

## TRANSCRIPTION

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### [START OF TRANSCRIPT]

Sam Dobson: Good morning everyone. And thank you for joining us here today for Macquarie's third quarter '26 and 2026 operational briefing. Before we begin today, I would like to acknowledge the traditional custodians of this land, the Gadigal of the Eora nation, and pay our respects to elders past, present, and emerging. Today, we will have a third quarter update, which will be given by our CEO, Shemara Wikramanayake, followed by a Q&A session. We'll then hear from each of our operating groups talking about Macquarie's presence here in ANZ, and then we'll hear from Andrew Cassidy talking about risk and Nicole Sorbara and team talking about technology. So with that, I will hand over to Shemara. Thank you.

Shemara Wikramanayake: Good morning, everyone. Welcome from me. And I should note before I get going that we have all our operating group heads here in the front row as well with Ben Way and Michael Silvertan joining us from overseas. We've just got Greg Ward travelling, but they're all here for questions if needed.

So turning to the third quarter, we'll start with this slide, as we always do, that just notes our footprint of our four operating groups and the four central service groups that support them and the mix of our income. This is no different to what you saw at the end of the first half, but turning to the third quarter result, as we mentioned throughout this year, we expected the earnings to be weighted to the second half over this financial year. And we saw that play out in the results for the third quarter, being in line with what we expected.

So Macquarie Asset Management was substantially up, both on the third comparable quarter and the year to date. And that was driven by in the third quarter, as you know, we had the completion of the divestment of the public investments in North America and Europe, and we also had increased performance fees for the year-to-date period. Then Banking and Financial Services is up slightly on the prior quarter and the year to date, and that's driven by ongoing growth in our volume in our loans and also in our deposits offset to some extent by margin compression and that's

competition, but also the runoff of the car loans portfolio, which was a higher margin business.

And then in Commodities and Global Markets, the result in Commodities and Global Markets is up on the prior comparable period and it's in line with the year to date for last year. And the catch-up that we had in that third quarter was mostly driven by increase in our asset finance business. And then Macquarie Capital also, like Macquarie Asset Management, substantially up both on the prior quarter last year and on the prior year to date. And that was driven by the ongoing growth of our credit book that's delivering consistent earnings, realisations in our equity book and in the fee and commission income. We were up on the full year to date versus last year, but the quarter, we had a very big quarter last year.

So looking in a bit more detail at each of our four operating groups and where they sit at the end of this quarter, Macquarie Asset Management at the bottom, there you can see, as I mentioned, we completed the divestment of our North American and European public investments, which was about \$A250b of assets that we've now transferred to Nomura. But people may not be as aware that in Australia we have now \$A314b of assets under management in Public Investments, and that is up 5%. And that's being driven by inflows mostly into fixed income, but also favourable market. And you'll get a bit more of a deep dive on that business today.

In Private Markets, we're at about \$A227b of equity under management, which is up 1%, mostly driven by fundraising. We had a good fundraising period of \$A6.3b, investing of \$A7.7b, and we're sitting with dry powder in the Private Markets business of about \$A25.9b. Banking and Financial Services, again, strong growth in our home loans, up 7%. Our Business Banking also up 1%, and that was supported by deposits, which are up 6%. The funds on platform were down 1%, and that was due to market movements in the composition of our funds on the platform.

And then turning to Commodities and Global Markets, as I mentioned just now, the Asset Finance business is up with growing in our shipping and metres book. Financial Markets are in line. And in the Commodities business, we had an improved performance in the North American Gas and Power and Resources business, particularly. Now, that performance was offset to some extent by the increase in costs, as we talked about in the first half, as we invest in the operating platform, remediation programmes, and there were some transaction costs as well in the third quarter as in the first half.

And then Macquarie Capital, big contribution there was private credit is a big contributor, and the book was \$A28.9b. In this period, we also had equity realisations, which have, as you know, the book's been seasoning and we're getting into a period of more realisations, the ParkingEye and the IPlanet assets in Europe. And then as I mentioned in relation to the fee and commission income, this year. We had a strong

year last year as well, but our activity levels are up, although the third quarter last year was very strong.

Then turning to the balance sheet side of it and the capital, funding, liquidity, you can see our ratios up the top there, our CET1s, leverage ratios, LCRs and NSFRs, all comfortably above the Basel III minimums. And the other thing I note on this page is our surplus capital is at \$A7.5b, which is down \$A0.1b. And that's because we paid out the first half dividend, so that's slightly offset by the 3Q earnings, but also absorption of capital into the businesses.

And in terms of that absorption, you can see in this last quarter, CGM, we had about \$A800m in capital as we head into the northern winter as well. We also had in Macquarie Capital, as I mentioned, the growth of the private credit book absorbing capital, but in Macquarie Asset Management, we released several hundred million of capital with the exit of the public investments business in North America and Europe. And Banking and Financial Services, even though the books were growing, it was flat because of the runoff of the car loans.

Then looking at update on regulatory and legal matters, and we regularly give, or we always give an update on this. In terms of regulatory, the main thing I'd note there is that we had APRA recently announced the reduction of the add-ons in our LCRs and NSFRs, and we're continuing to work with APRA on the range of programmes we've discussed with you before. And similarly with ASIC, we between us have agreed in relation to the short sale transaction reporting matter that we will submit to the court a \$A35m penalty.

So the last thing for me to cover really is a short-term outlook before moving on to questions. And in relation to that, again, taking it by operating group, Macquarie Asset Management, as we've been saying, we expect excluding the divestment of that public investments business that our base fees will be broadly in line, but we expect our net other operating income to be significantly up. And the big driver of that is the performance fees this year that we've been sharing with you.

Banking and Financial Services, ongoing growth in volumes in our loan books, our deposits, and our funds on platform, always subject to market competitive dynamics impacting margins and ongoing investment in our technology platform. And in Macquarie Capital, on the transaction activity side, we continue to expect it to be in line with last year, which was a strong year. But on the capital investing side, we're continuing to see growth in the private credit book and now we're starting to have realisations in the equity book and we're continuing to deploy there.

And then Commodities and Global Markets, whilst we expect the continued contribution from Asset Finance and Financial Markets, we're now guiding that we expect the Commodities income to be up for FY26.

And at the corporate level, we expect the compensation ratio to be in line with historical levels and the tax rate, we expect to be consistent with the first half of this financial year, which is at the higher end of the broad range that we typically have for our expected tax rate, and that's because of the mix of our income.

So these short term outlooks are always subject to the factors that we have shared with you previously that are noted on that page. And I'll hand over to Sam now for questions because I want to leave time for you to hear from our Australian teams. Thank you.

Sam Dobson: Great. Thanks, Shemara. So we'll start with questions in the room and then we'll go online. I'll start with Brendan and we'll move across to the right. We'll just get a microphone to you, Brendan. Just wait one second. Great.

Brendan Sproules: Brendan Sproules from Goldman Sachs. Just a question on the tax rate. You talked about the second half and the change in the mix of business. Just given the strong performance in Commodities that you talked about in the third quarter and you've upgraded your guidance, what are some of the drivers of this mix change that's leading to the higher tax rate?

Shemara Wikramanayake: Yeah, I'll let Frank answer that, our new CFO, but I would just say in Commodities, it was Asset Finance that drove the increase in the third quarter. So the winter would impact more the fourth quarter, but I'll let you talk about.

Frank Kwok: Yeah. So, Brendan, as you know, our tax rate is really a composition of the geographic composition of our income and also the nature of the income that we have. And as we're heading towards the end of the financial year, we thought it was prudent to give guidance to the market in relation to the tax rate being broadly in line with what we had in the first half. I think when you take into account the broad range of activities that we have across the globe, the nature of the income that we have, and obviously the different tax regimes that we have, we just thought it made more sense right now to give that guidance to the market.

Sam Dobson: Great. We'll just go to Jon Mott... Thank you.

Jon Mott: Thank you. Jon Mott from Barrenjoey. Question on the Commodities business. You said the third quarter is very good, mainly driven by the Asset Finance, but the fourth quarter you've increased the guidance to up, which I think I've got to get my thesaurus out, but up usually means about 10%. So does that include a stronger fourth quarter given the weather conditions in the US and the gas trading, we've seen some pretty wide spreads across the gas prices in the US over the last few weeks. So are you expecting a much better North American Gas performance in the fourth quarter in that guidance?

Shemara Wikramanayake: Yeah. And I'll let Simon comment because he's sitting here in the front row, but as you saw in January, we had extreme cold weather for a very short period in North America and our teams were able to respond to that in that very contained period, partly because of the insights into the market, but partly the infrastructure footprint that we have with the pipelines and the power lines is where we benefited quite a bit. Now, that weather, it's bouncing around, but the cold snap was quite short-lived, but that has driven our guidance for fourth quarter. I'll let Simon elaborate.

Simon Wright: Sure. I think you've answered it pretty well, Shemara. So you're well aware, people who follow the commodity prices, that the third quarter prices and the initial part of winter for gas prices in the US was really subdued for most of December. We really saw that spike in three weeks in January. And if you follow NYMEX or Henry Hub, we saw the price rally up to sort of mid-sevens from sort of mid-threes. What we've seen after the three weeks is those prices now collapse back to, I think this morning of about \$US3.20.

So the good news is the optionality in the platform has kicked in. We've been able to take advantage of that, but it has been reasonably short-lived, but winter still is at play. So that optionality does, as Shemara mentioned, revolve around our physical assets. So we've been able to capitalise on those, not only in the gas markets, but also particularly in power and the movement of power around our financial transmission rights.

Shemara Wikramanayake: Thanks, Simon.

Jon Mott: Just to follow up on that, you're still seeing some extremely cold weather in the Northeast, and I think the price of some of the gas is still over \$US20, \$US30 up in the northeast corner, but I think Southern California is down to \$US1.80. So you're seeing some big spreads across the country. Are you able to benefit from that or is it just the Henry Hub coming up and down that we should be focused on?

Simon Wright: No, obviously, you're right. Locational spreads are in play at the moment. As you'd all be well aware, we have about 19 pipe assets across North America and Canada, so it does allow us to participate in those location opportunities as they arise. And so we are still able to take advantage of that is, but those, I guess, Permian basin spreads are flicking around, particularly this morning. So yep, the opportunity still prevails, but less than what we were seeing perhaps for those three weeks in January.

Sam Dobson: I'll go to Ed Henning. Thanks.

Ed Henning: Thanks. It's Ed Henning from CLSA. Just following on the Commodities business, previously has talked about moving it from the bank to the non-bank. Can you just touch on there about the ability or how you've gone so far and looking at long-dated contracts on the liquefied natural gas business and the capital and willingness to use

the balance sheet to grow that as it looked like that's a key area for growth in the market and the US gas market and potentially your business?

Shemara Wikramanayake: Yeah. You've probably read that there's a couple of positions that we've taken on there, but in usual Macquarie style, it's patient adjacent growth. So we're taking on stuff that we have capacity to absorb the volatility that will come because you enter into long-term offtakes and you can have prices bounce. And we want to know that we can absorb the sort of outcomes that may happen well within the earnings capacity of Commodities and Global Markets.

So the volumes that we've taken on at this point, we think are good amounts for us to put a toe in the water and watch what develops. And there are a couple of good projects, we think. We spent a lot of time, Simon, analysing the sector, talking with participants, looking at long-term as well as short-term volatility. Anything you want to elaborate on there in terms of liquefied natural gas?

Simon Wright: Yeah, I think that's right. And the only thing I'd add is that over the period as we've moved from bank to non-bank, we've also built out our trading team as well. So yes, we have engaged in two long-term offtakes, which still are yet to go Final Investment Decision, but we have built out our trading team. So incrementally, we're growing our way into it. We are very aware of the projected oversupply or overhang of liquefied natural gas supply up until about 2031/2032. So we're conscious of that. So as Shemara said, we're being cautious and incremental into our staging into this opportunity.

Shemara Wikramanayake: And I think you made a good point there about the timing for these two projects. So the impacts on us are not likely to come on for some years as well.

Ed Henning: And just with those projects coming on and obviously growing out the trading team, does that allow you to trade more around it, having the actual physical asset?

Simon Wright: Yes, absolutely. The trading team basically gives them access to physical supply. Whilst those projects have to go Final Investment Decision as they do, or do not, but as they do, that allows us to start trading more actively even before they come online because we actually do forward strips and trade out the curve as we see opportunities arise. So the physical side of it is important to us, but we've also started the trading side, both physical and financial at the moment.

Shemara Wikramanayake: And we should say the position you have across this in terms of coming into and coming out of the liquefaction facilities is what we think will actually allow us to generate superior returns on taking these offtakes.

Sam Dobson: Great. We'll go to Andrew Triggs in the second row there. Thanks.

Andrew Triggs: Thank you. So Andrew Triggs, J.P. Morgan. The recent week also has seen heightened interest in exposures in software within private credit businesses. Just interested to get your perspectives on exposures both within the private credit book and also the Macquarie Capital equity book. I think the disclosure is 30% of private credit exposures in Technology, Media and Telecommunications, but a further breakdown of that would be useful. And then just had a follow-on question on private credit after that.

Shemara Wikramanayake: Yeah, sure. And we obviously with what's playing out in markets have been diving deeper into the exact nature. I should say we have little exposure in our asset manager, which is where the share prices of a lot of our peers have suffered, but it's not a business we're as an asset manager. So it's really, as you say, in the private credit and the private equity books. Headline, we do have 25% to 30% in Software-as-a-Service businesses, but Michael Silvertson's here in the front row and his team have done a deep dive into it. We obviously will keep looking. Currently, we don't see any big issues, but the percentage that's exposed to the Software-as-a-Service that could be replaced by AI and particularly subscription-based revenue, we think is small. But, Michael, why don't you elaborate?

Michael Silvertson: Thanks, Andrew. So clearly we're watching this closely and we've been focused on AI across the broader business, both on the equity side and the private credit side. You're right to say that around 25% of our book is software based. And then we have, in the broader Technology, Media, Entertainment and Telecommunications space, we also have some exposures to managed services, marketplaces, and government services.

On the software side, we've got about 200 positions all up around, so around 50 of the positions also in software. I think what's important to note is that we are lending against free cash flow. So think of it sort of four to eight times free cash flow is what we're looking at. And in terms of the transactions that have taken place, we're also lending against value at about 30 to 40% of value that we determine.

We're clearly watching this closely because the changes, the headlines are coming every day and we're learning about it at the same time the market is, but we are focused on enterprise software embedded in the business and also it's very aligned with the sectors that we have expertise in. So if you think about insurance broking, education, and the broader sort of services areas that we talk about, that's where most of our software is exposed.

