have expressed negative sentiments on their ability to resume payments or have been uncontactable during the period, the loan assets have been recorded as stage II with the ECL allowance at 30 September 2020 reflecting this.

(1) Includes $159 million (31 March 2020: $182 million, 30 September 2019: $121 million) of fee and commission receivables.
(2) Certain assets were transferred to an investment platform which is managed by the Consolidated Entity as an asset manager.
(3) The ECL allowance carried against loan assets measured at FVOCI is not represented in the table as the allowance is included in reserves.
(4) Includes $14,810 million (31 March 2020: $16,402 million; 30 September 2019: $11,975 million) held by consolidated Structured Entities (SEs), which are available as security to note holders and debt providers.

Note 11
Expected credit losses

Presentation

At the reporting date the Consolidated Entity has presented the ECL allowances in its statement of financial position as follows:

- financial assets measured at amortised cost: Deduction against the gross carrying amount
- debt investments measured at FVOCI: Included in OCI since the asset's carrying value is measured at fair value
- undrawn credit commitments, financial guarantee contracts and letters of credit: Recognised as a provision and included in other liabilities
- purchased or originated credit-impaired financial assets: Recognised as part of the net carrying value of the asset on initial recognition.

Determination of expected credit losses

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

The inclusion of FLI assumptions in the models to calculate the ECL impacts the PD, the determination of whether there has been a SICR as well as the LGD (relevant to the determination of the recovery rate on collateral).

The Consolidated Entity applies its professional judgement in determining whether there are any inherent risks in the models' predictive outcomes. COVID-19 has had economic impacts on the markets in which the Consolidated Entity operated during the period. The continued uncertainty in the economic outlook in a number of these markets has resulted in an increased use of post model adjustments (overlays). These overlays to the modelled ECL results reflect the application of judgement.

For the period ended 30 September 2020, overlays were made to address the risk that defaults may emerge over longer periods than historically assumed, models may be overly sensitive to certain economic variables, and to incorporate client and customer information received by the Consolidated Entity in its dealings with retail customers who had elected to participate in certain payment pause arrangements as a consequence of COVID-19. At the reporting date, these overlays supported approximately $150 million of the ECL provision.

Additional overlays 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 counterparties or industries which are difficult to account for within the modelled outcomes were made. All overlays are reviewed and approved by both FMG and RMG at each reporting date.

Significant increase in credit risk

The Consolidated Entity periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors.

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 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.

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 the realisation of collateral, or the borrower is 90 days or more past due.

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.

Retail and wholesale exposures that are identified as in default can be reclassified from stage III following a pre-defined period over which the exposure demonstrates that it has returned to a performing status and, in the case of wholesale exposures, based on an individual assessment of the exposure.

Note 11
Expected credit losses continued

Forward Looking Information

RMG is responsible for the FLI including the development of scenarios and the range of weights considered for those scenarios. The EADs, PDs and LGDs are determined under each scenario to calculate the ECL for that scenario. The resultant ECL for each scenario is then probability weighted to determine the reported ECL. The scenarios and the assigned probabilities are updated semi-annually or more frequently if a material disruption event was to occur. The scenarios, including the underlying indicators, are developed using a combination of publicly available data, internal forecasts, and third-party information.

The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources. COVID-19 has resulted in significant economic contractions in the markets in which the Consolidated Entity operates. The development of scenarios forecasting the economic outlook for these markets, including the modelling of forecast economic variables, and the assigning of probabilities to these scenarios has required enhanced professional judgement which draws on internal risk and economics' specialist input and comparison to general market outlooks and publicly available market commentary. The scenarios and the associated probabilities are ultimately approved by senior risk and finance executives.

The modelled ECL for each scenario is sensitive to the length of time between a downturn and a recovery, and the period of time to complete recovery steps, as it influences both the probability of default, and the value of collateral that may be utilised. Future economic conditions may differ to the scenarios outlined, the impact of which will be accounted for in future reporting periods.

Note 11
Expected credit losses continued

Scenario	Weighting	Expectation
Baseline A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$950 million(1)	Probable	**Global:** The baseline assumes the economic recovery continues through the second half of 2020 helped by targeted localised health policies replacing broader 'lockdown' containment measures utilised in the early stages of the COVID-19 pandemic. Job retention schemes and other policy measures are expected to ease gradually through the remainder of 2020, leading to increases in official unemployment rates but coinciding with private sector activity returning gradually towards normalised levels. In most developed markets GDP is expected to return to pre-COVID-19 levels by mid-2022. **Australia:** The Australian economy is expected to recover ahead of other economies having experienced a relatively smaller contraction in the first half of 2020. Equity markets are expected to continue to stabilise and return to modest growth but remaining below pre-COVID-19 peaks in 2020. With business activity continuing to be impacted, unemployment rates peak at ~9% in early 2021 with a recovery occurring to broadly pre-COVID-19 levels over the next three years. House prices decline ~4% during 2020, before recovering to pre-COVID-19 levels in mid-2022. The RBA maintains the cash rate at its historic lows until 2023. **United States (US):** The unemployment rate is expected to decline after reaching a high of ~13% in the first half of 2020, but remain above pre-COVID-19 levels, reaching ~6% in early 2023. US GDP contracted by ~10% in the first half of the year and is expected to return to pre-COVID-19 levels by the end of 2022. 10-year government bond yields are expected to recover slightly in late 2020 but remain at historical lows. **Europe:** The GDP is expected to recover to pre-COVID-19 levels by mid-2023, after contracting by ~16%. The unemployment rate is expected to peak at ~9% by the end of 2020 and return to pre-COVID-19 levels of ~7% by 2024. The European Central Bank (ECB) is expected to maintain its policy rate in slightly negative territory.
Downside A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$1,100 million(1)	Possible	**Global:** The downside assumes COVID-19 takes longer to contain leading to movement restrictions being maintained and delaying the expected recovery above the baseline scenario. The economic recovery is restrained during the second half of 2020 as rolling lockdowns, more localised than at national levels, are imposed to address rising infections. Weak growth and the length of mobility restrictions are expected to hamper the effectiveness of fiscal support, having an adverse impact on businesses and employment, with developed market unemployment rates peaking in early 2021. In developed markets activity returns to pre-COVID-19 levels in late 2023. Equity markets fall further in late 2020 as it becomes clear that recovery will be shallower and more prolonged. **Australia:** With business activity impacted more severely, unemployment rates rise to ~9.5% in early 2021 before declining to ~6.5% (~1% above pre-COVID-19 levels) over the next three years. By the end of 2020, Australian GDP is expected to contract by ~7% from pre-COVID-19 levels and continues to be slightly below pre-COVID-19 levels until the middle of 2023. House prices decline ~20% from pre-COVID-19 levels by late 2021. The RBA maintains the cash rate at historic lows throughout the forecast period. **United States:** The unemployment rate remains around ~13% through to early 2021 before gradually declining to ~6.5% (~3% above the pre-COVID-19 levels) by 2024. After US GDP contracted by ~10% from pre-COVID-19 levels, the economy commences a very gradual recovery during the 2H20, only returning to pre-COVID-19 levels by end of 2023. 10-year government bond yields remain below 1% for the forecast period. **Europe:** After the GDP contracts by ~16% from pre-COVID-19 levels the economy has a delayed but gradual recovery, with GDP still ~4% below pre-COVID-19 levels at the end of 2021. The unemployment rate rises to ~10% by the end of 2020 and remains slightly above pre-COVID-19 levels at ~8% through to 2025. The ECB maintains interest rates in negative territory for the forecast period.

