

# Goldman Sachs 16<sup>th</sup> Annual Australia and New Zealand Investment Forum

New York

Presentation to Investors and Analysts

5 – 6 March 2020

**Sam Dobson**  
Head of Investor Relations



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This presentation provides further detail in relation to key elements of Macquarie Group Limited's financial performance and financial position. It also provides an analysis of the funding profile of the Group because maintaining the structural integrity of the Group's balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables the Group to strengthen its liquidity and funding position.

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# Agenda

**01** Overview of Macquarie

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**02** Operating Groups

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**03** 1Q20 Update

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**04** Outlook

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**05** Appendix

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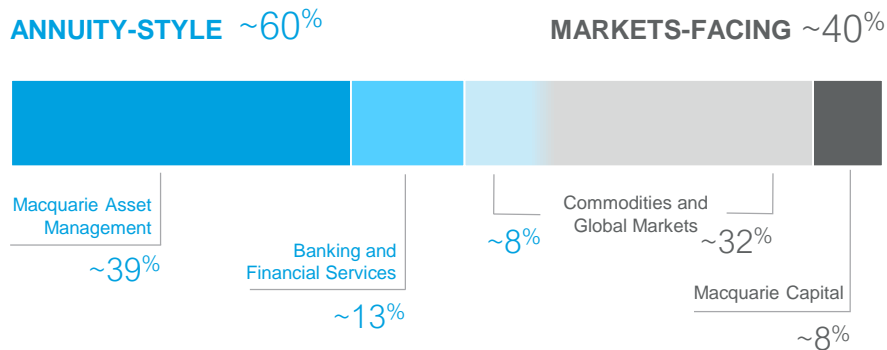
# 01 | Overview of Macquarie



# Macquarie overview

Global diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities

## Macquarie Group overview<sup>1</sup>



## Global presence<sup>3</sup>



|   |  |   |   |   |
|---|--|---|---|---|
| Listed on Australian Securities Exchange (ASX: <b>MQG</b> ) <sup>2</sup><br>Level I ADR: <b>MQBKY</b> | <b>\$A563.4b</b><br>assets under management<br>as at 30 Sep 19 | <b>MBL<br/>A/A2/A+</b><br>credit rating | <b>APRA</b><br>primary regulator<br>for MBL & MGL | <b>15,760</b> employees <sup>3</sup> ,<br>operating in<br><b>31 markets</b> |
|---|--|---|---|---|

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on 1H20 net profit contribution from operating groups as reported on 1 Nov 19 and has been restated for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 2. On 29 Jul 96, MBL listed its fully paid ordinary shares on the ASX. 3. Employees and global locations as at 31 Dec 19.



# Why Macquarie?

## Unbroken profitability

1H20 net profit:

**\$A1,457m**

up 11% on 1H19

FY19 net profit: **\$A2,982m**  
up 17% on FY18



## Earnings growth

**18%**

5yr EPS CAGR



## Consistent dividend growth

**17%**

5yr DPS CAGR



## Strong return on equity

1H20:

**16.4%**

**18.0%** in FY19  
up from 16.8% in FY18



## Diverse business mix

**4** Operating Groups

**60%** Annuity-style Net Profit Contribution



## Geographically diverse

**69%** international income in 1H20<sup>2</sup>

66% in FY19; two-thirds of income generated outside of Australia



## Group capital surplus

**\$A5.8b<sup>3</sup>**

at 31 December 2019



## Strong shareholder returns

**Consistently outperformed major indices since listing**

ASX 20<sup>4</sup> – 2<sup>nd</sup> highest returns since listing  
Diversified Financials<sup>4</sup> – 1<sup>st</sup>  
MSCI World Capital Markets<sup>4</sup> – 1<sup>st</sup>  
MSCI World Banks<sup>4</sup> – 1<sup>st</sup>



Underpinned by a long standing conservative risk management framework

1. Based on net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. International income is calculated using net operating income excluding earnings on capital and other corporate items.  
3. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110; Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~13bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 4. As at 17 Feb 20. Based on companies that have been continuously listed since Macquarie's date of listing (29 Jul 96).



# Macquarie's evolution is driven by our people

**Our people** are closest to client needs and markets



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



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



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



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

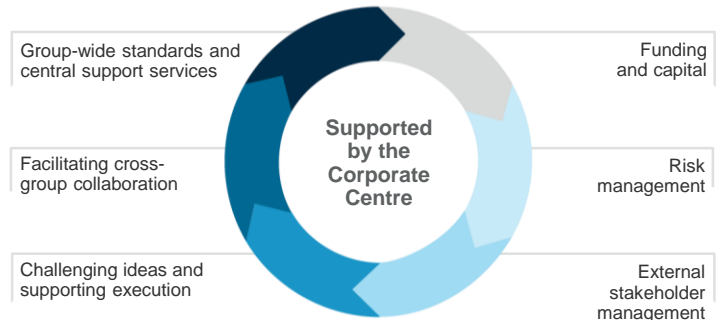
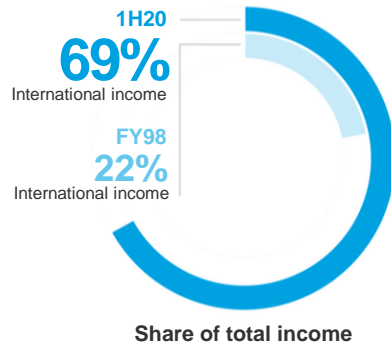


We pursue opportunities that deliver real outcomes to achieve an appropriate and resilient **long-term return on capital**



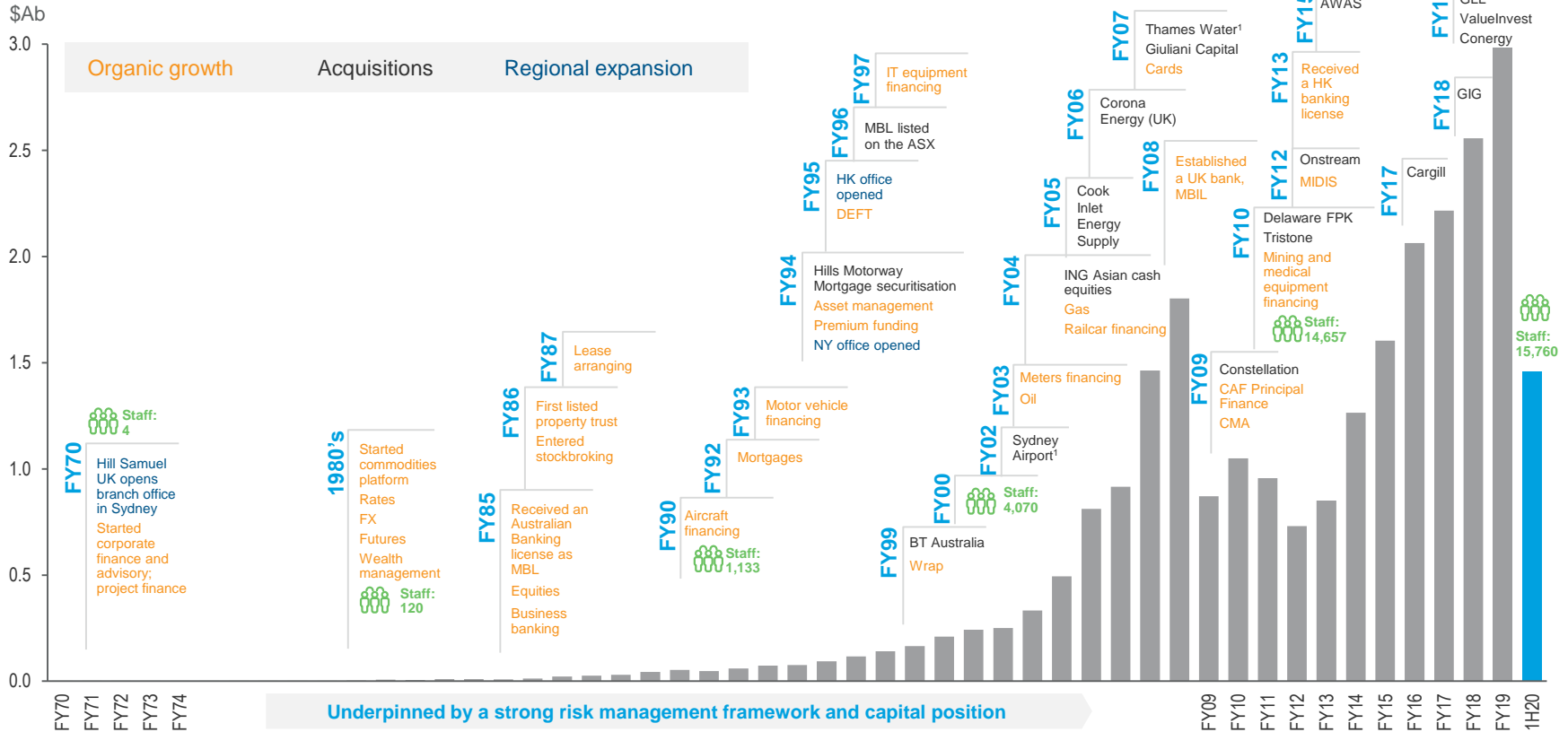
## Evolution in the business

Macquarie has a **global presence** across operating groups





# Unbroken profitability through adjacent growth



Note: the above list is not exhaustive. 1. Acquired on behalf of managed funds and accounts.



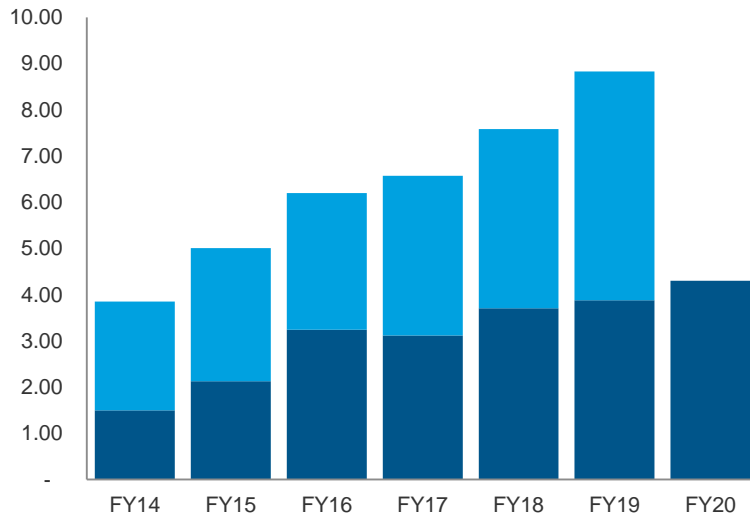


# Strong earnings growth

## FY19 EPS of \$A8.83

FY19 up 17% on FY18

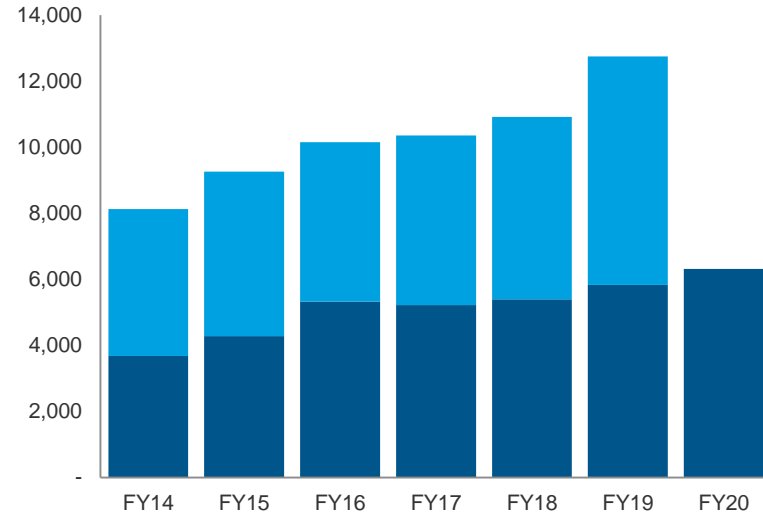
\$A



## FY19 Operating income of \$A12,754m

FY19 up 17% on FY18

\$Am



■ 1H ■ 2H



# Macquarie's global footprint

Total staff<sup>1</sup>  
**15,760**

**58%**  
International staff

## Americas Staff 2,731

- |  |  |  |
|--|--|--|
| <b>CANADA</b><br>Calgary<br>Montreal<br>Toronto<br>Vancouver | <b>USA</b><br>Austin<br>Boston<br>Chicago<br>Houston<br>Jacksonville<br>Los Angeles<br>Minneapolis<br>Nashville<br>New York<br>Orlando | Philadelphia<br>San Diego<br>San Francisco<br>San Jose<br>Walnut Creek |
|--|--|--|
- LATIN AMERICA**  
Mexico City  
Sao Paulo  
Santiago

## EMEA Staff 2,411

- |  |                             |  |
|--|-----------------------------|--|
| <b>EUROPE</b><br>Amsterdam<br>Brantree<br>Dublin<br>Edinburgh<br>Frankfurt<br>Geneva<br>London<br>Luxembourg<br>Madrid<br>Munich<br>Paris<br>Reading<br>Vienna<br>Zurich | <b>MIDDLE EAST</b><br>Dubai | <b>SOUTH AFRICA</b><br>Cape Town<br>Johannesburg |
|--|-----------------------------|--|

## Asia Staff 3,983

- |   |   |
|---|---|
| <b>ASIA</b><br>Bangkok<br>Beijing<br>Gurugram<br>Hong Kong<br>Hsin-Chu<br>Jakarta<br>Kuala Lumpur | Manila<br>Mumbai<br>Seoul<br>Shanghai<br>Singapore<br>Taipei<br>Tokyo |
|---|---|

## Australia<sup>2</sup> Staff 6,635

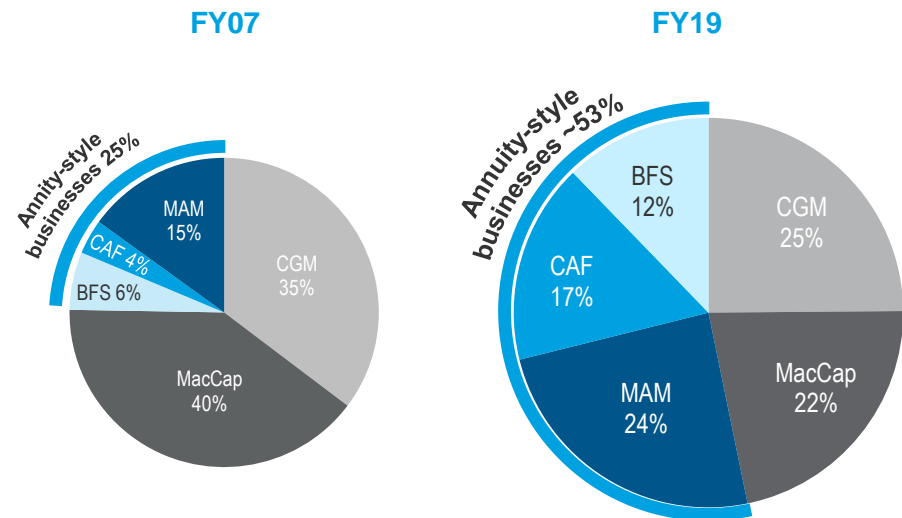
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|--|--|--------------------------------|
| <b>AUSTRALIA</b><br>Adelaide<br>Brisbane<br>Canberra<br>Gold Coast<br>Manly<br>Melbourne | Newcastle<br>Parramatta<br>Perth<br>Sydney | <b>NEW ZEALAND</b><br>Auckland |
|--|--|--------------------------------|

1. As at 31 Dec 19. 2. Includes New Zealand.

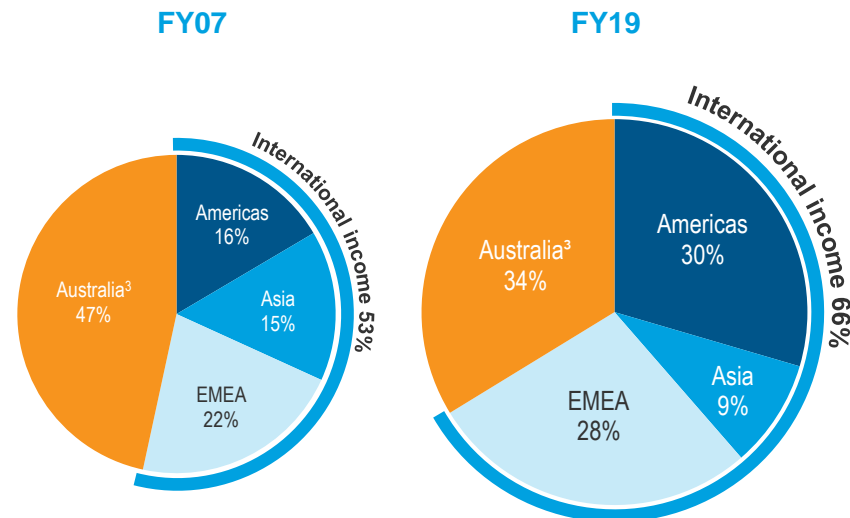


# Diversity of earnings by business and geography

## Business mix<sup>1</sup>



## Regional split of income<sup>2</sup>



1. Annuity-style based on net profit contribution (calculated as management accounting profit before unallocated corporate costs, profit share and income tax) for MAM, CAF and BFS. Markets-facing based on net profit contribution for CGM and MacCap. 2. Based on net operating income excluding earnings on capital and other corporate items. 3. Includes New Zealand.



