

Agenda

10:00  Introduction
       Sam Dobson

10:05  Update since the interim result
       Shemara Wikramanayake

10:30  Risk Management Group
       Patrick Upfold

10:40  The Banking Group
       Mary Reemst

10:50  Banking and Financial Services
       Greg Ward

11:25  Commodities and Global Markets
       Nicholas O’Kane
Update since the interim result

Shemara Wikramanayake
Managing Director and Chief Executive Officer
About Macquarie

Annuity-style activities

**Annuity-style Net Profit Contribution**

<table>
<thead>
<tr>
<th>Macquarie Asset Management (MAM)</th>
<th>Banking and Financial Services (BFS)</th>
<th>Commodities and Global Markets (CGM)</th>
<th>Macquarie Capital (MacCap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 50 global specialist asset manager with $A587.5b of assets under management, diversified across regions, products, asset classes and investor types</td>
<td>Macquarie’s retail banking and financial services business with total BFS deposits of $A57.7b, Australian loan and lease portfolio of $A72.2b and funds on platform of $A91.6b</td>
<td>Specialised and Asset Finance delivers a diverse range of tailored finance solutions globally across a variety of industries and asset classes</td>
<td>Global capability in: Advisory and capital raising services, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors and investing alongside partners and clients, across the capital structure</td>
</tr>
<tr>
<td>Provides investment solutions to clients across a range of capabilities, including infrastructure, renewables, real estate, agriculture, transportation, equities, fixed income, private credit and multi-asset solutions</td>
<td>Provides a diverse range of personal banking, wealth management, business banking and vehicle finance products and services to retail clients, advisers, brokers and business clients</td>
<td>Commodity Markets – lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture</td>
<td>Infrastructure, green and conventional energy, focusing on utilising its balance sheet to construct assets, build businesses and create platforms across development, construction and operational phases</td>
</tr>
</tbody>
</table>

**1H20 Net Profit Contribution**

<table>
<thead>
<tr>
<th>MAM</th>
<th>BFS</th>
<th>CGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>~39%</td>
<td>~13%</td>
<td>~8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CGM</th>
<th>MacCap</th>
</tr>
</thead>
<tbody>
<tr>
<td>~32%</td>
<td>~8%</td>
</tr>
</tbody>
</table>

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers have been reclassified to reflect the reorganisation between Operating Groups effective 1 Jul 19 and 1 Sep 19. Principal Finance is now classified under markets-facing activities within MacCap following the change in nature of the business and consolidating all principal investing activity. 1. P&I Largest Money Managers 2019. 2. As at 31 Dec 19. 3. BFS deposits exclude corporate/wholesale deposits. 4. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle finance, and credit cards. 5. Funds on platform include Macquarie Wrap and Vision. 6. Includes general plant & equipment.
Overview

- Satisfactory trading conditions in 3Q20 across the Group
- Macquarie's annuity-style businesses' (MAM and BFS) combined 3Q20 net profit contribution\(^1\) up on prior corresponding period (pcp) (3Q19)
  - FY20 year to date (YTD)\(^2\) net profit contribution up on FY19 YTD\(^2\) mainly due to: higher base and performance fees in MAM; and continued volume growth partially offset by margin pressure in BFS.
- Macquarie’s market-facing businesses’ (CGM and MacCap) combined 3Q20 net profit contribution significantly down on pcp
  - FY20 YTD\(^2\) net profit contribution down on FY19 YTD\(^2\) primarily due to: significantly lower investment-related income in MacCap compared to a strong pcp that benefited from large asset realisations; partially offset by stronger activity across most of the businesses in CGM.

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1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. YTD refers to the nine months to 31 Dec for the relevant year.
Macquarie Asset Management

39%

1H20 contribution¹

- AUM of $A587.5b at Dec 19, up 5% on Sep 19
- MIM: $A384.2b in AUM, up 6% on Sep 19, primarily driven by the acquisition of the assets related to the mutual fund management business of Foresters Investment Management Company Inc. and market movements, partially offset by foreign exchange
- MIRA: $A137.5b in EUM², up 2% on Sep 19. In 3Q20, $A5.5b in new equity raised, $A7.2b of equity invested and $A5.5b of asset divestments. $A21.1b of equity to deploy at Dec 19
- Macquarie entered into a sales agreement with Sunsuper to sell a 25% stake of Macquarie AirFinance in Dec 19

Banking and Financial Services

13%

1H20 contribution¹

- Total BFS deposits³ of $A57.7b at Dec 19, up 3% on Sep 19
- Australian mortgage portfolio of $A48.6b at Dec 19, up 11% on Sep 19
- Funds on platform⁴ of $A91.6b at Dec 19, flat on Sep 19
- Business banking loan portfolio of $A8.9b at Dec 19, up 4% on Sep 19
- Australian vehicle finance portfolio of $A14.2b at Dec 19, down 3% on Sep 19

¹. Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 19. Net profit contribution is management-accounting profit before unallocated corporate costs, profit share and income tax. ². MIRA's 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. ³. BFS deposits exclude corporate/wholesale deposits. ⁴. Funds on platform include Macquarie Wrap and Vision.
Overview

Markets-facing businesses

Commodities and Global Markets

40%

1H20 contribution¹

• Strong contribution from client hedging and trading opportunities across the commodities platform, particularly from Global Oil, North American Gas & Power, EMEA Gas & Power, Metals and Agriculture businesses
• Continued strong customer activity in FX across all regions
• Ongoing strength in ANZ and US Futures driven by customer activity
• Consistent performance from asset finance portfolio on pcp, primarily from the Technology, Media and Telecoms (TMT) leasing business and continued strong performance from the UK energy meters business
• Maintained ranking as No. 2 physical gas marketer in North America
• No 1 Futures Broker on the ASX²
• Awarded 2019 Natural Gas/LNG House of the Year³

Transaction Highlights

• Sole financial advisor to Alaska National Insurance Company, a leading specialty insurer focused on workers compensation, on its sale to CopperPoint Insurance Companies
• Strong principal finance lending activity in Q3 with $A1b committed in new primary debt financings, weighted towards bespoke originations, provided to clients globally
• Sole financial advisor and lead equity sponsor for the Europe Transport Deal of the Year⁶, the £1bn Silvertown Tunnel PPP project. The project will be the first new road crossing of the River Thames in the last 30 years and the largest UK transport PPP in the past 10 years
• Formosa 2, a ~US$2bn offshore wind project reached Financial Close which, once complete, will generate 376MW to support approximately 380,000 Taiwanese households while displacing around 18,750kt CO2e over its lifetime
• No. 1 Global New Energy Finance Sponsor⁷

Macquarie Capital

8%

1H20 contribution¹

• 109 transactions valued at $A76.4b⁴ completed globally, up on prior period and down on a strong pcp
• Maintained No. 1 in ANZ for Completed and Announced M&A⁵
• Fee revenue up on pcp across advisory, DCM and ECM
• Investment-related income significantly down on a particularly strong pcp that benefited from large asset realisations including Quadrant, PEXA and Energetics

Transaction Highlights

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¹. Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
Macquarie's global footprint

Total staff: 15,760
58% International staff

**Americas**
- **Staff**: 2,731
  - CANADA
    - Calgary
    - Montreal
    - Toronto
    - Vancouver
  - USA
    - Austin
    - Boston
    - Chicago
    - Houston
    - Jacksonville
    - Los Angeles
    - Minneapolis
    - Nashville
    - New York
    - Orlando
    - Philadelphia
    - San Diego
    - San Francisco
    - San Jose
    - Walnut Creek
  - LATIN AMERICA
    - Mexico City
    - Sao Paulo
    - Santiago

**EMEA**
- **Staff**: 2,411
  - EUROPE
    - Amsterdam
    - Braine-le-Château
    - Dublin
    - Edinburgh
    - Frankfurt
    - Geneva
    - London
    - Luxembourg
    - Madrid
    - Munich
    - Paris
    - Reading
    - Vienna
    - Zurich
  - MIDDLE EAST
    - Dubai
  - SOUTH AFRICA
    - Cape Town
    - Johannesburg

**Asia**
- **Staff**: 3,983
  - ASIA
    - Bangkok
    - Beijing
    - Gurugram
    - Hong Kong
    - Hsin-Chu
    - Jakarta
    - Kuala Lumpur
  - MANILA
    - Manila
    - Mumbai
    - Seoul
    - Shanghai
    - Singapore
    - Taipei
    - Tokyo

**Australia**
- **Staff**: 6,635
  - AUSTRALIA
    - Adelaide
    - Brisbane
    - Canberra
    - Gold Coast
    - Manly
    - Newcastle
    - Parramatta
    - Perth
    - Sydney
    - NEW ZEALAND
    - Auckland

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1. As at 31 Dec 19.
2. Includes New Zealand.
Funded balance sheet remains strong
Term liabilities exceed term assets

These charts represent Macquarie’s funded balance sheets at the respective dates noted above. 1. ‘Other debt maturing in the next 12 months’ includes Structured Notes, Secured Funding, Bonds, Other Loans, Subordinated debt maturing within the next 12 months and Net Trade Creditors. 2. ‘Debt maturing beyond 12 months’ includes Subordinated debt not maturing within 12 months. 3. Non-controlling interests netted down in ‘Equity and hybrids’. 4. ‘Equity investments and PPE’ and ‘Loan assets (incl. op leases) > 1 year’. 5. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 6. ‘Cash, liquid 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 Reserve Bank of Australia’s Committed Liquidity Facility. 7. ‘Other debt maturing in the next 12 months’ includes Subordinated debt maturing within the next 12 months and Net Trade Creditors. 8. ‘Loan assets (incl. op leases) > 1 year’. 9. ‘Loan assets (incl. op leases) > 1 year’. 10. ‘Loan assets (incl. op leases) > 1 year’.

