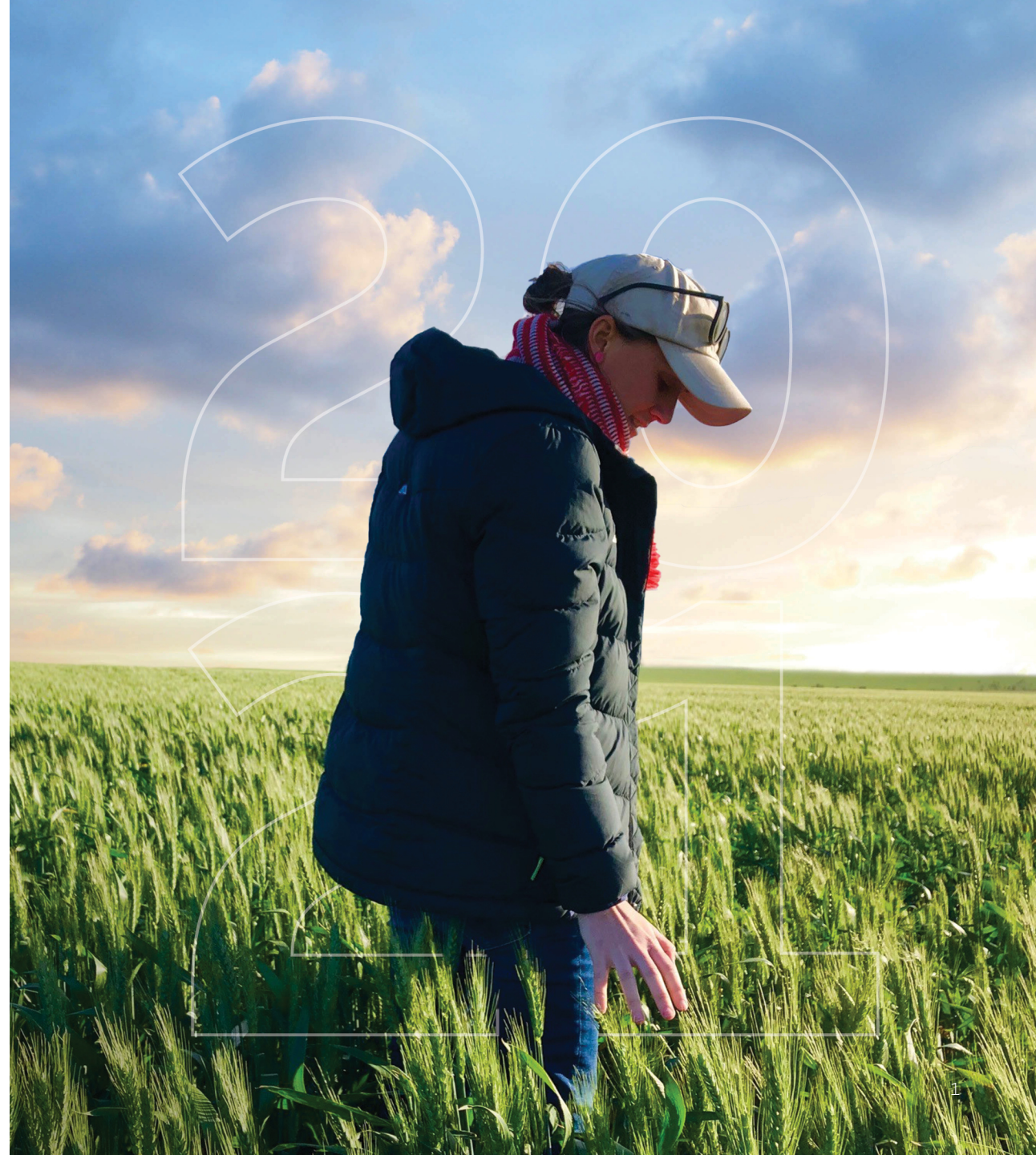




# 2021 Annual General Meeting

Macquarie Group Limited

29 July 2021



# Disclaimer

The material in this presentation has been prepared by Macquarie Group Limited ABN 94 122 169 279 (MGL) and is general background information about Macquarie's (MGL and its subsidiaries) activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. Information in this presentation should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. No representation or warranty is made as to the accuracy, completeness or reliability of the information. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements – that is, statements related to future, not past, events or other matters – including, without limitation, statements regarding our intent, belief or current expectations with respect to Macquarie's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, provisions for impairments and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements or to otherwise update any forward looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation. Actual results may vary in a materially positive or negative manner. Forward looking statements and hypothetical examples are subject to uncertainty and contingencies outside Macquarie's control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is for the year ended 31 March 2021.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Financial Report ("the Financial Report") for the year ended 31 March 2021, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

This presentation provides further detail in relation to key elements of Macquarie's financial performance and financial position. It also provides an analysis of the funding profile of Macquarie because maintaining the structural integrity of Macquarie's balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables the Group to strengthen its liquidity and funding position.

Any additional financial information in this presentation which is not included in the Financial Report was not subject to independent audit or review by PricewaterhouseCoopers. Numbers are subject to rounding and may not fully reconcile.



# Agenda

01

Chair's Update

02

Overview of  
FY21

03

1Q22 Update

04

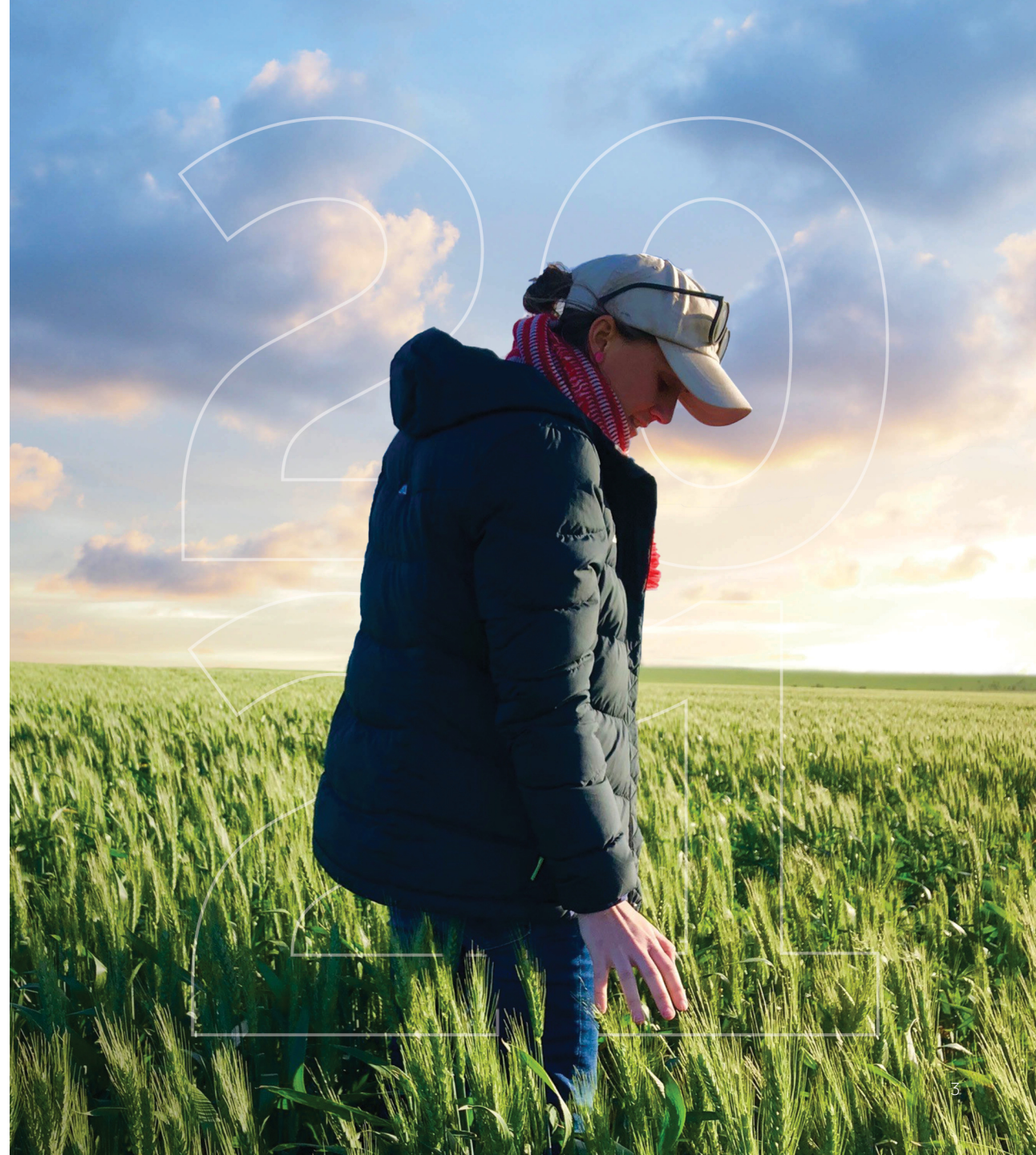
FY22 Outlook

05

Formal  
Business

06

Glossary





# 01

## Chair's Update

**Peter Warne**  
Chairman





# What We Stand For

Our purpose explains **why** we do business

---

**Empowering** people  
to innovate and invest  
for a **better future**

---

Enabled by three long-held principles  
that define **how** we do business

**Opportunity | Accountability | Integrity**

# Empowering people to innovate and invest for a better future

While Macquarie has felt the effects of this pandemic, the group remains well placed because of its diversity of business mix, geography, strong capitalisation and well funded balance sheet, and a conservative approach to risk management

While we are focused on addressing immediate needs, we are equally committed to our ongoing responsibilities to all stakeholders:

Protecting the health and welfare of our people



Facilitating access to global capital



Supporting the move to remote working and learning



Helping Australian consumers and small businesses deal with sudden change

Addressing community need through philanthropy



Bolstering resilience in essential community services





# Macquarie's response to COVID-19

## Employees

- Gradual return to office commenced in 90% of locations where safe to do so and in numbers that allow for social distancing
- Systems and processes have been resilient to ongoing remote working, reflecting long-term investment in technology and flexible working culture
- Investment in leadership capability, technology and the workplace continues as we respond to the evolving culture of work and promote greater flexibility
- Additional support provided to staff in India during the current acute phase of COVID-19 infections

We have been agile in adapting our approach to a rapidly-changing environment in each location, capturing regular feedback from staff to address immediate needs and test and learn for longer-term shifts and opportunities.

Staff engagement<sup>1</sup>

**+5%**

Staff working remotely at peak

**>98%**

## Clients

- Enhanced client support and lending relief offered between Mar 20 and Mar 21. Clients that now experience difficulty in payments are supported via our usual client financial assistance relief. Most clients have now resumed payments
- Continued engagement and monitoring across our portfolios for impacted clients to provide ongoing support where required

We recognise the structural shift COVID-19 has prompted for some clients, giving rise to near and longer-term changes in our approach to meeting their needs and ensuring their ongoing access to opportunities.

Clients accessing assistance<sup>2</sup>

Peak **~13%**

Now **<0.01%**

## Portfolio Companies

- Ongoing work with MIRA and Macquarie Capital portfolio companies including projects under construction to ensure business continuity, financial resilience and employee wellbeing
- Maintained essential community services and connected best practice across assets, industries and regions
- Capacity upgrades to MIRA-managed digital infrastructure assets have left them able to handle significant activity increases resulting from shift to virtual engagement

Our longstanding approach to crisis planning has underpinned the ability of assets to withstand economic impacts and maintain and extend essential services, while also identifying new ways to respond to disruption on behalf of the community.

Daily users of essential services

**~100m**

Portfolio company employees

**~170k**

## Community

- \$A20m allocation to Macquarie Group Foundation to help combat COVID-19. \$A19.5m allocated to date:
  - \$A7.1m has been allocated across 27 non-profits internationally that are focused on direct relief efforts
  - \$A10.4m to twelve organisations that are supporting workers and businesses in restarting economic activity.
  - \$A2m has been allocated to two Australian research projects

In early FY22, \$A1m was committed to support COVID-19 relief in India

We balanced our support for urgent direct relief needs, research and investment while also being flexible in our support for existing community partners that have had to quickly respond to change and the increased demand on their services.