# Approximate business Basel III Capital and ROE

As at 30 Sep 2019

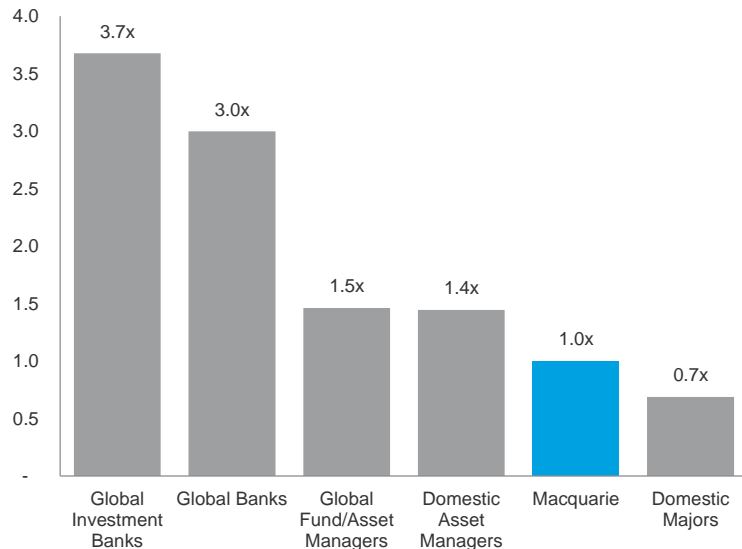
| Operating Group                             | APRA Basel III<br>Capital <sup>1</sup><br>@ 8.5% (\$Ab) | Approx. 1H20 Return<br>on Ordinary Equity <sup>2</sup> | Approx. 13-year<br>Average Return on<br>Ordinary Equity <sup>3</sup> |
|---|---|--|--|
| <b>Annuity-style businesses</b>             | <b>7.9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

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

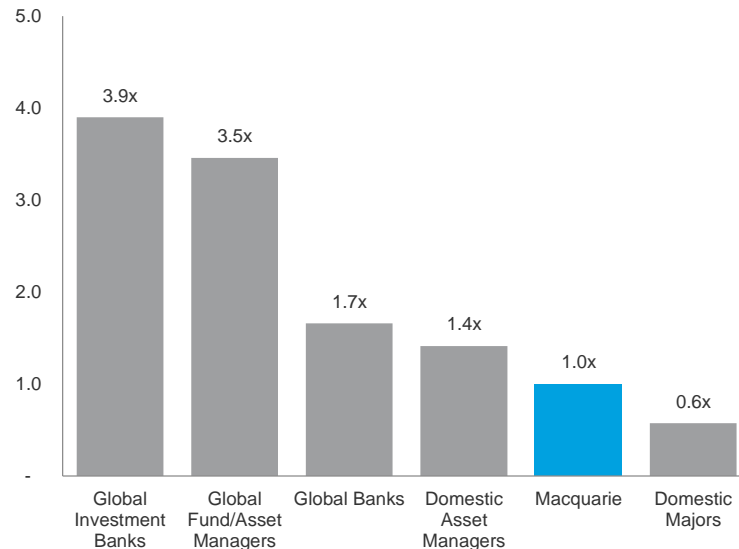


# Stable earnings

**5 year earnings volatility relative to Macquarie (since GFC)**



**10 year earnings volatility relative to Macquarie (includes GFC)**

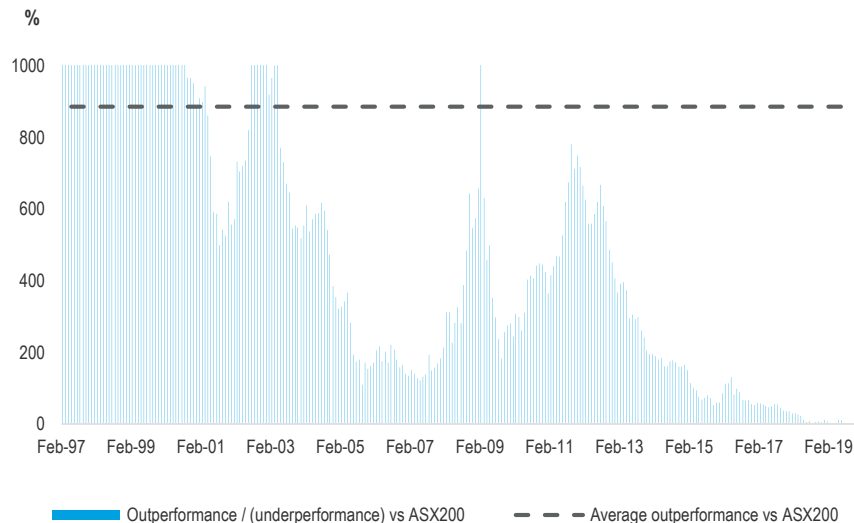


This page compares the historical earnings volatility among certain firms, and is not intended to represent that Macquarie has a comparable business model, risks or prospects to any other firm mentioned. Volatility of P&L is defined as standard deviation of P&L divided by average P&L (coefficient of variation), based on most recent annual disclosures. Source: Bloomberg as at 17 Feb 20.



# Strong shareholder returns

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

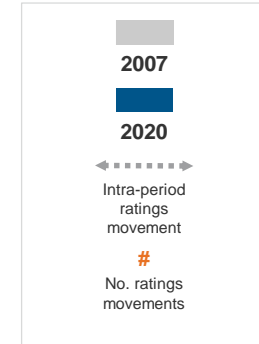
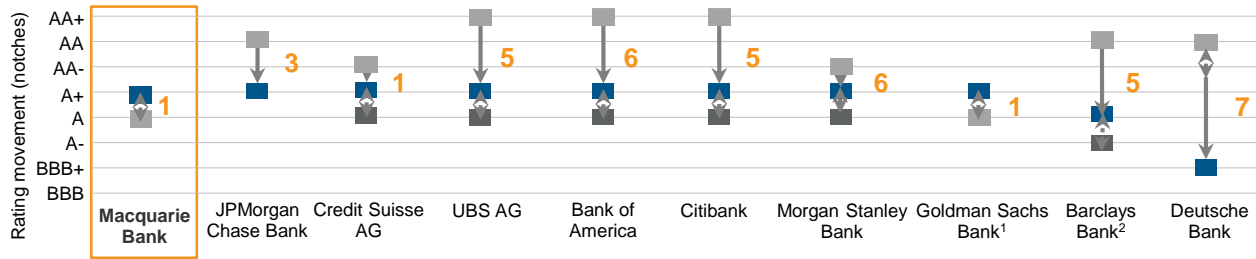


|               | Outperformance Vs ASX 200 <sup>1</sup> | Outperformance vs ASX 200 Diversified Financials <sup>1</sup> | Outperformance vs MSCI World Capital Markets Index <sup>1</sup> |
|---------------|--|---|---|
| Since listing | 7,848%                                 | n/a <sup>2</sup>  | n/a <sup>2</sup>  |
| 10 years      | 283%                                   | 172%  | 362%  |
| 5 years       | 119%                                   | 91%   | 139%  |
| 3 years       | 58%                                    | 52%   | 65%   |

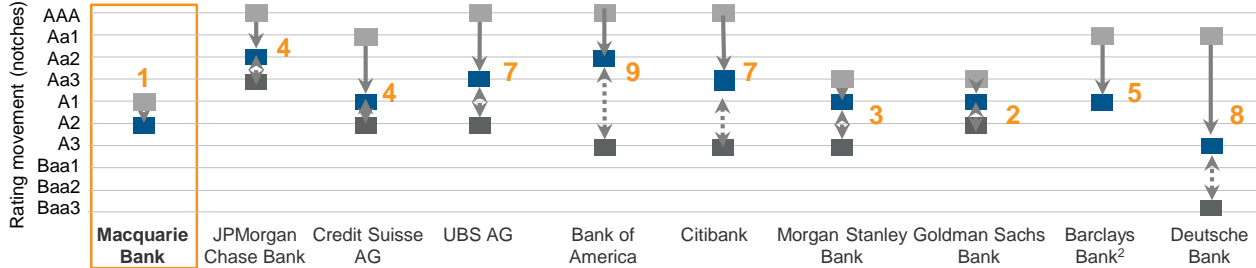
# MACQUARIE BANK LIMITED

## Long term ratings stability

### Standard & Poor's Ratings Movements from 2007



### Moody's Ratings Movements from 2007



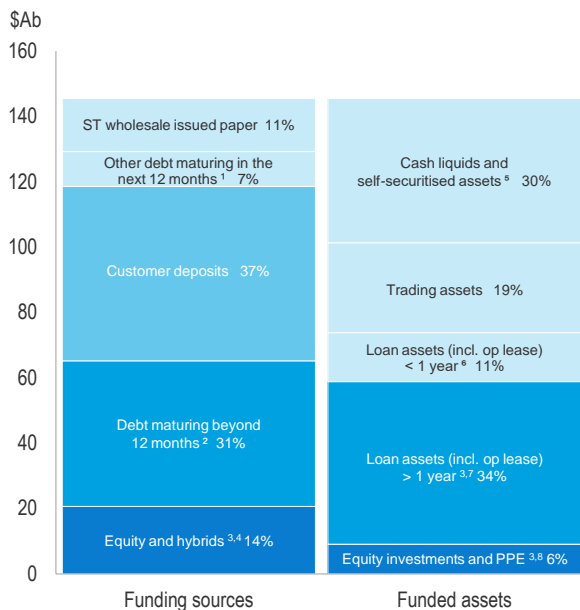
As at 13 Dec 19. 1. Goldman Sachs bank only rated by Standard & Poor's from 2012. 2. Barclays Bank PLC.



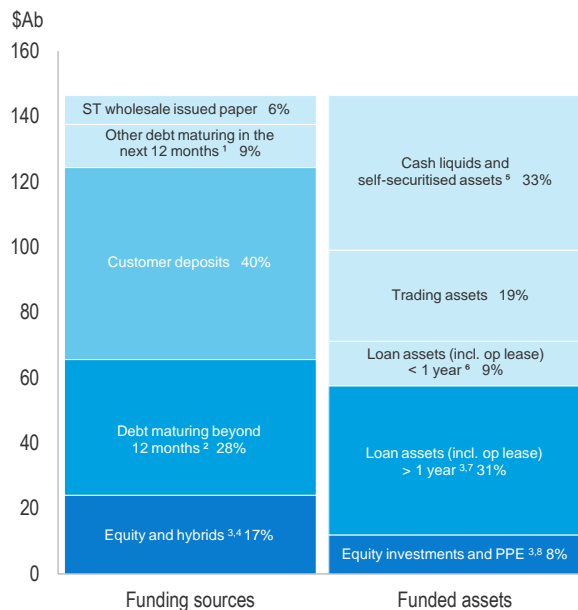
# Funded balance sheet remains strong

## Term liabilities exceed term assets

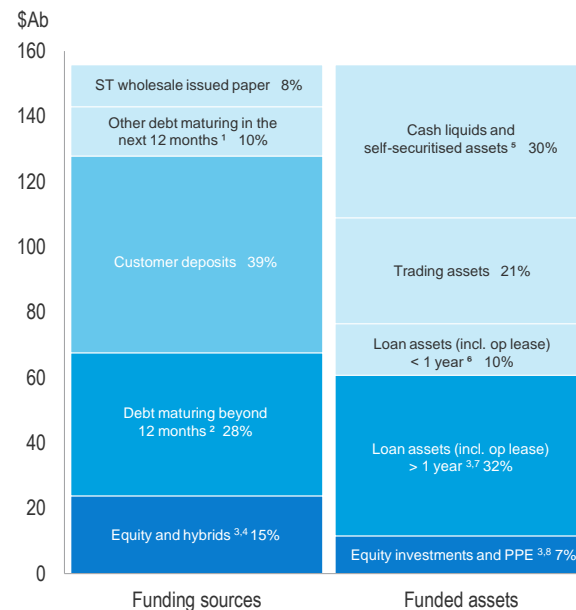
### 31 Dec 2018



### 30 Sep 2019



### 31 Dec 2019



These charts represent Macquarie's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Subordinated debt maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Subordinated debt not maturing within next 12 months. 3. Non-controlling interests netted down in 'Equity and hybrids', 'Equity investments and PPE' and 'Loan assets (incl. op lease) > 1 year'. 4. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 5. 'Cash, liquids and self-securitized assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the Reserve Bank of Australia's Committed Liquidity Facility. 6. 'Loan Assets (incl. op lease) < 1 year' includes Net Trade Debtors. 7. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 8. 'Equity investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments.

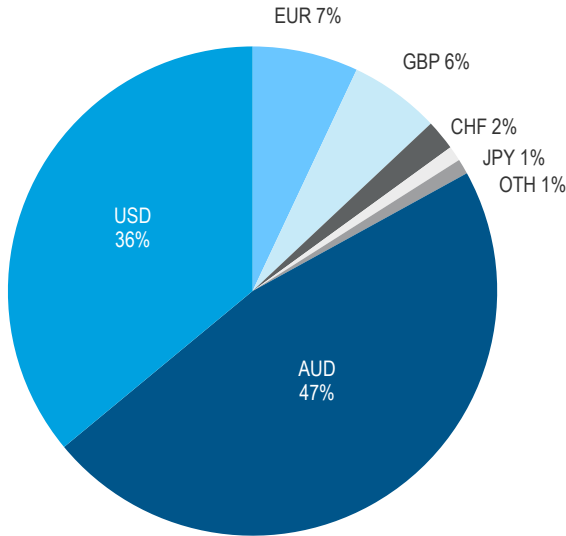




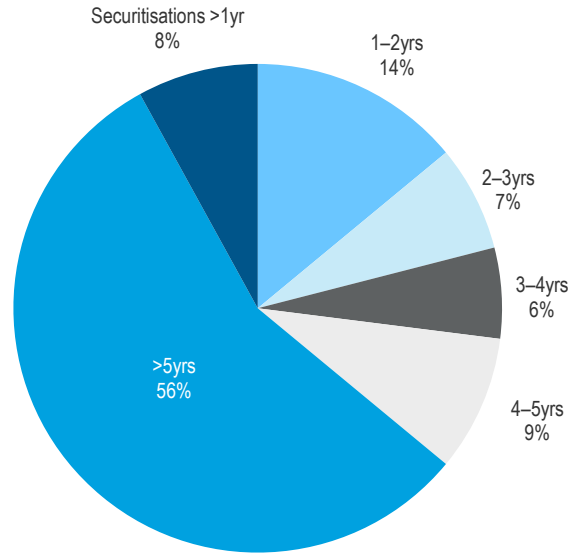
# Diversified issuance strategy

Term funding as at 30 Sep 19 – diversified by currency<sup>1</sup>, tenor<sup>2</sup> and type

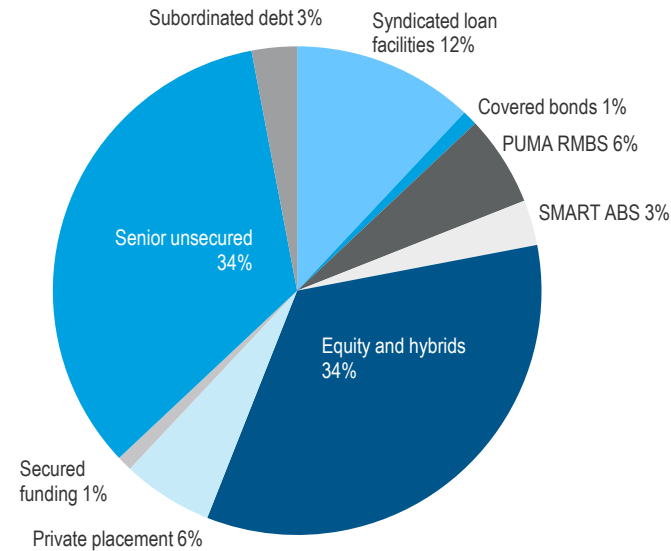
Currency



Tenor



Type

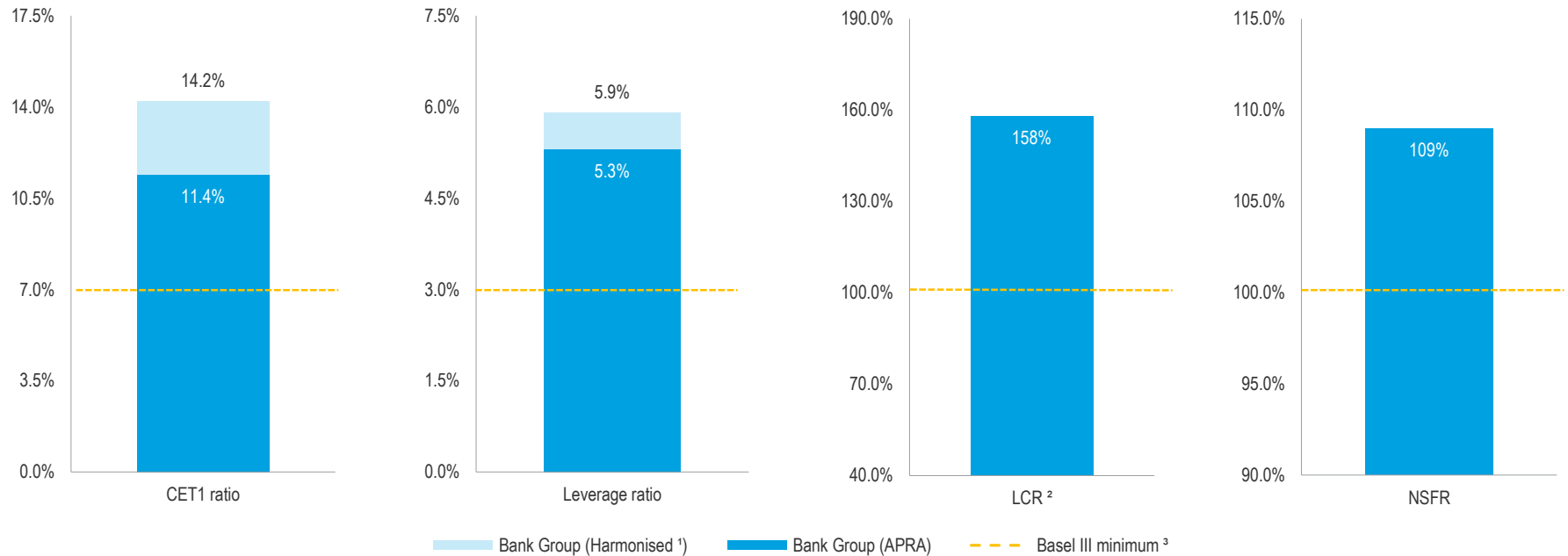


Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr.



