



# Jefferies Asia Forum

Presentation to Investors and Analysts

8-10 September 2021



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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

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Macquarie's  
response to  
COVID-19

02

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Macquarie

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# 01

## Macquarie's response to COVID-19





# 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 Private Markets 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 Private Markets-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.

# 02

## Overview of Macquarie





# Macquarie at a glance

Empowering people to innovate and invest for a better future



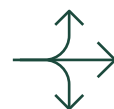
## Global financial group

- **Headquartered** and listed in Australia
- Top 10 Australian company<sup>1</sup>
- ~\$A62.8 billion market capitalisation<sup>1</sup>
- **16,459 employees** in 32 markets
- \$A563.5 billion assets under management



## Long-term orientation

- **52 years of unbroken profitability**
- 30 years MBL S&P 'A' Credit Rating<sup>2</sup>
- **Strong funding and capital** position



## Diverse business mix

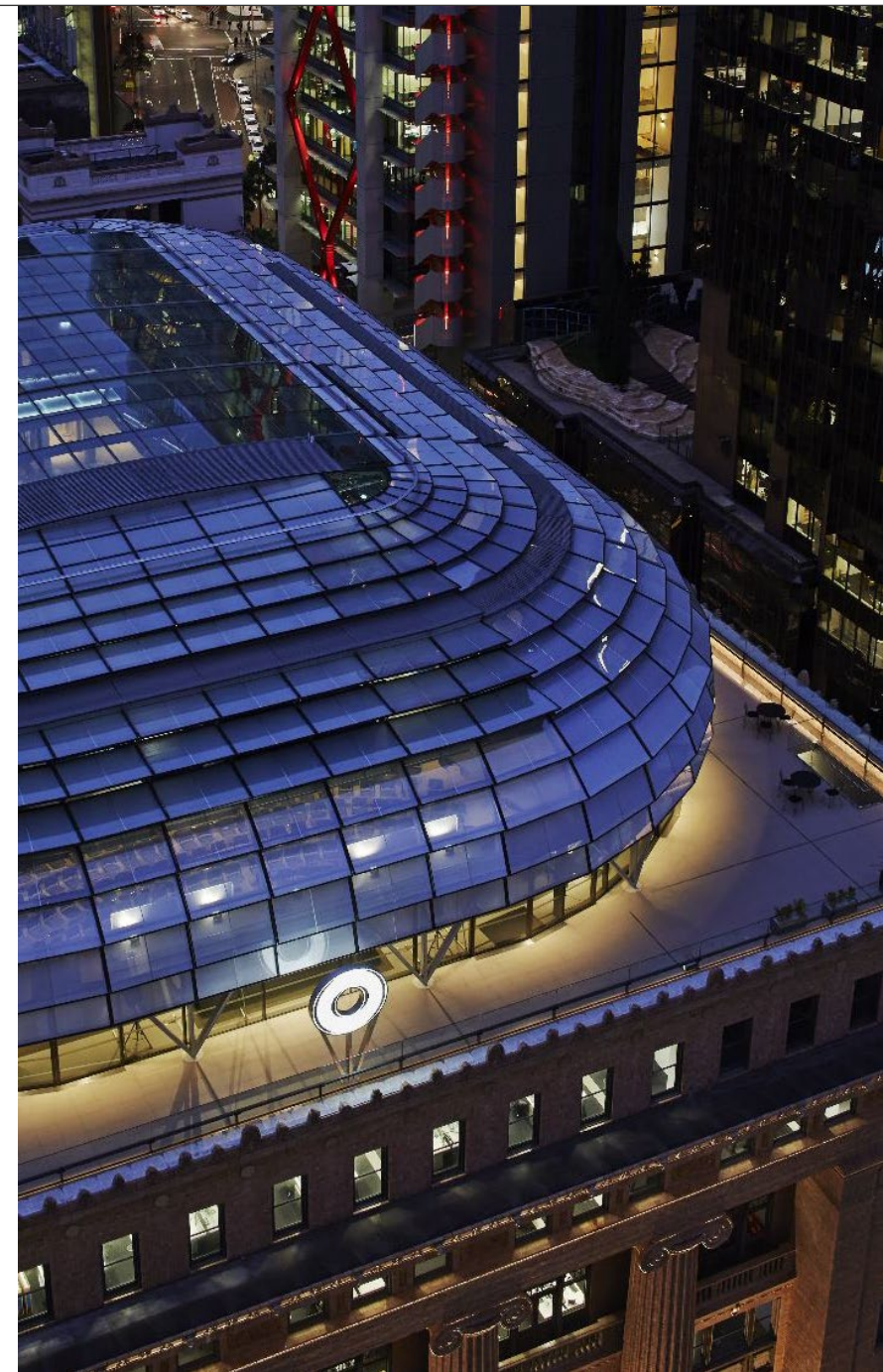
Located in **32 markets**, we conduct a mix of annuity-style and markets-facing activities that deliver solid returns in a **range of market conditions**



## Outcome-focused culture

- **Opportunity** for our clients, communities and staff
- **Accountability** for outcomes
- **Integrity** in everything we do

All figures in this slide are as at 31 Mar 21, unless otherwise stated. 1. Based on market capitalisation. Sourced from Bloomberg 06 Sep 21. 2. Upgraded to A+ on 11 Dec 19.



# Why Macquarie?

## Unbroken profitability

FY21 net profit:

**\$A3,015m**

up 10% on FY20

FY20 net profit: **\$A2,731m**  
down 8% on FY19



## Earnings growth

**6%**

5yr EPS CAGR



## Consistent dividend growth

**3%**

5yr DPS CAGR



## Strong return on equity

FY21:

**14.3%**

down from 14.5% in FY20



## Diverse business mix

FY21 net profit contribution<sup>1</sup>

**~54%**

by annuity-style  
activities

**~46%**

by markets-facing  
activities



## Geographically diverse

**68%** international  
income in FY21<sup>2</sup>

67% in FY20; two-thirds of  
income generated outside  
of Australia



## Group capital surplus

**\$A7.4b<sup>3</sup>**

at 30 Jun 21



## Strong shareholder returns

**Consistently outperformed major  
indices since listing**

ASX 20<sup>4</sup> – 3<sup>rd</sup> highest returns since listing  
Diversified Financials<sup>4</sup> – 1<sup>st</sup>  
MSCI World Capital Markets<sup>4</sup> – 1<sup>st</sup>  
MSCI World Banks<sup>4</sup> – 1<sup>st</sup>



**Underpinned by a long standing conservative risk management framework**

1. Based on net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. International income is calculated using net operating income excluding earnings on capital and other corporate items. 3. 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 will be applied to Level 1 only. 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. 4. As at 31 Mar 21. Based on companies that have been continuously listed since Macquarie's date of listing (29 Jul 96).



# Macquarie's evolution is driven by our people

## Our people are closest to client needs and markets



We seek to identify **opportunity** and realise it for our clients, community, shareholders and our people



From positions of **deep expertise**, we pursue opportunities **adjacent** to existing businesses, largely via organic growth



We are **accountable** for all our actions to our clients, our community, our shareholders and each other



We act with **integrity** and earn the trust of our clients, colleagues, community and shareholders through the quality of our work and our high ethical standards

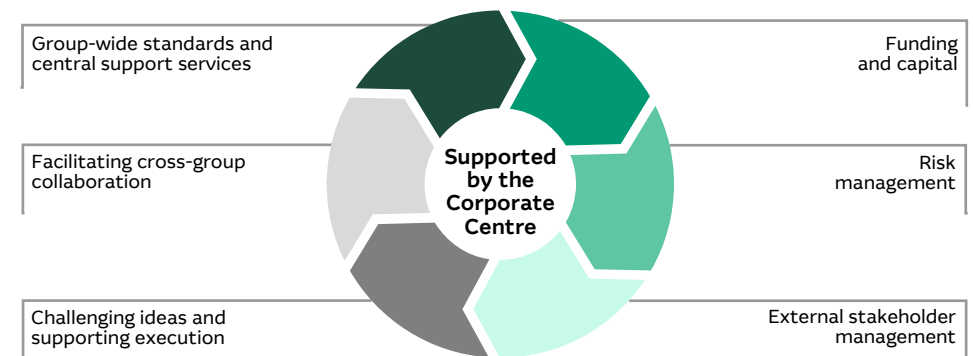
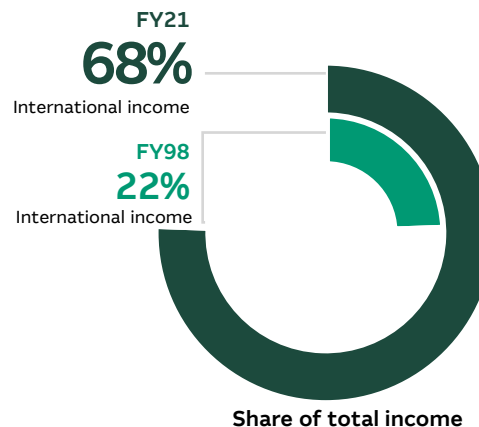


We pursue opportunities that deliver real outcomes to achieve an appropriate and resilient **long-term return on capital**

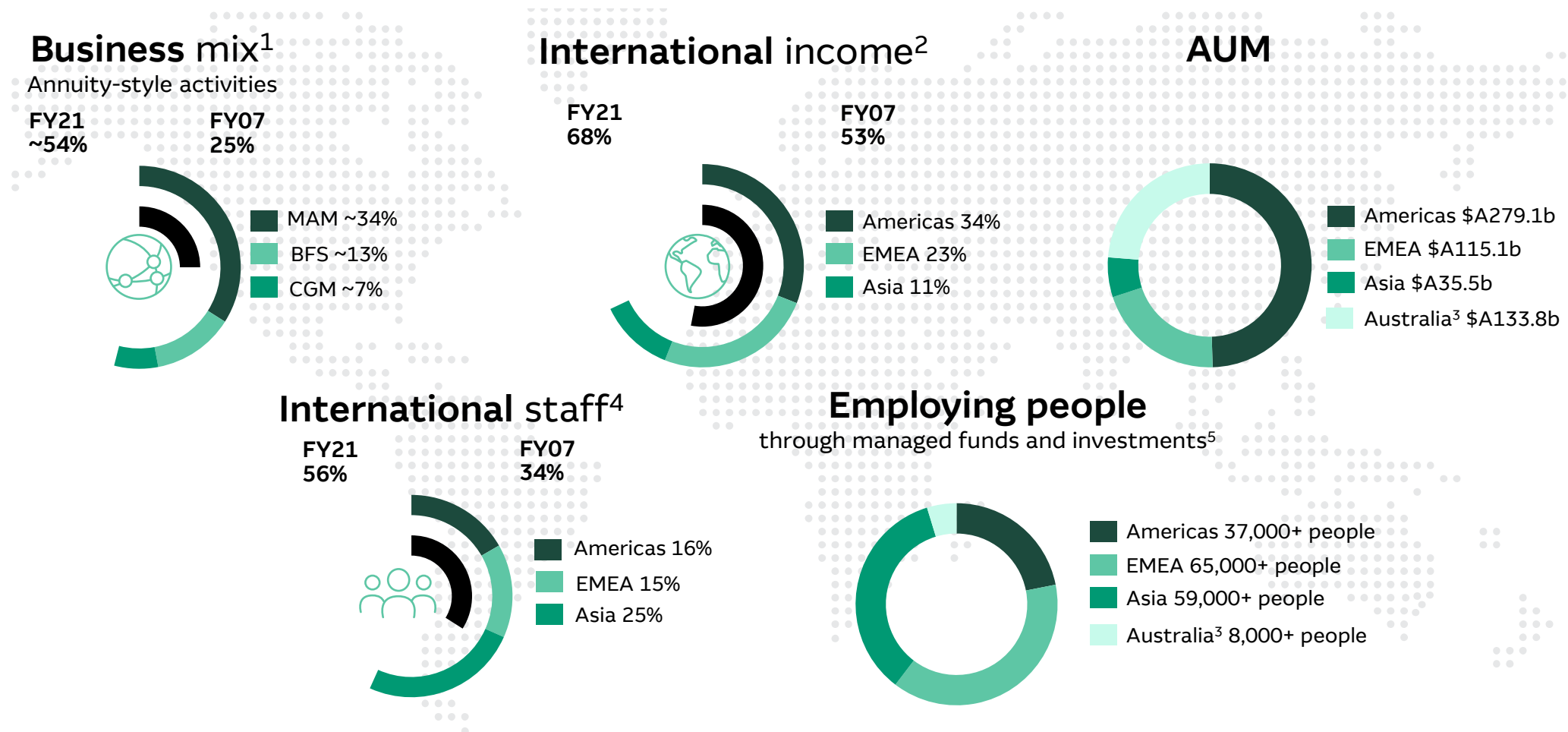


## Evolution in the business

Macquarie has a global presence across operating groups



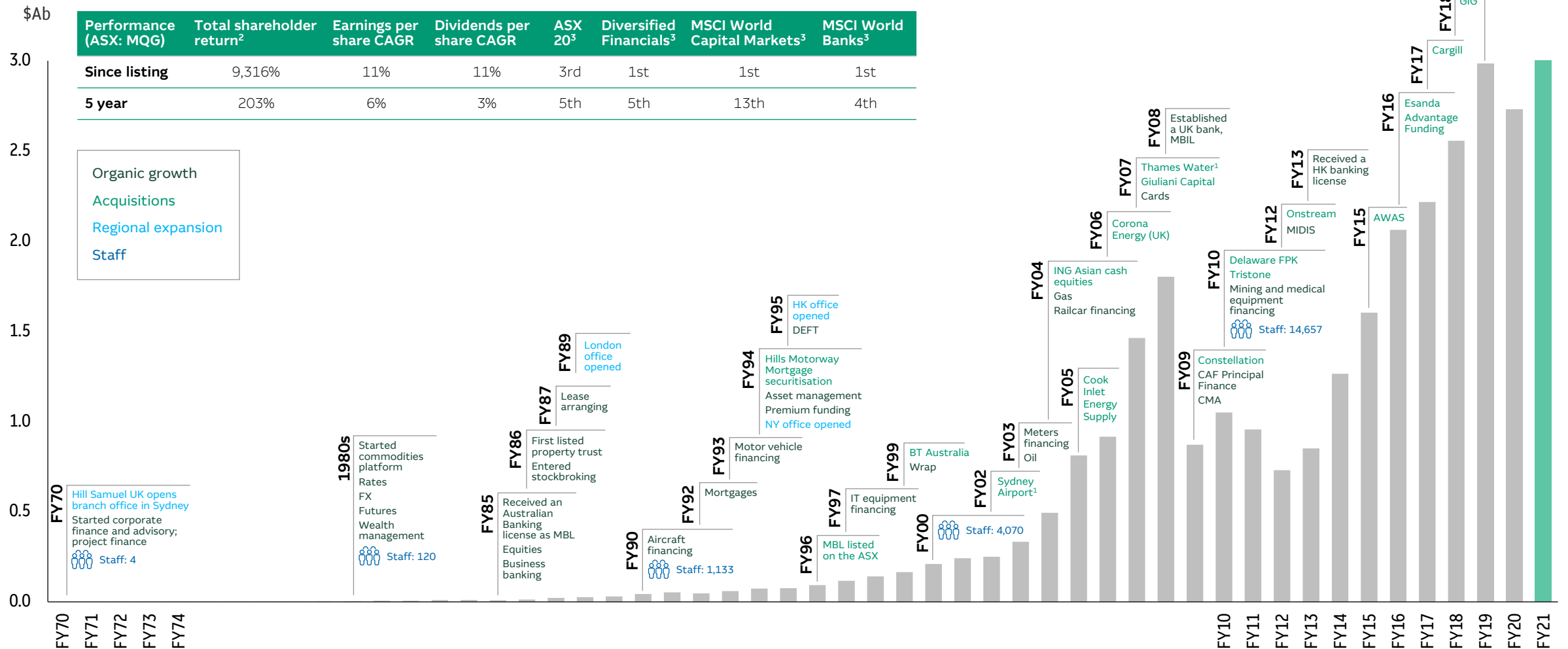
# Diversification by region



All numbers on this slide as at 31 Mar 21. 1. Annuity-style income includes income derived from Macquarie Asset Management, Banking and Financial Services and parts of Commodities and Global Markets. % split is based on FY21 net profit contribution from Operating Groups. 2. International income includes income generated outside of Australia and New Zealand based on net operating income excluding earnings on capital and other corporate items. 3. Includes New Zealand. 4. Headcount includes certain staff employed in operationally segregated subsidiaries. 5. Includes people employed through Private Markets-managed fund assets and investments where Macquarie Capital holds a significant influence.



# Over 50 years of unbroken profitability

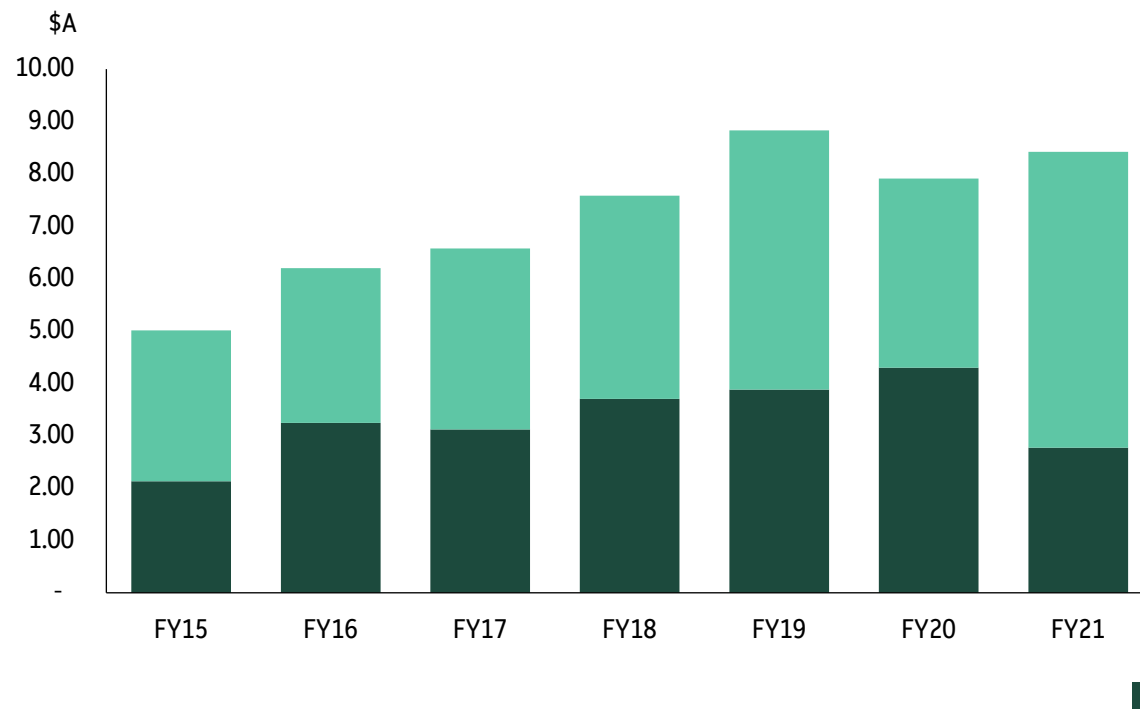


Note: the above list is not exhaustive. 1. Acquired on behalf of managed funds and accounts. 2. At 31 Mar 21. 3. Ranking refers to TSR against the respective index constituents that have been continuously listed since Macquarie's inclusion. Source: Bloomberg. Data to 31 Mar 21. 4. As at 31 Mar 21.

