

# 2023 Annual General Meeting

Macquarie Group Limited

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27 July 2023



# Disclaimer

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

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

Unless otherwise specified all information is for the year ended 31 March 2023.

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 2023, 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.

Other than Macquarie Bank Limited ABN 46 008 583 542 (“MBL”), any Macquarie group entity noted in this presentation is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). That entity’s obligations do not represent deposits or other liabilities of MBL and MBL does not guarantee or otherwise provide assurance in respect of the obligations of that entity. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested.

# Agenda

**01**

Chair's Update

**02**

Overview of  
FY23

**03**

1Q24 Update

**04**

FY24 Outlook

**05**

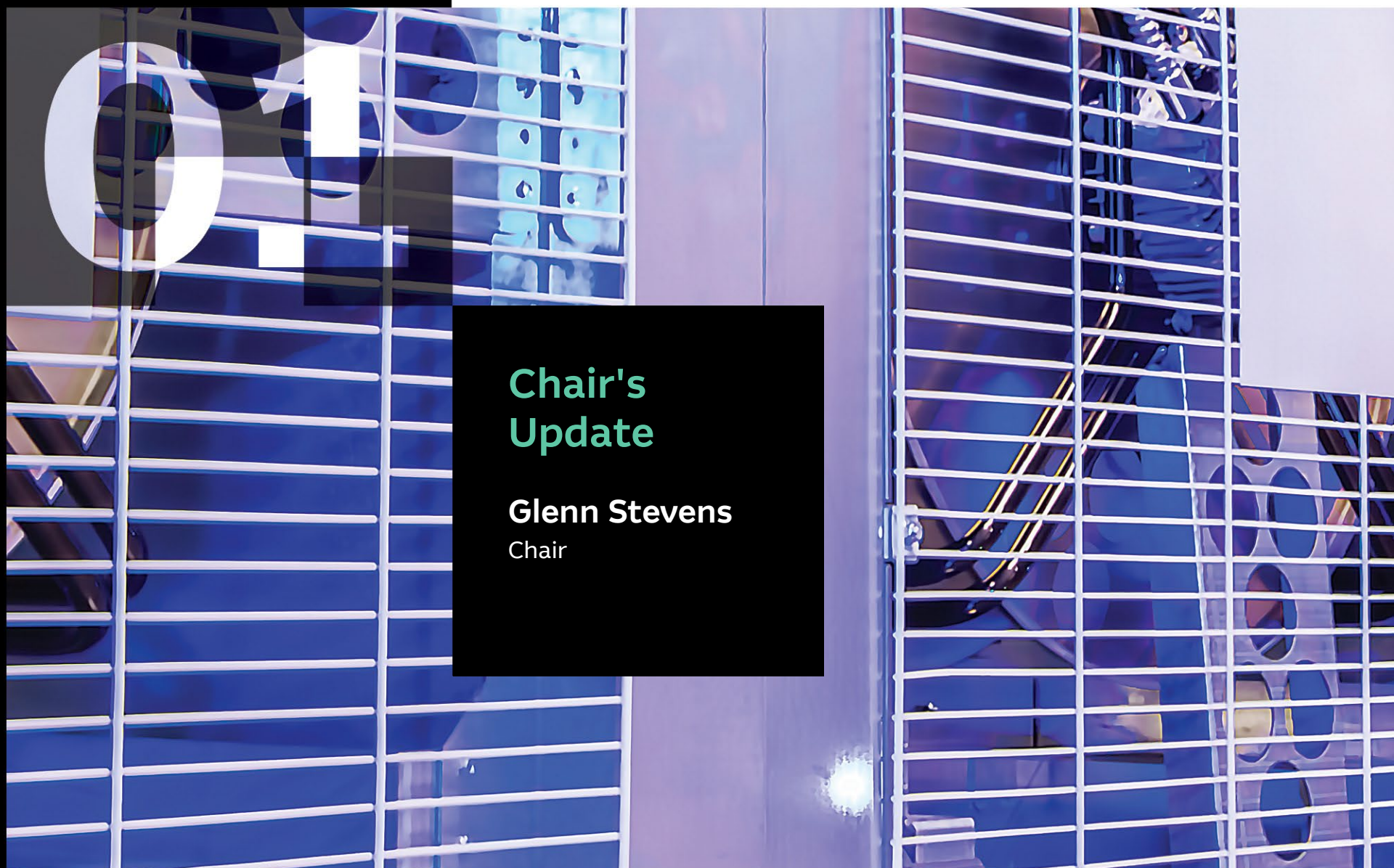
Formal  
Business

**06**

Glossary





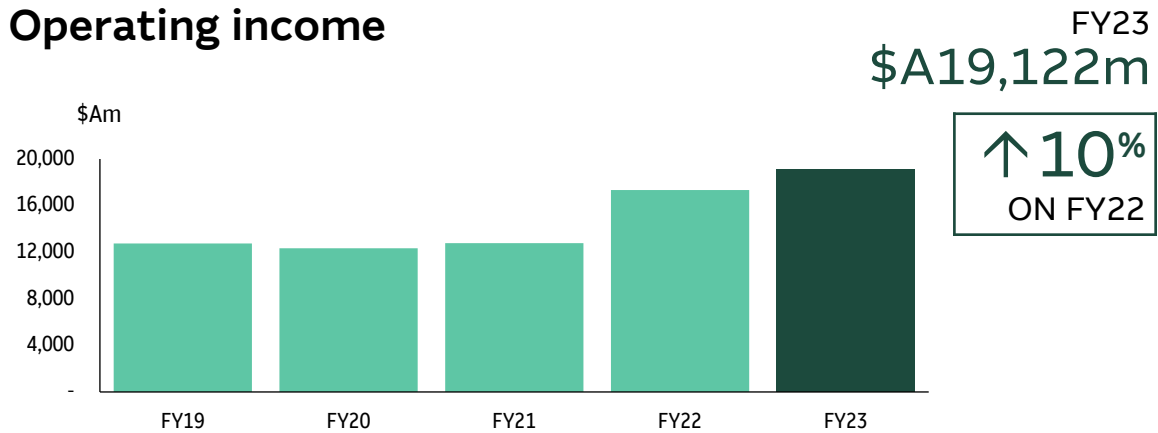


## Chair's Update

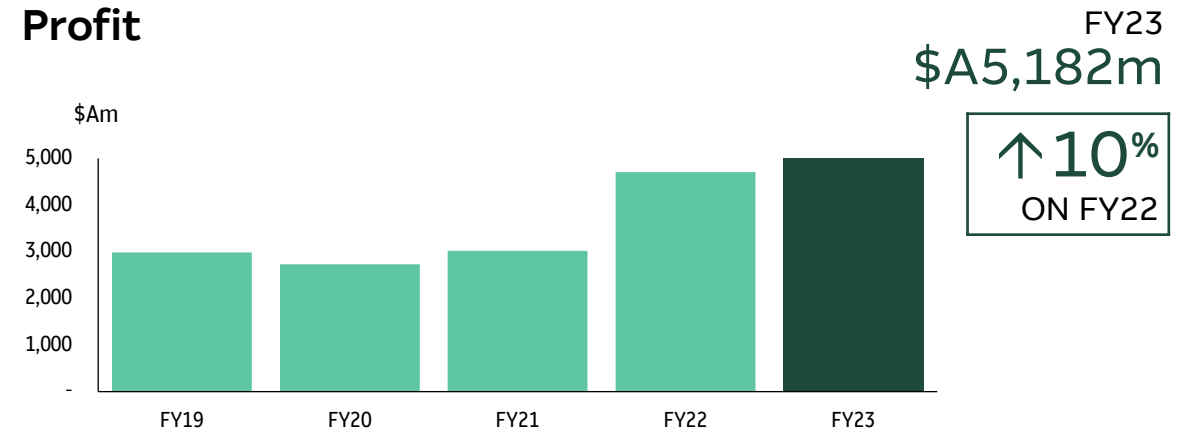
**Glenn Stevens**  
Chair

# Financial performance

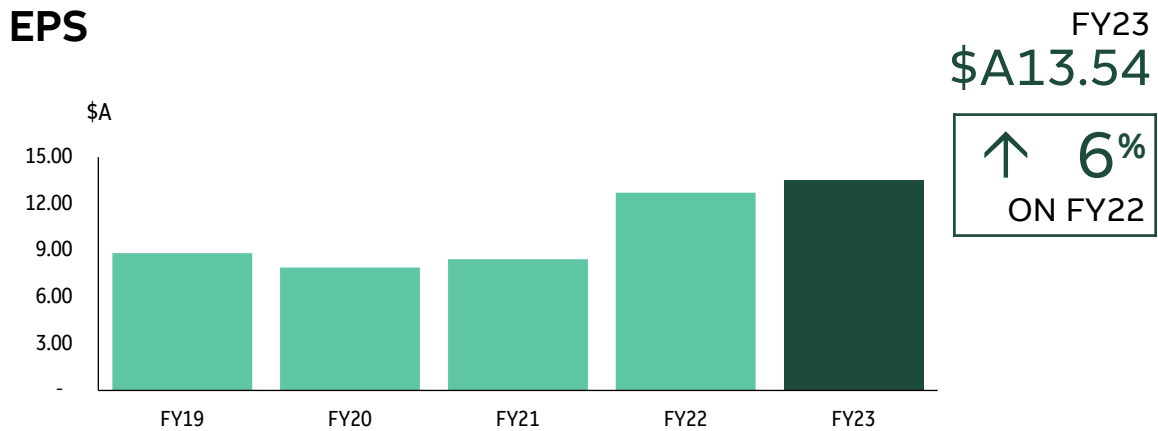
## Operating income



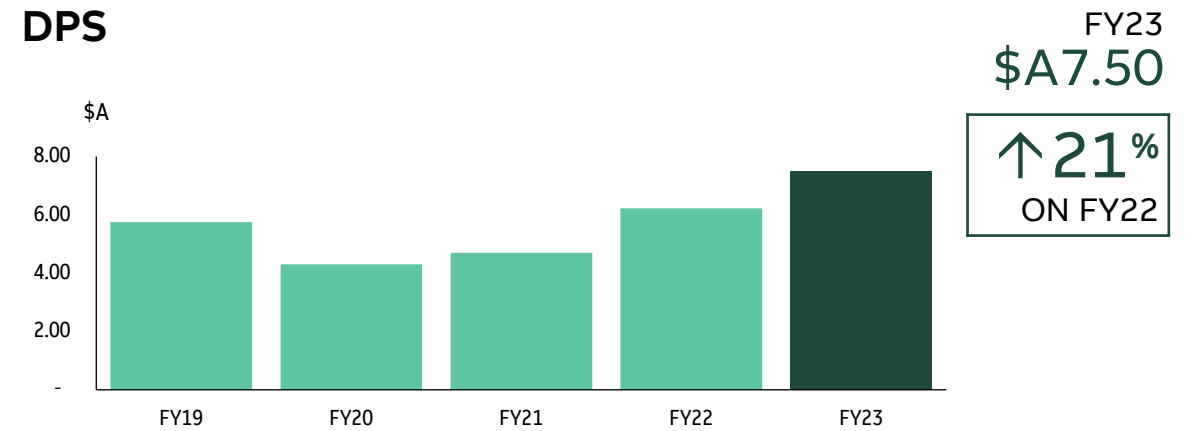
## Profit



## EPS



## DPS



# Final dividend

2H23 Ordinary Dividend

**\$A4.50**

(40% franked)