COVID-19 donation

**\$A20m**

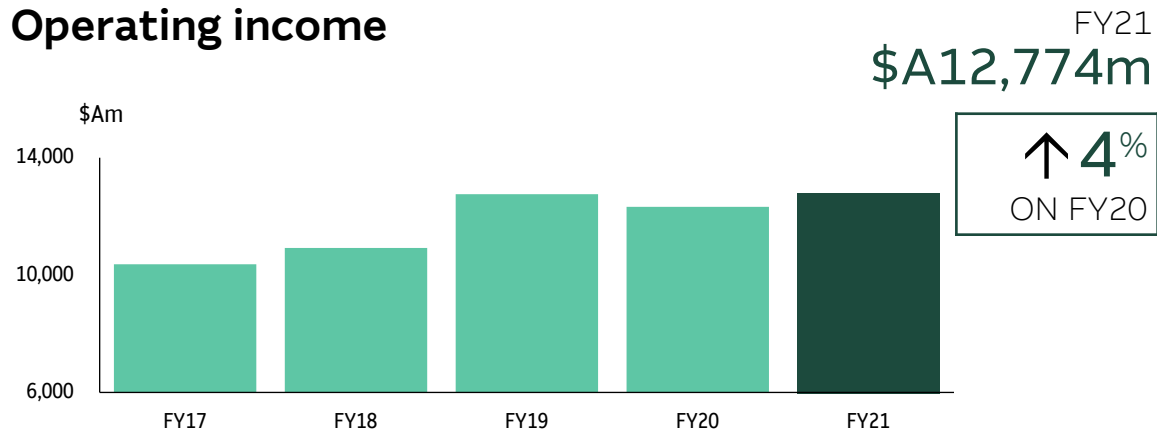
Allocated<sup>3</sup>

**\$A19.5m**

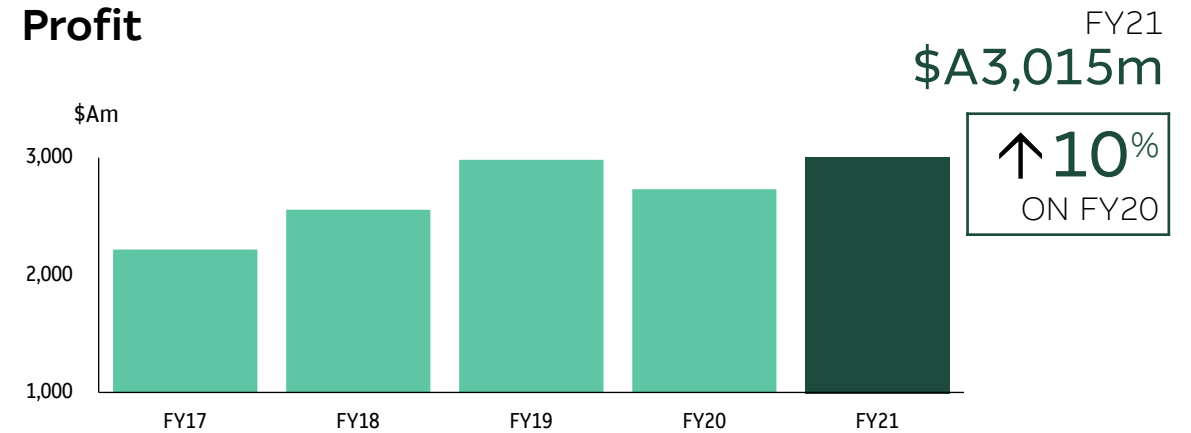
1. Annual staff survey Dec 20 vs. Dec 19. 2. BFS, by loan balance – peak as at 30 Jun 20, now as at 30 Jun 21. 3. To 30 Jun 21.

# Financial performance

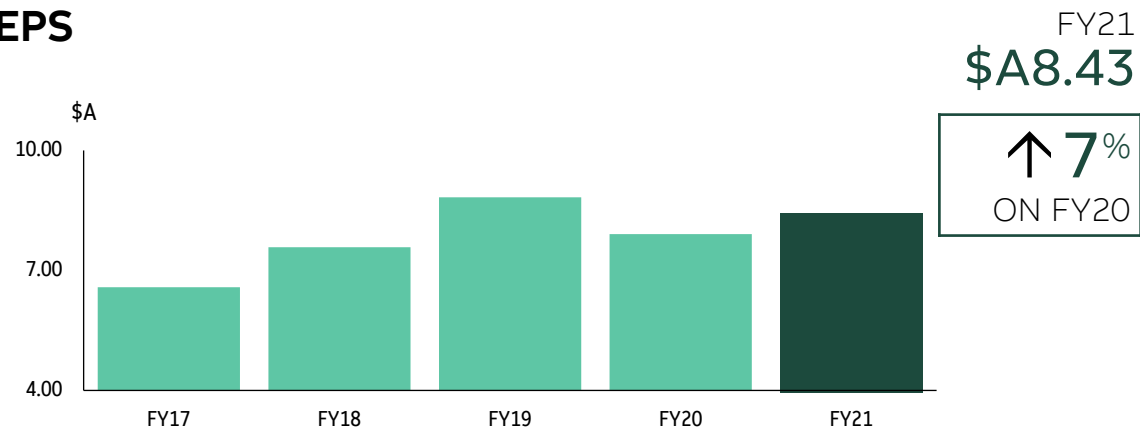
## Operating income



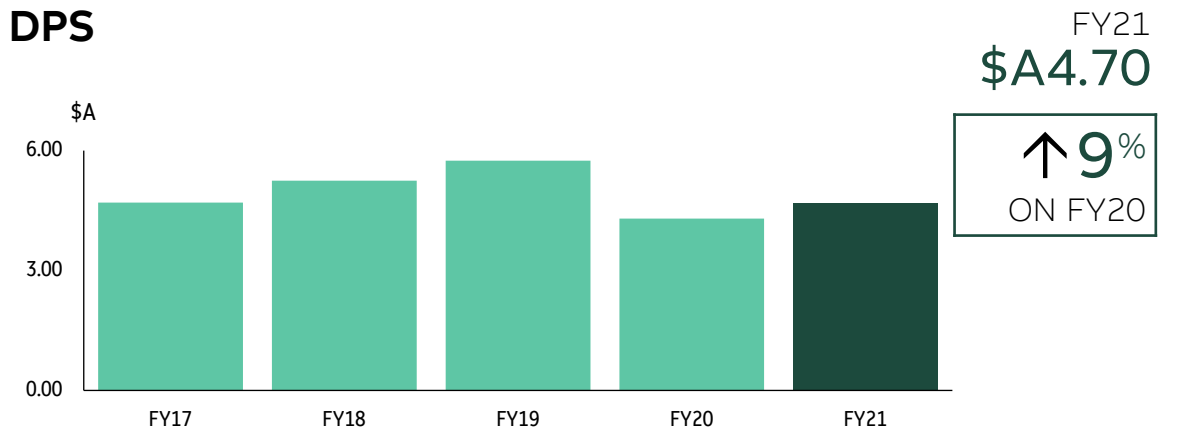
## Profit



## EPS



## DPS





# Final dividend

2H21 Ordinary Dividend

**\$A3.35**

(40% franked)

FROM  
**↑\$A1.80**  
(40% franked)  
IN 2H20

FY21 Ordinary Dividend

**\$A4.70**

(40% franked)

FROM  
**↑\$A4.30**  
(40% franked)  
IN FY20

## Dividend policy

In order to allow additional flexibility to support business growth, the Board has resolved to update the annual dividend payout policy range

**50–70%**  
annual payout ratio

## Payout Ratio<sup>1</sup>

2H21 Dividend  
**60%**

FY21 Annual Payout Ratio  
**56%**

1. Payout ratio calculated as eligible shares multiplied by dividend per share, divided by profit attributable to MGL shareholders.

# Risk culture and conduct

- Macquarie's long-established risk culture and our management of conduct risk is well embedded across all parts of the organisation. Key aspects include:
  - Primary responsibility resides at the individual and business unit level
  - Strong independent oversight by the Risk Management Group
  - Independent and objective risk-based assurance by Internal Audit
- Macquarie's long track record of unbroken profitability is supported by our risk culture which is underpinned by our principles of Opportunity, Accountability and Integrity
- The Board is provided with qualitative and quantitative analysis to support its key oversight role in ensuring that the Macquarie culture is aligned with our risk appetite
- Macquarie's remuneration framework and consequence management process is designed to promote accountability, encourage and reward appropriate behaviours and discourage inappropriate behaviours
  - In FY21, there were 97 matters (FY20: 164) involving conduct or policy breaches (for example, Code of Conduct, appropriate workplace behaviour, risk management and technology breaches) that resulted in formal consequences. Of those: for 16 matters termination of employment was the outcome; for 81 matters a formal warning was issued. Of the 81 matters, 15 have resulted in individuals subsequently leaving Macquarie and 64 individuals had their profit share reduced by an average of 48%. These 97 matters were considered isolated incidents and there was no evidence of broader systemic conduct issues
  - The remote working environment was a key factor in the decline in the number of matters this year. For example, fewer in-person interactions contributed to a reduction in instances of conduct failing to meet appropriate workplace behaviour standards
  - On 1 Apr 21, APRA announced actions required regarding MBL's risk management practices and ability to calculate and report key prudential ratios. The Board acknowledges the seriousness of the APRA findings and has reflected this in its determination of remuneration outcomes. This has been through a reduction in the PSU allocations for Executive KMP and the imposition of additional qualifying conditions on the release of a portion of their retained profit share. The qualifying conditions relate to the timely and satisfactory remediation of the APRA findings
- Senior leader communications have increased through the COVID-19 period, regularly and clearly reminding staff of ongoing expectations which continue to apply despite the different ways in which we are working





# Risk culture and conduct in practice

Operating and Support Groups, Risk Management Group (RMG), Integrity Office and Human Resources work together to maintain our strong risk culture and conduct

## Recent risk culture and conduct specific initiatives

- Continued roll out of the Executive Director Leadership Program and virtual leadership development training to our senior leaders throughout the period of remote working; content includes emphasis on the importance of creating inclusive working environments and their positive impact on risk culture
- Implementation of a new Conduct Standard and enhanced our monitoring to support the identification and evaluation of instances where conduct is a root cause of incidents
- Refresh of online Supervisory training to people managers and Directors, including supervising in a hybrid working environment and creating a Speak Up culture
- Risk culture deep dives including follow up reviews to assess progress made against previous findings and recommendations and reported to the Board

## The Integrity Office

- Established in 1998 as an internally independent function to allow staff to speak up safely about misconduct, illegal or unethical behaviour or breaches of the Code of Conduct
- Reports directly to CEO and meets regularly with the Chairman
- Runs the Whistleblower Program and conducts or coordinates investigations into concerns that are raised. The global Whistleblower Policy is reviewed annually
- Integrity Officers are appointed across all regions to provide staff with a confidential point of contact. An externally managed whistleblower service provides staff with the option to report concerns anonymously
- Continued to work closely with Behavioural Risk, Compliance and Human Resources on initiatives relating to conduct and culture
- Mandatory training was provided online to all staff globally on the Code of Conduct
- Over 9,000 staff received tailored training, workshops and leadership sessions focusing on conduct, supervision in a hybrid working environment, integrity, speaking up and psychological safety

# Environmental, Social and Governance (ESG)

Macquarie's ESG commitment reflects our responsibility to clients, shareholders, communities, our people and the environment in which we operate

## Environmental



- Investing in sustainability solutions and supporting the global energy transition
- Actively managing environmental risks including climate change risks
- Engaging in climate leadership initiatives such as GCA, CFLI<sup>1</sup>, GFANZ and SMI
- Supporting TCFD, UN PRI and other external ESG standards<sup>2</sup>
- Promoting sustainable workplaces
- Commitment to the RE100 initiative
- Net zero

## Social



- Investing in social infrastructure and services including housing, education and health
- Actively managing social risks including human rights and modern slavery risk
- Providing a diverse, inclusive workplace
- Seeking to operate harm-free environments through the maintenance of high WHS standards and performance across all our activities
- Engaging Macquarie and its staff in the wider community

## Governance



- Strong corporate governance
- Ethical conduct by staff
- Customer advocacy
- Whistleblowing framework
- Anti bribery and anti corruption
- Anti money laundering
- Managing conflicts of interest
- Cyber security and data privacy
- Dealing with 3rd parties and suppliers
- Reporting transparently

1. GCA: Global Commission on Adaptation; CFLI: Climate Finance Leadership Initiative. 2. TCFD: Taskforce on Climate-related Financial Disclosures; UN PRI: United Nations Principles for Responsible Investment.