And I think it's very important to think about the regulatory considerations here. The proper ballistic models don't really work effectively in the enterprise yet. It's very important to get accurate results. And so we've been very focused on those areas that have sort of a regulatory moat, but we're looking at it very closely and we're confident that our loss rates still hold as they have historically.

On the equity side, we've been investing in AI. So as you've seen, we've got about \$A5.5b invested, we've been realising assets, but about 30% of our portfolios in sort of AI or software adjacent areas. We think that's an exciting opportunity for us, but we're also looking defensively at what the new software challenges may be as well, but we feel very good about the book.

Shemara Wikramanayake: And the only thing I'd add as Andrew Cassidy is in front row. We look at AI in every software credit or equity position we invest in. We've been doing this for some time on how obsolescence could happen. So I think we feel, certainly in the credit book, very comfortable that we're forensically looking as we invest over a sort of a five, seven year period, what could play out.

Andrew Triggs: This one might be for Michael as well, but there's been return to decent growth in the private credit book. I think all of that's on balance sheet. So could you just give us a status update on the joint venture with Macquarie Asset Management?

Michael Silvertan: Sure. So we saw a good opportunity in the year to date in the last quarter. So we've invested around \$A10b in the book. Good news is we've been able to preserve our spreads, find opportunity more so probably in Europe than we have in the US of late. We also, as we've mentioned, the weighted average life of these loans is sort of three years. So we've grown the book 12%. And so you can do the math. We've had repayments and sell downs to partners of the difference.

The expansion of partnerships is going well. It takes time. We can't talk about the fundraisings that are in the market, but the partnerships are growing well and expanding and will continue to sell down warehouse and sell down into those entities as they raise money.

Shemara Wikramanayake: And, Ben, I don't think we can say how much we've raised in each of the raisings that we're doing so far, but what we can say is that it's broadly going well and usually the early funds are not big ones, even though we have a multi-decades track record on the balance sheet. These are viewed as first time funds. We've been through this over and over where people are cautious allocating and then in the second fund, you'll typically get pick up in momentum. Anything else you want to add from that? No?

Sam Dobson: We'll go to Brian next to Andrew. Thank you.

Brian Johnson: Brian Johnson, MST Marquee. Probably a question for Michael as well. Michael, can we just confirm historically the loss rate in the private finance book is about 10 basis points over three years. So today, am I right in thinking that you've just said that's still the right level to think about?

Michael Silverton: Thanks, Brian. The market convention, 10 basis points per annum on the book is what over the life of our investing we've seen and the experience in the past year is consistent with that. We're under 10 basis points thus far.

Brian Johnson: And then the flip side on that, just based on Bloomberg stories, we can see there's a pretty heavy redemption cycle going for some of the very big global peers. Your private finance book in contrast from memory is actually wholesale funded on balance sheet. Are we starting to see an impact coming through on the forward funding costs for the book or not yet?

Michael Silverton: Not yet on the funding side. We do run a matched funded book and obviously people are responding to news headlines and making choices in terms of their investing approach. For us, we're totally focused on risk adjusted returns and we match fund everything. So we're looking to hold to maturity.

Frank Kwok: The only thing I would add to that is that in terms of the funding costs that we give to the operating businesses, it is what the market is at the moment. And so as Michael was saying, we're still seeing margins at the four to 450, and that's based on the margin over the funding cost. So I think that's the important thing to note that we transfer whatever the funding cost is to the operating businesses.

Shemara Wikramanayake: So we run it basically to aim for transfer pricing of around 450 and pass on funding costs.

Michael Silverton: And working with our Group Treasury, we're always looking at ways to diversify funding sources as well. So we've got wholesale funding. We've also been working on secured funding for certain parts of the book as well, and other ways to improve the returns on the book and the risk.

Brian Johnson: And the final one, I feel we could have had this conversation down the pub. Just in the first half, Macquarie Capital's kind of guidance was very second half skewed and it did rely on asset realisations. We can see some of the asset realisations coming through in the third quarter. Can we assume it's delivered or is there more expected between now and 31 March, which is rapidly approaching?

Michael Silverton: There's more expected. We're working hard on that and teams right now are deeply focused on those transactions across the world. We have a handful of transactions that are in the final stages of negotiation. We feel comfortable with what we've said to the market in terms of expectations and we're encouraged by the realisations that we saw in the third quarter.

Shemara Wikramanayake: The only thing I mentioned is we're very focused on getting the best return for the risk. So we're not going to rush things for a month to fall in one financially or

next, but we're starting, Michael, to see the seasoning now of the book. So we should have better equity realisation over the next while.

Sam Dobson: Go to Matt, in the third row there. Thank you.

Matt Dunger: Thank you, Matt Dunger from Bank of America. I just wondered if I could follow up on the Macquarie Capital question about the equity realisations. And you've previously talked to a 23% internal rate of return hurdle on that book. So just wondering if you could give any colour around how close you're tracking, how the price expectations are. How comfortable are you to see an elevated period of realisations through into this fourth quarter?

Shemara Wikramanayake: Yeah. And, Michael, you can comment, but it's lumpy, the realisation. So we average out that to 23%, and we've had a period where we've been investing a lot. We put another two billion to work in the books over the last couple of years. That's now starting to get to some realisation. So over next year, the year after, we should see some of that.

Michael Silverton: We don't see changing our guidance in terms of the realisations so far year to date. In one case, we saw a doubling of EBITDA. Internal rate of return is probably a bit lower than the 23% on that asset, but a good result, and on the other one, well in excess of the 23%. So we still consider that to be our target, but there's different risks in these assets. Some of them are more preferred based in return and certain, and we would accept lower returns in that case and others are shorter term.

The multiple of money is around 1.6 times in terms of thinking about it from that perspective as well. That's sort of the life cycle that we're looking at on average for the assets.

Matt Dunger: Thank you. And just to follow up, is this the main lever for capital release for you to restart the buyback? What else are you thinking about? Obviously Commodities are a large consumer of capital in the quarter. What are you waiting for to kick off the rest of the buyback?

Shemara Wikramanayake: Yeah, I think, Frank, you should comment on that, but we are looking to kick off.

Frank Kwok: As you would have said in the slides, the capital usage from the operating groups in the last quarter continued to increase, and that was despite the fact that we had the capital return from the sale of the public investments business in Macquarie Asset Management and also the partial sale of the car loans portfolio in Banking and Financial Services. But despite that, we actually saw increased net usage from the operating businesses.

So for us, it's always really a balance. What are the operating groups seeing? Are they meeting their return targets? If they are, our preference obviously is to give it to the operating groups to generate that return. But if we don't see those opportunities, we obviously have the buyback as an option. And we do like the flexibility of the buyback such that if we don't see those opportunities, if we do have that excess capital, which we can't see it being used over a reasonable period of time, then we can actually exercise that buyback.

Sam Dobson: We'll conclude the third quarter update with the Q&A. We are going to show a short video before we move to the Macquarie in ANZ section. So we'll show that video. We'll move the tables off and our team can start getting ready to come on stage. Thank you very much.

Shemara Wikramanayake: Thanks. So now we'll move on to the deep dive into Australia. And while our colleagues are walking on, let me just give you an overview of, as you all know, our business started here in Australia in 1969 with three people. And it's impressive 56 years on today that we still have 36% of our income coming from this country and ANZ region. And as a proportion of world capital markets, it's pretty impressive that this region is still delivering such impressive numbers across all four of our operating businesses, which are delivering solutions to customers.

We also, on this slide, you can see, have nearly 50% of our staff still based here, and I'll talk about that in a moment. But before handing over to the teams, what I wanted to do is just, if you have a look at the right-hand side of this, starting at the bottom with Macquarie Capital, just go through a little bit of the story of the four groups as a sort of opening background. And at the bottom there with Macquarie Capital, you'll see in 1969 when three people started the business, that was the business we were in, the M&A advice and capital solutions business.

And today, 56 years on, Tim Joyce will talk to you about this a bit, but we are still on the Dealogic table, the number one M&A advisor by value and volume of deals. We're number one in equities recently. We also in Equity Capital Markets have a number of active relationships. We have 50% of the top 100. I don't want to steal your thunder, Tim, but the business has grown to scale and remains a leading business. But what we've also done now is gone into capital market solutions, bringing the debt and equity, as Michael Silverton was talking about, five and a half billion alongside our partners, and we're engaging globally with our teams around the world in doing that.

The next area we went into, and Craig Ross is seated next to Tim Joyce, was the financial and commodity markets. And we were a pioneer here in Australia in options markets, futures markets, and foreign exchange you're going to particularly talk about. So having developed those skills and market capabilities here, we've taken that global. It's now 25% of our operating income in Commodities and Global Markets still comes out of Australia despite being in huge markets.

And then, as we went through the 1970s and into the 1980s... And by the way, Byron Den Hertog, who's sitting here, has a couple of feature appearances in these sections, but he's going to talk about energy with Craig. But Ben Perham here, as we went into the 1980s, we launched the Cash Management Trust, which was helping retail savers access wholesale returns. So another innovative step.

And so as we got our banking licence in 1985, that capital, the multi-billions we had there, positioned us, Ben, to grow a branchless leading digital banking business, which is award-winning today. And Ben will talk about the business he leads in there, which is the home lending, which is the biggest part of it. But we've also grown into business banking and wealth and have a long runway to go there.

And then Macquarie Asset Management, as we moved to the '90s, we, together with a few others, pioneered infrastructure as an asset class in this country. And it's still the world-leading infrastructure manager, but in Australia, Ani Satchcroft is here and we'll talk to you about how we're still cutting-edge and taking the asset class to new areas for the savers whose money we're investing. And a little bit of why that business grew here was not just the investments available, but the pools of capital. So we worked with partners, you heard them on the video talking about this. We have four and a half trillion here in pension savings, an incredible system starting in the early 1990s, that's two and a half times our GDP. And we're partnering with those investors to not just invest here, but globally.

But what is also less known is our position in fixed income and equities. So Brett Lewthwaite will talk to you about what we do in fixed income. And Benjamin Leung is going to talk to you about what we do in systematic equities, where in Australia we manage about \$A326b of assets. So businesses, that early innovation, as you heard for all four of them, pioneering these lines and then growing now at scale and diversifying globally.

And the couple of other things that I'll mention about Australia that are greater, obviously export-led economy. So Tim and team, as well as infrastructure, digital, leading in those areas, we're partnering a lot with resources companies. You heard critical minerals is a sector we've done a lot in. We also have a banking housing sector that's growing a lot here, 6% compound annual growth rate historically, but we need a lot more housing developed here. So for our mortgage business, a good backdrop.

But the other thing I'll mention, as well as a stable robust economy, is the pool for talent. So this is no accident that we have half our people still here as we are able to attract phenomenal talent in this country, and have grown our global businesses by sending Aussies out over the decades, and then hiring locals and taking that same culture. So with that... I think I've mentioned everyone here... I will hand over to Ben, who's going to talk to you about Banking and Financial Services first.

Ben Perham:

Well, thanks very much, Shemara. And good morning, everyone. As you know, Banking and Financial Services is our retail business with over two million customers across Australia. There are three paths to Banking and Financial Services, Personal Banking, Business Banking, and Wealth Management, and today I'll be focusing on Personal Banking.

Looking back at Macquarie's history in retail banking, you can see at least three phases where our innovations have delivered significant value to Australian consumers. As Shemara just mentioned, in 1980, we launched the Macquarie Cash Management Trust, paying Australian depositors a higher interest rate than was available from the other banks. The product was very successful with customers, because they saw it provided them better value. All customers benefited from this, even customers who didn't open a Cash Management Trust, because the competitive pressure led to higher deposit rates for everyone.

In 1993, we brought non-bank securitisation to Australia, enabling the rise of the non-bank lenders. The value to customers was dramatic, with home loan rates falling by around 2%. Again, all customers benefited from this, even customers who didn't move to a non-bank lender, because the competitive pressure led to lower home loan rates for everyone. More lenders in the market meant more choices for customers, and that gave rise to the mortgage broker channel, which has grown to assisting around two-thirds of Australians seeking a home loan.

We're now in our third phase of delivering value to Australian consumers with our digital banking offering that you're all familiar with. As was said before, the growth that you're seeing today is not an overnight success, it's the result of a strategy that we embarked on in 2012, and we've been executing on deliberately and patiently. We've built a culture that is truly customer-centric, evidenced by our product constructs and our digital capabilities being noticeably different from the rest of the market. We've listed a few of our many innovations on the slide here, the most recent of which is our AI-powered digital assistant called Q.

You can see on this slide that our digital banking offering is loved by customers across the country and across all ages. Our distribution of customers broadly aligns to the Australian population by age and location. And that's not surprising because we designed our offering to be truly digital first, which means all Australians can access our offerings irrespective of where they are. Since we don't have the advantage of long-established national branch networks, we had to design our products to be able to do everything digitally, and that's what we've done. Our strong net promoter scores tell us that our customers are very happy banking with us. Indeed, our net promoter scores are even higher from our regional customers than our metro customers, which tells us that we're able to serve them very well.

Our customers have free access to over 23,000 ATMs across Australia, because we refund to them the fees charged by the ATM operator on debit card withdrawals. We have brokers accredited in over 1,200 postcodes across Australia, which gives us excellent coverage. Looking at this overall picture, our business model innovation is delivering real value to all Australians across the whole country. This broad appeal gives us reasons to believe that we can continue to attract more customers, but we certainly don't take success for granted. It's a very competitive market and the standard of banking experiences in Australia is very high. The major banks are formidable competitors, and we're conscious that we're only a quarter to a half their size, and a relative newcomer. We know that we'll need to keep working very hard to compete effectively.

Regarding our technology in Banking and Financial Services, you'll hear more about that later from Ashwin Sinha, Banking and Financial Services' chief digital data and AI officer. I'll just briefly mention that we see our approach to technology as a competitive advantage, based on our architecture, the investments we've made, our cloud native approach, and our single data platform.

But what's harder to see from the outside and perhaps an even stronger competitive advantage is the technology culture that we've created. We operate as a technology business as much as a bank, and we've embedded technology company ways of working to achieve whole of business alignment through a common strategy, shared Objectives and Key Results, and a unified prioritisation process. People who join us tell us it's quite different from what they experience elsewhere. We've been investing in our technology culture for over a decade, and we see it as a significant contributor to the outcomes that you're seeing from Banking and Financial Services.

I mentioned that we're a relative newcomer, and the major banks have a raft of natural advantages built over hundreds of years, so we are inherently a challenger. But there are many different ways to be a challenger. And the language that we use is that we want to be a customer-obsessed game changer. That means we want our culture and our strategy to motivate a relentless focus on the customer experience. You can see that coming through in our digital experiences, which we think lead the market, evidenced by our net promoter scores.