11

11
Basel III capital position

APRA Basel III Group capital at Dec 19 of $A23.6b; Group capital surplus of $A5.8b

Group regulatory surplus: Basel III (Dec 19)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (Ab)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmonised Basel III at Sep-19</td>
<td>(1.9)</td>
</tr>
<tr>
<td>APRA Basel III ‘super equivalence’ at Sep-19</td>
<td>8.6</td>
</tr>
<tr>
<td>APRA Basel III at Sep-19</td>
<td>6.7</td>
</tr>
<tr>
<td>1H20 Interim Dividend</td>
<td>(0.9)</td>
</tr>
<tr>
<td>3Q20 P&amp;L and movement in reserves</td>
<td>0.7</td>
</tr>
<tr>
<td>Business growth</td>
<td>(0.6)</td>
</tr>
<tr>
<td>APRA Basel III at Dec-19</td>
<td>5.8</td>
</tr>
<tr>
<td>APRA Basel III ‘super equivalence’ at Dec-19</td>
<td>2.1</td>
</tr>
<tr>
<td>Harmonised Basel III at Dec-19</td>
<td>7.9</td>
</tr>
</tbody>
</table>

1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110; Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~13bps. The individual CCyB varies by jurisdiction and the Bank Group’s CCyB is calculated as a weighted average based on exposures in different jurisdictions. 2. 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. 3. Includes current quarter P&L, movement in the foreign currency translation reserve and other movements in capital surplus. 4. APRA Basel III ‘super-equivalence’ includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework. Differences include the treatment of mortgages $A0.9b; capitalised expenses $A0.4b; equity investments $A0.3b; investment into deconsolidated subsidiaries $A0.1b; DTAs and other impacts $A0.4b.
Additional Tier 1 Capital

- On 30 Jan 2020, MBL announced that it intends to repay the $A400m Macquarie Income Securities (MIS) on 15 Apr 2020
  - MIS were issued in 1999 and receive transitional treatment under APRA’s prudential standards that results in reducing capital recognition. The repayment will reduce Tier 1 capital by $A94m
- MBL also intends to redeem the $A429m Macquarie Bank Capital Notes (BCN) on 24 Mar 2020
- A new offer of Macquarie Bank Capital Notes 2 (BCN2), issued by Macquarie Bank Limited, is expected to launch shortly
  - A prospectus for the BCN2 offer will be made available when the offer is launched
Business capital requirements

3Q20 KEY DRIVERS

MAM
- Increased requirements driven by short-term underwriting activity

BFS
- Increase in mortgages and business banking loan portfolios, partially offset by decrease in the vehicle finance portfolio

CGM
- Increased requirements driven by lending and trading activity

MacCap
- Includes asset realisations, partially offset by lending activity

1. Regulatory capital requirements are calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110.
Strong regulatory ratios

Bank Group (Dec 19)

1. ‘Harmonised’ Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Dec 19 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to ‘Prudential Standard APS 110 Capital Adequacy’ proposing a minimum requirement for the leverage ratio of 3.5% effective 1 Jan 22.
**Australia**

- APRA is currently undertaking regulatory reviews in a number of areas, including:
  - Finalisation of Basel III - APRA is still finalising rules for Australian banks to ensure that their capital levels can be considered ‘unquestionably strong’.
  - In Dec 19, APRA noted that it is giving consideration to the introduction of a non-zero default level for the countercyclical capital buffer (CCyB), as part of its broader reforms to the ADI capital framework.
  - In Dec 19, APRA released final standards on Operational Risk (APS 115), with the key update to the Jun 19 draft standards being confirmation of a 1 Jan 21 implementation date.
  - In Oct 19, APRA released its draft standards relating to APS 111, including changes to the capital treatment of investments in banking and insurance subsidiaries, with implementation from 1 Jan 21.
  - In Sep 19, APRA commenced a second consultation on capital calculation and risk management requirements relating to Interest Rate Risk in the Banking Book.
  - Loss-absorbing capacity (LAC) - APRA released a ‘response to submissions’ paper in Jul 19 outlining its approach for LAC to support the orderly resolution of Australian ADIs.
  - APRA has confirmed that MBL will be subject to additional LAC requirements, consistent with the approach for the major banks.
  - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework, with implementation from 1 Jan 22. APRA is yet to release draft standards.
  - In Nov 18, APRA released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from 1 Jan 22. MBL’s APRA leverage ratio was 5.3% at 31 Dec 19.
  - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold.

- As previously noted, APRA is in discussions with Macquarie on resolution planning and intragroup funding. These discussions are progressing and Macquarie will continue working on these initiatives in consultation with APRA.

- Based on the current information available, it is Macquarie’s expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the above changes, noting that some of them are at an early stage of review and hence the final impact is uncertain.

- In Jul 19, APRA released a draft prudential standard CPS 511 aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. A three-month consultation period closed 23 Oct 2019 during which Macquarie lodged its submission. APRA is yet to release final prudential standards.

- In Jan 20, consistent with the Royal Commission recommendations, Federal Treasury released a proposals paper outlining its plan to extend BEAR to a new regime, FAR (Financial Accountability Regime) to include all APRA regulated entities. In a similar way to BEAR impacting ADIs, FAR will add a personal accountability regime to insurers and responsible superannuation entities. Treasury has commenced the consultation process and called for submissions by 14 Feb 2020. Macquarie is participating in the process and will make a submission.

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**Brexit**

- As previously stated, Macquarie does not believe that the UK’s withdrawal from the European Union (EU) will be a material event for the Group
- Macquarie now has all its required licences to carry on regulated activity in Europe
- Macquarie has a longstanding and deep commitment to the UK as the hub for the EMEA region’s operations and this will continue to be the case. Macquarie has been in the UK for 30 years with approximately 2,000 staff based there as at 31 Dec 2019
- Many of Macquarie’s EMEA business lines have successfully built out from a strong UK hub to create a meaningful presence across continental Europe

**Germany**

- Macquarie continues to cooperate with German authorities in relation to an historical German lending transaction in 2011
- As indicated previously, the industry-wide investigation relating to dividend trading continues and Macquarie has been responding to requests for information about its activities
- As part of their industry-wide investigation, the authorities have recently designated as suspects approximately 60 current and former Macquarie staff in relation to historical short selling-related activities, most of whom are no longer at Macquarie and some of whom were already named in relation to the 2011 lending matter, including the MGL CEO
- The total amount at issue is not material and MGL has provided for the matter. We note that no current staff members have been interviewed to date
Factors impacting short-term outlook

**Annuity-style businesses**

**Macquarie Asset Management (MAM)**
- **Base fees** expected to be up on FY19
- Combined performance fees, investment-related income (net of impairments) and net operating lease income expected to be broadly in line

**Banking and Financial Services (BFS)**
- **Higher** deposit, loan portfolio and platform volumes
- Competitive dynamics to drive **margin pressure**

**Markets-facing businesses**

**Macquarie Capital (MacCap)**
- Assume **market conditions broadly consistent** with FY19
- **Investment-related income will be down** on a particularly strong FY19

**Commodities and Global Markets¹ (CGM)**
- **Strong customer base** expected to continue to drive consistent flow across Commodities, Fixed Income, Foreign Exchange and Futures
- **Consistent contribution** from Specialised and Asset Finance linked to stable balance sheet
- Business benefitted from strong market conditions **across the commodities platform** YTD, which have not historically persisted

**Corporate**

- **Compensation ratio** expected to be consistent with historical levels
- Based on present mix of income, the FY20 **effective tax rate** is expected to be broadly in line with FY19