(1) This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined. This number reflects neither changes in the credit rating of the counterparty nor changes in post model adjustments that may occur if these scenarios were to occur. Changes in credit rating and post model adjustments may have a material impact on these ECL provisions.

Note 11
Expected credit losses continued

Scenario	Weighting	Expectation
Upside A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$900 million[(1)]	Unlikely	**Global:** The scenario assumes governments are able to ease restrictions quickly and without reversal. Improved treatments that greatly reduce the virus mortality rate allow a return to pre-COVID lifestyles. In this scenario economic activity is able to recover quickly to pre-pandemic levels. The growth trajectory is steeper and maintained, requiring less active stimulus from governments and central banks. Global GDP surpasses pre COVID-19 levels in early 2021 facilitating higher employment and stimulating commodity prices. Equity markets reflect the broader economic recovery, varying internationally but generally reaching new highs in late 2020 or early 2021. In Australia, GDP surpasses pre COVID-19 levels by mid-2021 and continues to grow at 3–4% annually through to 2024. The uptick in economic activity segues with the withdrawal of job retention schemes, preventing a sharp rise in unemployment levels. House prices respond to this improved outlook and steadily increase.

(1) This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined. This number reflects neither changes in the credit rating of the counterparty nor changes in post model adjustments that may occur if these scenarios were to occur. Changes in credit rating and post model adjustments may have a material impact on these ECL provisions.

Note 11
Expected credit losses continued

The table below presents the gross exposure and related ECL allowance for assets measured at amortised cost or FVOCI and off-balance sheet exposures subject to the impairment requirements of AASB 9[1].

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT[1]				ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			
	Amortised cost $m	FVOCI $m	Other[2] $m	Total exposure $m	Amortised cost $m	FVOCI $m	Other $m	Total ECL allowance $m
								AS AT 30 SEP 20
Cash and bank balances	**6,869**	**–**	**–**	**6,869**	**–**	**–**	**–**	**–**
Cash collateral on securities borrowed and reverse repurchase agreements	**11,448**	**17,921**	**–**	**29,369**	**–**	**–**	**–**	**–**
Margin money and settlement assets	**9,128**	**–**	**–**	**9,128**	**55**	**–**	**–**	**55**
Financial investments	**31**	**7,250**	**–**	**7,281**	**–**	**9**	**–**	**9**
Held for sale and other assets	**1,527**	**–**	**–**	**1,527**	**81**	**–**	**–**	**81**
Loan assets	**88,445**	**–**	**–**	**88,445**	**820**	**–**	**–**	**820**
Due from related body corporate entities	**3,928**	**–**	**–**	**3,928**	**2**	**–**	**–**	**2**
Loans to associates and joint ventures	**5**	**–**	**–**	**5**	**4**	**–**	**–**	**4**
Undrawn credit commitments, letters of credit and financial guarantee[3]	**–**	**–**	**4,891**	**4,891**	**–**	**–**	**9**	**9**
Total	**121,381**	**25,171**	**4,891**	**151,443**	**962**	**9**	**9**	**980**
								AS AT 31 MAR 20
Cash and bank balances	7,847	–	–	7,847	–	–	–	–
Cash collateral on securities borrowed and reverse repurchase agreements	6,687	23,064	–	29,751	–	–	–	–
Margin money and settlement assets	11,694	–	–	11,694	66	–	–	66
Financial investments	–	7,256	–	7,256	–	10	–	10
Other assets	1,454	–	–	1,454	73	–	–	73
Loan assets	88,158	–	–	88,158	688	–	–	688
Due from related body corporate entities	4,347	–	–	4,347	1	–	–	1
Loans to associates and joint ventures	5	–	–	5	4	–	–	4
Undrawn credit commitments, letters of credit and financial guarantee[3]	–	–	4,885	4,885	–	–	10	10
Total	120,192	30,320	4,885	155,397	832	10	10	852

(1) The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance. The gross exposure of financial assets measured at FVOCI represents amortised cost before fair value adjustments and ECL allowance.
(2) Other represents undrawn credit commitments, letters of credit and financial guarantees (not measured at FVTPL).
(3) Gross exposure for undrawn credit commitments, letters of credit and financial guarantees (not measured at FVTPL) represents the notional values of these contracts.

Note 11
Expected credit losses continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT[1]				ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			
	Amortised cost $m	FVOCI $m	Other[2] $m	Total exposure $m	Amortised cost $m	FVOCI $m	Other $m	Total ECL allowance $m
								AS AT 30 SEP 19
Cash and bank balances	6,551	–	–	6,551	–	–	–	–
Cash collateral on securities borrowed and reverse repurchase agreements	10,763	8,861	–	19,624	–	–	–	–
Margin money and settlement assets	9,082	–	–	9,082	–	–	–	–
Financial investments	–	5,936	–	5,936	–	–	–	–
Other assets	1,508	–	–	1,508	19	–	–	19
Loan assets	78,740	–	–	78,740	526	–	–	526
Due from related body corporate entities	1,260	–	–	1,260	1	–	–	1
Loans to associates and joint ventures	6	–	–	6	1	–	–	1
Undrawn credit commitments, letters of credit and financial guarantee[3]	–	–	7,734	7,734	–	–	6	6
Total	107,910	14,797	7,734	130,441	547	–	6	553

(1) The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance. The gross exposure of financial assets measured at FVOCI represents amortised cost before fair value adjustments and ECL allowance.
(2) Other represents undrawn credit commitments, letters of credit and financial guarantees (not measured at FVTPL).
(3) Gross exposure for undrawn credit commitments, letters of credit and financial guarantees (not measured at FVTPL) represents the notional values of these contracts.

Note 11
Expected credit losses continued

The table below represents the reconciliation from the opening balance to the closing balance of ECL allowances:

	Margin money and settlement assets $m	Financial investments $m	Other assets $m	Loan assets $m	Due from related body corporate entities $m	Loans to associates and joint ventures $m	Undrawn credit commitments, letters of credit and financial guarantees $m	Total $m
Balance as at 1 Apr 2019	–	–	21	511	1	1	6	540
Impairment charge (Note 2)	–	–	1	94	–	–	–	95
Amounts written off, previously provided for	–	–	–	(74)	–	–	–	(74)
Foreign exchange, reclassifications and other movements	–	–	(3)	(5)	–	–	–	(8)
Balance as at 30 Sep 2019	–	–	19	526	1	1	6	553
Impairment charge (Note 2)	66	10	58	231	–	–	3	368
Amounts written off, previously provided for	–	–	(5)	(76)	–	–	–	(81)
Foreign exchange, reclassifications and other movements	–	–	1	7	–	3	1	12
Balance as at 31 Mar 2020	66	10	73	688	1	4	10	852
Impairment charge/(reversal) (Note 2)	**24**	**4**	**21**	**193**	**2**	**–**	**(1)**	**243**
Amounts written off, previously provided for	**(33)**	**–**	**(3)**	**(27)**	**–**	**–**	**–**	**(63)**
Foreign exchange, reclassifications and other movements	**(2)**	**(5)**	**(10)**	**(34)**	**(1)**	**–**	**–**	**(52)**
Balance as at 30 Sep 2020	**55**	**9**	**81**	**820**	**2**	**4**	**9**	**980**

The $128 million increase in ECL provisions during the half year ended 30 September 2020 was predominantly driven by an impairment charge of $243 million, reflecting portfolio and specific impairments for counterparties who have experienced a deterioration in relative credit quality together with changes in FLI. This impairment charge was partially offset by the write-off of impairment provisions and the appreciation of the Australian dollar during the period.