On the slide here, we're showing you a few specific proof points of our digital capabilities. For example, someone who's not yet a customer can download our mobile banking app, become a customer, open a transaction account and a savings account, receive money into those accounts, digitally provision a debit card, and start spending, all in a matter of a few minutes.

Our approach to the deposits market is another tangible example of our customer-centric culture and strategy. In personal banking, we pay a proper interest rate to all our customers, and we don't charge monthly account keeping fees. Most everyday

banking products in the market pay zero interest and many charge monthly fees. Most savings products in the market require customers to meet a raft of complex conditions before you earn the advertised interest rate. The ACCC found that 71% of customers don't meet the conditions. We take a different approach. Our savings account has never had a conditional bonus rate. We simply pay the interest rate that we advertise, no hoops and no catches.

On the slide here, we're showing you this visually, and it highlights that the different outcomes for customers are really quite stark. Similar to Cash Management in 1980, this is another example of Macquarie thinking differently and delivering customers substantially more value. More and more customers are coming around to see this clearly. So when we look at the whole market, and our still relatively small market share, we believe there's opportunity to continue growing.

As you can see on the slide, in the bottom left corner, we're still significantly underweight in term deposits. This slide demonstrates that customers do see superior value in our savings product, as it's grown to become our largest source of deposit funding. Over a long time now, we've demonstrated our ability to fund our home loan growth with deposits, and we're confident that we can continue to do so. We have a lower proportion of wholesale funding than the rest of the market, so we also have that funding source available to us if necessary.

So turning to home loans, you see the same approach here of delivering value to customers, through simpler products, more transparent interest rates, and digital excellence. We are loudly pro broker. We believe that brokers are good for customers and good for the market, and with two-thirds of customers using brokers, they seem to agree with us.

We've invested heavily in technology to give customers and brokers the best experience. There are many dimensions to that, but one of them is the time it takes us to formally approve a loan application. We're considerably faster than the rest of the market. And that's important to customers because it gives them the confidence they need that they're set with the financing that they need. The market norm is a long and drawn out period of uncertainty and anxiety. Most lenders find that as their volumes grow, their origination's capacity can't keep up, and so their approval time slowed down. In contrast, we keep innovating and investing to build more capacity so that we don't compromise on the excellent customer experience and broker experience that we're now known for.

We've been slowly increasing our share of new business written in the broker channel, which is now around 14 to 15% of the whole market. We're achieving above that level with some aggregators in some states, which indicates we might be able to lift that further. As you can see in the chart, over the last three years, we've moved from fifth to third ranking in our share of broker home loan applications.

We have a more conservative credit appetite than our competitors, and we've maintained that risk discipline even while we've grown strongly. You can see that clearly in our lower LVR profile, and we're showing you here two different ways to look at that. One, is our composition of new business flow relative to the market, and the other is our market share split across different LVR bands.

What's harder to communicate on a slide is the other aspects of our credit policy, which are conservative relative to the market. For example, in our credit assessments, we take a more conservative approach to disclosed missed payments in the customer's credit bureau file. Another recent example is that we led the market in ceasing lending to trusts and companies. We first implemented transparent DTI restrictions in our credit policy in 2019, and we maintained them throughout the COVID era of ultra low interest rates, and you can see the positive result in the slide here. Overall, our disciplined credit appetite is leading to industry-leading arrears.

The disciplined execution of our strategy is translating to strong and sustainable returns. We continue to invest in tools for process automation and customer self-service, which allows us to absorb significant volume growth with minimal incremental costs. Since August 2023, we've reduced our headcount by 24% in personal banking, whilst growing our home loan book by over 50%. As a result, you can see our cost-income ratio is improving dramatically.

We're showing you here, and this is the first time that we've disclosed this, our CTI, including profit share and corporate costs. This is our CTI for personal banking comparing to the consumer divisions of the market. We've improved our CTI over the last two years, and we compare favourably to the market. We're still a long way from the market leader, and we'll keep investing to improve our CTI as we grow.

This competitive cost structure is also driving attractive returns. Our return on equity for Banking and Financial Services is approximately 13%. That's our return on equity for Banking and Financial Services on a fully allocated basis, including profit share and corporate costs, and adjusting for funding from capital. Even at our current size, our return on equity is competitive with the market and comfortably above our cost of capital for the retail business.

In conclusion, we're going to keep working hard to deliver digital experiences that customers love. Australians can see that our different business model is delivering them value, higher deposit rates and competitive lending rates. So there's a credible case to believe that we can continue to grow from here, and we believe our investment in our cost structure will yield attractive returns to shareholders as we grow. Thanks very much for your attention, and I'm now handing over to Ani. Thank you.

Ani Satchcroft:

Thanks very much, Ben. Good morning, everyone. My name is Ani Satchcroft. I'm the co-head of Infrastructure Asia Pacific for Macquarie Asset Management. I've been in the industry for over 20 years and joined Macquarie in 2016.

Today, I'll begin by taking you through Macquarie Asset Management's operations in Australia and New Zealand, our home market where we've been operating for more than 45 years. Macquarie Asset Management in Australia New Zealand, manages over \$A326b in assets. We employ over 400 staff, with a further 14,000 people employed in our portfolio companies. And we have a strong commitment to clients, serving over 130 institutional investors, including almost all of Australia's 10 largest superannuation funds, and 9,000 wealth advisors. Importantly, we have generated a gross realised internal rate of return of 20% for all real assets divestments in Australia New Zealand since inception.

Macquarie Asset Management's journey in Australia and New Zealand is notable for the way we've grown, building our businesses by innovating, anticipating where communities are heading, and using our expertise to connect these emerging needs with capital. Then exporting this innovation and capital internationally. As you can see from the timeline, the Australian team has pioneered a lot of firsts for Macquarie Asset Management, but also a lot of world firsts, not least of all, creating infrastructure as an asset class in the early '90s.

Other notable milestones include completing Australia's first toll road listing in 1994, where we developed a new and innovative method of financing infrastructure. Executing what was then the world's largest airport privatisation in 2002 with Sydney Airport. Launching Macquarie Asset Management's first dynamic bond fund in 2017. Completing Australia's first agricultural take-private with VitalHarvest in 2021. Designing and implementing the world's first motor vehicle registry commercialisation in 2022. And in 2024, exiting AirTrunk in what was then the world's largest data centre transaction, only to be followed and amplified by our US colleagues 12 months later with Aligned.

Macquarie Asset Management in Australia and New Zealand is a leading asset manager that has been a local pioneer of growth and innovation. We have a long track record, global reach, and consistent alpha generation. Our culture of investment excellence positions us to continue delivering strong, resilient outcomes, and to unlock opportunities for our clients.

Over the next few minutes, I'm going to speak to you about our world leading Real Assets business. Brett will discuss our Fixed Income Business. And Benjamin will speak about Systematic Investments. Macquarie Asset Management's Real Asset business in Australia and New Zealand is focused on unlocking opportunity by identifying sectors early, driving value creation for our clients and the community. So let's take each of these concepts in turn.

Firstly, our Australian Real Assets team is focused on identifying, creating, and defining sectors early. We do this by anticipating the evolving needs of growing communities and matching capital to these needs. The land and motor vehicle registry commercialisations are great examples of this. Communities are increasingly seeking to interact with government agencies in a digital way. Working with key stakeholders, including the government, the communities they serve, regulators, and corporate customers, we have helped design, implement, and fund an investment model, which has enabled these registries to modernise and provide data to the community in a more user-friendly and secure way.

Second, we have focused on growth and value creation during our investment period. After investing in AirTrunk in early 2020, we helped the company grow from a largely Australian-based hyperscale data centre platform into a regional one, expanding from five to 11 sites, including new sites in Japan and Malaysia, and additional sites in Hong Kong and Singapore, while increasing contracted capacity across the platform by over eight times. We have done this in a way which has prioritised the safety of employees and contractors, sustainability in construction and operation, and strong corporate governance.

Finally, as communities grow and their needs evolve, we're scaling infrastructure to support them. For example, by bringing half a gigawatt of renewable energy into construction through Aula, and advancing an 8.5 gigawatt pipeline across solar, battery energy storage systems and wind to expand access to clean, reliable energy and drive long-term economic opportunity.

Let me conclude with one more case study, which brings these three themes together. In 2021, our team completed the take-private of Vocus Group. We had an investment thesis that as communities continued to digitise, fibre was and would increasingly become the backbone of the digital infrastructure ecosystem, enabling data to be moved across vast distances securely, reliably, and quickly. Shortly thereafter, in 2002, we reaffirmed this thesis when we spun out Vocus's New Zealand subsidiary and merged it with a newly acquired asset to form 2degrees, today, one of New Zealand's largest integrated telecommunications providers.

Under Macquarie Asset Management's ownership, both businesses have materially grown their network footprints across Australia and New Zealand. Organically, with large fibre builds across the north and west of Australia, as well as the development of 5G cell sites in New Zealand. And inorganically, through the acquisition of complimentary communication networks, such as TPG Telecom's fixed business, a complex corporate carve out and industrial partnership which we completed last year, as well as 2degrees itself. This has resulted in an increase of over 30,000 kilometres of fibre coverage, and 1,000 tower locations, generating a 21% gross internal rate of return to date across both Vocus and 2degrees for our underlying

clients, and importantly, helping connect Australians and New Zealanders with each other and the rest of the world. And with that, I'd like to pass to Brett.

**Brett Lewthwaite:** Thank you, Ani. Good morning. My name is Brett Lewthwaite. I'm the deputy head of Credit and Insurance at Macquarie Asset Management. I've been at Macquarie for 23 years and lead our extensive fixed income and credit presence here in Australia.

In the financial market environment that is often defined by heightened uncertainty, our approach has consistently focused on creating sustained success for our clients. That is ongoing success over a prolonged period. We have therefore made it a priority to understand what clients value, and to build long-term partnerships grounded in trust and alignment.

Sustained success in asset management relies on delivering strong, repeatable performance year after year. This is underpinned by an investment culture built on discipline and a commitment to being the most credible asset manager and considered a highly regarded partner to our clients. The concept of credibility is reflected in every aspect of our work, from our investment philosophy, approach to detailed research and investment processes, our high performance team culture, our innovative investment strategy range, all the way through to how we interact and connect with our clients.

This focus on maximising credibility has resulted in consistently strong performance across all of our flagship portfolios, all of which have outperformed their respective benchmarks for more than 15 years. As such, today, Macquarie is Australia's largest fixed income and credit manager with nearly \$A200b in assets under management.

Our success stems from a highly experienced and very stable team, with our senior leaders averaging an impressive 18 years working together. This is an uncommon level of stability and continuity in the industry. This stability, combined with sustained performance and focus on being the most credible, has supported significant and continuous growth over the past two decades. We now manage investments for more than 75 pension, insurance, and sovereign clients, including roughly two-thirds of the Australian superannuation funds. Many of these relationships span decades, with the longest 10 partnerships averaging an incredible 25 years. Our reach also extends globally with major clients across Asia and Europe.

In the Australian wealth channel, more than 7,500 financial advisors utilise our strategies. And our recent expansion into ETFs has been met with very strong interest and momentum. We are already the fastest growing active fixed income ETF provider.

Based on our performance track record, our team stability, and our growth experience today, looking ahead, we are confident that our ongoing growth trajectory

will continue, particularly as we build on our considerable ambitions with relation to ETFs, extend our relationships with global insurers, and continue to expand both our domestic and global presence. Thank you. I'll now pass to Benjamin.

Benjamin Leung: Thank you, Brett. Good morning, everyone, and thank you for your time this morning. My name is Benjamin Leung, and I lead the Systematic Investment business in Macquarie Asset Management. I've been with Macquarie for nearly 25 years, and I've spent the last two decades developing this capability, which I'm excited to share with you.

Our mission is to evolve the craft of investing into a digital first world, and industrialise how we generate alpha from the equity markets to deliver outcomes that are differentiated, consistent, and dependable through market cycles. Sustainable alpha takes more than great stock ideas. It takes clarity to see how opportunities interact, and precision in portfolio design to weather evolving market conditions. Systematic or quant is well-versed to tackle this challenge by bringing discipline, transparency, and reputability to every decision that we make. And it really leverages our deep expertise with engineering principles, advanced risk tools, and modern technology to help navigate the increasingly complex market.

We've been fine-tuning this process for nearly 40 years, and our longest relationship dates back to 1988. The world has changed a lot since then, and we've evolved with it. Today, we process more than a hundred million pieces of data a week, which will eventually include this transcript... across 27,000 securities around the world to drive returns for our investors. And the outcomes are strong. A hundred percent of our flagship capabilities are ahead of their benchmarks across multiple time horizons, and all rank in the top quartile against leading Australian and international peers. This performance and track record has cemented trust and credibility. We've been entrusted with more than \$A90b of assets under management from investors all around the world. This platform has grown by \$A60b, threefold in the last five years. And we're confident about our momentum, because it's underpinned by a long history of constant innovation in talent, in design, and also delivery.

For our people, this platform leverages a nimble team of experts. There are only 16 of us, from diverse disciplines, empowered by the best data, the best tools, and most importantly, a community and a framework that actually fosters creativity and discovery. For our clients, they're looking to us for more than returns. They also value stability, transparency, and stewardship. This platform allows us to embed these specifically into their product design, creating customised yet scalable and adaptive solutions that are perfect for core allocations and long-term partnerships.

And finally, we evolve with how our clients invest, like ETF, and innovate to demonstrate our fiduciary duty and conviction. A great example is our Australian and global active ETF launched 20 months ago. They were introduced with the lowest

fixed fee in the market, below passive, paired with the performance fee which hard-codes our conviction and our alignment, so that Macquarie only wins when our client wins. Our conviction set a new standard for the ETF market and one that has not been followed since, disrupting both our active and our passive competitors. And this has resonated strongly with investors. The Australian vehicle was the fastest growing active ETF, and combined, both vehicles have already attracted more than a billion dollars from investors. And pleasingly, if you refer to the performance, they both delivered well above their objectives.

We're very confident about our capability and we're excited about what we can deliver in the ETF space, and we're well-prepared to lead in the AI-enabled future. Thank you. I'll now hand over to Craig.

Craig Ross:

Thanks, Benjamin. And hi, everyone. I'm Craig Ross, head of Commodities and Global Markets for ANZ in the region and global head of Fixed Income and Currencies. I've been with the business now for over 30 years, having joined in 1994 on the foreign exchange desk as a graduate. I met some of you in London last year during the EMEA tour, and at that time we focused on the FIC business within EMEA. Today, I'd like to share with you what we're doing here in Commodities and Global Markets and FIC in ANZ.