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

- While the impact of future market conditions makes forecasting difficult, we continue to expect the Group’s result for FY20 to be slightly down on FY19
- Our short-term outlook remains subject to a range of factors including:
  - The completion rate of transactions and period-end reviews
  - Market conditions and the impact of geopolitical events
  - The impact of foreign exchange
  - Potential regulatory changes and tax uncertainties
  - Geographic composition of income
Medium-term

• 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**

**Macquarie Asset Management (MAM)**
- Leading specialist global asset manager, well-placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

**Banking and Financial Services (BFS)**
- Strong 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 any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each sector and region
- 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 Markets1 (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 finance solutions globally across a variety of industries and asset classes
- Growing the client base across all regions
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform
- Continued investment in asset finance portfolio

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1. Note certain assets of the Credit Markets business, certain activities of the Cash Equities business and the Commodity Markets and Finance business and some other less financially significant activities are undertaken from within the Non-Banking Group.
## Approximate business Basel III Capital and ROE

**As at 30 Sep 2019**

<table>
<thead>
<tr>
<th>Operating Group</th>
<th>APRA Basel III Capital(^1) @ 8.5% ($Ab)</th>
<th>Approx. 1H20 Return on Ordinary Equity(^2)</th>
<th>Approx. 13-year Average Return on Ordinary Equity(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity-style businesses</td>
<td>7.9</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Macquarie Asset Management</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking and Financial Services</td>
<td>4.2</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Markets-facing businesses</td>
<td>8.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities and Global Markets</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macquarie Capital</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corporate</strong></td>
<td><strong>0.4</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total regulatory capital requirement @ 8.5%</strong></td>
<td><strong>17.1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group surplus</strong></td>
<td><strong>6.7</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total APRA Basel III capital supply</strong></td>
<td><strong>23.8(^4)</strong></td>
<td><strong>16.4%</strong></td>
<td><strong>14%</strong></td>
</tr>
</tbody>
</table>

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 30 Jun 19 allocations adjusted for material movements over the Sep 19 quarter. 2. NPAT used in the calculation of approx. 1H20 ROE is based on Operating Groups’ annualised net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements which are based on the quarterly average capital usage from FY07 to 1H20, inclusive. 3. 13-year average covers FY07 to FY19, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of $A19.7b of ordinary equity and $A4.1b of hybrids.
Risk Management Group
Patrick Upfold
Group Head
Macquarie’s approach to risk management
Strong focus on business accountability and risk ownership

Stable and robust core risk management principles
Supported by our longstanding approach to establishing and maintaining an appropriate risk culture

Our approach is consistent with the ‘three lines of defence’ model with clear accountability for risk management
The three lines of defence model, which is a widely adopted standard across the industry, sets risk ownership responsibilities functionally independent from oversight and assurance.

Ownership of risk at the business level
Understanding worst case outcomes
Independent sign-off by Risk Management Group

Principles stable for 30+ years

| Line 1 | Primary responsibility for risk management lies with the business. |
| Line 2 | The Risk Management Group (RMG) forms the second line of defence and independently assesses material risks. |
| Line 3 | Internal Audit provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie’s financial and risk management framework. |
RMG supports Macquarie’s strong risk culture

- Goals and Values specified as part of WWSF and refreshed periodically (1996)
- Integrity Office established – manages the Macquarie Staff Hotline; whistleblower policy and integrity issues (1998)
- Risk Mindsets and Behaviours team formed – to undertake risk culture assessments of Macquarie’s businesses and functions (2010)
- Consequence management guidelines - formal documentation of long-held practices (2014)

- Conduct Risk definition and Conduct Risk Management Framework enhanced (2019)
- Increased mandate of Regulatory Affairs and Aggregate Risk division (2015)
- Financial Crime Risk Division created as a standalone Division (2016)
- Customer Advocate Office established (2017)
- Credit operating model and approvals framework review (2018)

- Roll-out of Standards for Supervision (2018)
- Code of Conduct refresh (2019)
- Internal Audit headcount increased by one third to strengthen third line of defence (2019)
- Business Operational Risk Model enhancements (2019)
- Compliance operating model restructure (2019)
- Risk surveillance moved to RMG Enterprise Support (2019)
RMG divisions
RMG’s specialist functional divisions together provide broad independent coverage of Macquarie’s material risks

<table>
<thead>
<tr>
<th>Chief Risk Officer</th>
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</thead>
<tbody>
<tr>
<td><strong>Non-financial risk</strong></td>
</tr>
<tr>
<td>Compliance</td>
</tr>
<tr>
<td>Operational Risk</td>
</tr>
<tr>
<td>Behavioural Risk</td>
</tr>
</tbody>
</table>

- **Chief Risk Officer**
  - **Non-financial risk**
    - **Compliance**
      - Enables business management to fulfil their supervisory responsibilities by establishing an effective, robust, compliance framework.
    - **Operational Risk**
      - Applies the operational risk management framework to identify, assess and manage the risks arising from failures of people, processes, systems and external events.
    - **Behavioural Risk**
      - Provides expertise and oversight on risk culture, conduct risk, environmental and social risk, and work health and safety.
  - **Financial risk**
    - **Financial Crime Risk (FCR)**
      - Develops and maintains an Anti-Money Laundering, Sanctions and Anti-Bribery and Corruption control framework providing expertise on these risks.
    - **Credit Risk**
      - Assesses, approves and monitors all material credit and equity risk undertaken by Macquarie.
    - **Market Risk**
      - Quantifies and constrains Macquarie’s exposure to adverse movements in market rates and volatility.
    - **Quantitative Applications Division (QAD)**
      - Manages model risk in Macquarie’s models used for pricing, capital calculation and credit provisioning.

**Across all areas**

- **Regulatory Affairs & Aggregate Risk (RAAR)**
  - Ensures Macquarie is compliant with prudential regulation and provides oversight for regulatory affairs.
  - Monitors aggregate risk across all risk types.

- **RMG Enterprise Support (RES)**
  - Supports the effective and efficient operation of RMG by providing centralised services for strategy, data management, analytics, change, projects, and operational risk management in RMG.
  - Supports Group-wide risk governance, risk training and risk surveillance.

- **Internal Audit**
  - Provides independent and objective risk-based assurance on compliance with, and effectiveness of Macquarie’s financial and risk management framework.
Our people
RMG has grown in line with Macquarie’s global business mix and in response to the changing regulatory landscape to ensure appropriate resourcing and effective oversight of risk

7% RMG staff 5-year CAGR
883 RMG staff globally
57% of RMG staff are based outside ANZ

Data as per Dec 31 2019. Permanent staff only.
Risk governance

Macquarie’s strong risk governance structure supports risk-based decision making and oversight.

Macquarie’s five standing Board Committees assist the Board in its oversight role. The CEO has been granted authority for those matters not reserved for the Board or a Board Committee. Macquarie’s Management Committees assist in the exercise of the CEO’s delegated authority.
The Banking Group

Mary Reemst
Macquarie Bank Limited
Managing Director and Chief Executive Officer
The current structure allows the Bank and the Group to undertake a diverse range of businesses domestically and globally, which adds to their financial strength.
Regulatory framework

MBL is authorised by APRA as an ADI in Australia

Additional regulatory focus on Non-financial risk, with attention on matters relating to Governance, Culture, Remuneration and Accountability

Increased coordination amongst regulators domestically and with regulators globally

Offshore regulators have raised their expectation of regional management accountability, oversight and control

Increased expectations and actions from our regulators across the industry, through an extensive regulatory change agenda

Macquarie’s Regulatory Affairs and Aggregate Risk team is enhancing the global framework for regulatory engagement, and ensuring that our approach to regulatory affairs is coordinated across regions
Governance structure

Separate MBL and MGL Boards and Executive Committees, with separate charters, meetings and minutes

Common membership of MGL and MBL non-executive directors, with the MBL CEO as an additional member on the MBL Board

The MBL CEO has senior executive oversight of management’s consideration of the Banking Group’s position in order to protect the interests of MBL and fulfil its responsibilities as an ADI

Clear roles and responsibilities for risk management are established through the ‘three lines of defence’

The Banking Group adopts the Macquarie Group-wide Risk Management Framework and core risk management principles
Funding and capital
MBL S&P long-term rating upgraded to A+ from A on 11 Dec 2019

Term funding profile

<table>
<thead>
<tr>
<th>Term</th>
<th>$Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–2yrs</td>
<td>5</td>
</tr>
<tr>
<td>2–3yrs</td>
<td>5</td>
</tr>
<tr>
<td>3–4yrs</td>
<td>5</td>
</tr>
<tr>
<td>4–5yrs</td>
<td>5</td>
</tr>
<tr>
<td>5yrs+</td>
<td>20</td>
</tr>
</tbody>
</table>