Note 11
Expected credit losses continued

ECL on loan assets

The table below represents the reconciliation of the ECL allowance on loan assets to which the impairment requirements under AASB 9 are applied.

	LIFETIME ECL			
	Stage I 12-month ECL $m	Stage II Not credit impaired $m	Stage III Credit impaired $m	Total ECL Allowance $m
Balance as at 1 Apr 2019	135	173	203	511
Transfers during the period	17	(11)	(6)	–
Impairment (reversal)/charge (Note 2)	(16)	3	107	94
Amounts written off, previously provided for	–	–	(74)	(74)
Foreign exchange, reclassifications and other movements	1	3	(9)	(5)
Balance as at 30 Sep 2019	137	168	221	526
Transfers during the period	14	(6)	(8)	–
Impairment charge (Note 2)	19	127	85	231
Amounts written off, previously provided for	–	–	(76)	(76)
Foreign exchange, reclassifications and other movements	3	(1)	5	7
Balance as at 31 Mar 2020	173	288	227	688
Transfers during the period	**2**	**(20)**	**18**	**–**
Impairment charge (Note 2)	**86**	**54**	**53**	**193**
Amounts written off, previously provided for	**–**	**–**	**(27)**	**(27)**
Foreign exchange, reclassifications and other movements	**(10)**	**(10)**	**(14)**	**(34)**
Balance as at 30 Sep 2020	**251**	**312**	**257**	**820**

Note 12
Property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment and right-of-use assets

	AS AT 30 SEP 20			AS AT 31 MAR 20			AS AT 30 SEP 19		
	Cost $m	Accumulated depreciation and impairment $m	Carrying value $m	Cost $m	Accumulated depreciation and impairment $m	Carrying value $m	Cost $m	Accumulated depreciation and impairment $m	Carrying value $m
Assets under operating lease	3,753	(1,745)	2,008	4,216	(1,812)	2,404	4,166	(1,657)	2,509
Assets for own use	243	(45)	198	205	(48)	157	167	(44)	123
Right-of-use assets	59	(26)	33	57	(20)	37	45	(9)	36
Total property, plant and equipment and right-of-use assets	4,055	(1,816)	2,239	4,478	(1,880)	2,598	4,378	(1,710)	2,668

Included within property, plant and equipment and right-of-use (ROU) assets is land and buildings for own use, a portfolio of meters and telecommunication assets under operating lease. No material impairment charge was recognised during the current period.

Intangible assets

	AS AT 30 SEP 20			AS AT 31 MAR 20			AS AT 30 SEP 19		
	Cost $m	Accumulated amortisation and impairment $m	Carrying value $m	Cost $m	Accumulated amortisation and impairment $m	Carrying value $m	Cost $m	Accumulated amortisation and impairment $m	Carrying value $m
Goodwill	101	(35)	66	115	(40)	75	104	(34)	70
Other identifiable intangible assets	357	(261)	96	367	(257)	110	348	(239)	109
Total intangible assets	458	(296)	162	482	(297)	185	452	(273)	179

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Note 13			
Trading liabilities			
Equities			
Listed	**5,971**	5,358	5,810
Debt securities			
Foreign government securities	**–**	–	677
Corporate loans and securities	**–**	2	8
Commodities	**–**	3	19
Total trading liabilities	**5,971**	5,363	6,514

Note 14
Margin money and settlement liabilities

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Margin money	**13,225**	13,871	9,303
Security settlements	**2,395**	3,200	3,598
Commodity settlements	**1,126**	1,981	2,244
Total margin money and settlement liabilities	**16,746**	19,052	15,145

Note 15
Held for sale and other liabilities

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Held for sale liabilities			
Liabilities of disposal groups classified as held for sale	**39**	–	–
Other liabilities			
Accrued charges, employment-related liabilities and provisions(1)	**944**	1,188	982
Creditors	**628**	812	823
Income tax payable	**187**	262	265
Commodity-related payables	**595**	314	177
Life investment linked contracts and other unitholder liabilities(2)	**13**	307	368
Other	**58**	63	110
Total held for sale and other liabilities	**2,464**	2,946	2,725

(1) Includes provisions recognised for actual and potential claims and proceedings that arise in the ordinary course of business. The range of likely outcomes and increase in provisions during the current period in each of these matters did not have and is not currently expected to have a material impact on the Consolidated Entity.
(2) Certain liabilities were transferred to an investment platform which is managed by the Consolidated Entity as an asset manager.

Note 16
Debt issued

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Bonds, NCDs and commercial paper[1]	38,132	44,088	37,252
Structured notes[2]	2,486	2,834	3,159
Total debt issued[3],[4]	**40,618**	46,922	40,411

The Consolidated Entity did not have any debt restructuring, covenant breaches, defaults of principal and/or interest or any other breaches with respect to its debt during the reported periods.

Reconciliation of debt issued by major currency
(In Australian dollar equivalent)

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Australian dollar	17,839	20,023	14,746
United States dollar	15,883	19,009	18,082
Euro	4,253	4,906	4,455
Swiss franc	1,133	1,260	1,122
British pound	897	1,028	834
Japanese yen	187	214	625
Norwegian krone	160	164	166
Korean won	110	123	113
Chinese renminbi	92	120	150
Hong Kong dollar	52	61	118
Other	12	14	–
Total debt issued	**40,618**	46,922	40,411

(1) Includes $12,264 million (31 March 2020: $13,665 million; 30 September 2019: $9,360 million) payable to note holders and debt holders for which loan assets are held by consolidated SEs and are available as security.
(2) Includes debt instruments on which the return is linked to commodities, equities, currencies, interest rates, other assets or credit risk of a counterparty.
(3) The amount that would be contractually required to be paid at maturity to the holders of debt issued which are measured at DFVTPL (refer to Note 21 *Measurement categories of financial instruments*) for the Consolidated Entity is $2,614 million (31 March 2020: $3,333 million, 30 September 2019: $2,327 million). This amount is based on the final notional amount.
(4) Includes a cumulative fair value loss of $8 million (31 March 2020: $103 million gain, 30 September 2019: $8 million gain) due to changes in own credit risk on DFVTPL debt securities recognised directly in retained earnings through OCI.

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Note 17			
Contributed equity			
Ordinary share capital	**8,288**	8,288	7,288
Other equity	**213**	220	221
MIS	**–**	391	391
Total contributed equity	**8,501**	8,899	7,900

(i) Ordinary share capital[1]

Opening balance of 634,361,966 (1 October 2019: 589,276,303; 1 April 2019: 589,276,303) fully paid ordinary shares	**8,288**	7,288	7,288
Issue of 45,085,663 shares to parent entity[2] on 23 March 2020 at $22.18 per share	**–**	1,000	–
Closing balance of 634,361,966 (31 March 2020: 634,361,966; 30 September 2019: 589,276,303) fully paid ordinary shares	**8,288**	8,288	7,288

(ii) Other equity

(a) Equity contribution from ultimate parent entity

Balance at the beginning of the period	**220**	221	219
Additional paid in/(return of) capital	**2**	(1)	2
Balance at the end of the period	**222**	220	221

MEREP awards are primarily settled in MGL ordinary shares. Where MEREP awards are issued by MGL to employees of the Consolidated Entity, and MGL is not subsequently reimbursed by the Consolidated Entity, the Consolidated Entity recognises the grant date fair value of the award net of tax as a capital contribution from MGL. If the issued awards expire, the reversal of the original contribution is recognised as a return of capital.

