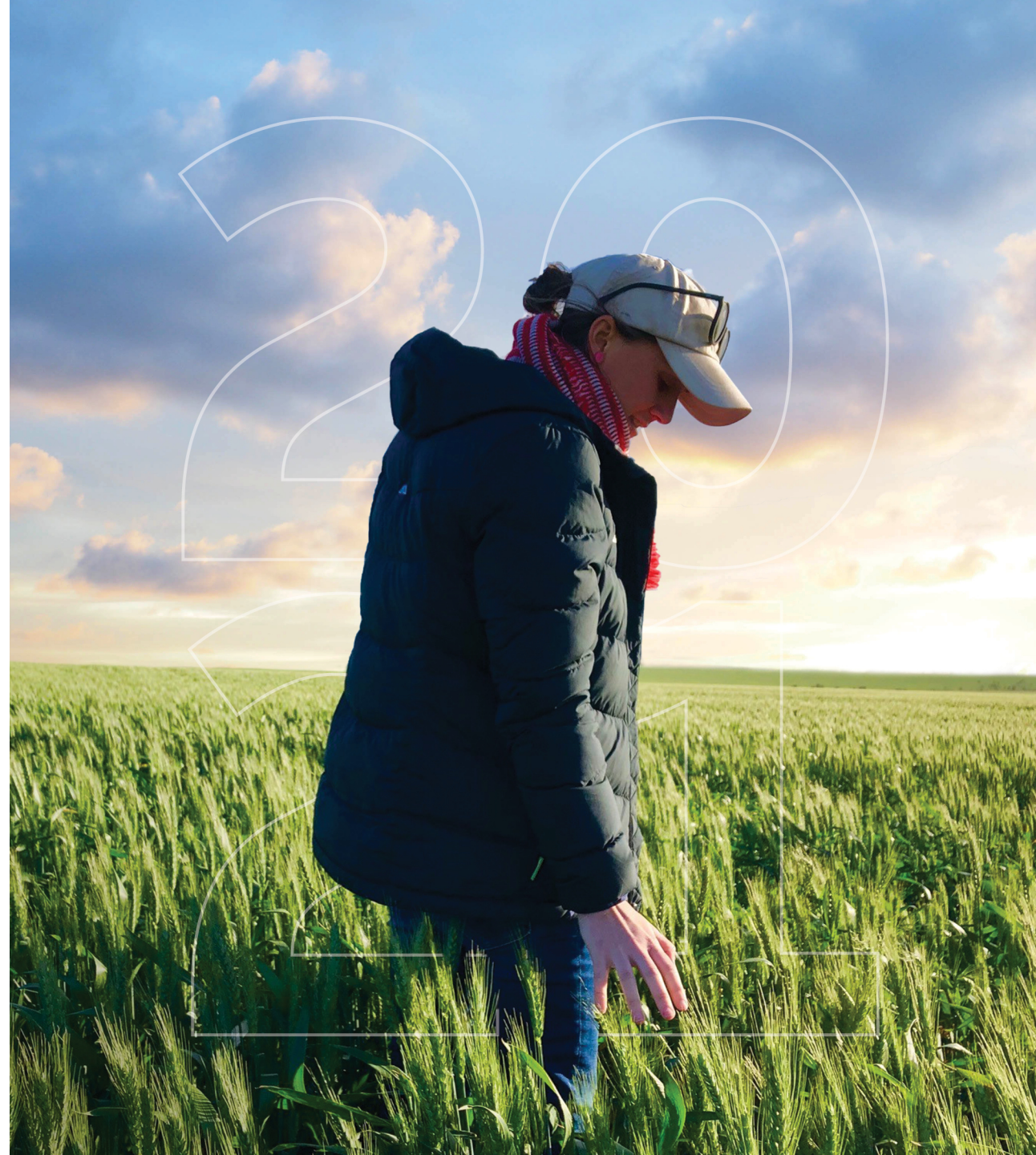


# Presentation to investors and analysts

Result announcement for the  
full year ended 31 March 2021

7 May 2021



# Disclaimer

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

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

Unless otherwise specified all information is for the year ended 31 March 2021.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Financial Report ("the Financial Report") for the year ended 31 March 2021, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

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

Any additional financial information in this presentation which is not included in the Financial Report was not subject to independent audit or review by PricewaterhouseCoopers. Numbers are subject to rounding and may not fully reconcile.