# Strong earnings growth

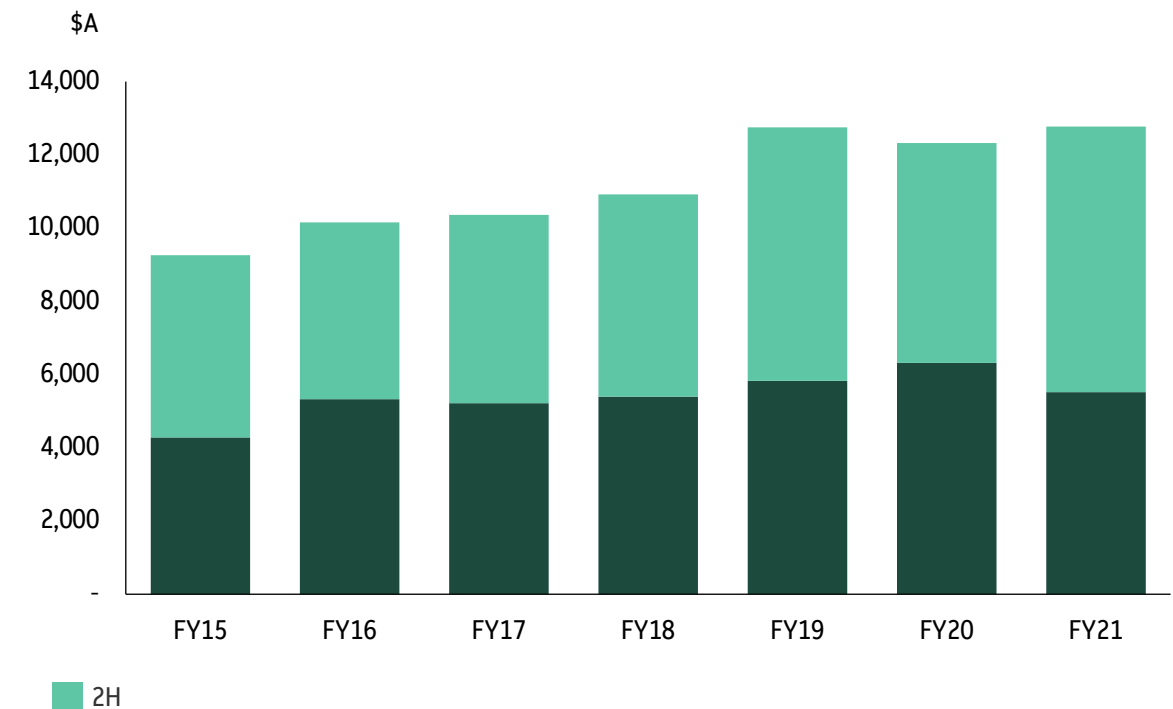
## FY21 EPS of \$A8.43

Up 7% on pcp



## FY21 Operating income of \$A12,774m

Up 4% on pcp

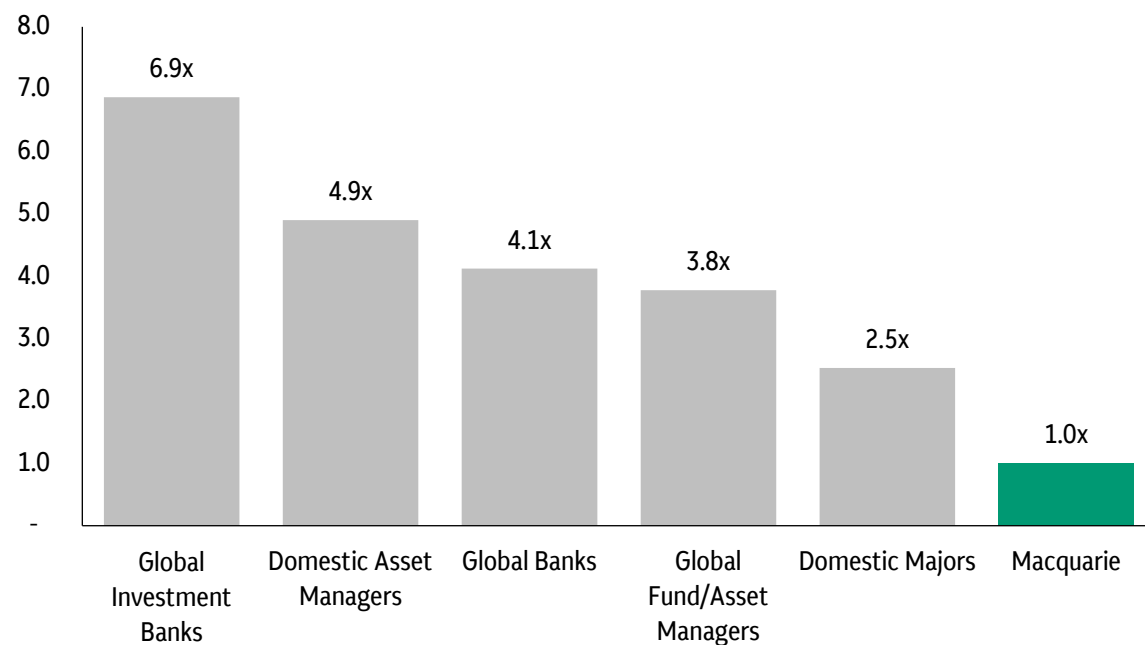




# Stable earnings

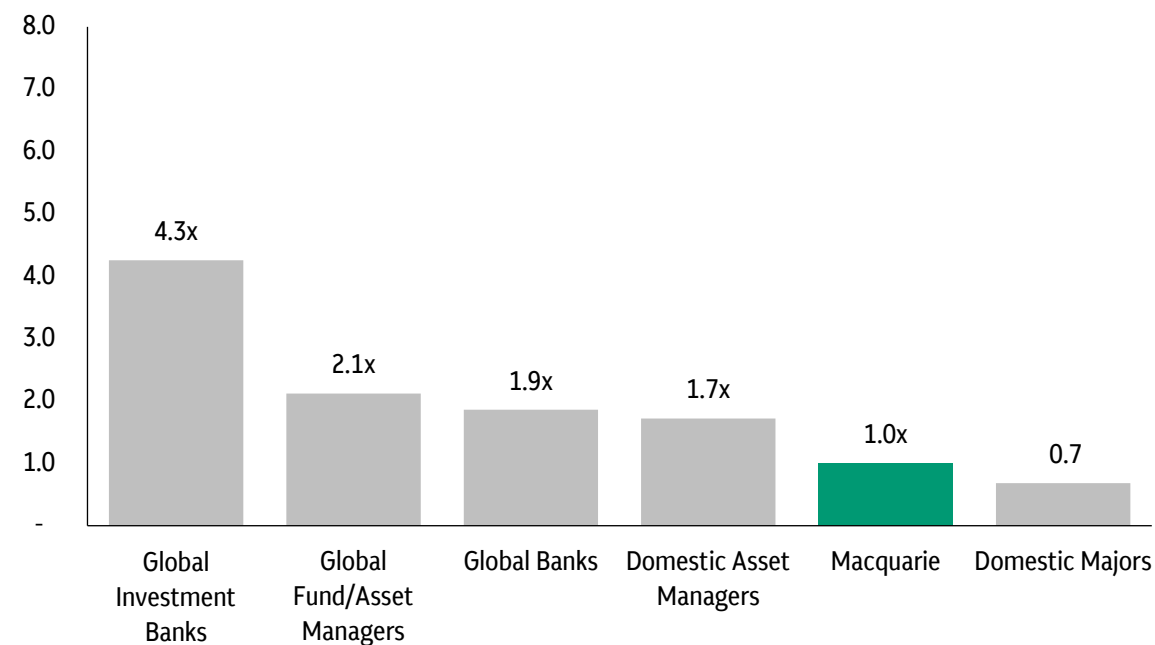
## 5 year earnings volatility relative to Macquarie

Multiple to Macquarie



## 15 year earnings volatility relative to Macquarie (includes GFC)

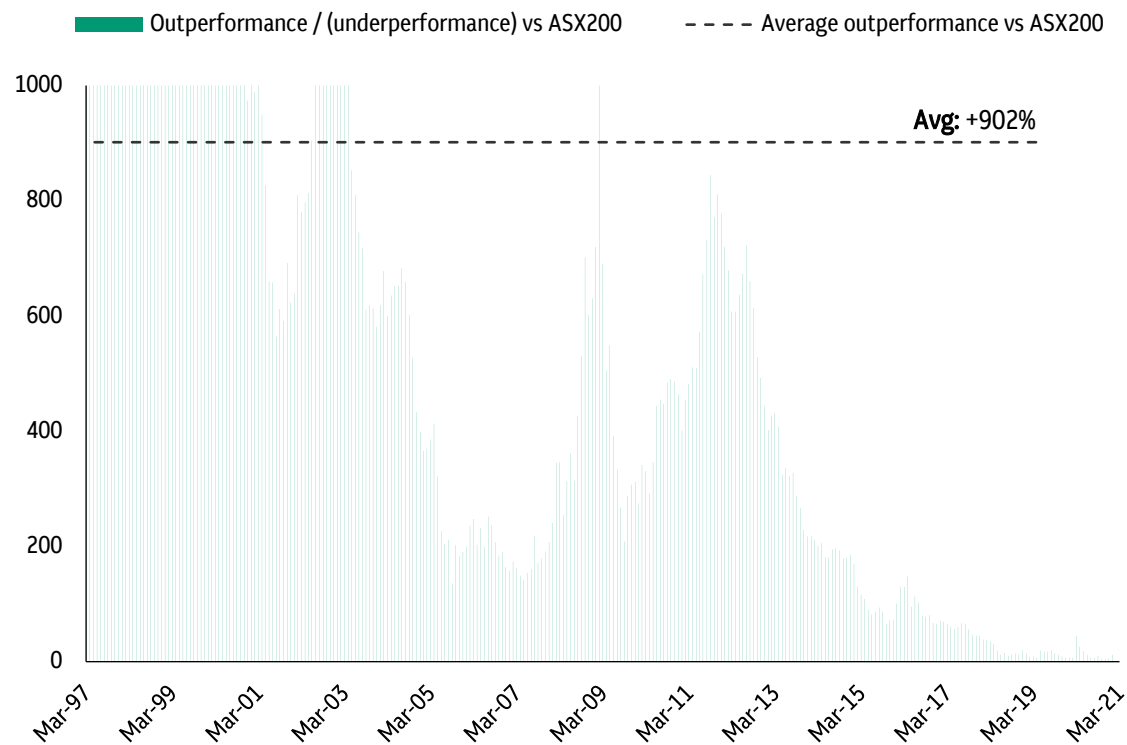
Multiple to Macquarie



This page compares the historical earnings volatility among certain firms, and is not intended to represent that Macquarie has a comparable business model, risks or prospects to any other firm mentioned. Volatility of P&L is defined as standard deviation of P&L divided by average P&L (coefficient of variation), based on most recent annual disclosures as at 17 May 21 (Bloomberg).

# Strong shareholder returns

For purchases made and held to sale Macquarie has generally outperformed the ASX 200, Diversified Financials and MSCI World Capital Markets Index



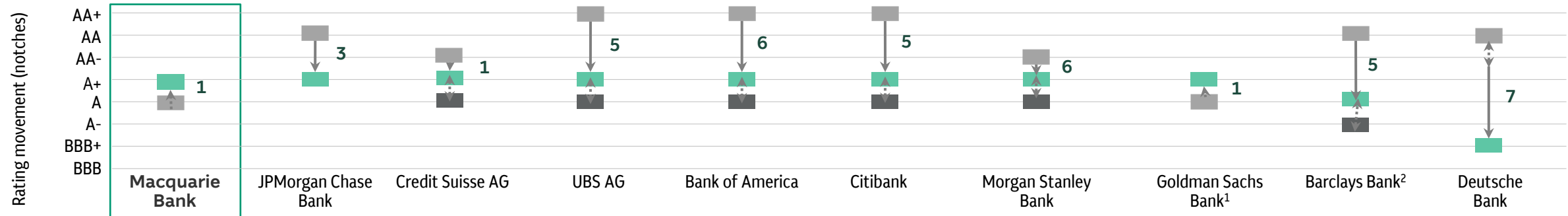
|               | Outperformance<br>vs ASX 200 <sup>1</sup> | Outperformance<br>vs ASX 200<br>Diversified Financials <sup>1</sup> | Outperformance<br>vs MSCI World Capital<br>Markets Index <sup>1</sup> |
|---------------|---|---|---|
| Since listing | 8,383%                                    | n/a <sup>2</sup>  | n/a <sup>2</sup>  |
| 10 years      | 481%                                      | 352%  | 516%  |
| 5 years       | 130%                                      | 132%  | 97%   |
| 3 years       | 35%                                       | 50%   | 34%   |

Data to 31 Mar 21 for purchases made at different purchase points on a monthly basis. Source: Bloomberg, as at 31 Mar 21. 1. Total shareholder returns. 2. Macquarie was listed prior to the formation of the MSCI World Capital Markets Index and ASX 200 Diversified Financials Index.

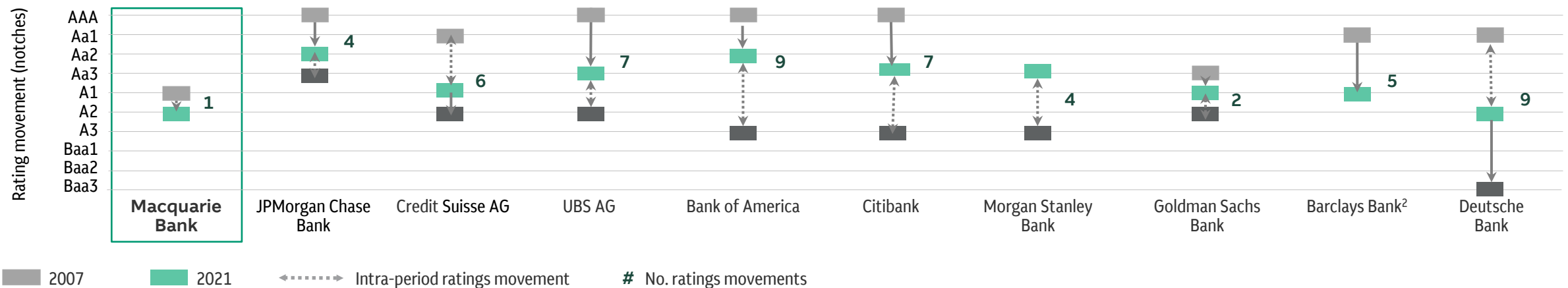


# Macquarie Bank Limited Long Term Ratings Stability

## Standard & Poor's Ratings Movements from 2007



## Moody's Ratings Movements from 2007



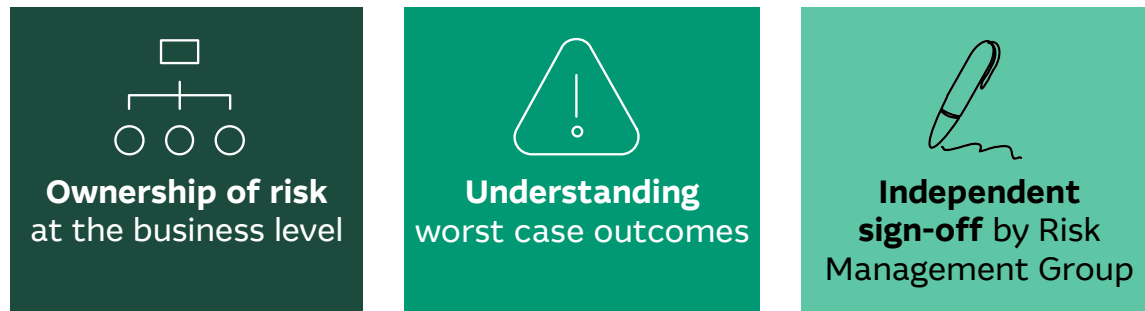
As at Aug 21. Macquarie Bank upgraded to A+ on 11 Dec 19. 1. Goldman Sachs bank only rated by Standard & Poor's from 2012. 2. Barclays Bank PLC.

# 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



Principles stable for **30+ years**

A key factor in our 52 years of unbroken profitability

### 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

|        |   |
|--------|---|
| 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. |

# 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.

# 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.

# Approximate business Basel III Capital and ROE

31 Mar 21

| Operating Group                             | APRA Basel III Capital <sup>1</sup><br>@ 8.5% (\$Ab) | Approx. FY21 Return on Ordinary<br>Equity <sup>2</sup> | Approx. 15-year Average Return<br>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.



# 03

## Operating Groups



# About Macquarie

~54%

~46%

## Annuity-style activities | Net Profit Contribution

## Markets-facing activities | Net Profit Contribution

### MAM

#### Macquarie Asset Management

- Top 50<sup>1</sup> global specialist asset manager with \$A693.2b<sup>2</sup> of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure & renewables, real estate, agriculture, transportation finance, private credit, equities, fixed income and multi-asset solutions

### BFS

#### Banking and Financial Services

- Macquarie's retail banking and financial services business with total BFS deposits<sup>3</sup> of \$A82.4b<sup>2</sup>, loan and lease portfolio<sup>4</sup> of \$A95.1b<sup>2</sup> and funds on platform<sup>5</sup> of \$A109.2b<sup>2</sup>
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance<sup>6</sup> products and services to retail clients, advisers, brokers and business clients

### CGM

#### Commodities and Global Markets

Diverse platform covering more than 30 market segments, with more than 200 products

- Delivers a range of tailored specialised asset finance solutions across a variety of industries and asset classes
- Commodity market lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture
- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology, media and telecoms
- Provides clients with risk and capital solutions across physical and financial markets

### MacCap

#### Macquarie Capital

Global capability in:

- Advisory and capital raising services, investing alongside partners and clients across the capital structure, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors
- Development and investment in infrastructure and energy projects and companies and, in relation to renewable energy projects, the supply of green energy solutions to corporate clients
- Equities brokerage, providing clients with access to equity research, sales, execution capabilities and corporate access

## FY21 Net Profit Contribution

MAM | ~34%

BFS | ~13%

CGM | ~7%

CGM | ~35%

MacCap | ~11%

### Risk Management Group

An independent and centralised function responsible for objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks.

### Legal and Governance

Provides a full range of legal and corporate governance services, including strategic legal and governance advice and risk assessment.

### Financial Management Group

Provides financial, tax, treasury, corporate affairs and advisory services to all areas of Macquarie.

### Corporate Operations Group

Provides technology, operations, HR, workplace, strategy, data and transformation, resilience and global security services plus the Macquarie Group Foundation.

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers in this presentation have been reclassified to reflect the transfer of Cash Equities from CGM to Macquarie Capital effective 1 Jun 20. 1. P&I Largest Money Managers 19 (published Jun 20). 2. As at 30 Jun 21. 3. BFS deposits exclude corporate/wholesale deposits. 4. The loan and lease portfolio comprises home loans, loans to businesses, vehicle finance and credit cards. 5. Funds on platform includes Macquarie Wrap and Vision. 6. Includes general plant & equipment.



# 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>



**\$A693.2 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 30 Jun 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>

**\$A147.9b<sup>2</sup>** ▲ 4%  
on Mar 21

Equity under management

**\$A14.8b**

Invested across 62 new investments in FY21

Sale of Macquarie European Rail Business

**\$A3.3b**

Equity raised in 1Q22

**\$A29.2b<sup>2</sup>**

Equity to deploy

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

**\$A495.2b<sup>2</sup>** ▲ 35%  
on Mar 21

Assets under management

**59%**

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

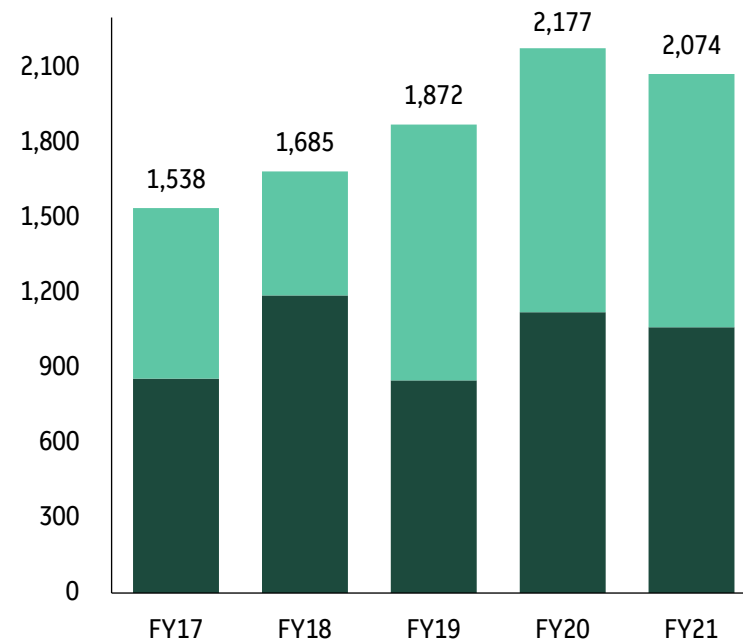
Completion of the acquisition of Waddell & Reed Financial, Inc on 30 Apr 21. Concurrently, MAM sold Waddell & Reed's wealth management platform to LPL Financial Holdings Inc. MAM will retain Waddell & Reed Financial, Inc.'s asset management business, bringing \$US76b in AUM



# Macquarie Asset Management

Actively manages funds for investors across multiple asset classes

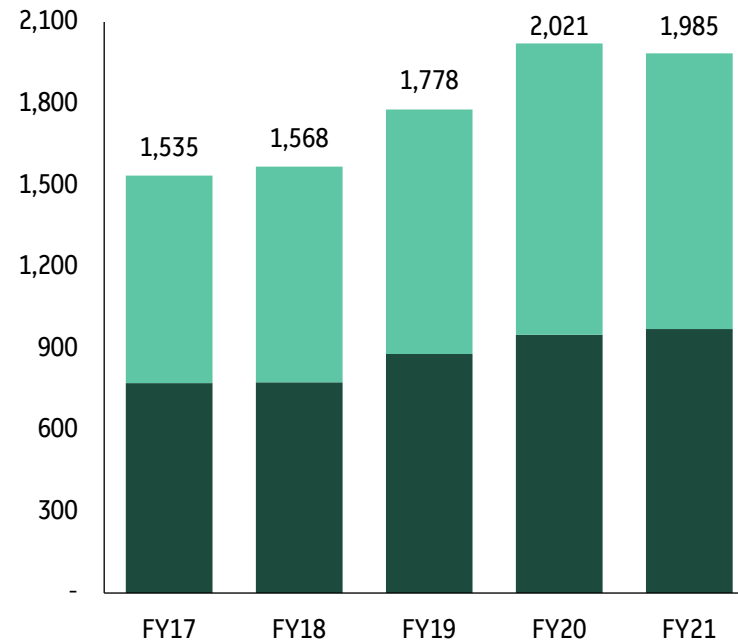
## Net Profit Contribution<sup>1</sup> (\$Am)



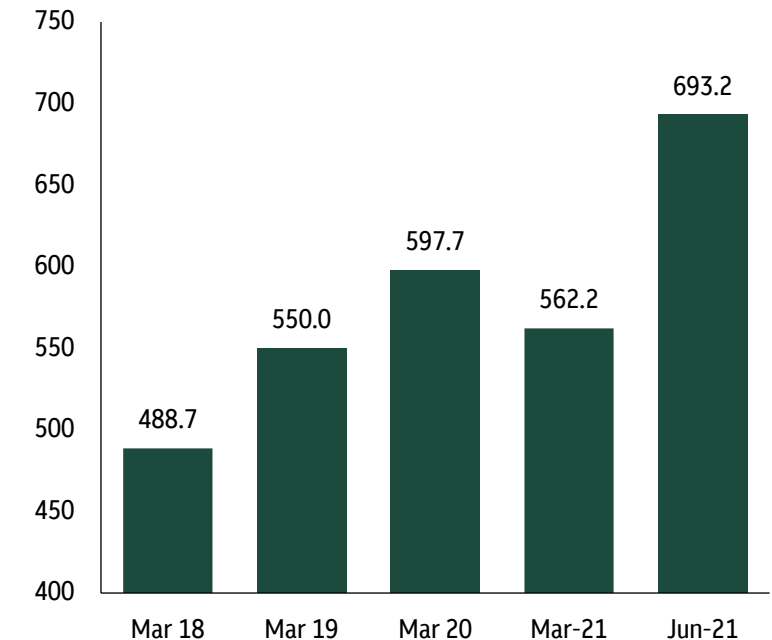
1H

2H

## Base Fees (\$Am)



## AUM (\$Ab)



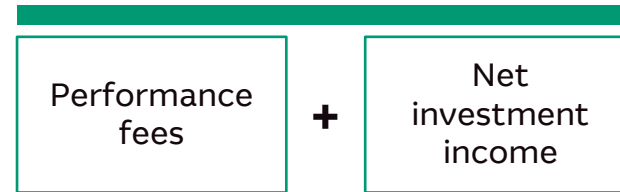
1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