(b) Other

Balance at the beginning of the period	**–**	–	–
Transaction cost relating to MIS[3]	**(9)**	–	–
Balance at the end of the period	**(9)**	–	–

(iii) MIS[3]

4,000,000 MIS of $100 each	**–**	400	400
Less: transaction costs for original placement	**–**	(9)	(9)
Total MIS	**–**	391	391

(1) Ordinary shares have no par value.
(2) Macquarie B.H. Pty Limited.
(3) Balance represents transaction cost relating to original issuance of MIS which was transferred to other equity on redemption of MIS during current period. The MIS were redeemed on 16 April 2020, for which the redemption cash was paid to holders on 15 April 2020. Distributions on the MIS have been presented in Note 5 *Dividends*.

Note 18
Reserves, retained earnings and non-controlling interests

(i) Reserves

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Foreign currency translation and net investment hedge reserve			
Balance at the beginning of the period	**1,197**	786	631
Exchange differences on translation and hedge accounting of foreign operations, net of tax[1]	**(617)**	411	155
Balance at the end of the period	**580**	1,197	786
FVOCI reserve			
Balance at the beginning of the period	**(33)**	12	7
Revaluation movement for the period, net of tax	**69**	(50)	4
Changes in ECL allowance, net of tax	**–**	5	1
Balance at the end of the period	**36**	(33)	12
Cash flow hedge reserve			
Balance at the beginning of the period	**(157)**	(154)	(113)
Revaluation movement for the period, net of tax	**(48)**	(18)	(70)
Transferred to income statement on realisation, net of tax[2]	**29**	15	29
Balance at the end of the period	**(176)**	(157)	(154)
Cost of hedging reserve			
Balance at the beginning of the period	**(10)**	(2)	(5)
Revaluation movement for the period, net of tax	**–**	(8)	3
Balance at the end of the period	**(10)**	(10)	(2)
Share of reserves of interest in associates and joint ventures			
Balance at the beginning of the period	**(6)**	(5)	(4)
Share of other comprehensive losses of associates and joint ventures during the period, net of tax	**–**	(1)	(1)
Balance at the end of the period	**(6)**	(6)	(5)
Total reserves at the end of the period	**424**	991	637

(1) The current period movement represents the revaluation of the Group's unhedged investments in foreign operations primarily driven by the appreciation of the Australian dollar against the United States dollar. It excludes foreign exchange movements of $1 million attributable to non-controlling interest. Refer to Note 33.3 *Market Risk* in the annual financial report for the year ended 31 March 2020 for the Consolidated Entity's foreign exchange risk management policy in relation to the alignment of capital supply to capital requirements.
(2) Half year to 31 March 2020 includes $12 million related to a previously designated hedge relationship for which the hedged future cash flows are no longer highly probable to occur.

Note 18
Reserves, retained earnings and non-controlling interests continued

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
(ii) Retained earnings			
Balance at the beginning of the period	**4,336**	3,799	2,824
Profit attributable to the equity holders of MBL	**660**	475	998
Distributions paid or provided for on the MIS (Note 5)	**–**	(6)	(6)
Gain on change in non-controlling ownership interest	**–**	–	1
Fair value changes attributable to own credit risk on debt classified at DFVTPL, net of tax	**(78)**	68	(18)
Balance at the end of the period	**4,918**	4,336	3,799
(iii) Non-controlling interests[1]			
Share capital and partnership interests	**47**	47	49
Reserves	**3**	4	4
Accumulated losses	**(50)**	(50)	(52)
Total non-controlling interests	**–**	1	1

(1) Non-controlling interest represents equity in subsidiaries that is not attributable, directly or indirectly, to the parent company. As such, it is ineligible to absorb losses arising elsewhere within the Consolidated Entity.

Note 19
Notes to the consolidated statement of cash flows

During March 2020, the Consolidated Entity revised its policy for the accounting treatment for client money and cash and cash equivalents. Consistent with the changes reflected in the March 2020 annual financial statements, the cash and cash equivalents and the cash flow statement for the period 30 September 2019 have been re-presented.

The following changes were effected for the half year ended 30 September 2019:

– certain reverse repurchase agreements held for liquidity management purposes of $8,131 million have now been included in cash and cash equivalents
– certain trading assets of $100 million, margin money balances of $2,654 million, funds received from clients which are segregated from the Consolidated Entity's own funds of $3,070 million[1] and other balances of $326 million have been excluded from cash and cash equivalents as these balances are not available to meet the Consolidated Entity's short term cash commitments or does not qualify as cash equivalents
– the effect of exchange rate movements of $363 million on cash and cash equivalents has been disclosed together with other exchange rate movements in the statement of cash flows.

As a result of these changes, cash flows from operating activities decreased by $3,313 million and the opening and closing cash and cash equivalents increased by $4,931 million and $1,981 million respectively for the period ended 30 September 2019. This revision had no impact on the Consolidated Entity's statements of financial position, income statements or reserves.

(i) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the period are reflected in the related items in the consolidated statement of financial position as follows:

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Cash and bank balances[2],[3]	**3,948**	5,308	4,089
Cash collateral on securities borrowed and reverse repurchase agreements	**17,651**	21,469	8,131
Financial investments	**460**	513	243
Cash and cash equivalents at the end of the period	**22,059**	27,290	12,463

(1) The amount shown as the impact of the revision includes amounts now removed from the statement of financial position which do not meet the definition of an asset. Refer to Note 1(ii) *Comparatives*.

(2) Amounts excluded from cash and cash equivalents but presented in the statement of financial position as cash and bank balances primarily relates to $2,524 million (31 March 2020: $2,257 million; 30 September 2019: $1,848 million) of funds received from clients which are segregated from the Consolidated Entity's own funds are not available to meet the Consolidated Entity's short-term cash commitments.

(3) Cash and bank balances includes $648 million (31 March 2020: $682 million; 30 September 2019: $685 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 restricted.

Note 19

Notes to the consolidated statement of cash flows continued

(ii) Reconciliation of profit after income tax to net cash flows (utilised in)/generated from operating activities

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Profit after income tax	**660**	475	998
Adjustments to profit after income tax:			
Depreciation and amortisation	**301**	386	467
Expected credit losses and other impairment charges	**262**	372	100
Investment income and gain on sale of operating lease assets and other non-financial assets	**(62)**	32	(267)
Profit from discontinued operations	**–**	(164)	–
Share of net profits of associates and joint ventures	**(12)**	(26)	(1)
Changes in assets and liabilities:			
Trading assets, derivatives, cash collateral and repurchase transactions, margin money and settlement balances (net of related liabilities)	**(9,288)**	7,776	(6,627)
Debt issued	**(3,055)**	3,836	4,737
Loan assets and related body corporate entities	**(2,171)**	(6,932)	(6,870)
Borrowings	**(479)**	581	935
Other assets and liabilities	**(449)**	(368)	(96)
Debtors, prepayments, accrued charges and creditors	**(162)**	(109)	(170)
Operating lease assets	**(84)**	(167)	(349)
Interest, fee and commission receivable and payable	**(63)**	(65)	(47)
Tax balances	**87**	103	144
Deposits	**10,165**	8,116	2,800
Net cash flows (utilised in)/generated from operating activities	**(4,350)**	13,846	(4,246)

(iii) Reconciliation of loan capital:

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Balance at the beginning of the period	**4,997**	4,828	4,550
Cash flows:			
Issuance[(1),(2)]	**2,474**	–	–
Redemption[(2)]	**(740)**	(429)	–
Non-cash changes:			
Foreign currency translation and other movements	**(746)**	598	278
Balance at the end of the period	**5,985**	4,997	4,828

(1) On 2 June 2020, the Consolidated entity issued Macquarie Bank Capital Notes (BCN2) amounting to $641 million. BCN2 is a perpetual security which is eligible for conversion into a variable number of Consolidated Entity's ordinary shares on the scheduled mandatory exchange date (being 21 December 2028), provided the exchange conditions are satisfied, unless redeemed, resold or written off earlier.
(2) During the half year ended 30 September 2020, the Consolidated Entity raised $1,833 million through the issue of Tier 2 Loan capital and redeemed $740 million of Loan Capital under fixed repayment obligation.

