



**Despite rapidly rising interest rates and episodes of financial instability in world markets, Macquarie has again delivered a record profit, thanks to the diversity of our businesses and strength of our risk management and controls.”**

## Letter from the Chair

Macquarie delivered a very successful outcome in FY2023, with a record profit of \$A5,182 million, up from a record the previous year, despite external conditions becoming more challenging. The diversity of our businesses and strength of our risk management and controls, developed by management over many years, was clearly on display – even as some business lines faced difficult trading conditions, others were able to expand profitably by servicing a growing client base. The commodities business, in particular, was able to help clients adjust to the largest shock to global energy prices since the oil price increases of the 1970s.

Macquarie earned a return on shareholders' equity of 16.9% and has achieved an average rate of return of 16.5% over the past five years, with less variability in earnings than most peer organisations. Macquarie ended the reporting year with very strong levels of capital and liquidity. Shemara's letter gives a more detailed account of performance during the year.

That this was achieved in an environment of rapidly rising interest rates and episodes of financial instability in world markets is a credit to the management and staff of Macquarie. The operating outcomes have been achieved, moreover, while making continued progress on a large volume of projects aimed at further strengthening risk management, improving customer experience and security, and responding to regulatory requirements. The Board joins me in commending the senior leadership and the entire staff for their achievements over the past year.

For the first time since the onset of the pandemic, all of Macquarie's offices are now open and fully operational. The hybrid working model, which was emerging prior to the pandemic, gives employees flexibility as they fulfil their responsibilities. Collaboration has been always central to the success of Macquarie however, and being able to meet in person is key both to fostering innovation and to preserving the company's culture.

The period ahead promises to be challenging, as persistently high inflation, alongside the still unfolding financial effects of rising interest rates, leaves policy-makers facing very difficult choices. Prospects for economies and financial markets, unavoidably, remain clouded. With its strong balance sheet and disciplined risk management, Macquarie is well placed to respond to the risks – and the opportunities – that may present themselves.

## Environmental, social and governance

The long-term global response to climate change will require enormous sums of investment, over an extended period, to re-tool economies for a zero carbon future. Even with that investment, some fossil fuels will be required over a transitional period, to preserve energy security.

The scale of this undertaking has few precedents, while the technology and policy environments are changing rapidly. Macquarie is exceptionally well-positioned to play a constructive role, as it has sought to do for nearly two decades. Macquarie released its first Net Zero and Climate Risk Report in December 2022. There will be a further instalment later this year, and all of these plans will need continual re-assessment and revision in light of new information, new technologies and policy developments. Just as important as our own plans, though, will be our efforts to help customers and clients achieve their climate goals.

The ESG section of this Annual Report provides further details on how Macquarie is supporting climate solutions, creating new social opportunities, and contributing to the formation of global policy through the varied roles Macquarie executives and the CEO undertake on supranational panels and commissions.

## Board changes

I pay tribute to my predecessor Peter Warne's many contributions as Director and Chair of the Macquarie Group Limited (MGL) and Macquarie Bank Limited (MBL) Boards over his 15-year tenure. With his remarkable grasp of the company's businesses, he steadfastly guided the organisation through a time of record growth and unprecedented challenges, including most recently the COVID-19 pandemic.

Effective 1 June 2023, subject to necessary approvals, Susan Lloyd-Hurwitz will join the MGL Board. Subject to election by MGL shareholders at the 2023 MGL AGM, it is proposed that Ms Lloyd-Hurwitz also be appointed to the MBL Board, effective 28 July 2023. Ms Lloyd-Hurwitz brings significant global investment and real estate sector expertise to the Boards, with over 30 years of global experience in the sector and most recently having served as Chief Executive Officer and Managing Director of Mirvac for more than a decade.

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

Ensuring that the Board is an effective shareholder steward for a business as diverse as Macquarie requires balancing experience and longevity with fresh perspectives, underpinned by diversity of expertise. I can say with absolute confidence that shareholders are well served by the Board, which is hard-working and diligent in fulfilling its responsibilities.

The past year has seen the appointment of bank-only non-executive directors (BONDS) to the Board of MBL, under changes to the governance structure in consultation with APRA to provide appropriate safeguards for the Bank's interests as an authorised deposit-taking institution. Ian Saines joined the MBL Board in June 2022, and Michael Coleman, on his retirement from the MGL Board last July, agreed to serve a two-year term as a BOND. A third BOND appointment is expected to be made in due course.

## Dividends

The Board resolved to pay a final ordinary dividend of \$A4.50 per share (40% franked). This means that the total dividend paid to shareholders from 2023 earnings is \$A7.50, from \$A6.22 per share in 2022. This outcome, amounting to 56% of profits after tax, is consistent with the Board's longstanding dividend policy. It provides an attractive cash return to shareholders, while keeping the company financially strong and well placed to pursue further profitable deployment of shareholders' funds, when opportunity arises.

I thank my colleagues on the Board for their dedication to the Board and the company.

Most important of all, the Board and I thank you, the owners of Macquarie, for your ongoing support.



**Glenn Stevens**  
Independent Director and Chair

Sydney  
5 May 2023