# Environmental, Social and Governance



## Environmental and social risk management

**612**  
transactions  
assessed under  
our Environmental  
and Social Risk  
(ESR) Policy<sup>1</sup>

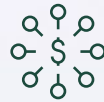


## Climate change

**Financed emissions aligned to net zero by 2050**

**\$A6.64**  
invested in renewable energy for every \$A1 invested in conventional energy<sup>2</sup>

**MAM portfolio net zero by 2040**



## Environmental and social financing

**30 GW**  
of green energy assets in development as at 31 Mar 21<sup>3</sup>

**14 GW**  
of green energy assets in operation or under management as at 31 Mar 21<sup>3</sup>



## Sustainability in direct operations

**Alignment to net zero by 2025**

**Carbon neutral**  
since 2010<sup>4</sup>

**100%**  
renewable electricity by 2025

Emissions per capita reduced by

**84%**  
from FY10 baseline (71% reduction from FY20)



## Client experience

**Partnerships Gold Award 2020** for Financial Adviser of the Year and Sponsor/Developer of the Year

**2020 MFAA Excellence Awards** for Major Lender of the Year

**Mozo Experts Choice Awards 2021** for Everyday and Savings Bank of the Year, Kick Start Savings, No Strings Savings, Excellent Banking App, Internet Banking and Exceptional Everyday Account

**2020 Energy Risk Asia Award** for Environmental Products House of the Year, Asia



## People and workplace

**2,428**  
Learning events<sup>5</sup>

**>98%**  
of our people working remotely during COVID-19 (at peak)

**Women represent 42%**

of Macquarie's workforce and

**50%**  
of Board Directors at 30 Jun 21



## Business conduct and ethics

Tailored training, workshops and leadership sessions provided to over

**9,000**  
staff<sup>6</sup>



## Macquarie Group Foundation

**\$A64 million**  
donated by Macquarie staff and the Foundation in FY21 (\$A475 million since inception in 1985)<sup>7</sup>

**\$A20m**  
allocated to Foundation to combat the effects of COVID-19

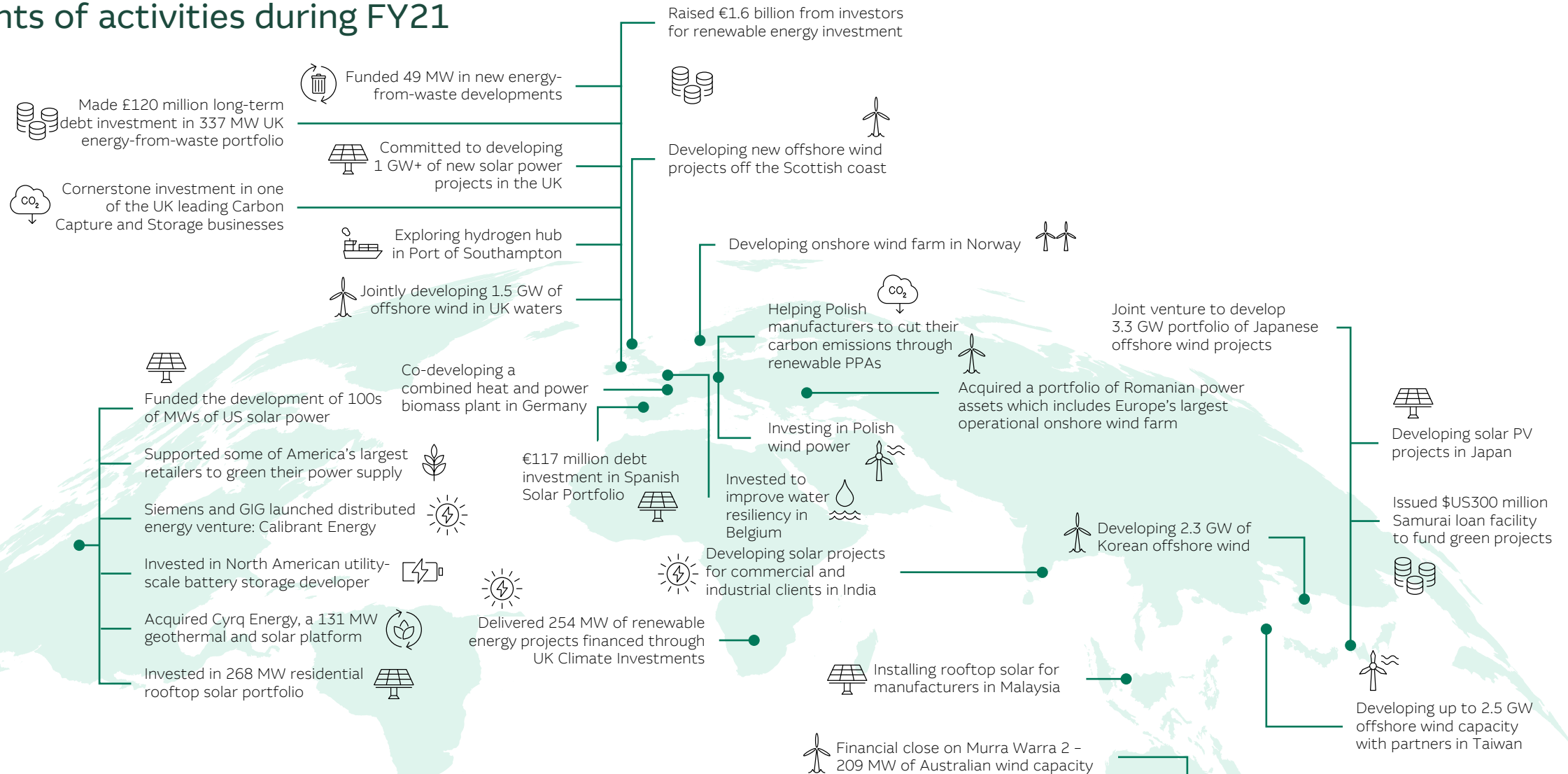
More detailed information is also available at [macquarie.com/ESG](https://www.macquarie.com/ESG)

1. In FY21. 2. Includes (i) banking book equity investments fair valued through profit or loss; and (ii) investments in which Macquarie has significant influence or joint control (investments in associates and joint ventures). Excludes investments held through consolidated subsidiaries and off balance sheet equity commitments. 3. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. 4. Covers scope 1 and scope 2 emissions, and business travel. 5. Including virtual and face-to-face forums. 6. Tailored content focused on conduct, supervision in a hybrid working environment, integrity, speaking up and psychological safety. Macquarie also requires all staff globally to undertake mandatory online Code of Conduct training. 7. Comprises Macquarie employees' donations and fundraising; Foundation matching support for employees' donations and fundraising; Foundation donations to commemorate employees attaining 10 year and 25 year anniversaries at Macquarie; Foundation grants to non profit organisations to recognise 12 months of board service by a Macquarie employee; and Macquarie and Foundation grants to community organisations (including Year 2 donations for the 50th Anniversary Award and COVID-19 donation fund) in the 12 months to 31 Mar 21.



# Driving global climate solutions

## Highlights of activities during FY21



# Our commitment to net zero

As global commitments to tackling climate change accelerate, and in keeping with our culture of innovation and evolution, we are strengthening our own commitment on climate in four key areas.

## 01

We are **strengthening our support for clients and portfolio companies** to manage the transition to net zero and achieve their decarbonisation ambitions

## 02

We are **increasing our investment** in climate mitigation and adaptation solutions

## 03

We will **align the emissions of our financing activities** with the objective of enabling and accelerating the world's pathway to net zero by 2050

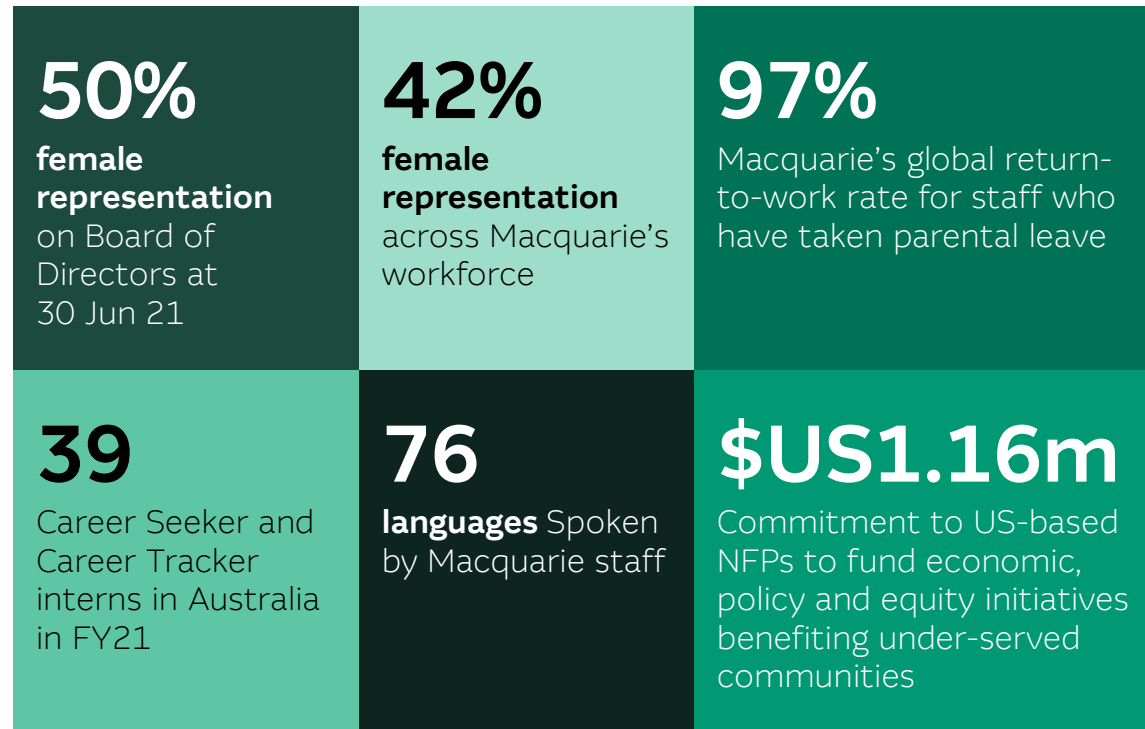
## 04

We will **continue to reduce the emissions** of our own business operations. We are committed to reaching net zero operational emissions by 2025<sup>1</sup>

1. Operational emissions include scope 1 and scope 2 emissions, and emissions from business travel.

# Diversity & Inclusion

The diversity of our people is one of our greatest strengths. An inclusive workplace enables us to embrace diversity to deliver more innovative and sustainable solutions for our clients, shareholders, communities and our people



## Diversity & Inclusion awards and partnerships





# Macquarie Group Foundation

The Macquarie Group Foundation matches staff giving and fundraising, and supports volunteering, skills sharing and non-profit board service

**Macquarie  
Group Foundation**  
**\$A64 million**

record contribution in FY21

**2,400+**

non-profits supported

From \$A64 million

**\$A20 million**

allocated directly to COVID-19 response

More than

**\$A475 million**

contributed since **1985**

## COVID-19 donation fund

Supporting COVID-19 relief efforts \$A20 million allocated to the Foundation to support community organisations working to provide relief to affected communities and stimulate economic recovery.

### Direct relief



### Scientific research



### Economic recovery



# Board elections and retirements

## Directors seeking election to the Board



**Mike Roche**



**Rebecca McGrath**



**Glenn Stevens**



**Peter Warne**



**Gordon Cairns**



**Mike Hawker**

## Directors seeking re-election to the Board

## FY21 Director retirements

# 02

## Overview of FY21

**Shemara Wikramanayake**

Managing Director and Chief Executive Officer





# 52 years of unbroken profitability

\$Ab

3.0

2.5

2.0

1.5

1.0

0.5

0.0

Performance (ASX: MQG)	Total shareholder return <sup>2</sup>	Earnings per share CAGR	Dividends per share CAGR	ASX 20 <sup>3</sup>	Diversified Financials <sup>3</sup>	MSCI World Capital Markets <sup>3</sup>	MSCI World Banks <sup>3</sup>
<b>Since listing</b>	9,316%	11%	11%	3rd	1st	1st	1st
<b>5 year</b>	203%	6%	3%	5th	5th	13th	4th

**\$A3,015 million**  
FY21 profit

10,000

5,000

0

FY70<sup>1</sup>

FY96

FY21

— MQG

— All Ordinaries Index

Historical figures converted at FY21 FX rate for comparative purposes. Macquarie TSR calculations assume continuous listing, and is indexed to 100 on 29 Jul 96, being when MBL shares were first quoted on ASX. The All Ordinaries Accumulation Index (All Ords Index) comprises the 500 largest ASX listed companies by market capitalisation. The TSR chart is displayed on a base-10 logarithmic scale, which displays relative percentage movements over an extended historical timeframe as similar in size, without visually skewing the performance in more recent years. 1. FY70-FY96 were profitable years. 2. At 31 Mar 21. 3. Ranking refers to TSR against the respective index constituents that have been continuously listed since Macquarie's inclusion. Source: Bloomberg. Data to 31 Mar 21.