Starting with our broader Commodities and Global Markets business in the region. As you've heard probably many times, Commodities and Global Markets is a diversified client-led business with a strong franchise that's been built up over 45 years. It's a business that started here in Australia in 1978.

Our capabilities span across four key areas, providing capital and financing, risk management, market access, and physical execution and logistic solutions. We provide these across our three business lines, commodities, financial markets, and asset finance. We're active in all these areas here in ANZ, but we tailor our offering to meet the unique needs of our clients here in the region.

Now, in terms of regional significance, the ANZ region contributes about a quarter of Commodities and Global Markets's total operating income and is important to the overall diversity of our global business. We have over 625 staff, which is again, broadly a quarter of our global headcount. Like our global business, our teams in the region bring significant diversity and skills, backgrounds, and technical expertise, enabling us to deliver tailored solutions to our growing client base.

I'd also like to highlight that we have significant representation of our core Commodities and Global Markets central functions and capability here in the region. This includes some of our key senior leaders who are based in Sydney, our Global CFO, Uma Bhut, and our Global COO, Lisa Sonnabend, who is sitting here in the audience with us today.

Our client base at ANZ now exceeds over 440 individual clients. Continuing to grow and evolve our offering alongside this client base sits at the heart of our growth strategy.

I'd like now to focus on our business footprint and some highlights here in the ANZ region. Starting with Commodities, our focus is on the key thematic in the Australian market and the niche areas where we can bring our expertise to deliver value. So markets, like energy, carbon, agriculture, metals and bulks, as well as end-to-end physical execution and logistic services. Byron will come up shortly to share a case study from our Australian gas, power and carbon business.

Turning to Financial Markets, we have a strong presence here in Australia. We've been delivering trading, hedging, and financing solutions to corporates and institutions for a long time. That's across fixed income currencies, futures, equities, and credit markets. I'll talk in more depth about FIC in the next slide. So I'll start with a brief overview of our futures offering and how that has evolved into the market leader that it is today. Hill Samuel Australia, our predecessor firm, was the first merchant bank to be granted a member status to the Sydney Futures Exchange back in 1979. Fast-forward almost 50 years in our presence in the region is stronger than ever. We provide a full range of execution, clearing and financing solutions to corporate and institutional clients. And for many years, we've been ranked the number one futures broker on the ASX.

Our equity, derivatives and trading business has grown from its origins in Sydney in the 1980s. It now offers a much broader set of capabilities providing financing, market access, portfolio optimisation, and hedging solutions across all major markets. And finally, looking at asset finance. The business provides specialised finance and asset management solutions across a range of industries globally. But here in Australia, we currently manage approximately \$A1.3b asset-backed lending book, primarily for clients in the resources, energy, and telco markets. So moving on to FIC. We've come a long way from the Hill Samuel days of an FX, single FX trading desk in the 70s. Hill Samuel was indeed a pioneer, not only in the future space, but also was a forerunner in the development of the foreign exchange market here in Australia. By the mid 1980s, the now named Macquarie Bank offered corporate clients 24 hour foreign exchange trading, something that we continue to do today from Sydney.

A spirit of innovation and entrepreneurship has been a hallmark of the way we operate over the last 40 years, and it has enabled us to build a global presence by expanding into new markets and introducing new products to our client base. But one thing that has not changed is our client-centric approach. This sits at the core of our strategy. We are a client-first business and we like to grow alongside our clients. From pension funds through to SMEs, our client base is rather broad. However, our offering resonates most with two main client types, that's private capital and

corporates. We continue with those two client types, we continue to meet their needs across risk management and financing solutions. As the market has evolved, we've had to adapt. We've integrated our funds finance teams in 2021 and credit markets group in 2023, allowing us to present a broader suite of capabilities through a simpler interface to our client base.

We find ourselves now in a strong position where 25% of fixed global operating income sits in the ANZ region. And as you can see from the chart, we've continued to see steady growth here, which has been underpinned by enhanced structuring capability and a strong focus on client acquisition. Our headcount has grown in the region over the last couple of years, reflecting our ongoing commitment to this region and the opportunities that exist to grow and evolve in the market. As we look forward, we're seeing solid growth in our financing books with good momentum in our securitisation book and a strong forward pipeline. Many of you would have heard us talk about Aurora. So Macquarie Aurora is our digital trading platform. It provides clients with real-time electronic access to select Commodities and Global Markets products and solutions for their trading, hedging, and operational requirements. The platform is now rapidly evolving as we add commodity related products, such as metals, agriculture, with energy to follow.

Looking ahead as we expand our products and add new clients, the outlook for Aurora is extremely exciting. Aurora is just one part of the FIC offering, and as a client-led business, we have placed an increased focus on collaboration, so that when we go and see clients, we present all of FIC. This increased collaboration is not only happening within FIC, but also across Commodities and Global Markets, but also other parts of Macquarie, including our colleagues in Macquarie Capital, Macquarie Asset Management and Banking and Financial Services. It's very important for our teams to be working alongside the bankers and asset managers within the Macquarie Group. We will continue to evolve our product offering and focus on capturing higher value opportunities. We pride ourselves on being solution providers, not liquidity providers. We like to get paid for our efforts and expertise. And as we look to the future, we will continue to focus on growing our share of wallet with compatible clients.

And finally, we are transforming our business by working faster, smarter, and better with AI. Our goal is to reduce manual processes, to increase efficiency, agility, and reduce operational risk. We want to empower our sales teams to spend more time with their clients. We want to give our trading and deal management teams the tools to reduce booking friction, and this will help us scale the business in line with our aspirations. My colleague Gaurav, who leads our transformation function, is going to tell you more about how Commodities and Global Markets is investing in AI later this morning. And with that, I thank you for your time. I'll now pass to Byron to tell you about how we're evolving the commodities offering here in ANZ in the battery storage space. Thank you.

Byron Den Hertog: Thanks, Craig. And hi, everyone. I'm Byron Den Hertog, co-head of our EMEA APAC gas power and carbon business within our Commodities division. I've been at Macquarie for 15 years, actually 15 years this week, and have nearly 25 years experience in power energy and carbon markets, focusing on things like commodity price risk management, structured products, and working capital solutions for our clients. My day-to-day focus is centred on growing our Asia Pacific footprint in these underlying commodities. A particularly exciting area as trading markets continue to open up for opportunity. The management of international energy linkage becomes more important for our clients, and the energy transition obviously continues to evolve through this part of the world. Our Australian power desk was established back in 2011, and during the last 15 years, we've been developing a well-established trading, risk management, and financing capability within the Australian energy market. This deep and proven experience with multiple decades of collective team expertise means we are well-placed to identify emerging opportunities and meeting the evolving needs of our clients.

And back in 2011, we started with baseload power hedging contracts, and through the years we've innovated to the highly structured, multilayered portfolio of risk management solutions that we have for our clients now. Today, I'd like to tell you about some of the work we've been doing in flexible battery storage and how we're integrating this into our Australian energy portfolio. And this is, of course, one of the many innovative things that we're focused on in the commodities business, but it is a good example of how we're responding to emerging trends and adding solutions that compliment our existing capabilities and offerings. Now, all electricity markets are volatile by nature and Australia's national electricity market is no different. We see significant price fluctuations, especially during periods of peak demand or supply shortfalls. The rapid expansion of variable renewable energy sources such as solar or wind that increases the market's risk sensitivity to weather conditions, and it certainly amplifies intraday price volatility.

And this is further complicated by more frequent unplanned generation outages or transmission constraints, and these in fact exacerbate those price swings. The rapid growth of renewables, particularly both wholesale and consumer solar, is also leading to periods of oversupply and significantly more complex needs for our client portfolios, and highlights the need for more flexible energy management solutions. Storage assets are emerging as a critical tool for market participants to navigate this heightened volatility. By storing surplus renewable energy and providing flexible power, batteries enable more efficient energy management in relation to supply and demand. Now within Commodities and Global Markets, we've been patiently building our flexible and storage asset capability so that we can further innovate our client offerings, tailoring solutions that assist them in managing the significant intraday price and electricity load exposure that they have. Our strategy has been and continues to be about building battery portfolios without owning the physical assets.

That is, we don't directly own or operate batteries within Commodities and Global Markets, but rather we create a virtual battery model whereby CGM receives the associated financial outcomes, but which allows the battery asset owners to receive the fixed revenue and retain operational flexibility. This capability extends Commodities and Global Markets' existing offerings. It's adding diversification and new tools to deliver bespoke solutions for our clients, particularly as the energy transition continues to play out. I'd like to wrap up by reiterating the deep experience we've built in energy markets in Australia and indeed all over the globe over the last 15 plus years.

Indeed, this positions us to not only continue to grow the business here in the region, but also continue to build our franchise offerings globally. Clearly, the themes we are addressing here in Australia, volatility, integration of renewables and battery capability are relevant across the globe. The infrastructure and expertise we have built here in the region is able to be replicated and scaled for targeted opportunities that we see in other markets facing similar challenges. Thank you, and I'd like to pass you to Tim Joyce, who'll tell you about Macquarie Capital in ANZ.

Tim Joyce:

Good morning. My name's Tim Joyce. I'm the head of Macquarie Capital for Asia Pacific. I've been with the group for 21 years and I've led the Australian business for the last nine years. As Shemara noted earlier, Macquarie Capital's origins date back to the beginning of Macquarie Group in 1969 when the business was established to provide international standard financial advisory services to Australian businesses. Today, we are Australia's most active firm. We operate globally across M&A advisory, equity capital markets, principal investing, equities research, and full service institutional broking.

Nearly 500 of our staff are based in our five locations in ANZ, and so the region represents approximately a third of the overall Macquarie capital team. Our leadership bench is deep with transaction teams led by approximately 50 directors and our executive directors having an average tenure of 22 years. Of course, integral to our success is the deep and longstanding relationships that we have with our clients. We aim to be our clients first call for their M&A and capital markets requirements, particularly in complex situations. As an example of this, we are currently active with 50% of the ASX 100. Turning to some recent highlights, 2025 saw a global recovery in M&A with volumes up nearly 50%.

Whilst in Australia, market activity was flat on the last three years. Our performance was strong over the first three quarters being the best results we've seen since the COVID boom. In 2025, we were number one for M&A by volume and value and advised on 50% more transactions than any other firm. Across M&A, equity capital markets, and debt capital markets this year to date, we've completed 60 transactions valued at \$A64b. I'm joined today, of course, by Michael Silvertan, our global head, and cross-border activity as a priority for both of us as we continue to expand in this

area, and we see it as an important growth opportunity for the business. We have a dynamic global platform and operators are truly integrated team. For example, on the Dundee Precious Metals transaction with Adriatic Metals, we mobilised experts from across Australia, EMEA, and Canada to navigate the UK takeover code, manage ASX and LSE stakeholders, and lead critical negotiations, which led to the establishment of the merged business with an enlarged and more diversified portfolio.

As you heard from Ani, Australia is an attractive investment destination, and we're active in providing global clients with access to inbound investment opportunities. We're also active in facilitating the exploitation of Australia's capital, seeking diversification through international investment opportunities across M&A, project development, and equities. And in support of these efforts, we are sponsoring the Australian Superannuation Summit in the US next month, along with our colleagues in Macquarie Asset Management and in the US, of course. Our equity team has had a very strong start to the year. In what is typically a quieter period before reporting season, we've already launched five transactions and raised over \$A900m in equity. This means we've been responsible for over 40 cents in every dollar raised on the ASX so far in 2026, which is a really pleasing result, of course. We're also seeing encouraging signs in the IPO market where we're confident there is investor support for new issuance, and we're actively identifying suitable opportunities for businesses that are looking to partner with a listed market.

Our advisory and equity capital market capabilities are enhanced for our strategic equity solutions business, which is a joint venture with Commodities and Global Markets. We provide share financing, stake building, and convertible bond solutions for clients. Of course, our equities business is a very important part of Macquarie Capital and Kristen Edmond, who leads our team here, has joined us today. Fortunately, we're seeing a distinct uplift in activity as a result of heightened market volatility and a resurgence of offshore interest in Australian equities. We are also well aware of the market shift towards index tracking and quant strategies, and our portfolio trading desk has become a critical partner for managing complex large scale rebalances. This is demonstrated by progress this year, year to date, the team has managed more than \$A42b in combined transition and index rebalancing, which represents over 50% of all transitions in the market, reinforcing our position as the region's leading liquidity hub. Our quant research team has held the number one ranking for over a decade, providing data-driven insights that are particularly valuable in today's market. This is the case for both our institutional and our corporate clients.

We also aim to be the leading advocate for Australian businesses offshore as they seek international capital, with this effort supported by our dedicated Australian desks in every major global market, which is quite a distinguishing feature that our CEO clients regularly comment upon. We also offer Australia's largest equities conference in May each year. Principal investing is a critical part of Macquarie

Capital's strategy and value proposition. We continue to grow our principal investing capability across a range of strategies, and we currently have \$A1.9b committed. This also remains a key differentiator for us more broadly within ANZ, as we look to act as a catalyst for transactions, a partner with clients, and generate recurring revenues for the group. Total capital deployed across debt and equity over the past decade now exceeds \$A5.5b.

Over the long term, we seek to develop capability in relation to structural themes where capital flows are large and growing. As these themes emerge, we've moved quickly to build expertise in areas such as the energy transition, digitisation, and more recently resilience. We've certainly seen the benefits of this approach as we've delivered market leading results across areas such as technology, critical minerals, and infrastructure, leveraging the expertise of our globally connected platform. Turning first to technology, we've been the most active advisor in the ANZ market and been involved in four of the six largest transactions in the sector last year. Activity is being driven by global strategics, consolidating technology and product capabilities across markets, as we saw with CoStar's acquisition of domain where our team advised CoStar through digital connectivity and the ways in which Ani identified in her presentation, and of course, the demand and opportunity presented by AI.

We're very pleased to be part of Australia's tech ecosystem, which has grown at a remarkable pace over the past decade, mirroring the global technology evolution, fostered by top tier talent and market leading innovators. Our venture capital team is deeply engaged with this dynamic, investing in innovative, early stage companies, partnering with founders to help build global businesses. A couple of great examples of this, firstly, Biocatch, a developer of AI-driven behavioural biometrics technology whose largest market is Australia. The product is being utilised by a range of financial institutions, including by, as Ben made me aware, our colleagues in Banking and Financial Services to collaborate real time on fraud detection.