Basel III ratios

<table>
<thead>
<tr>
<th></th>
<th>Harmonised Basel III</th>
<th>APRA Basel III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Equity Tier 1 Capital Ratio</td>
<td>14.2%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>16.0%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>5.9%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Credit ratings

- **MBL Basel III ratios**
  - Common Equity Tier 1 Capital Ratio: 14.2%
  - Tier 1 Capital Ratio: 16.0%
  - Leverage Ratio: 5.9%

- **MBL S&P long-term rating upgraded to A+ from A on 11 Dec 2019**

1. Published Macquarie Bank Financial report as at 30 Sep 19.
2. As at 31 Dec 2019.
3. ‘Harmonised’ Basel III estimates are calculated in accordance with the BCBS Basel III.
4. MBL upgraded to A+ on 11 Dec 2019.
Benefits from diversification and group structure
Macquarie’s international presence and business diversity provides significant benefits to Macquarie Bank

Access to international capital markets
Access to funding across a range of markets, currencies and structures adds to MBL’s resilience

Innovation and Competition
Leader in delivery of the low-cost, digital banking experience, and has a growing presence in the Australian retail market

Ability to withstand economic shocks
A diversified group leads to lower concentration and greater ability to withstand economic shocks

Economies of scale
Scale provides cost efficiencies (e.g. less duplication of resources) and supports investment in technologies and products that would otherwise not be possible

---

Revenue from external customers by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Annuity-style income</th>
<th>Markets-facing income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>55%</td>
<td>47%</td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>19%</td>
<td>30%</td>
</tr>
<tr>
<td>Americas</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Annuity-style v Markets-facinating net profit contribution

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity-style income</td>
<td>47%</td>
</tr>
<tr>
<td>Markets-facing income</td>
<td>53%</td>
</tr>
</tbody>
</table>

Funding by currency

<table>
<thead>
<tr>
<th>Currency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>59%</td>
</tr>
<tr>
<td>USD</td>
<td>24%</td>
</tr>
<tr>
<td>EUR</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
</tbody>
</table>

Gross Credit Exposure

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>51%</td>
</tr>
<tr>
<td>Retail</td>
<td>49%</td>
</tr>
</tbody>
</table>
Banking and Financial Services
Greg Ward
Group Head
Banking and Financial Services
A technology-driven Australian retail bank and wealth manager

<table>
<thead>
<tr>
<th>BFS</th>
<th>Highlights</th>
<th>Comprehensive offering</th>
<th>Expertise and awards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>More than 1.5m clients</td>
<td><strong>$A57.7b</strong> deposits(^1,3)</td>
<td><strong>Rebuilt our tech stack</strong> to become the first bank with lending and retail deposits powered by <strong>one core banking system</strong></td>
</tr>
<tr>
<td></td>
<td>2,650+ Staff(^4)</td>
<td><strong>$A72.2b</strong> loan and lease portfolio(^7)</td>
<td><strong>Award winning digital banking offering</strong></td>
</tr>
<tr>
<td></td>
<td>FY19 Net profit contribution(^2)</td>
<td><strong>$A91.6b</strong> funds on platform(^1,4)</td>
<td><strong>40+ years</strong> bringing innovation and competition to <strong>Australian consumers</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$A756m</strong></td>
<td><strong>Personal banking</strong> Retail banking products including home loans, credit cards, transaction and savings accounts and vehicle finance</td>
<td><strong>Australia’s 1(^{st}) open banking platform</strong> giving customers <strong>control over their data</strong></td>
</tr>
</tbody>
</table>

**Expertise and awards**

- **Wealth management** Wrap platform and cash management services, investment and superannuation products and private banking

---

1. As at 31 Dec 19.  2. Net Profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.  3. BFS deposits exclude corporate wholesale deposits.  4. Funds on platform include Macquarie Wrap and Vision.
Evolution of Macquarie's retail banking business
We’ve transformed to focus on our Australian retail banking brand

- 1980: Launched Cash Management Trust Account
- 1992: Settled first home loan in Australia
- 1999: Launched Macquarie Wrap platform
- 2013: Launched BFS revised strategy
- 2014: Commenced Core Banking transformation
- 2015: Launched digital banking
- 2017: Australia’s first open banking platform
- 2018: Launched Macquarie Marketplace
- 2019: Largest ever AUD non-major bank securitisation transaction
- 2019: Enhanced Macquarie Wrap suite
- 2019: Combined Private Bank with Macquarie Private Wealth
- 2019: A market-leading Authenticator digital security app
- 2019: Customers began receiving real time payments on the New Payments Platform (NPP)

BFS Profit Contribution ($Am)

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>243</td>
</tr>
<tr>
<td>FY14</td>
<td>260</td>
</tr>
<tr>
<td>FY15</td>
<td>285</td>
</tr>
<tr>
<td>FY16</td>
<td>350</td>
</tr>
<tr>
<td>FY17</td>
<td>513</td>
</tr>
<tr>
<td>FY18</td>
<td>737</td>
</tr>
<tr>
<td>FY19</td>
<td>756</td>
</tr>
</tbody>
</table>

1. During 2018, vehicle finance moved from Corporate and Asset Finance to BFS as a part of a reorganisation between Operating Groups. FY18 financial results were restated to reflect this change.
Focused on delivering exceptional client experiences
Client feedback shapes what we prioritise as a business

We map the client experience of banking with Macquarie to shape the products and services we deliver

- Embedded Human Centred Design (HCD) to map the experience of banking with Macquarie
- Client insights create actionable feedback and prioritise new initiatives, products and services
- Significant focus on the faster resolution of client complaints and addressing the root causes of issues
- Extended vulnerable client support measures and staff training to assist vulnerable clients with respect and compassion

We measure and learn from our clients’ feedback

- Proactive measurement of customer advocacy (NPS) at specific interaction points, i.e. home loan settlement
- Text analytics interpret verbatim feedback at scale to gain insights into the experience of our clients
- ‘Listen, Learn, Act’ forums share insights to inform product and service design
- Prioritise changes to our products and services based on the impact to clients

We assess client journeys

Human Centred Design in action

We understand our clients...

- 650+ client interactions observed as moments of delight or pain points
- 15 client journeys mapped
- 300+ client empathy interviews conducted

...in order to build the right things for the right problems, the first time

- 145 client pain points resolved to date
- 550+ opportunities identified

Enhancements include dramatic reduction in home loan approval times, geo-triggered travel notifications and in-app natural language search
We put client outcomes at the centre of our decision making

What more are we doing?

- **Client outcomes metrics**: Continued focus on client outcomes through management reporting
- **Design and distribution**: Embedding focus on vulnerability, customer outcomes, HCD and fairness
- **Supervision capability**: Ongoing development program to support people manager supervision standards
- **Conduct risk management**: Dedicated function to coordinate regulatory change, conduct and risk culture programs

**Timeline**

- **May 2017**: Removed ATM fees
- **April 2017**: Sedgwick Remuneration Review
- **Dec 2017**: Royal Commission into Financial Services announced
- **Sept 2017**: Australia’s first open banking platform ahead of legislation
- **Nov 2017**: Completed full disaster recovery test to demonstrate resilience with APRA
- **Jun 2018**: Began private Comprehensive Credit Reporting testing for asset finance
- **Feb 2019**: Royal Commission final report released
- **Jul 2019**: Moved ahead of industry to ban gambling transactions on credit cards
- **Oct 2019**: Completed Full Fee for No Service (FFNS) review
- **Dec 2019**: Joined Comprehensive Credit Reporting Regime to support more informed home loan credit decisions
- **Jan 2020**: New FASEA Code of Ethics for advisers
- **Apr 2018**: New wealth advice remuneration structure
- **Nov 2018**: Established Australian Financial Complaints Authority (AFCA)
- **Aug 2019**: Supervisor conduct training for people managers
- **Jun 2019**: Began private Comprehensive Credit Reporting testing for credit cards
- **Nov 2018**: Adoption of Insurance in Super Voluntary Code
- **Dec 2019**: ASIC Responsible Lending guidance (RG 209)
Our focus on client outcomes is enabled by our risk culture

**Comprehensive governance and accountability**

**Deep experience and strong governance**
- 14.2 years average tenure across 23 BFS Executive, Operational and Risk Committee members who are subject to director retention scheme
- 600+ specialised risk and credit FTEs
- No variable incentives linked directly to sales volumes
- Employee risk mindset and behaviours monitoring, reporting and surveys to support risk culture¹
- Embedded financial and non financial risk management, with robust long-term decision making and focus on fair client outcomes

**Increased investment in regulatory compliance**

**Cost of regulatory compliance**

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>($Am)</td>
<td>43.3</td>
<td>47.6</td>
<td>61.1</td>
</tr>
</tbody>
</table>

**Royal Commission - no specific findings against Macquarie**

Royal Commission’s 76 recommendations (#)

- No action required as Macquarie does not operate in that business
- Established new practices or already had existing policies in line with recommendations
- Preparing to implement and participating in consultation where appropriate

**Our people are accountable for sound risk management**

What our people say...