# Composition of income

## Asset Management Net Income (AMNI)



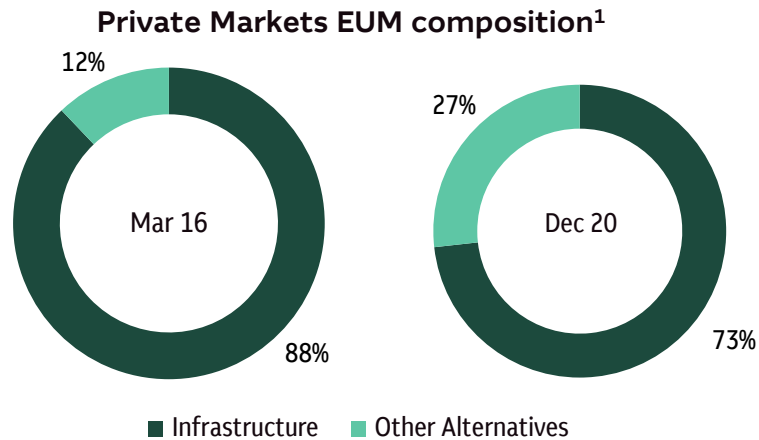
## Performance-related Income (PRI)



## Net Other Income (NOI)

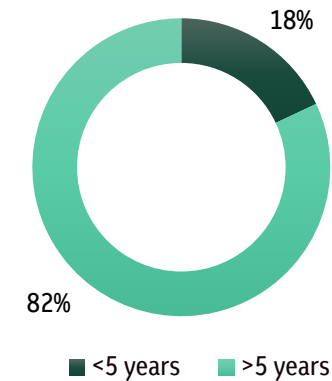


**Net Profit Contribution**

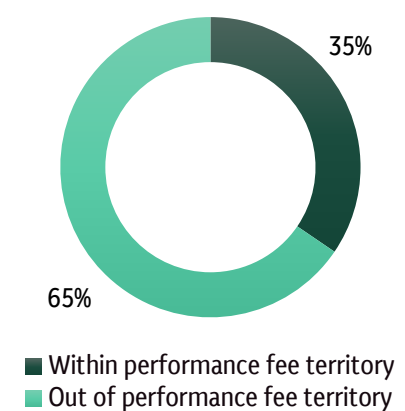


**Other Alternatives** projected to continue to grow as a proportion of total EUM by FY30

## Private Markets EUM maturity<sup>1</sup>

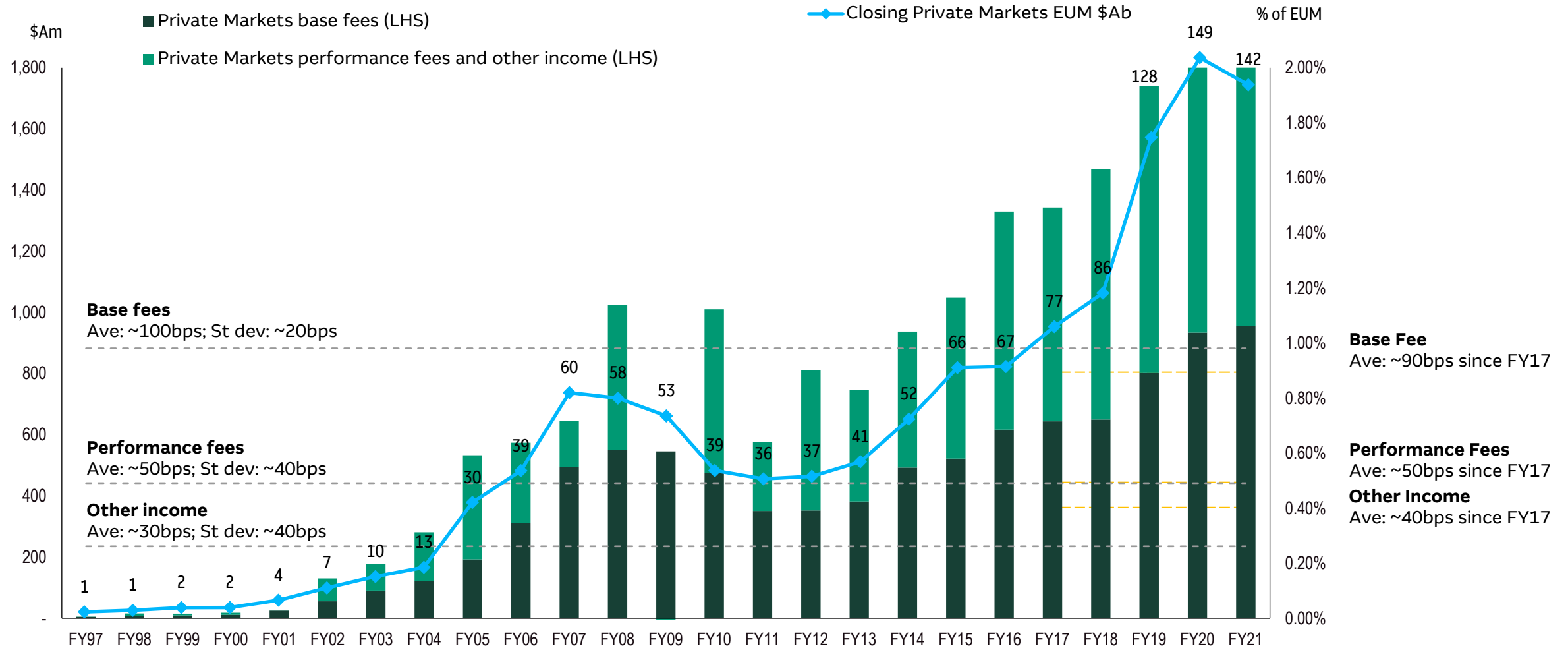


## Private Markets EUM in Performance fee territory<sup>2</sup>



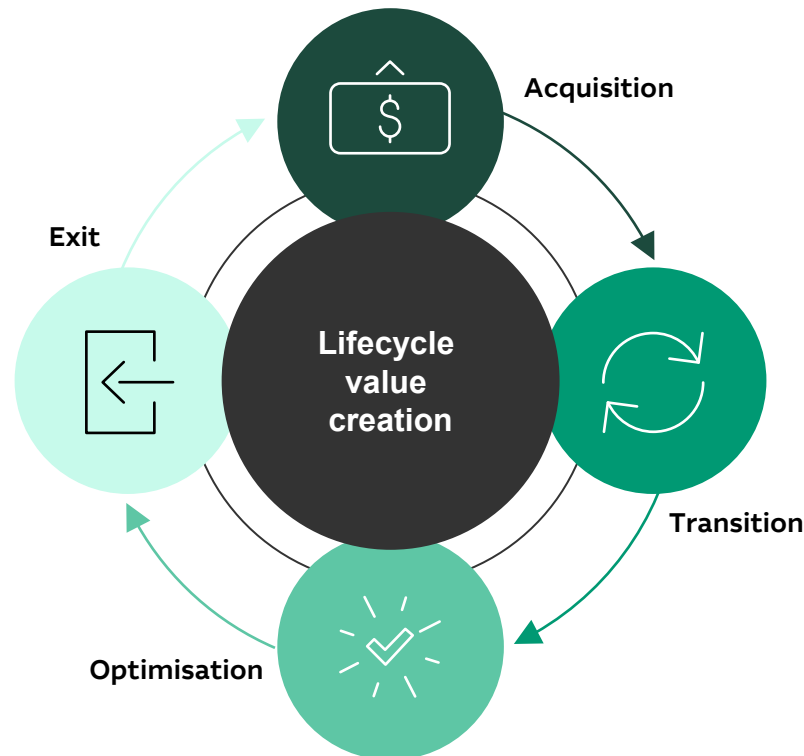
1. Total EUM as at 31 Dec 20. 2. EUM with performance fee structure presently in performance fee territory as at 30 Sep 20.

# Private Markets Historical Income

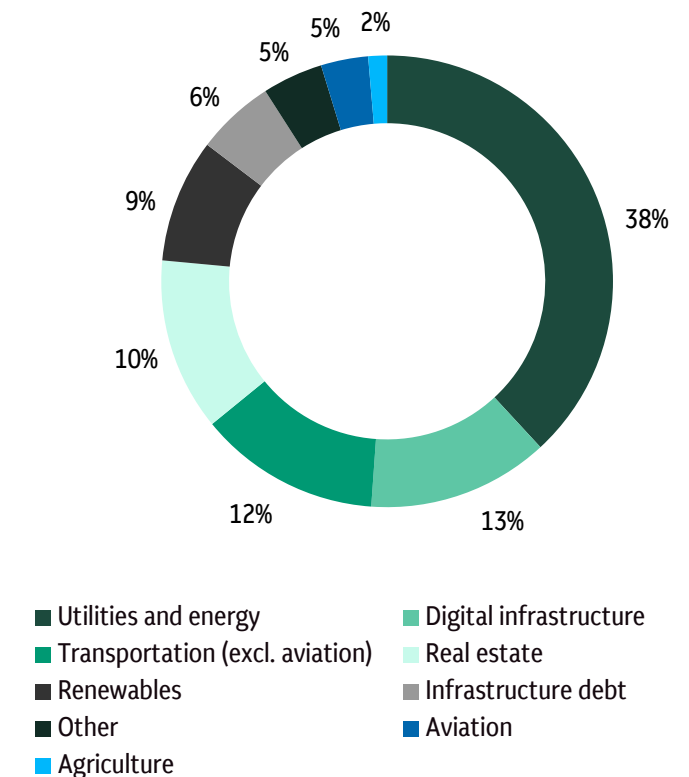


# Adding value throughout the investment lifecycle

- Long-term investment approach, delivering positive outcomes for clients, portfolio companies and communities
- Boutique active public investments teams with deep sectoral expertise across equities and fixed income.
- Diverse alternatives team with deep industry and operational experience to manage and enhance real asset businesses
- Global scale, technical expertise and networks allow us to undertake increasingly complex transactions
- ESG considerations embedded within our investment decision making and asset management frameworks



## Our alternatives portfolio<sup>1</sup>



1. Based on AUM at 31 Dec 20.



# 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



Wealth  
Management



Business  
Banking



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. 5. As at 30 Jun 21.

## FY21 awards



**\$A71.2b<sup>5</sup>** ▲ 6%  
Home loan portfolio on Mar 21

**\$A82.4b<sup>5</sup>** ▲ 2%  
Total BFS deposits<sup>2</sup> on Mar 21

**\$A10.8b<sup>5</sup>** ▲ 6%  
Business banking loan portfolio on Mar 21

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

**\$A109.2b<sup>5</sup>** ▲ 8%  
Funds on platform<sup>1</sup> on Mar 21

**\$A11.2b<sup>5</sup>** ▼ 3%  
Vehicle finance portfolio<sup>3</sup> on Mar 21

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

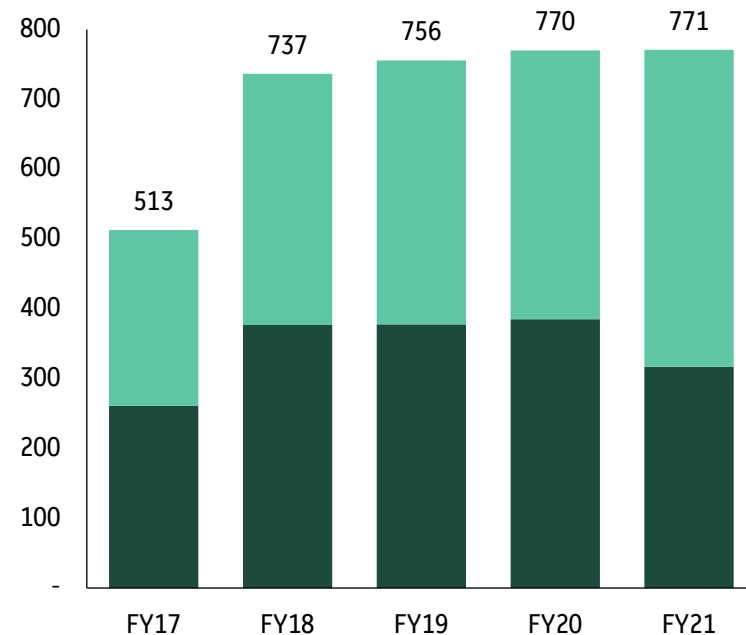
30+ years bringing innovation and competition to Australian consumers

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

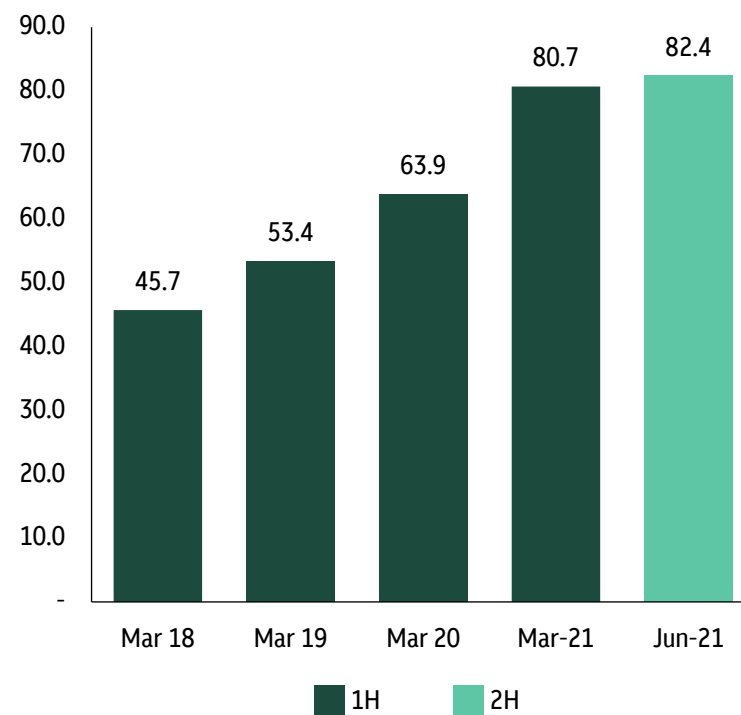
# Banking and Financial Services

A technology-driven Australian retail bank and wealth manager

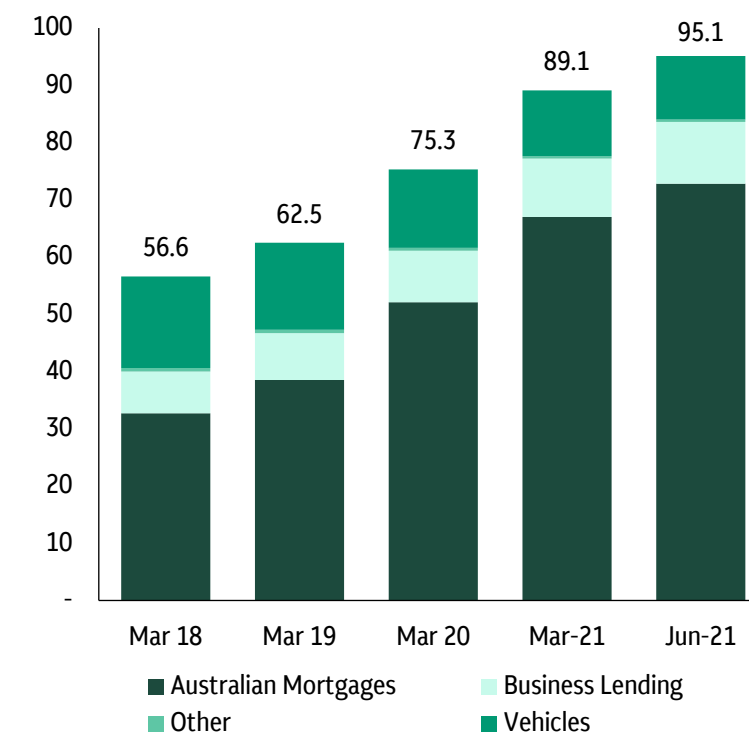
**Net Profit Contribution<sup>1</sup> (\$Am)**



**BFS Deposits<sup>2</sup> (\$Ab)**



**Australian loan and lease portfolio<sup>3</sup> (\$Ab)**



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 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. 2. BFS deposits exclude any Corporate/Wholesale deposit balances. 3. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle asset finance, and other includes insurance premium funding and credit cards. Vehicles asset finance moved from CAF Asset Finance to BFS effective 1 Dec 18.

# 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

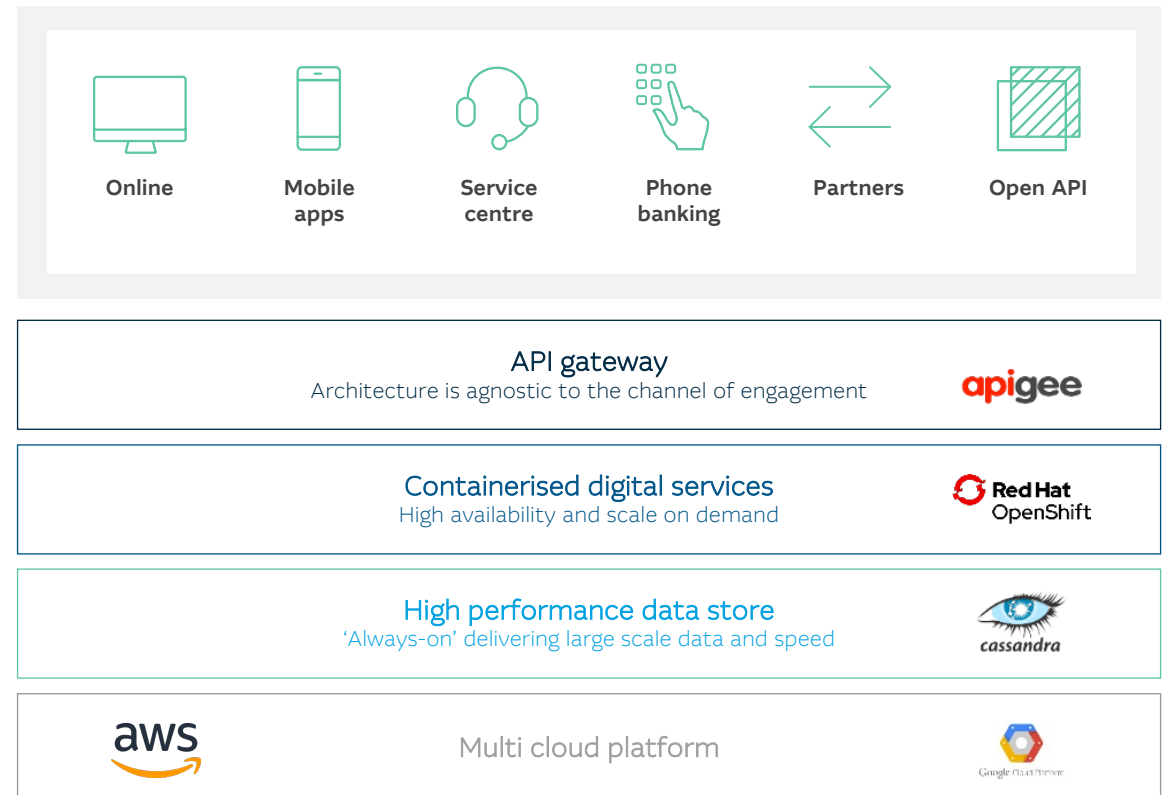
- All customer engagements, data, analytics and regulatory data workload on the cloud
- **50%** of IT infrastructure on the cloud, aim for **100%** in FY22
- Unlocking technical limitations with cloud agnostic strategy



### Data 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



# 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...

- Client interactions are observed as moments of delight or pain points
- Client journeys are mapped
- Client empathy interviews are conducted

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

- Continually resolving client pain points
- Continually identifying opportunities to enhance client experience

Enhancements include dramatic reduction in home loan approval times, **geo-triggered travel notifications** and in-app **natural language search**



# 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>

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.