We're also invested in a business known as Forwood Safety, and you heard about them in the earlier video presentation. This business is a leader in workplace fatality prevention technology, and is widely used by our critical minerals and energy clients in high risk settings. Further, whilst we are supporting our clients and partners in this space, we're also embedding AI into our own business to amplify our impact as advisors and investors. We're using industry-specific AI tools to facilitate more efficient research, financial analysis, and modelling, and to support automation of documentation. Critical minerals, of course, especially from an Australian perspective, remains a very important business for us and one of our strongest teams, underpinned by mostly supportive commodity prices and long-term themes of decarbonisation and sovereign supply security. We continue to advise on landmark transactions in this area, including last year, advising what group on Mitsui's \$A5b investment in the Rhodes Ridge owner project and Northern Star on its \$A5b acquisition of De Grey Mining.

While 2025 was dominated by gold, copper and rare earths, early this year, we're seeing broader momentum, including in uranium and lithium, as well as businesses in these areas seeking capital through our equities business, and we expect to see elevated activity across these areas. Finally, consistent with our long heritage, Macquarie Capital remains a preeminent infrastructure advisor globally and in ANZ. We have a strong pipeline where the focus is on capital deployment across transport, decarbonisation, energy transition, and operationally intensive value add sectors. Recent examples include advising on the sale of Kinetic as it seeks to achieve zero emissions transport, and advising Aware Super on the sale of ProTen to KKR. Our renewables team is also a leader and innovator in structuring and arranging portfolio financing for Australian renewable energy owners, where market conditions remain favourable thanks to strong liquidity and tight margins. However, in my view, our edge is our integrated offering that combines strategic advice, investment opportunities, with access to capital markets, as well as Macquarie's balance sheet.

A fantastic example of this is the partnership that Macquarie Capital has had with Invest. Our team first invested in the business in 2020 when EBITDA was only \$A8m. Invest has now grown to be Australia's leading and largest private insurance distributor with EBITDA of over \$A300m. Through that journey, we've acted as an early stage growth shareholder, a sell side advisor, a lead financier, a buyer side advisor on the acquisition of PSC, and in total have deployed over \$A450m in debt and equity capital. We remain a shareholder today through our principal finance business. MacCap also seeks to leverage the full strength of the group to deliver for clients. For example, our team last year advised Dyno Nobel on its fertiliser divestment and introduced our colleagues in CGM to provide an offtake solution for the Perdaman plant, which was a critical component of achieving Dyno Nobel's transaction.

Likewise, we offer clients access to significant savings on insurance products through the Macquarie Insurance Facility within Macquarie Asset Management, and we regularly partner with Banking and Financial Services to provide acquisition financing with Commodities and Global Markets on hedging solutions. While our Australian base remains a competitive advantage, we believe our global reach, solutions mindset, and ability to evolve as a business through cycle is what our clients value and what drives our enduring leadership in our home market and our global sectors that retain a strong nexus to Australia. Thank you. It's my pleasure now to hand back to Shemara. Thank you.

Shemara Wikramanayake: Thanks everybody. That was great. And hopefully you've seen some of the common themes there that every one of these four businesses started with Macquarie taking a very innovative step in the Australian market. And even though we've grown to scale now in all four, one of the beauties of this market is it's very competitive. We're facing strong, capable competitors everywhere, and it forces us to keep being innovative as you've seen. So all four businesses continuing to push the

boundaries on whether it's digital banking, asset classes for infrastructure, systematic equity, fixed income, what we're doing in commodities and global markets, energy and financial markets, and then balance sheet to our advisory. And we're taking that globally for our clients from here, but also for global clients to come here. So huge thanks to all of you in terms of the operating businesses. And so now we're going to have this team head off and bring on two of our central service groups because the other thing about Australia is it is the platform for our global business, our operating platform and all our central support comes out of this country.

As I mentioned, we've been able to source great talent. So there are two things we're going to cover now. Andrew Cassidy will talk about our risk management approach, which has again been in place since we started in 1969, a huge part of while we're innovating and being entrepreneurial, how we're able to manage risk and have discipline and have consistent earnings and earnings growth. And Byron is going to make another appearance with Andrew to talk about how the operating groups work with the risk management team. And then Nicole Sorbara, who's our head of corporate operations, is going to talk about our operating platform in technology, and she will have David Tough talk about cybersecurity, cloud, et cetera, and Pierre Luigi talk about what we're doing in data from her teams. And again, a couple of operating group partners, Ashwin is going to talk about how these teams work together for the Banking and Financial Services Digital Bank and Gaurav's going to talk about Commodities and Global Markets.

As you know, we're investing heavily in the platform there and what we're delivering together. After that, we'll have time for questions, but for now I'll hand over to Andrew Cassidy.

Andrew Cassidy:

Oh, thank you, Shamara. For those who don't know me, I'm Andrew Cassidy, the group chief risk officer. I've been in the role now for four years and I've been in Risk Management Group, our Risk Management Group since 2020. However, I have spent the bulk of my 22 years at Macquarie in the first line, predominantly investing the balance sheet in debt and equity in the principal finance business. And I guess I mentioned my journey because it's not unique at Macquarie and I can see Michael Silverton here in the front row as well. We often look for opportunities to move people through their careers through the three lines of defence.

We think bringing people from the business into risk provides a real deep business understanding, a business alignment, a degree of commerciality to our risk functions. And of course, moving people from risk into the business provides a more holistic and some of that deep risk expertise that we hold dear here at Macquarie. But jumping in, I do think our longstanding risk management framework has been a key to our success and stability over many economic cycles and a constantly changing external environment. Indeed, as the businesses continue to innovate and invest.

Our risk management framework has been unchanged for a long period of time now, but it is something that we don't take for granted. We are continuously evolving and we need to evolve because the markets we operate in, the countries we operate in, the products we provide to clients and customers change. And so we need to meet the needs of the businesses, the stakeholders and the communities in which we operate. I thought I'd start with this presentation on the left hand side there, some of our core principles for risk management. And these really would have been with us right from the start 56 years ago. Firstly, all staff have a role in managing risk from the most senior to the most junior person in this organisation, whether you're middle office, front office, or back office. Everybody's accountable for risk management and everybody's accountable for fostering a strong risk culture.

Really, really importantly, ownership of risk at the business level, and this has been one of our core principles since day dot. Group heads own the risk that they generate. They're responsible for identifying that risk. They're responsible for monitoring that risk. They're responsible for assessing and reporting on that risk. We don't outsource risk management at Macquarie. We're really focused on worst case outcomes. This comes through and how we think about downside scenarios, this comes through and how seriously we take our stress testing capability. An example is in our market risk framework, we focus less on recent outcomes driving statistical models. We like to look at long-term movements in prices and commodities and see where correlations break down, look at extreme moves, and try and manage our business on the back of those. And then finally, independent sign off from the risk management group from my group. People need to involve RMG early in whether you're looking at a new business, whether you're looking at a new product, a new technology provider, a new supplier.

Risk Management Group needs to sign off independently on any new business or product and have a view on risk return. And we in Risk Management Group invest in capability experience across our staff to ensure we're bringing a different perspective, a more holistic perspective to those conversations. And finally, before I finish this slide, now replicated by lots of our peers, but we've had a longstanding three lines of defence model. And I will call out just at the bottom there, line three, who not only provide a risk-based assurance over our central service groups and our businesses, but they also provide assurance over the risk management group and our risk management frameworks more broadly. I thought I'd try and bring to life some of the principles that we live and breathe from a risk management perspective on a day-to-day basis. Firstly, independent centralised risk management is core to what we do. We apply the same level of rigour to how we assess risk, monitor risk, and report on risk across Commodities and Global Markets, across Macquarie Asset Management, across Banking and Financial Services here in Australia and across Macquarie Capital.

And I think that's important because therefore, I guess that gives you confidence that when we allocate capital across those four businesses, we're doing that with a degree

of consistency and a risk-based risk adjusted approach that's consistent across all the businesses. I will call out continuous assessment. As I mentioned earlier, our markets change, our products change, our regulatory obligations and expectations change constantly. So the businesses are accountable for continually assessing that. Risk Management Group plays a really strong role in that and tries to bring some of that holistic perspective. We have what's called risk and control self-assessments across the organisation with which the business owns. And that means for every product that we offer at Macquarie on a semi-regular basis, people are sitting down and really assessing how the risk and control landscape might have changed for that product and what that might mean for us from a risk basis.

Over on the right-hand side, I'd call out how we operationalise some of these things, setting and monitoring risk appetite. This is a really important role that the Macquarie Group and Macquarie Bank boards in ensuring that our top down risk appetite links with the business strategies. And the board has a really important role of working with management to ensure that we're comfortable with the total amount of a particular country risk we might take, for example, sector concentration that we're happy with as another example. Stress testing and capital adequacy. I'll call this out again. As I said, we are really focused on downside scenarios, really focused on our stress testing. We as an organisation want to ensure that we remain viable in any extreme but plausible scenario. And that links really tightly then to how we think about capital, funding and liquidity to ensure that we can operate through many cycles.

I thought also to do a quick deep dive on risk culture. It is core to everything we do. It's the foundation of how staff behave, make decisions and approach work every day. Indeed, it guides how we treat our customers and clients, how we conduct ourselves in markets who we operate in, how we engage with our important regulators, and of course how we treat each other. We're all accountable for fostering that strong risk culture. And importantly, we like to see it lived and breathed on a day-to-day basis. Opportunity, accountability, integrity. We talk a lot about that accountability concept. We're all accountable for risk. We don't outsource risk and we like to see things from cradle to grave, in particular when things go wrong and things will go wrong. We've got a risk culture framework that talks to how we reflect, set, promote, and then monitor our risk culture.

The code of conduct plays a really important role in how we set that risk culture. We monitor through qualitative and quantitative indicators. We reflect. We understand that things evolve, expectations evolve. And as I said, things do go wrong and it's important how we respond to that, how we reflect on that as a organisation and ensure that we're thinking holistically with how we remediate issues when they occur. I'd also reference that we've had a longstanding performance-based remuneration framework and a consequence management framework, which we think structurally underpins some of these really important components to our risk culture. And you

will have seen that we provided more detail recently in some of our reporting disclosures around our CPS 511 framework.

A quick deep dive on the group or specifically line two. Firstly, we're structured by risk type. So we have credit professionals. We have market risk professionals. We're structured through our non-financial risk disciplines. And then secondly, we are global, which is really important. I want people in my group that have deep experience. We have people who've been doing commodities credit for 25 years at Macquarie. And before that, they were doing that for our oil majors as an example. So these people are really experienced. And when they engage with the business, they're doing that from both a product and a product and business context. They're also doing that from a market context. I want them on the ground alongside the businesses because that's where the businesses are generating risk and I want them alongside the business assessing that risk. We have been investing in Risk Management Group. So I think when we spoke about the group in 2019, we were close to 900 staff at the time.

Today we are 1,200 staff. Some of that growth will reflect necessary growth as the businesses have grown, more clients, more products, more markets, more counterparties. Some of that growth indeed has reflected our focus on non-financial risk and regulatory and compliance over the last number of years as we've really looked to uplift some of the capability we have in Risk Management Group and some of the frameworks that underpin our non-financial risk management. One statistic I thought was useful for this group maybe to bring sort of some of that evolution and maturity to life, when we last spoke to you about Risk Management Group, there were two to three approvers below the head of credit that could approve large investment grade credit deals as an example, and most of those approvers were based in Sydney. Today we have nine to 10 of those approvers that approve large investment grade credit deals, and the bulk of those approvers now are based in our regions. They're in Singapore, they're in Houston, they're in New York, they're in London, they're in Dublin, they're sitting alongside our businesses engaging in those high quality risk conversations.

What I also wanted to do, and I thought, as Shemara said, I'd steal Byron because I heard he was speaking earlier, is try and bring some of these more esoteric concepts to life with a real life example. Before I do, and I'll invite Byron up to the stage, what we do think about from a risk perspective when we're engaging in business and transaction activity. You can see there some of the material risks that we typically generate as an organisation. I'd comment that on the left-hand side we really have had a long track record of how we manage financial risk as an organisation. All our four businesses take credit and equity risk, and we have really capable risk SMEs in RMG that understand how to think about that risk and understand the businesses, and indeed the businesses have been doing this for a long period of time and have a really strong track record of owning and being accountable for that risk, and we saw

Ben earlier talk as an example of how passionate the Banking and Financial Services business is around how they think about their credit risk and the processes that underpin that.

We're very deliberate with where we take market risk. We will have spoken to you previously. We don't take market risk everywhere and across all our businesses. We're very focused when we do that, that we have an edge and we're doing that on the back of a track record and deep experience in those markets. And then on the right-hand side, some of our really important non-financial risks, and as I said, many of these we have been investing in operational risk in particular. Financial crime is a risk type that has seen lots of evolution over the last number of years, in particular in the sanctioned space, and we need to remain really agile, as an example, both in the first line and the second line has how do we think about our sanctions risk across the organisation.

Regulatory and conduct risk is really important. We are a home. We're an Australian regulated institution, and so we take our obligations here incredibly importantly, and we also need to think about what our obligations are in the markets in which we operate. And then we've talked a lot about the integrity component of our opportunity, accountability and integrity, which just heightens the focus we have as a risk function, and I know the businesses have on our environmental and social risk, and we do consider that as part of every transaction. But with that, Byron, I thought you might talk through an example and I can give some context to that as you go.

Byron Den Hertog: Thanks, Andrew. And given our global capabilities in power risk and related energy complex, that really means that Japan's power market is an active focus area of growth for Commodities and Global Markets. Indeed, Dan Vizel, our Commodities and Global Markets regional head of Asia, touched on this in operational briefing a couple of years ago. If you think about Japan, it's a significant consumer of power given its population and industrial base, but most sources of power generation rely on imported fuels. And these fuels can be things such as gas linked to international benchmarks such as Henry Hub or the Japan Korea Marker or JKMs as it's known or various oil indices, and often that can mean that consumers of power or indeed producers of power are exposed to electricity price risk that is directly linked to international fuel prices and the associated volatility. So tapping into our breadth of commodity capability, Commodities and Global Markets is well positioned to help large consumers in Japan, utilities, and other Japanese clients convert fuel price risk into delivered fixed price power and help them manage either revenues or costs depending on their circumstances.

Now often this will entail a lower utilisation of market risk with hedges placed on various exchanges. However, there are several other risk elements that the business will need to work through with our key internal partner as we assess those client opportunities. So in reality, our collaboration with the risk management group on the

ground and in those major centres is essential to enable us to assess and manage these risks.

Andrew Cassidy: Thanks, Byron. So really good example, and I try to think about that in the context of maybe a life cycle of a transaction. You have sort of the beginning of a transaction or a new business you have before you're going to trade, you have execution, and then post-trade. So firstly, the new product and business approval, for example, if we were looking to go into a new business providing risk management activity to clients in Japan, first thing we would look for, which is again, a good example of is that patient adjacent growth. Does the team have expertise? Does the team have capability in providing risk management services for these types of commodities? And as Byron said, that's something they've been doing here in Australia and in other parts of the globe for a long period of time.