- 94% say they work hard to deliver the best outcome for their clients
- 90% say team members value and respect each others’ contribution
- 89% feel senior leaders role model the right risk behaviours

All staff assessed twice yearly against core risk management KPI together with robust consequence management

---

¹ Surveys include Global Staff Survey, D&I and risk culture.
We have simplified our operations
Simplification across businesses, product offering and technology systems has been a core focus of BFS and remains a key priority

**Operations**
- **Closed our global offices** to focus on the Australian retail opportunity
- **Exited non-core businesses** and investments
- Combined Private Wealth with Private Bank under a single structure, with a clear focus on High Net Worth clients

**Product design and distribution**
- Increased our focus on core Macquarie branded products, discontinuing origination of white label home loans and new white label products
- **Reduced home loan pricing** to single rate card
- Launched new Macquarie Wrap pricing structure and enhanced digital capabilities
- Simplified pricing structures for home loans and vehicle finance

**Technology**
- Fleet of robots deployed in operations to improve efficiencies and reduce manual handling risks
- **Invested in systems** to provide a single unified view of the client and decommissioning legacy systems

**Simplified business with strategic exits**
1. Offshore mortgages businesses
2. Margin Lending
3. Offshore Wrap platforms
4. White label home loans
5. Closed global offices
6. Consumer Lending
7. Offshore Macquarie Private Wealth
8. Life insurance business
9. Premium funding

---

Cost base has remained flat

Costs have remained broadly flat despite significant volume growth in core products, and increasing investment in compliance and technology.

### BFS operating costs (ex. Tech and Vehicle Finance) have decreased 13% in five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Staff # (ex. Vehicle Finance)</th>
<th>Loan FUM $Ab (RHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>27</td>
<td>2,419</td>
</tr>
<tr>
<td>FY15</td>
<td>34</td>
<td>2,505</td>
</tr>
<tr>
<td>FY16</td>
<td>37</td>
<td>2,182</td>
</tr>
<tr>
<td>FY17</td>
<td>36</td>
<td>1,992</td>
</tr>
<tr>
<td>FY18</td>
<td>41</td>
<td>2,323</td>
</tr>
<tr>
<td>FY19 (exc. Vehicle Finance)</td>
<td>37</td>
<td>344</td>
</tr>
<tr>
<td>FY19A (inc. Vehicle Finance)</td>
<td>47</td>
<td>2,015</td>
</tr>
</tbody>
</table>

1. Includes general plant & equipment.

### Staff numbers (ex. Vehicle Finance) has decreased 17% in five years while loan FUM has increased 75%

<table>
<thead>
<tr>
<th>Year</th>
<th>Staff # (LHS)</th>
<th>Loan FUM $Ab (RHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>884</td>
<td>859</td>
</tr>
<tr>
<td>FY15</td>
<td>859</td>
<td>905</td>
</tr>
<tr>
<td>FY16</td>
<td>905</td>
<td>913</td>
</tr>
<tr>
<td>FY17</td>
<td>913</td>
<td>866</td>
</tr>
<tr>
<td>FY18</td>
<td>866</td>
<td>907</td>
</tr>
<tr>
<td>FY19 (exc. Vehicle Finance)</td>
<td>907</td>
<td>1,120</td>
</tr>
<tr>
<td>FY19A (inc. Vehicle Finance)</td>
<td>713</td>
<td>407 (36%)</td>
</tr>
</tbody>
</table>

### BFS Cost Base

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Costs Excl Tech</th>
<th>Technology and Delivery Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>84</td>
<td>835 (27%)</td>
</tr>
<tr>
<td>FY15</td>
<td>85</td>
<td>852 (31%)</td>
</tr>
<tr>
<td>FY16</td>
<td>90</td>
<td>892 (32%)</td>
</tr>
<tr>
<td>FY17</td>
<td>136</td>
<td>913 (34%)</td>
</tr>
<tr>
<td>FY18</td>
<td>866</td>
<td>907 (36%)</td>
</tr>
<tr>
<td>FY19 (exc. Vehicle Finance)</td>
<td>907</td>
<td>913 (36%)</td>
</tr>
<tr>
<td>FY19A (inc. Vehicle Finance)</td>
<td>713</td>
<td>407 (36%)</td>
</tr>
</tbody>
</table>

1. Includes general plant & equipment.
Our technology journey is delivering scale, efficiencies and exceptional client experiences

BFS technology and delivery spend

<table>
<thead>
<tr>
<th>Year</th>
<th>Spend</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>$A235m</td>
<td>1st Australian bank to originate mortgages and deposits on a real time banking platform</td>
</tr>
<tr>
<td>FY15</td>
<td>$A267m</td>
<td>Transaction account launched</td>
</tr>
<tr>
<td>FY16</td>
<td>$A292m</td>
<td>Mobile app and internet banking on cloud</td>
</tr>
<tr>
<td>FY17</td>
<td>$A314m</td>
<td>DEFT AuctionPay</td>
</tr>
<tr>
<td>FY18</td>
<td>$A313m</td>
<td>First Australia open banking platform</td>
</tr>
<tr>
<td>FY19</td>
<td>$A407m</td>
<td>Macquarie Business Online for SME banking</td>
</tr>
<tr>
<td>FY20+</td>
<td></td>
<td>Wealth platform transformation</td>
</tr>
</tbody>
</table>

- Industry first features including natural language search and transaction tags
- 1st Australian bank to originate mortgages and deposits on a real time banking platform
- Transaction account launched
- New home loan originations platform (PEGA)
- Next generation cloud digital platform (AWS)
- First home loans originated on Core Banking
- Android Pay
- Industry first features including natural language search and transaction tags
Bringing best in class technology to banking

Our multi cloud platform and system architecture allows us to move at speed

**Market first technology**

**Leading Digital Bank**
- Australian first technologies and features to provide more personalised client experiences
- Focus on secure and frictionless access, with greater resilience and stability

**Cloud migration**
- All customer engagements, data, analytics and regulatory data workload on the cloud
- 50% of IT infrastructure on the cloud, aim for 100% in FY22
- Unlocking technical limitations with cloud agnostic strategy

**Data and analytics led platforms**
- Predictive analytics supporting strong risk management
- Secure and trusted data management systems providing a better understanding of clients’ financial circumstances
- Comprehensive and accurate regulatory reporting

**Digital banking platform on the cloud**

- Online
- Mobile apps
- Service centre
- Phone banking
- Partners
- Open API

**API gateway**
Architecture is agnostic to the channel of engagement

**Containerised digital services**
High availability and scale on demand

**High performance data store**
'Always-on' delivering large scale data and speed

**Multi cloud platform**
Three business channels powered by specialist teams

- BFS Group Head
  Greg Ward

- Personal Banking
  Ben Perham

- Business Banking
  Dean Firth

- Wealth Management
  Sean West

- Product and Technology
  Tony Graham

- People, Culture and Client Experience
  Rosalind Coffey

- Credit
  Carolyn Bray

- Chief Operating Officer
  Bruce Phipson

- Chief Financial Officer
  Katie Robertson

Across all areas
Home loans
Scalable business centred around the client experience

We’ve grown our home loans book by 42% (+$A14b) in the last 18 months

- Strategic focus on <70% LVR lending tier
- Discontinued originating new white label loans and simplified product suite to prioritise core Macquarie branded offering
- Replaced legacy systems with real-time home loans originations platform, delivering greater speed and efficiency
- Over 90% of home loans originated through brokers

Home loans funds under management ($Ab)

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.0</td>
<td>24.5</td>
<td>28.5</td>
<td>28.7</td>
<td>32.7</td>
<td>38.5</td>
<td>48.6</td>
</tr>
</tbody>
</table>

We have redirected our focus to Macquarie branded home loans (% originations Macquarie branded)

Our portfolio is weighted toward newly originated loans (% home loans book by calendar year)
Home loans – delivering sustainable growth

We’ve grown market share and volumes

**Quarterly application volumes ($Ab)**

![Graph showing quarterly application volumes](image)

- **Median time to formal (days)**
- **Annualised external refinance rate (attrition %)**

**Home loan market share** (by flow %)

- **Overall**
- **Sub <70% LVR**

![Graph showing home loan market share](image)