# Strong regulatory ratios

## Bank Group (Dec 19)



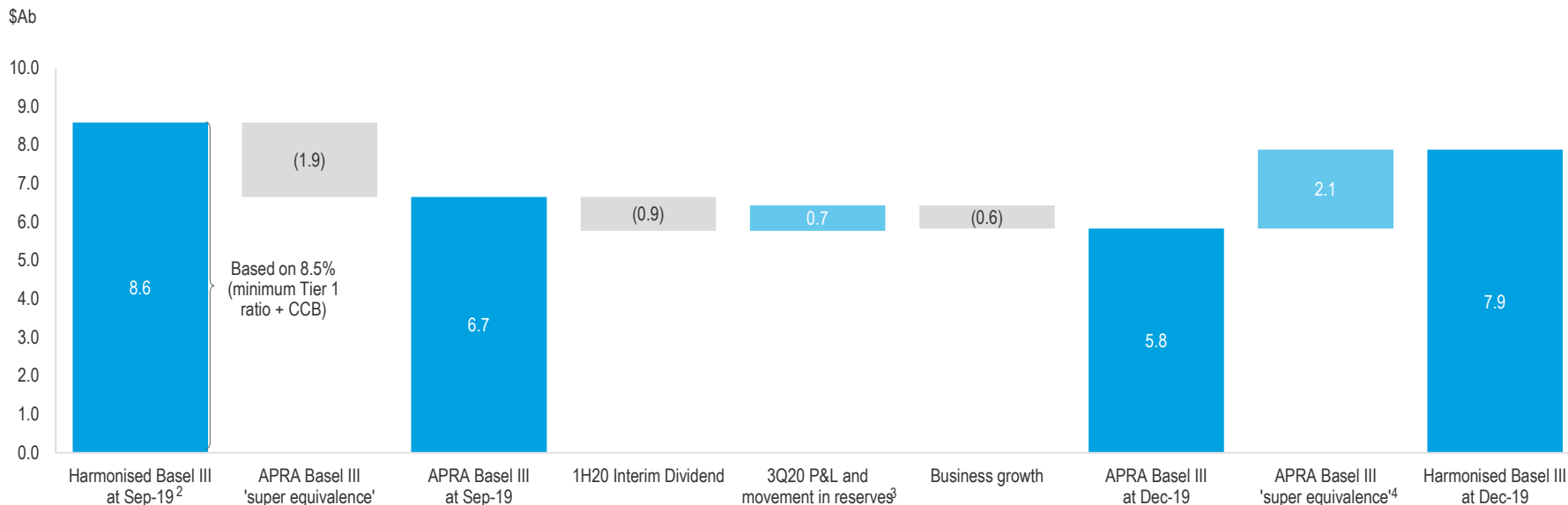
1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Dec 19 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to 'Prudential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



# Basel III capital position

APRA Basel III Group capital at Dec 19 of \$A23.6b; Group capital surplus of \$A5.8b<sup>1</sup>

## Group regulatory surplus: Basel III (Dec 19)



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



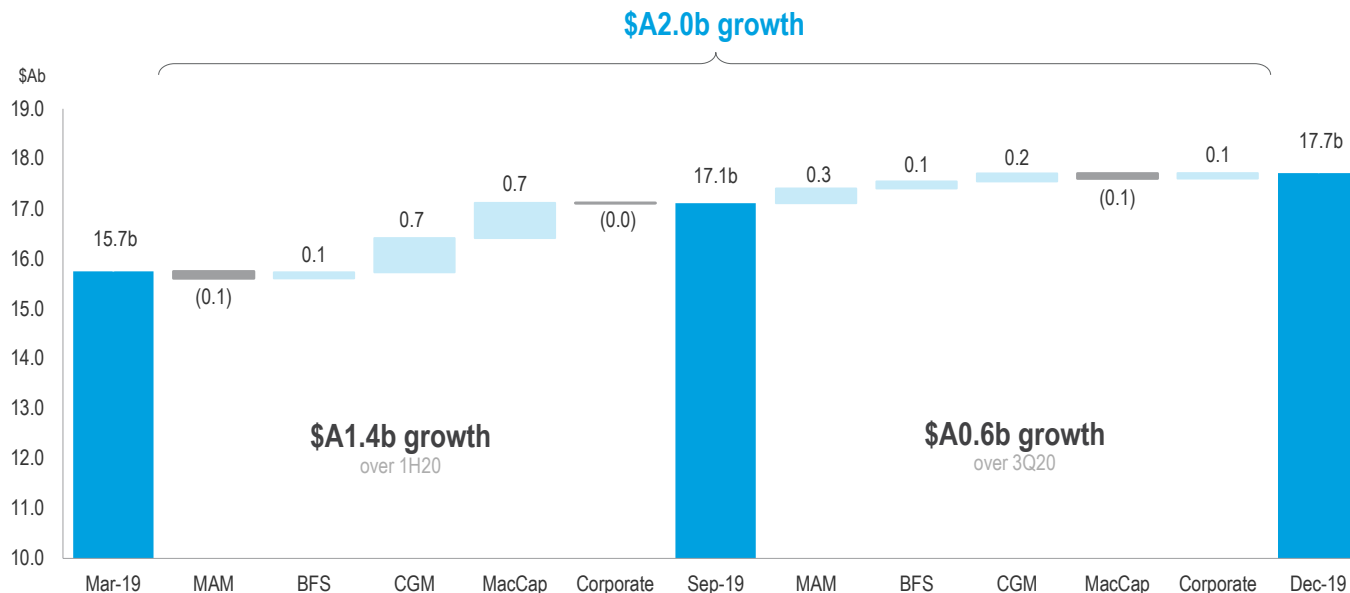
# Capital management update

## Additional Tier 1 Capital

- On 30 Jan 2020, MBL announced that it intends to repay the \$A400m Macquarie Income Securities (MIS) on 15 Apr 2020
  - MIS were issued in 1999 and receive transitional treatment under APRA's prudential standards that results in reducing capital recognition. The repayment will reduce Tier 1 capital by \$A94m
- MBL also intends to redeem the \$A429m Macquarie Bank Capital Notes (BCN) on 24 Mar 2020



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



## 3Q20 KEY DRIVERS

### MAM

- Increased requirements driven by short-term underwriting activity

### BFS

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

### CGM

- Increased requirements driven by lending and trading activity

### MacCap

- Includes asset realisations, partially offset by lending activity

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



# Regulatory update

## Australia

- APRA is currently undertaking regulatory reviews in a number of areas, including:
  - Finalisation of Basel III - APRA is still finalising rules for Australian banks to ensure that their capital levels can be considered 'unquestionably strong'<sup>1</sup>
    - In Dec 19, APRA noted that it is giving consideration to the introduction of a non-zero default level for the countercyclical capital buffer (CCyB), as part of its broader reforms to the ADI capital framework<sup>2</sup>
    - In Dec 19, APRA released final standards on Operational Risk (APS 115), with the key update to the Jun 19 draft standards being confirmation of a 1 Jan 21 implementation date<sup>3</sup>
    - In Oct 19, APRA released its draft standards relating to APS 111, including changes to the capital treatment of investments in banking and insurance subsidiaries<sup>4</sup>, with implementation from 1 Jan 21.
  - In Sep 19, APRA commenced a second consultation on capital calculation and risk management requirements relating to Interest Rate Risk in the Banking Book<sup>5</sup>
  - Loss-absorbing capacity (LAC) - APRA released a 'response to submissions' paper in Jul 19 outlining its approach for LAC to support the orderly resolution of Australian ADIs<sup>6</sup>
    - APRA has confirmed that MBL will be subject to additional LAC requirements, consistent with the approach for the major banks
  - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework<sup>7</sup>, with implementation from 1 Jan 22. APRA is yet to release draft standards
  - In Nov 18, APRA released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from 1 Jan 22<sup>8</sup>. MBL's APRA leverage ratio was 5.3% at 31 Dec 19
  - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold<sup>9</sup>
- As previously noted, APRA is in discussions with Macquarie on resolution planning and intragroup funding. These discussions are progressing and Macquarie will continue working on these initiatives in consultation with APRA.
- Based on the current information available, it is Macquarie's expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the above changes, noting that some of them are at an early stage of review and hence the final impact is uncertain
- In Jul 19, APRA released a draft prudential standard CPS 511 aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. A three-month consultation period closed 23 Oct 2019 during which Macquarie lodged its submission. APRA is yet to release final prudential standards
- In Jan 20, consistent with the Royal Commission recommendations, Federal Treasury released a proposals paper outlining its plan to extend BEAR to a new regime, FAR (Financial Accountability Regime) to include all APRA regulated entities. In a similar way to BEAR impacting ADIs, FAR will add a personal accountability regime to insurers and responsible superannuation entities. Treasury has commenced the consultation process and called for submissions by 14 Feb 2020. Macquarie is participating in the process and will make a submission

1. 'Revisions to the capital framework for ADIs'; 14 Feb 18; 'APRA responds to first phase of consultation on revisions to ADI capital framework'; 17 Jun 19. 2. 'APRA flags setting countercyclical capital buffer at non-zero default level'; 11 Dec 2019. 3. 'APRA finalises updated prudential standard on operational risk requirements for ADIs'; 11 Dec 2019. 4. 'Revisions to APS 111 Capital Adequacy: Measurement of Capital'; 15 Oct 19. 5. 'Response to submissions: Interest rate risk in the banking book for authorised deposit-taking institutions'; 4 Sep 19. 6. 'Response to submissions - loss-absorbing capacity'; 9 Jul 19. 7. 'Minimum capital requirements for market risk'; 14 Jan 19. 8. 'Draft Prudential Standard APS 110 Capital Adequacy' and 'Response to submissions: Leverage ratio requirement for ADIs'; 27 Nov 18. 9. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18.



# Regulatory update

## Brexit

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

## Germany

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

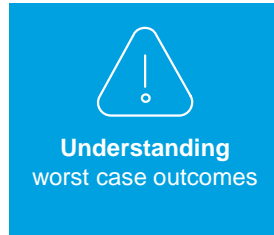


# Macquarie's approach to risk management

Strong focus on business accountability and risk ownership

## Stable and robust core risk management principles

Supported by our longstanding approach to establishing and maintaining an appropriate risk culture



Principles stable for **30+** years

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

The three lines of defence model, which is a widely adopted standard across the industry, sets risk ownership responsibilities functionally independent from oversight and assurance.

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





# Environmental, Social and Governance (ESG)

Macquarie's ESG commitment reflects our responsibility to clients, shareholders, communities, our people and the environment in which we operate

## ESG Scope

Building on our principles of opportunity, accountability and integrity, Macquarie's ESG approach is structured around focus areas which reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders

| Environment  | Social  | Governance  |
|--|---|---|
| <ul style="list-style-type: none"> <li>Investing in sustainability solutions and supporting the global energy transition</li> <li>Actively managing environmental risks including climate change risks</li> <li>Engaging in climate leadership initiatives such as GCA and CFLI<sup>1</sup></li> <li>Supporting TCFD, UN PRI, CDP, RE100 and other external ESG standards<sup>2</sup></li> <li>Promoting sustainable workplaces</li> </ul> | <ul style="list-style-type: none"> <li>Investing in social infrastructure</li> <li>Actively managing social risks including human rights and modern slavery risk</li> <li>Providing a diverse, inclusive workplace</li> <li>Improving work health and safety performance across Macquarie and Macquarie-managed assets</li> <li>Engaging Macquarie and its staff in the wider community</li> <li>Extended vulnerable client support measures</li> </ul> | <ul style="list-style-type: none"> <li>Strong corporate governance</li> <li>Ethical conduct by staff</li> <li>Customer advocacy</li> <li>Whistleblowing</li> <li>Anti bribery and anti corruption</li> <li>Anti money laundering</li> <li>Managing conflicts of interest</li> <li>Cyber security and data privacy</li> <li>Dealing with 3rd parties and suppliers</li> <li>Reporting transparently</li> </ul> |
| <a href="#">Environmental and Social Risk policy</a>   |   |   |

## FY19 highlights

|   |  |   |   |   |   |  |
|---|--|---|---|---|---|--|
| 22GW+ of renewable energy assets in operation and under development or construction | Inaugural £500m green loan to finance renewable energy, energy efficiency, waste management, green buildings and clean transportation projects | ~100m people utilise Macquarie-managed essential services daily | 50/50 representation of males and females in Macquarie's Intern and Graduate programs | Over 4,000 classroom events and 300,000 online courses and knowledge tests delivered to our staff | 450+ transactions and relationships assessed under our Environmental and Social Risk Policy | Top 3 rating for Australian ESG research by Australian Institutional Investors |
|---|--|---|---|---|---|--|

1. GCA: Global Commission on Adaptation; CFLI: Climate Finance Leadership Initiative. 2. TCFD: Taskforce on Climate-related Financial Disclosures; UN PRI: United Nations Principles for Responsible Investment. CDP: Carbon Disclosure Project.