## FY21 awards & rankings

**EnergyRisk**  
Awards 2021  
Winner

Oil and products  
of the year

**EnergyRisk**  
Awards 2021  
Winner

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

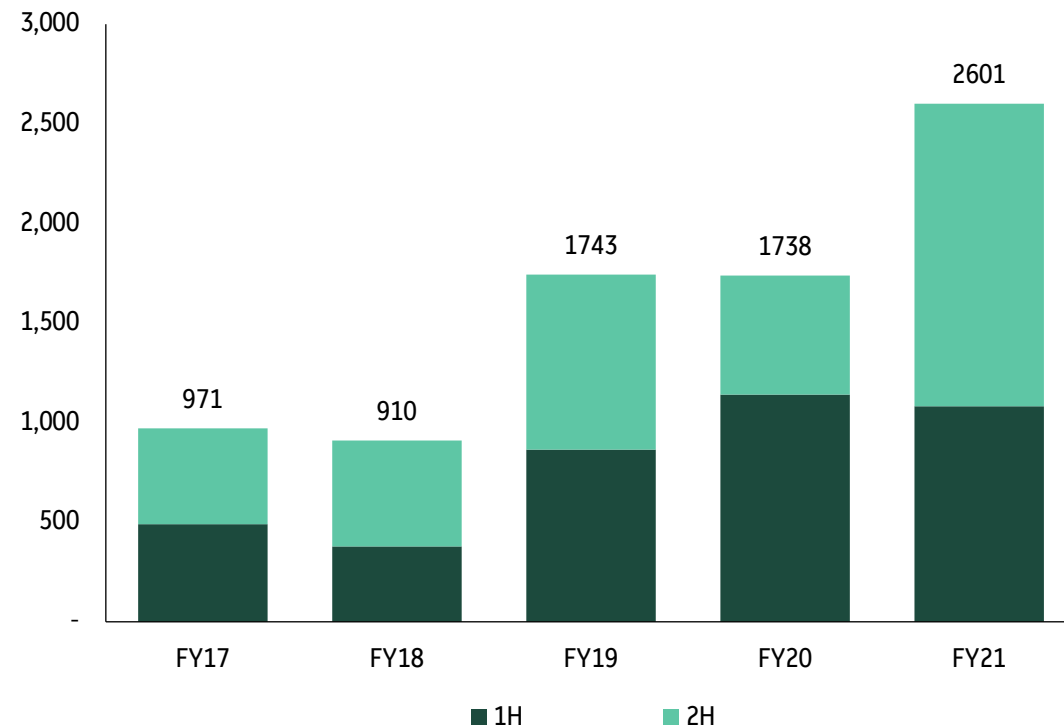
### Futures

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

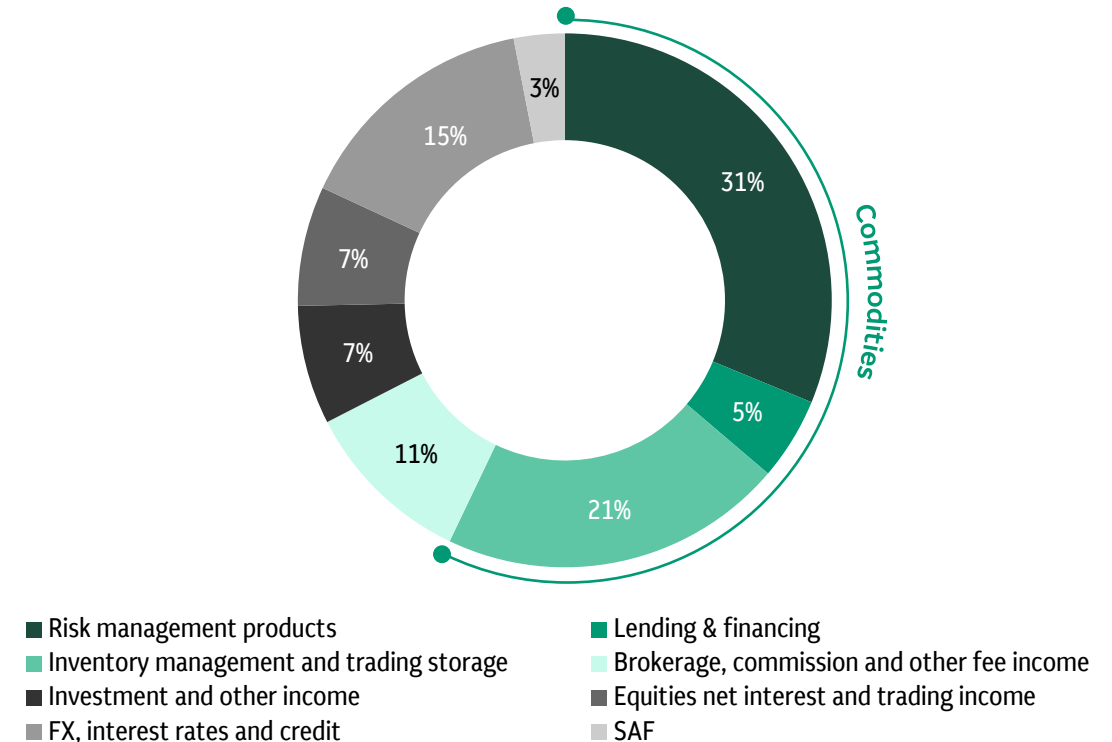
# Commodities and Global Markets

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

## Net Profit Contribution<sup>1</sup> (\$Am)



## Net Operating Income<sup>2</sup>



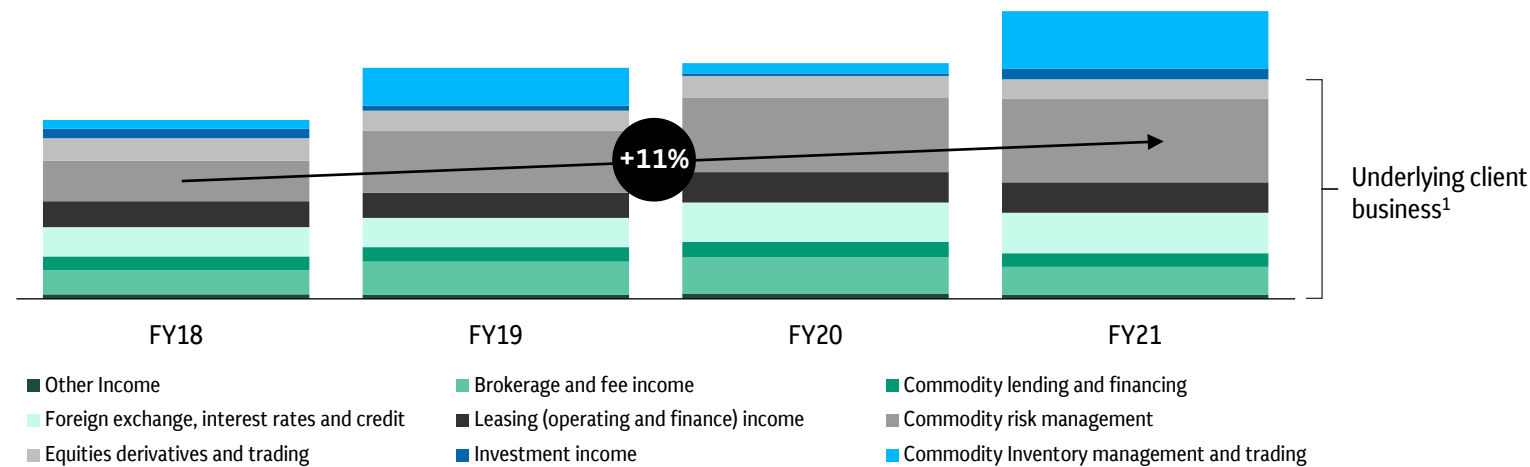
1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Numbers as reported at half year results announcement on 6 Nov 20. 2. For the half year ended 30 Sep 20, excluding impairment charges, provisions, net gains on sale and internal management (charge)/revenue, based on the Management Discussion & Analysis income classifications.

# Strong underlying client business

## Majority of income derived from underlying client business

### Operating Income

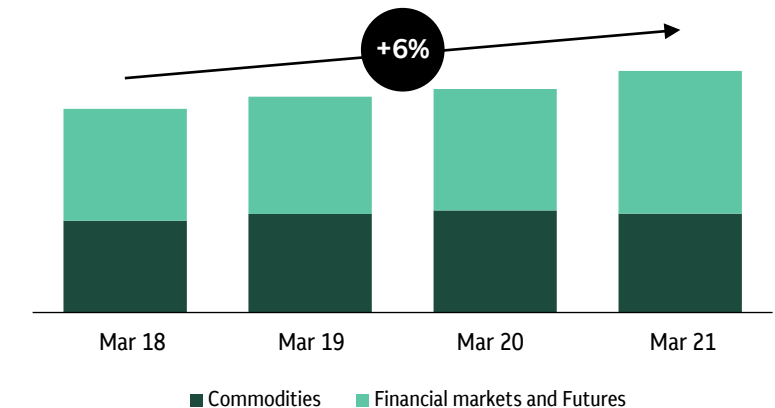
(excl. credit and other impairment charges)



- **40+ years** of client partnership evolving into niche activities in some markets, and scale in others
- Platform **diversity drives earnings** stability and de-risks the portfolio
- Dedicated **specialist staff** with deep sector knowledge and market insights
- **Risk** management is core
- **Industry recognition** in select markets and sectors is strong

### Client numbers<sup>2</sup>

(Excl. SAF)

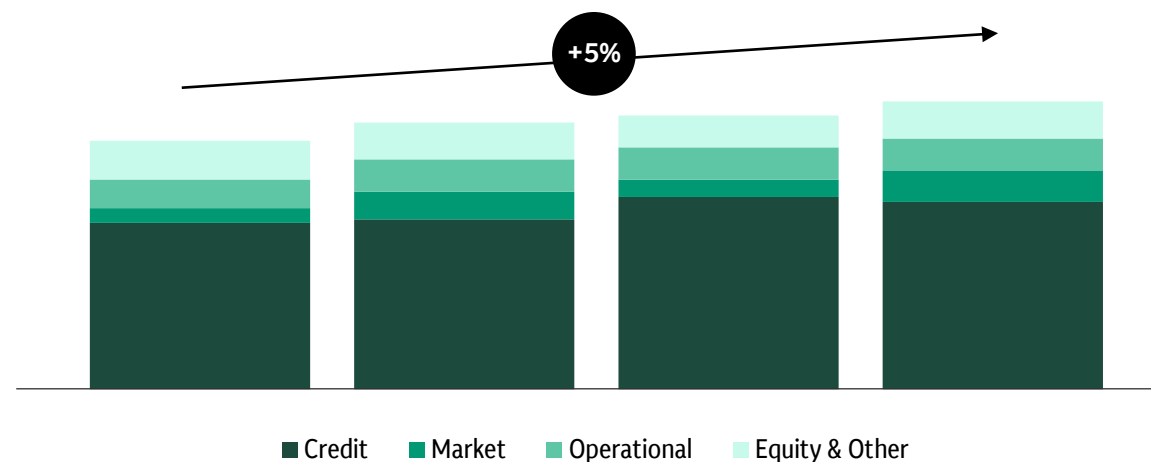


- Client-led business with deep longstanding client relationships:
  - Diverse and growing client base
  - Strong repeat client business with ~85% of client revenue generated from existing relationships
  - Client relationships spread over a full spectrum of products and services

1. Included within Underlying client business is a relatively small (~5%) amount of FX, IR, Credit and EDT trading activity not related to clients. 2. Financial markets and futures client numbers will differ to previously reported numbers with the inclusion of Equity Derivatives and Trading clients and the transfer to Cash Equities to Macquarie Capital effective 1 Jun 20.

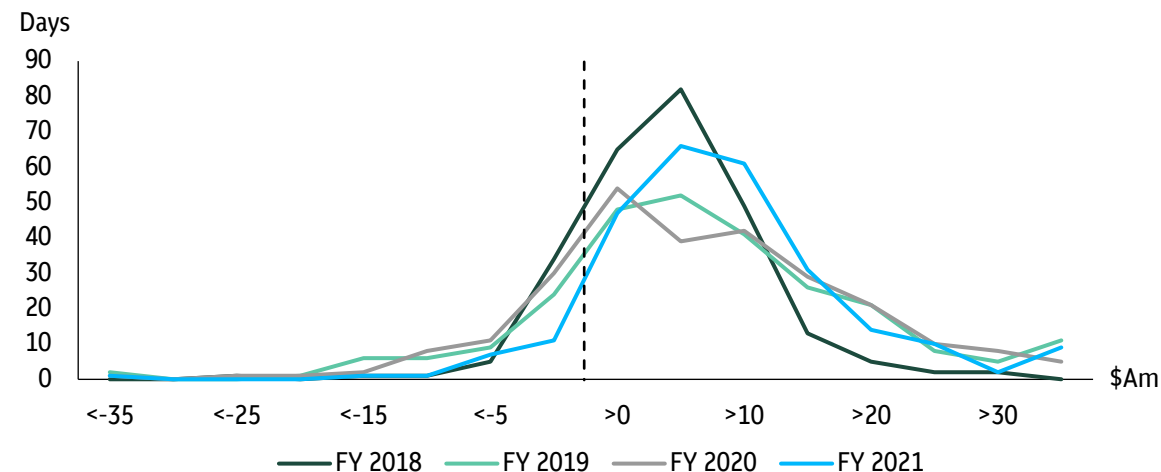
# Underlying client activity driving regulatory capital and trading revenues

## Regulatory capital (normalised)<sup>1</sup>



- Majority of capital relates to **credit risk** reflecting **client focused business**
- Risk management is **core; built on 50+ years of accumulated experience** in managing risk for our clients and our business

## Group Daily trading profit and loss<sup>2</sup> FY18-FY21 (\$Am)



- **Consistency of shape of the curves over the years**
  - Consistent framework and approach to risk management
- **Mean clusters between \$A0-10m**
- Trading income largely derived from client franchise activities

1. Normalised for FX (31 Mar 21) and SA-CCR impacts. Numbers will not reconcile to previously disclosed regulatory capital numbers. 2. The daily profit and loss refers to results that are directly attributable to market-based activity from Macquarie's desk.

# 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. Infractionation (CY20 by deal count). 7. Dealogic (1/01/2011 - 31/12/20 completed & announced by deal count). 8. Dealogic (1/01/2011 - 31/12/20 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:

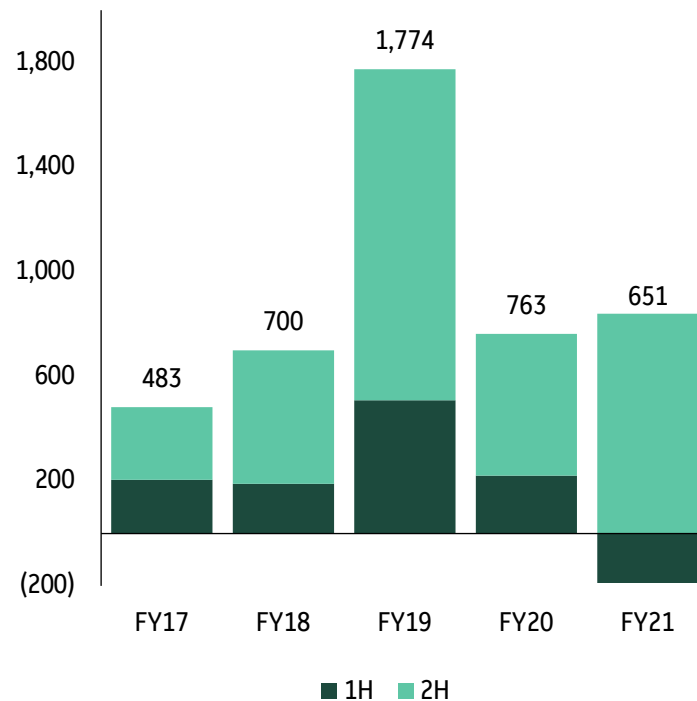
- Sole financial adviser to Snowy Hydro Limited on the over \$A5b Snowy 2.0 expansion and associated raising of \$A3.5b of corporate senior debt facilities
- First acquisition in South America, a majority interest in the 206km Briceño-Tunja-Sogamoso operating toll road, one of Colombia's most critical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



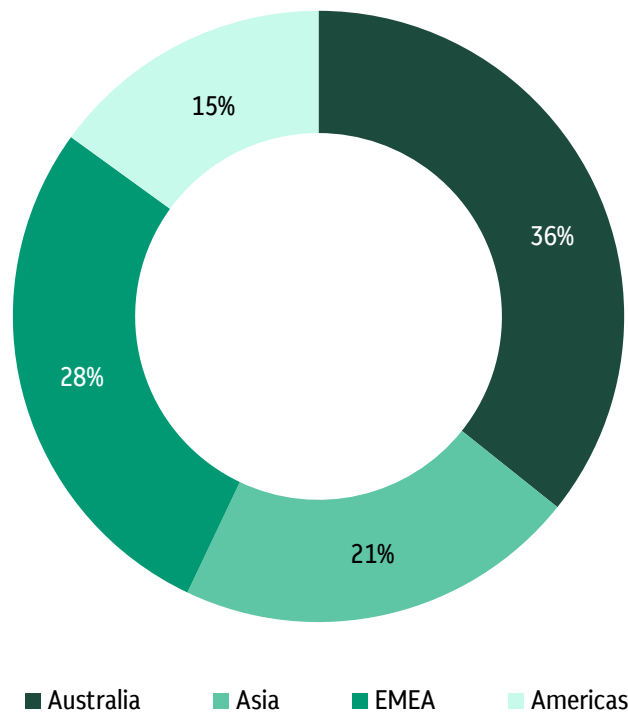
# Macquarie Capital

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

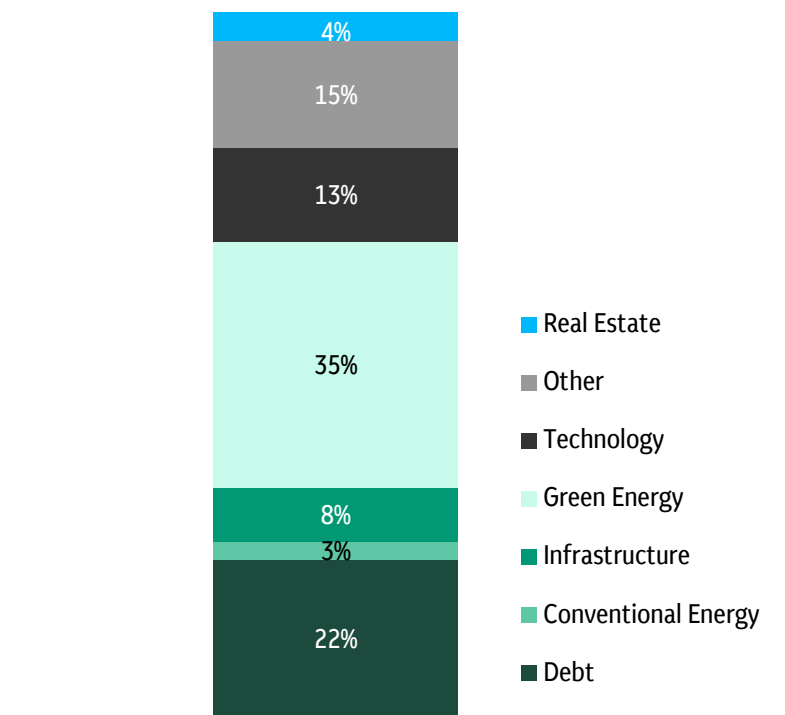
## Net Profit Contribution<sup>1</sup> (\$Am)



## Income by region<sup>2</sup>



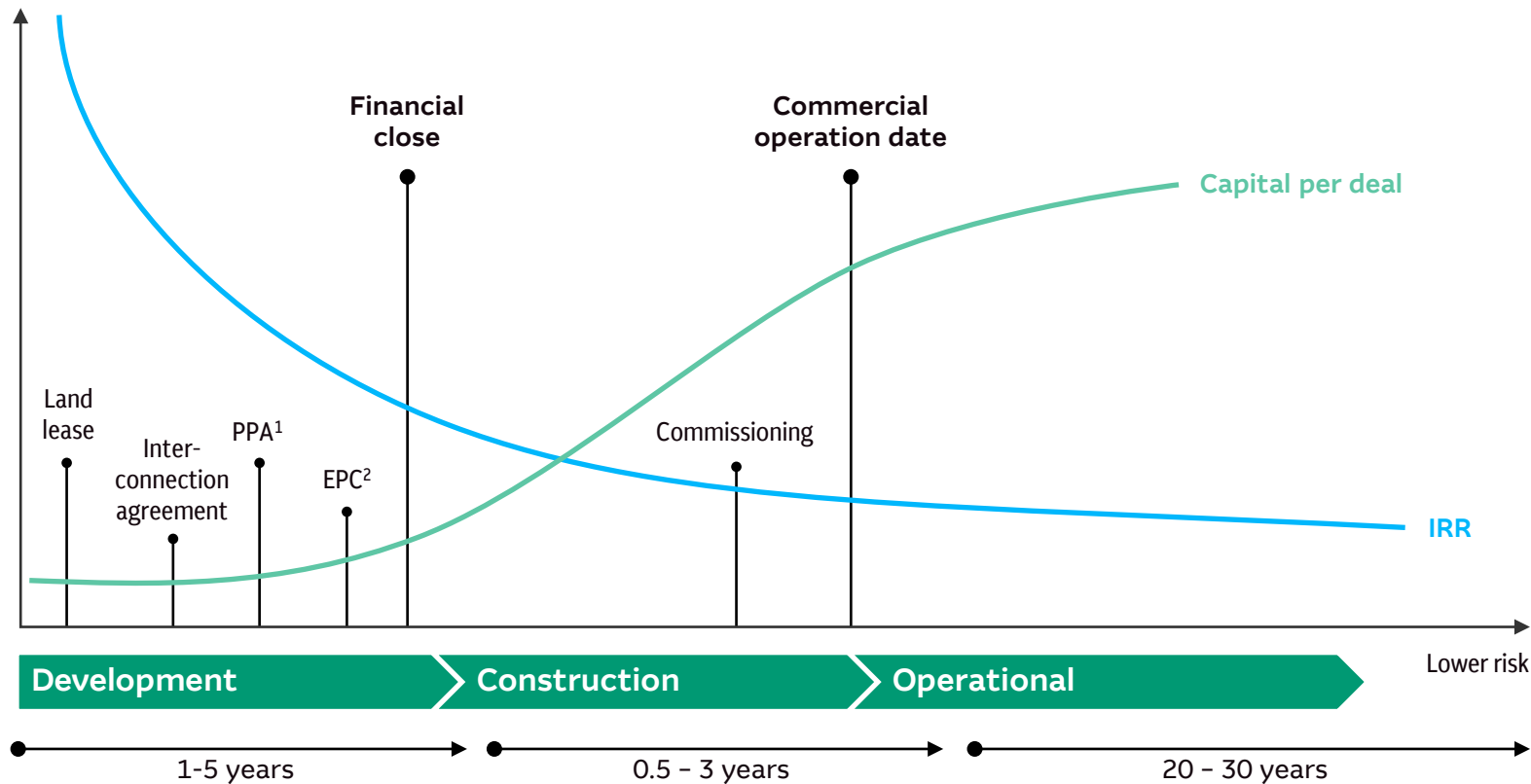
## Regulatory capital (\$3.9b)<sup>3</sup>



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Numbers as reported at half year results announcement on 6 Nov 20. 2. Income by region reflects 1H21 net operating income excluding internal management revenue/(charge). 3. As at 31 Mar 21.