**Annualised external refinance rate**

- **MBL**
- **White Label**
- **Total**

![Graph showing annualised external refinance rate](image)

---

1. Comparator Quarterly Market Data, as at quarter ending 31 Dec 19. Data based on origination value.  
2. MBL is Macquarie Branded home loan. White Label is Non-Macquarie Branded home loan.
Home loans – prudent lending standards

**Loan to value ratio**

<table>
<thead>
<tr>
<th>Flow %</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=60%</td>
<td>52%</td>
<td>52%</td>
<td>52%</td>
<td>40%</td>
<td>32%</td>
<td>39%</td>
<td>45%</td>
</tr>
<tr>
<td>60.01-70%</td>
<td>53%</td>
<td>53%</td>
<td>53%</td>
<td>32%</td>
<td>28%</td>
<td>15%</td>
<td>22%</td>
</tr>
<tr>
<td>70.01-80%</td>
<td>12%</td>
<td>12%</td>
<td>15%</td>
<td>16%</td>
<td>30%</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>80.01-90%</td>
<td>15%</td>
<td>16%</td>
<td>19%</td>
<td>21%</td>
<td>32%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>90.01-95%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>&gt;95%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

**90+ day arrears by origination LVR**

- <=60%
- 60.01-70%
- 70.01-79.99% at 80%
- 80.01-90%
- >90.01%
- Total

May 2015
- Began assessing all debts at buffered rate

Aug 2015
- Income tiered HEM living expense floor

Mar 2017
- Increased granularity of data captured in living expenses

Jul 2017
- Introduced <70% LVR tier

Jun 2018
- Ceased offering Reverse Mortgages

Mar-Jul 2019
- Ceased family guarantee loans (Mar 19) and SMSF loans (Jul 19)

Continually enhancing credit capability through loan scenario learning, credit policy deep dives and quality assurance across all teams

---

1. Comparator Quarterly Market Data, as at quarter ending 31 Dec 19. Data based on the credit limit at origination.
Home loans – prudent portfolio management

**Repayment split**¹ (by flow %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal &amp; Interest</th>
<th>Interest Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>52%</td>
<td>49%</td>
</tr>
<tr>
<td>FY15</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>FY16</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>FY17</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>FY18</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>FY19</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>3Q20</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Market</td>
<td>18%</td>
<td>82%</td>
</tr>
</tbody>
</table>

**Loan size at origination** (# of new loan settlements)

<table>
<thead>
<tr>
<th>Year</th>
<th>0 to 250k</th>
<th>250k to 500k</th>
<th>Over 1m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>20%</td>
<td>55%</td>
<td>21%</td>
</tr>
<tr>
<td>FY15</td>
<td>17%</td>
<td>52%</td>
<td>25%</td>
</tr>
<tr>
<td>FY16</td>
<td>16%</td>
<td>52%</td>
<td>26%</td>
</tr>
<tr>
<td>FY17</td>
<td>18%</td>
<td>51%</td>
<td>26%</td>
</tr>
<tr>
<td>FY18</td>
<td>14%</td>
<td>48%</td>
<td>30%</td>
</tr>
<tr>
<td>FY19</td>
<td>12%</td>
<td>43%</td>
<td>33%</td>
</tr>
<tr>
<td>3Q20</td>
<td>10%</td>
<td>43%</td>
<td>34%</td>
</tr>
<tr>
<td>Market</td>
<td>8%</td>
<td>6%</td>
<td>90%</td>
</tr>
</tbody>
</table>

**Owner occupied versus investor loans**¹.² (by flow %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Owner Occupied</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>FY15</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>FY16</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>FY17</td>
<td>31%</td>
<td>70%</td>
</tr>
<tr>
<td>FY18</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>FY19</td>
<td>32%</td>
<td>69%</td>
</tr>
<tr>
<td>3Q20</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Market</td>
<td>32%</td>
<td>68%</td>
</tr>
</tbody>
</table>

**Geographic split** (portfolio as at Dec 19)

- NSW & ACT: 43%
- VIC: 29%
- QLD: 18%
- WA: 7%
- SA: 3%
- TAS: 1%

¹. Comparator Quarterly Market Data, as at quarter ending 31 Dec 19. Data based on the credit limit at origination.
². Owner occupied and investor loans are categorised based on the occupancy of the primary property used as security for the loan, this may differ to the loan purpose utilised for APRA Economic and Financial Statistics reporting purposes.

90% of our home loans book is in the eastern states.
Business Banking
Developing deep industry knowledge, building trust and long term relationships

Strategy of verticality
Specialist lending, deposit and payment solutions for Australian SMEs

<table>
<thead>
<tr>
<th>Property services</th>
<th>Professional services</th>
<th>Emerging segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strata</td>
<td>Insurance Broking</td>
<td>Built</td>
</tr>
<tr>
<td>Residential Real Estate Agencies</td>
<td>Insolvency</td>
<td>Health</td>
</tr>
<tr>
<td>Commercial Real Estate Agencies</td>
<td>Legal</td>
<td>Technology</td>
</tr>
<tr>
<td></td>
<td>Accounting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Services</td>
<td></td>
</tr>
</tbody>
</table>

Continued growth in core segments

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business banking loans ($Ab)</td>
<td>4.1</td>
<td>5.2</td>
<td>5.9</td>
<td>6.5</td>
<td>7.3</td>
<td>8.2</td>
<td>8.9</td>
</tr>
<tr>
<td>Business deposits ($Ab)</td>
<td>7.1</td>
<td>8.5</td>
<td>10.2</td>
<td>11.7</td>
<td>12.4</td>
<td>13.3</td>
<td>14.2</td>
</tr>
</tbody>
</table>

93%
Client retention rate¹

+11%
Growth in lending volumes²

1.6:1
Deposit to Loan ratio³

1. As at 31 Dec 19 twelve months rolling average. 2. Growth from Dec 18 to Dec 19 – all from new clients. 3. Includes At Call and Term deposits and excludes corporate and wholesale deposits. 4. Includes business at call deposits and term deposits and excludes wholesale and corporate deposits.
Business deposits – integration delivering operational efficiency

**Software integration**

+150

Business management software integrations driving client efficiencies

**Deft payment platform**

24m

DEFT transactions¹

A$30b

DEFT value¹

---

**Heightened focus on deposit growth**

Business deposits heavily weighted towards property although increasingly diversified

- Property Services: 52%
- Professional Services: 17%
- Other: 2%
- Emerging Segments²: 29%

---

**Business deposit growth by segment**

(Average deposit FUM growth Dec 18 to Dec 19)

- Total: 6%
- Property Services: 10%
- Professional Services: -2%
- Emerging Segments²: 40%

1. FY19. 2. Emerging segments include Health, Technology and Built Environment.
Business lending – evolving portfolio dynamics

**Business lending LVR**

<table>
<thead>
<tr>
<th>Security Type</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Property</td>
<td>72%</td>
<td>67%</td>
<td>46%</td>
<td>56%</td>
<td>51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured Cashflow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Roll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strata Roll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Business lending realised losses**

<table>
<thead>
<tr>
<th>Year</th>
<th>LVR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>0.4%</td>
</tr>
<tr>
<td>FY15</td>
<td>0.0%</td>
</tr>
<tr>
<td>FY16</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY17</td>
<td>0.2%</td>
</tr>
<tr>
<td>FY18</td>
<td>0.1%</td>
</tr>
<tr>
<td>FY19</td>
<td>0.1%</td>
</tr>
<tr>
<td>3Q20</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

**Business lending security type**

- Residential Property: 43%
- Commercial Property: 13%
- Secured Cashflow: 29%
- Rent Roll: 12%
- Strata Roll: 3%

~44% business lending secured against the business

**Business lending segment composition**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Property</td>
<td>21%</td>
<td>14%</td>
<td>34%</td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured Cashflow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Roll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strata Roll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. As at 31 Dec 19. 2. Emerging segments include Health, Technology and Built Environment.
Vehicle Finance
Supporting SMEs and consumers with secured vehicle finance

Key highlights

$A14.2b
Vehicle Finance portfolio\(^1,2\)

Over 475k
Vehicles in market

10k+
Registered introducers, including brokers, car dealers and direct channel

1. Includes general plant and equipment.  2. As at 31 Dec 19.  3. Includes Esanda Retail FUM.
Wealth solutions
Committed to providing the best digital wealth experience for advisers and clients

Key highlights

40 year
History for the CMA in the Australian market

$A28.9b
CMA FUM as at Dec 19

20 year
History for Wrap in the Australian market

2nd
Largest Wrap platform in the Australian market¹, $A91.6b funds on platform² and growing with $A3.3b net platform flows³ (21.5% market share)