# 02 | Operating Groups



# About Macquarie

## Annuity-style activities

### Annuity-style Net Profit Contribution

## Markets-facing activities

### Markets-facing Net Profit Contribution

~60%

~40%

#### Macquarie Asset Management (MAM)

- Top 50<sup>1</sup> global specialist asset manager with \$A587.5b<sup>2</sup> of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure, renewables, real estate, agriculture, transportation, equities, fixed income, private credit and multi-asset solutions

#### Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits<sup>3</sup> of \$A57.7b<sup>2</sup>, Australian loan and lease portfolio<sup>4</sup> of \$A72.2b<sup>2</sup> and funds on platform<sup>5</sup> of \$A91.6b<sup>2</sup>
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance<sup>6</sup> products and services to retail clients, advisers, brokers and business clients

#### Commodities and Global Markets (CGM)

- Specialised and Asset Finance delivers a diverse range of tailored finance solutions globally across a variety of industries and asset classes
- Commodity Markets – lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture
- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology, media and telecoms
- Provides clients with risk and capital solutions across physical and financial markets
- Diverse platform covering more than 25 market segments, with more than 200 products

#### Macquarie Capital (MacCap)

Global capability in:

- Advisory and capital raising services, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors and investing alongside partners and clients, across the capital structure
- Infrastructure, green and conventional energy, focusing on utilising its balance sheet to construct assets, build businesses and create platforms across development, construction and operational phases

## 1H20 Net Profit Contribution

MAM                      BFS                      CGM  
 ~39%    ~13%    ~8%

CGM    MacCap  
 ~32%    ~8%

# Macquarie Asset Management

Actively manages funds for investors across multiple asset classes

FY19 Net profit contribution\*  
**\$A1,872 million**

▼ **3%**  
 on FY18



**1,700+**  
 people



**19**  
 markets



**150+**  
 infrastructure  
 and real assets<sup>1</sup>

Net profit  
 contribution



**\$A587.5 billion**  
 assets under management<sup>8</sup>



MACQUARIE

**MIRA**

**\$A137.5b**

Equity under management<sup>8</sup>

**\$A5.5b**

3Q20 Equity raised

**\$A7.2b**

3Q20 Equity invested

**\$A21.1b**

Equity to deploy<sup>8</sup>

**MIM**

**\$A384.2b**

Assets under management<sup>8</sup>

**~80%**

of all assets under  
 management outperforming  
 respective benchmarks on  
 a three-year basis

**Top 50**

US active mutual  
 fund manager<sup>9</sup>

**FY19**  
 AWARDS



#1 Top 75 Infrastructure  
 Investment Manager<sup>5</sup>



Korea M&A Deal of the Year –  
 Acquisition of ADT Caps<sup>4</sup>



Telecom M&A Deal of the  
 Year 2018 – Acquisition of TDC<sup>5</sup>



Investment Manager of  
 the Year, 2019 – MIM<sup>6</sup>

**TOP 10**  
 Barron's Fund Families

10-year relative  
 performance<sup>7</sup>

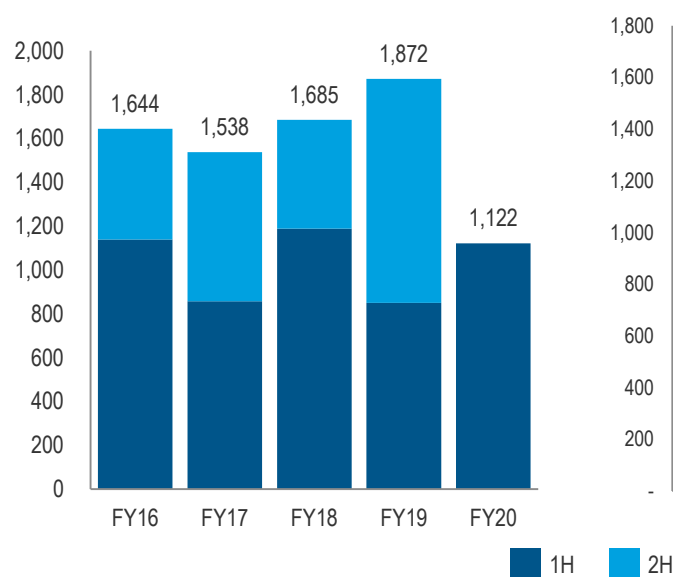
\* Based on FY19 net profit contribution from operating groups as reported on 1 Nov 19 and been restated for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 1. Excludes real estate assets at 30 September 2019. 2. Excludes GLL and Macquarie Capital real estate business. 3. IPE Real Assets (July/August 2019), measured by infrastructure assets under management. 4. The Asset Country Awards 2018, Best Deals – North Asia. 5. TMT Finance M&A Awards 2018. 6. 2019 Investment Manager of the Year in Australia by the Financial Standard Investment Leadership Awards. 7. Delaware Funds® by Macquarie family of funds ranked 38 out of 57 for the one-year; 23 out of 55 for the five-year; and 5 out of 49 for the 10-year (2018). 8. As at 31 December 2019. 9. At 31 December 2018 Morningstar Fund family AUM (excludes passive/index funds).



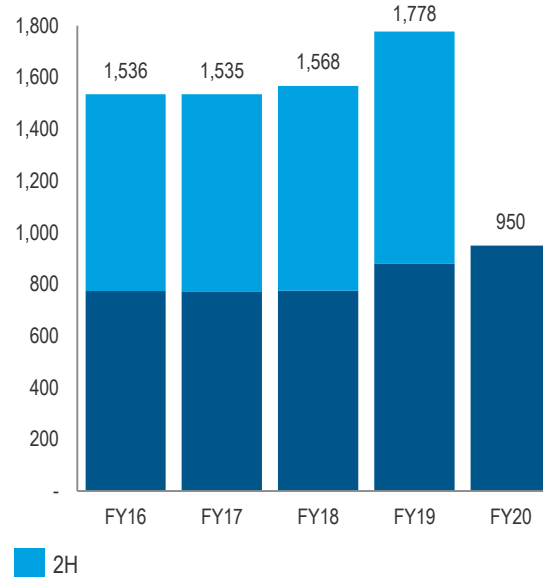
# Macquarie Asset Management

Actively manages funds for investors across multiple asset classes

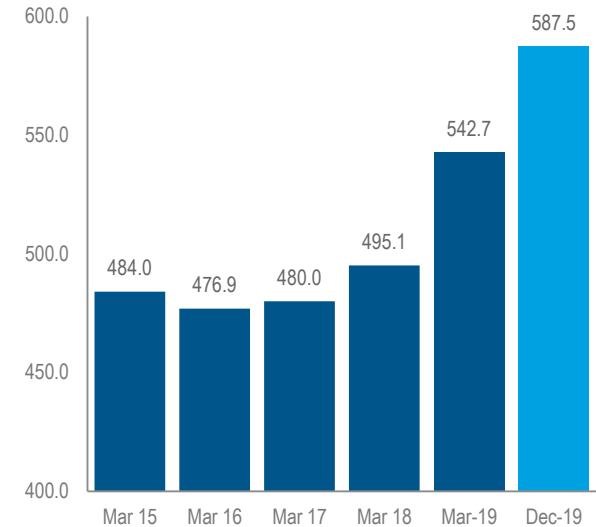
### Net Profit Contribution<sup>1,2</sup> (\$Am)



### Base Fees<sup>2</sup> (\$Am)

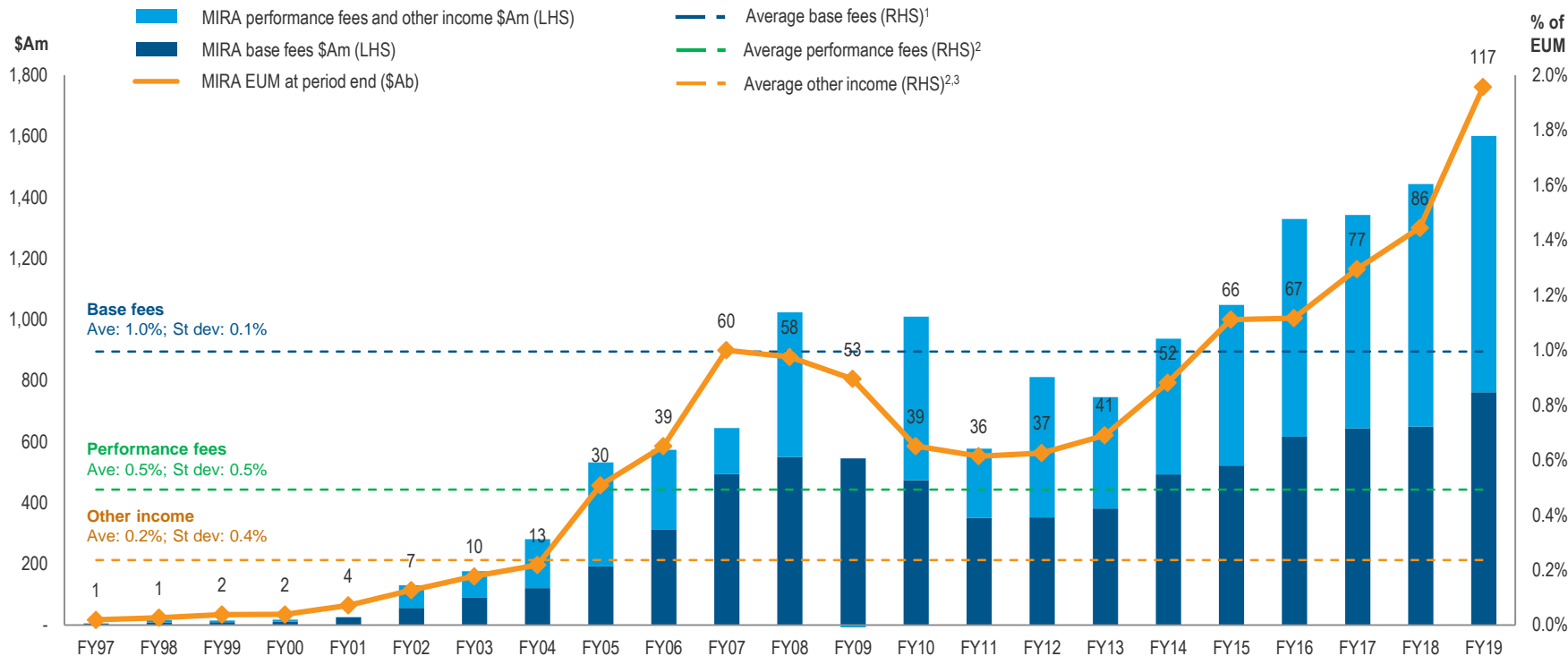


### AUM (\$Ab)





# MIRA: Historical Income



1. Average base fees (%) calculated as base fees per financial year / average EUM (Invested). 2. Average performance fees and other income (%) calculated as performance fees and other income per financial year / period end EUM. 3. Other income represents net operating income less base and performance fees for each financial year and includes other income relating to certain MIRA fund assets historically included in the Corporate segment. Base fees and performance fees for real estate funds included from FY05 onwards.

# Banking and Financial Services

**A technology-driven** Australian retail bank and wealth manager

FY19 Net profit contribution\*  
**\$A756 million**

**▲3%**  
on FY18



### Personal banking

Credit cards  
Home loans  
Bank accounts



### Wealth management

Investments  
Financial advice  
Wrap



### Business banking

Property services  
Professional services



More than  
**1.5 million**  
Australian clients



MACQUARIE

Award winning digital banking offering<sup>1</sup>

**Australia's 1<sup>st</sup>**  
open banking platform gives customers control over their data

A leading Australian vehicle financier

**475,000+**  
vehicles

**\$A57.7 billion**  
total BFS deposits<sup>2</sup>

Australian loan and lease portfolio of

**\$A72.2 billion<sup>2</sup>**  
**30+ years** bringing innovation and competition to **Australian consumers**

**Rebuilt our tech stack** and are the first to offer lending and retail deposits on **one core banking system**

\* Based on FY19 net profit contribution from operating groups as reported on 1 Nov 19 and been restated for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 1. Winner in the 2019 Mozo Experts Choice Awards for Internet Banking and Exceptional Everyday Account / Winner in the 2018 Mozo Experts Choice Awards in the Travel Money/International Money Transfer category / Best Digital Banking Offering & Most Innovative Card Offering at 2017 Australian Retail Banking awards.  
2. At 31 December 2019. BFS deposits exclude corporate/wholesale deposits.

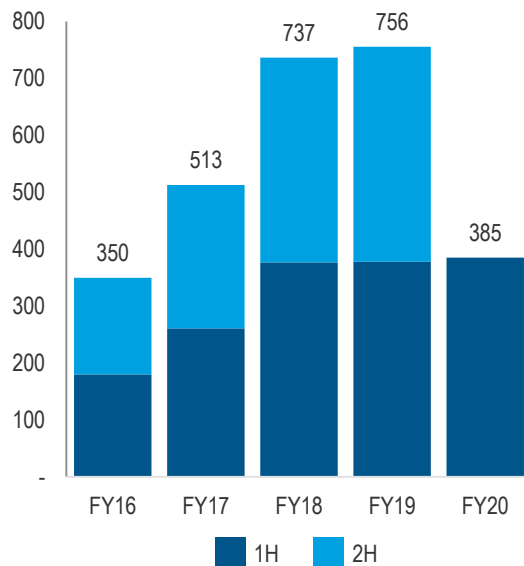




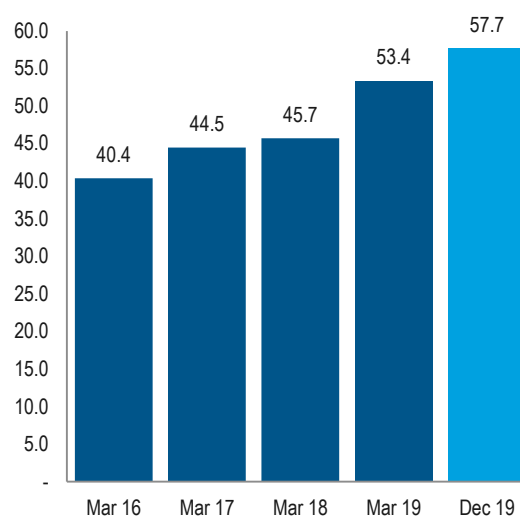
# Banking and Financial Services

A technology-driven Australian retail bank and wealth manager

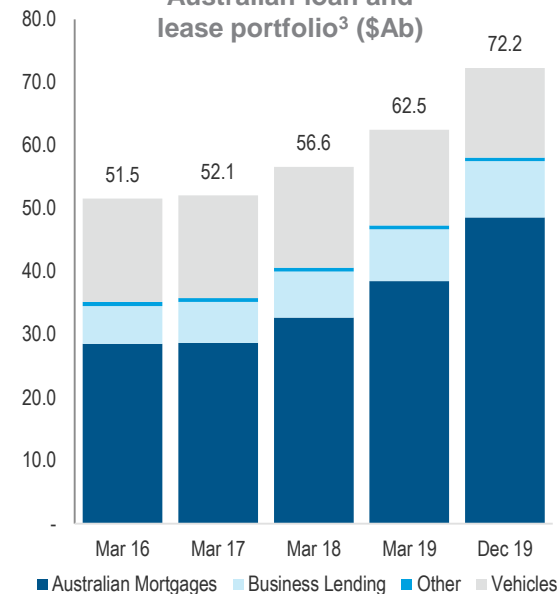
Net Profit Contribution<sup>1</sup> (\$Am)



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



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



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. During 2018, vehicle finance moved from Corporate and Asset Finance to BFS as a part of a reorganisation between Operating Groups. FY18 financial results were restated to reflect this change. 2. BFS deposits exclude any Corporate/Wholesale deposit balances. 3. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle asset finance, and other includes insurance premium funding and credit cards. Vehicles asset finance moved from CAF Asset Finance to BFS effective 1 Dec 2018.




# Commodities and Global Markets

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

FY19 Net profit contribution  
**\$A1,743 million**

**▲46%**  
on FY18

  
**30+**  
years  
in metals,  
equities, futures  
and FX markets

  
**20+**  
years  
in agricultural  
markets

  
**15**  
years  
in energy  
markets



Market trading across

**200+**

products in **27+** market segments



MACQUARIE

**~5,000**  
Unique client relationships

**65%**  
Of the portfolio represents  
recurring income

**\$A8b+<sup>1</sup>**  
Asset finance portfolio

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

**No.2**  
physical gas  
marketer in  
North America<sup>2</sup>

Awarded 2019  
**Natural  
Gas/LNG House  
of the Year<sup>3</sup>**

**No.1**  
Futures Broker  
on the ASX<sup>4</sup>

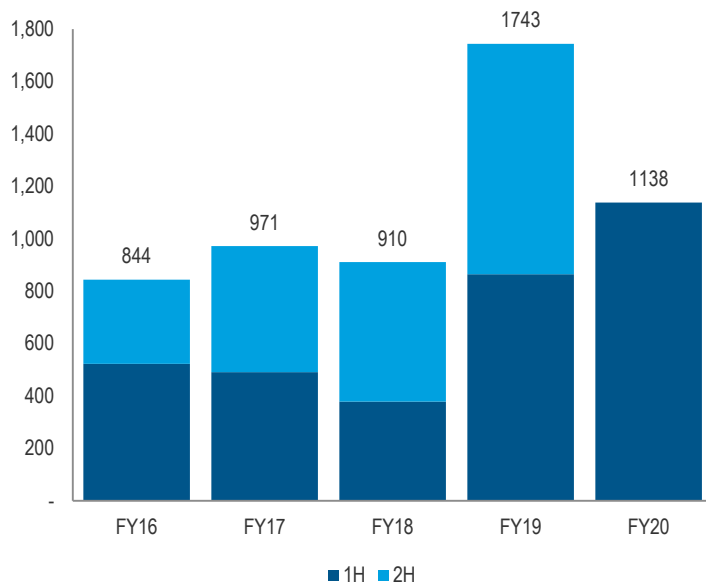
Based on FY19 net profit contribution from operating groups as reported on 1 Nov 19 and been restated for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 1. As at 31 December 2019. 2. Platts Q3 CY19. 3. 2019 Energy Risk Awards. 4. Based on overall market share on ASX24 Futures volumes as at 31 Dec 19



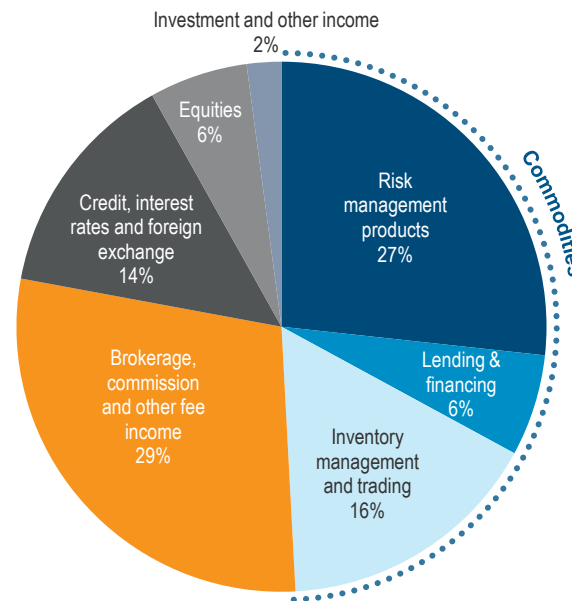
# Commodities and Global Markets

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

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



Net Operating Income<sup>2</sup>



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Numbers as reported at half year results announcement on 1 Nov 19 and have not been restated prior to FY19 for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 2. For the full year ended 31 Mar 19, excluding impairment charges, provisions, net gains on sale and internal management (charge)/revenue, based on the Management Discussion & Analysis income classifications.

