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Letter from the

Managing Director and CEO

Against an uncertain backdrop, Macquarie’s teams remained focused on delivering for our clients, partners, shareholders and the communities in which we operate. Supported by our central teams and empowered to identify and capitalise on opportunities in line with our purpose, all four Macquarie operating groups increased their overall net profit contribution in FY2022.

While many of the regions and markets in which Macquarie operates saw heightened levels of volatility this year, our longstanding strategy to address key areas of unmet need in the community is unchanged. Over time, this has seen us build deep and differentiated franchises in each of our areas of activity, all of which delivered sound outcomes and strong performance in FY2022.

For the year ended 31 March 2022, Macquarie delivered a profit of \$A4,706 million, up 56% on the prior year, with three of the four operating groups delivering their best-ever performance. This result reflects our continued emphasis on areas underpinning long-term global economic growth, our agility and adaptability in uncertain times, and our ongoing commitment to prudent risk management. While each of our franchises continued to grow strongly, the result was also supported by some exceptional elements, in terms of specific assets

realised during the year and a heightened need to support clients through volatile markets.

In Macquarie Asset Management (MAM), excluding the impact of acquisitions, income related to the disposition of Macquarie Infrastructure Corporation (MIC) assets together with growth in base fees were partially offset by gains on the sale of Macquarie European Rail in the prior year and lower performance fees. Banking and Financial Services (BFS) benefited from strong growth in home loans, funds on platform and total BFS deposits together with releases in net credit impairments. This was partially offset by increased technology investment and higher average headcount costs to support business growth and regulatory requirements.

Commodities and Global Markets (CGM) saw increased revenue from Commodities with strong risk management demand driven by increased client hedging activity and trading activity as a result of elevated volatility and commodity price movements. The contribution from Commodities inventory management and trading was also up while Financial Markets continued to deliver strong performance. The contribution from Asset Finance also increased, largely related to the partial sale of the UK Meters portfolio and increased activity across its other sectors. Macquarie Capital saw significantly higher fee and commission income due to mergers and acquisitions and debt capital markets activities. This was partially offset by lower equity capital markets fee income and brokerage income. Investment-related income was up substantially due to material asset realisations in the green energy, technology and business services sectors and an increase in the private credit portfolio.

To provide us with additional flexibility to invest in new opportunities while maintaining an appropriate capital surplus, we raised \$A2.8 billion

in additional capital in FY2022 through an institutional placement and associated share purchase plan. These offers received strong interest from institutional and retail shareholders respectively and were successfully completed towards the end of 2021. I would like to thank shareholders for their support in providing this capital for further growth. Macquarie Group remains well capitalised, with APRA Basel III Capital of \$A33.6 billion at 31 March 2022 and a surplus of \$A10.7 billion.

We have previously communicated our work with APRA to create a remediation plan that strengthens MBL's governance, culture, structure and remuneration to ensure full and ongoing compliance with prudential standards. The plan was approved and endorsed by the MBL Board in FY2022 and is broad-ranging and comprehensive, including detailed programs of work across governance, remuneration, risk culture, regulatory reporting, prudential risk management and group structure. Management is committed to advancing this work through FY2023 and beyond.

Investing in a sustainable future

During the year, we announced the move of Macquarie's Green Investment Group (GIG) from Macquarie Capital into MAM, which took effect from 1 April 2022. The need for climate investment has grown substantially in GIG's focus areas and the move brings together our specialist capabilities in green finance to respond to investor appetite for long-term investment across the asset lifecycle as we seek to address broad sources of emissions from energy, transportation, agriculture, industry, waste and real estate.

Macquarie is committed to playing a leading role in driving the global transition to net zero. Alongside our own investment commitment and working with clients to deliver practical climate solutions, we are playing an active role in the mobilisation of private capital through our participation in global initiatives such as the Glasgow Financial Alliance for Net Zero (GFANZ) and the Climate Finance Leadership Initiative (CFLI), for which I act as Co-Chair of the India workstream.

Management update

During FY2022, following the retirement of Mary Reemst after 22 years with Macquarie, Stuart Green became Managing Director and Chief Executive Officer of MBL on 1 July 2021 and joined the MBL Board and the MGL and MBL Executive Committees.

After 22 years with Macquarie, Daniel Wong stepped down as Co-Head of Macquarie Capital and from Macquarie's Executive Committee, on 29 October 2021. Michael Silverton, Daniel's Co-Head, became sole Group Head of Macquarie Capital.

Patrick Upfold stepped down as Chief Risk Officer, Head of the Risk Management Group (RMG) and from Macquarie's Executive Committee on 31 December 2021, after 25 years with Macquarie. Patrick remains with Macquarie until mid-2022 to complete an extended handover to his successor, Andrew Cassidy, who has been with Macquarie for 18 years. Andrew joined Macquarie's Executive Committee on 1 January 2022.

Michael Herring retired as Group General Counsel and Head of the Legal and Governance Group on 6 May 2022 after 17 years with Macquarie. Evie Bruce, previously Australian Managing Partner for King & Wood Mallesons Australia's Mergers & Acquisitions and Banking & Finance practice teams joined Macquarie in January 2022 and has undertaken an extended handover period before taking over Michael's responsibilities. Evie joined Macquarie's Executive Committee on 2 March 2022.

In addition to the new Executive Committee members noted above, Verena Lim, Macquarie's Asia CEO; Leigh Harrison, the global head of MAM's Real Assets business; and Tim Whitehead, global head of RMG Credit all joined Macquarie's Management Committee.

In the community

Consistent with the social impact that our businesses seek to drive from their investments, our people and the Macquarie Group Foundation together contributed \$A44 million in funding and thousands of hours of time to community organisations across the globe in FY2022.

Furthermore, the remainder of the \$A20 million COVID-19 donation fund launched at the start of the pandemic in 2020 was fully deployed to 40 organisations in 32 countries during the year, while the \$A50 million in additional grants allocated in 2019 to mark Macquarie's 50th anniversary continued to be deployed as those projects advanced. More detail is provided in this report.

A further one-off \$A20 million allocation was made in FY2022 to expand the Foundation's Social Impact Investing program and help address employment, education and economic empowerment needs. In support of communities and families across Ukraine, the Foundation and Macquarie employees also made a \$A3.5 million donation to the critical humanitarian and refugee response.

A total of \$A520 million has now been contributed to philanthropic causes by our people and the Foundation since it was established in 1985.

External outlook

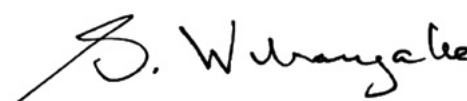
As more parts of the world transition to a managed phase of the COVID-19 pandemic, we have seen improvement to overall economic sentiment and in market conditions. In the near term, global growth looks set to remain strong, but the outlook remains uncertain, as the invasion of Ukraine and further outbreaks of COVID-19 add to already high inflationary pressures and increase the likelihood of interest rate rises in many advanced economies.

While we haven't provided overall guidance for the 2023 financial year, we have provided the market with an outline of the factors impacting the short-term outlook for each of our operating groups. We maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions us well to respond to the current environment.

Chair succession

On behalf of Macquarie's management team and our staff, I would like to thank Peter Warne for his significant contribution to Macquarie over the past 15 years. Peter has been an insightful and highly engaged Chair through many milestone events for Macquarie and I also express my appreciation for the steadfast support he has given to me since I became CEO. He retires with our best wishes for the future, and I look forward to working with his experienced successor, Glenn Stevens.

We would also like to thank Macquarie's staff for their hard work and commitment in delivering this result in exceptional times, and our clients and shareholders for their ongoing support.



Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
6 May 2022