# Agenda

01

Introduction

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02

Overview of  
Result

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03

Result Analysis  
and Financial  
Management

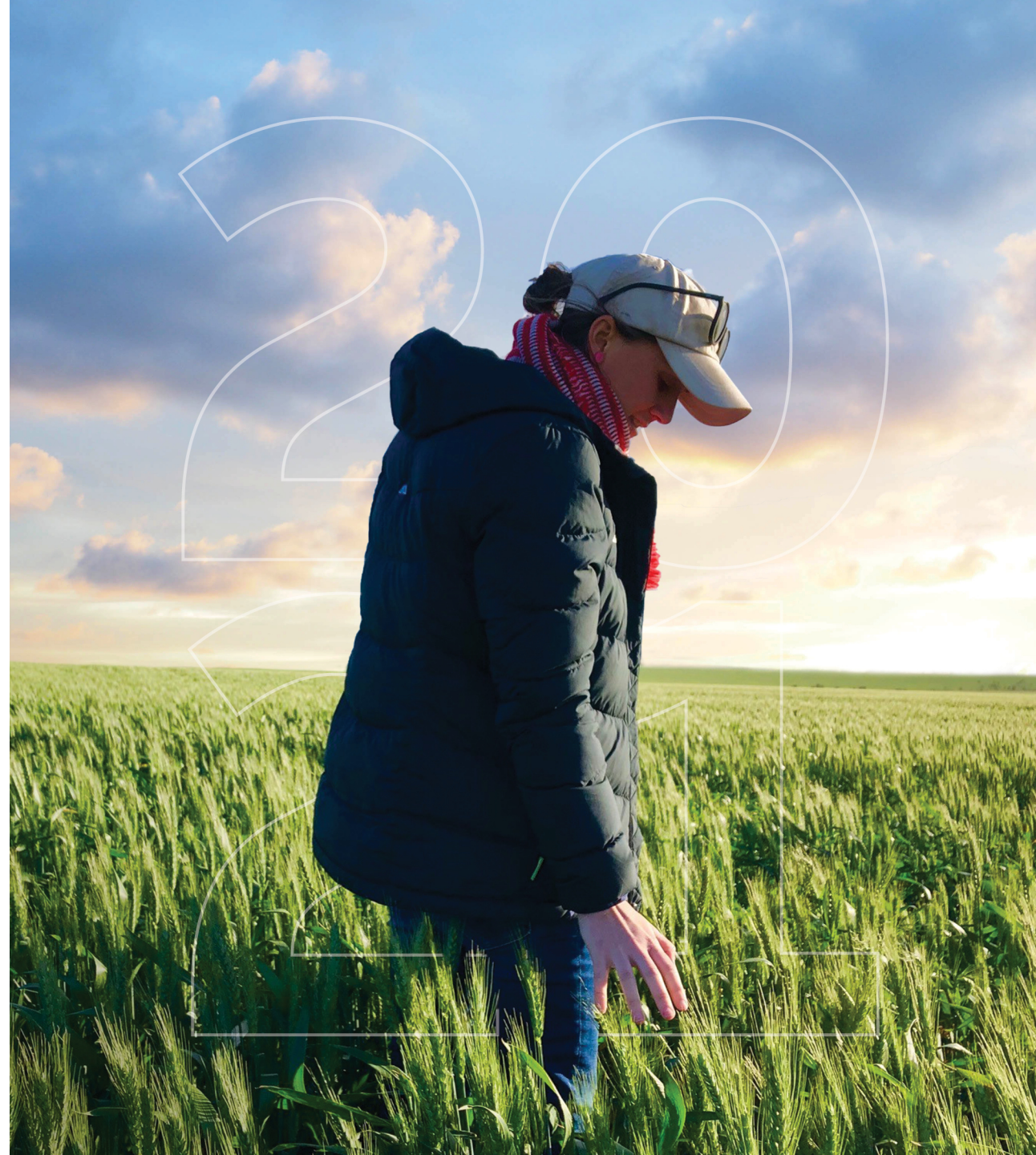
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04