FROM  
↑ \$A3.50  
(40% franked)  
IN 2H22

FY23 Ordinary Dividend

**\$A7.50**

(40% franked)

FROM  
↑ \$A6.22  
(40% franked)  
IN FY22

2H23 Record Date

**16 May 23**

2H23 Payment Date

**4 Jul 23**

DRP shares for  
the 2H23 dividend  
were sourced  
on market<sup>1</sup>

Payout Ratio

2H23

**60%**

FY23

**56%**

Dividend  
policy remains  
50-70% annual  
payout ratio<sup>2</sup>

1. The DRP pricing period was from 22 May 23 to 26 May 23. 2. Payout ratio calculated as estimated number of eligible shares multiplied by dividend per share, divided by profit attributable to MGL shareholders.

# Net Zero and Climate Risk Report

Macquarie has been driving practical climate solutions for almost 20 years, with our first investments in renewables dating back to 2005. Since then, we have evolved our approach year by year, building capabilities to support the global transition to net zero. We published our first combined Group Net Zero and Climate Risk Report in Dec 22

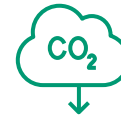
## Four areas of action



Increase our investment in climate mitigation and adaptation solutions



Strengthen our support for clients and portfolio companies to help achieve their decarbonisation ambitions



Continue to reduce the emissions of our own business operations



Align our financing activity with the global goal of net zero emissions by 2050

## Underpinned by three overarching principles

The science on our changing climate is clear and unequivocal

Our greatest contribution will come through positive and practical climate solutions driven by our core capabilities

We believe in a managed, orderly, and just transition

# Environmental, Social and Governance

Macquarie's ESG approach is structured around eight focus areas considered to be material to our business and stakeholders



## Environmental and social risk management

**1,094**  
reviews  
completed under the  
Environmental  
and Social Risk  
(ESR) Policy in FY23

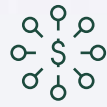
MAM became a  
**signatory to the UK  
Stewardship Code  
2020** in Sep 22



## Climate change

Commitment to align  
Macquarie's financing  
activity with the  
global goal of **net zero  
emissions by 2050**

Commitment to  
invest and manage  
MAM's portfolio in line  
with **net zero  
emissions by 2040**



## Environmental and social financing

**97 GW**  
of green energy  
assets in development  
or construction as at  
31 Mar 23 measured  
using 100% of  
generating capacity  
for assets  
managed/owned  
(including partially) by  
Macquarie<sup>1</sup>

**\$A2.2 billion**  
invested, committed  
or arranged in  
green energy  
assets in FY23<sup>2</sup>



## Sustainability in direct operations

Commitment to reach  
net zero in Scope 1  
and Scope 2 emissions  
by FY25, while  
developing emissions  
reduction strategies  
for Scope 3<sup>3</sup>

**100%**  
of our global electricity  
consumption from  
renewable sources in  
FY23<sup>4</sup>

Energy intensity per  
capita reduced by  
**57%** from FY14  
(14% reduction from  
FY22)<sup>5</sup>



## Client experience

#1 infrastructure  
investment manager  
globally<sup>6</sup>

2022 MFAA  
Excellence Awards for  
**Major Lender of the  
Year** for the 3<sup>rd</sup> year in  
a row

**Emissions House of  
the Year** at the 2022  
Energy Risk Asia  
Awards

**#1 Global Renewables  
Infrastructure  
Financial Adviser** and  
Global Infrastructure  
Financial Adviser<sup>7</sup>

**Top rating** for  
Australian ESG research  
by institutional investors  
in 2022 Peter Lee survey



## People and workplace

**67%**  
of MGL Board  
directors are women

**30%**  
of Macquarie's  
Executive Committee  
are women

Inaugural  
Reconciliation Action  
Plan launched in ANZ

**86%**  
overall employee  
engagement<sup>8</sup>



## Business conduct and ethics

**61**  
disclosures received  
and managed by the  
Integrity Office  
in FY23<sup>9</sup>

**11,800**  
attendances at  
tailored training,  
workshops and  
leadership sessions<sup>10</sup>



## Macquarie Group Foundation

Over  
**\$A52.0 million**  
contributed by  
Macquarie employees  
and the Foundation in  
FY23 (\$A570.0 million  
since inception)<sup>11</sup>

Data points as at 31 Mar 23 unless stated otherwise. 1. On our balance sheet or under Macquarie management. Excludes lending and private credit funds. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. Refer to the Basis of Preparation for ESG Reporting for the definition of 'green energy assets'. 2. On our balance sheet or under Macquarie management. Refer to the Basis of Preparation for ESG Reporting for the definition of 'green energy assets'. 3. Covers Categories 1-8 Scope 3 operational value chain emissions as defined by the Greenhouse Gas Protocol. It excludes financed emissions (Scope 3, Category 15). 4. The equivalent of 100% of our FY23 electricity consumption was sourced from renewable sources through a combination of purchased green energy from landlords or utilities (46.5%) and energy attribute certificates (53.5%) which was retired by 30 Jun 23. Based on RE100 boundary criteria, the equivalent of our FY23 electricity consumption sourced from renewable sources is 99.6% due to insufficient renewable energy certificates in the South Korean market to meet our requirements. However, renewable energy certificates were purchased from other international markets to account for the 100% renewable electricity. 5. FY23 energy intensity per capita is calculated as 40.5 GWh total electricity used across our premises and data centres divided by the total headcount of 20,144 (based on total global workforce as at 31 Mar 23, excluding employees in operationally segregated subsidiaries and investments where Macquarie does not have a controlling interest). 6. The ranking was awarded to MAM in Jul 22 and is the opinion of IPE Real Assets. The ranking is based on Assets Under Management (AUM) at 31 Dec 21. There can be no assurance that other providers or surveys would reach the same conclusions. 7. Inspiratia (CY22 by deal value). 8. As measured in the 2022 annual staff survey. 9. Covers all disclosures made to the Integrity Office, including whistleblower disclosures, and includes disclosures made through the anonymous reporting channel. 10. Tailored content focussed on conduct, supervision in a hybrid working environment, integrity, speaking up and psychological safety. Macquarie also requires all employees globally to undertake mandatory online Code of Conduct training. Some employees may have attended more than one training session, in which case their attendance was counted for each session. 11. Contribution figures comprise 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 since inception in 1985 to 31 Mar 23.



# Risk culture

## Macquarie recognises that a sound risk culture is integral to an effective risk management framework

### Setting behavioural expectations

- The Boards of MGL and MBL are provided with qualitative and quantitative analysis to support their key oversight role in ensuring that the Macquarie risk culture supports our ability to operate consistently within our risk appetite
- The Boards consider that effective alignment of remuneration with prudent risk-taking is fundamental to Macquarie's remuneration approach

### Leading and executing

- Management implements behavioural expectations through leadership actions and communication, organisational governance, incentives and consequence management and organisational and individual capability
- Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie employees and external parties to safely raise concerns about improper conduct
- Macquarie has been working with APRA on a remediation plan that strengthens MBL's governance, culture, structure and remuneration to ensure full and ongoing compliance with prudential standards. The changes under the plan, on which we will continue to deliver through 2023 and beyond, will have a positive impact on MBL through improved systems, frameworks, processes, and further strengthen its risk culture

### Monitoring, measuring and reporting

- Macquarie aims to apply consequences for non-compliance in a timely manner, and as fairly and consistently as possible
  - In FY23, there were 129 matters (FY22: 82) involving conduct or policy breaches that resulted in formal consequences. These included 71 *Code of Conduct* or appropriate workplace behaviour related matters, and 58 other policy matters including risk management and technology breaches
  - Of the 129 matters: For 49 matters, termination of employment was the outcome; for 80 matters, a formal warning was issued. Of the 80 matters, 18 have resulted in individuals subsequently leaving Macquarie and 61 individuals had their profit share reduced by an average of 37%

### Risk Management Framework

Macquarie's approach to risk management is based on stable and robust core risk management principles:



Ownership of risk at the business level



Understanding worst case outcomes



Independent sign-off by Risk Management Group

Our approach is consistent with the 'three lines of defence' model with clear accountability for risk management