# Macquarie Capital

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



FY19 Net profit contribution\*  
**\$A1,774 million**

**▲48%**  
on FY18



Energy



Infrastructure and utilities



Real estate



Technology



Telecommunications, media and entertainment



Resources



Industrials



Financial institutions



**\$A478 billion**

completed deals in FY19<sup>9</sup>

**No.1** Global Infrastructure  
Financial adviser<sup>1</sup>

**No.1** M&A for completed  
deals in ANZ<sup>2</sup>

**Most Innovative Investment Bank** for Infrastructure and Project Finance<sup>3</sup>

**Asia-Pacific Clean Energy Deal of the Year** (Kwinana Waste to Energy)<sup>4</sup>

**Asia-Pacific Renewables Deal of the Year** (Formosa 1)<sup>5</sup>

**No.1** Global New Energy  
Finance Sponsor<sup>10</sup>

**250+** green energy projects under development or construction<sup>6</sup>

**Infrastructure and Project Finance Deal of the Year 2018 (Europe) – Markbygden Ett Wind Farm<sup>7</sup>**

**Latin America Conventional Project Finance Deal of the Year: Norte III<sup>8</sup>**

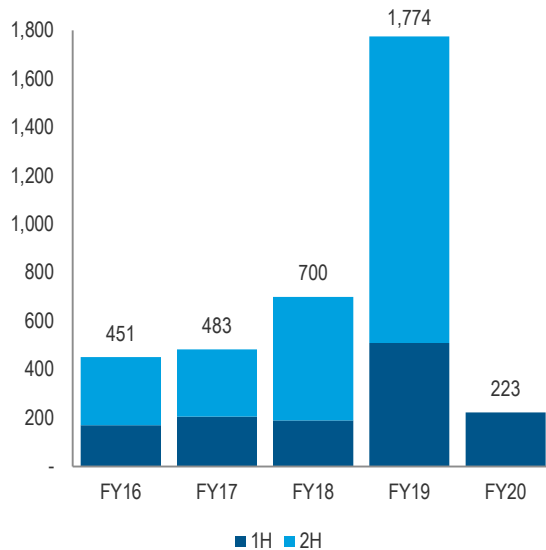
\* Based on FY19 net profit contribution from operating groups as reported on 1 Nov 19 and been restated for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 1. Inframation (CY18, by value and volume). 2. Dealogic (CY19, by volume). 3. The Banker (2018) 4. PFI (2018). 5. PFI (2018). 6. At 30 September 2019 7. The Banker (2018). 8. PFR (2018). 9. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 10. Bloomberg New Energy Finance Clean Energy League Tables CY19 (by volume). © Macquarie Group Limited



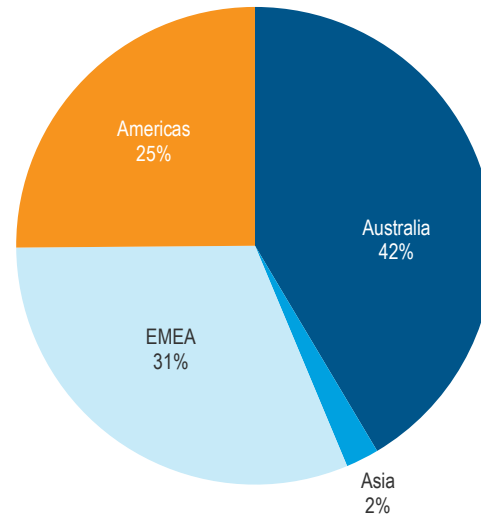
# Macquarie Capital

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

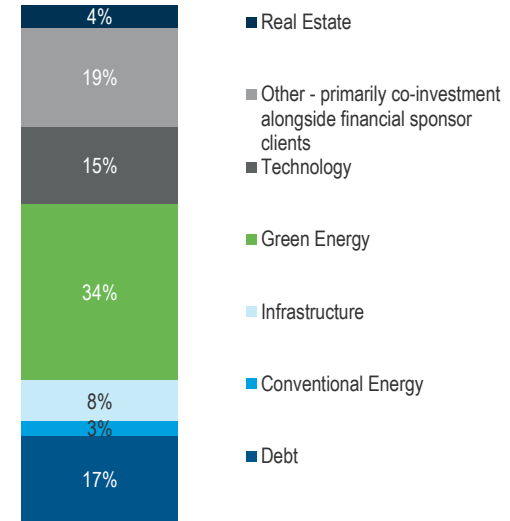
Net Profit Contribution<sup>1</sup> (\$Am)



Income by region<sup>2</sup>



Regulatory capital (\$3.7b)<sup>3</sup>



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Numbers as reported at half year results announcement on 1 Nov 19 and have not been restated prior to FY19 for business reorganisations affecting Macquarie Asset Management, Corporate and Asset Finance, Commodities and Global Markets and Macquarie Capital that have occurred since 3 May 19. 2. Income by region reflects FY19 net operating income excluding internal management revenue/(charge). 3. As at 30 September 2019.



03

3Q20 update



# 3Q20

## Overview

---

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

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





# 3Q20

## Overview

### Annuity-style businesses

#### Macquarie Asset Management

# 39%

1H20 contribution<sup>1</sup>

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

#### Banking and Financial Services

# 13%

1H20 contribution<sup>1</sup>

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

1. Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 19. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. 3. BFS deposits exclude corporate/wholesale deposits. 4. Funds on platform include Macquarie Wrap and Vision.



# 3Q20

## Overview

## Markets-facing businesses

### Commodities and Global Markets

# 40%

1H20 contribution<sup>1</sup>

- Strong contribution from client hedging and trading opportunities across the commodities platform, particularly from Global Oil, North American Gas & Power, EMEA Gas & Power, Metals and Agriculture businesses
- Continued strong customer activity in FX across all regions
- Ongoing strength in ANZ and US Futures driven by customer activity
- Consistent performance from asset finance portfolio on pcp, primarily from the Technology, Media and Telecoms (TMT) leasing business and continued strong performance from the UK energy meters business
- Maintained ranking as No. 2 physical gas marketer in North America
- No 1 Futures Broker on the ASX<sup>2</sup>
- Awarded 2019 Natural Gas/LNG House of the Year<sup>3</sup>

### Macquarie Capital

# 8%

1H20 contribution<sup>1</sup>

- 109 transactions valued at \$A76.4b<sup>4</sup> completed globally, up on prior period and down on a strong pcp
- Maintained No. 1 in ANZ for Completed and Announced M&A<sup>5</sup>
- Fee revenue up on pcp across advisory, DCM and ECM
- Investment-related income significantly down on a particularly strong pcp that benefited from large asset realisations including Quadrant, PEXA and Energetics

### Transaction Highlights

- Sole financial advisor to Alaska National Insurance Company, a leading specialty insurer focused on workers compensation, on its sale to CopperPoint Insurance Companies
- Strong principal finance lending activity in Q3 with \$A1b committed in new primary debt financings, weighted towards bespoke originations, provided to clients globally
- Sole financial advisor and lead equity sponsor for the Europe Transport Deal of the Year<sup>6</sup>, the £1bn Silvertown Tunnel PPP project. The project will be the first new road crossing of the River Thames in the last 30 years and the largest UK transport PPP in the past 10 years
- Formosa 2, a ~\$2USb offshore wind project reached Financial Close which, once complete, will generate 376MW to support approximately 380,000 Taiwanese households while displacing around 18,750kt CO<sub>2</sub>e over its lifetime
- No. 1 Global New Energy Finance Sponsor<sup>7</sup>

1. Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.  
 2. Based on overall market share on ASX24 Futures volumes as at 31 Dec 19. 3. 2019 Energy Risk Awards. 4. Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at 31 Dec 2019. Deal values reflect the full transaction value and not an attributed value. 5. Dealogic & Refinitiv 1 Jan – 31 Dec 2019 (by volume). 6. Project Finance International Awards 2019.  
 7. Bloomberg New Energy Finance Clean Energy League Tables CY19 (by volume).





# 04 | Outlook



# Factors impacting short-term outlook

## Annuity-style businesses

Non-Banking Group

### Macquarie Asset Management (MAM)

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

Banking Group

### Banking and Financial Services (BFS)

- **Higher** deposit, loan portfolio and platform volumes
- Competitive dynamics to drive **margin pressure**

## Markets-facing businesses

Non-Banking Group

### Macquarie Capital (MacCap)

- Assume **market conditions broadly consistent** with FY19
- **Investment-related income will be down** on a particularly strong FY19

Banking Group

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

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

## Corporate

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

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



# Short-term outlook

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



# Medium-term

- Macquarie remains well-positioned to deliver superior performance in the medium term
- Deep expertise in major markets
- Build on our strength in business and geographic diversity and continue to adapt our portfolio mix to changing market conditions
  - Annuity-style income is primarily provided by two Operating Groups' businesses which are delivering superior returns following years of investment and acquisitions
    - Macquarie Asset Management and Banking and Financial Services
    - Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
      - Commodities and Global Markets and Macquarie Capital
- Ongoing program to identify cost saving initiatives and efficiency
- Strong and conservative balance sheet
  - Well-matched funding profile with minimal reliance on short-term wholesale funding
  - Surplus funding and capital available to support growth
- Proven risk management framework and culture



# Medium term

## Annuity-style businesses

Non-Banking  
Group

### Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

Banking  
Group

### Banking and Financial Services (BFS)

- Strong growth opportunities through intermediary and direct retail client distribution, platforms and client service
- Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments
- Modernising technology to improve client experience and support growth

## Markets-facing businesses

Non-Banking  
Group

### Macquarie Capital (MacCap)

- Positioned to benefit from any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each sector and region
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

Banking  
Group

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

- Opportunities to grow commodities business, both organically and through acquisition
- Development of institutional and corporate coverage for specialised credit, rates and foreign exchange products
- Tailored finance solutions globally across a variety of industries and asset classes
- Growing the client base across all regions
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform
- Continued investment in asset finance portfolio

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



# 05 | Appendix





A

Select slides from Macquarie's  
result announcement for the half-  
year ended 30 September 2019



# Income statement key drivers

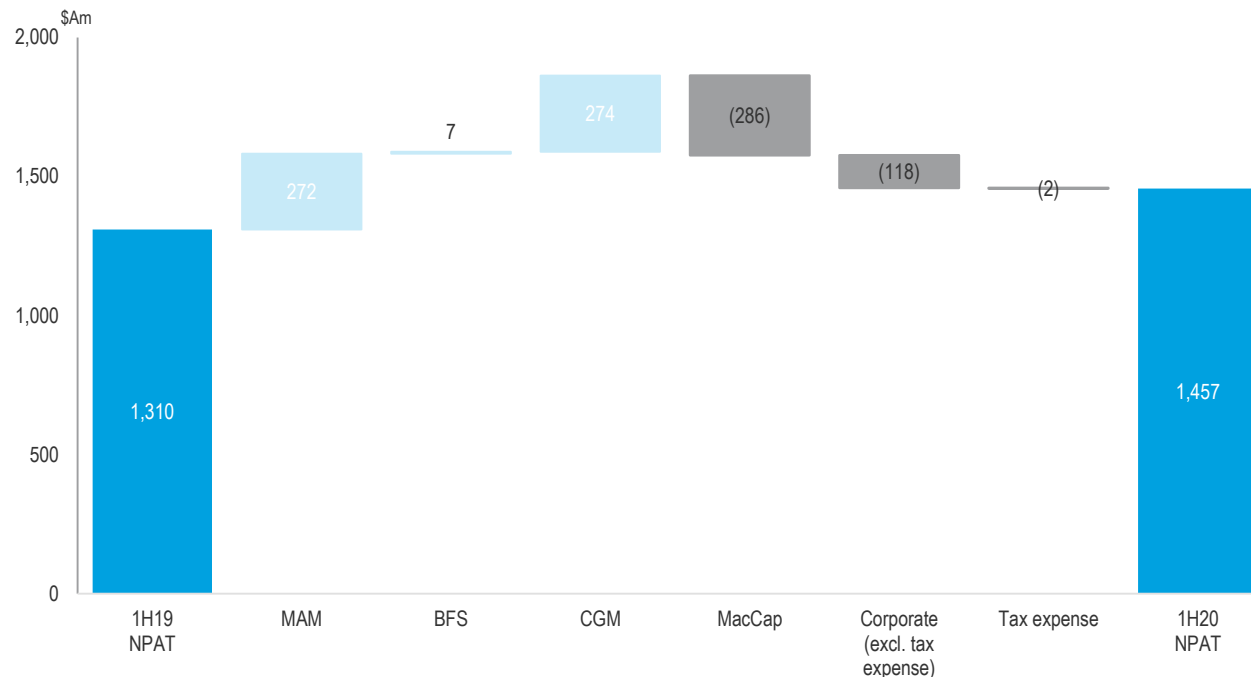
|  | 1H20<br>\$Am   | 2H19<br>\$Am   | 1H19<br>\$Am   |
|--|----------------|----------------|----------------|
| Net interest and trading income                                  | 2,417          | 2,322          | 2,229          |
| Fee and commission income  | 2,874          | 2,865          | 2,661          |
| Net operating lease income                                       | 461            | 489            | 461            |
| Share of net (losses)/profits of associates and joint ventures   | (49)           | (63)           | 7              |
| Credit and Other impairment charges                              | (139)          | (476)          | (76)           |
| Investment income  | 670            | 1,617          | 485            |
| Other income   | 86             | 170            | 63             |
| <b>Net operating income</b>                                      | <b>6,320</b>   | <b>6,924</b>   | <b>5,830</b>   |
| Employment expenses  | (2,776)        | (2,763)        | (2,454)        |
| Brokerage, commission and trading-related expenses               | (482)          | (561)          | (579)          |
| Other operating expenses   | (1,222)        | (1,438)        | (1,092)        |
| <b>Total operating expenses</b>                                  | <b>(4,480)</b> | <b>(4,762)</b> | <b>(4,125)</b> |
| <b>Operating profit before tax and non-controlling interests</b> | <b>1,840</b>   | <b>2,162</b>   | <b>1,705</b>   |
| Income tax expense   | (376)          | (505)          | (374)          |
| Non-controlling interests  | (7)            | 15             | (21)           |
| <b>Profit attributable to MGL shareholders</b>                   | <b>1,457</b>   | <b>1,672</b>   | <b>1,310</b>   |

- Net interest and trading income of \$A2,417m, up 8% on 1H19 primarily due to increased contribution across CGM's commodities platform driven by client hedging activity in Risk management products, the timing of income recognition on Oil and Gas storage and transport contracts partially offset by reductions in North American Gas Inventory management and trading following a strong prior corresponding period
- Fee and commission income of \$A2,874m, up 8% on 1H19
  - Higher performance fees with 1H20 benefiting from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
  - Increase in base fees due to foreign exchange movements and investments made by MIRA-managed funds and mandates, partially offset by asset realisations in MIRA-managed funds and net flows in MIM
  - Lower debt capital markets fee income, down on a strong 1H19, partially offset by higher mergers and acquisitions fee income in Macquarie Capital
- Share of net losses of associates and joint ventures of \$A49m, as compared with profits of \$A7m in 1H19, primarily driven by investments in green energy projects in the development and construction phases, including a small number of underperforming assets in Macquarie Capital
- Higher Credit and Other impairment charges compared to 1H19, primarily related to a small number of underperforming investments in Macquarie Capital
- Investment income of \$A670m, up 38% on 1H19, primarily due to higher revenue from asset realisations in Europe, particularly in the green energy sector in Macquarie Capital
- Total operating expenses of \$A4,480m, up 9% on 1H19 mainly due to unfavourable foreign exchange movements, higher share-based payments expense due to accelerated amortisation of prior years' equity awards to retiring key management personnel and increased performance-related profit share. In addition, average headcount increased in central service groups to support business growth, technology projects and ongoing regulatory compliance. This was partially offset by a decrease in Brokerage, commission and trading-related expenses primarily due to reductions across equities markets in CGM