# FY21 result: \$A3,015m up 10% on FY20

	2H21 \$Am	1H21 \$Am	2H21 v 1H21	FY21 \$Am	FY20 \$Am	FY21 v FY20
Net operating income	7,255	5,519	↑ 31%	12,774	12,325	↑ 4%
Total operating expenses	(4,601)	(4,266)	↑ 8%	(8,867)	(8,871)	— -
<b>Operating profit before income tax</b>	<b>2,654</b>	<b>1,253</b>	<b>↑ 112%</b>	<b>3,907</b>	<b>3,454</b>	<b>↑ 13%</b>
Income tax expense	(624)	(275)	↑ 127%	(899)	(728)	↑ 23%
Effective tax rate <sup>1</sup> (%)	23.5	21.8		23.0	21.0	
Loss attributable to non-controlling interests	-	7		7	5	
<b>Profit attributable to MGL shareholders</b>	<b>2,030</b>	<b>985</b>	<b>↑ 106%</b>	<b>3,015</b>	<b>2,731</b>	<b>↑ 10%</b>
Annualised return on equity (%)	19.0	9.5	↑ 100%	14.3	14.5	↓ 1%
Basic earnings per share	\$A5.65	\$A2.77	↑ 104%	\$A8.43	\$A7.91	↑ 7%
Dividend per ordinary share	\$A3.35	\$A1.35	↑ 148%	\$A4.70	\$A4.30	↑ 9%

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

# FY21 net profit contribution from Operating Groups

## \$A6,097m up 12% on FY20

### Annuity-style businesses

**\$A3,314m**

↓ 4%  
ON FY20

### Markets-facing businesses

**\$A2,783m**

↑ 39%  
ON FY20

### Non-Banking Group

↓  
on FY20

#### Macquarie Asset Management (MAM)

MAM down on a strong FY20. Decrease driven by lower Macquarie AirFinance income, lower performance fees and lower other fee and commission income, partially offset by gain on sale of Macquarie European Rail and net reversal of impairments

↓  
on FY20

#### Macquarie Capital<sup>1</sup> (MacCap)

Lower fee and commission income due to lower M&A and DCM, partially offset by significantly higher ECM income in ANZ. Investment-related income down due to fewer material asset realisations partially offset by improved performance of investments in the portfolio. Lower impairment and other credit charges and lower operating expenses driven by the structural change to refocus the Equities division in the Asia-Pacific region and lower employment expenses due to reduction of headcount

### Banking Group

flat  
on FY20

#### Banking and Financial Services (BFS)

Growth in total BFS deposits, loan portfolio, and funds on platform; decreased credit impairment charges, partially offset by margin compression on deposits and decrease in vehicle finance portfolio

↓  
on FY20

#### Commodities and Global Markets<sup>2</sup> (CGM)

Decrease in revenue from commodities lending and financing due to reduced volumes in specific sectors and an increase in provisions; partially offset by increased revenues from Specialised and Asset Finance.

↑  
on FY20

#### Commodities and Global Markets<sup>2</sup> (CGM)

Increased revenues across the Commodities platform with strong risk management results across Resources, North American Gas and Power, EMEA Gas and Power and Agriculture. Inventory Management and Trading up across multiple sectors with improved results in North American Gas and Power, Oil and Precious Metals. Higher revenues and activity in Foreign exchange, interest rates and credit as well as Equity Derivatives and Trading

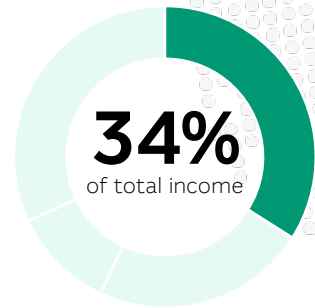
1. Certain activities of the Equities business were undertaken from within the Banking Group. 2. Note certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.



# Diversification by region

International income 68% of total income<sup>1</sup>  
Total staff<sup>2</sup> 16,459, International staff 56% of total

## Americas



2,681

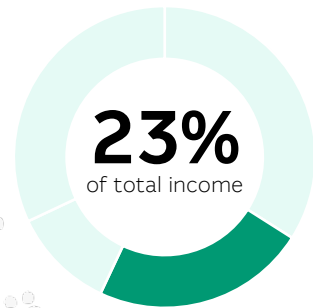
Total income  
\$A4,187m

Assets under management  
\$A279.1b

Employing 37,000+ people<sup>4</sup>

<b>CANADA</b>	<b>USA</b>	
Calgary	Boise	New York
Montreal	Boston	Orlando
Toronto	Chicago	Philadelphia
Vancouver	Dallas	San Diego
	Houston	San Francisco
<b>LATIN AMERICA</b>	Jacksonville	San Jose
Mexico City	Los Angeles	Seattle
Sao Paulo	Minneapolis	Walnut Creek
Santiago	Nashville	

## EMEA



2,432

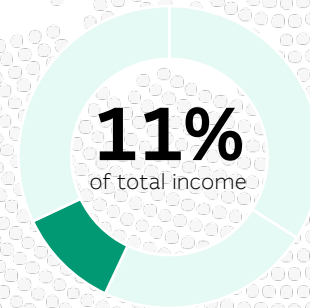
Total income  
\$A2,863m

Assets under management  
\$A115.1b

Employing 65,000+ people<sup>4</sup>

<b>EUROPE</b>		<b>MIDDLE-EAST</b>
Amsterdam	Luxembourg	Dubai
Braintree	Madrid	
Coventry	Munich	<b>SOUTH AFRICA</b>
Dublin	Paris	Johannesburg
Edinburgh	Reading	
Frankfurt	Solihull	
Geneva	Vienna	
Limerick	Watford	
London	Zurich	

## Asia



4,063

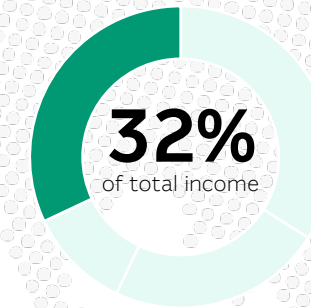
Total income  
\$A1,418m

Assets under management  
\$A35.5b

Employing 59,000+ people<sup>4</sup>

<b>ASIA</b>	
Bangkok	Manila
Beijing	Mumbai
Gurugram	Seoul
Hong Kong	Shanghai
Hsin-Chu	Singapore
Jakarta	Taipei
Kuala Lumpur	Tokyo

## Australia<sup>3</sup>



7,283

Total income  
\$A4,032m

Assets under management  
\$A133.8b

Employing 8,000+ people<sup>4</sup>

<b>AUSTRALIA</b>		<b>NEW ZEALAND</b>
Adelaide	Melbourne	Auckland
Brisbane	Newcastle	
Canberra	Parramatta	
Gold Coast	Perth	
Manly	Sydney	

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation. 3. Includes New Zealand. 4. Includes people employed through MIRA-managed fund assets and investments where Macquarie Capital holds significant influence.

# Macquarie Asset Management

**Actively manages funds** for investors across multiple asset classes

FY21 Net profit contribution  
**\$A2,074m**

▼5%  
on FY20



**1,920+**  
people



**22**  
markets



**150+**  
infrastructure  
and real assets<sup>1</sup>



**\$A562.2 billion**  
assets under management<sup>2</sup>

Note: References relate to the full year ended 31 Mar 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY21 net profit contribution from operating groups. 1. Excludes real estate assets. 2. As at 31 Mar 21. 3. IPE Real Assets (Jul/Aug 20). 4. Infrastructure Investor 50 2020 (Nov 20). 5. IJ Global Awards 2020. 6. Winner of the 2021 Investment Manager of the Year in Australia at the Financial Standard Investment Leadership Award. 7. *Money* magazine's Best of the Best 2021 Awards in Australia. 8. Private Markets, formerly Macquarie Infrastructure and Real Assets, includes Real Assets, Real Estate and Private Credit & Asset Finance. 9. Public Investments, formerly Macquarie Investment Management.

## FY21 awards & rankings



#1 Infrastructure Investment Manager globally<sup>3</sup>



World's largest infrastructure manager (No.1 Position)<sup>4</sup>



APAC Telecoms Data Centre Acquisition Deal of the Year (AirTrunk) & APAC Oil and Gas Midstream Deal of the Year (Daesung)<sup>5</sup>



Investment Manager of the Year 2021<sup>6</sup>



Best Small Companies Fund 2021<sup>7</sup>

## Private Markets<sup>8</sup>

**\$A142.0b** ▼5%  
on Mar 20  
Equity under management

**\$A14.8b**  
Invested across 62 new investments

Sale of Macquarie European Rail Business

**\$A21.8b** **\$A29.9b**  
Equity raised Equity to deploy

**\$A7.7b**  
Equity proceeds from asset divestments

## Public Investments<sup>9</sup>

**\$A367.1b** ▼4%  
on Mar 20  
Assets under management

**60%**  
of assets under management outperforming respective benchmarks on a three-year basis<sup>2</sup>

Completion of the acquisition of Waddell & Reed Financial, Inc on 30 Apr 21. Concurrently, MAM sold Waddell & Reed's wealth management platform to LPL Financial Holdings Inc. MAM will retain Waddell & Reed Financial, Inc.'s asset management business, bringing \$US76b in AUM

# Banking and Financial Services

Macquarie's **retail banking and financial services business**

FY21 Net profit contribution  
**\$A771m**

**Flat**  
on FY20



**2,980+**  
people



Personal  
Banking



Business  
Banking



Wealth  
Management



Leasing



Approximately  
**1.7 million**  
Australian clients

Note: References relate to the full year ended 31 Mar 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY21 net profit contribution from operating groups. 1. Funds on platform includes Macquarie Wrap and Vision. 2. BFS deposits exclude corporate/wholesale deposits. 3. Includes general plant & equipment. 4. BFS, by loan balance - peak as at 30 Jun 20.

## FY21 awards



**\$A67.0b** ▲ 29%  
on Mar 20  
Home loan portfolio

**\$A10.2b** ▲ 13%  
on Mar 20  
Business banking loan portfolio

**\$A101.4b** ▲ 28%  
on Mar 20  
Funds on platform<sup>1</sup>

Launched Digital Portfolio Manager, a digital advice tool that automates investment recommendations, advice documentation and portfolio implementation

Clients accessing assistance<sup>4</sup>  
Peak **~13%**  
31 Mar 21 **~0.2%**

**\$A80.7b** ▲ 26%  
on Mar 20  
Total BFS deposits<sup>2</sup>

**\$A40.0b** ▲ 22%  
on Mar 20  
CMA deposits

**\$A11.5b** ▼ 16%  
on Mar 20  
Vehicle finance portfolio<sup>3</sup>

30+ years bringing innovation and competition to Australian consumers

# Commodities and Global Markets

**Provides clients** with access to markets, financing, financial hedging, research and market analysis and physical execution

FY21 Net profit contribution  
**\$A2,601m**

**▲50%**  
on FY20



**2,130+**  
people



**21**  
markets



**200+**  
Products, covering  
30+ market  
segments



**No. 2**

Physical gas marketer in  
North America<sup>1</sup>

## FY21 awards & rankings



Oil and products  
of the year



Derivatives  
house of the year

### No.1

Futures broker on  
the ASX<sup>2</sup>

### Top 3

Electricity Clearing  
Member<sup>3</sup>

### Top 5

Commodities  
General Clearing  
Member<sup>3</sup>

## Strong underlying client business

### Commodity Markets

Strong client activity across the platform including Resources, Gas and Power and Agriculture partially offset by decreases in Global Oil

Strong inventory management and trading result across multiple sectors, driven by market dislocations and increased volatility particularly across Physical Oil, Precious Metals and North American Gas and Power

### Specialised and Asset Finance

Total portfolio of \$A7.7b, down 9% from \$A8.5b at 31 Mar 20

Positive performance in UK energy meters business and Technology, Media and Telecoms

### Financial Markets

Foreign exchange, interest rates and credit

Solid client activity in UK and Australian securitisation

Continued growth in financing activity with clients engaged in the US corporate direct lending market

Equity Derivatives and Trading

Increased contribution from trading business

Improved product issuance and trading in Asian warrant markets

### Futures

Commission revenues remain strong from sustained customer activity, albeit interest income reduced as global interest rates remain low

Note: References relate to the full year ended 31 Mar 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY21 net profit contribution from operating groups. 1. Platts Q4 Dec 20. 2. ASX Futures 24 (SFE) Monthly Report Mar 21. 3. Awarded by Singapore Exchange Derivatives Clearing Ltd 2020.



# Macquarie Capital

Advises and invests alongside clients and partners **to realise opportunity**; develops and invests in infrastructure and energy projects

FY21 Net profit contribution  
**\$A651m**

▼**15%**  
on FY20



**1,820+**  
people



**23**  
markets



**\$A3.9b**  
Capital invested<sup>1</sup>



**\$A364 billion**  
completed deals in FY21<sup>2</sup>

Note: References relate to the full year ended 31 Mar 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY21 net profit contribution from operating groups. 1. Regulatory Capital as at 31 Mar 21. 2. Source: Dealogic & IJGlobal for Macquarie Group completed M&A, investments, ECM & DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value & not an attributed value. 3. Dealogic (CY20 ANZ completed and announced by value). 4. Dealogic (CY20 ASX and NZX ex Block Trades by value). 5. Dealogic (CY20 ASX and NZX by value). 6. Infraction (CY20 by deal count). 7. Dealogic (1/01/2011 - 31/12/2020 completed & announced by deal count). 8. Dealogic (1/01/2011 - 31/12/2020 ASX & NZX by value). 9. Funding commitments.