Note 20
Contingent liabilities and commitments

	As at 30 Sep 20 $m	As at 31 Mar 20 $m	As at 30 Sep 19 $m
Contingent liabilities exist in respect of:			
Letters of credit	**1,075**	1,206	1,414
Performance-related contingent liabilities[1]	**1,047**	1,076	1,091
Indemnities	**217**	336	527
Guarantees	**67**	144	195
Total contingent liabilities[2]	**2,406**	2,762	3,227
Commitments exist in respect of:			
Undrawn credit facilities and securities commitments[3],[4]	**4,813**	4,665	7,206
Asset developments	**831**	891	923
Total commitments	**5,644**	5,556	8,129
Total contingent liabilities and commitments	**8,050**	8,318	11,356

The Consolidated Entity operates in a number of regulated markets and is subject to regular regulatory reviews and inquiries. From time to time these may result in litigation, fines or other regulatory enforcement actions. At the reporting date there are no matters of this nature which are expected to result in a material economic outflow of resources for the Consolidated Entity and, consistent with its accounting policies and disclosures in its March 2020 annual financial statements, the Consolidated Entity considers the probability of there being a material adverse effect in respect of litigation or claims that have not been provided for to be remote.

(1) Includes $737 million (31 March 2020: $763 million; 30 September 2019: $795 million) in favour of related party for which collateral of a similar amount has been received.
(2) It is not practicable to ascertain the timing of any outflow and the possibility of any reimbursement related to these contingent liabilities.
(3) Undrawn credit facilities are irrevocably extended to clients. These amounts include fully or partially undrawn commitments that are legally binding and cannot be unconditionally cancelled by the Consolidated Entity. Securities underwriting include firm commitments to underwrite debt securities.
(4) Half year ended 30 September 2019 includes a $2,519 million credit facility granted to MFHPL.

Note 21
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 financial instruments, including commodities, of the Consolidated Entity.

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

	FINANCIAL INSTRUMENTS CARRIED AT							FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT	
	FAIR VALUE								
	HFT	DFVTPL	FVTPL	FVOCI	Amortised cost	Non-financial instruments	Statement of financial position total	Fair value	Amortised cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Assets								AS AT 30 SEP 20	
Cash and bank balances	–	–	–	–	6,869	–	6,869	–	6,869
Cash collateral on securities borrowed and reverse repurchase agreements	–	–	13,564	17,921	11,448	–	42,933	31,485	11,448
Trading assets(1)	18,518	–	–	–	–	–	18,518	18,518	–
Margin money and settlement assets	–	–	89	–	9,073	–	9,162	89	9,082
Derivative assets(2)	21,618	–	–	–	–	–	21,618	21,618	–
Financial investments									
Equity	–	–	192	–	–	–	192	192	–
Debt	–	–	53	7,299	31	–	7,383	7,352	31
Held for sale and other assets(3)	–	1,733	11	–	1,446	522	3,712	1,744	1,446
Loan assets(4)	–	33	79	–	87,625	–	87,737	112	88,025
Due from related body corporate entities(5)	364	–	–	–	3,926	235	4,525	364	3,926
Interests in associates and joint ventures									
Equity interests	–	–	–	–	–	226	226	–	–
Loans to associates and joint ventures	–	–	–	–	1	–	1	–	1
Property, plant and equipment and right-of-use assets	–	–	–	–	–	2,239	2,239	–	–
Intangible assets	–	–	–	–	–	162	162	–	–
Deferred tax assets	–	–	–	–	–	577	577	–	–
Total assets	40,500	1,766	13,988	25,220	120,419	3,961	205,854	81,474	120,828
Liabilities									
Cash collateral on securities lent and repurchase agreements	–	1,079	–	–	3,875	–	4,954	1,079	3,875
Trading liabilities	5,971	–	–	–	–	–	5,971	5,971	–
Margin money and settlement liabilities	–	–	–	–	16,746	–	16,746	–	16,746
Derivative liabilities(2)	16,139	–	–	–	–	–	16,139	16,139	–
Deposits	–	–	–	–	77,186	–	77,186	–	77,218
Held for sale and other liabilities(6),(7)	–	608	–	–	571	1,285	2,464	608	534
Due to related body corporate entities(8)	1,515	–	–	–	18,080	52	19,647	1,515	18,080
Borrowings	–	–	–	–	2,256	–	2,256	–	2,270
Debt issued(4)	–	2,486	–	–	38,132	–	40,618	2,486	38,433
Deferred tax liabilities	–	–	–	–	–	45	45	–	–
Loan capital(4)	–	–	–	–	5,985	–	5,985	–	6,078
Total liabilities	23,625	4,173	–	–	162,831	1,382	192,011	27,798	163,234

(1) Includes commodities carried at fair value which are held for trading purposes.
(2) Derivatives designated in effective hedge accounting relationships are presented as HFT.
(3) Non-financial assets primarily represents prepayments and tax receivables.
(4) Items measured at amortised cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risk.
(5) Due from related body corporate entities includes derivatives and trading positions classified as HFT, non-financial instruments include prepaid contributions and all other intercompany receivables are carried at amortised cost.
(6) Non-financial liabilities primarily represents accrued charges, employee-related provisions and tax payables.
(7) Fair value of other liabilities excludes the fair value of lease liabilities.
(8) Due to related body corporate entities include derivatives and trading positions classified as HFT, internal repurchase transactions, non-financial payables which include income tax liabilities and all other intercompany payables are carried at amortised cost.