# Income statement by Operating Group NPC



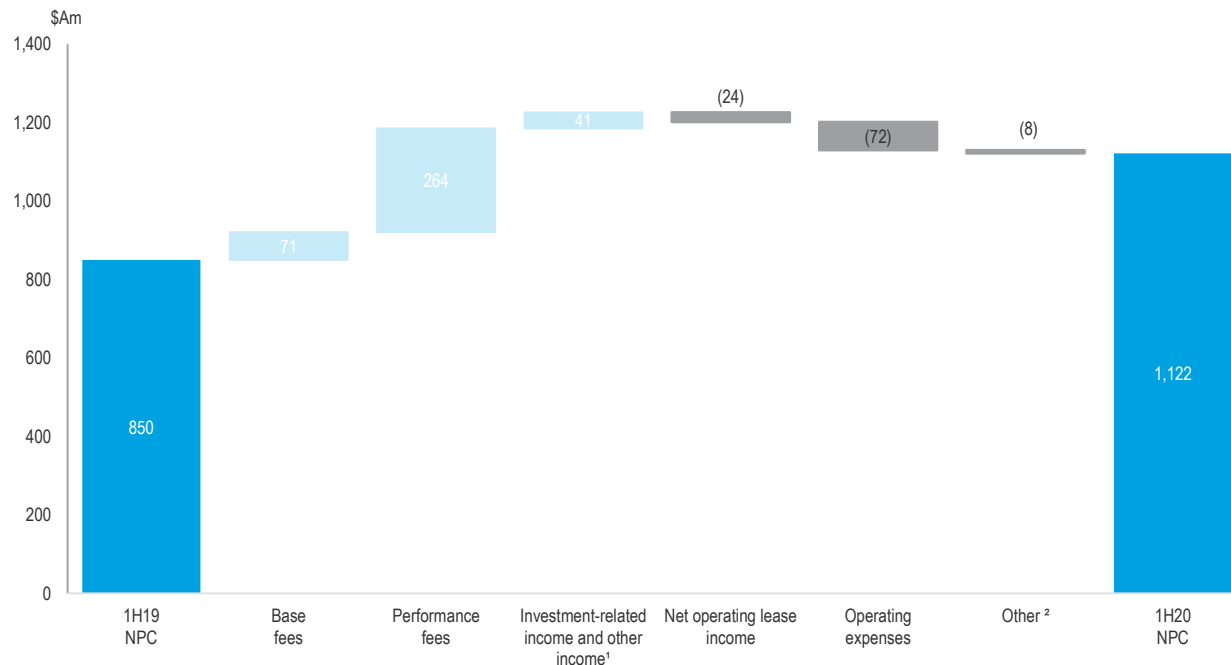
## KEY DRIVERS

- **MAM:** Increased performance fees and base fees, partially offset by higher operating expenses
- **BFS:** Growth in total BFS deposits, the Australian loan portfolio and funds on platform partially offset by a decrease in Australian vehicle finance portfolio and the impact of realigning the wealth advice business to focus on the high net-worth segment
- **CGM:** Strong contribution from the commodities platform driven by increased client hedging activity and timing of income recognition on storage and transport agreements, improved foreign exchange, interest rates and credit results, partially offset by challenging market conditions and reduced opportunities in Cash Equities, and higher operating expenses
- **MacCap:** Fee income down on a strong 1H19. Investment-related income slightly down with higher revenue from asset realisations offset by lower interest income from the debt portfolio and higher share of net losses of associates and joint ventures. Higher impairment charges due to a small number of underperforming investments and higher operating expenses
- **Corporate:** Higher share-based payments expense and higher performance-related profit share



# Macquarie Asset Management

Increased base and performance fees, partially offset by higher operating expenses



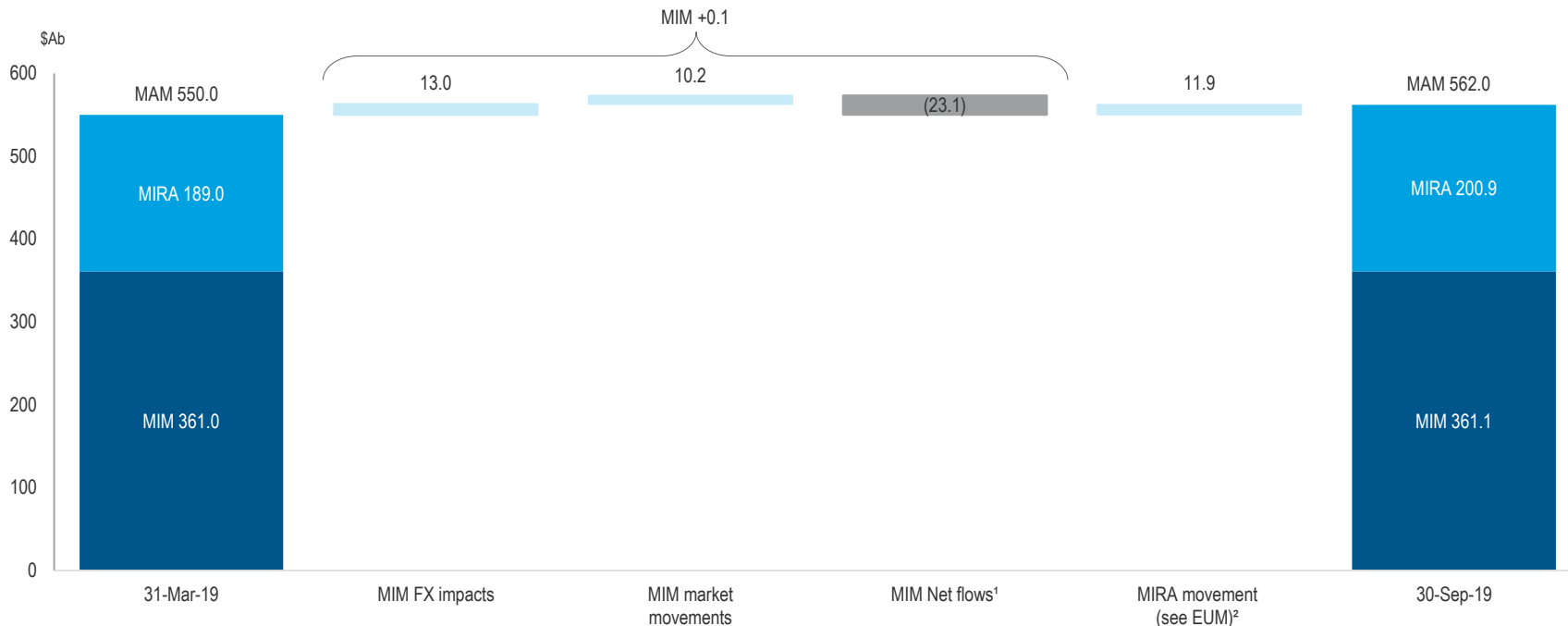
## KEY DRIVERS

- Base fees up due to:
  - Foreign exchange movements and investments made by MIRA-managed funds and mandates
  - Partially offset by asset realisations in MIRA-managed funds and net flows in MIM
- Higher performance fees with 1H20 benefiting from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
- Higher investment-related and other income due to gains on sale and reclassification of investments
- Lower net operating lease income primarily driven by the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM, partially offset by the acquisition of rotorcraft assets during the prior period
- Higher operating expenses driven mainly by foreign exchange movements and the full-period impact of the GLL and ValueInvest acquisitions completed in the prior corresponding period



# MAM AUM movement

Increase due to net investment by MIRA-managed funds; and positive impacts from FX and market movements offset mainly by a reduction in contractual insurance assets in MIM

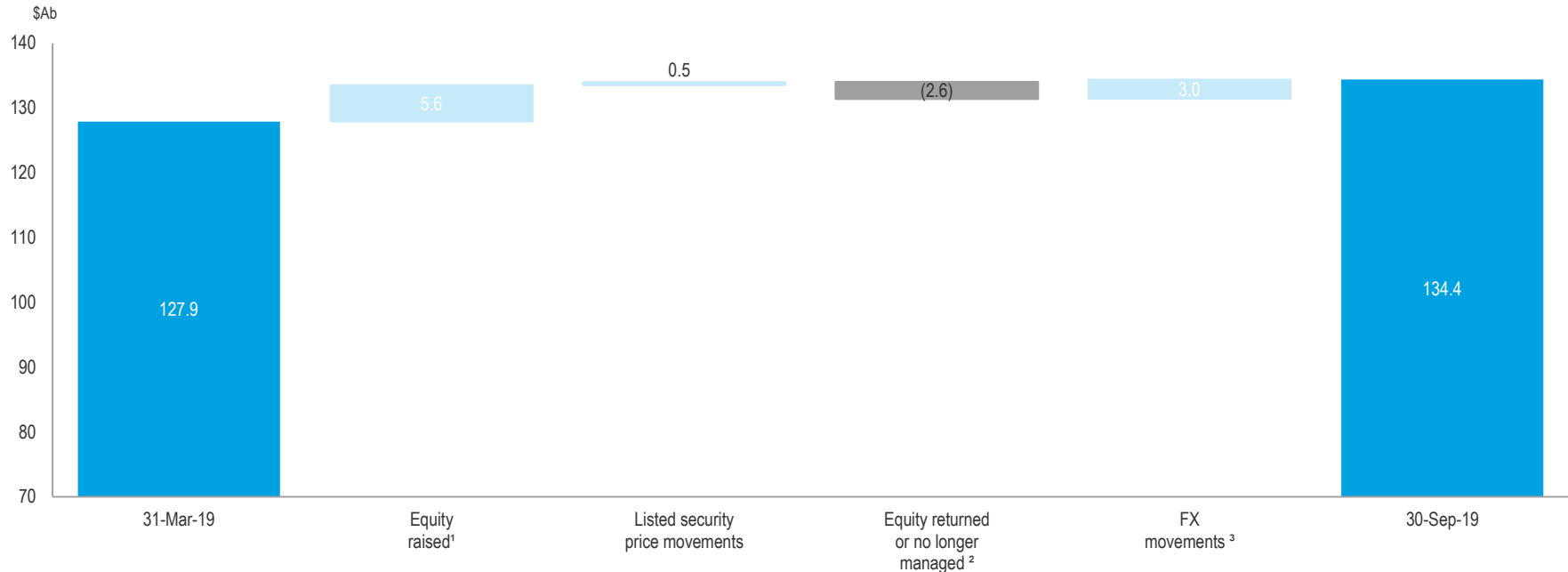


1. \$A23.1b of MIM net outflows were primarily driven by contractual fixed income insurance assets and other short-term fixed income allocations 2. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes – refer to MIRA EUM movement on slide 26. MIRA’s total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. Refer MD&A s7 for further information with respect to EUM and AUM measures.



# MIRA EUM movement

Increase of 5% primarily due to new equity raised

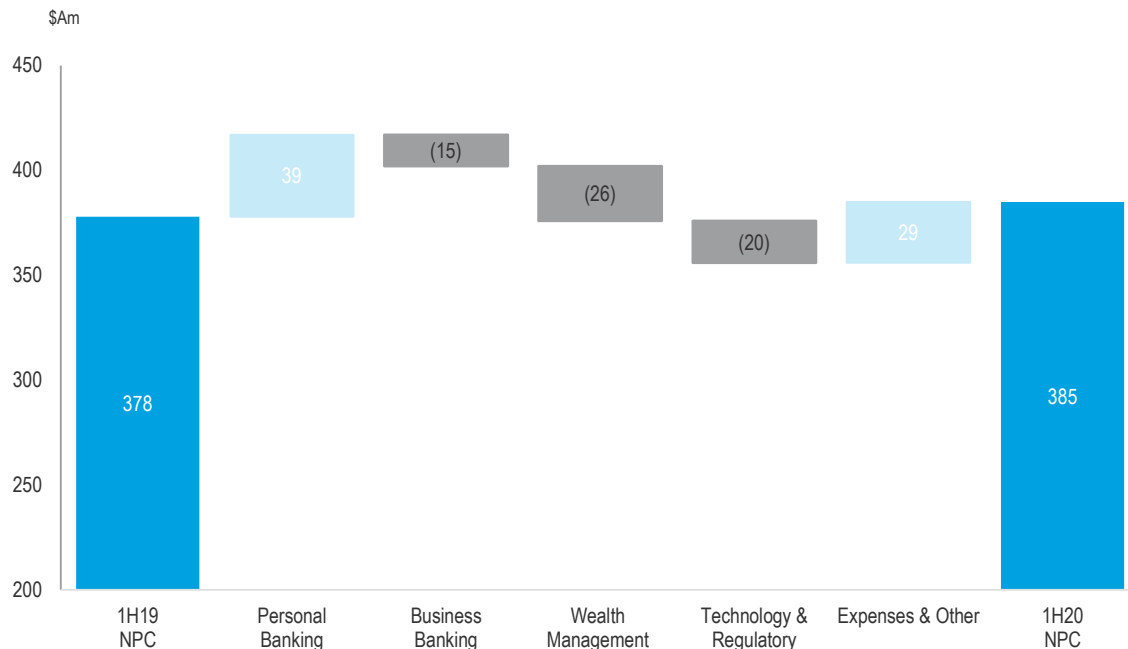


1. Includes PGGM's 25% interest in Macquarie AirFinance following the sale to a newly-formed joint venture with PGGM. 2. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. Includes an offset of equity managed on behalf of ALX following internalisation. 3. FX reflects the movement in EUM driven by changes in FX rates. EUM is calculated using capital commitments translated at period end FX rates. Spot FX rates are used for capital raised and returned and average FX rates are used for security price movements.



# Banking and Financial Services

Growth in BFS deposits, Australian loan portfolio and funds on platform



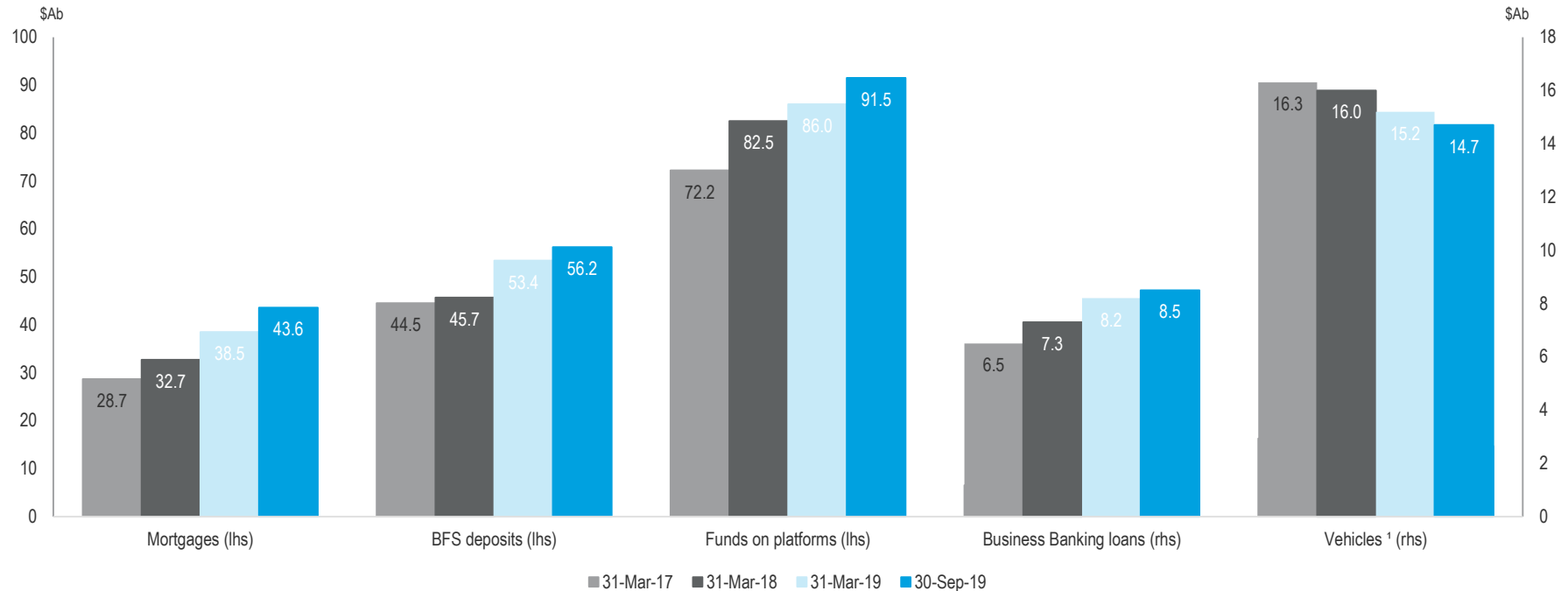
## KEY DRIVERS

- Higher Personal Banking income driven by a 14% growth in average mortgage volumes
- Lower Business Banking income driven by increase in specific provisions offset by 13% growth in average business banking loan volumes and a 3% growth in average business deposit volumes
- Lower Wealth Management fee income associated with realigning the advice business to focus on the high net-worth segment, partially offset by 3% increase in average funds on platform
- Higher Technology and Regulatory expenses driven by investment to support business growth and to meet regulatory requirements
- Lower Expenses and Other includes lower staff numbers in Wealth Management with the advice business realigned to focus on the high net-worth segment