We have business in Japan, so we have capability there. We export in some capability when we start those new businesses. We look to hire external expertise on the ground, and then we look to leverage our existing operations which is certainly what we did when Byron started this business, and that's all wrapped up in how we think about our new product and business approval. Pre-trade, Byron said we're really focused on credit, taking credit risk here. So we'd work with the business ahead of the trade to understand the types of counterparties that they want to trade with, the limit framework that we're happy to think about for those counterparties. We're involved, we own the rating process, for example, in line two, and so that will determine how much capital we hold behind those counterparties. And then we think about the stress-testing scenarios that we're going to run over those counterparties.

AML obligations. So as you onboard the know your client, we're an Australian designated business group so we need to think about both our Australian AML obligations as we're offering these services to Japanese clients, but of course the local financial crime regulations as we do that. As you move into trade execution, as an example Byron said that they're typically very focused on credit risk which I guess that's kind of consistent with where we take market risk, we want that to be really deliberate, and we typically do that in markets that we have been around for a long period of time and we feel like we do have an edge to be able to take that market risk. So to the extent that we're left with any residual market risk from these activities, we need to ensure that we've hedged that market risk out with exchanges, that we're managing any capital and liquidity implications that might come from that hedging process.

And then post-trade is really about how we monitor and report on those counterparties, and that would feed up to the reporting that we get at senior management and then ultimately to the board around has this generated a new shape of country risk profile, for example, because we're growing in Japan, is it creating a new sector concentration for us because we're predominantly, as an

example, dealing with utilities in the Japanese market as one example. So these are all context that certainly line one will own that identification, will own that monitoring, will own that reporting, but will be involved every step of the way from a risk perspective. Have I missed anything there, Byron?

Byron Den Hertog: No, I think the only thing I add is that obviously when it comes to physical commodity risk, understanding and appreciation of the operational risk aspects of that to make sure we have the teams, the procedures, the policies in place to be able to make sure that we can deliver where we need to and indeed we can react to sudden market changes as they may come.

Andrew Cassidy: Yeah, of course. Thank you, Byron. So I wanted to talk about some of our recent learnings from regulatory matters. Certainly Risk Management Group and through its ongoing partnership across Macquarie, we're really focused on reflection and learnings as things do and will go wrong across the organisation. It's really important from a risk perspective that we're not just narrow in how we think about the identification and remediation of those issues. You've seen recently and it was up on the regulatory slide earlier that Shemara had up, we've had some regulatory issues in particular here in Australia, whether it's our new licence conditions as part of our MBL Australian Financial Services licence which relates to our futures business in Commodities and Global Markets or some of the misreporting we've had in the Macquarie equities business here in Australia.

These are issues we take incredibly seriously and we need to ensure that when we remediate those issues we're thinking strategically, we're thinking holistically. We're not just fixing that report, but we're thinking about what other reports look like that, and we're putting out the right preventative and detective control framework around it. But I guess from a CRO's perspective, and I know from the executive committee and board, what's incredibly important is we don't just fix the problem at hand, we apply those broader learnings across the organisation.

That's one of the things we've really reflected on of late, are we going deep enough with how we think about our root cause and where else something might occur in an organisation, really strengthening our clarity and transparency of risk across the life cycle of a trade. And so as I talked about the life cycle of a trade earlier, it may be that there are some controls that Corporate Operations Group own, there may be some controls that Financial Management, People and Engagement own. Indeed, there may be some controls that I own. And so ensuring we've got transparency and clarity over that end-to-end process is increasingly important for global businesses like ourselves.

And then lastly, really proactively engaging with our regulators. Regulators' expectations rightly change over time, and so we want to really try and understand those expectations. We want to really understand our regulatory perspectives so that

we can be really proactive with how we're thinking about managing obligations, how we're thinking about our risk and control frameworks, how we're thinking about ensuring that our businesses and products are fit for purpose.

And then I guess finally looking ahead, you talk to any risk professional, and look, they are just absolutely passionate about technology and the opportunity that AI brings. They want to be using the latest tools. They want to be incorporating these tools into how they think about assessing risk and how they assure risk. Technology digital AI is incredibly important for ensuring that we have a future-proof risk platform for the future. And I guess now's a really good segue to hand over to Nicole and the team to talk a little bit about what we're doing on data and AI from an enterprise-wide perspective, and then with some really interesting case studies across each of the businesses.

Nicole Sorbara: Thanks, Andrew, and good morning, everyone. Today I will provide you with an update on the Corporate Operations Group with a particular focus on technology, data, and AI. Corporate Operations Group is a global and diverse team with deep expertise in technology, data, AI, operations, operational resilience, corporate real estate, and procurement. In deep partnerships with all groups, we have built and we continue to invest in a platform for growth with high integrity of data at source, a focus on front to back automation, leveraging AI, and providing all groups with the benefits of a scalable platform. Now this is of course enabled by our people and by their deep skills, mindsets, behaviours, and culture.

The main takeaway from today's presentation is we have built a platform for growth. Since I last presented five years ago in 2021, we have been investing considerably. We've been building scalable platforms and services across the group. We've hired deep expertise. We've invested in our people. We have matured our capabilities in data and AI, and we've also partnered with each group to deliver significant programmes. Now I'm not going to call out anything on this slide from a tech data and AI perspective because we are about to do a deeper dive, but I do want to call out the significant achievement by the Corporate Operations Group team of delivering the Sydney Metro Martin Place Precinct, and we sit here today in 1 Elizabeth Street. So as you're aware, this was our largest ever balance sheet undertaking. Over a six-year period we have delivered a fantastic outcome for the city of Sydney, but also for our people delivering them a state-of-the-art global headquarters.

Now you can see on the right-hand side of the page here, all of our programmes of work are aligned and they're prioritised according to delivering three outcomes around improving quality, improving velocity, and scalability. Now while we saw a material increase in the overall technology spend across the group reflecting an investment in core systems, building new business capabilities, and also regulatory programmes, costs have stabilised at \$A2.3b. Within Corporate Operations Group

itself, we generate material efficiencies each year which we reinvest into improving our services. Each year, a growing proportion of our spend is on change or transformational activity versus business-as-usual activity.

I now want to focus on the right-hand side of the page, and as I mentioned, we provide the common foundations being the platforms and the services that are leveraged by all groups across Macquarie, and having consistency at the core is really important. Now these are highly secure, resilient, scalable, available, and automated. Our business aligned teams are embedded within each group. They work in partnership with each group to leverage these common foundations, and they deliver differentiated platforms and services for their customers, and a key element of this is ensuring we have high integrity of data at source.

I'm shortly going to hand over to David Tough who is our chief technology officer, and he will take us through how we embed security in the platform which reduces risk but it also enables speed. He's also going to take us to our cloud-based infrastructure. We were an early mover to the cloud over a decade ago, and this means we have a very modern, resilient, agile, and scalable platform. Pier Luigi Culazzo who is our chief data and AI officer, he's going to take us through the journey we've been on to improve our data governance and also how we're building out and we think about our data platform ecosystem. This underpins our AI platform ecosystem, and then leveraging the foundations that I've spoken about means we are enabling the entire organisation to capture the benefits of automation and AI.

So bringing this to life, we're going to then hear from two of our business partners, so Ashwin Sinha, the chief digital data AI officer in Banking and Financial Services, and Gaurav Singh, the head of transformation in Commodities and Global Markets, and they're going to take us through the business outcomes they're achieving by leveraging our platform. So I'll now hand over to David.

David Tough:

Thank you, Nicole. Good morning, everyone. My name's David Tough. I'm the chief technology officer, and I've been at Macquarie for the last nine years. Our focus on cybersecurity is on strong embedded security controls that let our teams move faster and with confidence, and that is what we've been building into the Macquarie platform. This is showing up in many outcomes, including 100% of our assets protected against advanced threats and no reportable cyber incidents in 2025. We've invested heavily in our people with over 7,500 hours of capability uplift, and our teams now sit in the top 3% globally for phishing. We have reduced fragility across our enterprise stack with a 50% reduction in technology obsolescence, and for more than a year, 100% of our server assets have been protected against very high vulnerabilities.

Let me draw out some of the highlights on the right-hand side. We've embedded multifactor authentication, materially increased our third-party cyber risk controls,

and deployed AI-driven email data loss prevention which is closing key attack vectors across the enterprise. In addition, AI-driven controls are reducing manual effort and improving detection and speed. The impact of this is fewer disruptions, lower operational risk, and more freedom for product and delivery teams to innovate. Security is built in. The impact of this is fewer operational disruptions, lower operational risk, and will continue to strengthen this core as we modernise so the organisation can move faster and with trust.

With that foundation in place, let's move to see how this supports our platform scale out. Over the past several years, we have continued to mature our technology foundations to ensure Macquarie is positioned for future growth. As a result, our cloud-based core systems provide the agility and scalability required to adopt market-leading capabilities at pace and continue to meet our high standards for risk management and resilience. Since 2021, we've seen a fivefold increase in cloud storage and we've doubled our production applications running on the cloud.

We've exited seven global data centres, contributing to a 20% reduction in physical data centre costs, lowering our technical obsolescence and operational risk. About 91% of our applications currently run on cloud and SaaS, and we've achieved a 750% uplift in critical applications running natively on the cloud. This environment is enabling faster and safer adoption of new technologies across the group. Last year we onboarded 85 new cloud services, and our governance and security frameworks mean we can deploy new AI models within hours of release. This gives our business access to world cloud capabilities quickly while maintaining the controls expected of a global financial institution.

You can see the impact of this investment through our businesses. Group Treasury is leveraging cloud-based compute to accelerate capital management calculations and reporting. Commodities and Global Markets' modernised trading and risk platform is using public cloud for elastic cost-efficient scalability. Macquarie Asset Management is embedding AI to deliver personalised and efficient customer and client experiences. In addition, a major milestone was reached last year with the closure of our largest data centre, moving a significant share of our remaining on-premise workloads to cloud, reducing operational risk, and removing legacy infrastructure. Taken together, these investments put Macquarie on a strong footing to continue to scale, innovate, and respond to market opportunities with greater speed and confidence. I'll now hand over to Pier Luigi. Thanks.

Pier Luigi Culazzo: Thank you, David. Good afternoon, everyone. My name is Pier Luigi Culazzo. I'm the group chief data and AI officer of Macquarie. I've been with the firm for just over two years. We are very aware that market leading use of AI requires two things, mature data foundation and modern technology. To capture the benefit of AI, robust data governance and the strategic data platform architecture are essential. Over the last two years we made considerable progress improving data integrity and reducing risk.

We've implemented enterprise data governance tooling to build oversight capability and support compliance across the organisation. We leverage two strategic platform partners, AWS and Google, providing scalable cloud services and consistent data controls.

Key investment include data platform with scalable cloud infrastructure, data governance, and classification tools, and data exchange capabilities, enabling governed data products to be published and consumed securely across Macquarie. In summary, this robust foundation and our long-term investment in public cloud enable us to deliver the AI platform ecosystem for the group. We're partnering with our businesses to increase competitiveness and create disruption in an accelerating market. Each part of Macquarie requires leading AI capabilities to maintain competitive advantage, maximise productivity, and leverage data for decision-making. We're transitioning from experimentation towards demonstrating high value use cases with business impact and being deliberate in how we apply AI across our ecosystem and existing processes.

I would like to focus on our fundamental approach to optimise the process first, then apply automation where appropriate, and use AI for remaining analytical and decision-making tasks. We have enabled foundational AI services for everyone, as you heard from our colleagues before, general AI assistance, intelligent analytics, and embedded AI, plus vertical services tailored to specific business needs. Very importantly, we established responsible AI practises and strong governance, recognising AI is a huge opportunity, but we are very serious about using it safely and ethically through robust framework and key partnership. The focus is to do more things faster and better, challenging processes, eliminating operational overhead, and using AI sensibly where there is business impacting growth, capacity creation, cost optimisation, and improved scalability.

Measuring business impact from AI can be challenging, but we're seeing tangible results from all the groups. Commodities and Global Markets is automating trader analysis. Banking and Financial Services is delivering real-time consumer insight and next generation digital experiences. Macquarie Capital is accelerating research with advanced AI tools, and Macquarie Asset Management is doubling down on productivity leveraging AI. Banking and Financial Services and Commodities and Global Markets will now take us through some specific use cases demonstrating this approach in practise. That's it from me. I now end over to my colleague, Ashwin Sinha, from Banking and Financial Services.

Ashwin Sinha:

Thanks, Pier. Good morning, everyone. At Banking and Financial Services we have been focused on building safer, better, and easier banking experience for all Australians. We have been deliberate about how digital data and AI capabilities strengthen our retail franchise in terms of customer outcomes, risk discipline, and operating leverage. I'm Ashwin Sinha, and I've been at Macquarie Group for the last

seven years, leading the data and AI transformation at Banking and Financial Services. Today I'm here with core colleagues to share with you how we are building the bank of future, leveraging the core capabilities that Pier, Nicole, and David spoke about. Our progress till date rests on interconnected foundations across culture, technology platforms, and data and AI.

It starts with culture. As Ben said, we operate as a technology company which means outcome for technology initiatives is deeply embedded in business, and we operate as one team, not as two separate teams. We were the first organisation in Australia to roll out Gemini Enterprise to all our staff, and we backed that with extensive training of all our staff in prompt engineering and generative AI. 96% of Banking and Financial Services leaders are certified in generative AI, and this culture is backed by our modern technology platforms. We are 99% on cloud, and soon to be 100%, but we have not done this as a lift-and-shift exercise. We have simplified, re-architected, and moved to cloud-native platforms, as David spoke about. This means we are able to provide our clients a level of resilience which is very different to rest of the industry, and it increases the pace of delivery, thereby lowering the marginal cost as we scale.

And finally, data and AI is the fuel for all of this. We are one of the few banks globally to operate a single data platform. We have eliminated 90% manual adjustment in the last two years, and we run 50 artificial intelligence solution in production to deliver customer outcomes on a day-to-day basis. That is agility of a startup with the discipline and scale of a large financial services organisation.

Now let me take you through what this means in practise on a day-to-day basis. First, reliability. Reliability is our number one feature, and we measure reliability as how customers experience banking, not as a system uptime, and while rest of the industry excludes planned outages from their availability metrics, we have gone one step forward and we do not have any planned outages. We are an always on bank. This discipline and a dedicated reliability engineering team means we are able to achieve an availability metrics of 99.95%. That equates to four hours and 22 minutes of downtime in an entire year. To put that in perspective, last quarter when we moved our API gateway to ApigeeX, most of the other organisations would have experienced minimum a full weekend of outage and the associated customer impact. For us, we had zero impact last quarter and the total downtime was only 24 minutes. That is reliability by design and it compounds customer trust over time.