+53%
Managed Account assets under management growth⁵

Focused on the open external adviser market

Macquarie Wrap funds on platform $Ab

ASX Index (000)

Investing to support growth in the adviser market (today)

Gained additional scale through partnerships (2013 to 2018)

Platform growth from the adviser market (1999 to 2013)
Wrap Evolution

We have achieved platform scale and are now focused on sustainable growth in the adviser market

Client experience
Providing simplified solutions for more clients

- Launched new low cost investment solution for clients with less complex financial needs (Macquarie Engage)
- Introduced simplified, transparent and competitive pricing

Enhancing the digital experience for advisers

- Enhanced the digital experience for advisers via Adviser Online, including tools that enable greater efficiencies:
  - Digital adviser help centre
  - Increased ability for advisers to self serve

Launching an automated advice tool

- Digital Portfolio Manager automates investment recommendations, advice documentation and portfolio implementation

Improved efficiency
Investment in re-platforming will significantly improve efficiency and capabilities to support future growth

- Investment in cloud-based technology to increase platform efficiency
- Open architecture technology allowing us to integrate with an advisers’ ecosystem
- Improved speed, reliability and stability of the platform
- Decommissioning legacy systems and simplifying our back end technology systems
- Additional capabilities for advisers and clients (e.g. international)

Delivering sustainable growth by improving the client experience and increasing platform efficiencies

$A93m
Investment in re-platforming

193k
Active accounts on platform\(^1\)

7k
Advisers with active accounts on platform\(^1\)

+15%
CAGR funds on platform growth from FY14-3Q20

---

1. As at 31 Dec 19.
Private Bank transformation
We have combined our Private Bank and Private Wealth business to focus on High Net Worth clients

Focused on HNW opportunity
- Australia ranks in the top 10 globally for High Net Worth (HNW) individuals
- Over 270,000 new individuals have entered the HNW segment since 2012
- We have an award-winning Private Bank offering and have refocused our advice business to serve this growing HNW segment

Reshaped business model
- Combined Private Wealth with Private Bank under a single structure to focus on HNW clients
- Transitioned advisers to a salary model and ceased receiving grandfathered commissions
- Introduced a team based structure to leverage best practice relationship management models

Enhanced service proposition
- Service proposition focused on servicing a broader range of client needs, including market-leading banking services and accessing the broader Macquarie Group

Key highlights
- 129 Advice professionals nationally across 25 teams
- 7.5k High Net Worth clients
- $A29.8b Funds Under Management

Well positioned for the future
Led by our commitment to doing business the right way

Exceptional client experiences
Commitment to delivering best in class client outcomes in a highly competitive retail banking landscape

Excellent risk management
Earning trust by doing business the right way for our clients, communities and shareholders

Scalable and efficient platforms
Supporting doing business with more clients, more efficiently through leading technology
Commodities and Global Markets

Nicholas O’Kane
Group Head
CGM is a client focused business

Deep
longstanding client relationships

Specialised
expertise of our staff

Diverse
and stable earnings

Risk management
is core to everything we do
Deep, longstanding client relationships
Investment in long-term relationships underpins everything we do

~5,000
unique client relationships¹

85%
of client revenue is
generated from existing
relationships²,³

Customers
are spread over a full spectrum
of products and services

Diverse and growing client base⁴

Repeat business is strong³

1. As at 31 Dec 19, excluding Cash Equities. 2. For nine months ended 31 Dec 19. 3. Excludes Specialised and Asset Finance (SAF) and Cash Equities. 4. Excludes Cash Equities and SAF retail clients.
Platform continues to evolve according to client needs
We evolve the platform into adjacencies utilising our deep expertise

40+ years
of client partnership
has evolved into niche activities in some markets,
and scale in others

Started commodities platform
Futures execution and clearing
Foreign exchange
Metals & Energy Capital
Debt capital markets and interest rates

1978/1980s
1997
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012/13
2014
2016
2017

Technology, Media and Telecoms (TMT)
Agriculture structured finance into small and medium sized producers
Energy Markets and derivatives business
Acquisition of Cook Inlet (US natural gas)
Physical power business (Houston)
Acquisition of Constellation (US gas trading)
Pulp & paper
Iron ore
LNG
Fund finance

Acquisition of Integrys wholesale electricity marketing and trading portfolio
Physical base metals
Physical oil
Asian markets
Commercial mortgage finance and CMBs
Futures Canada
Commodity investor products

Latin America commodities marketing

Natural Gas/LNG
House of the Year¹

Electricity & Environmental Products
House of the Year²

Energy Research
House of the Year³

No.1 Futures broker on the ASX³

No.2 physical gas marketer in North America⁴

$A8b+ asset finance portfolio⁵

We put clients at the forefront of our portfolio
We are where our clients need us to be, offering deep local expertise and specialist skills

In-house technical experts including:

- Logistics experts
- Petroleum and mining engineers
- Geologists
- Meteorologists
- Data scientists
- Quant finance and theoretical physics PHDs

Resulting in broad skills and deep expertise across

2,660+ staff

27 markets

50 locations around the world

Note: All numbers as at 31 Dec 19.
Strong, stable earnings
Our platform diversity drives earnings stability and de-risks the portfolio

65% of the portfolio represents recurring income
60-70% of businesses have low correlation with each other

Revenue by type

Correlation of annual net profit contribution by CMF desk (FY12-19)

Legend

- +/- 0.00 to 0.20
- +/- 0.21 to 0.30
- +/- 0.31 to 0.45
- +/- 0.46 to 0.59
- +/- 0.60 to 0.79
- +/- 0.80 to 0.99

1. Represents management view of revenue. 2. Correlation only calculated for desks with complete data from FY12 – FY19; sample represents 92% of Commodity Markets and Finance (CMF) net profit contribution in FY19.
Risk management is core to everything we do
Risk is owned by the business and governed by Macquarie’s robust risk management principles

Built on 50 years of accumulated experience in managing risk

Resulting in a mature and consistent control environment that evolves as activity expands

Every individual is accountable for all aspects of risk management including risk limits, second line review and worst-case scenarios

Allows CGM to partner with clients to help manage their risks, utilising our deep risk management expertise

Market risk
Granular risk limits based on worst case scenarios
Aggregate limits constrain overall market risk appetite
Worst Case Contingent Loss (WCCL) framework

Credit risk
Active management of exposures to sectors and individual counterparties
Dedicated CGM Transaction Assurance team

Operational risk
Independent oversight of comprehensive processes and controls
Dedicated Control Assurance team
120% increase in staff numbers over the last 18 months

Behavioural risk
Expectation of high standards of behaviour and decision making
Strong supervisory oversight
Independent assessment of trader controls
Culture of ‘speak up’ and ‘listen up’ when dealing with issues

Compliance risk
Established policy and control framework to manage market conduct
Dedicated Compliance advisory team supporting CGM globally
Identification of regulatory risk and implementation of risk mitigation
Growth has largely been organic with adjacent acquisition
15+ years providing clients with access to North American Power, Gas & Emissions markets

Continuity and dedication of our people
14+ years
average time the senior leadership team have worked together

In-house specialists
- Schedulers
- Analysts
- Logistic experts
- Meteorologists
- Marketers
- Traders

24-hour coverage
in the gas and power markets, with trading and operations available over the weekend and holidays to address clients' real-time needs
What differentiates Macquarie

Our extensive physical presence gives us valuable insight into supply/demand fundamentals and market dynamics.

Experience & analysis guides us in establishing a portfolio of assets providing critical supply or takeaway options in regions that are often capacity-constrained, and then managing the risk around those assets.

Physical commodity trading gives us a deeper insight into volatile basis markets.

Extensive relationships enable us to engage with key upstream and downstream players in each region.

Leased physical asset portfolio positions us to serve our customers’ needs and work together to profitably optimise transportation options when bottlenecks arise.