# We're building the future one project at a time

The asset creation journey typically starts at development stage, through construction, and into operations



1. Power purchase agreement. 2. Engineering procurement & construction.

## Case study: Murra Warra wind farm



# Green Investment Group

One of the leading renewable energy developers and investors in the world – with a team of 450+ green energy experts<sup>1</sup> committed to accelerating the green transition



## Developing & investing

Scale & strength in established technologies

**\$A2b+**

Current commitments<sup>2</sup>

**\$A45b+**

Committed and arranged to support green energy projects<sup>3</sup>

**250+**

projects in development and construction

**30+ GW**

Global development and construction pipeline<sup>4</sup>



## Platform companies

Regional development platforms

- Regionally focused: platforms in US, Europe and the Asia Pacific region
- Technology focused: platforms focused on utility-scale and C&I solar, energy storage or distributed energy



## Powering clients

Supporting client achieve sustainability goals

**3.9GW**

Of renewable energy projects underwritten by PPAs<sup>5</sup>

**23**

Corporates decarbonising with support of PPAs signed with GIG<sup>6</sup>

## Large industrial partnerships



## Our platforms



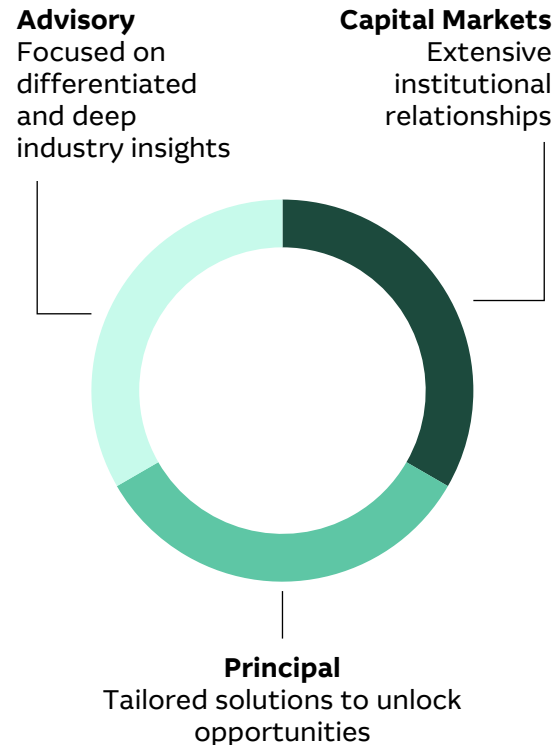
## Example customers



1. Includes Macquarie Group employees operating under the GIG brand and operating platform employees. Operating platforms are companies operating as operationally segregated subsidiaries of GIG or companies where GIG has entered a joint venture with another partner. 2. Commitments as at 30 Sep 20. 3. Combining historic activity where UK Green Investment Bank (GIB), Green Investment Group (GIG) or Macquarie Capital have committed their own funds or arranged third-party capital and / or financing. 4. Includes projects being developed directly by GIG or through operating platforms (as defined in footnote 1). 5. Total capacity of renewable energy projects where GIG or Macquarie Capital (either directly or via operating platforms) have contributed equity investment, supported by PPAs structured by GIG, Macquarie Capital or operating platforms.. 6. Total capacity of renewable energy projects where GIG or Macquarie Capital (either directly or via operating platforms) have contributed equity investment, supported by PPAs structured by GIG, Macquarie Capital or operating platforms.

# We unlock opportunities by combining ideas and capital

## We evolve with our clients and areas of opportunity



**Private capital**

Abundant capital looking for increasingly diverse ways to access non-public market opportunities

**Tech-enabled innovation**

Technology is transforming industries, evolving business models and leading to convergence between sectors

**Principal investment**

Supporting clients with principal investment, combined with advisory and capital market capabilities and industry insights

## Sub-sectors we're working in

FINANCIAL SPONSORS |  
GROWTH EQUITY |  
FAMILY OFFICES

SOFTWARE | DATA | SERVICES |  
EDUCATION | FINTECH |  
HEALTHCARE

PRIVATE CREDIT | PRIVATE EQUITY |  
GROWTH EQUITY | REAL ESTATE

## Market backdrop

**\$US7.4t**

private market AuM has grown more than threefold since 2010<sup>1</sup>

**42% increase**

in the percentage of PE dry powder in growth equity strategies since 2016<sup>2</sup>

**Over \$A2.3b**

ACS Principal Finance committed in 1Q22

1. McKinsey Global Private Markets Review, 2021. 2. PitchBook Data, Inc. PitchBook's Analyst Note on Growth Equity Overview.



04

1Q22 Update





# 1Q22

## Overview

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

#### **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

## 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 exclude corporate/wholesale deposits. 6. Funds on platform includes Macquarie Wrap and Vision. 7. Includes general plant & equipment.

# 1Q22

## 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>

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.

### 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

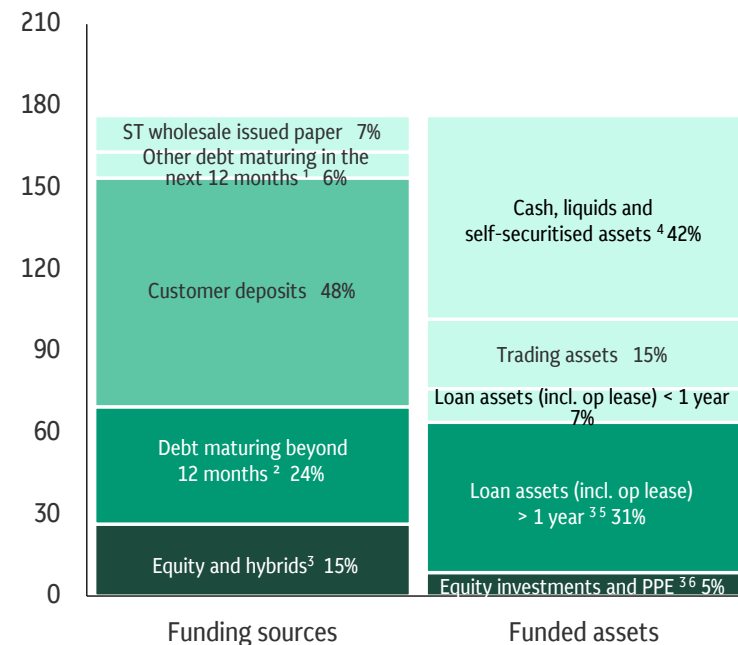
- Significant sellside activity including advising Veritas Capital on their \$US1.35b sale of Abaco Systems, Telstra on the announced sale of 49% of Telstra InfraCo Towers, valuing the business at \$A5.9b<sup>7</sup> and NAB on the \$A1.44b sale of MLC to IOOF
- Acquired a majority stake in Wavenet Group, 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>

# Funded balance sheet remains strong

## Term liabilities exceed term assets

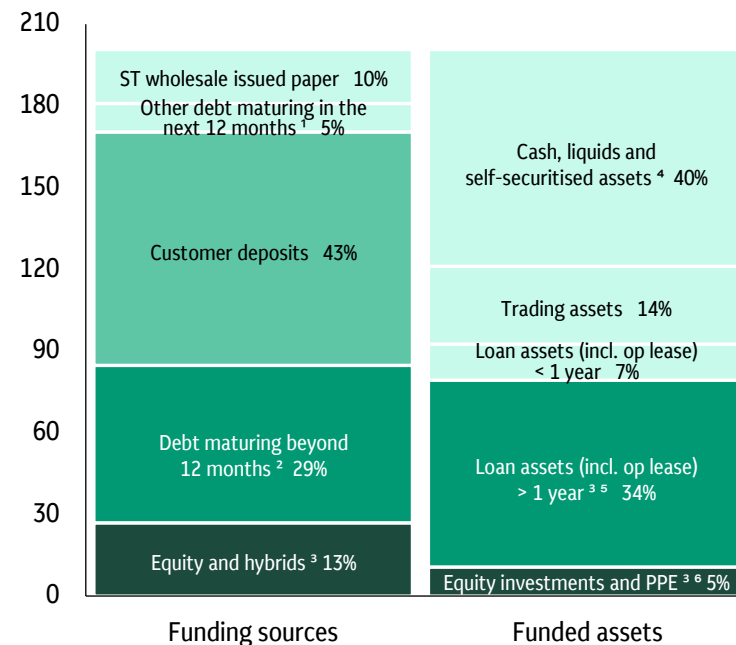
**31 Mar 21**

\$Ab



**30 Jun 21**

\$Ab



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**

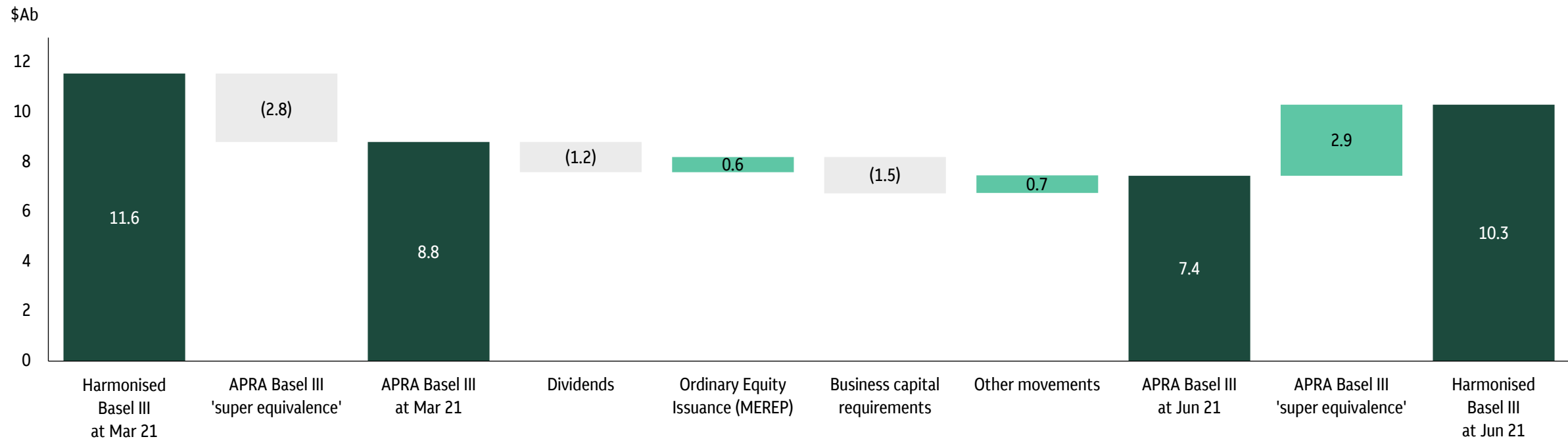
Since  
MAR 21

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%

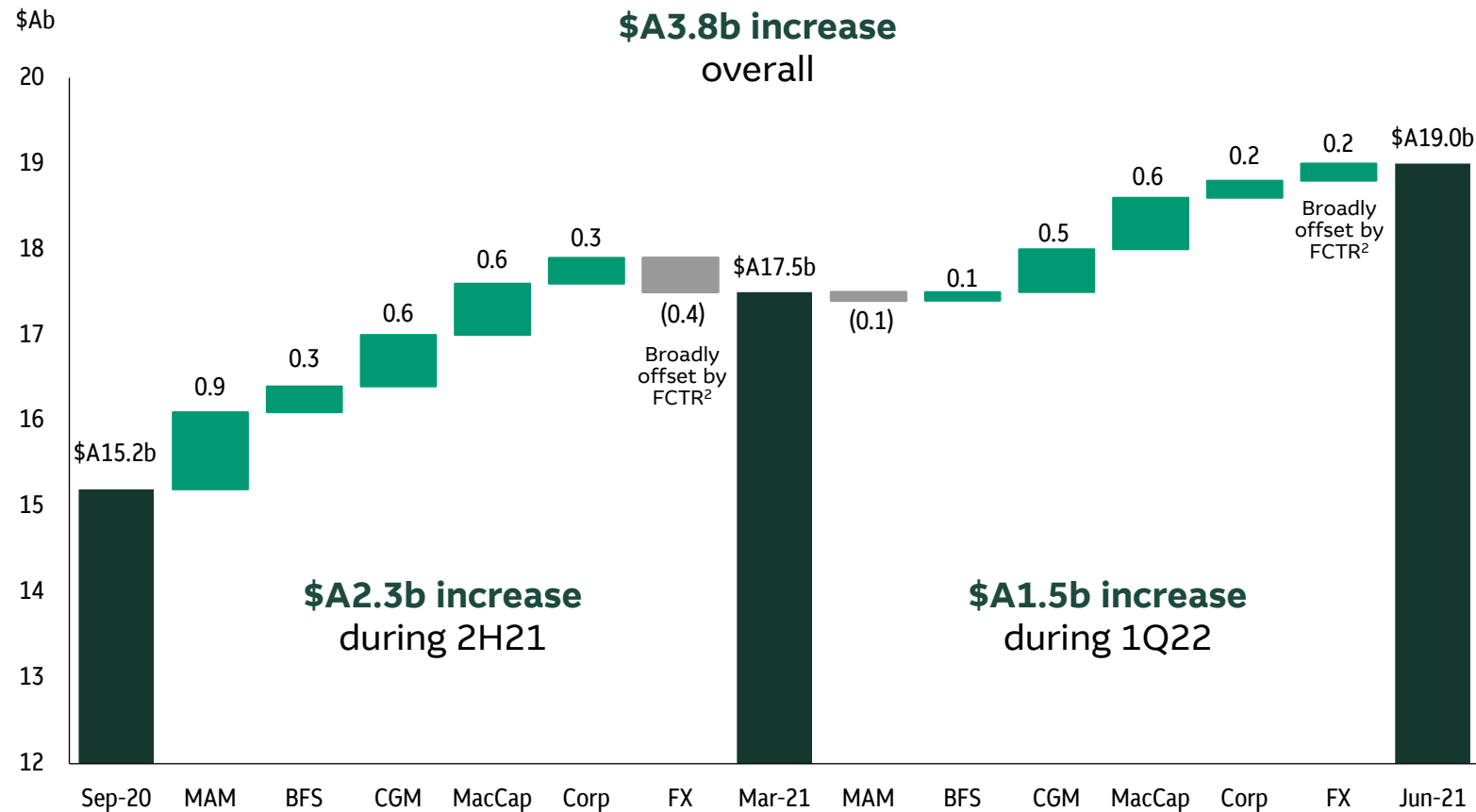
## Group regulatory surplus: Basel III (Jun 21)



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

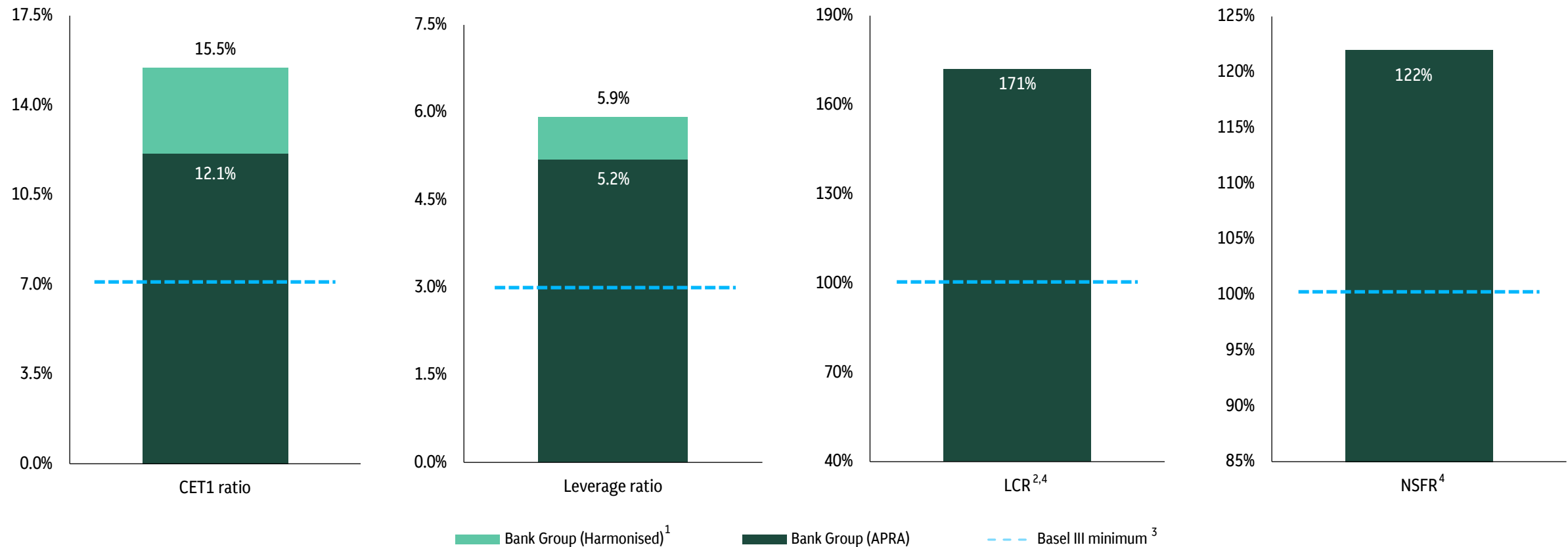
- On 9 Jun 21, MBL issued \$A750m Tier 2 capital at 3mth BBSW + 155bps, as part of its programme to meet Loss-Absorbing Capacity requirements

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

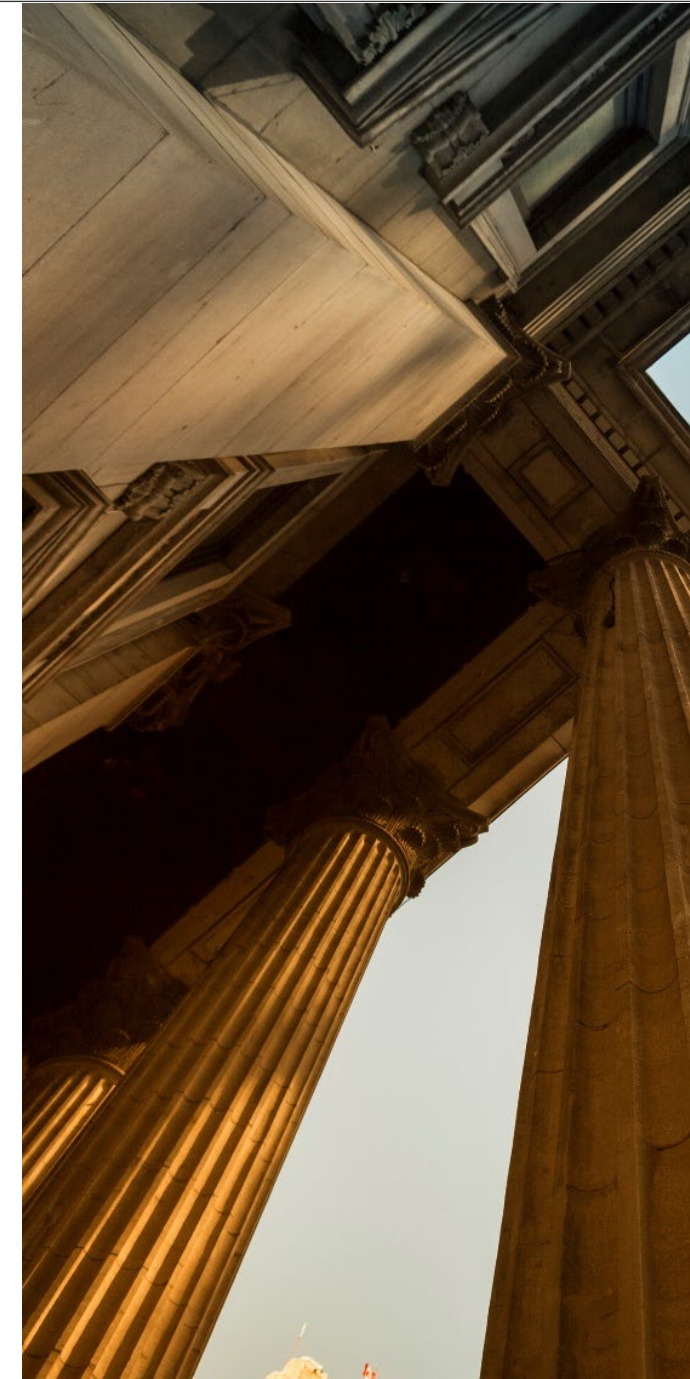
## Australia

- 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.





# 05

## Outlook





# 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 not expected to provide a meaningful 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, with investment-related income expected to be significantly up on FY21

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

- Commodities income is expected to be down following a strong FY21, albeit volatility may create opportunities
- As foreshadowed, the positive impact from the timing of income recognition on storage and transport contracts in FY21 is not anticipated to recur, with 1H22 expected to be negative
- 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

We currently expect the 1H22 result to be slightly down on 2H21, noting:

- 1H22 included the Macquarie Infrastructure Corporation (MIC) disposition fee in Macquarie Asset Management
- Favourable market conditions contributing to a stronger 1H22 Commodities and Global Markets result than anticipated together with the sale of the UK commercial and industrial smart meter portfolio

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.