These same foundations have allowed us to reimagine customer service and experience. Let me introduce you to Q, our AI-powered customer service agent. What started as an idea 12 months ago is now a sophisticated solution in production, delivering personalised support 24 by 7 to all our customers, and we have been able to do this so rapidly because of the cloud-native AI capabilities and because we designed the control and monitoring architecture from day one and we did not retrofit it. This means we are putting AI safely in hands of our customers and we are

being responsible about it. It has delivered impact on three strategic fronts. First, an iconic customer experience, second, sustainable scale, and finally, an operating leverage by freeing our highly trained staff to focus on more human-centric complex tasks. We continue to expand capabilities of Q for all our customers.

And finally, client protection. We decided several years ago to move away from SMS-based verification to our own Macquarie Authenticator to provide our customers with a real time and secured way of approving customer transactions. Today 95% of customer transactions are approved using Macquarie Authenticator that require multifactor authentication. Behind the scenes, the AI engines are continuously at work. We use a technology called behavioural biometrics. Tim spoke about BioCatch, that is the technology which we are using here, and that is able to understand how a customer swipes, types, or holds the phone so that we can distinguish a genuine customer from a bot, a fraudster, or when the customer may be acting under duress.

Now the results have been clear and measurable from this. We have reduced client losses by 55% over last two years. We have reduced false positives across AML and fraud by more than 80% in last three years, while our deposits grew by 50%. Another great example of how we are improving the risk discipline while maintaining customer or delivering customer outcomes and creating operating leverage for our staff to focus on more reliable threats and looking at those.

In conclusion, I would like to say digital and AI are no more just initiatives at Banking and Financial Services. It is what drives how we scale safely, protect our clients, and build trust with our customers, and we are doing this consistently and with a very clear line of sight towards customer value and shareholder value. That's all from me. I'll hand over to Gaurav Singh from Commodities and Global Markets.

Gaurav Singh:

Thanks, Ashwin. A few long faces, I'll try and be brief. Hi, I'm Gaurav Singh. I head transformation at Commodities and Global Markets which means I look after all our data technology investments and outcomes. I've been with Macquarie for 20 years, leading engineering, operations, and live scale change programmes globally. I want to build on what Nicole shared and talk briefly about Commodities and Global Markets' investment in technology and data, what we've achieved through our focus, and how it positions the business for the future. Commodities and Global Markets operates in 20 markets globally and has a substantial data and technology footprint. Now scale creates significant opportunity, but requires a deliberate and disciplined investment approach, a consistent operating model, getting data right at source, and an infrastructure that scales.

At the core of every investment decision is a simple framework. We ask ourselves three questions. Does it reduce risk? Does it enable growth? Does it drive efficiency of scale? By applying these three principles we ensure our investments are targeted, aligned to business outcomes, and focused on where we need to be in the long term.

From a risk management perspective, our initial focus has been on automating and embedding controls and improving our detection systems, shifting from a reactive model to one that prevents issues before they occur. We've laid strong foundations through investments in our strategic data platform, focusing on end-to-end completeness and accuracy of our onboarded data sets. This has led to some tangible outcomes that you can see on the screen. We've eliminated over 90% manual adjustments across all our financial regulatory reporting. And specific to this domain, we've had two clean independent and external assurances. A strong signal that our control environment is maturing. For a trading business like Commodities and Global Markets, we need to respond quickly to changing market conditions, which makes systems stability and scalability essential. We were the early adopters of the cloud movement, and now we've migrated our entire trading and risk infrastructure onto the cloud platform. This elasticity helps our systems match the differing demands of our trading desks everywhere around the globe. This means we are available in all the regions all the time, but more importantly, we are scaling up and down, which optimises our cost base and our infrastructure cost.

Through test automation, we're seeing faster, 50% faster deployment times and 65% reduction in change incidents. Improving our predictability of our systems and time to market is being reduced for our outcomes. Looking ahead, Commodities and Global Markets continues to invest across data and emerging technologies with a commercial business-led approach reflective of our entrepreneurial culture. We've anchored our regulatory remediation responses that Andrew touched upon strategically. We are onboarding our order and trade data sets onto our data platform, which enforces completeness and accuracy by design. This helps respond not only to our regulatory obligations in a robust way, but leverages data as a strategic asset for origination and pricing signals and data-led commercial decision-making.

We're starting to deploy AI use cases, which you can see on the slide up there, across Commodities and Global Markets. Around 70% of our developers are using AI to accelerate delivery. An application we recently developed would normally have taken us four to six months. We went from proof of concept to production in under a month. Today, we have 20 such use cases being deployed and many more in the pipeline, but what's encouraging is it's across our entire Commodities and Global Markets value chain, from trading and risk optimisation to control automation, and finally converting processes to agentic. So in closing, the investments we made have positioned Commodities and Global Markets with a resilient and scalable foundation. Our discipline approach to technology investment, our focus on high quality data, adoption of cloud and AI enable us to reduce risk, seek out efficiencies, and scale opportunities, which are critical to Commodities and Global Markets' grow and evolve strategy. Thank you.

Shemara Wikramanayake: Thank you, team. And as you heard earlier from the operating businesses, innovation had been key to getting our businesses started and also allowing them to grow in a competitive world. But what we want is not just growth, but disciplined growth. And as you can see, our risk management platform and our technology platform are key to delivering that. And as Andrew was saying, in terms of risk management, we get the business to be the first line of owning the risk in terms of looking for how they can drive patient adjacent growth from their deep expertise and insights, but having the second and third line has been critical in terms of really expert people bringing independent review and challenge and constantly evolving as the external environment changes and we need to adapt.

And also having our capabilities in technology and data and at the moment, AI as well, to help support this growth that's happening and partnering with the business has been key. So thank you all as well for giving us a couple of hours of your time to get a deeper dive into our businesses. We'll take questions now. And I think Sam, we missed Matt Wilson at the end of the broader questions, but we're also happy to take questions.

Sam Dobson: We'll start with questions on the line, then we'll come back to the room, to the extent there are questions. So if we can get Matt on the line, so we'll have one from the third quarter update, I think.

Matt Wilson: Yeah, hopefully you can hear me, Sam.

Sam Dobson: We can. Thanks, Matt.

Shemara Wikramanayake: This time we can.

Matt Wilson: That's good. And we're worried about AI extraordinary.

Sam Dobson: Exactly.

Matt Wilson: Following the risk management group presentation, could we get Andrew Cassidy to address the questions at the beginning of the presentation of Macquarie's exposure to Software as a Service equity and debt through his risk management lens and scenario analysis approach?

Andrew Cassidy: Yeah, thank you. Thank you, Matt. Look, the first thing I will say, and Shemara mentioned this, it's obviously been topical in the press for the last week or so. We've been very focused on AI, both as a opportunity from a risk perspective, but of course defensively around how that might impact the business models across all our businesses, in particular as we originate new credit and new equity from the principal finance business and then other parts of the equity investing business in Macquarie Capital. I think it was called out that, for example, in principal finance, we have about

25% of that portfolio in software. The types of questions we ask ourselves from a line two perspective is, what's the criticality of the software that's been provided? How many features is that software required to be able to deliver for a client? How critical and how much proprietary data is associated with that software as examples.

So we think through the business model and the susceptibility of those risks on a business model by business model perspective. But then of course we step back importantly, I guess, from a stress testing and a concentration perspective. And we look at both the historical loss rates, but of course we then try and stress what has happened in sectors that have been disrupted before and apply that type of lens to concentrations that may emerge across both our credit and equity books. And so as part of that stress-testing process, we will look at different components of our credit book and our equity book, different sectors, different products. We will stress those in a more severe fashion than we've ever seen the historical data generate. We'll look at where sectors, as I said, have been disrupted and are try and apply that lens and then think about that holistically across the organisation. How does that then impact our capital settings, our funding settings, and importantly, the profitability of each business.

And I think Shemara spoke about before, we only really want to ever risk the earnings associated with a particular business. And so we look at both the earnings of say a principal finance business. We look at how much expected credit loss that they might have already provided. We look at how much an initial issue discount that exists across their book. And then we look at what the net interest margin is on the rest of the book that, for example, is not software attached. And then we'd run that to ensure that that concentration doesn't impact the underlying earnings of the principal finance business and the broader Macquarie Capital business in that case.

Shemara Wikramanayake: And Andrew, I was briefly also going to say, Michael mentioned this, that we do cashflow lending instead of ARR lending. So we've got real cash flows and we look at the resilience of those cash flows in terms of the specialist expertise that they're providing for the regulatory environment or provide some barriers around the resilience of that cash flow as AI comes in. So there's a bunch of things. So having looked at some of these with your team that are features that we've made sure we enforce to make sure we get the best quality lending.

Shemara Wikramanayake: Oh, sorry, Matt, you go.

Matthew Wilson: No, no, you go.

Shemara Wikramanayake: I was just going to say our book is not that big, that we are able to pick the eyes out of areas in which we have deep expertise and confidence and get really good return for the risk because it's a pretty small book all up, so we can pick the eyes out of the best credits.

Matthew Wilson: Thank you. That's very comprehensive. If I could then just squeeze in one more question to Ben. Your deposit offering is compelling and clearly market leading. We should all have a transaction account paying 2.25% and a savings account paying 4.5% at Macquarie. While this strategy has supported growth in returns, is there another longer term strategic aspiration that this positioning is actually pursuing?

Ben Perham: Well, thanks, Matt, and thanks for being a customer and for the advocacy. Look, we think that over the long term that our savings book is going to be a big source of growth, but I've mentioned when we showed the market that there's a number of areas where we're still quite a small market share player. And so I think there's a range of things that can play out there. I mentioned the term deposit market where we're underweight particularly, and we still see strong growth in our savings product because as you've highlighted, it's really compelling value for shareholders. I'm not sure I'm quite addressing the question that you had around something else that's going on?

Matt Wilson: Well, I'm just thinking more broadly, like we're seeing tokenisation, we're seeing the GENIUS Act, stablecoins, other opportunities to broaden deposits and payments outside of financial ecosystem.

Ben Perham: Yeah. Oh, Matt, I didn't realise you were referring to that. Sorry. At this stage, I'd say that's in Australia really more of an R&D focus. I mean, we're paying attention to it, but it's not something that we're spending a lot of time on at the moment.

Matt Wilson: No worries. Thanks, team.

Sam Dobson: Great. Thanks, Matt. So we'll start in the room. I'll start with Jon. Thank you.

Jon Mott: Jon Mott from Barrenjoey. Question, probably a few, Shemara, if you could. Banking and Financial Services has been hugely successful as we've been talking about, especially the retail and the mortgage product. If you look at the mortgage business, 6.8% market share, it's utilising \$A7.6b worth of group capital. And if you go at the current run rate that you're going out with 15% of the flow, you're going to be at 10% share of the system of the book within about three years. But to achieve that, you're going to chew up to about \$A12b of capital, which will chew up again about 50 to 60% of the group's retained earnings over that period post-dividends if you do it. So are you comfortable with the amount of capital if they hit all the targets that they're going to use that so much of the group's capital is going to be required to fund this great growth opportunity in the retail Banking and Financial Services area? Or do you have to look at either pulling that back eventually, or do you have to look at other capital providers?

Shemara Wikramanayake: Yeah. No, I think we have four really excellent franchises, as you've heard the team talking about. And we see huge runway to grow all four of them, and we want

to empower all of them to grow if they're delivering appropriate return for the risk we see in that particular business line. So to the extent Banking and Financial Services has capability to keep growing and delivering the sort of returns it is, which are market leading in Australia and also really good return for the risk globally, we're very happy to support that. Our weighting of businesses may change from time to time, but frankly, Ben sitting here in the front row, we have massive runway to grow in asset management. We're very small, there are trillion dollar asset managers around in the world in private markets. We also have the long runway to grow in investment banking. And JP Morgan, the biggest investment bank is a trillion market cap business and in commodities and global markets. Again, where we're competing not just against trading houses and hedge funds, but the big energy players. We are a small player and we've got many more sectors and regions to go into.

So we see scope for all four of our operating businesses just to keep growing and the mix will depend on which of them sees better opportunity return for risk. And the combined ROE will be a blend of whatever that delivers. But ultimately our view is we're happy to back BFS if they can keep delivering what they've delivered.

Jon Mott: Okay. So there's no rationing, it will continue to grow based on the current economics, you think? If you continue to fund huge growth in this business over the next couple of years?

Shemara Wikramanayake: Yeah. Our hope is that the market will continue to fund us for each of these businesses if we are delivering the sort of return the market wants for the risk. And then the house return will be a blend of that, but our expectation and hope is that the market will give us capital to put into a Banking and Financial Services business. It's earning its cost of capital and then some. So we should be able to raise both funding and capital. And to Matt's question, the deposit side is a key part of it, we call it a liability led business, but our presence in the deposit pool is still small. And the way this really well tightly disciplined regulated market works, deposit taking institutions are the ones that are trusted to take those savings. And so while other innovations grow in terms of the investing side, ultimately there's a limit in how much they can grow if they can't access the deposit pool. So we see long runway in both funding and capital to grow.

Sam Dobson: Great. Why don't we just keep on that row. So we'll go to Ed, I'll come back to you, Brendan. Ed.

Ed Henning: Thanks. Ed Henning from CLSA. Just a point of clarity in the presentation today. It was talked about technology cost being about \$A2.3b and being stable? Was that stable at \$A2.3b or stable at 25% of the cost of the cost base? And within that, thinking about technology costs and moving more to the cloud, which we heard a lot today, those technology costs aren't going and they're growing above inflation. Are you able to get enough costs out and savings to offset that increasing cost growth?

Shemara Wikramanayake: Yeah. And I think Nicole, you can comment, but we're stabilising around the absolute dollar level is what we're saying. We've had to put in massive investment and it's a little bit capitalising on what we've been able to do in base technology and in the data side, but it's also our businesses. We are really uplifting our operating platform materially as we grow scale globally. And also as our social licence becomes a bigger issue and we have less tolerance for risk, at some point we expect that to start delivering returns. We're stabilising the spend now, but it's the outcomes and the return on that spend that we're focused on. Nicole.