## FY21 awards & rankings

**NO. 1 in ANZ**  
M&A<sup>3</sup>, ECM<sup>4</sup> and IPOs<sup>5</sup>

**NO 1.**  
Global Renewables  
Financial Adviser<sup>6</sup>



**Financial  
Adviser of  
the Year**



**Sponsor /  
Developer  
of the Year**



**North  
American  
Roads Deal  
of the year  
Metropistas**

## Advisory and Capital Solutions

Leading market position in ANZ for M&A<sup>7</sup> and IPOs<sup>8</sup> for the past decade

Principal Finance committed over \$A4.5b<sup>9</sup> in FY21 through focused investing in credit markets and bespoke financing solutions

### Notable deals included:

- Exclusive financial adviser to TPG Telecom Limited on the \$A21.3 billion merger of equals with Vodafone Hutchison Australia, and the demerger of Tuas Limited, TPG's Singapore mobile business
- Acted as exclusive sell-side adviser on the sale of Exemplar Health Care, a UK provider of specialty care for adults with high acuity health needs, to an Ares Management Corporation managed fund

## Equities

Repositioning as an Asia-Pacific focused full service broker with specialist US services and Global Portfolio Trading offering continues to resonate with our clients

## Infrastructure and Energy Group

Continued focus on green energy with over 250 projects under development or construction, with a pipeline of >30GW at 31 Mar 21

Expanded into new markets including Latin America, and continued expansion into emerging infrastructure asset classes (e.g. digital infrastructure and battery storage)

### Notable deals included:

- Sole financial adviser to Snowy Hydro Limited on the over \$A5b Snowy 2.0 expansion and associated raising of \$A3.5b of corporate senior debt facilities
- First acquisition in South America, a majority interest in the 206km Briceño-Tunja-Sogamoso operating toll road, one of Colombia's most critical road infrastructure assets, serving ~17m users per year

# Approximate business Basel III Capital and ROE

31 Mar 21

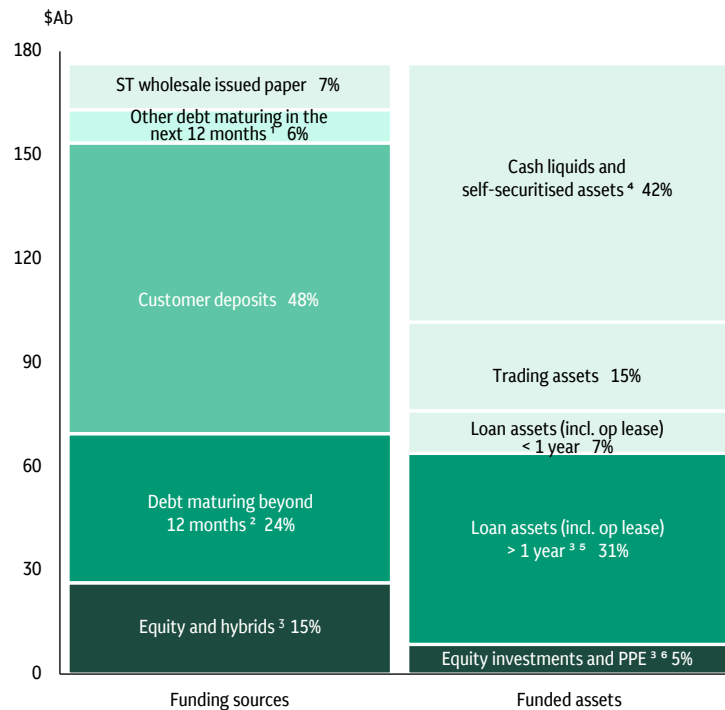
Operating Group	APRA Basel III Capital <sup>1</sup> @ 8.5% (\$Ab)	Approx. FY21 Return on Ordinary Equity <sup>2</sup>	Approx. 15-year Average Return on Ordinary Equity <sup>3</sup>
<b>Annuity-style businesses</b>	<b>7.6</b>		
Macquarie Asset Management	3.1	23%	22%
Banking and Financial Services	4.5		
<b>Markets-facing businesses</b>	<b>8.9</b>		
Commodities and Global Markets	5.0	17%	16%
Macquarie Capital	3.9		
<b>Corporate</b>	<b>1.0</b>		
Total regulatory capital requirement @ 8.5%	17.5		
Group surplus	8.8		
<b>Total APRA Basel III capital supply</b>	<b>26.3<sup>4</sup></b>	<b>14.3%</b>	<b>14%</b>

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 31 Dec 20 allocations adjusted for material movements over the Mar 21 quarter. 2. NPAT used in the calculation of approximate FY21 ROE is based on Operating Groups' net profit contribution adjusted for indicative allocations of profit share, tax and other corporate items. Accounting equity is attributed to businesses based on quarterly average allocated ordinary equity. 3. 15-year average covers FY07 to FY21, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of \$A22.1b of ordinary equity and \$A4.2b of hybrids.

# Business backed by strong funding and capital

## MGL funded balance sheet

31 Mar 21

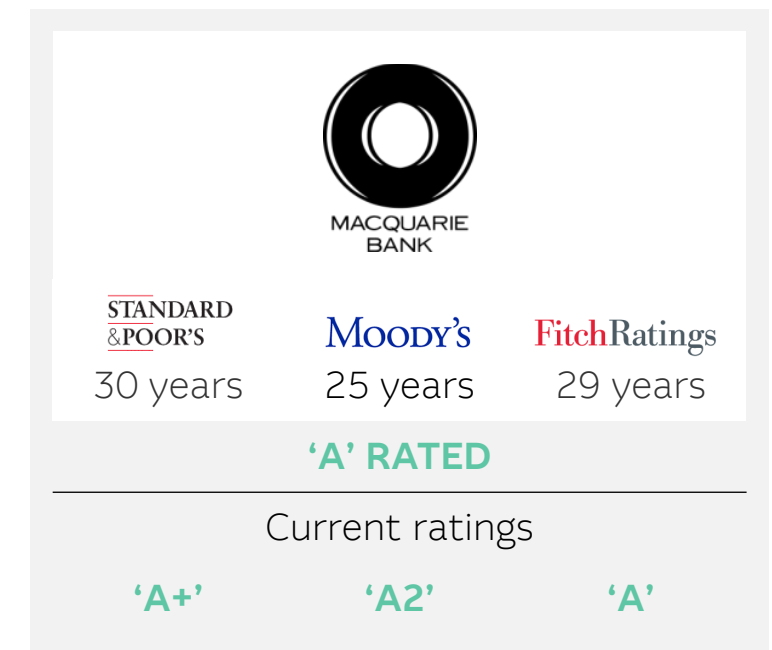


## APRA Basel III capital position<sup>7</sup>

31 Mar 21



## Credit ratings



The funded balance sheet is a simple representation of Macquarie's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the Statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie's internal liquidity framework and the regulatory liquidity metrics. 1. Other debt maturing in the next 12 months includes Secured funding, Bonds, Other loans, Subordinated debt and Net trade creditors. 2. Debt maturing beyond 12 months includes Subordinated debt, Structured notes, Secured funding (including drawn Reserve Bank of Australia (RBA) Term Funding Facility (TFF)), Bonds, Syndicated loan facilities and Other loans not maturing within next 12 months. 3. Non-controlling interests are netted down in Equity and hybrids, Equity investments and PPE and Loan assets (incl. op lease) > 1 year. 4. Cash, liquids and self-securitised assets includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the RBA's Committed Liquidity Facility (CLF) and TFF. 5. Loan Assets (incl. op lease) > 1 year includes Debt investments. 6. Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments. 7. The capital surplus shown is above regulatory minimums including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110, calculated at 8.5% RWA on a Level 2 basis for MBL. This surplus also includes provision for internal capital buffers, forthcoming regulatory changes, as well as differences between Level 2 and Level 1 capital requirements, such as the \$A500m operational capital overlay which is applied to Level 1 only from 1 Apr 21. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical buffer (CCyB) of ~1bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions.

# 03

## 1Q22 Update

**Shemara Wikramanayake**


Managing Director and Chief Executive Officer





# 1Q22

## Overview



### **Improved trading conditions with 1Q22 operating group contribution significantly up on the prior corresponding period (pcp) (1Q21) which had mixed trading conditions**

- Macquarie's annuity-style businesses (MAM and BFS) combined 1Q22 net profit contribution<sup>1</sup> slightly up on pcp, primarily due to higher average volumes and lower provisions in BFS. This was partially offset by reduced contribution from MAM in the absence of the gain on sale of the rail operating lease business in the pcp, partially offset by the Macquarie Infrastructure Corporation (MIC) disposition fee in 1Q22
- Macquarie's markets-facing businesses (CGM and Macquarie Capital) combined 1Q22 net profit contribution<sup>1</sup> significantly up on pcp primarily due to the sale of the UK commercial and industrial smart meter portfolio which, as foreshadowed, was partially offset by the timing of income recognition on storage and transport contracts in CGM, together with significantly higher investment-related income in Macquarie Capital

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

# 1Q22 Overview

## Annuity-style businesses

### Macquarie Asset Management

# ~34%

FY21 contribution<sup>1</sup>

- AUM<sup>2</sup> of \$A693.2 at Jun 21, up 23% on Mar 21, predominantly driven by the acquisition of Waddell & Reed
- Public Investments: \$A495.2b in AUM, up 35% on Mar 21, predominantly driven by acquisition of Waddell & Reed, combined with positive impacts from market movements, foreign exchange and net flows
- Private Markets: \$A147.9b in EUM<sup>3</sup>, up 4% on Mar 21 predominantly driven by equity raised and FX movements
- Private Markets: \$A3.3b in new equity raised; \$A1.3b of equity invested; \$A0.6b equity divested in 1Q22
- Private Markets: \$A29.2b of equity to deploy at Jun 21
- Macquarie Infrastructure Corporation (MIC), subject to shareholder approval, agreed to sell its Atlantic Aviation and MIC Hawaii businesses, marking the conclusion of MIC's pursuit of strategic alternatives. Following the sales MIC will be delisted from the NYSE
- MAM completed its acquisition of Waddell & Reed Financial, Inc on 30 Apr 21
- MAM entered into an agreement to acquire AMP Capital's Global Equity and Fixed Income business on 08 Jul 21
- Continued strong Public Investments performance with 59% of AUM outperforming their respective 3-year benchmarks<sup>4</sup>

### Banking and Financial Services

# ~13%

FY21 contribution<sup>1</sup>

- Total BFS deposits<sup>5</sup> of \$A82.4b at Jun 21, up 2% on Mar 21
- Home loan portfolio of \$A71.2b at Jun 21, up 6% on Mar 21
- Funds on platform<sup>6</sup> of \$A109.2b at Jun 21, up 8% on Mar 21
- Business banking loan portfolio of \$A10.8b at Jun 21, up 6% on Mar 21
- Vehicle finance portfolio<sup>7</sup> of \$A11.2b at Jun 21, down 3% on Mar 21

1. Based on FY21 net profit contribution from operating groups as reported on 7 May 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Assets under Management (AUM) is calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises for the purpose of wealth creation, adjusted to exclude cross-holdings in funds and reflect Macquarie's proportional ownership interest of the fund manager. AUM excludes uninvested equity in Private Markets. 3. Private Markets' total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. 4. As at 30 Jun 21, gross of fees. 5. BFS deposits include corporate/wholesale deposits. 6. Funds on platform includes Macquarie Wrap and Vision. 7. Includes general plant & equipment.