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



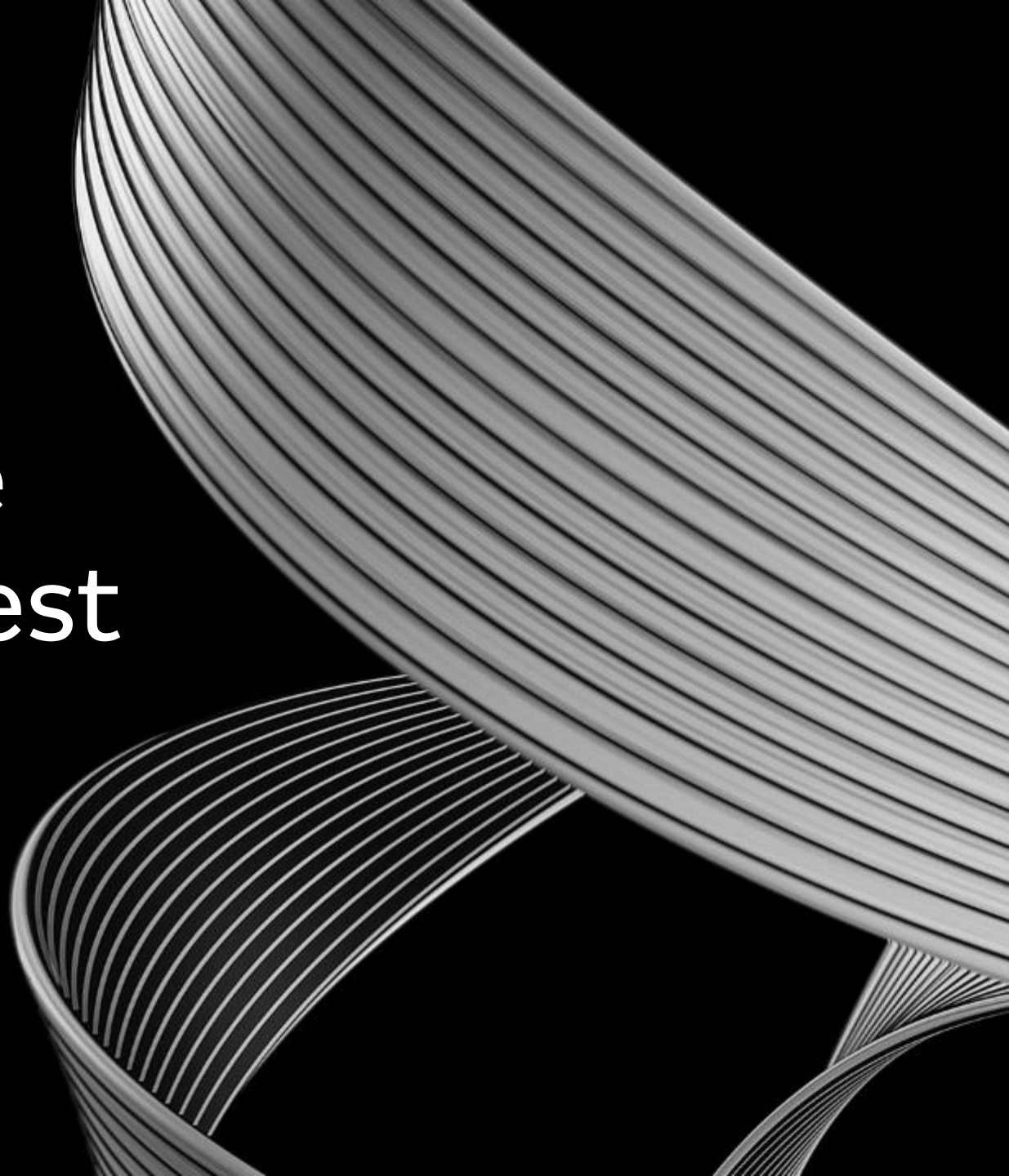
Our purpose explains **why** we do business

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

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

**Opportunity | Accountability | Integrity**



# Diversity, Equity & Inclusion

Macquarie recognises that the diversity of our people is one of our greatest strengths. An inclusive, equitable workplace enables us to deliver more innovative and sustainable solutions for our people, clients, shareholders and communities

We focus our actions within three areas, building on our progress and challenging ourselves to do better:

## Our diverse people

Building a workforce that harnesses a range of perspectives, ideas, and insights in everything we do

# 170+

different **cultural identities** represented around the globe

## Our equity commitment

Achieving equitable outcomes by removing barriers and valuing differences, enabling everyone to be included and to reach their full potential

# 95%

global FY23 parental leave return-to-work rate

## Our inclusive culture

Creating an environment where people are respected for their uniqueness, valued for their contributions and celebrated for being their authentic selves

# 67%

of Macquarie Group's Board of Directors are women

## Awards & partnerships



# Macquarie Group Foundation

The Foundation drives social impact work for Macquarie Group. We support our people, businesses, and communities to build a better future, and engagement with our people is at the heart of everything we do

**\$A570 million**

total contribution since our inception in 1985<sup>1,2</sup>

**\$A52 million**

contributed in FY23<sup>1,2</sup>

**2,500**

non-profits supported in FY23<sup>3</sup>

**\$A6.6 million**

in value donated through skilled volunteering of our people in FY23<sup>4</sup>

**Funded over 40**

grant partners globally working on breaking down barriers to employment<sup>3</sup>

**Launched**

social impact investing initiative, with investments in Good Return and White Box

**Inaugural**

Macquarie Social Impact Award won by Macquarie Capital infrastructure project with embedded workforce training

**First two**

Macquarie Sports grants awarded to Surfing Australia and Clontarf Foundation

**First**

in person Emerging Artist Prize opening night and exhibition held since 2019

1. Contributed by the Foundation and Macquarie staff since inception in 1985. 2. Contribution figures comprise 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. 3. In the 12 months to 31 Mar 23. 4. In the 12 months to 31 Mar 23. Figure calculated using Taproot Foundation's average hourly value of pro bono service (\$US195 per hour converted to \$A290.36 as per exchange rate on 31 Mar 23) multiplied by Macquarie employees' skilled volunteering hours (22,874 hours).





# Board update

Ensuring that the Board is an effective shareholder steward for a business as diverse as Macquarie requires balancing experience and longevity with fresh perspectives, underpinned by diversity of expertise



## **Susan Lloyd-Hurwitz**

Effective 1 Jun 23, Susan Lloyd-Hurwitz joined the Macquarie Group Limited (MGL) Board. Subject to election by MGL shareholders at the 2023 AGM, it is proposed that Ms Lloyd-Hurwitz also be appointed to the Macquarie Bank Limited (MBL) Board, effective 28 Jul 23.

Ms Lloyd-Hurwitz brings significant global investment and real estate sector expertise to the Boards, with over 30 years of global experience in the sector and most recently having served as Chief Executive Officer and Managing Director of Mirvac for more than a decade.



## **Nicola Wakefield Evans**

Nicola Wakefield Evans has confirmed that she will seek re-election as an independent director to the MGL Board at the 2023 AGM. Ms Wakefield Evans is Macquarie's longest-serving current director and will provide continuity through her remaining tenure, which is expected to conclude in 2024.



## **David Whiteing**

Effective 27 Sep 23, subject to completion of necessary approvals, David Whiteing will be appointed as a non-executive director of Macquarie Bank Limited (MBL). Alongside Ian Saines and Michael Coleman, Mr Whiteing will be one of three bank-only non-executive directors (BONDs) and will contribute to strengthening the voice of MBL within the Group.

Mr Whiteing brings over 30 years of experience leading business and technology strategies across multiple sectors through periods of significant change. He has worked globally, including four years as Global COO for Standard Chartered based in Singapore, various senior consulting roles in London and five years as a Group Executive at Commonwealth Bank of Australia.

The background of the slide is a photograph of a modern, multi-story building with a glass and concrete facade. The building has several balconies and a prominent overhang on the left side. The sky is blue with scattered white clouds. In the top left corner, there is a large, stylized number '02' in white and blue, set against a dark blue background.

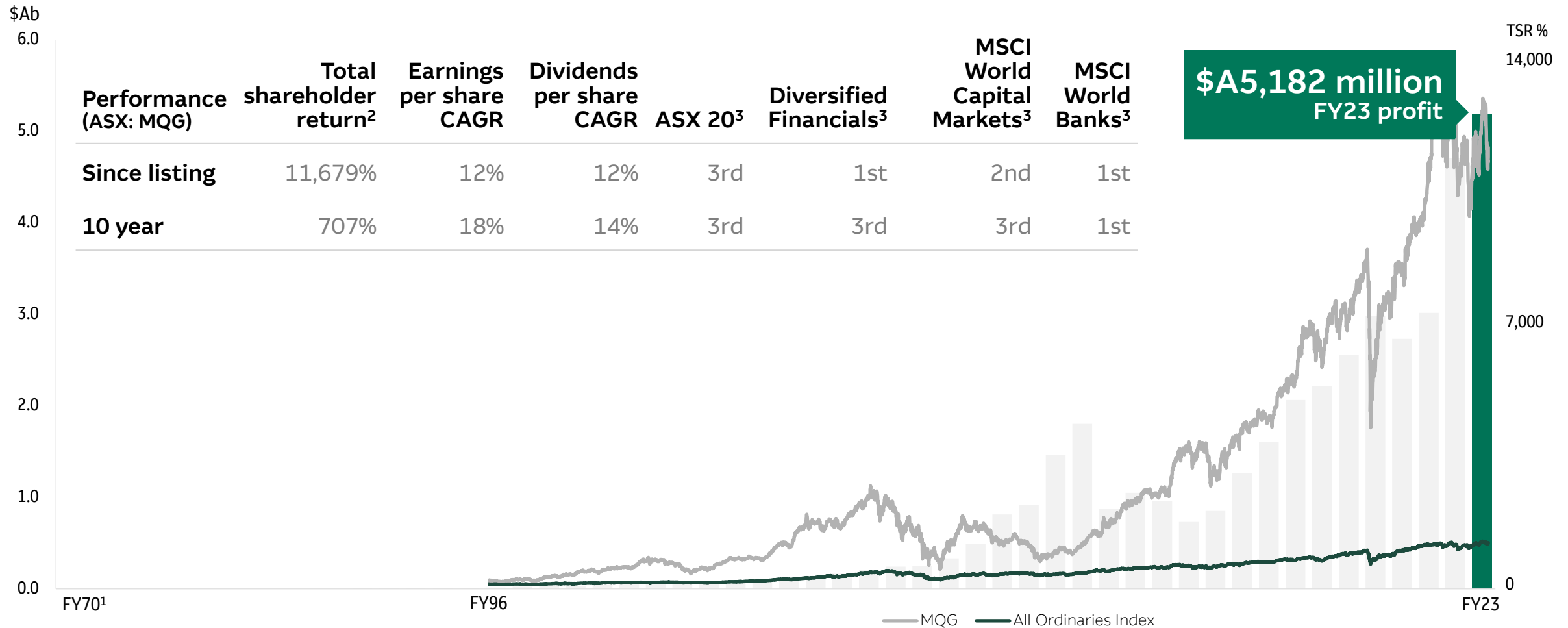
# 02

## Overview of FY23

**Shemara  
Wikramanayake**

Managing Director and  
Chief Executive Officer

# 54 years of unbroken profitability



Historical figures converted at FY23 FX rate for comparative purposes. Macquarie TSR calculations assume continuous listing, and is indexed to 100 on 29 Jul 96, being when MBL shares were first quoted on ASX. The All Ordinaries Accumulation Index (All Ords Index) comprises the 500 largest ASX listed companies by market capitalisation. The TSR chart is displayed on a base-10 logarithmic scale, which displays relative percentage movements over an extended historical timeframe as similar in size, without visually skewing the performance in more recent years. 1. FY70-FY96 were profitable years. 2. At 31 Mar 23. 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 23.