# Banking and Financial Services

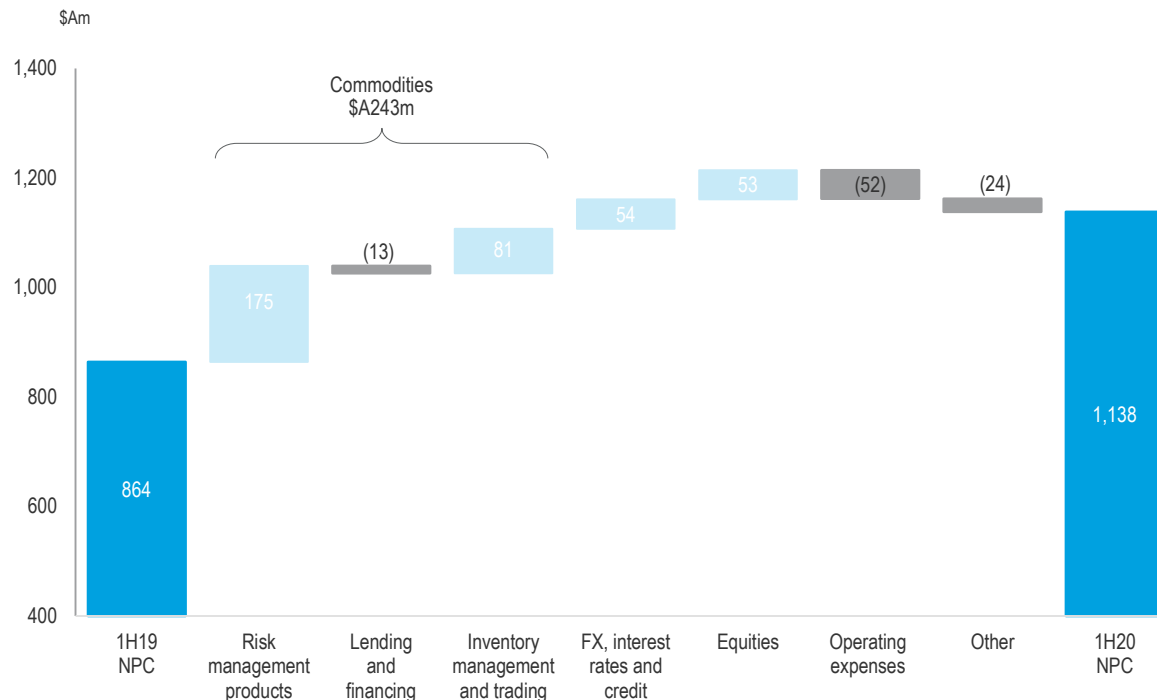
Strong growth across the portfolio





# Commodities and Global Markets

Results driven by strong performance in commodities



## KEY DRIVERS

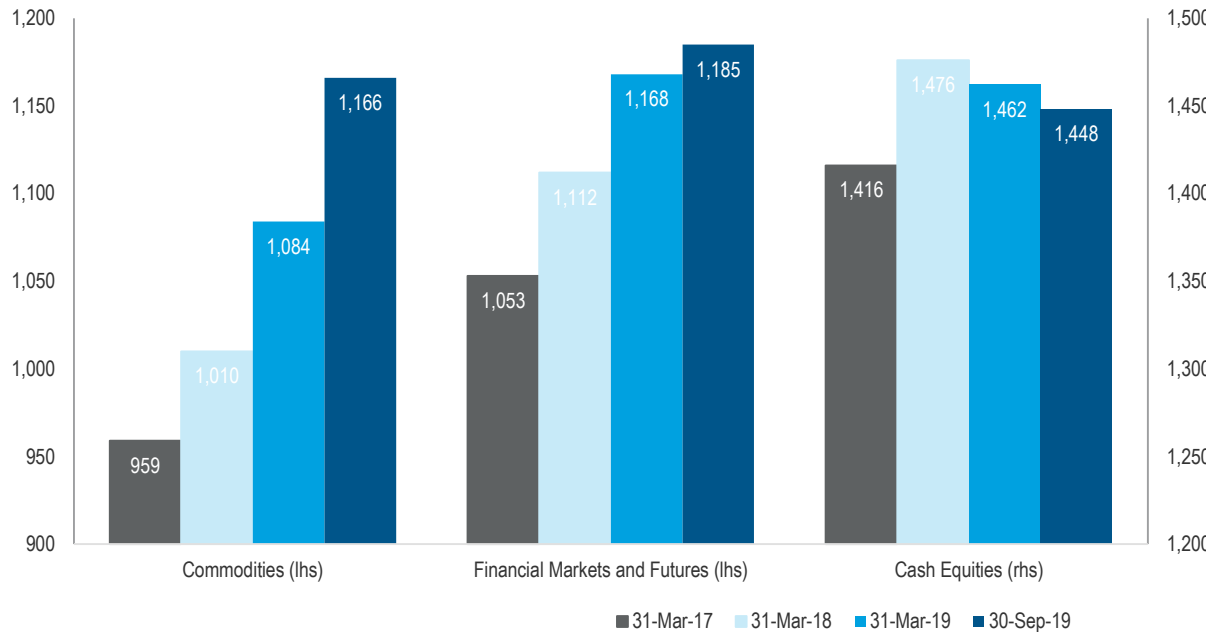
- Increased net interest and trading income:
  - Commodities
    - Strong results across the commodities platform from increased client hedging activity particularly in Global Oil, North American Gas and Power and EMEA Gas and Power. Solid contribution from Agriculture, Metals and Mining
    - Lower Lending and financing income driven by a reduction in agricultural loans and reduced activity in gas and power sectors
    - Inventory management driven by the timing of income recognition on Oil and Gas storage and transport contracts, partially offset by reductions in North American Gas following a strong prior corresponding period driven by demand and supply factors in specific American regions
  - Improved foreign exchange, interest rates and credit result driven by increased client activity across platform in all regions
  - Increase in Equities driven by increased opportunities in Asian markets including China and improved performance in retail markets
- Higher operating expenses driven by expenditure on technology infrastructure as well as increased compliance and regulatory requirements, partially offset by a reduction in brokerage, commission and trading-related expenses driven by reduced turnover in equities markets



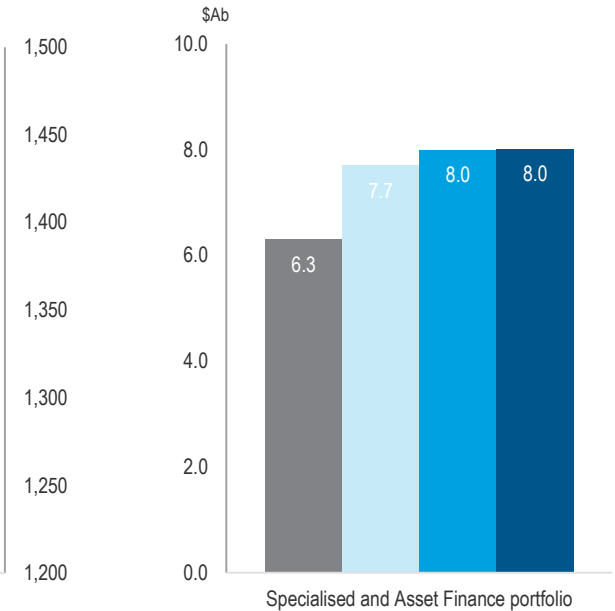
# Commodities and Global Markets

Growing client base

Client numbers<sup>1</sup>



Specialised & Asset Finance portfolio



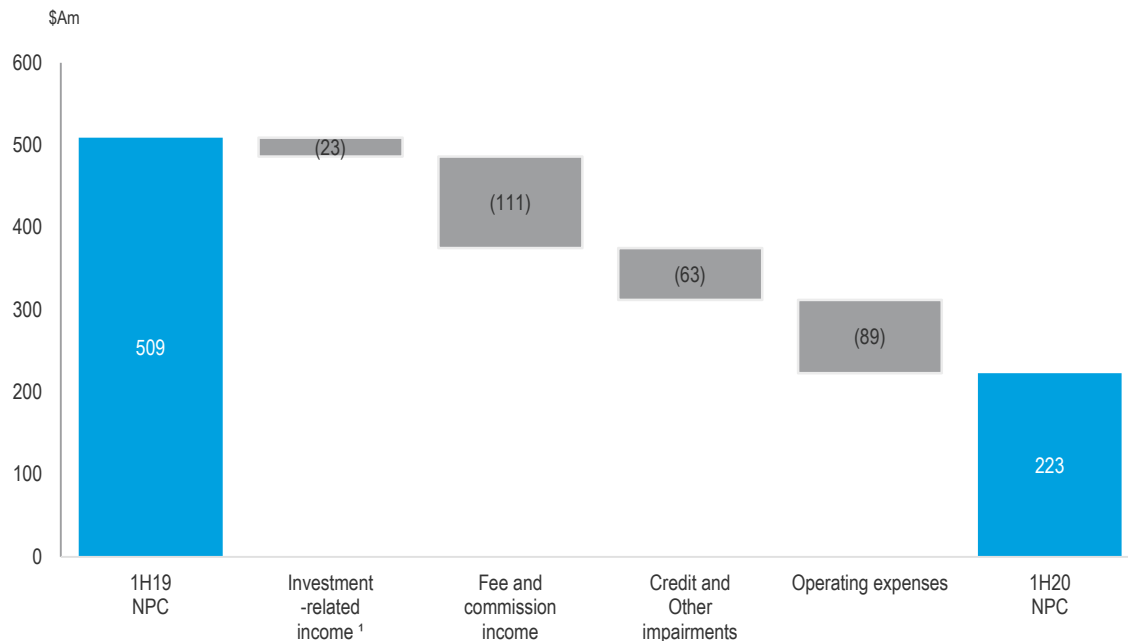
1. 30 Sep 19 client numbers cover a 12 month period from 1 Oct 18 – 30 Sep 19.





# Macquarie Capital

Results driven by lower investment-related income, lower fee and commission income, higher operating expenses and higher credit and other impairment charges



## KEY DRIVERS

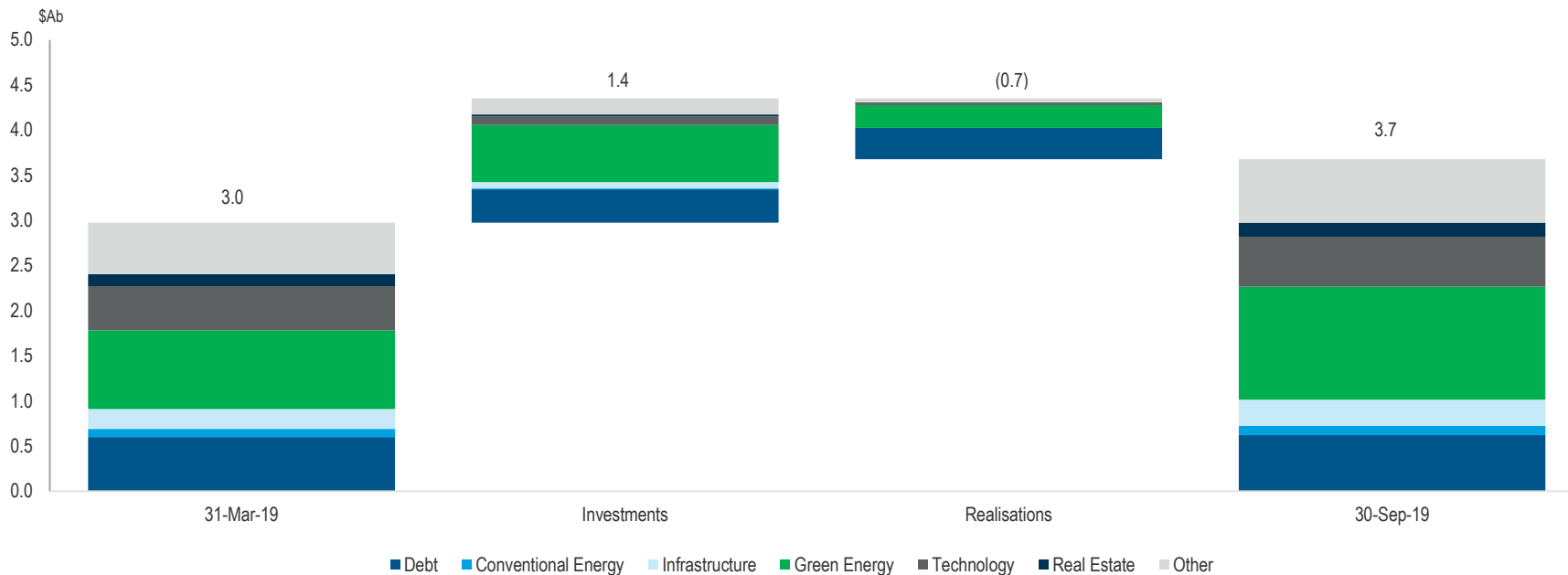
- Lower investment-related income:
  - Lower interest income from the debt portfolio
  - Higher share of net losses of associates and joint ventures, primarily in green energy projects in the development and construction phases, including a small number of underperforming assets
  - A change in the composition of investments in the portfolio including increased expenditure in relation to green energy projects
  - Partially offset by higher revenue from asset realisations in Europe particularly in green energy
- Fee and commission income was lower with debt capital markets fee income down on a strong 1H19, partially offset by higher mergers and acquisitions fee income
- Higher credit and other impairment charges related to a small number of underperforming investments
- Higher operating expenses from additional headcount and the impact of foreign exchange movements

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



# Macquarie Capital

## Movement in regulatory capital





# Costs of compliance

Total compliance spend<sup>1</sup> approximately \$A270m in 1H20, up 15% on 1H19

| Regulatory project spend  | 1H20<br>\$Am | 2H19<br>\$Am | 1H19<br>\$Am |
|---|--------------|--------------|--------------|
| IFRS 9  | 0            | 3            | 7            |
| OTC reform  | 2            | 3            | 4            |
| MiFID   | 4            | 5            | 6            |
| Brexit  | 7            | 10           | 1            |
| Other Regulatory Projects<br>(e.g. Trade, Execution and Data related investments, Enterprise Data Management, Code of Banking Practice) | 57           | 58           | 47           |
| <b>Total</b>  | <b>70</b>    | <b>78</b>    | <b>64</b>    |

- The finance industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Regulatory project spend increased 9% from 1H19 as a result of a number of technology projects including BFS compliance projects and the Banking Executive Accountability Regime
- Business as usual spend increased 17% from 1H19 from continuing spend on a range of compliance functions

| Business as usual compliance spend   | 1H20<br>\$Am | 2H19<br>\$Am | 1H19<br>\$Am |
|--|--------------|--------------|--------------|
| Financial, Regulatory and Tax Reporting, and Compliance  | 58           | 53           | 51           |
| Compliance Policy and Oversight  | 54           | 44           | 43           |
| AML Compliance   | 19           | 18           | 17           |
| Regulatory Capital Management  | 12           | 11           | 10           |
| National Consumer Credit Protection (NCCP)   | 4            | 7            | 8            |
| Regulator Levies   | 6            | 5            | 7            |
| Other Compliance functions<br>(e.g. Monitoring and Surveillance, Privacy and Data Management, APRA resilience, Advice Licensee standards compliance) | 47           | 44           | 35           |
| <b>Total</b>   | <b>200</b>   | <b>183</b>   | <b>171</b>   |
| <b>Total compliance spend</b>  | <b>270</b>   | <b>261</b>   | <b>235</b>   |

1. Excluding indirect costs.



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

| Operating Group   | Category                            | Sep 19<br>\$Ab | Mar 19<br>\$Ab | Description   |
|---|-------------------------------------|----------------|----------------|---|
| BFS   | Retail mortgages <sup>2</sup>       | 38.8           | 35.6           | Secured by Australian residential property  |
|   | Business banking                    | 9.0            | 8.7            | Secured relationship managed loan portfolio secured largely by working capital, business cash flows and real property   |
|   | Vehicle finance                     | 11.9           | 11.5           | Secured by Australian motor vehicles  |
|   | <b>Total BFS</b>                    | <b>59.7</b>    | <b>55.8</b>    |   |
| CGM   | Asset Finance                       | 8.0            | 7.9            | Predominantly secured by underlying financed assets   |
|   | <i>Finance lease assets</i>         | 5.7            | 5.6            |   |
|   | <i>Operating lease assets</i>       | 2.3            | 2.3            |   |
|   | Resource and commodities            | 4.5            | 3.3            | Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets  |
|   | Other                               | 2.6            | 2.5            | Predominantly relates to recourse loans to financial institutions, as well as financing for other sectors   |
|   | <b>Total CGM</b>                    | <b>15.1</b>    | <b>13.7</b>    |   |
| MAM   | Operating lease assets <sup>3</sup> | 1.6            | 8.9            | Secured by underlying financed assets including transportation assets   |
|   | Structured investments              | 0.2            | 0.2            | Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash or are protected by capital guarantees at maturity               |
|   | Other                               | 0.4            | 0.3            | Secured by underlying financed assets   |
|   | <b>Total MAM</b>                    | <b>2.2</b>     | <b>9.4</b>     |   |
| MacCap  | Principal finance loans             | 3.6            | 3.4            | Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, well covenanted and with a hold to maturity horizon |
|   | Corporate and other lending         | 0.6            | 0.7            | Includes diversified secured corporate lending  |
|   | <b>Total MacCap</b>                 | <b>4.2</b>     | <b>4.1</b>     |   |
| <b>Total loan and lease assets per funded balance sheet<sup>4</sup></b> |                                     | <b>81.2</b>    | <b>83.0</b>    |   |

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet of \$A85.1b at 30 Sep 19 (\$A78.5b at 31 Mar 19) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet). 2. Retail mortgages per the funded balance sheet of \$A38.8b differs from the figure disclosed on slide 13 of \$A43.6b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles (PUMA RMBS and SMART auto ABS) to show the net funding requirement. 3. Movement includes the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM in 1H20. 4. Total loan assets per funded balance sheet includes self-securitised assets.