# 1Q22 Overview

## Markets-facing businesses

### Commodities and Global Markets

# ~42%

FY21 contribution<sup>1</sup>

- Favourable market conditions contributed to strong results across the commodities platform, particularly in North American Gas & Power and Resources driven by trading and client hedging opportunities
- Solid client activity continued across Financial Markets businesses including fixed income and foreign exchange, albeit trading opportunities were more subdued
- Asset Finance benefitted from the divestment of its UK commercial and industrial smart meter portfolio, which was a small portion of its overall UK portfolio which is largely focused on residential metering
- Maintained ranking as No.2 physical gas marketer in North America<sup>2</sup>
- Named Derivatives House of the Year and Oil and Products House of the Year<sup>3</sup>

### Macquarie Capital

# ~11%

FY21 contribution<sup>1</sup>

- 115 transactions valued at \$A98.9b completed globally<sup>4</sup>, up on pcp
- Investment-related income up significantly on pcp. M&A fee income up across all regions, offset by lower ECM fee revenue
- ACS Principal Finance committed over \$A2.3b in 1Q22 through focused investing in credit markets and bespoke financing solutions
- North America Infrastructure Financial Advisor of the Year<sup>5</sup>
- Asia Equities Research wins multiple key awards in Institutional Investor's 2021 Asia-Pacific Research Rankings<sup>6</sup>

#### Notable Deals

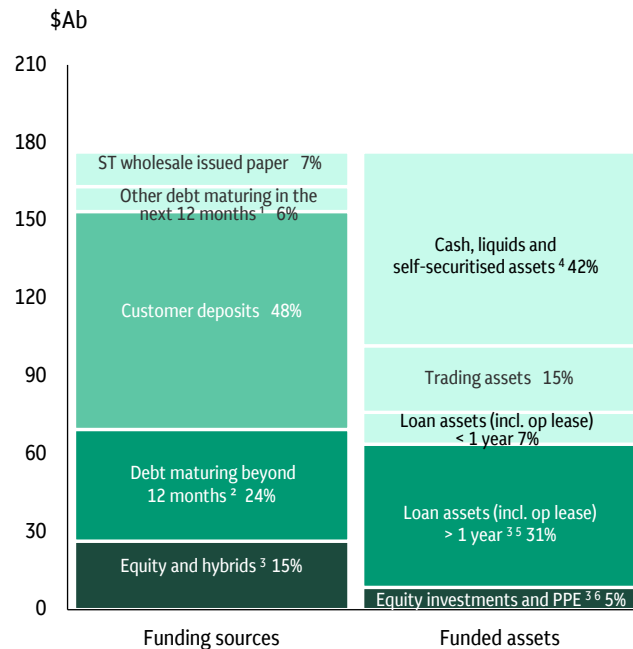
- Significant sellside activity including advising Veritas Capital on their \$US1.35b sale of Abaco Systems, Telstra on the announced sale of 49% of Telstra InfraCo Towers, valuing the business at \$A5.9b<sup>7</sup> and NAB on the \$A1.44b sale of MLC to IOOF
- Acquired a majority stake in Wavenet Group, a UK provider of telecoms and technology solutions
- Investment in and partnership with Prime Data Centers, a data centre developer and operator in the Americas and Europe
- Formed a JV with John Laing to finance ~650 purpose-built retirement units worth ~GBP200m in the UK, to be operated by McCarthy Stone
- Partnered with Heliox to deliver innovative electric vehicle charging infrastructure across Europe
- Reached agreement to sell down 100% of Macquarie's holding in Business Keeper to EQS Group<sup>8</sup>

1. Based on FY21 net profit contribution from operating groups as reported on 7 May 21. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Platts Q1 CY21. 3. Energy Risk Awards 2021. 4. Source: Dealogic & IJGlobal for Macquarie Group completed M&A, investments, ECM & DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value & not an attributed value. 5. IJ Global Awards 2020. 6. Ranked No. 2 among regional/local brokers in Asia-Pacific region with six winning positions at firm level supported by 18 ranked analysts across the 11 countries/regions in 2021. 7. Announced 1Q22, expected to close 2Q22. 8. Announced 1Q22, completed 2Q22.

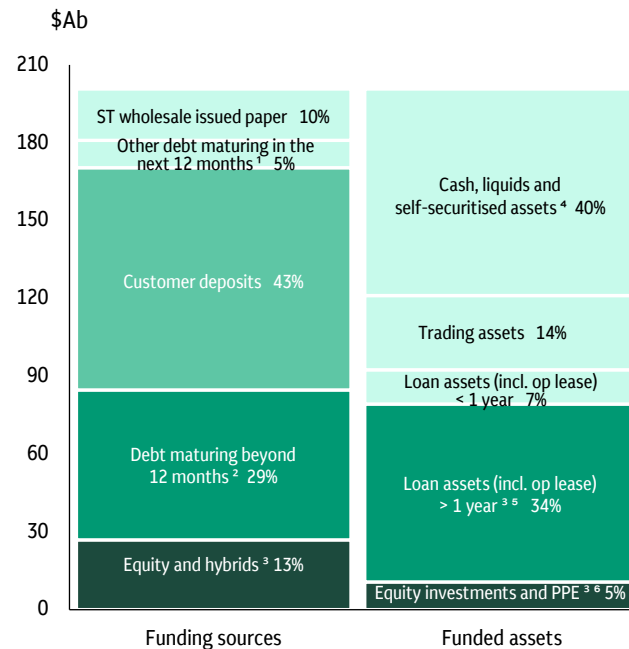
# Funded balance sheet remains strong

## Term liabilities exceed term assets

31 Mar 21



30 Jun 21



Total customer deposits<sup>7</sup>

**\$A85.7b**

↑ 2%  
FROM MAR 21

Term funding raised, including RBA Term Funding Facility (TFF)<sup>8</sup>

**\$A17.6b**

Since  
MAR 21

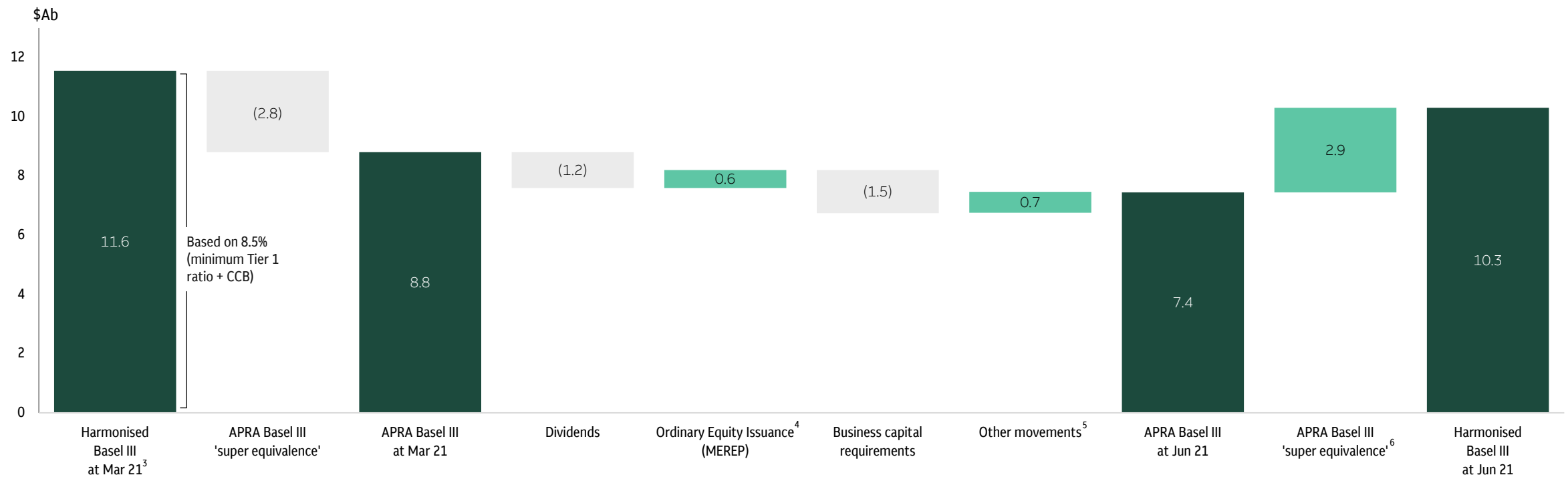
These charts represent Macquarie's funded balance sheets at the respective dates noted above. The funded balance sheet is a simple representation of Macquarie's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the Statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie's internal liquidity framework and the regulatory liquidity metrics. 1. Other debt maturing in the next 12 months includes Secured funding, Bonds, Other loans, Subordinated debt and Net trade creditors. 2. Debt maturing beyond 12 months includes Subordinated debt, Structured notes, Secured funding (including drawn RBA TFF), Bonds, Syndicated loan facilities and Other loans not maturing within next 12 months. 3. Non-controlling interests are netted down in Equity and hybrids, Equity investments and PPE and Loan assets (incl. op lease) > 1 year. 4. Cash, liquids and self-securitised assets includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the RBA's Committed Liquidity Facility (CLF) and TFF. 5. Loan Assets (incl. op lease) > 1 year includes Debt investments. 6. Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments. 7. Total customer deposits as per the funded balance sheet (\$A85.7b) differs from total deposits as per the statutory balance sheet (\$A85.9b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 8. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance. Includes refinancing of loan facilities and \$A9.5b of RBA TFF drawn since Mar 21.



# Basel III capital position

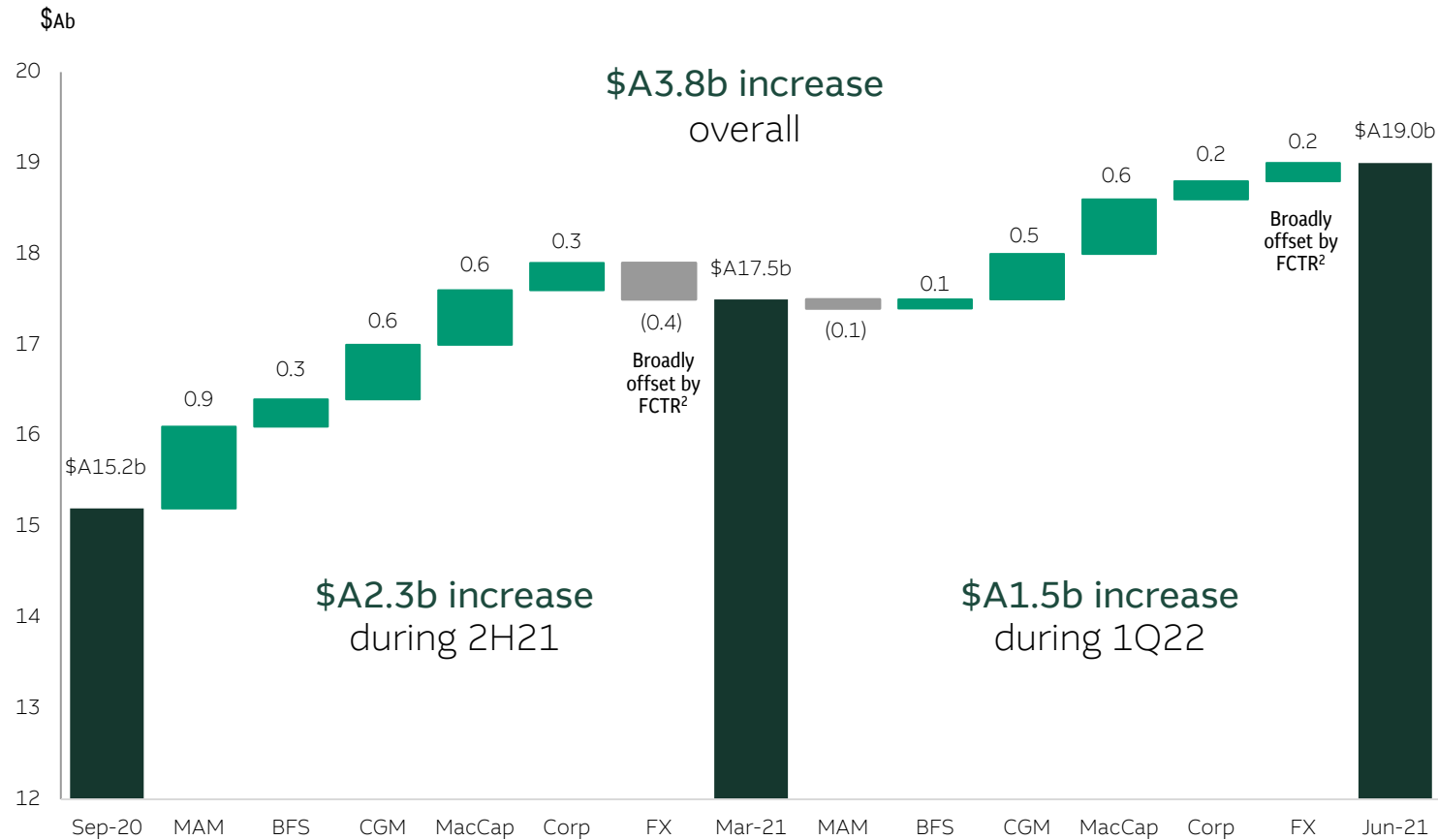
- APRA Basel III Group capital at Jun 21 of \$A26.4b; Group capital surplus of \$A7.4b<sup>1, 2</sup>
- APRA Basel III Level 2 CET1 ratio: 12.1%; Harmonised Basel III Level 2 CET1 ratio: 15.5%

## Group regulatory surplus: Basel III (Jun 21)



1. The capital surplus shown is above regulatory minimums including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110, calculated at 8.5% RWA on a Level 2 basis for MBL. This surplus also includes provision for internal capital buffers, forthcoming regulatory changes, as well as differences between Level 2 and Level 1 capital requirements, such as the \$A500m operational capital overlay which is applied to Level 1 only from 1 Apr 21. 2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical buffer (CCyB) of ~1bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 3. Basel III applies only to the Bank Group and not the Non-Bank Group. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. \$A0.4b of shares issued to satisfy DRP requirements on 2 Jul 21, and thus not included above. 5. Includes current quarter P&L, treasury shares, movements in foreign currency translation and share-based payment reserves and other movements. 6. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework, including the treatment of mortgages \$A1.2b; capitalised expenses \$A0.5b; equity investments \$A0.4b; investment into deconsolidated subsidiaries \$A0.2b; DTAs \$A0.6b.