# FY23 result: \$A5,182m up 10% on FY22

	2H23 \$Am	1H23 \$Am	2H23 v 1H23	FY23 \$Am	FY22 \$Am	FY23 v FY22
Net operating income	10,481	8,641	↑ 21%	19,122	17,324	↑ 10%
Total operating expenses	(6,517)	(5,613)	↑ 16%	(12,130)	(10,785)	↑ 12%
Operating profit before income tax	3,964	3,028	↑ 31%	6,992	6,539	↑ 7%
Income tax expense	(1,089)	(735)	↑ 48%	(1,824)	(1,586)	↑ 15%
Effective tax rate <sup>1</sup> (%)	27.5	24.2		26.0	25.2	
Loss/(Profit) attributable to non-controlling interests	2	12		14	(247)	
Profit attributable to MGL shareholders	2,877	2,305	↑ 25%	5,182	4,706	↑ 10%
Annualised return on equity (%)	18.1	15.6	↑ 16%	16.9	18.7	↓ 10%
Basic earnings per share	\$A7.46	\$A6.03	↑ 24%	\$A13.54	\$A12.72	↑ 6%
Dividend per ordinary share	\$A4.50	\$A3.00	↑ 50%	\$A7.50	\$A6.22	↑ 21%

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



# FY23 net profit contribution from operating groups

## \$A10,351m up 9% on FY22

### Annuity-style businesses

**\$A4,143m**

↓ 17%  
ON FY22

### Markets-facing businesses

**\$A6,208m**

↑ 38%  
ON FY22

### Non-Banking Group

↓  
on FY22

#### Macquarie Asset Management (MAM)

Decrease driven by significant income from the disposition of assets in Macquarie Infrastructure Corporation (MIC)<sup>1</sup> in prior year and lower gains on asset realisations in the green energy sector, partially offset by higher performance fees

↓  
on FY22

#### Macquarie Capital (MacCap)

M&A fee income down on a strong prior year and lower capital markets fee income due to weaker market activity. Slightly lower investment-related income driven by negative asset revaluations and fewer material asset realisations, partially offset by an increase in net interest income from the private credit portfolio

### Banking Group

↑  
on FY22

#### Banking and Financial Services (BFS)

Growth in the loan portfolio and BFS deposits and improved margins; partially offset by higher credit impairment charges due to deterioration in the macroeconomic outlook and increased technology investment, additional headcount to support business growth, and compliance and regulatory initiatives

↓  
on FY22

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

Decreased contribution from Asset Finance due to the gain in the prior year from the partial sale of the UK Meters portfolio of assets partially offset by increased underlying activity in Commodities lending and financing

↑  
on FY22

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

Inventory management and trading income increased substantially from the prior year driven by trading gains from regional supply and demand imbalances primarily in North American Gas and Power markets. Strong risk management results across the platform, particularly in Gas and Power, Global Oil and Resources driven by increased client hedging and trading activity as a result of elevated volatility and price movements in commodity markets. Increased contribution from Financial Markets with continued strong performance across major products and markets, particularly in foreign exchange, interest rate and credit products income driven by increased client hedging and financing activity

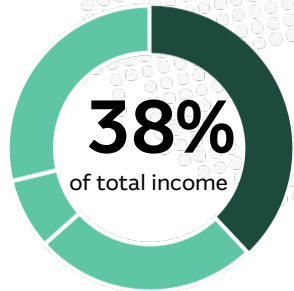
Note: Where referenced in this document, net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers in this presentation have been reclassified to reflect the transfer of the Green Investment Group from Macquarie Capital to Macquarie Asset Management effective 1 Apr 22. 1. On 22 Sep 21, Macquarie Infrastructure Corporation completed a corporate reorganisation, becoming a subsidiary of the newly formed Macquarie Infrastructure Holdings, LLC which continued to trade under the New York Stock Exchange symbol of 'MIC' until it was delisted on 21 Jul 22. MIC income includes disposition fee, equity accounted income and impairment reversal. 2. Certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.

# Diversification by region

International income 71% of total income<sup>1</sup>

Total staff<sup>2</sup> 20,509 of which 51% international. A further ~246,000 people employed across managed fund assets and investments<sup>3</sup>

## Americas



3,204

Total income  
\$A7,119m

Assets under management<sup>5</sup>

\$A369.9b

Employing ~55,000 people<sup>3</sup>

### CANADA

Calgary  
Montreal  
Toronto  
Vancouver

### USA

Boise  
Boston  
Chicago  
Dallas  
Houston  
Jacksonville  
Kansas  
Los Angeles  
Minneapolis  
Nashville  
New York  
Orlando  
Philadelphia  
San Diego  
San Francisco  
San Jose  
Seattle  
Walnut Creek

### LATIN AMERICA

Mexico City  
Sao Paulo  
Santiago

## EMEA



2,916

Total income  
\$A4,751m

Assets under management<sup>5</sup>

\$A196.3b

Employing ~93,000 people<sup>3</sup>

### EUROPE

Amsterdam  
Braintree  
Brussels  
Coventry  
Dublin  
Edinburgh  
Frankfurt  
Geneva  
Limerick  
London

### Luxembourg

Madrid  
Milan  
Munich  
Paris  
Reading  
Solihull  
Vienna  
Watrich

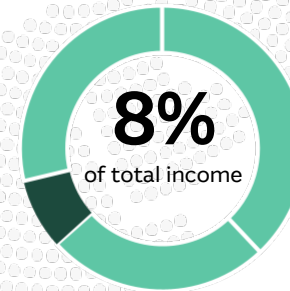
### MIDDLE EAST

Dubai

### AFRICA

Johannesburg

## Asia



4,264

Total income  
\$A1,508m

Assets under management<sup>5</sup>

\$A47.2b

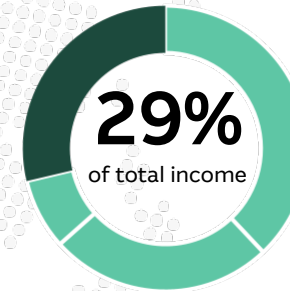
Employing ~84,000 people<sup>3</sup>

### ASIA

Bangkok  
Beijing  
Dongguan  
Gurugram  
Hong Kong  
Hsin-Chu  
Jakarta  
Kuala Lumpur

Manila  
Mumbai  
Seoul  
Shanghai  
Singapore  
Taipei  
Tokyo

## Australia<sup>4</sup>



10,125

Total income  
\$A5,378m

Assets under management<sup>5</sup>

\$A257.4b

Employing ~14,000 people<sup>3</sup>

### AUSTRALIA

Adelaide  
Brisbane  
Canberra  
Gold Coast  
Manly

Melbourne  
Newcastle  
Perth  
Sydney

### NEW ZEALAND

Auckland  
Wellington

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation. 3. Includes people employed through Private Markets-managed fund assets and investments where Macquarie Capital holds significant influence. 4. Includes New Zealand. 5. MAM Private Markets Assets under Management (AUM) includes equity yet to deploy.

# Macquarie Asset Management

Investing to deliver positive impact for everyone

FY23 Net profit contribution  
**\$A2,342m**

▼ **23%**  
on FY22



~2,500  
people



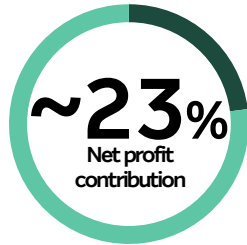
**26**  
markets



~175 portfolio  
companies<sup>1</sup>



**97GW** of green energy assets in development or construction<sup>2</sup> and **14GW** of green energy assets in operation<sup>2</sup>



**\$A870.8 billion**  
assets under management<sup>3</sup>  
up **10%** on Mar 22

Note: Pie chart is based on FY23 net profit contribution from Operating Groups. 1. Excludes real estate assets. 2. As at 31 Mar 23 measured using 100% of generating capacity for assets managed/owned (including partially) by Macquarie. On balance sheet or under Macquarie's management. Excludes lending and private credit funds. Gigawatts (GW) of green energy assets reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. Macquarie defines 'green energy' as the generation of electricity or heat from renewable or low-carbon sources - and includes wind, solar, biogas and green hydrogen. 3. As at 31 Mar 23. Private Markets 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. Private Markets AUM includes equity yet to deploy. Prior year Private Markets AUM has been restated to include equity yet to deploy as at 31 Mar 22. 4. IPE Real Assets (Jul/Aug 22), ranking based on total AUM as of 31 Dec 21. 5. Infrastructure Investor (Nov 22), ranking based on the amount of infrastructure direct investment capital raised between 1 Jan 17 and 31 Aug 22. 6. Delaware National High-Yield Municipal Bond Fund was the recipient of the With Intelligence Mutual Fund & ETF Award 2022. 7. Money Magazine: Best of the Best Awards 2023. 8. As at 31 Mar 23.

## FY23 rankings & awards



No. 1 Infrastructure  
Investment Manager<sup>4</sup>



No.1 Infrastructure Manager<sup>5</sup>

No. 4 Infrastructure Debt Manager<sup>5</sup>



Active Fixed Income Mutual Fund  
of the Year 2022<sup>6</sup>



Australia Investment Manager  
of the Year 2023<sup>7</sup>

## Private Markets

**\$A336.3b** ▲ 30%  
on Mar 22  
Assets under management<sup>3</sup>

**\$A27.2b**  
Equity deployed across  
56 new investments

**\$A38.2b**  
Record equity raised

**\$A34.8b**  
Equity to deploy<sup>8</sup>

**\$A6.6b**  
Equity returned to clients  
from divestments

## Public Investments

**\$A534.5b** ▼ slightly  
on Mar 22  
Assets under management<sup>8</sup>

**70%**  
of assets under management  
outperforming respective  
3-year benchmarks<sup>8</sup>

Successfully completed the  
integrations of Waddell & Reed  
Financial, Central Park Group and  
AMP Capital's public  
investments business

# Banking and Financial Services

A technology-driven Australian retail bank and wealth manager

FY23 Net profit contribution  
**\$A1,201m**

▲ 20%  
on FY22



~3,820  
people



Personal  
Banking



Business  
Banking



Wealth  
Management



Deposits



Approximately  
**1.8 million**  
clients

## FY23 awards



**\$A108.1b** ▲ 21%  
on Mar 22  
Home loan portfolio

**\$A129.4b** ▲ 32%  
on Mar 22  
Total BFS deposits<sup>1</sup>

**\$A13.0b** ▲ 13%  
on Mar 22  
Business Banking loan portfolio

**\$A6.1b** ▼ 31%  
on Mar 22  
Car loan portfolio

**\$A123.1b** ▲ 4%  
on Mar 22  
Funds on platform

30+ years bringing  
innovation and  
competition to  
Australian consumers

Award winning  
**Transaction and  
Savings account**  
offering

Industry-leading digital  
security through the  
**Macquarie  
Authenticator** app

The first Australian  
banking group with a  
specialised **electric  
vehicle buying service**

Note: Pie chart is based on FY23 net profit contribution from Operating Groups. 1. BFS deposits include home loan offset accounts and exclude corporate/wholesale deposits.