Nicole Sorbara: Thank you. I think you've answered it actually. Yeah. So the \$A2.3b is forecast to remain about the same for the next few years. As David mentioned, we have swapped out some of the fixed costs with closing data centres. We take a very disciplined approach to how we manage our technology spend, particularly around cloud consumption. So as Gaurav mentioned, the benefits of having a cloud native platform is we can scale up, we can scale down. So we have full transparency around cloud consumption, so we're quite disciplined around the spend there. What we're seeing for businesses like Commodities and Global Markets, while we have been ramping up the investment, there are a number of programmes we've been investing in, as Gaurav said, in a strategic way to address some of the regulatory programmes of work over the next 12 months, they are starting to tail off. And so with combined with the efficiencies we've spoken about, we are redirecting a lot of that spend, but we must continue to invest as technology matures as we drive more front to back automation.

Shemara Wikramanayake: Thanks.

Sam Dobson: So we will go to Andrei. Thanks.

Andrei Stadnik: Thanks. Good afternoon. Andrei Stadnik from Morgan Stanley. If I can ask my first question around Macquarie Asset Management. You highlighted the excellent systematic strategies been running here out of Australia. Going forward now that Macquarie Asset Management has been reshaped per the sale, are you going to be more assertive in terms of thinking how some of the Australian based strategies can be exported overseas and what other strategy changes could we expect from Macquarie Asset Management?

Shemara Wikramanayake: Yeah. And I'll let Ben comment. We're heavily a private markets business, but we really saw ability to deliver alpha in fixed income and systematic equities here in Australia, which is why we maintain that business. And Ben, systematic equities, Benjamin was talking about it. We do have the scope. We've kept evolving the indices against which we offer solutions, et cetera, and can go more global. But what are your thoughts?

Ben Way: Sure. Thank you for that question. Good afternoon, everyone. Nice to finally get a question.

Shemara Wikramanayake: It's a nice change.

Ben Way: It is a nice change. I think the first thing as we've discussed before is that we're focused on doing two things in Macquarie Asset Management, being a full service asset manager here in Australia in our home market. And you've probably got a sense of why that is today, because we have big businesses here, including in the public side, and those businesses generate very good results for our clients, but also very good returns for shareholders. So it makes sense for us to operate there. And with the slimmed down global platform, we're really focused on private markets.

There will be some things that we do outside of Australia, but also here in Australia, that we can always move across different geographies. And Benjamin's business is one of those. So that already has a global client base. Can we do more with that business to provide more solutions. Not just say to so many Australian clients, but clients around the world, and can we expand that offering? That's something certainly that we're doing, and we'll continue to invest in that technology. And I suppose that's part of having that more focused business, is it allows us to work out where are we really driving great results for clients. And then how do we really scale that up where it makes most sense?

Andrei Stadnik: Thank you. And if I can ask my second question around AI and Macquarie Asset Management. Particularly from the point of view, there are many, many portfolio companies within Macquarie Asset Management. And so how are you using AI in terms of capturing the data insights coming from these companies, particularly given some of your big American and European peers been quite aggressive in using that data for some time. So how are you using your portfolio companies to further enhance your data and AI?

Shemara Wikramanayake: Yeah. It's something the Macquarie Asset Management team are very passionate about. So again, I'm happy to throw to Ben, but there's a whole lot of insights we can grab from our few hundred portfolio companies that will help us to go ahead. You can talk about the people you've hired and the investments you make.

Ben Way: Yeah. So we've got 192 portfolio companies and we've also got a long heritage of investing. And if you think about when we make investment decisions going into the future, what we want to be able to do is first of all, call on all of that investing experience over the last 30 years. Couple that with what we're currently seeing in the marketplace across our 192 portfolio companies. And then look at further external data and make a decision and an investment committee on that data so that going forward, the best investment committee members are likely to be AI investment committee members. And that's really the state we want to get Macquarie Asset

Management to. And that's what a lot of the discussion in the asset management industry is around, is that how do we actually take that expertise and rather it be about key people and continuity of key people, really capture that data and make the best informed fact-based decisions.

And so what we're doing besides bringing people into Macquarie Asset Management who have the right data and AI background, so really investing in that people talent, we're rolling out things like Chronograph. And so Chronograph is a tool that all of our portfolio companies input data in a real time basis that allows our asset managers to look in and see what's happening in their portfolio companies. It allows them to compare across regions, across different funds, across different sectors. And then as you can imagine, as the technology becomes more proficient, we then overlay an AI solution to that, something like Claude, and that allows us then to upgrade further our investment decisions. And that is exactly the path that we're currently on, and a lot of that has already been rolled out.

I think the second part of your question, Andrei, is really then, when we think about what we can then do to our portfolio companies, so there's the information and there's the AI of investing, and then there's the actual value creation in the portfolio companies. And so we've invested in a variety of coworker AI-type businesses that allows us to bring that skillset in, which really means that we can either reduce costs or in some cases really be better at capturing revenues in industrial businesses. So in every investment case we put together now, we're thinking about the opportunities and how we better make that investment. We're also thinking about the risks that AI might obviously cause for that portfolio company or sector. And thirdly, we're then thinking in terms of the investment case, well, what technologies, what investments do we need to bring into this business to modernise it and really capture that technology dividend?

Shemara Wikramanayake: And the other area without going to detail now where you're using it a lot is engaging with the investors into the funds as well. So understanding their needs, shaping, reporting to them, all of that. So Macquarie Asset Management's using it a lot. I should say the bulk of our \$A2.3b tech spend is recovered in the operationally complex areas of Banking and Financial Services, Commodities and Global Markets, particularly. And also in Financial Management, People and Engagement with the regulatory and financial reporting and Macquarie Capital does have the equities, which is a more operationally complex business. But Macquarie Asset Management and Macquarie Capital still are using technology a lot, even though it's not the biggest of the \$A2.3b spend to drive outcomes in the businesses.

Sam Dobson: Great. Thanks. We've got Brendan. Thanks.

Brendan Sproules: Hello. Brendan Sproules from Goldman Sachs. Just got a couple of questions on Banking and Financial Services. You showed us a little bit around the cost of income

today. Just thinking as you move your market share towards double-digit mortgages and in deposits. Should you have a structurally lower cost to income than say the major banks, because you just don't have that legacy infrastructure that they have, but also you've made quite a bit of investment in technology in say the last three years?

Shemara Wikramanayake: Yep. And definitely Ben, I'll hand straight to you on that one. That's a Banking and Financial Services question.

Ben Perham: Yeah. Well, thank you. I mean, I think the competing forces are that we do have some advantages in the investments we've made, but on the other hand, we lack scale, which is the key point we've been trying to address today. So we clearly need to build scale. We'll get to you said a double-digit market share and that we've got some competitive advantages that the others can't meet. I think they will still be significantly larger than us, even at that market share. We said today we're between a quarter and a half their size, and that does give them significant advantage just in terms of the sheer profit & loss firepower and the investment budgets that creates. So I think in that respect, we're doing well. Well, as we said, they're formidable competitors and they have a raft of natural advantages that they've built up and I think that'll be remaining the case for some time.

Shemara Wikramanayake: Yeah. And we're investing back in a lot of things as well to keep moving the needle. But you saw where our CTIs are now with the scale that we have. So we probably can bring them down, but will they drop to the level of the biggest competitor just at 10%? That's not necessarily the case.

Ben Perham: Yeah, I doubt that would be the case. That's right.

Shemara Wikramanayake: Yeah.

Brendan Sproules: And just a second question on revenue streams, like you've got quite good share in mortgages and deposits. But what's the ability to expand into advice or into unsecured lending or into payments or markets type activity effects as you look forward?

Ben Perham: Yeah, thank you. Look, one of the reasons we've been successful, I think, is we've been very focused and we say no to a lot of opportunities. So part of our success is about having simple products and simple processes and achieving scale and those things rather than spinning out into new things. I think that's sometimes tempting, but being not the right strategic choice, certainly for us. And so as we go into the future, my hope is that you'll see us continue to build a much bigger business, but with the same relatively narrow, simple product offerings that we have today, continuing to give customers value in those products, not looking to try and move into adjacent areas at this stage. I don't think that's going to be the right path for us.

Shemara Wikramanayake: And I think Brendan, overall, as I was saying, our approach to managing risk is we operate from deep expertise and then have patient growth. We've got a long runway to grow in personal banking, then into business banking and also in wealth. So I think the prospects of our doing something that's landing the golf ball on the moon is unlikely. There's plenty to do in the areas in which we've built decades of expertise.

Brendan Sproules: Thank you.

Sam Dobson: Right. We go to Andrew in the second row, just at the front here. Thanks.

Andrew Triggs: Thank you. Andrew Triggs, and JP Morgan. Just a couple of questions. Firstly, the 13% return on equity that Ben mentioned earlier, just checking that that's based on the tier one requirement of 10.5% of risk weighted assets that's mentioned in the pack. So if you were to hold it to a higher capital requirement, not quite akin to a major bank level, but somewhere between that level and the major bank level, it would bring the return on equity down somewhat, but still well above the cost of capital?

Shemara Wikramanayake: Frank, do you want to take that or... All right, Ben, you go.

Ben Perham: Well, the 13% I talked about is at a higher cost of capital, that's the internal cost of capital charge to Banking and Financial Services. But you are right, that if we were held to the capital standards of the big four banks, then they have slightly higher capital. And so it would bring that return on equity down a little, but would still be comfortably above our cost of capital and compare very favourably with the market even at those levels.

Andrew Triggs: Thank you. And just the second question. One, probably not for you. Sorry. The broader Banking and Financial Services division, there was plans to invest significantly platform within the wealth space. Is that still on the agenda, given there's been some changes to the perimeter of the business recently?

Shemara Wikramanayake: No, we've certainly still got commitment to investing in our wealth platform, and that is the main thing we offer in... Well, we have the private bank actually that's a much higher-touch service for the private bank clients. But in the general financial wealth channel, what we do is offer a piece of architecture that is top quality technology for financial advisors and planners, et cetera. I think the things you're referring to are just understanding more the nature of the savers whose money is being invested through those platforms and making sure we protect that money. So certainly with retirees, this is supposed to fund their retirements. We need to have much more control on where that money can be invested and we're stepping up what we do on onboarding, monitoring, et cetera. But in terms of technology, we want to keep investing and we think there's a lot more room to grow in terms of what we offer there in the basic wealth. Do you agree, Banking and Financial Services team?

Ben Perham: That's right, Shemara. I don't have anything to add to that. Thank you.

Shemara Wikramanayake: Okay. Thanks.

Sam Dobson: Thanks. We've got Brian.

Brian Johnson: Brian Johnson, MST Marquee. Ben, you're the man at the moment, but I think this might be a question for Frank. So Frank, if we have a look at Macquarie, it is a non-operating holding company. There's about \$A4b in hybrid capital raised in the Non-Operating Holding Company, which miraculously becomes capital in the bank. The 13% return on equity, you guys have said it. So we've got \$A7.5b in surplus capital or thereabouts. You're a DSIB, so I don't think the market would like to see the core equity allocated below what it is for the other DSIBs, which is the major banks. The 13%, is it premised on still being able to cycle down the \$A3.9b of capital? Is it based on running the capital at the bare minimum as opposed to the 11.25% ex dividend core equity tier one that a bank should run at?

Frank Kwok: Thanks for that quite detailed question. In relation to the caps, as Ben said, it's based on what he outlined as at that 10.5%, right? It's higher than that at the moment. So it's something that we obviously will continue to evolve. And obviously, in relation to what's happening with non-bank hybrids as well, that was something that we'll continue to assess and then work out what the required return requirements are in relation to all of the businesses, not just the Banking and Financial Services home loans business.

Brian Johnson: Yes, okay. And then a more specific question for Ben. Ben, if we have a look at the deposit market, a deposit at call in theory that's priced at a really hot rate gets captured by the liquidity coverage ratio as an outflow. That's what those conditions that they tack onto the accounts is really about. Could you explain to us what makes these deposits so much stickier that you can actually lend them out? They seem to be originated at a high rate. There doesn't seem to be the bells and whistles. Could you just explain to us what makes these deposits so stable, not from a real world thing because it's the rate, but could you explain to us how you managed to pull off that magic where from a regulatory perspective, they're sticky as well?

Ben Perham: Yeah, thanks Brian. I think the other thing I'll just add to your first question, Brian, and it goes to the question earlier on. We're generating capital of course with the earnings of the business as well. I don't think we look at Banking and Financial Services as taking capital away from the group. I think we look at BFS as contributing capital to the group and we're using that capital for our own growth. In relation to the deposits market, obviously we comply with the regulatory rules around liquidity coverage and so forth. But I think when the major banks have their conditional savings rates, that's not really about trying to optimise for liquidity coverage because those conditions aren't about the tenor or the timeframe within which the customer

can withdraw the funds. I mean, there are products like that in the market, notice savers and so forth, which look to address the regulatory rules around runoff and the net cash outflow calculation.

But in relation to the conditions that you see on savings accounts, I think they're more about profit optimisation through, I guess, trying to look at the fact that as the ACCC has found, by far, the bulk of customers don't meet the conditions. And so I imagine that people with those products in the market are thinking about their effective payout rate on the deposit rather than the rate that the customer actually earns. And obviously that's attractive to them as a funding source, but not a great customer outcome, which is why we think our approach is a better approach, it's more a customer-centric approach. And as I said, I think customers are seeing that and hopefully over time more and more will. Does that address your question?

Brian Johnson: More or less. Thank you.

Ben Perham: Thank you.

Sam Dobson: All right.

Shemara Wikramanayake Oh, sorry. Were there other questions?

Sam Dobson: No, no. You go.

Shemara Wikramanayake: The last little thing I was going to do is make a comment on capital, that we as a bank do hold very high levels of capital as an Australian bank. And that's because of things like the unquestionably strong regime, the way we have applied standardised approach to counterparty credit risk in Australia and amounts that we're holding because of the Commodities and Global Markets business. And I think it's quite public that our capital has doubled over the last few years from about \$A17b to \$A34b. I don't know, Andrew and Frank, how public we've made it, how much of that is because of the regulatory changes that have gone on, but it's a meaningful proportion. So we hold a lot of regulatory capital in our business as a huge resilience.

And I think in Banking and Financial Services, if you look at the risk versus the capital invested, I think we're feeling like we're really well capitalised for the risk in... Our credit quality is phenomenal, we're at like a 58% dynamic LVR. So we're able to pick super quality credits, probably a better book than all of our peers, but holding very strong capital behind that, which we're comfortable. This is a market we want to operate in and comply with all the regulatory requirements. But it is one of the features of this market, it's very disciplined in terms of risk protection and capital requirements.

Sam Dobson: Great. Well, I think we're done with questions in the room. There's no questions on the line. So thank you for giving us almost three hours of your time. And thanks for your ongoing support. Thank you very much.

Shemara Wikramanayake: Thank you.