Outlook

05

Appendices





# 01

## Introduction

**Sam Dobson**

Head of Investor Relations





# 02

## Overview of Result

**Shemara Wikramanayake**

Managing Director and Chief Executive Officer



# About Macquarie

~54%

~46%

## Annuity-style activities | Net Profit Contribution

## Markets-facing activities | Net Profit Contribution

### MAM

#### Macquarie Asset Management

- Top 50<sup>1</sup> global specialist asset manager with \$A562.2b<sup>2</sup> of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure & renewables, real estate, agriculture, transportation finance, private credit, equities, fixed income and multi-asset solutions

### BFS

#### Banking and Financial Services

- Macquarie's retail banking and financial services business with total BFS deposits<sup>3</sup> of \$A80.7b<sup>2</sup>, loan and lease portfolio<sup>4</sup> of \$A89.1b<sup>2</sup> and funds on platform<sup>5</sup> of \$A101.4b<sup>2</sup>
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance<sup>6</sup> products and services to retail clients, advisers, brokers and business clients

### CGM

#### Commodities and Global Markets

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

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

### MacCap

#### Macquarie Capital

Global capability in:

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

## FY21 Net Profit Contribution

MAM | ~34%

BFS | ~13%

CGM | ~7%

CGM | ~35%

MacCap | ~11%

### Risk Management Group

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

### Legal and Governance

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

### Financial Management Group

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

### Corporate Operations Group

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

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers in this presentation have been reclassified to reflect the transfer of Cash Equities from CGM to Macquarie Capital effective 1 Jun 20. 1. P&I Largest Money Managers 19 (published Jun 20). 2. As at 31 Mar 21. 3. BFS deposits exclude corporate/wholesale deposits. 4. The loan and lease portfolio comprises home loans, loans to businesses, vehicle finance and credit cards. 5. Funds on platform includes Macquarie Wrap and Vision. 6. Includes general plant & equipment.



# Macquarie's response to COVID-19

## Employees

- Gradual return to office commenced in 90% of locations where safe to do so and in numbers that allow for social distancing
- Systems and processes have been resilient to ongoing remote working, reflecting long-term investment in technology and flexible working culture
- Investment in leadership capability, technology and the workplace continues as we respond to the evolving culture of work and promote greater flexibility
- Additional support provided to staff in India during the current acute phase of COVID-19 infections

We have been agile in adapting our approach to a rapidly-changing environment in each location, capturing regular feedback from staff to address immediate needs and test and learn for longer-term shifts and opportunities.

Staff engagement<sup>1</sup>

**+5%**

Staff working remotely at peak

**>98%**

## Clients

- Enhanced client support and lending relief offered between March 20 and March 21. Clients that now experience difficulty in payments are supported via our usual client financial assistance relief. Most clients have now resumed payments
- Continued engagement and monitoring across our portfolios for impacted clients to provide ongoing support where required

We recognise the structural shift COVID-19 has prompted for some clients, giving rise to near and longer-term changes in our approach to meeting their needs and ensuring their ongoing access to opportunities.

Clients accessing assistance<sup>2</sup>

Peak **~13%**

Now **~0.2%**

## Portfolio Companies

- Ongoing work with MIRA and Macquarie Capital portfolio companies including projects under construction to ensure business continuity, financial resilience and employee wellbeing
- Maintained essential community services and connected best practice across assets, industries and regions
- Capacity upgrades to MIRA-managed digital infrastructure assets have left them able to handle significant activity increases resulting from shift to virtual engagement

Our longstanding approach to crisis planning has underpinned the ability of assets to withstand economic impacts and maintain and extend essential services, while also identifying new ways to respond to disruption on behalf of the community.