# 06

## Appendix A

Select slides from Macquarie's result  
announcement for the year ended 31 Mar 21





# Income statement key drivers

|  | 2H21<br>\$Am   | 1H21<br>\$Am   | FY21<br>\$Am   | FY20<br>\$Am   |
|--|----------------|----------------|----------------|----------------|
| Net interest and trading income                                  | 3,157          | 2,520          | 5,677          | 4,720          |
| Fee and commission income  | 2,563          | 2,613          | 5,176          | 5,837          |
| Net operating lease income                                       | 221            | 245            | 466            | 745            |
| Share of net profits/(losses) from associates and joint ventures | 51             | (54)           | (3)            | 95             |
| Net credit impairment charges                                    | (27)           | (407)          | (434)          | (805)          |
| Other impairment charges   | (50)           | (40)           | (90)           | (235)          |
| Investment income  | 1,398          | 625            | 2,023          | 1,712          |
| Other income and charges   | (58)           | 17             | (41)           | 256            |
| <b>Net operating income</b>                                      | <b>7,255</b>   | <b>5,519</b>   | <b>12,774</b>  | <b>12,325</b>  |
| Employment expenses  | (2,902)        | (2,615)        | (5,517)        | (5,323)        |
| Brokerage, commission and trading-related fee expenses           | (408)          | (471)          | (879)          | (964)          |
| Other operating expenses   | (1,291)        | (1,180)        | (2,471)        | (2,584)        |
| <b>Total operating expenses</b>                                  | <b>(4,601)</b> | <b>(4,266)</b> | <b>(8,867)</b> | <b>(8,871)</b> |
| <b>Operating profit before tax and non-controlling interests</b> | <b>2,654</b>   | <b>1,253</b>   | <b>3,907</b>   | <b>3,454</b>   |
| Income tax expense   | (624)          | (275)          | (899)          | (728)          |
| Non-controlling interests  | -              | 7              | 7              | 5              |
| <b>Profit attributable to MGL shareholders</b>                   | <b>2,030</b>   | <b>985</b>     | <b>3,015</b>   | <b>2,731</b>   |

Net interest and trading income of \$A5,677m, up 20% on FY20

- Higher income in CGM mainly driven by **Inventory management and trading in North American Gas and Power, Oil and Precious Metals** due to market dislocations and increased volatility as well as the timing of income recognition on Oil and Gas storage contracts and transport agreements
- Lower expense in MAM driven by the sale of the MAF business to a joint venture during the prior year
- Higher income in BFS mainly driven by growth in home loans and deposits partially offset by margin compression on deposits and a decrease in the vehicle finance portfolio
- Lower income in Corporate primarily due to greater accounting volatility from changes in the fair value of economic hedges in the prior year

Fee and commission income of \$A5,176m, down 11% on FY20

- **Lower performance fees in FY21 following a strong FY20.** The current year included fees from a range of funds including MIP II, MIP III, MEIF4, MSCIF and other Private Markets-managed funds, managed accounts and co-investors
- **Lower mergers and acquisitions fee income** in Macquarie Capital
- Reduced demand for commodity risk premia products and reduced client brokerage activity in CGM

Net operating lease income of \$A466m, down 37% on FY20 predominantly due to the sale of the MAF business to a joint venture in the prior year in MAM

Share of net losses from associates and joint ventures of \$A3m, significantly lower than FY20, primarily driven by **losses from MAF** due to the impact of COVID-19 on aircraft leasing income and related aircraft impairments in MAM, partially offset by lower share of net losses in Macquarie Capital due to changes in the composition and improved performance of investments in the portfolio

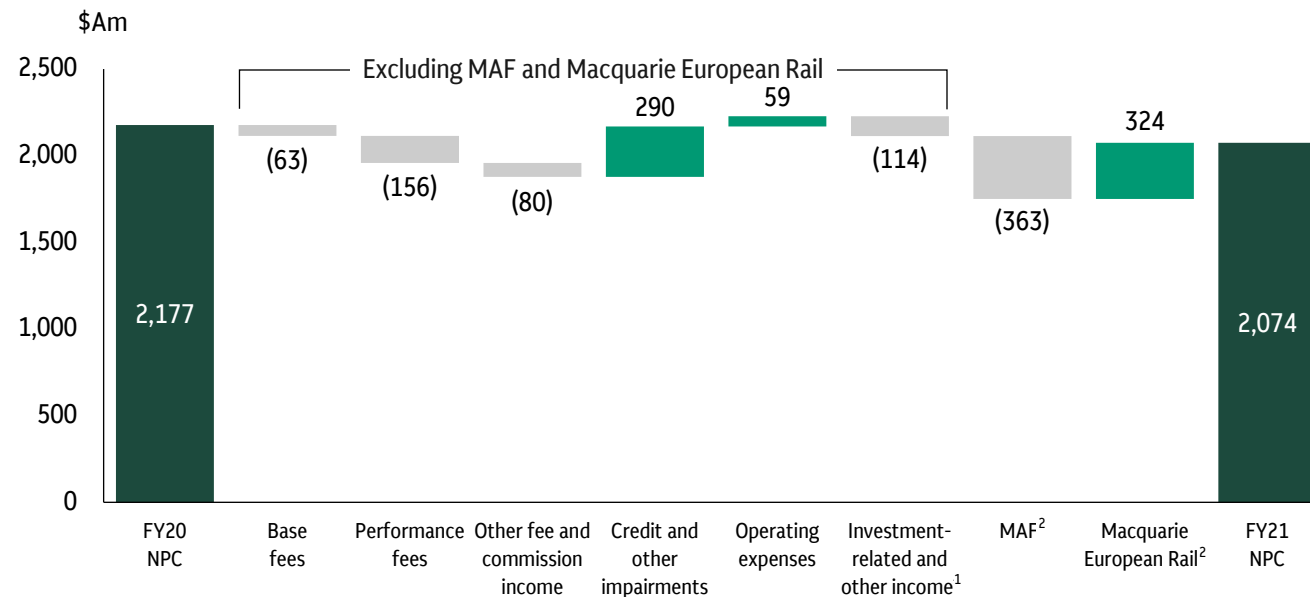
**Lower credit and other impairment charges** recognised across the Group compared to FY20 mainly due to **improving** current and expected **macroeconomic conditions**. 2H21 included the reversal of a central overlay provision for expected credit losses reflecting management's current view of the improvement in the outlook of the Group's portfolio

**Investment income** of \$A2,023m, up 18% on FY20, primarily due to **gain on sale of Macquarie European Rail** in MAM and gains on listed equity investments in CGM, partially offset by **fewer material asset realisations** compared to prior year in Macquarie Capital

Total operating expenses of \$A8,867m, in line with FY20. Higher Employment expenses due to **higher performance-related profit share expense** mainly as a result of Group performance and higher leave provisions due to less holiday entitlements being taken by staff, driven by COVID-19, partially offset by foreign exchange movements. Higher employment expenses were partially offset by lower Other operating expenses primarily due to **reduced travel and entertainment expenses** across the Group, driven by COVID-19

# Macquarie Asset Management

Strong performance despite challenging conditions. Decrease driven by lower Macquarie AirFinance (MAF) 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



1. Investment-related income includes net income on equity, debt and other investments and share of net (losses)/profits from associates and joint ventures. Other income includes net interest and trading expense, net operating lease income, other income, internal management revenue and non-controlling interests. 2. MAF and Macquarie European Rail includes the net impact of operating income and expenses excluded from the other categories. 3. Macquarie sold the MAF business into a newly formed joint venture in 1H20 in which Macquarie held a 75% interest. In 2H20, Macquarie sold a 25% interest in the joint venture.

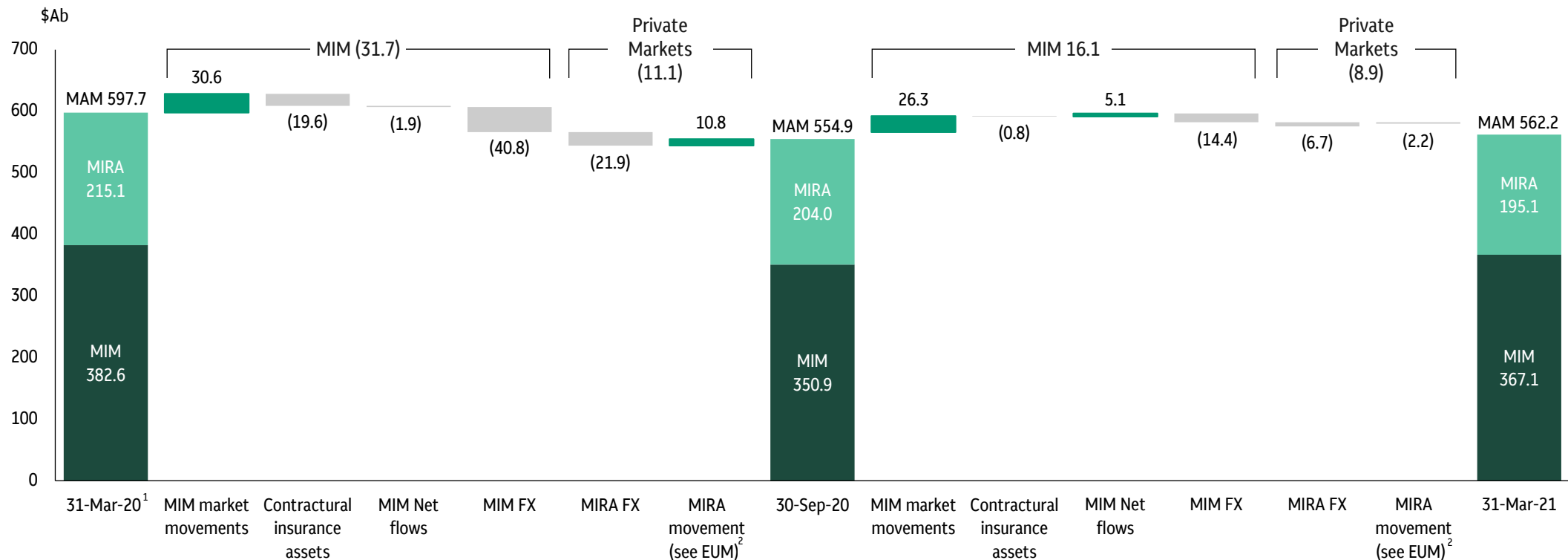
© Macquarie Group Limited

## Key drivers

- Base fees down due to:
  - Foreign exchange movements**, asset realisations in Private Markets-managed funds and the full year impact of **FY20 net flows in MIM**
  - partially offset by **MIM market movements**, investments made by Private Markets-managed funds and mandates and contributions from MIM as a result of additional assets acquired in the prior year
- Lower performance fees** in FY21 following a **strong FY20**. The current year included fees from a range of funds including MIP II, MIP III, MEIF4, MSCIF and other Private Markets-managed funds, managed accounts and co-investors
- Lower other fee and commission income largely due to **lower income from private capital markets, True Index products and transaction fees**, partially offset by a disposition fee from MIC in relation to the divestment of IMTT
- Lower credit and other impairment charges includes a **partial reversal** of the **impairment** previously recognised on **Private Markets's investment in MIC**
- Lower operating expenses primarily driven by **foreign exchange movements** and **reduced travel** on account of COVID 19. This was partially offset by increased charges from Central Service Groups and expenses related to the acquisition of new business
- Lower investment-related and other income primarily driven by the **non-recurrence** of a **one-off payment** from ALX for the termination of management rights related to **APRR** in FY20 and lower gains on sale and reclassification of investments, partially offset by a gain on revaluation of property investments in FY21
- Lower MAF** income primarily driven by the impact of COVID-19 on **equity-accounted** aircraft leasing income and related aircraft impairments, as well as the **selldown of 50%<sup>3</sup>** of the business during FY20
- Macquarie European Rail** driven by **gain on sale** in FY21

# MAM AUM movement

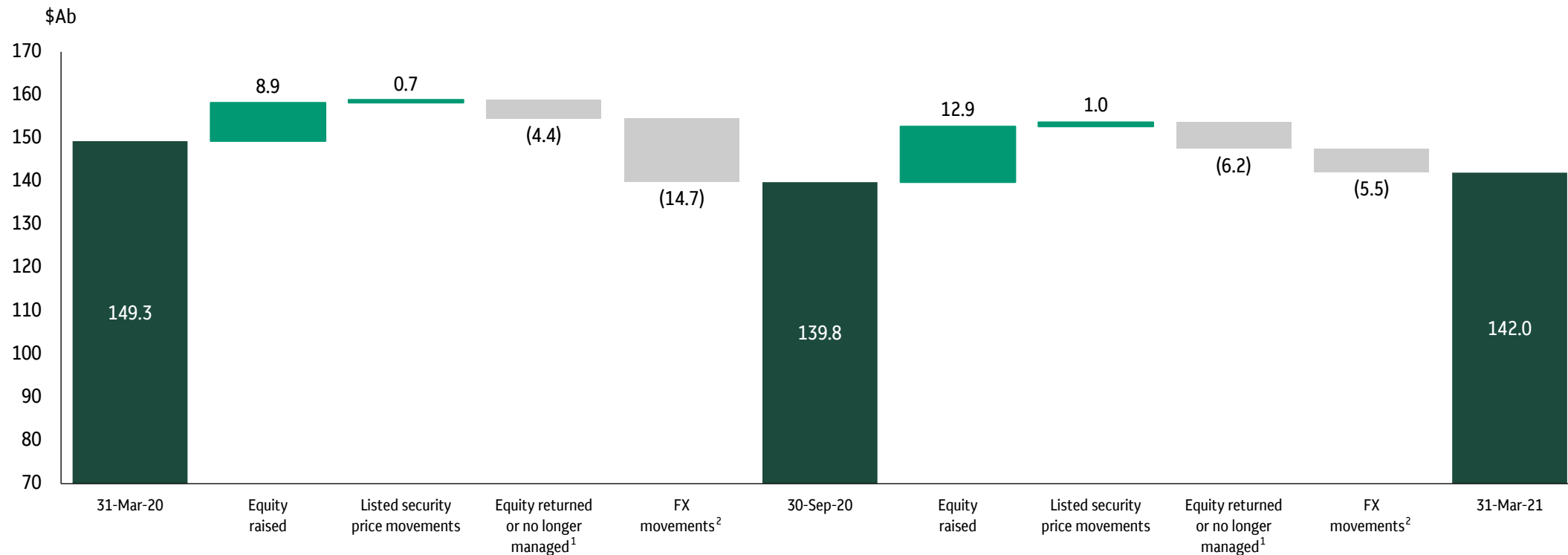
Decrease due to impacts from foreign exchange and a reduction in contractual insurance assets, partially offset by MIM market movements and investment by Private Markets-managed funds



1. AUM at 31 Mar 20 has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20. 2. Private Markets tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes - refer to Private Markets EUM movement on slide 29. Private Markets'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. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in Private Markets. Refer MD&A s7 for further information with respect to EUM and AUM measures.

# Private Markets EUM movement

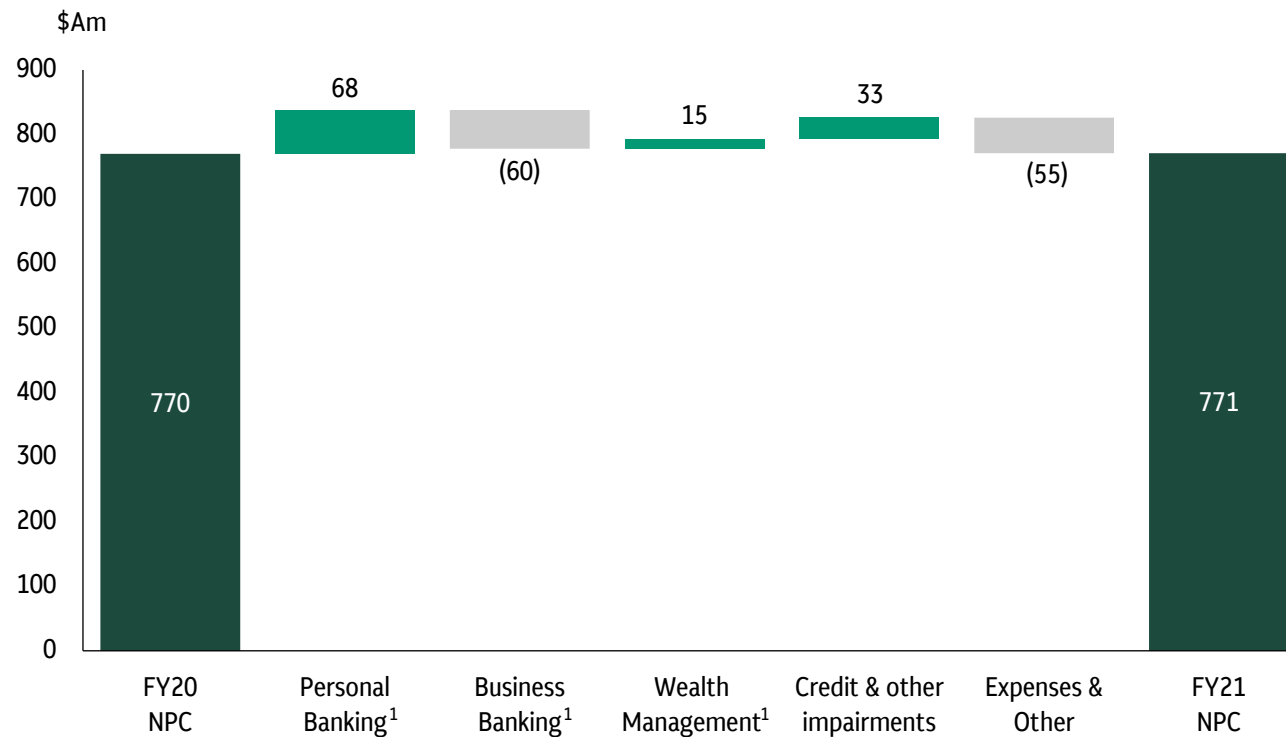
Decrease of 5% due to impacts from foreign exchange and equity returned, partially offset by continued capital raisings



1. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. 2. FX reflects the movement in EUM driven by changes in FX rates. EUM is calculated using capital commitments translated at period end FX rates. Spot FX rates are used for capital raised and returned and average FX rates are used for security price movements.

# Banking and Financial Services

Strong home loan and deposits growth and lower credit impairment charges broadly offset by margin compression on deposits, higher expenses and a decrease in the vehicle finance portfolio



1. Includes brokerage, commission and trading-related fee expenses.

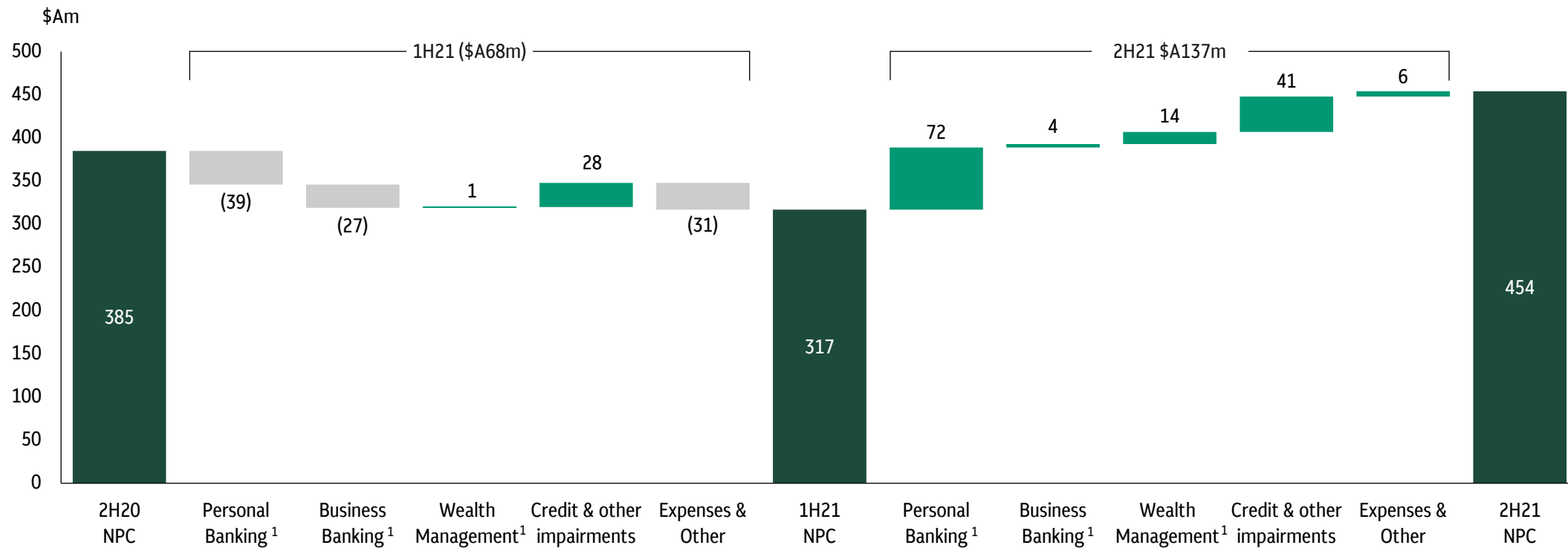
## Key drivers

- Higher Personal Banking income driven by **27% growth in average home loan volumes**, partially offset by lower vehicle finance average volumes and deposit margin compression
- Lower Business Banking income driven by **deposit margin compression** and 21% lower average vehicle finance volumes, partially offset by growth in average business deposit volumes of 14% and average business banking loan volumes growth of 10%
- Wealth income driven by **30% growth in average CMA volumes** and lower Wealth management expenses, partially offset by margin compression on both deposits and Platform products
- **Lower credit and other impairment** charges due to improved macroeconomic environment and exit of clients from payment pause
- Higher Expenses and Other primarily due to **additional headcount** to support volume growth and clients impacted by COVID-19, increased costs associated with **investment in technology** to support business growth and meet regulatory requirements, partially offset by revaluation of an equity investment