Note 21
Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT							FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT	
	FAIR VALUE								
	HFT $m	DFVTPL $m	FVTPL $m	FVOCI $m	Amortised cost $m	Non-financial instruments $m	Statement of financial position total $m	Fair value $m	Amortised cost $m
Assets								AS AT 31 MAR 20	
Cash and bank balances	–	–	–	–	7,847	–	7,847	–	7,847
Cash collateral on securities borrowed and reverse repurchase agreements	–	–	7,957	23,064	6,687	–	37,708	31,021	6,687
Trading assets(1)	16,251	–	–	–	–	–	16,251	16,251	–
Margin money and settlement assets	–	–	555	–	11,628	–	12,183	555	11,628
Derivative assets(2)	44,845	–	–	–	–	–	44,845	44,845	–
Financial investments									
Equity	–	–	154	–	–	–	154	154	–
Debt	–	–	112	7,218	–	–	7,330	7,330	–
Held for sale and other assets(3)	–	947	308	–	1,381	631	3,267	1,255	1,381
Loan assets(4)	–	83	166	–	87,470	–	87,719	249	87,690
Due from related body corporate entities(5)	804	–	–	–	4,346	128	5,278	804	4,346
Interests in associates and joint ventures									
Equity interests	–	–	–	–	–	250	250	–	–
Loans to associates and joint ventures	–	–	–	–	1	–	1	–	1
Property, plant and equipment and right-of-use assets	–	–	–	–	–	2,598	2,598	–	–
Intangible assets	–	–	–	–	–	185	185	–	–
Deferred tax assets	–	–	–	–	–	520	520	–	–
Total assets	61,900	1,030	9,252	30,282	119,360	4,312	226,136	102,464	119,580
Liabilities									
Cash collateral on securities lent and repurchase agreements	–	1,292	–	–	1,030	–	2,322	1,292	1,030
Trading liabilities(1)	5,363	–	–	–	–	–	5,363	5,363	–
Margin money and settlement liabilities	–	–	–	–	19,052	–	19,052	–	19,052
Derivative liabilities(2)	37,823	–	–	–	–	–	37,823	37,823	–
Deposits	–	–	–	–	67,253	–	67,253	–	67,324
Held for sale and other liabilities(6),(7)	–	622	–	–	692	1,632	2,946	622	649
Due to other related body corporate entities(8)	1,811	3,500	–	–	16,793	11	22,115	5,311	16,793
Borrowings	–	–	–	–	3,047	–	3,047	–	3,065
Debt issued(4)	–	2,810	–	–	44,112	–	46,922	2,810	43,592
Deferred tax liabilities	–	–	–	–	–	69	69	–	–
Loan capital(4)	–	–	–	–	4,997	–	4,997	–	4,730
Total liabilities	44,997	8,224	–	–	156,976	1,712	211,909	53,221	156,235

(1) Includes commodities carried at fair value which are held for trading purposes.
(2) Derivatives designated in effective hedge accounting relationships are presented as HFT.
(3) Non-financial assets primarily represents prepayments and tax receivables.
(4) Items measured at amortised cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.
(5) Due from related body corporate entities includes derivatives and trading positions classified as HFT, non-financial instruments include prepaid contributions and all other intercompany receivables are carried at amortised cost.
(6) Non-financial liabilities primarily represent accrued charges, employee-related provisions and tax payables.
(7) Fair value of other liabilities excludes the fair value of lease liabilities.
(8) Due to related body corporate entities includes derivatives and trading positions classified as HFT, internal repurchase transactions, non-financial payables which include income tax liabilities, and all other intercompany payable are carried at amortised cost.

Note 21
Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT							FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT	
	FAIR VALUE								
	HFT $m	DFVTPL $m	FVTPL $m	FVOCI $m	Amortised cost $m	Non-financial instruments $m	Statement of financial position total $m	Fair value $m	Amortised cost $m
Assets								AS AT 30 SEP 19	
Cash and bank balances	–	–	–	–	6,551	–	6,551	–	6,551
Cash collateral on securities borrowed and reverse repurchase agreements	–	–	10,286	8,861	10,763	–	29,910	19,147	10,763
Trading assets[1]	21,981	–	–	–	–	–	21,981	21,981	–
Margin money and settlement assets	–	–	853	–	9,082	–	9,935	853	9,082
Derivative assets[2]	17,606	–	–	–	–	–	17,606	17,606	–
Financial investments									
Equity	–	–	164	–	–	–	164	164	–
Debt	–	–	238	5,958	–	–	6,196	6,196	–
Held for sale and other assets[3]	–	1,310	376	–	1,489	588	3,763	1,686	1,489
Loan assets[4]	–	11	247	–	78,214	–	78,472	258	78,680
Due from related body corporate entities	–	–	–	–	1,259	–	1,259	–	1,259
Property, plant and equipment and right-of-use assets	–	–	–	–	–	2,668	2,668	–	–
Interests in associates and joint ventures									
Equity interests	–	–	–	–	–	214	214	–	–
Loans to associates and joint ventures	–	–	–	–	5	–	5	–	5
Intangible assets	–	–	–	–	–	179	179	–	–
Deferred tax assets	–	–	–	–	–	460	460	–	–
Total assets	39,587	1,321	12,164	14,819	107,363	4,109	179,363	67,891	107,829
Liabilities									
Cash collateral on securities lent and repurchase agreements	–	3,030	–	–	2,464	–	5,494	3,030	2,464
Trading liabilities[1]	6,514	–	–	–	–	–	6,514	6,514	–
Margin money and settlement liabilities	–	–	–	–	15,145	–	15,145	–	15,145
Derivative liabilities[2]	14,057	–	–	–	–	–	14,057	14,057	–
Deposits	–	–	–	–	58,965	–	58,965	–	59,019
Held for sale and other liabilities[5,6]	–	545	–	–	753	1,427	2,725	545	715
Borrowings	–	–	–	–	2,611	–	2,611	–	2,639
Due to related body corporate entities	–	–	–	–	16,266	–	16,266	–	16,266
Debt issued[4]	–	3,011	–	–	37,400	–	40,411	3,011	37,595
Deferred tax liabilities	–	–	–	–	–	10	10	–	–
Loan capital[4]	–	–	–	–	4,828	–	4,828	–	4,896
Total liabilities	20,571	6,586	–	–	138,432	1,437	167,026	27,157	138,739

(1) Includes commodities carried at fair value which are held for trading purposes.
(2) Derivatives designated in effective hedge accounting relationships are presented as HFT.
(3) Non-financial assets primarily represents prepayments and tax receivables.
(4) Items measured at amortised cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.
(5) Non-financial liabilities primarily represents accrued charges, employee-related provisions and tax payables.
(6) Fair value of other liabilities excludes the fair value of lease liabilities.

Note 22
Fair values of financial 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 instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on 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 inputs such as the timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Financial instruments 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 instrument 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 portfolio basis, using available hedging instruments.

The fair values calculated for financial instruments which are carried in the statements of financial position at amortised cost (as disclosed in Note 21 *Measurement categories of financial instruments*) are for disclosure purposes only. The following 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 nor may it be the price at which the asset is sold for or a liability repurchased in a market-based transaction:

- the fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term portion of all other financial assets and financial liabilities
- the fair value of demand deposits with no fixed maturity approximates to their carrying amount as they are short-term in nature or are payable on demand
- the fair values of variable rate financial instruments, including cash collateral on securities borrowed, cash collateral on securities lent, repurchase agreements approximates their carrying amounts
- the fair value of all loan assets, term deposits and debt liabilities carried at amortised cost, is determined with reference to changes in interest rates and credit spreads
- the fair value of fixed rate loans and debt investments carried at amortised cost is estimated by reference to current market rates offered on similar loans and the creditworthiness of the borrower
- the fair value of debt issued and loan capital, where carried at amortised cost 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
- substantially all of the Consolidated Entity's commitments to extend credit are at variable rates. As such, there is no significant exposure to fair value fluctuations resulting from interest rate movements relating to these commitments
- the fair value of balances due to/from related body corporate entities approximates the carrying value as interest on the balances is generally payable/receivable at variable rates of interest.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments including balances with related body corporate entities measured at fair value:

- trading assets and 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 pricing models or other recognised valuation techniques
- repurchase and reverse repurchase agreements, being collateralised financing arrangements, are measured at fair value with reference to the securities which are held or provided as the collateral for the financing agreement
- financial investments classified at 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 pricing models or other recognised valuation techniques that maximise the use of market price and observable market inputs. Unrealised gains and losses on FVOCI debt assets, excluding changes in ECL on debt instruments, are recorded in the FVOCI reserve in equity until the asset is sold, collected or otherwise disposed of
- fair values of fixed rate loans classified as FVTPL or FVOCI and issued debt classified as DFVTPL are estimated by reference to current market rates offered on similar loans and issued debt

Note 22
Fair values of financial assets and liabilities continued

- for financial assets carried at fair value, in order to measure counterparty credit risk, a Credit Valuation Adjustment (CVA) is incorporated into the valuation. The CVA is calculated at a counterparty level taking into account all exposures to that counterparty
- for financial liabilities carried at fair value, in order to measure the Consolidated Entity's own credit risk, a Debit Valuation Adjustment (DVA) is incorporated into the valuation
- the Consolidated Entity has incorporated 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 MBL's internal Treasury lending rates as an input into the calculation. The approach takes into account the PD of each counterparty, as well as any mandatory break clauses.