# Commodities and Global Markets

**Global business** offering capital and financing, risk management, market access, physical execution and logistics solutions across Commodities, Financial Markets and Asset Finance

FY23 Net profit contribution  
**\$A6,007m**

▲ **54%**  
on FY22



~2,370  
people



22  
markets



**40+ years of  
client partnership**

Note: Pie chart is based on FY23 net profit contribution from Operating Groups. 1. Financial year ending 31 Mar 23. 2. Awarded by Singapore Exchange Derivatives Clearing Ltd 2022. 3. ASX Futures 24 (SFE) Monthly Report Mar 23.

## FY23 rankings & awards

~9.0 billion cubic feet of **natural gas volume** traded across North America daily<sup>1</sup>

**Top 5** Commodities General Clearing Member<sup>2</sup>

**No. 1** Futures broker on the ASX<sup>3</sup>



## Strong underlying client business

### Commodity Markets

Strong risk management income particularly in Gas and Power, Global Oil and Resources driven by increased client hedging and trading activity as a result of elevated volatility and price movements in commodity markets

Inventory management and trading income increased substantially driven by trading gains from regional supply and demand imbalances primarily in North American Gas and Power markets

Increased Lending and Financing driven by increased activity and margins across energy sectors

### Asset Finance

Continued positive performance and contribution across most industries

Total portfolio of \$A6.2b, up 3% from \$A6.0b at 31 Mar 22

### Financial Markets

#### Futures

Significantly higher interest and commission revenues due to increase in global interest rates and elevated commodity price volatility

#### Foreign exchange, interest rates and credit

Volatility across FX and rates created opportunities globally

Increased client engagement across interest rates with significant swap deals, from the Americas

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

#### Equity Derivatives and Trading

Strong contribution from Warrants business offset by reduced revenue from equities event driven trading

# Macquarie Capital

Advises and invests alongside clients and partners **to realise opportunity**

FY23 Net profit contribution  
**\$A801m**

▼ **47%**  
on FY22



~1,630  
people



**24**  
markets



**\$A4.2b**  
Capital invested<sup>1</sup>



**\$A338 billion**  
completed deals in FY23<sup>2</sup>

Note: References relate to the full year ended 31 Mar 23. Pie chart is based on FY23 net profit contribution from Operating Groups. 1. Regulatory capital as at 31 Mar 23. 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 (1 Apr 13 - 31 Mar 23 completed and announced by deal count). 4. Dealogic (1 Apr 13 - 31 Mar 23 ASX and NZX by value). 5. Inspiratia (CY22 by deal value). 6. Australian Stockbroker Foundation Awards 2022. 7. IJ Global Awards 2022. 8. RESI Awards 2022. 9. As at 31 Mar 23. 10. Committed portfolio as at 31 Mar 23. 11. Includes upsizes. 12. As at 14 Apr 23.

## FY23 rankings & awards

**No. 1 in ANZ** for  
M&A<sup>3</sup> and IPOs<sup>4</sup> for  
the past decade

**No. 1**  
Global Infrastructure  
Financial Adviser<sup>5</sup>

**No. 1**  
In Research in  
Australia<sup>6</sup>



North America Transport  
Road Deal of the Year –  
PennDOT Major Bridges P3,  
Package 1<sup>7</sup>

**Residential  
Deal of the Year**  
– Brigid Investments UK  
senior living<sup>8</sup>

Well-positioned around **long-term trends** such as tech-enabled innovation, the growth in private capital, and addressing communities' unmet needs

### Focus on areas of expertise

Advised Apex Group Ltd on its acquisition of the fund services and third party management operations of Maitland International Holdings plc. Macquarie Capital has advised the client on 15 transactions since 2015

**\$A18b**

Private Credit portfolio<sup>10</sup>, with more than **\$A7b deployed** in FY23 through focused investment in credit markets and bespoke financing solutions

**12+**

infrastructure and energy projects under development or construction<sup>9</sup>

### Digital Infrastructure

Supported the growth of digital infrastructure platforms including the PhilTower (in the Philippines) acquisitions of up to 1,350 towers from Globe Telecom Inc

### Innovative energy platform

Macquarie Capital, along with our LNG platform WaveCrest Energy, has invested in the Deutsche Ostsee LNG import terminal project in the Port of Lubmin, which is seeking to provide Germany with critical gas supply

### AI powered technology

Investment in Australian-based start-up, Sapia.ai to support global expansion of its inclusive and efficient recruitment technology platform

**60+**

credit transactions<sup>11</sup> in FY23 across a diverse range of industries including:

- The **recapitalisation of growth investment in Orro**, an Australian-based enhanced connectivity provider
- MRH Trowe, a German insurance broker, to optimise its capital structure and **support the next phase of growth**, and acted as exclusive financial adviser on significant minority investment

Differentiated insights on

**1,170+**

listed companies globally<sup>12</sup>

# Approximate business Basel III Capital and ROE

31 Mar 23

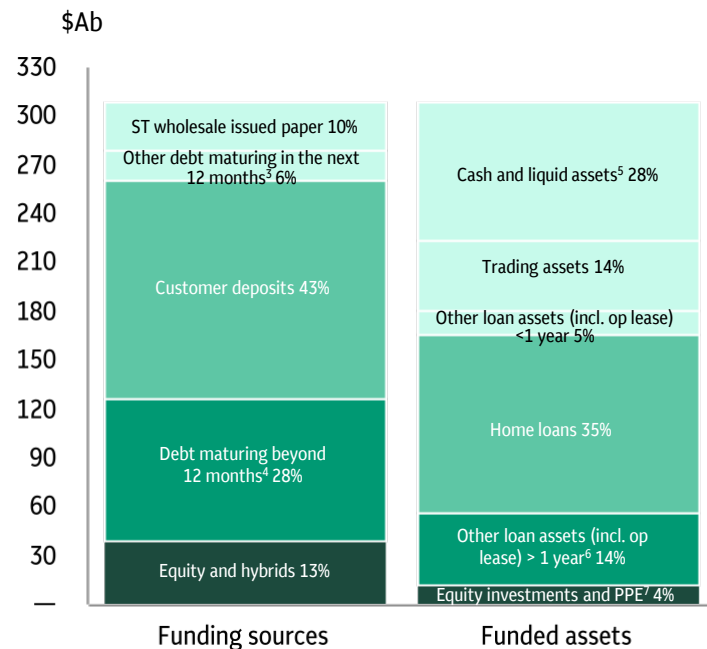
Operating Group	APRA Basel III Capital @ 10.25% (\$Ab)	Approx. FY23 Return on Ordinary Equity <sup>1</sup>	Approx. 17-year Average Return on Ordinary Equity <sup>2</sup>
<b>Annuity-style businesses</b>	<b>11.1</b>		
Macquarie Asset Management	5.8	18%	22%
Banking and Financial Services	5.3		
<b>Markets-facing businesses</b>	<b>13.6</b>		
Commodities and Global Markets	9.4	28%	17%
Macquarie Capital	4.2		
<b>Corporate</b>	<b>1.7</b>		
Total regulatory capital requirement @ 10.25%	26.4		
Group surplus	12.6		
<b>Total APRA Basel III capital supply</b>	<b>39.1<sup>3</sup></b>	<b>16.9%</b>	<b>14%</b>

Note: Differences in totals due to rounding. 1. NPAT used in the calculation of FY23 ROE is based on Operating Groups' annualised 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. 2. 17-year average covers FY07 to FY23, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 3. Comprising \$A33.3b of ordinary equity and \$A5.8b of hybrids.

# Business backed by strong funding and capital

## MGL funded balance sheet<sup>1</sup>

31 Mar 23<sup>2</sup>

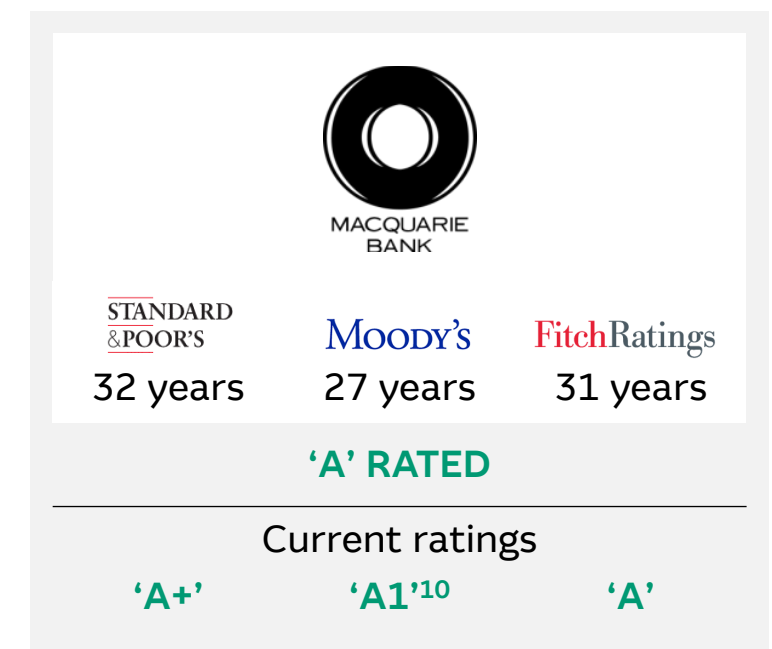


## APRA Basel III capital position<sup>8</sup>

31 Mar 23



## Credit ratings



1. 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. 2. There has been a change in presentation of certain items on the funded balance sheet in the current year. Refer slide 60 of the FY23 Results presentation for more details. 3. Other debt maturing in the next 12 months includes Secured funding, Bonds, Other loans, Subordinated debt and Net trade creditors. 4. Debt maturing beyond 12 months includes Subordinated debt, Structured notes, Secured funding (including RBA TFF), Bonds, Syndicated loan facilities and Other loans not maturing within next 12 months. 5. Cash and liquid assets includes self-securitisation of repo eligible Australian assets originated by Macquarie and held as contingent collateral for RBA facilities. 6. Other loan assets (incl. op lease) > 1 year includes debt investments. 7. Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments. 8. The Group capital surplus is the amount of capital above APRA regulatory requirements. Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 - Capital Adequacy, at 10.25% of RWA. This includes the industry minimum Tier 1 requirement of 6.0%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB). The CCyB of the Bank Group at Mar 23 was 0.61%, this was rounded to 0.5% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end. The surplus reported includes provisions for internal capital buffers and differences between Level 1 and Level 2 requirements, including the \$A500m operational capital overlay imposed by APRA. 9. APRA Basel III Level 2. 10. Moody's current rating is A1 following an upgrade from A2 to A1 on 2 Jun 23.