# Banking and Financial Services

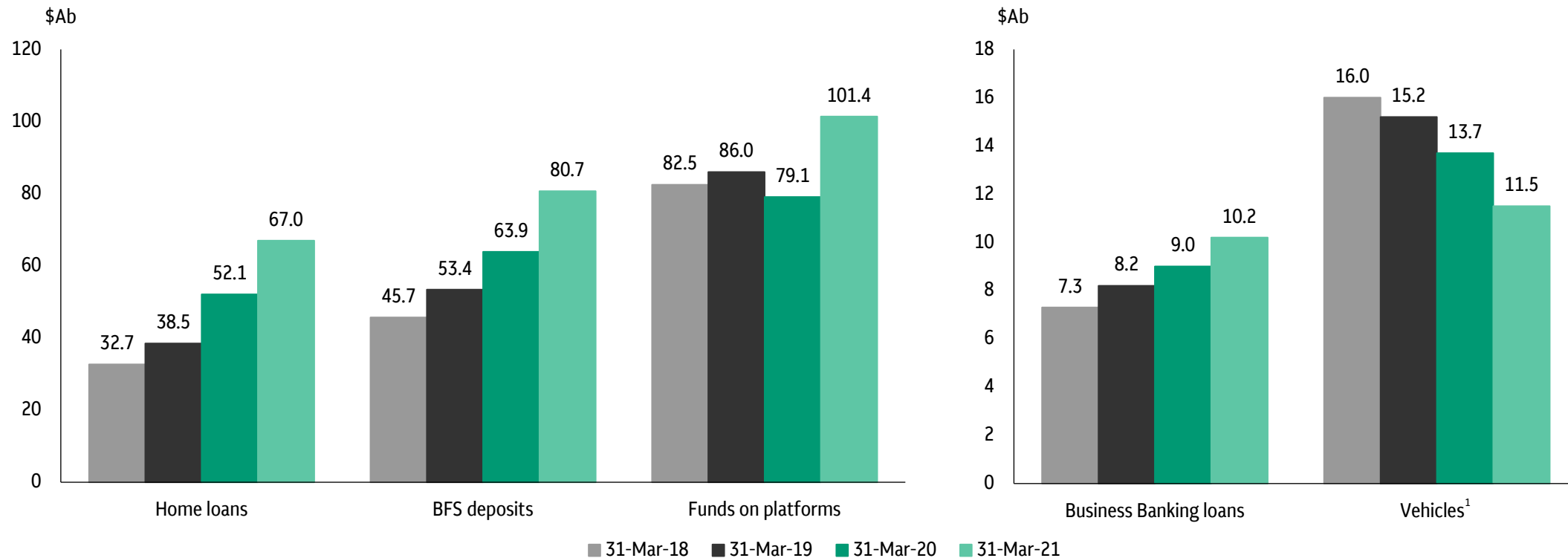
Record 2H21 result - driven by growth in home loan portfolio, growth in deposits and lower credit impairment charges



1. Includes brokerage, commission and trading-related fee expenses.

# Banking and Financial Services

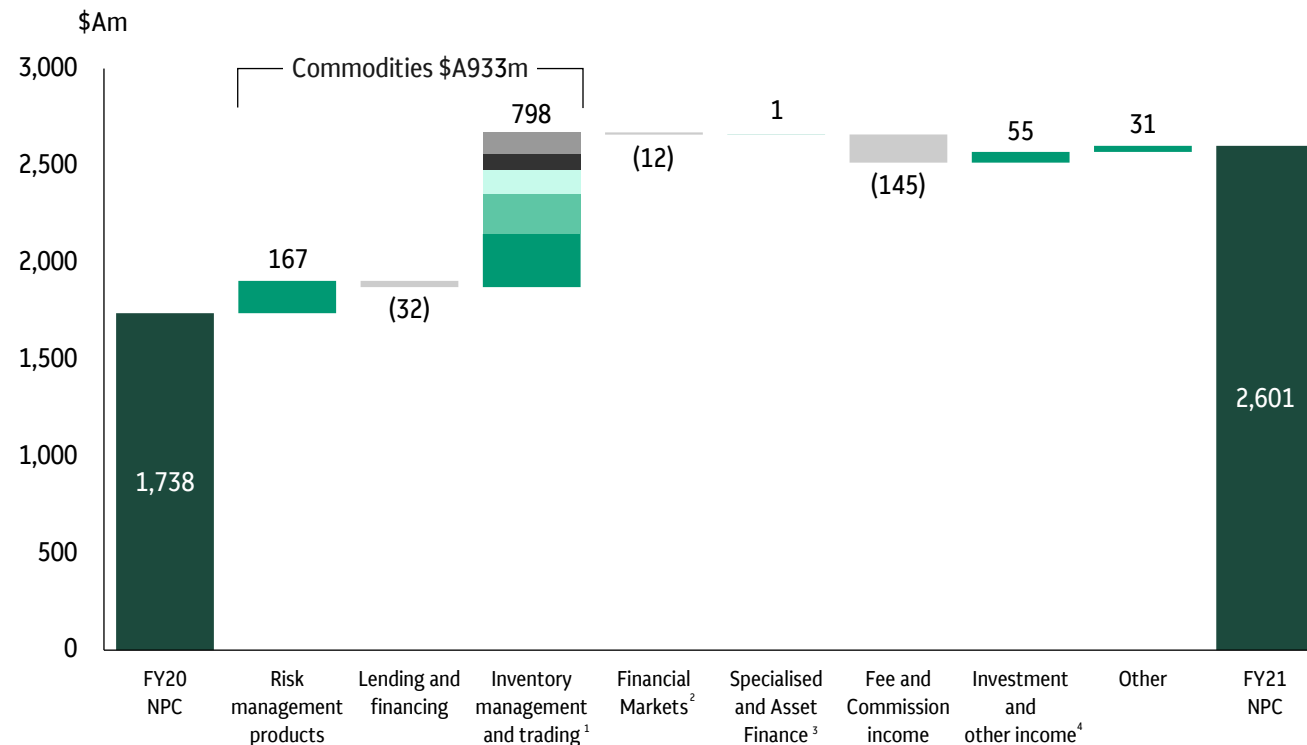
Strong growth across home loans, deposits and funds on platform



Data based on spot volumes at period end. 1. Includes General plant & equipment.

# Commodities and Global Markets

## Strong underlying client business



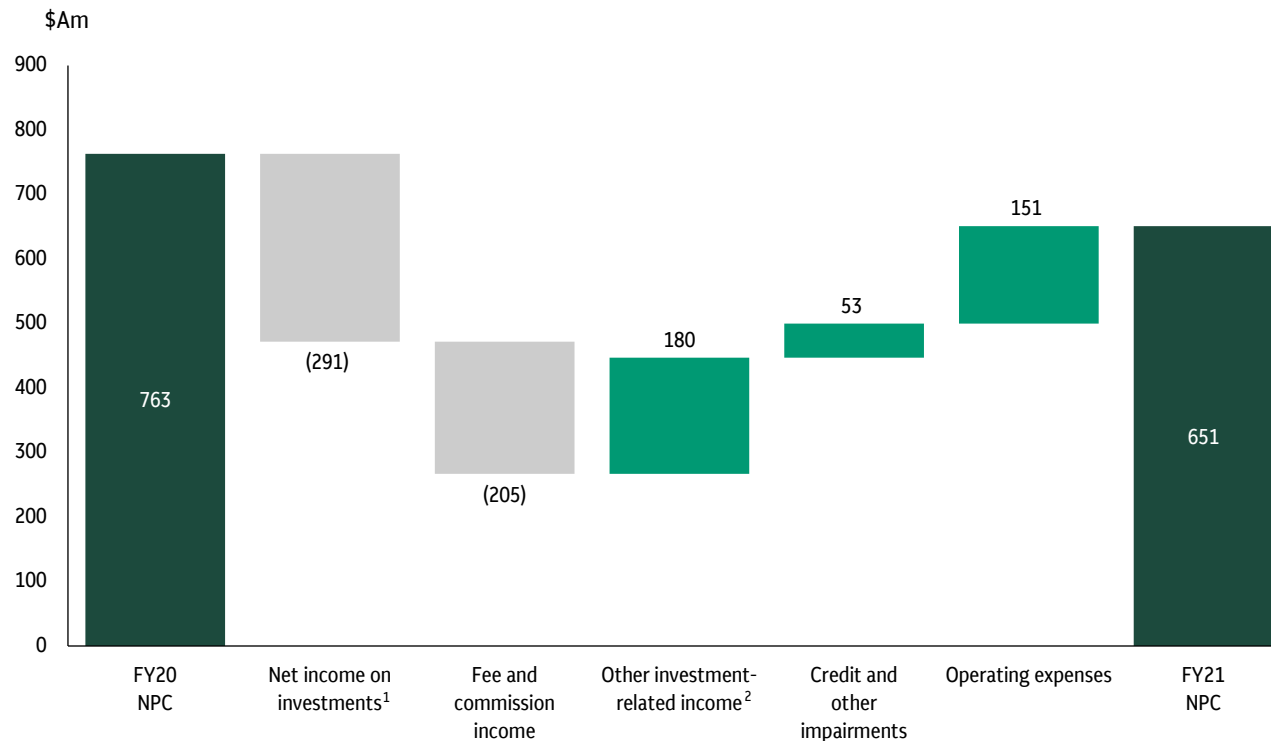
1. Inventory management and trading increase includes Oil, Gas, Power and Metals trading and timing of income recognition on Oil and Gas storage contracts and transport agreements. 2. Financial Markets includes FX, interest rates and credit and equities. 3. Specialised and Asset Finance includes net interest and trading income and net operating lease income. 4. Includes net income on equity, debt and other investments, share of net profits from associates and joint ventures, internal management revenue and other income.

## Key drivers

- **Commodities**
  - **Increased Risk Management** revenue across the **commodities platform** driven by increased contributions from Resources, North American Gas and Power, EMEA Gas and Power and Agriculture **due to increased client activity**
  - Lower Lending and Financing income due to impact of FX and volume reduction impacting specific sectors
  - **Increased opportunities across multiple sectors** in inventory management and trading driven by market dislocations and increased volatility. **Strong results were recorded in Oil, North American Gas and Power, and Precious Metals.** FY21 also included gains of \$A232m associated with the timing of income recognition on Oil and Gas storage contracts and transport agreements
- Financial Markets and Specialised and Asset Finance results were broadly in line with the prior year
- Decrease in fee and commission income driven by reduced demand for commodity risk premia products and reduced client brokerage activity in comparison to the prior year
- Increased investment and other income reflects gains on listed equity investments
- Other includes a reduction in brokerage, commission and trading-related fee expense

# Macquarie Capital

Result reflects lower income on investments and lower fee and commission income partially offset by higher other investment related income and lower operating expenses



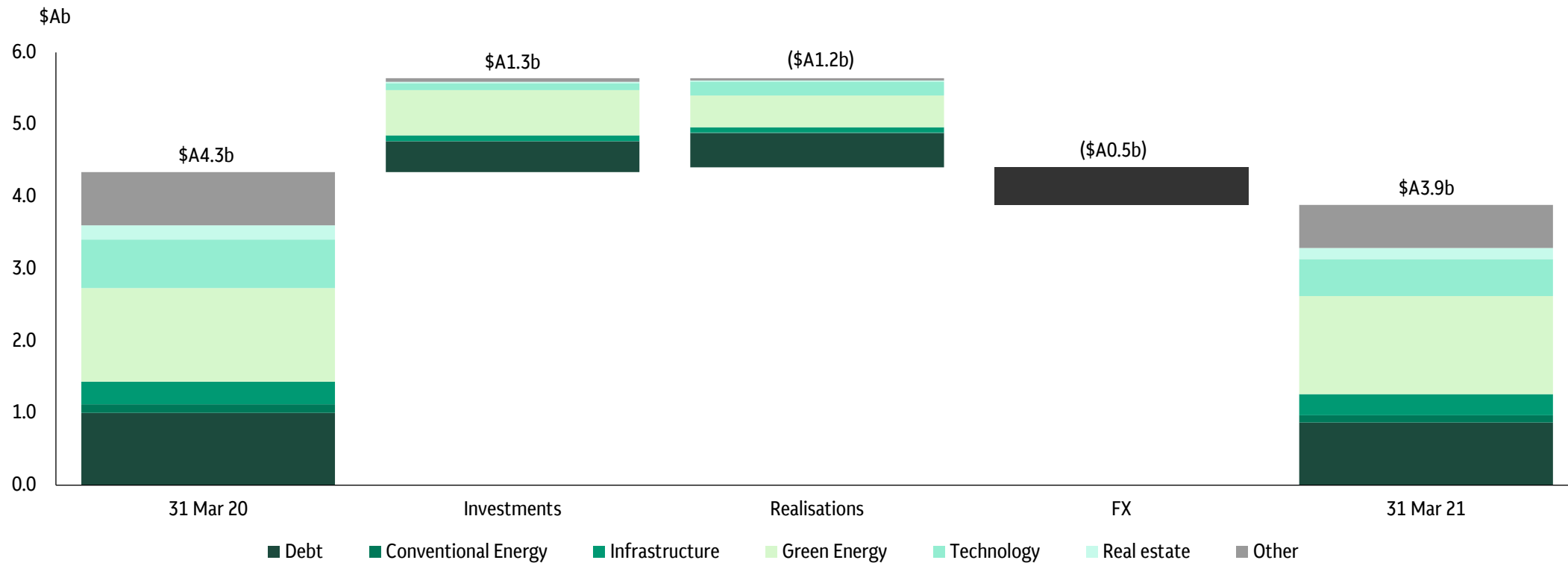
1. Includes gains and losses from sale and revaluation of equity, debt and other investments. 2. Includes share of net losses from associates and joint ventures, net interest and trading income/(expense) (which represents the interest earned from debt investments and the funding costs associated with Macquarie Capital's balance sheet positions), other expenses, internal management revenue and non-controlling interests.

## Key drivers

- Lower net income on investments predominantly due to **fewer material asset realisations** compared to prior year
- **Lower fee and commission income** due to lower mergers and acquisitions fee income and debt capital markets fee income, partially offset by **higher equity capital markets fee income**
- Other investment-related income includes:
  - Lower share of net losses from associates and joint ventures due to changes in the composition and improved performance of investments in the portfolio
  - Higher net interest and trading income due to lower funding costs, higher interest income resulting from the **growth in the debt portfolio** and lower mark-to-market losses compared to prior year. Prior year included re-accretion and interest income on debt acquired at a discount and subsequently sold
  - Offset by, higher expenditure resulting from increased activity in relation to the development of green energy projects
- **Lower credit and other impairments.** The prior year included a deterioration in the forward-looking macroeconomic conditions as a result of COVID-19
- Lower operating expenses driven by the **structural change** in the prior year **to refocus the Equities** division on the Asia-Pacific region, active cost management throughout FY21 across Macquarie Capital resulting in **lower headcount and lower employment expenses**, and **lower travel and entertainment** expenses due to COVID-19

# Macquarie Capital

## Movement in regulatory capital





# Costs of compliance

## Total compliance spend<sup>1</sup> \$A646m in FY21, up 19% on FY20

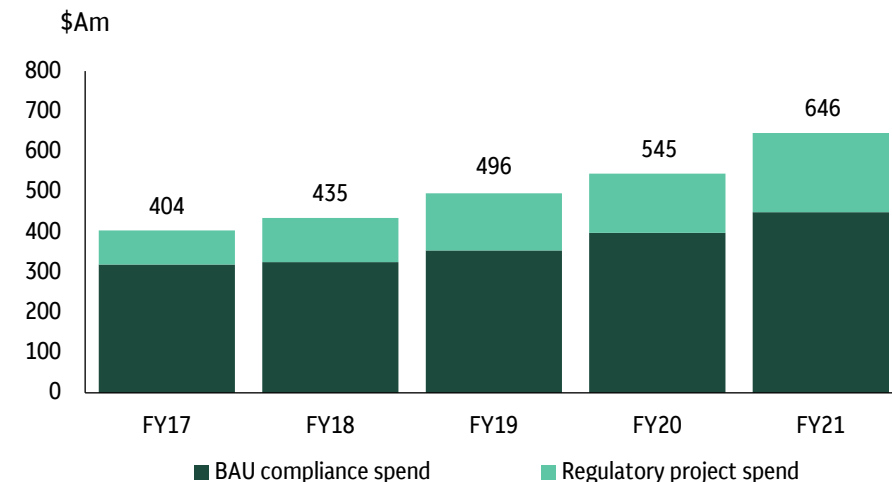
| Regulatory project spend   | FY21<br>\$Am | FY20<br>\$Am |
|--|--------------|--------------|
| Counterparty Data Project  | 6            | 4            |
| Enterprise Data Management   | 18           | 8            |
| IBOR Reforms   | 13           | 5            |
| Brexit   | 16           | 16           |
| CGM Transaction Reporting & Data related Projects                                      | 22           | 24           |
| Other Regulatory Projects (e.g. Code of Banking Practice, Payment pause functionality) | 121          | 90           |
| <b>Total</b>   | <b>197</b>   | <b>147</b>   |

| Business as usual compliance spend   | FY21<br>\$Am | FY20<br>\$Am |
|--|--------------|--------------|
| National Consumer Credit Protection (NCCP)   | 7            | 8            |
| Monitoring & Surveillance  | 11           | 9            |
| Privacy & Data Management  | 12           | 11           |
| Regulator Levies   | 18           | 14           |
| Regulatory Capital Management  | 30           | 24           |
| Financial Crime Risk   | 31           | 35           |
| Tax Reporting  | 48           | 46           |
| Financial and Regulatory Reporting   | 86           | 67           |
| Risk Oversight   | 119          | 100          |
| Other regulatory compliance activities (e.g. APRA resilience, Advice Licensee standards compliance, IRIS Maintenance and Support ) | 86           | 84           |
| <b>Total</b>   | <b>449</b>   | <b>398</b>   |
| <b>Total compliance spend</b>  | <b>646</b>   | <b>545</b>   |

1. Excluding indirect costs.

- The industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation. In addition to projects to manage for regulatory changes, Macquarie has a number of programs in place to strengthen capital and liquidity reporting and its risk management framework
- Direct cost of compliance is \$A646m in FY21 (excluding indirect costs), up 19% on FY20
- Regulatory project spends increased 34% from FY20 as a result of number of Technology projects and IBOR Reforms
- Business as usual spend increased 13% from FY20 driven by regulatory projects getting completed and moved to functions, increased global regulatory environment and continued focus of management on a range of compliance activities



# Balance sheet highlights

- **Balance sheet remains solid and conservative**

- Term assets covered by term funding, stable deposits and equity
- Minimal reliance on short-term wholesale funding markets

- **Total customer deposits<sup>1</sup> continuing to grow, up 25% to \$A84.0b as at Mar 21 from \$A67.1b as at Mar 20**

- **\$A21.6b<sup>2</sup> of term funding raised during FY21:**

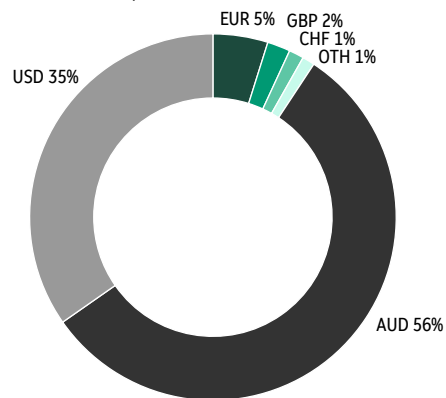
- \$A11.3b of term wholesale issued paper comprising of \$A6.0b of senior unsecured debt, \$A3.2b of subordinated unsecured debt and \$A2.1b of private placements and structured notes
- \$A3.9b of MGL USD syndicated loan facilities
- \$A2.3b refinance of secured trade finance facilities
- \$A1.7b draw down of the RBA Term Funding Facility<sup>3</sup>
- \$A1.4b of Hybrid instrument issuance comprising MCN5 and BCN2; and
- \$A1.0b of PUMA RMBS securitisation issuance

1. Total customer deposits as per the funded balance sheet (\$A84.0b) differs from total deposits as per the statutory balance sheet (\$A84.2b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 2. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities (does not include undrawn accessible TFF Allowances). 3. Initial Allowance drawn as at 31 Mar 21. MBL has \$A1.3b of undrawn TFF Supplementary Allowance and had access to \$A4.6b of TFF Additional Allowance as at 31 Mar 21.