# Business capital requirements<sup>1</sup>



1. Regulatory capital requirements are calculated at 8.5% RWA. 2. The foreign currency translation reserve (FCTR) forms part of capital supply and broadly offsets FX movements in capital requirements.

## 1Q22 key drivers

### MAM

- Includes fund underwriting activity offset by divestments (including Waddell & Reed's wealth management business and balance sheet assets)

### BFS

- Growth in home loans

### CGM

- Derivatives market movements, trade debtors and increase in market risk

### Macquarie Capital

- Principal Finance lending activity and new investments

# Capital management update

## Dividend Payout Policy

- Macquarie has seen strong capital deployment over an extended period, with \$A3.8b growth in capital requirements across all four operating groups since Sep 20. Operating groups are continuing to seek opportunities to deploy additional capital, provided the projected risk-adjusted returns are attractive for shareholders
- In order to allow additional flexibility to support business growth, the Board has resolved to update the annual dividend payout policy range to 50-70%

## Dividend Reinvestment Plan (DRP)

- The Board determined that a 1.5% discount would apply to shares allocated under the DRP for the 2H21 dividend
- On 2 Jul 21, 2,892,121 ordinary shares were issued and allocated at \$A149.45 per share<sup>1</sup> under the DRP reflecting a participation rate of 35.7%, and a total issuance of \$A432m

## Macquarie Group Employee Retained Equity Plan (MEREP)

- On 9 Jun 21, a total of 4,014,722 Macquarie ordinary shares were issued pursuant to the Macquarie Group Employee Retained Equity Plan (MEREP). The shares were issued and allocated at \$A151.73 per share<sup>2</sup>, with a total issuance of \$A609m

## Loss-Absorbing Capital (LAC) - Tier 2 Capital

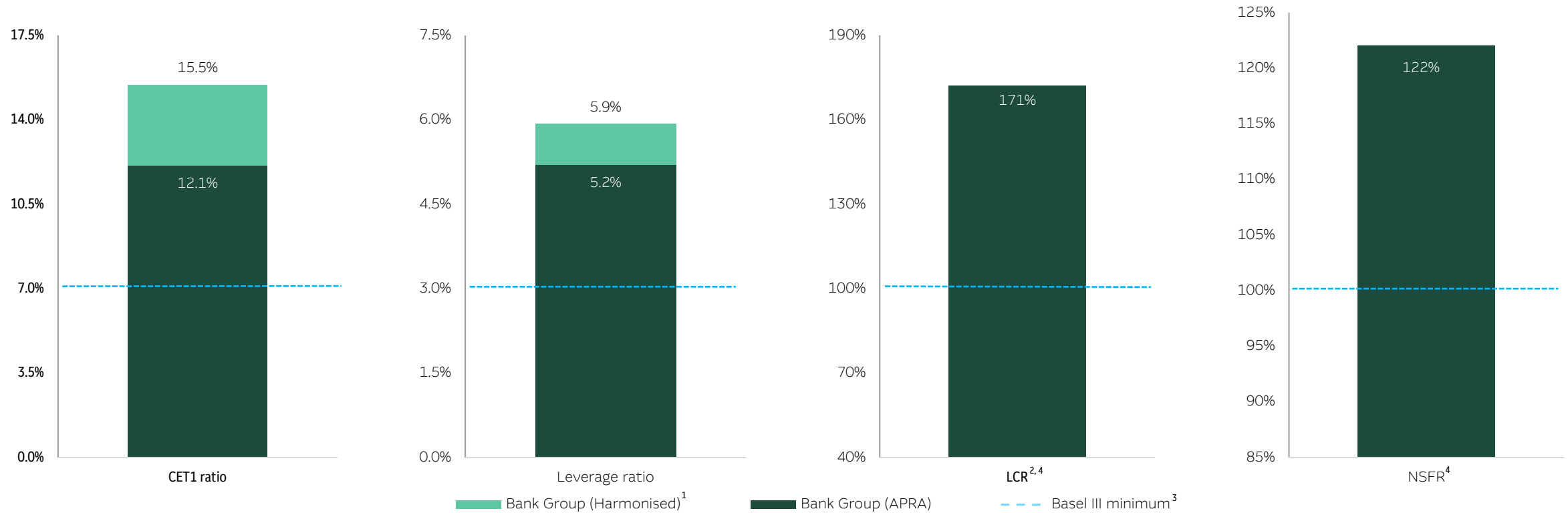
- On 9 Jun 21, MBL issued \$A750m Tier 2 capital at 3mth BBSW + 155bps, as part of its programme to meet Loss-Absorbing Capacity requirements

1. The DRP price was determined in accordance with the DRP Rules, being the arithmetic average of the daily volume-weighted average price of all Macquarie Group shares sold through a normal trade on the ASX automated trading system of the 10 business days from 24 May 21 to 4 Jun 21 inclusive, less a discount of 1.5%. 2. The price at which the shares to satisfy the MEREP requirements were issued was calculated in the same manner and over the same pricing period as the DRP shares, excluding the 1.5% discount.



# Strong regulatory ratios

## Bank Group Level 2 Ratios (Jun 21)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 2. Average LCR for Jun 21 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. APRA has released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5% effective Jan 23. 4. Reported liquidity ratios include a 15% add-on to Net Cash Outflows for LCR and a 1% decrease to Available Stable Funding for NSFR imposed by APRA as of 1 Apr 21.



# Regulatory update

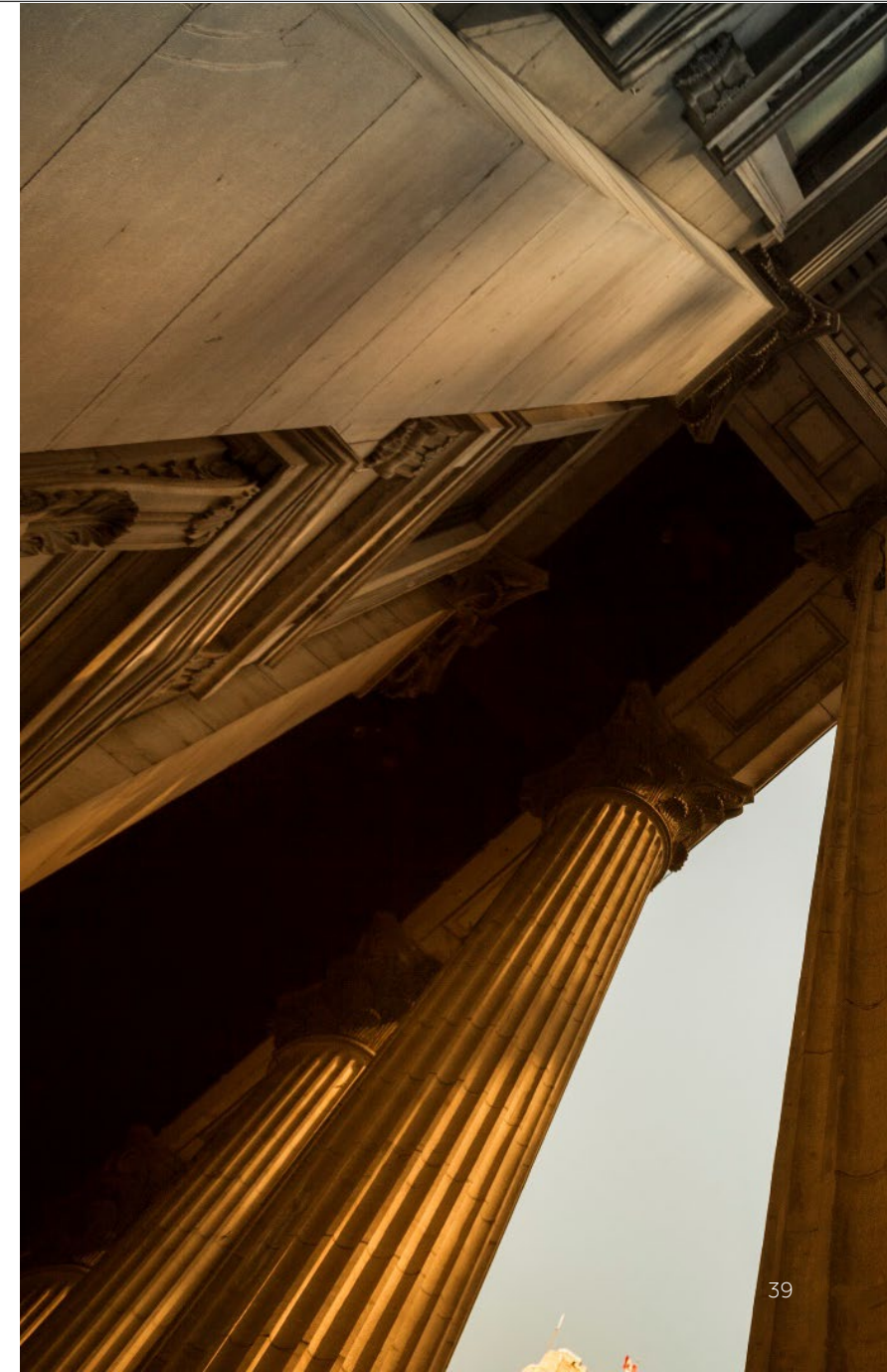
## Australia

- APRA is in the process of implementing changes to a number of regulatory standards<sup>1</sup>
- APRA released a letter on 21 Jul 21 outlining proposed policy settings for the Bank Capital Reforms and will conduct a further Quantitative Impact Study (QIS) to finalise the calibration of these reforms<sup>2</sup>. APRA is aiming to release the final prudential standards in Nov 21, which will come into effect 1 Jan 23
- Based on current information available, it remains Macquarie's expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the proposed changes, noting that the final impact is uncertain given a number of these are subject to consultation and finalisation
- As previously noted, APRA is in discussions with Macquarie on resolution planning. APRA expects to progress the development of the prudential standard in the year ahead, with a view to releasing a draft standard for consultation in late 2021 or early 2022<sup>3</sup>
- On 12 Nov 20, APRA released its revised remuneration standard for consultation. Macquarie provided a submission on 12 Feb 21. The new standard requires boards to strengthen incentives to manage non-financial risks, regularly assess for risk management failings and have deferral arrangements that allow boards to reduce remuneration for poor risk outcomes. APRA released the new Prudential Practice Guide ("CPG 511") on 30 Apr 21 for consultation. Macquarie provided a submission on 23 Jul 21. The final versions of CPS 511 and CPG 511 will be published in the second half of 2021<sup>4</sup> and will come into effect on 1 Jan 23. Increased disclosure requirements will also be required, defined through a future consultation expected late 2021
- On 1 Apr 21, APRA announced actions required regarding MBL's risk management practices and ability to calculate and report key prudential ratios<sup>5</sup>. APRA increased MBL's operational risk capital requirement and made adjustments to requirements for certain liquidity prudential ratios, effective from 1 Apr 21. The actions relate to specific intra-group funding arrangements as well as breaches of APRA's reporting standards on liquidity between 2018 and 2020. APRA noted that the breaches are historical and do not impact the current overall soundness of Macquarie Group's capital and liquidity positions. While specific historical matters leading to these actions have been addressed, Macquarie acknowledges that continued work is required on its risk governance and operating platform and has programs in place to strengthen capital and liquidity reporting and its risk management framework. Macquarie will work closely with APRA on these programs through a period of intensified supervision and is working with APRA to determine any necessary restatements of selected historical returns
- On 16 Jul 21, Treasury released the Exposure Draft Financial Accountability Regime Bill 2021 (and related materials) for consultation with submissions from interested parties due by 13 Aug 21. The proposed Financial Accountability Regime ("FAR") extends, with some modifications, the existing Banking Executive Accountability Regime ("BEAR") to all other APRA-regulated entities including Macquarie Group Limited ("MGL") as a non-operating holding company, Macquarie Investment Management Limited ("MIML") as a registrable superannuation entity licensee; and Macquarie Life Limited ("MLL") as an insurer. Treasury intends for FAR to commence for MGL and MBL on 1 Jul 22 and for MIML and MLL on 1 Jul 23

## Germany

- Macquarie continues to respond to requests for information about its historical activities as part of the ongoing, industry-wide investigation in Germany relating to dividend trading. As previously noted, in total, the German authorities have designated as suspects approximately 100 current and former Macquarie staff, most of whom are no longer at Macquarie. The total amount at issue is not material and MGL has provided for the matter

1. These changes include APS 110, APS 111, APS 112, APS 113, APS 115, APS 116, APS 117, APS 220, APS 222. 2. 'APRA releases update on key policy settings for ADI capital framework reforms'; 21 Jul 21. 3. 'APRA releases its policy and supervision priorities for 2021'; 1 Feb 21. 4. 'APRA consults on guidance in support of prudential standard on remuneration'; 30 Apr 21. 5. 'APRA takes action against Macquarie Bank over multiple breaches of prudential and reporting standards'; 1 Apr 21.