## 1Q24 Update

**Shemara  
Wikramanayake**

Managing Director and  
Chief Executive Officer



# 1Q24

## Overview



### **Weaker trading conditions with 1Q24 Operating Group contribution substantially down on the prior corresponding period (pcp) (1Q23)**

- Macquarie's annuity-style businesses (MAM and BFS) combined 1Q24 net profit contribution<sup>1</sup> substantially down on pcp. This was primarily due to lower investment-related income from green energy investments in MAM. In BFS, contribution was significantly up on the pcp driven by growth in the loan portfolio and BFS deposits together with improved margins
- Macquarie's markets-facing businesses (CGM and Macquarie Capital) combined 1Q24 net profit contribution<sup>1</sup> substantially down on pcp primarily due to the strong results across the Commodities platform in CGM in the pcp. Macquarie Capital saw lower investment-related income on the pcp with fewer material asset realisations partially offset by an increase in income from the private credit portfolio, and fee and commission income down on the pcp

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

# 1Q24 Overview

## Annuity-style businesses

### Macquarie Asset Management

# ~23%

FY23 contribution<sup>1</sup>

- AUM<sup>2</sup> of \$A864.2b at 30 Jun 23, broadly in line with Mar 23
- Private Markets: \$A326.8b in AUM<sup>2</sup>, down 3% on Mar 23 primarily driven by cessation of co-investors management rights on a specific asset
- Private Markets: \$A204.0b in EUM<sup>2,3</sup>, \$A2.1b in new equity raised; \$A4.8b of equity invested; \$A0.7b equity divested in 1Q24; \$A31.9b of equity to deploy at Jun 23
- Public Investments: \$A537.4b in AUM<sup>2</sup>, up slightly on Mar 23, primarily driven by market movements, partially offset by net flows
- Public Investments: Strong fund performance, with 72% of assets under management outperforming their respective 3-year benchmarks<sup>2</sup>

### Banking and Financial Services

# ~12%

FY23 contribution<sup>1</sup>

- Home loan portfolio of \$A109.8b at Jun 23, up 2% on Mar 23
- Business Banking loan portfolio of \$A14.1b at Jun 23, up 8% on Mar 23
- BFS deposits<sup>4</sup> of \$A128.7b at Jun 23, down 1% on Mar 23
- Funds on platform of \$A127.8b at Jun 23, up 4% on Mar 23
- Car loan portfolio of \$A5.6b at Jun 23, down 8% on Mar 23

1. Based on FY23 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. As at 30 Jun 23. 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. BFS deposits include home loan offset accounts and exclude corporate/wholesale deposits.

# 1Q24 Overview

## Markets-facing businesses

### Commodities and Global Markets

~57%

FY23 contribution<sup>1</sup>

- **Commodities:** performance significantly down on prior corresponding period, largely driven by reduced trading activity across Gas and Power. Underlying client hedging activity remained resilient with lower volatility and prices
- **Financial Markets:** strong client activity particularly in foreign exchange, fixed income and futures
- **Asset Finance:** consistent balance sheet deployment contributing to annuity revenues from the Technology, Media and Telecoms, Energy and Shipping Finance sectors
- Named Oil and Products House of the Year<sup>2</sup> as well as Electricity House of the Year<sup>2</sup> and Commodities Research House of the Year<sup>2</sup>

### Macquarie Capital

~8%

FY23 contribution<sup>1</sup>

- 67 transactions valued at \$A85b completed globally<sup>3</sup>, slightly down on pcp
- Fee revenue down on pcp. Investment-related income down on pcp, primarily driven by fewer material realisations, partially offset by an increase in credit portfolio net interest income
- Notable deals:
  - Financial adviser to Oz Minerals Limited in relation to its \$A9.8b acquisition by BHP Group Limited
  - Exclusive financial adviser to JELD-WEN, on the cross-border sale of its Australasia business for ~\$A688m to Platinum Equity
  - Financial adviser to DIF Capital Partners, on a majority equity interest acquisition in Green Street Power Partners
  - Joint global coordinator, joint bookrunner, domestic underwriter, and international selling agent on PT Merdeka Battery Materials Tbk's ~\$A920m<sup>4</sup> IPO on the Indonesian Stock Exchange
  - Completed an equity co-investment in StoneRidge Insurance Brokers and providing incremental debt financing
  - Led series B funding to Hyro, a healthcare sector provider of conversational AI and automation software
- Private Credit portfolio of over \$A19b<sup>5</sup>, with more than \$A1.2b deployed in 1Q24 through focused investment in credit markets and bespoke financing solutions
- Equities Research achieved top level rankings in Institutional Investor's 2023 Asia-Pacific (ex-Japan) Regional/Local Broker Rankings<sup>6</sup>

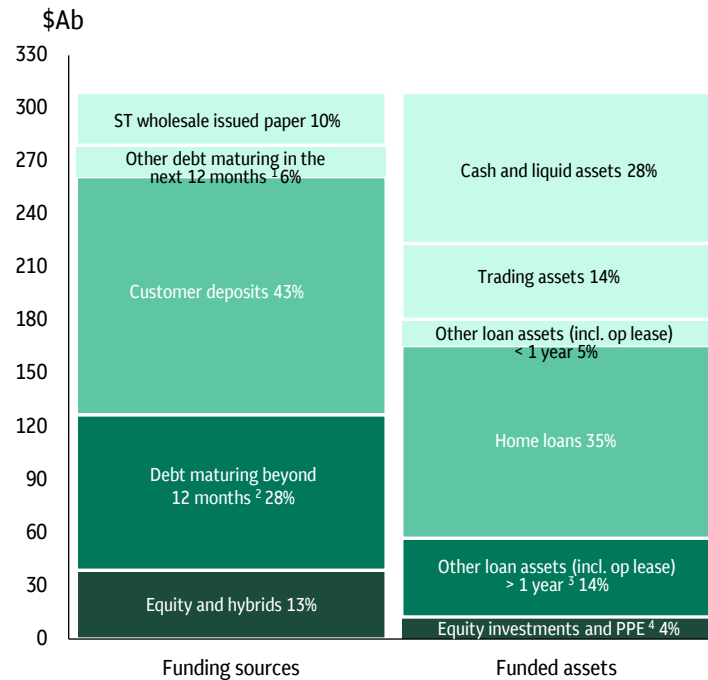
1. Based on FY23 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Energy Risk Awards 23. 3. Source: Dealogic & IJGlobal for Macquarie Group completed M&A, investments, ECM & DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 4. AUDe at the time of deal announcement. 5. Committed portfolio as at Jun 23. 6. Top 3 in 8 countries with No. 1 in ANZ at firm level supported by 29 ranked analysts.



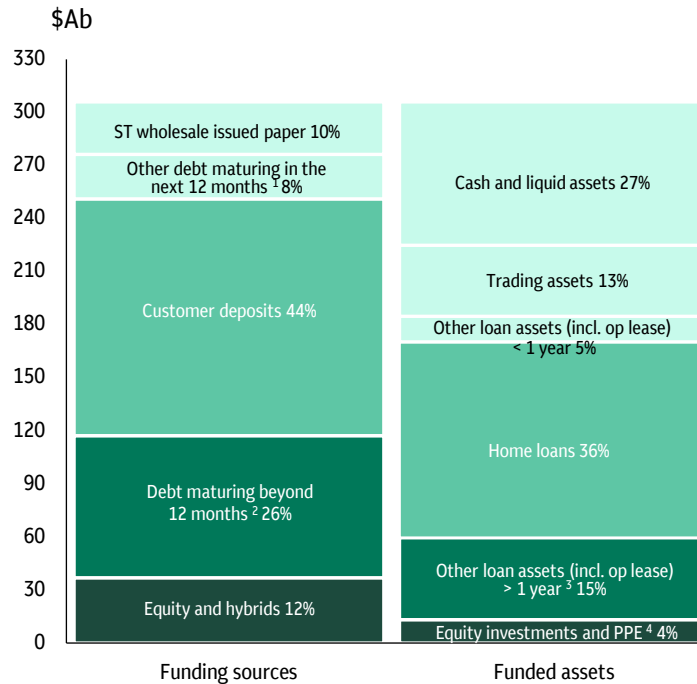
# Funded balance sheet remains strong

## Term liabilities exceed term assets

**31 Mar 23**



**30 Jun 23**



Total customer deposits<sup>5</sup>

**\$A133.9b**

**Flat**  
ON MAR 23

Term funding raised<sup>6</sup>

**\$A2.9b**

**Since**  
MAR 23

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 (including RBA TFF), Bonds, Unsecured loans, Structured notes and Net trade creditors. 2. Debt maturing beyond 12 months includes Subordinated debt, Structured notes, Secured funding (including RBA TFF as at Mar 23), Bonds and Unsecured loans not maturing within next 12 months. 3. Other loan assets (incl. op lease) > 1 year includes Debt investments. 4. Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments. 5. Total customer deposits as per the funded balance sheet (\$A133.9b) differs from total deposits as per the statutory balance sheet (\$A134.1b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 6. 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.

# Capital management update

## Group capital position at Jun 23

- APRA Basel III Group capital surplus of \$A10.8b<sup>1,2</sup>. Reduction in surplus of \$A1.8b from Mar 23 predominantly driven by the 2H23 dividend and FY23 MEREP awards, partially offset by 1Q24 net profit after tax.
- APRA Basel III Level 2 CET1 ratio of 13.6%; Harmonised Basel III Level 2 CET1 ratio: 18.1%<sup>3</sup>.