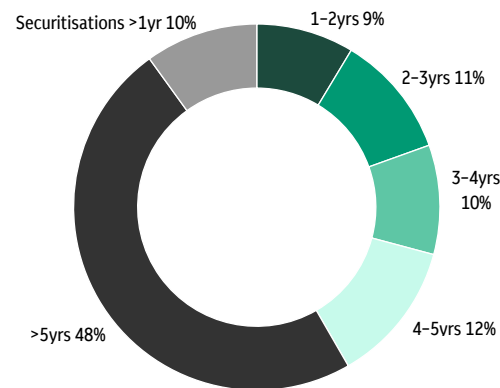
# Diversified issuance strategy

## Term funding as at 31 Mar 21 – diversified by currency<sup>1</sup>, tenor<sup>2</sup> and type

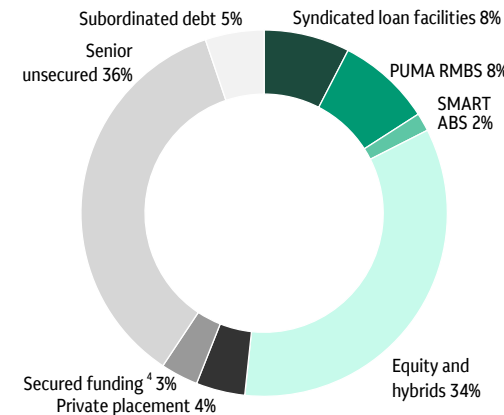
### Currency



### Tenor

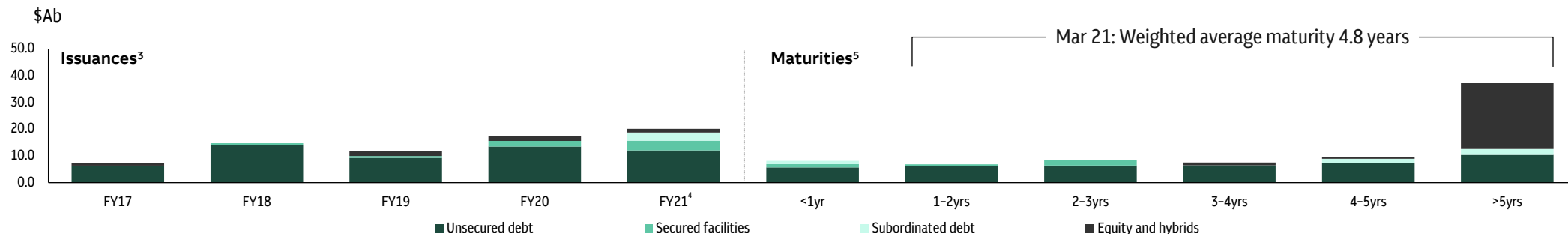


### Type



Term funding beyond 1 year (including drawn TFF, excluding equity and securitisations) has a weighted average maturity of 4.8 years

## Term Issuance and Maturity Profile

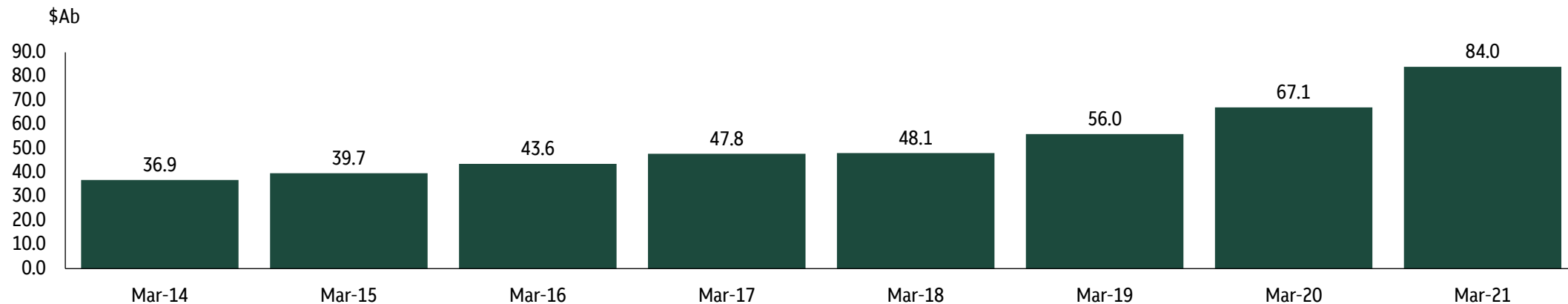


1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances exclude securitisations and include undrawn facilities. Issuances are converted to AUD at the 31 Mar 21 spot rate. 4. Includes drawn TFF Initial Allowance of \$A1.7b. 5. Maturities exclude securitisations and are shown as at 31 Mar 21.

# Continued customer deposit growth

Macquarie has seen continued success in its long-term strategy of diversifying funding sources by growing its deposit base

- Of approximately 1.7 million BFS clients, circa 780,000 are depositors
- Focus on the quality and composition of the deposit base
- CMA deposits of \$A40.0b, up 22% on Mar 20, including \$A8.3b in the CMA Accelerator
- Transaction and savings account deposits of \$A7.8b, with significant growth on Mar 20 driven by new-to-bank clients



Note: Total customer deposits include total BFS deposits of \$A80.7b and \$A3.3b of Corporate/Wholesale deposits.

# Loan and lease portfolios<sup>1</sup> – funded balance sheet

| Operating Group   | Category                                   | Mar 21<br>\$Ab | Mar 20<br>\$Ab | Description   |
|---|--|----------------|----------------|---|
| <b>BFS</b>  | Home loans <sup>2</sup>                    | 59.1           | 43.2           | Secured by Australian residential property  |
|   | Business banking                           | 10.5           | 9.4            | Loan portfolio secured largely by working capital, business cash flows and real property  |
|   | Vehicle finance                            | 9.6            | 10.6           | Secured by Australian motor vehicles  |
|   | <b>Total BFS</b>                           | <b>79.2</b>    | <b>63.2</b>    |   |
| <b>CGM</b>  | Loans and finance lease assets             | 5.7            | 6.2            |   |
|   | Operating lease assets                     | 1.8            | 2.2            |   |
|   | Specialised and Asset Finance              | 7.5            | 8.4            | Predominantly secured by underlying financed assets   |
|   | Resources and commodities                  | 2.1            | 3.0            | Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets with associated price hedging to mitigate risk   |
|   | Foreign exchange, interest rate and credit | 2.3            | 3.2            | Diversified lending predominantly consisting of loans which are secured by other loan collateral, assets including rights and receivables and warehoused security from mortgages and auto loans |
|   | <b>Total CGM</b>                           | <b>11.9</b>    | <b>14.6</b>    |   |
| <b>MAM</b>  | Operating lease assets                     | 0.8            | 1.7            | Secured by underlying financed assets including transportation assets   |
|   | Other                                      | 0.0            | 0.3            | Secured by underlying financed assets   |
|   | <b>Total MAM</b>                           | <b>0.8</b>     | <b>2.0</b>     |   |
| <b>Macquarie Capital</b>  | Principal Finance                          | 5.6            | 4.2            | Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, covenanted and with a hold to maturity horizon.                           |
|   | Other                                      | 0.4            | 2.5            | Includes diversified secured corporate lending.   |
|   | <b>Total MacCap</b>                        | <b>6.0</b>     | <b>6.7</b>     |   |
| <b>Total loan and lease assets per funded balance sheet<sup>3</sup></b> |  | <b>97.9</b>    | <b>86.5</b>    |   |

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third party debt with no recourse to Macquarie beyond the borrowing entity. In addition, loan assets per the statutory balance sheet of \$A105.0b at 31 Mar 21 (\$A94.1b at 31 Mar 20) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet). 2. Home loans per the funded balance sheet of \$A59.1b differs from the figure disclosed on slide 16 of \$A67.0b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles (PUMA RMBS and SMART auto ABS) to show the net funding requirement. 3. Total loan assets per funded balance sheet includes self-securitised assets.



# Equity investments of \$A5.9b<sup>1</sup>

| Category   | Carrying value<br>Mar 21 \$Ab | Carrying value<br>Mar 20 \$Ab | Description  |
|--|-------------------------------|-------------------------------|--|
| Macquarie Asset Management (Private Markets) managed funds | 1.5                           | 1.8                           | Includes Macquarie Infrastructure Corporation, Macquarie Korea Infrastructure Fund, Macquarie SBI Infrastructure Fund, Macquarie Asia infrastructure Fund 2, Macquarie European Infrastructure Fund 5. |
| Other Macquarie-managed funds                              | 0.3                           | 0.3                           | Includes MIM funds as well as investments that hedge directors' profit share plan liabilities  |
| Transport, industrial and infrastructure                   | 1.0                           | 1.3                           | Over 20 separate investments   |
| Telecommunications, IT, media and entertainment            | 1.0                           | 1.2                           | Over 50 separate investments   |
| Green energy <sup>2</sup>                                  | 0.7                           | 1.0                           | Over 30 separate investments   |
| Conventional energy, resources and commodities             | 0.3                           | 0.4                           | Over 30 separate investments   |
| Real estate investment, property and funds management      | 0.5                           | 1.0                           | Over 15 separate investments   |
| Finance, wealth management and exchanges                   | 0.6                           | 0.5                           | Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry  |
| <b>Total equity investments</b>                            | <b>5.9</b>                    | <b>7.5</b>                    |  |

1. Equity investments per the statutory balance sheet of \$A5.7b (Mar 20: \$A9.7b) have been adjusted to reflect the total net exposure to Macquarie. Total funded equity investments of \$A5.7b as at Mar 21 (Mar 20: \$A7.4b). 2. Green energy includes Macquarie's investment in an associate partially funded with asset-specific borrowings.

# Approximate business Basel III Capital and ROE

31 Mar 21

| Operating Group                             | APRA Basel III Capital <sup>1</sup><br>@ 8.5% (\$Ab) | Approx. FY21 Return on<br>Ordinary Equity <sup>2</sup> | Approx. 15-year Average<br>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.

# 06

## Appendix B

Detailed result commentary



# Macquarie Asset Management

## Result

|  | FY21<br>\$Am   | FY20<br>\$Am   |
|--|----------------|----------------|
| Base fees  | 1,985          | 2,021          |
| Performance fees                                       | 653            | 821            |
| Net operating lease income                             | 79             | 380            |
| Investment-related and other income <sup>1</sup>       | 752            | 741            |
| Credit and other impairment reversals/(charges)        | 85             | (231)          |
| <b>Net operating income</b>                            | <b>3,554</b>   | <b>3,732</b>   |
| Brokerage, commission and trading-related fee expenses | (249)          | (267)          |
| Other operating expenses                               | (1,225)        | (1,287)        |
| <b>Total operating expenses</b>                        | <b>(1,474)</b> | <b>(1,554)</b> |
| Non-controlling interests                              | (6)            | (1)            |
| <b>Net profit contribution<sup>2</sup></b>             | <b>2,074</b>   | <b>2,177</b>   |
| AUM (\$Ab) <sup>3</sup>                                | 562.2          | 597.7          |
| Private Markets EUM (\$Ab)                             | 142.0          | 149.3          |
| Headcount  | 1,921          | 1,899          |

- Base fees of \$A1,985m, down on FY20 primarily driven by
  - Foreign exchange movements**, asset realisations in Private Markets-managed funds and the full year impact of **FY20 net flows in MIM**
  - Partially offset by **MIM market movements**, investments made by Private Markets-managed funds and mandates, contributions from MIM as a result of additional assets acquired in the prior year and fees earned from MAF
- Performance fees** of \$A653m, **down on FY20**
  - FY21 included performance fees from a range of funds including MIP II, MIP III, MEIF4, MSCIF and other Private Markets-managed funds, managed accounts and co-investors
  - FY20 included performance fees from MEIF, MEIF3, MEIF4, MIP, MIP II, GIF II, GIF III, MSCIF and other Private Markets-managed funds, managed accounts and co-investors
- Net operating lease income of \$A79m, down on FY20, driven by the **sale of the MAF<sup>4</sup> business** to a joint venture during the prior year and the sale of Macquarie European Rail in the current year
- Investment-related and other income of \$A752m, up on FY20 primarily driven by
  - Gain on sale of Macquarie European Rail**, lower interest expense as a result of sale of the MAF business during the prior year, a gain on revaluation of property investments and a disposition fee from MIC in relation to the divestment of IMTT
  - Partially offset by an **equity accounted loss from MAF**, driven by the impact of COVID-19 on aircraft leasing income and related aircraft impairments, and **lower income from private capital markets, True Index products and transaction fees**. In addition, FY20 included a one-off payment from ALX for the termination of management rights related to APRR
- Credit and other impairment net reversal of \$A85m includes **a partial reversal** of the **impairment** previously recognised on **Private Markets's investment in MIC**
- Total operating expenses of \$A1,474m, down 5% on FY20 primarily driven by **foreign exchange movements, reduced travel** on account of COVID 19 and the sale of the MAF business to a joint venture during the prior year. This was partially offset by increased charges from Central Service Groups and expenses related to the acquisition of new business

1. Investment-related income includes net income on equity, debt and other investments and share of net (losses)/profits from associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. Management accounting profit before unallocated corporate costs, profit share and income tax. 3. AUM at 31 Mar 20 has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20. 4. Macquarie sold the MAF business into a newly formed joint venture in 1H20 in which Macquarie held a 75% interest. In 2H20, Macquarie sold a 25% interest in the joint venture.

# Banking and Financial Services

## Result

|  | FY21<br>\$Am   | FY20<br>\$Am   |
|--|----------------|----------------|
| Net interest and trading income <sup>1</sup> | 1,746          | 1,728          |
| Fee and commission income                    | 419            | 445            |
| Wealth management fee income                 | 274            | 284            |
| Banking and leasing fee income               | 145            | 161            |
| Credit impairment charges                    | (114)          | (146)          |
| Other impairment charges                     | (1)            | (2)            |
| Other income <sup>2</sup>                    | 28             | 12             |
| <b>Net operating income</b>                  | <b>2,078</b>   | <b>2,037</b>   |
| <b>Total operating expenses</b>              | <b>(1,307)</b> | <b>(1,267)</b> |
| <b>Net profit contribution<sup>3</sup></b>   | <b>771</b>     | <b>770</b>     |
| Funds on platform <sup>4</sup> (\$Ab)        | 101.4          | 79.1           |
| Loan and lease portfolio <sup>5</sup> (\$Ab) | 89.1           | 75.3           |
| BFS Deposits <sup>6</sup> (\$Ab)             | 80.7           | 63.9           |
| Headcount                                    | 2,986          | 2,660          |

- Net interest and trading income of \$A1,746m, up 1% on FY20
  - **24% growth in average loan portfolio** volumes and a **23% growth in the average BFS deposit volumes**
  - **Margin compression on deposits**
  - 15% reduction in average vehicle finance volumes
- Fee and commission income of \$A419m, down 6% on FY20 driven by
  - platform margin compression
  - impact of supporting clients through COVID-19
- **Credit impairment charges** of \$A114m, **down** 22% on FY20 driven by improved macroeconomic environment and exit of clients from payment pause
- Other income of \$A28m, up significantly on FY20 mainly driven by **revaluation of an equity investment**
- Total operating expenses of \$A1,307m, up 3% on FY20
  - higher headcount to support volume growth and clients impacted by COVID-19
  - **investment in technology** to support business growth and to meet regulatory requirements
  - increased risk, regulatory and other business related costs
  - partially offset by lower brokerage, commission and trading-related fee expenses mainly due to lower Wealth management expenses

1. Includes net internal transfer pricing on funding between Group Treasury and BFS that is eliminated on consolidation in the Group's statutory P&L. 2. Includes share of net (losses)/profits from associates and joint ventures, internal management revenue and other income. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. Loan and lease portfolio comprises home loans, loans to businesses, vehicle finance and credit cards. 6. BFS deposits exclude corporate/wholesale deposits.



# Commodities and Global Markets

## Result

|  | FY21<br>\$Am   | FY20<br>\$Am   |
|--|----------------|----------------|
| Commodities  | 2,671          | 1,738          |
| Risk management products                               | 1,461          | 1,294          |
| Lending and financing                                  | 234            | 266            |
| Inventory management and trading                       | 976            | 178            |
| Foreign exchange, interest rates and credit            | 702            | 682            |
| Equities   | 339            | 371            |
| Specialised and Asset Finance                          | 144            | 166            |
| <b>Net interest and trading income<sup>1</sup></b>     | <b>3,856</b>   | <b>2,957</b>   |
| Fee and commission income                              | 485            | 630            |
| Net operating lease income <sup>2</sup>                | 383            | 360            |
| Investment and other income <sup>3</sup>               | 191            | 136            |
| Credit and other impairment charges                    | (237)          | (243)          |
| <b>Net operating income</b>                            | <b>4,678</b>   | <b>3,840</b>   |
| Brokerage, commission and trading-related fee expenses | (388)          | (418)          |
| Other operating expenses                               | (1,689)        | (1,684)        |
| <b>Total operating expenses</b>                        | <b>(2,077)</b> | <b>(2,102)</b> |
| <b>Net profit contribution<sup>4</sup></b>             | <b>2,601</b>   | <b>1,738</b>   |
| Headcount  | 2,133          | 2,136          |

- Commodities income of \$A2,671m, up 54% on FY20;
  - Risk management products up 13% on FY20 reflecting strong results across the commodities platform** including an increased contribution from the Resources, North American Gas & Power, EMEA Gas and Power and Agriculture sectors **due to increased client hedging activity** as a result of volatility and commodity price movements
  - Lending and financing down 12% on FY20 driven by the impact of foreign exchange and reduced volumes in specific sectors
  - Inventory management and trading up significantly on FY20 across multiple sectors** driven by market dislocations and increased volatility. **Strong results were recorded in Oil, North American Gas and Power, and Precious Metals.** FY21 result also included gains of \$A232m associated with the timing of income recognition on Oil and Gas storage contracts and transport agreements
- Foreign exchange, interest rates and credit income of \$A702m, up 3% on FY20 driven by increased client activity in structured foreign exchange and credit products
- Equities income of \$A339m, down 9% on FY20 due to a decrease in contribution from EMEA and Asia which was offset by corresponding decreases in brokerage, commission and trading-related fee expenses
- Specialised and Asset Finance interest and trading income of \$A144m, down 13% on FY20 which benefited from net proceeds from end of lease asset sales
- Fee and commission income of \$A485m, down 23% on FY20 driven by reduced demand for commodity risk premia products and reduced client brokerage activity following a strong prior year
- Net operating lease income of \$A383m, up 6% on FY20 primarily driven by higher secondary income from asset financing portfolio
- Investment and other income of \$A191m, up 40% on FY20 primarily reflecting gains on listed equity investments in the commodities sector
- Credit and other impairment charges of \$A237m, down 2% on FY20 driven by a reduction in specific credit provisions partially offset by an overlay for industry specific credit risks and impairments on a small number of underperforming assets
- Brokerage, commission and trading-related fee expenses of \$A388m, down 7% on FY20 primarily driven by reduced equities activity in EMEA and Asia
- Other operating expenses of \$A1,689m, broadly in line with FY20 driven by higher expenditure on technology infrastructure and increasing regulatory requirements partially offset by a reduction in travel and entertainment expenses

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Generated from Specialised and Asset Finance. 3. Includes net income on equity, debt and other investments, share of net profits from associates and joint ventures, internal management revenue and other income. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

# Macquarie Capital

## Result

|  | FY21<br>\$Am   | FY20<br>\$Am   |
|--|----------------|----------------|
| Fee and commission income                                | 1,387          | 1,592          |
| Investment-related income (ex non-controlling interests) | 1,059          | 1,140          |
| Net income on equity, debt and other investments         | 1,139          | 1,430          |
| Other investment-related income <sup>1</sup>             | (80)           | (290)          |
| Credit and other impairment charges                      | (229)          | (282)          |
| Internal management revenue <sup>2</sup>                 | 31             | 61             |
| <b>Net operating income</b>                              | <b>2,248</b>   | <b>2,511</b>   |
| <b>Total operating expenses</b>                          | <b>(1,614)</b> | <b>(1,765)</b> |
| Non-controlling interests                                | 17             | 17             |
| <b>Net profit contribution<sup>3</sup></b>               | <b>651</b>     | <b>763</b>     |
| Capital markets activity <sup>4</sup> :                  |                |                |
| Number of transactions                                   | 417            | 376            |
| Transactions value (\$Ab)                                | 364            | 319            |
| Headcount  | 1,821          | 2,047          |

- Fee and commission income of \$A1,387m, down 13% on FY20 due to **lower mergers and acquisitions fee income and debt capital markets** fee income, partially offset by **higher equity capital markets** fee income
- Net income from equity, debt and other investments of \$A1,139m, down 20% on FY20 predominantly due to:
  - **Fewer material asset realisations** compared to prior year
- Partially offset by other investment-related income, which includes:
  - Lower share of net losses from associates and joint ventures due to **changes in the composition** and **improved performance of investments** in the portfolio
  - Higher net interest and trading income due to lower funding costs, higher interest income resulting from the growth in the debt portfolio and lower mark-to-market losses compared to prior year. Prior year included re-accretion and interest income on debt acquired at a discount and subsequently sold
  - **Higher expenditure** resulting from increased activity in relation to the development of green energy projects
- Credit and other impairment charges of \$A229m, down 19% on FY20. FY21 primarily reflects a small number of underperforming loan facilities and the growth of the debt portfolio, partially offset by reversals due to loan sales and repayments. The prior year charge included a deterioration in the forward-looking macroeconomic conditions as a result of COVID-19
- Total operating expenses of \$A1,614m, down 9% on FY20 driven by the **structural change** in the prior year **to refocus the Equities division** on the Asia-Pacific region, active cost management throughout FY21 across Macquarie Capital resulting in **lower headcount and lower employment expenses**, and **lower travel and entertainment expenses** due to COVID-19

1. Includes share of net losses from associates and joint ventures, net interest and trading income/(expense) (which represents the interest earned from debt investments and the funding costs associated with Macquarie Capital's balance sheet positions), other expenses. 2. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant reporting date. Deal values reflect the full transaction value and not an attributed value. Comparatives are presented as previously reported.

# 06

## Appendix C

### 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>Private Markets</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>RBA</b>     | Reserve Bank of Australia                           |
| <b>ROE</b>     | Return on Equity                                    |
| <b>RWA</b>     | Risk Weighted Assets                                |
| <b>SAF</b>     | Specialised Asset Finance                           |
| <b>SBI</b>     | State Bank of India                                 |
| <b>SME</b>     | Small and Medium Enterprise                         |
| <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>  | UN Principles for Responsible Investment            |



# Jefferies Asia Forum

Presentation to Investors and Analysts

8-10 September 2021