A rapidly changing market presents opportunities
Production basins, infrastructure, and consumption patterns are all rapidly shifting

Fixed Income and Currencies

Simon Wright
Division Head, Fixed Income and Currencies
Fixed Income and Currencies
A client-led business model for 30+ years

Coverage

- **All FX markets:** Cash and derivatives across G10 and emerging markets
- **Most interest rates:** Offering G10 and emerging markets
- **Structured credit:** Focused offering around the origination, placement and trading of asset backed securities in Australia and Europe

Clients

- Corporates and private equity funds
- Real money, hedge funds and sovereign wealth
- Money service brokers and private clients

Deep experience and strong risk management

- **18+ years** average tenure for business heads

Regional revenue contribution

Growth

1990-2000s
An Australian-led “fly-in/fly-out” business focused on primary markets in ANZ and secondary markets in the rest of the world

2008+
Changing market dynamics saw less need for secondary market liquidity and a greater opportunity to face clients directly in offshore markets

Since FY14
Substantial growth outside Australia – particularly in Japan, EMEA, the US and Canada, with a focus on the primary market. Hired local people, to service local clients and provide local market products

Today
250+ counterparties globally serviced by in-country, local staff, backed and powered by long service risk managers…with significant opportunity for further growth

FY13  FY14  FY15  FY16  FY17  FY18  FY19  FY20

<table>
<thead>
<tr>
<th>ANZ</th>
<th>Asia (ex Japan)</th>
<th>Japan</th>
<th>EMEA</th>
<th>US &amp; Canada</th>
</tr>
</thead>
</table>

1. Annualised, based on 31 Dec 19 YTD.
Growth through expanding expertise and entering new markets
Focused on delivering exceptional client service

Putting client outcomes at the centre of our business

US and Canada

Evolution: strong growth in private equity, with a 500% increase in revenue over the last 5 years, in collaboration with Macquarie Capital
Clients: including funds acquiring assets who need deal contingency, asset purchase and dividend hedges
Growing: corporate client base, with all regions leveraging the development and provision of hedging product

Japan

Evolution: no presence in 2011
Clients: typically private multi generational corporates with strong balance sheets
Growing: hedging solutions, supporting client exposures to a number of activities including: manufacturers, food imports, and ship builders

EMEA

Evolution: significant growth with corporate clients over the last 5 years
Clients: including importers of fish, steel fabricators, timber importers, asset originators, to agriculture and commodity businesses
Growing: private equity client base, in conjunction with the US team and other parts of Macquarie
What’s next?

Nicholas O’Kane
Head of Commodities and Global Markets
Attuned to evolving market opportunities
We go where our clients want us to be, supporting new areas of growth

Adjecencies
- Disruptive technologies
- Aging energy infrastructure
- Geographic markets
- New classes of customers

Energy transition
- Commodity index products
- Jet fuel bundled with a carbon offset
- Investing in new exchanges
- Hydrogen emergence
- Carbon as an asset class
- Battery storage
- Low sulfur fuel oil financing
- Renewable power
- Voluntary carbon offsets
- Carbon-neutral barrels of crude
- LNG demand
- Carbon-neutral food products
- Tradeable digital certificates for recycled precious metals
- Financing refinery upgrades
- Environmental, tradable attributes across the commodity spectrum
- Carbon-offsetting election in mobile apps

Client-led

Projected global LNG demand

Source: IHS/Macquarie.

US gas outlook


Power generation mix

Source: Macquarie Research.
Earnings certainty, plus well-positioned to capitalise on growth opportunities

65% of the portfolio represents recurring income

60-70% of businesses have low correlation with each other

Upside with transparency around key pockets of growth
## Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H20</td>
<td>First Half ended 30 Sep 2019</td>
</tr>
<tr>
<td>1Q20</td>
<td>First Quarter ended 30 Jun 2019</td>
</tr>
<tr>
<td>3Q19</td>
<td>Third Quarter ended 31 Dec 2018</td>
</tr>
<tr>
<td>3Q20</td>
<td>Third Quarter ended 31 Dec 2019</td>
</tr>
<tr>
<td>ABN</td>
<td>Australian Business Number</td>
</tr>
<tr>
<td>ADI</td>
<td>Authorised Deposit-Taking Institution</td>
</tr>
<tr>
<td>ALX</td>
<td>Atlas Arteria</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-Money Laundering</td>
</tr>
<tr>
<td>ANZ</td>
<td>Australia and New Zealand</td>
</tr>
<tr>
<td>APRA</td>
<td>Australian Prudential Regulation Authority</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Stock Exchange</td>
</tr>
<tr>
<td>AUM</td>
<td>Assets under Management</td>
</tr>
<tr>
<td>BCBS</td>
<td>Basel Committee on Banking Supervision</td>
</tr>
<tr>
<td>BCF</td>
<td>Billion cubic feet</td>
</tr>
<tr>
<td>BEAR</td>
<td>Banking and Executive Accountability Regime</td>
</tr>
<tr>
<td>BFS</td>
<td>Banking and Financial Services</td>
</tr>
<tr>
<td>CMF</td>
<td>Commodity Markets and Finance</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
</tr>
<tr>
<td>Capex</td>
<td>Capital Expenditure</td>
</tr>
<tr>
<td>CCB</td>
<td>Capital Conservation Buffer</td>
</tr>
<tr>
<td>CET1</td>
<td>Common Equity Tier 1</td>
</tr>
<tr>
<td>CFM</td>
<td>Commodities and Financial Markets</td>
</tr>
<tr>
<td>CGM</td>
<td>Commodities and Global Markets</td>
</tr>
<tr>
<td>CMA</td>
<td>Cash Management Account</td>
</tr>
<tr>
<td>CO2e</td>
<td>Carbon dioxide equivalent</td>
</tr>
<tr>
<td>CY18</td>
<td>Calendar Year ended 31 Dec 2018</td>
</tr>
<tr>
<td>CY19</td>
<td>Calendar Year ending 31 Dec 2019</td>
</tr>
<tr>
<td>DCM</td>
<td>Debt Capital Markets</td>
</tr>
<tr>
<td>DPS</td>
<td>Dividends Per Share</td>
</tr>
<tr>
<td>DRP</td>
<td>Dividend Reinvestment Plan</td>
</tr>
<tr>
<td>DTA</td>
<td>Deferred Tax Asset</td>
</tr>
<tr>
<td>ECAM</td>
<td>Economic Capital Adequacy Model</td>
</tr>
<tr>
<td>ECM</td>
<td>Equity Capital Markets</td>
</tr>
<tr>
<td>ECS</td>
<td>Exchangeable Capital Securities</td>
</tr>
<tr>
<td>EMEA</td>
<td>Europe, the Middle East and Africa</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings Per Share</td>
</tr>
<tr>
<td>EUM</td>
<td>Equity Under Management</td>
</tr>
<tr>
<td>FAR</td>
<td>Financial Accountability Regime</td>
</tr>
<tr>
<td>FCR</td>
<td>Financial Crime Risk</td>
</tr>
<tr>
<td>FTE</td>
<td>Full time equivalent</td>
</tr>
<tr>
<td>FX</td>
<td>Foreign Exchange</td>
</tr>
<tr>
<td>FY16</td>
<td>Full Year ended 31 Mar 2016</td>
</tr>
<tr>
<td>FY17</td>
<td>Full Year ended 31 Mar 2017</td>
</tr>
<tr>
<td>FY18</td>
<td>Full Year ended 31 Mar 2018</td>
</tr>
<tr>
<td>FY19</td>
<td>Full Year ended 31 Mar 2019</td>
</tr>
<tr>
<td>FY20</td>
<td>Full Year ended 31 Mar 2020</td>
</tr>
</tbody>
</table>
Glossary

GIFII  Macquarie Global Infrastructure Fund 2
GIG  Green Investment Group
GLL  GLL Real Estate Partners
G10  Group of Ten
HEM  Household Expenditure Measure
IFRS  International Financial Reporting Standards
IT  Information Technology
KMGF  Korea Macquarie Growth Fund
LBO  Leveraged Buyout
LCR  Liquidity Coverage Ratio
LNG  Liquefied Natural Gas
M&A  Mergers and Acquisitions
MacCap  Macquarie Capital
MAM  Macquarie Asset Management
MBL  Macquarie Bank Limited
MEREP  Macquarie Group Employee Retained Equity Plan
MGL / MQG  Macquarie Group Limited
MIC  Macquarie Infrastructure Corporation
MIDIS  Macquarie Infrastructure Debt Investment Solutions
MiFID  Markets in Financial Instruments Directive
MIM  Macquarie Investment Management
MIRA  Macquarie Infrastructure and Real Assets
MMBOED  Million barrels of oil equivalent per day
MTpa  Million tonnes per Annum
MW  Mega Watt

NPAT  Net Profit After Tax
NPC  Net Profit Contribution
NPP  New Payments Platform
NSFR  Net Stable Funding Ratio
PCP  Prior corresponding period
PHD  Doctor of Philosophy
PPE  Property, Plant and Equipment
PPP  Public Private Partnership
P&L  Profit & Loss
RMG  Risk Management Group
ROE  Return on Equity
RWA  Risk Weighted Assets
SA-CCR  Standardised approach for measuring counterparty credit risk exposures
SAF  Specialised and Asset Finance
SME  Small and Medium Enterprise
SMSF  Self Managed Super Fund
TMT  Technology, Media and Telecoms
UK  United Kingdom
US  United States of America
VaR  Value at Risk
WCCL  Worst Case Contingent Loss
WHSE  Work, Health, Safety and Environment
YTD  Year to Date