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. All models are certified before they are used, and models are calibrated periodically to test that outputs reflect prices from observable current market transactions in the same instrument or other available observable market data.

To the extent possible, models use only observable market data (for example OTC derivatives), 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 22
Fair values of financial assets and liabilities continued

The following table summarises the levels of the fair value hierarchy for financial instruments, including commodities, measured at fair value:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				**AS AT 30 SEP 20**
Cash collateral on securities borrowed and reverse repurchase agreements	**–**	**31,485**	**–**	**31,485**
Trading assets[1]	**9,272**	**9,062**	**184**	**18,518**
Margin money and settlement assets	**–**	**89**	**–**	**89**
Derivative assets	**183**	**21,055**	**380**	**21,618**
Financial investments	**417**	**6,662**	**465**	**7,544**
Held for sale and other assets	**–**	**1,744**	**–**	**1,744**
Loan assets	**–**	**108**	**4**	**112**
Due from related body corporate entities[2]	**–**	**364**	**–**	**364**
Total assets	**9,872**	**70,569**	**1,033**	**81,474**
Liabilities				
Cash collateral on securities lent and repurchase agreements	**–**	**1,079**	**–**	**1,079**
Trading liabilities[1]	**5,851**	**120**	**–**	**5,971**
Derivative liabilities	**566**	**15,305**	**268**	**16,139**
Held for sale and other liabilities	**–**	**608**	**–**	**608**
Due to related body corporate entities[2]	**–**	**1,515**	**–**	**1,515**
Debt issued	**–**	**2,486**	**–**	**2,486**
Total liabilities	**6,417**	**21,113**	**268**	**27,798**
Assets				AS AT 31 MAR 20
Cash collateral on securities borrowed and reverse repurchase agreements	–	31,021	–	31,021
Trading assets[1]	10,334	5,607	310	16,251
Margin money and settlement assets	–	555	–	555
Derivative assets	958	43,066	821	44,845
Financial investments	493	6,464	527	7,484
Held for sale and other assets	5	1,250	–	1,255
Loan assets	–	185	64	249
Due from related body corporate entities[2]	–	804	–	804
Total assets	11,790	88,952	1,722	102,464
Liabilities				
Cash collateral on securities lent and repurchase agreements	–	1,292	–	1,292
Trading liabilities[1]	4,988	375	–	5,363
Derivative liabilities	1,040	36,420	363	37,823
Held for sale and other liabilities	3	619	–	622
Due to related body corporate entities[2]	–	5,311	–	5,311
Debt issued	–	2,810	–	2,810
Total liabilities	6,031	46,827	363	53,221

(1) Includes commodities carried at fair value which are held for trading purposes.
(2) Includes balances with related body corporates. Refer to Note 21 *Measurement categories of financial instruments*.

Note 22
Fair values of financial assets and liabilities continued

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				AS AT 30 SEP 19
Cash collateral on securities borrowed and reverse repurchase agreements	–	19,147	–	19,147
Trading assets[1]	15,394	6,384	203	21,981
Margin money and settlement assets	87	766	–	853
Derivative assets	204	16,837	565	17,606
Financial investments	467	5,509	384	6,360
Held for sale and other assets	10	1,674	2	1,686
Loan assets	–	194	64	258
Total assets	16,162	50,511	1,218	67,891
Liabilities				
Cash collateral on securities lent and repurchase agreements	–	3,030	–	3,030
Trading liabilities[1]	6,271	243	–	6,514
Derivative liabilities	368	13,433	256	14,057
Held for sale and other liabilities	3	539	3	545
Debt issued	–	3,011	–	3,011
Total liabilities	6,642	20,256	259	27,157

(1) Includes commodities carried at fair value which are held for trading purposes.

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Note 22
Fair values of financial assets and liabilities continued

Reconciliation of balances in Level 3 of the fair value hierarchy

The following table summarises the movements in Level 3 of the fair value hierarchy for the financial instruments, including commodities measured at fair value.

	Trading assets $m	Financial investments $m	Other assets $m
Balance as at 1 Apr 2019	172	576	–
Purchases and other additions	13	20	–
Sales and settlements	(15)	(177)	–
Transfers into Level 3[2]	48	31	–
Transfers out of Level 3[2]	(31)	(57)	–
Fair value movements recognised in the income statement[3]	16	(9)	2
Balance as at 30 Sep 2019	203	384	2
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[3]	16	(8)	2
Balance as at 1 Oct 2019	203	384	2
Purchases and other additions	104	157	3
Sales and settlements	(3)	(21)	–
Transfers into Level 3[2]	11	5	–
Transfers out of Level 3[2]	–	(1)	(3)
Fair value movements recognised in the income statement[3]	(5)	11	(2)
Fair value movements recognised in OCI[3]	–	(8)	–
Balance as at 31 Mar 2020	310	527	–
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[3]	(5)	7	(2)
Balance as at 1 Apr 2020	**310**	**527**	**–**
Purchases and other additions	**66**	**212**	**1**
Sales and settlements	**(73)**	**(209)**	**(1)**
Transfers into Level 3[2]	**–**	**81**	**–**
Transfers out of Level 3[2]	**(96)**	**(146)**	**–**
Fair value movements recognised in the income statement[3]	**(23)**	**3**	**–**
Fair value movements recognised in OCI[3]	**–**	**(3)**	**–**
Balance as at 30 Sep 2020	**184**	**465**	**–**
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[3]	**(23)**	**3**	**–**

(1) The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are $380 million (31 March 2020: $821 million; 30 September 2019: $565 million) and derivative liabilities are $268 million (31 March 2020: $363 million; 30 September 2019: $256 million).
(2) Assets and liabilities transferred in or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the period.
(3) The Consolidated Entity employs various hedging techniques in order to manage risks including foreign exchange risks in Level 3 positions. Such techniques may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency financial instruments measured at amortised cost. The fair value movements recognised in the income statement for assets and liabilities in Level 3 presented in the table above also includes foreign exchange differences on such assets and liabilities and do not include the related gains and losses arising on hedging instruments.