# 04

## FY22 Outlook

**Shemara Wikramanayake**

Managing Director and Chief Executive Officer





# Short-term outlook

## Factors impacting short-term outlook

### Annuity-style businesses

#### Non-Banking Group

##### Macquarie Asset Management (MAM)

- Excluding Waddell & Reed:
  - Base fees expected to be broadly in line
  - Net Other Operating Income<sup>1</sup> expected to be slightly down due to significant one-off items in FY21
- Waddell & Reed acquisition expected to slightly reduce net profit contribution in FY22 due to integration and one-off costs

#### Banking Group

##### Banking and Financial Services (BFS)

- Ongoing momentum in loan portfolio and platform volumes
- Competitive dynamics to continue to drive margin pressure
- Ongoing monitoring of provisioning in the COVID-19 environment
- Higher expenses to support volume growth, technology investment and increased regulatory investment

### Markets-facing businesses

##### Macquarie Capital (MacCap)

- Improved transaction activity expected to continue through FY22
- Improved outlook for investment realisations and increased balance sheet deployment

##### Commodities and Global Markets<sup>2</sup> (CGM)

- Commodities income is expected to be significantly down following a strong FY21, which was driven by broad dislocation across commodities markets, albeit volatility may create opportunities
- The positive impact from the timing of income recognition on storage and transport contracts in FY21 is not anticipated to recur
- Consistent client contribution across the financial markets platform
- Continued contribution from Specialised and Asset Finance linked to business activity
- 1H22 to include disposal of certain assets in Specialised and Asset Finance

### Corporate

- Compensation ratio expected to be within the range of historical levels
- The FY22 effective tax rate is expected to be broadly in line with historical levels

1. Net Other Operating Income includes all operating income excluding base fees. 2. Certain assets of the Credit Markets business and certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.



# Short-term outlook

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

- The duration of COVID-19, speed of the global economic recovery and extent of government support for economies
- Market conditions including significant volatility events and the impact of geopolitical events
- Potential tax or regulatory changes and tax uncertainties
- Completion of period-end reviews and the completion rate of transactions
- The geographic composition of income and the impact of foreign exchange

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





# Medium-term outlook

Macquarie remains well-positioned to deliver superior performance in the medium term

Deep expertise in major markets

Build on our strength in business and geographic diversity and continue to adapt our portfolio mix to changing market conditions

- Annuity-style income is primarily provided by two Operating Groups' businesses which are delivering superior returns following years of investment and acquisitions
  - Macquarie Asset Management and Banking and Financial Services
- Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
  - Commodities and Global Markets and Macquarie Capital

Ongoing program to identify cost saving initiatives and efficiency

Strong and conservative balance sheet

- Well-matched funding profile with minimal reliance on short-term wholesale funding
- Surplus funding and capital available to support growth

Proven risk management framework and culture

# Medium term

## Annuity-style businesses

### Non-Banking Group

#### Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-positioned to respond to current market conditions and grow assets under management through its diversified product offering, track record and experienced investment teams

### Banking Group

#### Banking and Financial Services (BFS)

- Growth opportunities through intermediary and direct retail client distribution, platforms and client service
- Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments
- Modernising technology to improve client experience and support growth

## Markets-facing businesses

#### Macquarie Capital (MacCap)

- Positioned to benefit from further recovery in transaction activity
- Continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

#### Commodities and Global Markets<sup>1</sup> (CGM)

- Opportunities to grow commodities business, both organically and through acquisition
- Development of institutional and corporate coverage for specialised credit, rates and foreign exchange products
- Tailored financing solutions globally across a variety of industries and asset classes
- Continued investment in asset finance portfolio
- Growing client base across all regions

1. Certain assets of the Credit Markets business and certain activities of the Commodity Markets and Finance business and some other less financially significant activities are undertaken from within the Non-Banking Group.



# 05

## Formal Business

**Peter Warne**  
Chairman

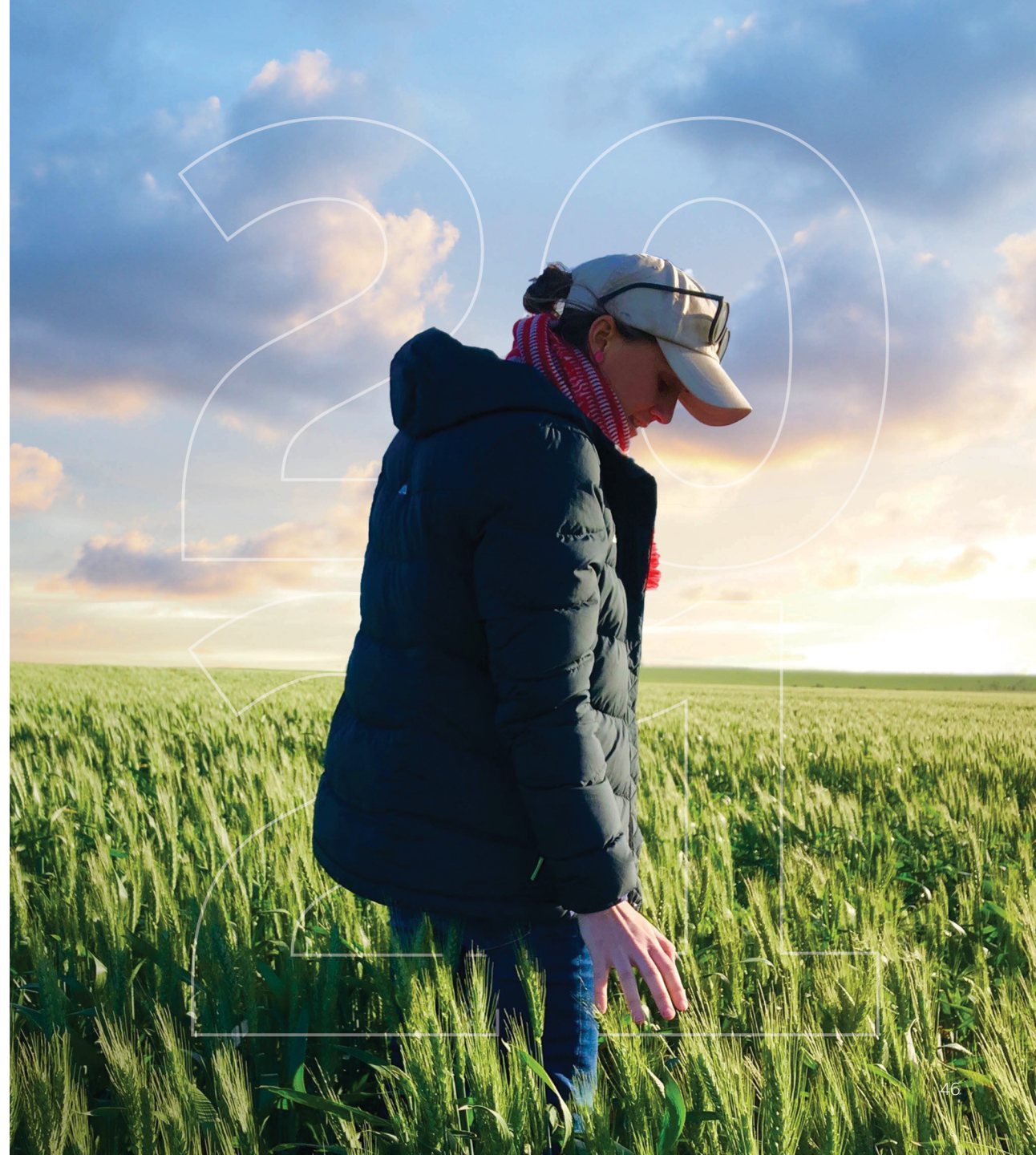




# 2021 Annual General Meeting

Macquarie Group Limited

29 July 2021





# 06

## Glossary





# Glossary

<b>\$A / AUD</b>	Australian Dollar
<b>\$US / USD</b>	United States Dollar
<b>£ / GBP</b>	Pound Sterling
<b>€</b>	Euro
<b>1Q22</b>	Three months ended 30 June 2021
<b>ADI</b>	Authorised Deposit-Taking Institution
<b>AML</b>	Anti-Money Laundering
<b>ANZ</b>	Australia and New Zealand
<b>APRA</b>	Australian Prudential Regulation Authority
<b>AUM</b>	Assets under Management
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BFS</b>	Banking and Financial Services
<b>CCB</b>	Capital Conservation Buffer
<b>CET1</b>	Common Equity Tier 1
<b>CFLI</b>	Climate Finance Leadership Initiative
<b>CGM</b>	Commodities and Global Markets
<b>CLF</b>	Committed Liquid Facility
<b>CMA</b>	Cash Management Account
<b>DCM</b>	Debt Capital Markets
<b>DPS</b>	Dividends Per Share

<b>DRP</b>	Dividend Reinvestment Plan
<b>ECAM</b>	Economic Capital Adequacy Model
<b>ECM</b>	Equity Capital Markets
<b>EMEA</b>	Europe, the Middle East and Africa
<b>EPS</b>	Earnings Per Share
<b>EUM</b>	Equity Under Management
<b>FCTR</b>	Foreign currency translation reserve and net investment hedge reserve
<b>FX</b>	Foreign Exchange
<b>FY20</b>	Full Year ended 31 March 2020
<b>FY21</b>	Full Year ending 31 March 2021
<b>FY22</b>	Full Year ending 31 March 2022
<b>GCA</b>	Global Commission on Adaptation
<b>GFANZ</b>	Glasgow Financial Alliance for Net Zero
<b>GIF II</b>	Macquarie Global Infrastructure Fund 2
<b>GIF III</b>	Macquarie Global Infrastructure Fund 3
<b>GIG</b>	Green Investment Group
<b>IPO</b>	Initial Public Offering
<b>IFRS</b>	International Financial Reporting Standards
<b>LBO</b>	Leveraged Buyout
<b>LCR</b>	Liquidity Coverage Ratio

# Glossary

<b>M&amp;A</b>	Mergers and Acquisitions
<b>MacCap</b>	Macquarie Capital
<b>MAM</b>	Macquarie Asset Management
<b>MBL</b>	Macquarie Bank Limited
<b>MD&amp;A</b>	Management Discussion & Analysis
<b>MEIF1</b>	Macquarie European Infrastructure Fund 1
<b>MEIF3</b>	Macquarie European Infrastructure Fund 3
<b>MEIF4</b>	Macquarie European Infrastructure Fund 4
<b>MEREP</b>	Macquarie Group Employee Retained Equity Plan
<b>MFAA</b>	Mortgage and Finance Association of Australia
<b>MGL / MQG</b>	Macquarie Group Limited
<b>MGSA</b>	Macquarie Group Services Australia
<b>MIC</b>	Macquarie Infrastructure Corporation
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>MIM</b>	Macquarie Investment Management
<b>MIP I</b>	Macquarie Infrastructure Partners Fund 1
<b>MIP II</b>	Macquarie Infrastructure Partners Fund 2
<b>MIRA</b>	Macquarie Infrastructure and Real Assets

<b>MW</b>	Mega Watt
<b>NGLs</b>	Natural gas liquids
<b>NPAT</b>	Net Profit After Tax
<b>NPC</b>	Net Profit Contribution
<b>NSFR</b>	Net Stable Funding Ratio
<b>OTC</b>	Over-The-Counter
<b>P&amp;L</b>	Profit and Loss
<b>PPE</b>	Property, Plant and Equipment
<b>PPP</b>	Public Private Partnership
<b>RBA</b>	Reserve Bank of Australia
<b>ROE</b>	Return on Equity
<b>RWA</b>	Risk Weighted Assets
<b>SBI</b>	State Bank of India
<b>SMI</b>	Sustainable Markets Initiative
<b>SMSF</b>	Self Managed Super Fund
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TFF</b>	Term Funding Facility
<b>UN PRI</b>	United Nations Principles for Responsible Investment