Daily users of essential services

**~100m**

Portfolio company employees

**~170k**

## Community

- \$A20m allocation to Macquarie Group Foundation to help combat COVID-19. \$A17.7m allocated to date:
  - \$A7.2m to 24 community organisations focused on direct relief, providing critical food, medical support, humanitarian relief and information to vulnerable groups
  - \$A8.5m to eight organisations supporting workers and businesses in restarting economic activity
  - \$A2.0m to public health and clinical research
- In early FY22, \$A1m was committed to support COVID-19 relief in India

We balanced our support for urgent direct relief needs, research and investment while also being flexible in our support for existing community partners that have had to quickly respond to change and the increased demand on their services.

COVID-19 donation

**\$A20m**

Allocated

**\$A17.7m**

1. Annual staff survey Dec 20 vs. Dec 19. 2. BFS, by loan balance – peak as at 30 Jun 20, now as at 31 Mar 21.

2H21 result: \$A2,030m up 106% on 1H21; up 59% on 2H20  
 FY21 result: \$A3,015m up 10% on FY20

	2H21 \$Am	1H21 \$Am	2H21 v 1H21	FY21 \$Am	FY20 \$Am	FY21 v FY20
Net operating income	7,255	5,519	↑ 31%	12,774	12,325	↑ 4%
Total operating expenses	(4,601)	(4,266)	↑ 8%	(8,867)	(8,871)	— -
<b>Operating profit before income tax</b>	<b>2,654</b>	<b>1,253</b>	<b>↑ 112%</b>	<b>3,907</b>	<b>3,454</b>	<b>↑ 13%</b>
Income tax expense	(624)	(275)	↑ 127%	(899)	(728)	↑ 23%
Effective tax rate <sup>1</sup> (%)	23.5	21.8		23.0	21.0	
Loss attributable to non-controlling interests	-	7		7	5	
<b>Profit attributable to MGL shareholders</b>	<b>2,030</b>	<b>985</b>	<b>↑ 106%</b>	<b>3,015</b>	<b>2,731</b>	<b>↑ 10%</b>
Annualised return on equity (%)	19.0	9.5	↑ 100%	14.3	14.5	↓ 1%
Basic earnings per share	\$A5.65	\$A2.77	↑ 104%	\$A8.43	\$A7.91	↑ 7%
Dividend per ordinary share	\$A3.35	\$A1.35	↑ 148%	\$A4.70	\$A4.30	↑ 9%

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



# 2H21 net profit contribution from Operating Groups

## \$A3,825m up 68% on 1H21; up 48% on 2H20



### Non-Banking Group

<p>↓ on 1H21</p> <p><b>Macquarie Asset Management (MAM)</b></p> <p>Decrease driven by non recurrence of gain on sale of Macquarie European Rail and lower performance fees, partially offset by higher investment-related income and net reversal of credit &amp; other impairments</p>	<p>↑ on 1H21</p> <p><b>Macquarie Capital<sup>1</sup> (MacCap)</b></p> <p>Increased fee and commission income driven by M&amp;A, partially offset by lower DCM and ECM income following a strong 1H21 for ECM. Significant increase in investment related revenue, primarily due to material asset realisations in 2H21 and an increase in the Principal Finance debt portfolio</p>
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### Banking Group

<p>↑ on 1H21</p> <p><b>Banking and Financial Services (BFS)</b></p> <p>Growth in total BFS deposits, loans and platforms; decreased credit impairment charges and improved margins as customers were able to come off payment pause, partially offset by a decrease in the vehicle finance portfolio</p>	<p>↑ on 1H21</p> <p><b>Commodities and Global Markets<sup>2</sup> (CGM)</b></p> <p>Increased revenue across Commodities, Foreign Exchange, Interest rates and Credit platform with strong risk management results across Resources, North American Gas and Power and Structured foreign exchange business lines. Commodities inventory management and trading up on 1H21 due in part to extreme weather conditions in North America</p>
<p>↑ on 1H21</p> <p><b>Commodities and Global Markets<sup>2</sup> (CGM)</b></p> <p>Higher revenues from Specialised and Asset Finance driven by business activity across most sectors. Commodities lending and financing contribution broadly in line with 1H21</p>	

1. Certain activities of the Equities business were undertaken from within the Banking Group. 2. Note certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.