## Dividend Reinvestment Plan (DRP)

- On 4 Jul 23, the DRP in respect of the 2H23 dividend was satisfied through the allocation of 1,319,291 ordinary shares at a price of \$A176.37 per share<sup>4</sup>. The shares allocated under the DRP were acquired on-market.

## Macquarie Group Employee Retained Equity Plan (MEREP)

- On 22 Jun 23, the acquisition of ordinary shares pursuant to the Macquarie Group Employee Retained Equity Plan (MEREP) was completed. A total of \$A1,028m<sup>5</sup> of shares were purchased at a weighted average price of \$A179.17 per share.

## Credit rating upgrade

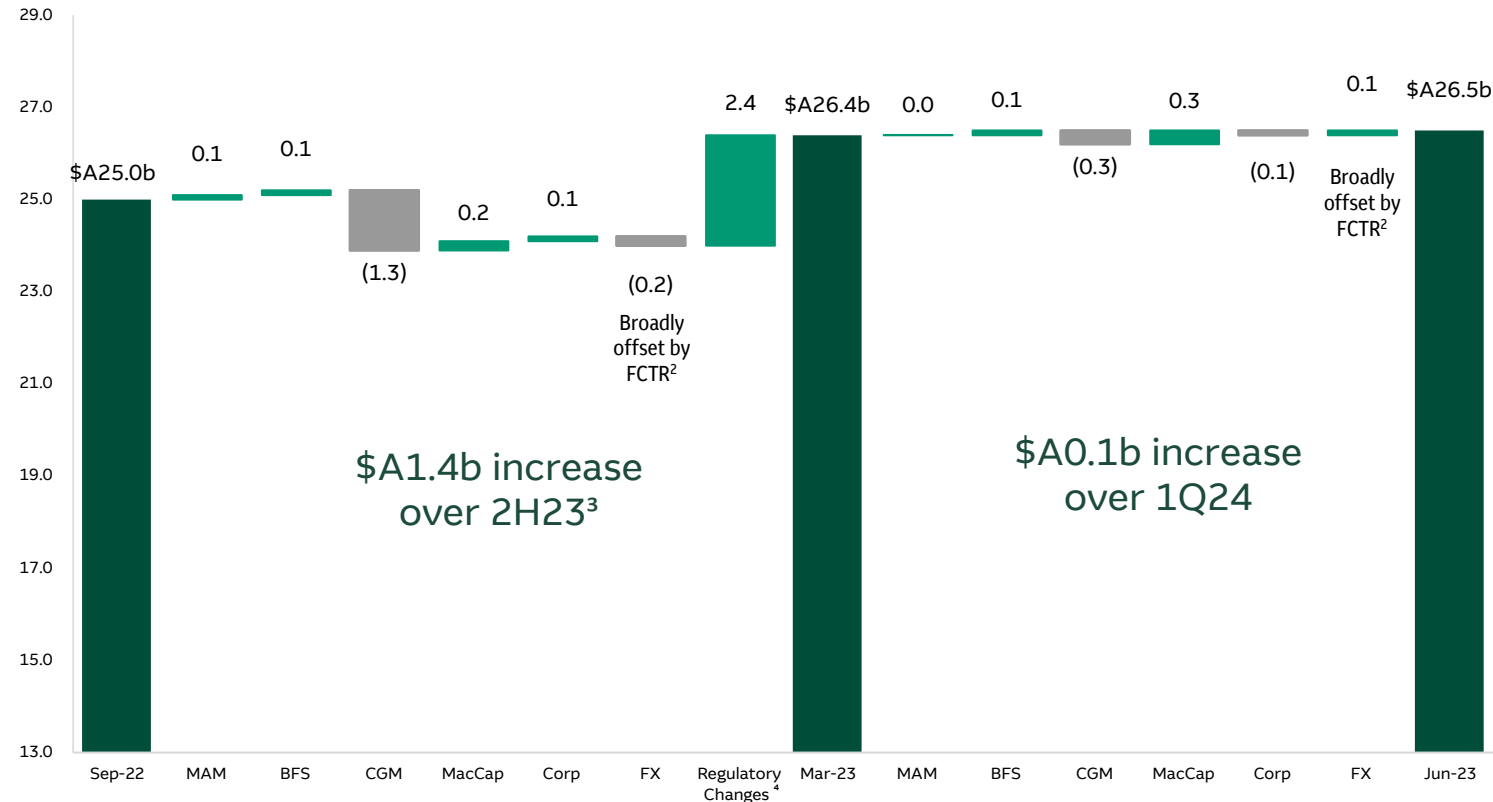
- On 2 Jun 23, Moody's Investor Services (Moody's) upgraded Macquarie Group Limited's rating to A2 from A3 and Macquarie Bank Limited's rating to A1 from A2<sup>6</sup>.

1. The Group capital surplus is the amount of capital above APRA regulatory requirements. Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 - Capital Adequacy, at 10.25% of RWA. This includes the industry minimum Tier 1 requirement of 6.0%, CCB of 3.75% and a CCyB. The CCyB of the Bank Group at Jun 23 is 0.63%, this is rounded to 0.5% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end. 2. The surplus reported includes provisions for internal capital buffers and differences between Level 1 and Level 2 requirements, including the \$A500m operational capital overlay imposed by APRA. 3. 'Harmonised' Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS and so impacts shown are indicative only. 4. The DRP price was determined in accordance with the DRP Rules and is 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 over the five trading days from 22 May 23 to 26 May 23. 5. Comprising \$A446m off-market and \$A582m on-market purchases. 6. Long-term issuer credit rating.



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

1Q24 business capital requirements excluding FX remain largely unchanged.



## 1Q24 Key drivers

### BFS

- Growth in home loans and business banking

### CGM

- Reduction in credit risk capital driven by lower commodity prices and exposures

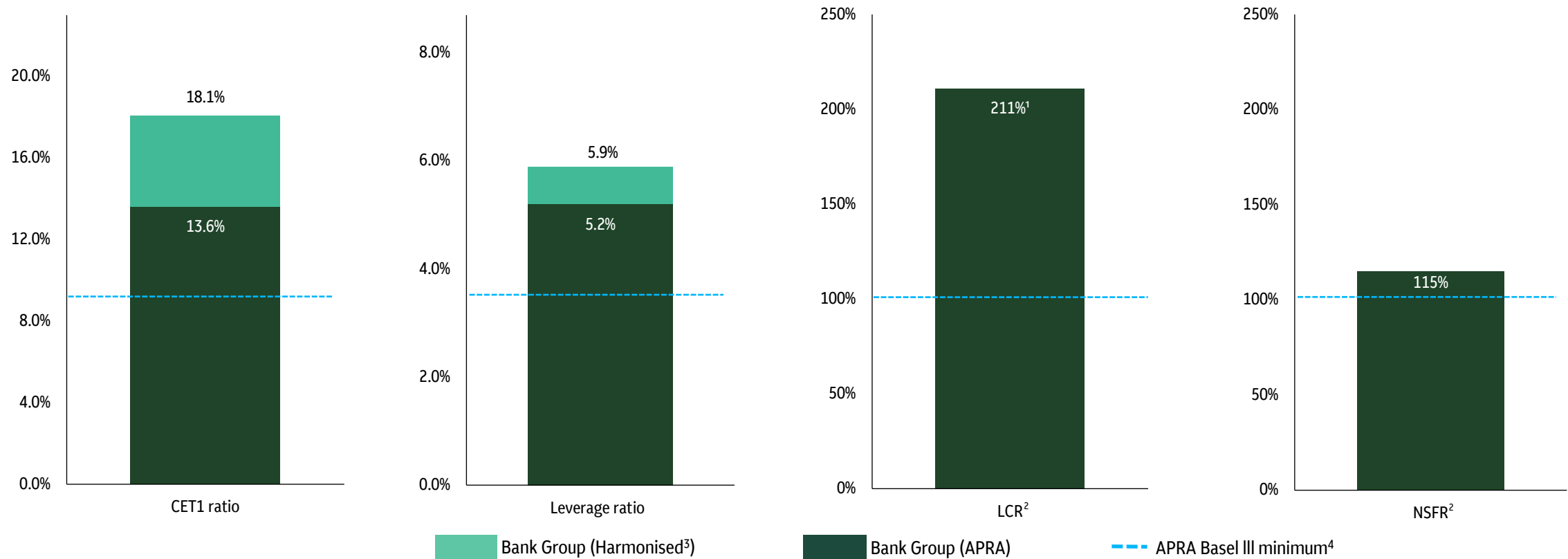
### Macquarie Capital

- Increase due to equity and private credit deployment

1. Regulatory capital requirements are calculated at 10.25% of RWA in accordance with Prudential Standard APS 110 - Capital Adequacy which came into effect on 1 Jan 23. Capital requirements for Sep 22 remain at 8.5% of RWA. 2. The FCTR reserve forms part of capital supply and broadly offsets FX movements in capital requirements. 3. 2H23 business capital requirement reduced by \$A0.8b excluding FX movements and regulatory changes. 4. Relates to APRA's new UQS Bank capital framework which came into effect from 1 Jan 23.

# Strong regulatory ratios

## Bank Group Level 2 Ratios (Jun 23)



1. Average LCR for Jun 23 quarter is based on an average of daily observations. 2. APRA imposed a 15% add-on to the Net Cash Outflow component of the LCR calculation, and a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 Apr 21. The LCR Net Cash Outflow add-on increased to 25% from 1 May 22. 3. 'Harmonised' Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS and so impacts shown are indicative only. 4. The minimum requirement for the CET1 ratio in accordance with the Prudential Standard APS 110 - Capital Adequacy (APS 110) is 8.75% which includes the industry minimum CET1 requirement of 4.5%, CCB of 3.75% and a CCyB. The CCyB of the Bank Group at Jun 23 is 0.63%, which is rounded to 0.5% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end. The minimum leverage ratio requirement is 3.5% per APS 110. The minimum requirement for LCR and NSFR is 100% per Prudential Standard APS 210 Liquidity.