Loan assets $m	Loans to associates and joint ventures $m	Other liabilities $m	Debt issued $m	Derivative financial instruments (net replacement values)[1] $m	Total $m
50	3	–	–	228	1,029
21	–	(3)	–	46	97
(11)	(3)	–	–	(23)	(229)
–	–	–	–	6	85
–	–	–	–	(51)	(139)
4	–	–	–	103	116
64	–	(3)	–	309	959
4	–	–	–	103	117
64	–	(3)	–	309	959
–	–	3	–	173	440
(5)	–	–	–	(87)	(116)
–	–	–	–	8	24
–	–	–	–	49	45
5	–	–	–	6	15
–	–	–	–	–	(8)
64	–	–	–	458	1,359
5	–	–	–	6	11
64	**–**	**–**	**–**	**458**	**1,359**
–	**–**	**(2)**	**–**	**22**	**299**
(15)	**–**	**2**	**–**	**(81)**	**(377)**
–	**–**	**–**	**–**	**12**	**93**
(28)	**–**	**–**	**–**	**(58)**	**(328)**
(17)	**–**	**–**	**–**	**(241)**	**(278)**
–	**–**	**–**	**–**	**–**	**(3)**
4	**–**	**–**	**–**	**112**	**765**
(17)	**–**	**–**	**–**	**(241)**	**(278)**

Note 22
Fair values of financial assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

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

Transfers into Level 3 were due to the lack of observable valuation inputs for certain securities and investments. Transfers out of Level 3 were principally due to valuation inputs becoming observable during the period.

Unrecognised gains

For financial instruments measured at FVTPL, 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. Where such alternative evidence exists, the Consolidated Entity recognises profit or loss immediately when the financial 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 the income statement over the life of the transaction or when the inputs become observable.

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

	Half year to 30 Sep 20 $m	Half year to 31 Mar 20 $m	Half year to 30 Sep 19 $m
Balance at the beginning of the period	**168**	219	183
Deferral on new transactions	**18**	9	86
Amounts recognised in the income statement and other changes	**(76)**	(60)	(50)
Balance at the end of the period	**110**	168	219

Sensitivity analysis of valuations using unobservable inputs

The table below shows the sensitivity to reasonably possible alternative assumptions for Level 3 financial instruments whose fair values are determined in whole or in part using unobservable inputs and valuation techniques such as discounted cash flows based on assumptions by reference to historical company and industry experience. The impact of the sensitivity of the financial instruments which hedge the Level 3 positions, but are classified as Level 1 or 2, is not included in the table below.

	FAVOURABLE CHANGES	UNFAVOURABLE CHANGES
	Profit or loss $m	Profit or loss $m
Product type		**AS AT 30 SEP 20**
Commodities	**107**	**(60)**
Equity and equity-linked products	**18**	**(27)**
Interest rate and other products	**11**	**(10)**
Total	**136**	**(97)**
Product type		AS AT 31 MAR 20
Commodities	162	(129)
Equity and equity-linked products	7	(20)
Interest rate and other products	16	(19)
Total	185	(168)
Product type		AS AT 30 SEP 19
Commodities	108	(106)
Equity and equity-linked products	5	(13)
Interest rate and other products	11	(11)
Total	124	(130)

Note 22
Fair values of financial assets and liabilities continued

The favourable and unfavourable changes of using reasonably possible alternative assumptions for the valuation of the equity and equity-linked products, commodities and interest rate and other products have been calculated by recalibrating the valuation model using stressed significant unobservable inputs within the Consolidated Entity's range of possible estimates.

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. Therefore, the range does not reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets and liabilities.

	Assets $m	Liabilities $m	Valuation technique(s)	Significant unobservable inputs	RANGE OF INPUTS Minimum value	Maximum value
						AS AT 30 SEP 20
Equity and equity-linked products	**148**	**–**	Market comparability	Price in %(1)		
Commodities	**452**	**263**	Pricing model	Commodity margin curves	**(334.0)**	**913.0**
			Pricing model	Correlations	**(55.0%)**	**100.0%**
			Pricing model	Volatility and related variables	**0.0%**	**400.0%**
Interest rate and other products	**433**	**5**	Pricing model	Correlations	**0.0%**	**100.0%**
			Pricing model	Model parameter	**0.5%**	**40.8%**
Total	**1,033**	**268**				
						AS AT 31 MAR 20
Equity and equity-linked products	281	–	Market comparability	Price in %(1)		
Commodities	955	363	Pricing model	Commodity margin curves	(126.3)	967.5
			Pricing model	Correlations	(55.0%)	100.0%
			Pricing model	Volatility and related variables	0.0%	293.4%
Interest rate and other products	486	–	Pricing model	Correlations	(36.0%)	100.0%
			Pricing model	Model parameter	0.0%	52.3%
Total	1,722	363				
						AS AT 30 SEP 19
Equity and equity-linked products	109	–	Market comparability	Price in %(1)		
Commodities	656	253	Pricing model	Commodity margin curves	(364.0)	990.0
			Pricing model	Correlations	(45.0%)	100.0%
			Pricing model	Volatility and related variables	0.0%	264.6%
Interest rate and other products	453	6	Pricing model	Correlations	0.0%	100.0%
			Pricing model	Model parameter	0.5%	100.0%
Total	1,218	259				

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

Note 22
Fair values of financial assets and liabilities continued

Correlation

Correlation is a measure of the relationship between the movements of two variables (i.e. how the change in one variable influences a change in the other variable). Correlation is a key input into the valuation of derivatives with more than one underlying 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 derivative underlying. It 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 and skew are 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, data from consensus pricing services and historical data adjusted for current conditions.

Inputs for unlisted equity securities

Unlisted equity instruments are generally valued by referencing market transactions for comparable companies adjusted as appropriate for current economic conditions. Other significant unobservable inputs may include discount rates, determined using inputs specific to the underlying investment, and forecast cash flows and earning or revenue of investee entities.

Inputs for interest rate products (discount rate)

Loans are generally valued by referencing market transactions for comparable products adjusted as appropriate for current economic conditions. Significant unobservable inputs may include interest rates and credit spreads of counterparties and original issue discounts on primary debt issuances.

Note 23
Discontinued operations

On 10 December 2018, the Consolidated Entity disposed of its Corporate and Asset Finance's Principal Finance and Transportation Finance businesses to a related group entity, Macquarie Financial Holding Pty Limited (MFHPL) and its subsidiaries.

In accordance with the sale agreement, a gain of $164 million was presented in discontinued operations for the period ended 31 March 2020. The gain consisted of the following:
- $102 million subsequent adjustment to the sales consideration following the disposal of certain assets by MFHPL to a third party, and
- $62 million tax benefit transferred by MFHPL to the Consolidated Entity following the subsequent remeasurement of certain tax balances related to the above-mentioned disposal.

Note 24
Acquisitions and disposals of subsidiaries and businesses

Significant entities or businesses acquired or consolidated due to acquisition of control

There were no individually significant entities or businesses where control was acquired during the current and previous period.

Significant disposal of entities or businesses

There were no individually significant entities or businesses where control was lost during the current and previous period.

Note 25
Events after the reporting date

There were no material events between 30 September 2020 and the date of this report that have not been disclosed elsewhere in the financial statements.

Directors' declaration

For the half year ended 30 September 2020

In the Directors' opinion:

– the financial statements and notes set out on pages 18 to 70 are in accordance with the *Corporations Act 2001* (Cth) including:
  i. complying with the Australian Accounting Standards, and
  ii. giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2020 and performance for the half year ended on that date, and
– there are reasonable grounds to believe that Macquarie Bank Limited will be able to pay its debts as and when they become due and payable.

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

Peter Warne
Independent Director and Chairman

Mary Reemst
Managing Director and Chief Executive Officer

Sydney
6 November 2020

Independent auditor's review report

To the members of Macquarie Bank Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Macquarie Bank Limited (the Company) and the entities it controlled during the half-year (together the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 September 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* (Cth) including giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth). As the auditor of Macquarie Bank Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001* (Cth).

Conclusion

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

1. giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2020 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001* (Cth).

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
6 November 2020

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