# FY21 net profit contribution from Operating Groups

## \$A6,097m up 12% on FY20

Annuity-style activities

**\$A3,314m**

↓ 4%  
ON FY20

Markets-facing activities

**\$A2,783m**

↑ 39%  
ON FY20

### Non-Banking Group

↓  
on FY20

#### Macquarie Asset Management (MAM)

MAM down on a strong FY20. Decrease driven by lower Macquarie AirFinance income, lower performance fees and lower other fee and commission income, partially offset by gain on sale of Macquarie European Rail and net reversal of impairments

↓  
on FY20

#### Macquarie Capital<sup>1</sup> (MacCap)

Lower fee and commission income due to lower M&A and DCM, partially offset by significantly higher ECM income in ANZ. Investment-related income down due to fewer material asset realisations partially offset by improved performance of investments in the portfolio. Lower impairment and other credit charges and lower operating expenses driven by the structural change to refocus the Equities division in the Asia-Pacific region and lower employment expenses due to reduction of headcount

### Banking Group

flat  
on FY20

#### Banking and Financial Services (BFS)

Growth in total BFS deposits, loan portfolio, and funds on platform; decreased credit impairment charges, partially offset by margin compression on deposits and decrease in vehicle finance portfolio

↓  
on FY20

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

Decrease in revenue from commodities lending and financing due to reduced volumes in specific sectors and an increase in provisions; partially offset by increased revenues from Specialised and Asset Finance.

↑  
on FY20

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

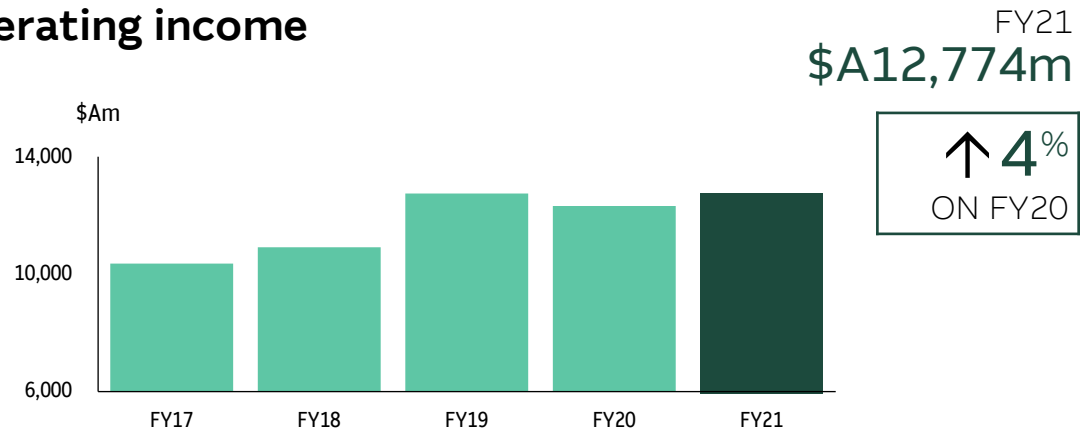
Increased revenues across the Commodities platform with strong risk management results across Resources, North American Gas and Power, EMEA Gas and Power and Agriculture. Inventory Management and Trading up across multiple sectors with improved results in North American Gas and Power, Oil and Precious Metals. Higher revenues and activity in Foreign exchange, interest rates and credit as well as Equity Derivatives and Trading

1. Certain activities of the Equities business were undertaken from within the Banking Group. 2. Note certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.