# Regulatory update

## Australia

APRA has finalised or is in the process of implementing changes to a number of prudential standards. Macquarie notes the following key updates:

- APRA's revised bank capital framework (UQS), came into effect from 1 Jan 23<sup>1</sup> with the first reporting date of 31 Mar 23.
- On 24 Oct 22, APRA advised it will undertake a review of the prudential framework for groups<sup>2</sup> including those that have a NOHC<sup>3</sup> in their structure, such as Macquarie Group. The review will commence with a Discussion Paper in 2023 to seek industry feedback on five key topics related to groups: financial resilience, governance, risk management, resolution and competition issues. APRA expects to consult on any revisions to the relevant standards over 2024, with any changes effective from 2025 onward.
- On 28 Nov 22, APRA released for consultation additional proposed revisions to Prudential Standard APS 117 - Capital Adequacy: Interest Rate Risk in the Banking Book (IRRBB) (APS 117), to be finalised mid-2023 and implemented 1 Jan 25<sup>4</sup>. The revisions aim to simplify the IRRBB framework, reduce volatility in the IRRBB capital charge and create better incentives for managing IRRBB risk. Following finalisation of APS 117 APRA will consult on revisions to APS 116 Market Risk and APS 180 Counterparty Credit Risk in 2024 with effective dates delayed to 2026<sup>5</sup>.
- On 9 Dec 22, APRA released the final version of the new Prudential Standard APS 330 Public Disclosure (APS 330)<sup>6</sup>. The updates to APS 330 are to align Pillar 3 disclosures with international standards for public disclosure as set by the Basel Committee. The final APS 330 comes into effect on 1 Jan 2025.
- On 18 May 23, APRA finalised new requirements and guidance aimed at strengthening the crisis preparedness of APRA-regulated entities<sup>7</sup>. APRA released the final versions of Prudential Standard CPS 900 Resolution Planning (CPS 900), along with its accompanying Prudential Practice Guide CPG 900 Resolution Planning, and CPG 190 Recovery and Exit Planning, which supports Prudential Standard CPS 190 Recovery and Exit Planning (CPS 190) published on 1 Dec 22. Both CPS 190 and CPS 900 come into effect from 1 Jan 24.
- On 17 Jul 23, APRA released the final version of the new Prudential Standard CPS 230 Operational Risk Management (CPS 230) along with the draft Prudential Practice Guide CPG 230 Operational Risk Management<sup>8</sup>. The revised standards aim to strengthen operational risk management enabling better response to business disruptions. CPS 230 comes into effect on 1 Jul 25.
- Macquarie has been working with APRA on a remediation plan that strengthens MBL's governance, culture, structure and remuneration to ensure full and ongoing compliance with prudential standards. The changes under the plan, on which we will continue to deliver through 2023 and beyond, will have a positive impact on MBL through improved systems, frameworks, processes, and further strengthen its risk culture.

## Germany

- The ongoing, industry-wide investigation in Germany relating to dividend trading has progressed in recent months. Nearly a dozen criminal trials related to cum-ex have been or are being prosecuted against individuals in German courts and there have been convictions. Under German law, companies cannot be criminally prosecuted, but they can be added as ancillary parties to the trials of certain individuals. Ancillary parties may be subject to confiscation orders requiring the disgorgement of profits. Macquarie has provided for German dividend trading matters. 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 and there are a number of civil claims against Macquarie. Macquarie has been responding to requests for information about its historical activities and expects former and current Macquarie employees to participate in interviews with German authorities over the coming months.

1. 'APRA finalises new bank capital framework designed to strengthen financial system resilience'; 29 Nov 21. 2. 'APRA releases letter on a review of the prudential framework for groups'; 24 Oct 22. 3. Non-Operating Holding Company. 4. 'Revisions to the capital framework for authorised deposit-taking institutions'; 28 Nov 22. 5. 'APRA releases policy and supervision priorities for 2023'; 2 Feb 23. 6. 'APRA releases final prudential standard on public disclosure requirements for authorised deposit-taking institutions'; 9 Dec 22. 7. 'APRA finalises reforms aimed at strengthening recovery and resolution planning'; 18 May 23. 8. 'APRA finalises new prudential standard on operational risk'; 17 July 23.



A photograph of a modern office building's interior courtyard. The building has multiple levels with white walls and large windows with gold-colored frames. A curved balcony with a glass railing and wooden handrail is visible on the left. The number '04' is overlaid in a large, white, semi-transparent font on the left side of the image.

04

## FY24 Outlook

**Shemara  
Wikramanayake**

Managing Director and  
Chief Executive Officer

# Short-term outlook

## Factors impacting short-term outlook

### Annuity-style businesses

#### Non-Banking Group

##### Macquarie Asset Management (MAM)

- Base fees expected to be broadly in line
- Net Other Operating Income<sup>1</sup> substantially down mainly due to lower investment-related income from green energy investments

#### Banking Group

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

- Growth in loan portfolio, deposits and platform volumes
- Market dynamics to continue to drive margins
- Ongoing monitoring of provisioning
- Higher expenses to support volume growth, technology investment, compliance and regulatory requirements

### Markets-facing businesses

##### Macquarie Capital (MacCap)

Subject to market conditions:

- Transaction activity is expected to be up on a challenging FY23
- Investment-related income expected to be broadly in line with FY23, with increased revenue from growth in the private credit portfolio, offset by lower revenue due to the timing of asset realisations
- Continued balance sheet deployment in both debt and equity investments

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

Subject to market conditions, which make forecasting difficult:

- Commodities income benefitted from exceptionally strong trading conditions in FY23. Commodities income is expected to be broadly in line with the prior FY22, albeit volatility may create opportunities
- Consistent contribution from client and trading activity across the financial markets platform
- Continued contribution from Asset Finance across sectors

#### Corporate

- Compensation ratio expected to be broadly in line with historical levels
- The FY24 effective tax rate is expected to be within the range of recent historical outcomes

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





# Short-term outlook

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

- Market conditions including: global economic conditions, inflation and interest rates, significant volatility events, and the impact of geopolitical events
- Completion of period-end reviews and the completion rate of transactions
- The geographic composition of income and the impact of foreign exchange
- Potential tax or regulatory changes and tax uncertainties

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 with its diverse business mix across annuity-style and markets-facing businesses

Deep expertise across diverse sectors in major markets with structural growth tailwinds

- Customer focussed digital bank
- Private Markets and Public Investments
- Commodities, Financial Markets and Asset Finance
- Specialist advice, capital solutions and investment

Patient adjacent growth across new products and new markets

Ongoing technology and regulatory spend to support the Group

Strong and conservative balance sheet

- Well-matched funding profile with short-term wholesale funding covered by short-term assets and cash and liquid assets
- Surplus funding and capital available to support growth

Proven risk management framework and culture

Empowering people to innovate and invest for a better future

# Medium term

## Annuity-style businesses

### Non-Banking Group

#### Macquarie Asset Management (MAM)

- 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)

- Continues to support clients globally across themes including tech-enabled innovation, energy transition and sustainability
- Opportunities for balance sheet investment alongside clients and infrastructure project development
- Continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions
- Well-positioned to respond to changes in market conditions

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

- Opportunities to grow the 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 the asset finance portfolio
- Supporting the client franchise as markets evolve, particularly as it relates to the energy transition
- Growing the 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.



An aerial photograph of a vast agricultural field, likely corn, showing distinct rows of crops. A combine harvester is visible in the lower right, moving through the field. The image is partially obscured by a black overlay in the top left corner containing the number '95' and a black rectangular box in the center containing text.

95

## Formal Business

**Glenn Stevens**  
Chair

# 2023 Annual General Meeting

Macquarie Group Limited

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27 July 2023





06

## Glossary



# Glossary

\$A / AUD	Australian Dollar
\$US / USD	United States Dollar
£ / GBP	Pound Sterling
€ / EUR	Euro
CHF	Swiss Franc
¥ / JPY	Japanese Yen
\$NZ / NZD	New Zealand Dollar
1H22	Half Year ended 30 Sep 2021
2H22	Half Year ending 31 Mar 2022
1H23	Half Year ended 30 Sep 2022
2H23	Half Year ending 31 Mar 2023
3Q23	Three months ended 31 Dec 2022
4Q23	Three months ended 31 Mar 2023
1Q24	Three months ended 30 Jun 2023
ADI	Authorised Deposit-Taking Institution
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
APAC	Asia-Pacific
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASX	Australian Securities Exchange
AUM	Assets under Management
B2B	Business to Business
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAGR	Compound Annual Growth Rate

CCB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CGM	Commodities and Global Markets
CLF	Committed Liquidity Facility
CMA	Cash Management Account
CY	Calendar Year ending 31 Dec
DCM	Debt Capital Markets
DPS	Dividends Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
EUM	Equity Under Management
FCTR	Foreign currency translation reserve and net investment hedge reserve
FinTech	Financial Technology
FX	Foreign Exchange
FY	Full Year ended 31 Mar
GIG	Green Investment Group
GW	Gigawatt
HQLA	High-Quality Liquid Assets
IPO	Initial Public Offering
IRB	Internal Ratings-Based

# Glossary

IRRBB	Interest Rate Risk in the Banking Book
IFRS	International Financial Reporting Standards
IT	Information Technology
LAC	Loss-Absorbing Capacity
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LVR	Loan-to-Value Ratio
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MBE	Macquarie Bank Europe
MCN6	Macquarie Group Capital Notes 6
MD&A	Management Discussion & Analysis
MEIF4	Macquarie European Infrastructure Fund 4
MEREP	Macquarie Group Employee Retained Equity Plan
MFAA	Mortgage and Finance Association of Australia
MFHPL	Macquarie Financial Holdings Pty Ltd
MGL / MQG	Macquarie Group Limited
MGSA	Macquarie Group Services Australia
MIC	Macquarie Infrastructure Corporation
MiFID	Markets in Financial Instruments Directive
MIFL	Macquarie International Finance Limited
MIP III	Macquarie Infrastructure Partners Fund 3
MKOF3	Macquarie Korea Opportunities Fund 3
MMBtu	Metric Million British Thermal Unit

MPA	Mortgage Professional Australia
MWh	Mega Watt hour
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
NZX	New Zealand's Exchange
OTC	Over-The-Counter
P&L	Profit and Loss
PPE	Property, Plant and Equipment
PPP/P3	Public Private Partnership
RBA	Reserve Bank of Australia
RegTech	Regulatory Technology
ROE	Return on Equity
RWA	Risk Weighted Assets
SA-CCR	Standardised Approach (Counterparty Credit Risk)
SMA	Standardised Measurement Approach
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
TFF	Term Funding Facility
TTF	Title Transfer Facility
UK	United Kingdom
UQS	Unquestionably Strong
US	United States of America
VaR	Value at Risk
WAM	Weighted Average Term to Maturity



# 2023 Annual General Meeting

Macquarie Group Limited

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27 July 2023