# Equity investments of \$A8.5b<sup>1</sup>

| Category  | Carrying value <sup>2</sup><br>Sep 19<br>\$Ab | Carrying value <sup>2</sup><br>Mar 19<br>\$Ab | Description  |
|---|---|---|--|
| Macquarie Asset Management (MIRA) managed funds         | 1.9   | 1.9   | Includes Macquarie Infrastructure Corporation, Macquarie SBI Infrastructure Fund, Macquarie Infrastructure Partners 4, Macquarie Asia infrastructure Fund, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4 |
| Investments held to seed new MIRA products and mandates | 1.6   | -   | Includes 75% interest in a newly-formed joint venture with PGGM to which Macquarie AirFinance was sold   |
| Other Macquarie-managed funds                           | 0.3   | 0.3   | Includes MIM funds as well as investments that hedge directors' profit share plan liabilities  |
| Transport, industrial and infrastructure                | 0.7   | 0.6   | Over 25 separate investments   |
| Telcos, IT, media and entertainment                     | 1.0   | 0.5   | Over 50 separate investments   |
| Green energy <sup>3</sup>                               | 1.0   | 1.0   | Over 25 separate investments   |
| Conventional energy, resources and commodities          | 0.4   | 0.4   | Over 50 separate investments   |
| Real estate investment, property and funds management   | 1.0   | 0.7   | Over 15 separate investments   |
| Finance, wealth management and exchanges                | 0.6   | 0.5   | Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry  |
|   | <b>8.5</b>                                    | <b>5.9</b>                                    |  |

1. Equity investments per the statutory balance sheet of \$A10.2b (Mar 19: \$A6.1b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A8.4b (Mar 19: \$A5.9b). 3. Green energy includes Macquarie's \$A2.2b investment in East Anglia ONE Limited less \$A1.8b which has been funded with borrowings.



# B | Detailed result commentary



# Macquarie Asset Management

## Result

|  | 1H20<br>\$Am | 2H19<br>\$Am | 1H19<br>\$Am |
|--|--------------|--------------|--------------|
| Base fees  | 950          | 899          | 879          |
| Performance fees                                   | 546          | 483          | 282          |
| Net operating lease income                         | 303          | 335          | 327          |
| Investment-related and other income <sup>1</sup>   | 85           | 163          | 64           |
| Credit and Other impairment charges                | (5)          | (87)         | (18)         |
| <b>Net operating income</b>                        | <b>1,879</b> | <b>1,793</b> | <b>1,534</b> |
| Brokerage, commission and trading-related expenses | (127)        | (120)        | (128)        |
| Other operating expenses                           | (628)        | (650)        | (555)        |
| <b>Total operating expenses</b>                    | <b>(755)</b> | <b>(770)</b> | <b>(683)</b> |
| Non-controlling interests                          | (2)          | (1)          | (1)          |
| <b>Net profit contribution<sup>2</sup></b>         | <b>1,122</b> | <b>1,022</b> | <b>850</b>   |
| AUM (\$Ab)   | 562.0        | 550.0        | 548.7        |
| MIRA EUM (\$Ab)                                    | 134.4        | 127.9        | 115.6        |
| Headcount  | 1,789        | 1,900        | 1,886        |

- Base fees of \$A950m, up on 1H19
  - Foreign exchange movements and investments made by MIRA-managed funds and mandates
  - Partially offset by asset realisations in MIRA-managed funds and net flows in MIM
- Performance fees of \$A546m, up on 1H19
  - 1H20 included performance fees from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
  - 1H19 included performance fees from MEIF1, MEIF3, ALX and other MIRA-managed funds, managed accounts and co-investors
- Net operating lease income of \$A303m, down on 1H19, primarily driven by the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM, partially offset by the acquisition of rotorcraft assets during the prior period
- Investment-related and other income of \$A85m, up on 1H19, includes gains on sale and reclassification of investments
- Total operating expenses of \$A755m, up 11% on 1H19 driven mainly by foreign exchange movements and the full period impact of the GLL and ValueInvest acquisitions completed in the prior corresponding period

1. Investment-related income includes net income on equity and debt investments and share of net profits of associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. Management accounting profit before unallocated corporate costs, profit share and income tax.



# Banking and Financial Services

## Result

|   | 1H20<br>\$Am | 2H19<br>\$Am | 1H19<br>\$Am |
|---|--------------|--------------|--------------|
| Net interest and trading income <sup>1</sup>            | 838          | 844          | 834          |
| Fee and commission income                               | 226          | 232          | 244          |
| <i>Wealth management fee income</i>                     | <i>144</i>   | <i>147</i>   | <i>168</i>   |
| <i>Banking and leasing fee income</i>                   | <i>82</i>    | <i>85</i>    | <i>76</i>    |
| Credit and Other impairment charges                     | (42)         | (54)         | (28)         |
| Other (expenses)/income <sup>2</sup>                    | (1)          | 30           | 1            |
| <b>Net operating income</b>                             | <b>1,021</b> | <b>1,052</b> | <b>1,051</b> |
| <b>Total operating expenses</b>                         | <b>(636)</b> | <b>(674)</b> | <b>(673)</b> |
| <b>Net profit contribution<sup>3</sup></b>              | <b>385</b>   | <b>378</b>   | <b>378</b>   |
| Funds on platform <sup>4</sup> (\$Ab)                   | 91.5         | 86.0         | 88.1         |
| Australian loan and lease portfolio <sup>5</sup> (\$Ab) | 67.4         | 62.5         | 60.0         |
| BFS deposits <sup>6</sup> (\$Ab)                        | 56.2         | 53.4         | 49.4         |
| Headcount   | 2,651        | 2,772        | 2,950        |

- Net interest and trading income of \$A838m, in line with 1H19
  - 14% growth in the average BFS deposit balance and 9% growth in average Australian loan and lease portfolio volumes
  - Partially offset by the sale of an investment in Macquarie Pacific Funding business
- Fee and commission income of \$A226m, down 7% on 1H19 driven by lower wealth management fee income associated with realigning the advice business to focus on the high net worth segment
- Credit and Other impairment charges of \$A42m, up 50% on 1H19 driven by business banking loans and leasing
- Total operating expenses of \$A636m, down 5% on 1H19 driven by lower staff numbers in Wealth Management with the advice business realigned to focus on the high net worth segment and lower Brokerage, commission and trading-related expenses due to the sale of an investment in Macquarie Pacific Funding business, partially offset by additional investment in technology to support business growth and to meet regulatory requirements

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury and deposit premium paid to BFS by Group Treasury for the generation of deposits, that are eliminated on consolidation in the Group's statutory P&L. 2. Includes share of net (losses)/profits of associates and joint ventures, internal management revenue and other income. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle finance, insurance premium funding and credit cards. 6. BFS deposits excludes corporate/wholesale deposits.





# Commodities and Global Markets

## Result

|  | 1H20<br>\$Am   | 2H19<br>\$Am   | 1H19<br>\$Am   |
|--|----------------|----------------|----------------|
| Commodities  | 1,049          | 1,177          | 806            |
| <i>Risk management products</i>                    | <i>632</i>     | <i>621</i>     | <i>457</i>     |
| <i>Lending and financing</i>                       | <i>115</i>     | <i>122</i>     | <i>128</i>     |
| <i>Inventory management and trading</i>            | <i>302</i>     | <i>434</i>     | <i>221</i>     |
| Foreign exchange, interest rates and credit        | 345            | 273            | 291            |
| Equities   | 216            | 79             | 163            |
| Specialised and Asset Finance                      | 78             | 54             | 97             |
| <b>Net interest and trading income<sup>1</sup></b> | <b>1,688</b>   | <b>1,583</b>   | <b>1,357</b>   |
| Fee and commission income                          | 606            | 611            | 611            |
| Net operating lease income <sup>2</sup>            | 157            | 153            | 132            |
| Investment and other income <sup>3</sup>           | 60             | 83             | 69             |
| Credit and Other impairment charges                | (35)           | (147)          | (18)           |
| <b>Net operating income</b>                        | <b>2,476</b>   | <b>2,283</b>   | <b>2,151</b>   |
| Brokerage, commission and trading-related expenses | (257)          | (316)          | (320)          |
| Other operating expenses                           | (1,081)        | (1,087)        | (966)          |
| <b>Total operating expenses</b>                    | <b>(1,338)</b> | <b>(1,403)</b> | <b>(1,286)</b> |
| Non-controlling interests                          | -              | (1)            | (1)            |
| <b>Net profit contribution<sup>4</sup></b>         | <b>1,138</b>   | <b>879</b>     | <b>864</b>     |
| Headcount  | 2,816          | 2,866          | 2,786          |

- Net interest and trading income of \$A1,688m, up 24% on 1H19
  - Commodities income of \$A1,049m, up 30% on 1H19
    - Risk management products up 38% on 1H19 reflecting strong results across the commodities platform particularly in Global Oil, North American Gas and Power and EMEA Gas and Power from increased client hedging activity as a result of commodity price volatility. Solid contribution from Agriculture, Metals and Mining
    - Lending and financing reduced 10% driven by a reduction in agricultural loans and reduced activity in gas and power sectors
    - Inventory management and trading up 37% on 1H19 primarily driven by the timing of income recognition on storage and transport for Oil and Gas contract agreements partially offset by reduced contributions from North American Gas following a strong prior corresponding period driven by demand and supply factors in specific American regions
  - Foreign exchange, interest rates and credit income of \$A345m, up 19% on 1H19 driven by increased client activity across the platform in all regions
  - Equities up 33% on 1H19 reflecting increased opportunities in China and improved conditions for retail products across Asia
  - Specialised and Asset Finance interest and trading income down 20% on 1H19 driven by lower secondary income from equipment finance lease portfolio within Technology, Media and Telecoms (TMT), increased funding costs from growth in the TMT operating lease portfolio and a decline in the non-core legacy retail portfolio which is partially offset by favourable foreign exchange movement
- Fee and commission income of \$A606m, down 1% on 1H19 due to a reduction in brokerage due to reduced Cash Equities turnover offset by increased contribution from Index products and retail products in the technology sector
- Net operating lease income of \$A157m, up 19% on 1H19 driven by higher secondary income from Technology, Media and Telecoms portfolio. The Energy portfolio contributes the majority of operating lease income and was stable over the period
- Credit and Other impairment charges of \$A35m, up 94% on 1H19 mostly due to the write-downs on specific underperforming financing facilities and impairment charges related to a small number of commodity equity positions
- Brokerage, commission and trading-related expenses of \$A257m, down 20% on 1H19 due to a reduction in the equities sector
- Total other operating expenses of \$A1,081m, up 12% on 1H19, driven by expenditure on upgrading technology infrastructure and increased compliance costs as well as an increase in average headcount in comparison to prior corresponding period

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



# Macquarie Capital

## Result

|  | 1H20<br>\$Am | 2H19<br>\$Am | 1H19<br>\$Am |
|--|--------------|--------------|--------------|
| Fee and commission income                                | 415          | 497          | 526          |
| Investment-related income (ex non-controlling interests) | 421          | 1,467        | 478          |
| <i>Investment and other income<sup>1</sup></i>           | <i>439</i>   | <i>1,441</i> | <i>417</i>   |
| <i>Net interest and trading expense<sup>2</sup></i>      | <i>(18)</i>  | <i>26</i>    | <i>61</i>    |
| Credit and Other impairment charges                      | (59)         | (179)        | 4            |
| Internal management revenue <sup>3</sup>                 | 38           | 26           | 15           |
| <b>Net operating income</b>                              | <b>815</b>   | <b>1,811</b> | <b>1,023</b> |
| <b>Total operating expenses</b>                          | <b>(593)</b> | <b>(569)</b> | <b>(504)</b> |
| Non-controlling interests                                | 1            | 23           | (10)         |
| <b>Net profit contribution<sup>4</sup></b>               | <b>223</b>   | <b>1,265</b> | <b>509</b>   |
| Capital markets activity <sup>5</sup> :                  |              |              |              |
| Number of transactions                                   | 181          | 169          | 250          |
| Transactions value (\$Ab)                                | 154          | 205          | 273          |
| Headcount  | 1,459        | 1,369        | 1,282        |

- Fee and commission income of \$A415m, down 21% on 1H19 due to lower debt capital markets fee income, down on a strong 1H19, partially offset by higher mergers and acquisitions fee income
- Investment-related income of \$A421m, down 12% on 1H19
  - Lower interest income from the debt portfolio
  - Higher share of net losses of associates and joint ventures, primarily in green energy projects in the development and construction phases, including a small number of underperforming assets
  - A change in the composition of investments in the portfolio including increased expenditure in relation to green energy projects
  - Partially offset by higher revenue from asset realisations in Europe particularly in green energy
- Credit and other impairment charges of \$A59m, up on 1H19 due to a small number of underperforming investments
- Total operating expenses of \$A593m, up 18% on 1H19 due primarily driven by additional headcount and the impact of foreign exchange movements

1. Includes net income on equity and debt investments, share of net losses of associates and joint ventures and other (expenses)/income. 2. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant reporting date. Deal values reflect the full transaction value and not an attributed value.



# C | Glossary



# Glossary

|              |   |
|--------------|---|
| <b>1H20</b>  | First Half ended 30 Sep 2019                |
| <b>1Q20</b>  | First Quarter ended 30 Jun 2019             |
| <b>3Q19</b>  | Third Quarter ended 31 Dec 2018             |
| <b>3Q20</b>  | Third Quarter ended 31 Dec 2019             |
| <b>ABN</b>   | Australian Business Number                  |
| <b>ADI</b>   | Authorised Deposit-Taking Institution       |
| <b>ALX</b>   | Atlas Arteria                               |
| <b>AML</b>   | Anti-Money Laundering                       |
| <b>ANZ</b>   | Australia and New Zealand                   |
| <b>APRA</b>  | Australian Prudential Regulation Authority  |
| <b>ASX</b>   | Australian Stock Exchange                   |
| <b>AUM</b>   | Assets under Management                     |
| <b>BCBS</b>  | Basel Committee on Banking Supervision      |
| <b>BCF</b>   | Billion cubic feet                          |
| <b>BEAR</b>  | Banking and Executive Accountability Regime |
| <b>BFS</b>   | Banking and Financial Services              |
| <b>CMF</b>   | Commodity Markets and Finance               |
| <b>CAGR</b>  | Compound Annual Growth Rate                 |
| <b>Capex</b> | Capital Expenditure                         |
| <b>CCB</b>   | Capital Conservation Buffer                 |
| <b>CET1</b>  | Common Equity Tier 1                        |
| <b>CFM</b>   | Commodities and Financial Markets           |
| <b>CGM</b>   | Commodities and Global Markets              |

|             |                                    |
|-------------|------------------------------------|
| <b>CMA</b>  | Cash Management Account            |
| <b>CO2e</b> | Carbon dioxide equivalent          |
| <b>CY18</b> | Calendar Year ended 31 Dec 2018    |
| <b>CY19</b> | Calendar Year ending 31 Dec 2019   |
| <b>DCM</b>  | Debt Capital Markets               |
| <b>DPS</b>  | Dividends Per Share                |
| <b>DRP</b>  | Dividend Reinvestment Plan         |
| <b>DTA</b>  | Deferred Tax Asset                 |
| <b>ECAM</b> | Economic Capital Adequacy Model    |
| <b>ECM</b>  | Equity Capital Markets             |
| <b>ECS</b>  | Exchangeable Capital Securities    |
| <b>EMEA</b> | Europe, the Middle East and Africa |
| <b>EPS</b>  | Earnings Per Share                 |
| <b>EUM</b>  | Equity Under Management            |
| <b>FAR</b>  | Financial Accountability Regime    |
| <b>FCR</b>  | Financial Crime Risk               |
| <b>FTE</b>  | Full time equivalent               |
| <b>FX</b>   | Foreign Exchange                   |
| <b>FY16</b> | Full Year ended 31 Mar 2016        |
| <b>FY17</b> | Full Year ended 31 Mar 2017        |
| <b>FY18</b> | Full Year ended 31 Mar 2018        |
| <b>FY19</b> | Full Year ended 31 Mar 2019        |
| <b>FY20</b> | Full Year ended 31 Mar 2020        |



# Glossary

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

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

# Goldman Sachs 16<sup>th</sup> Annual Australia and New Zealand Investment Forum

New York

Presentation to Investors and Analysts

5 – 6 March 2020

**Sam Dobson**  
Head of Investor Relations