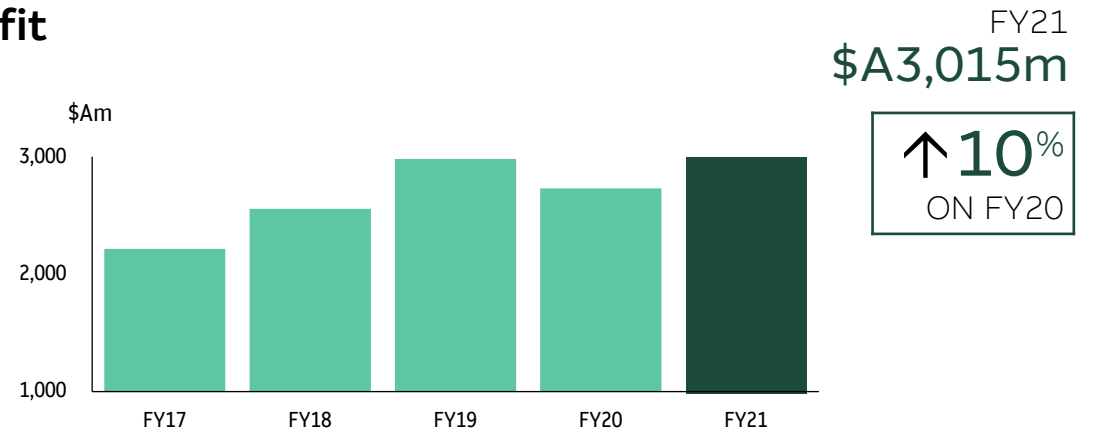


# Financial performance

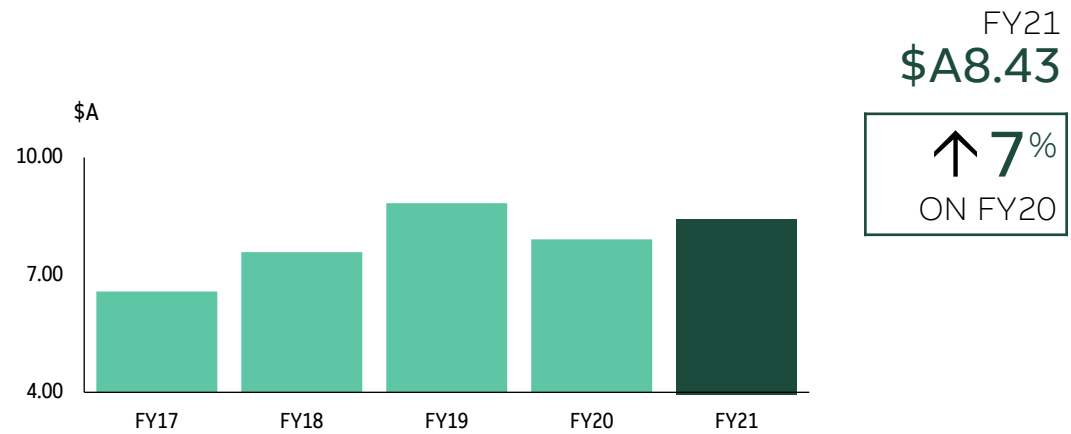
## Operating income



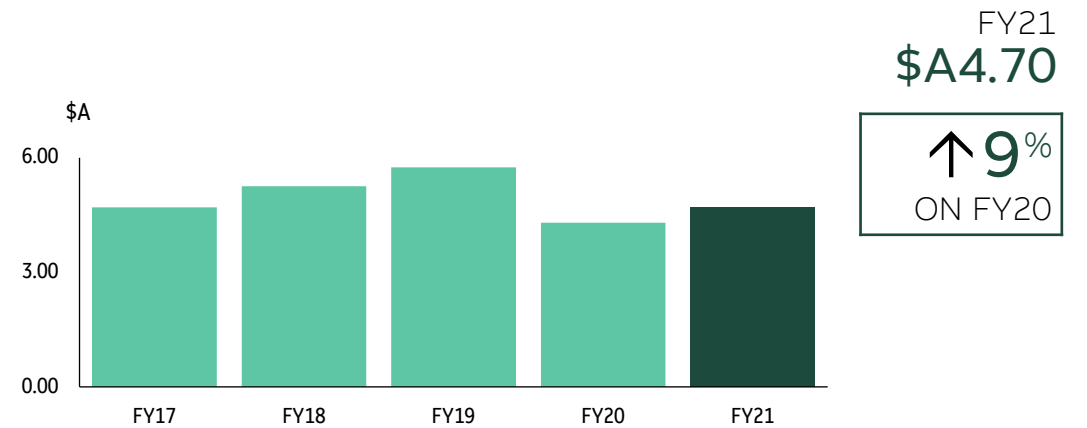
## Profit



## EPS



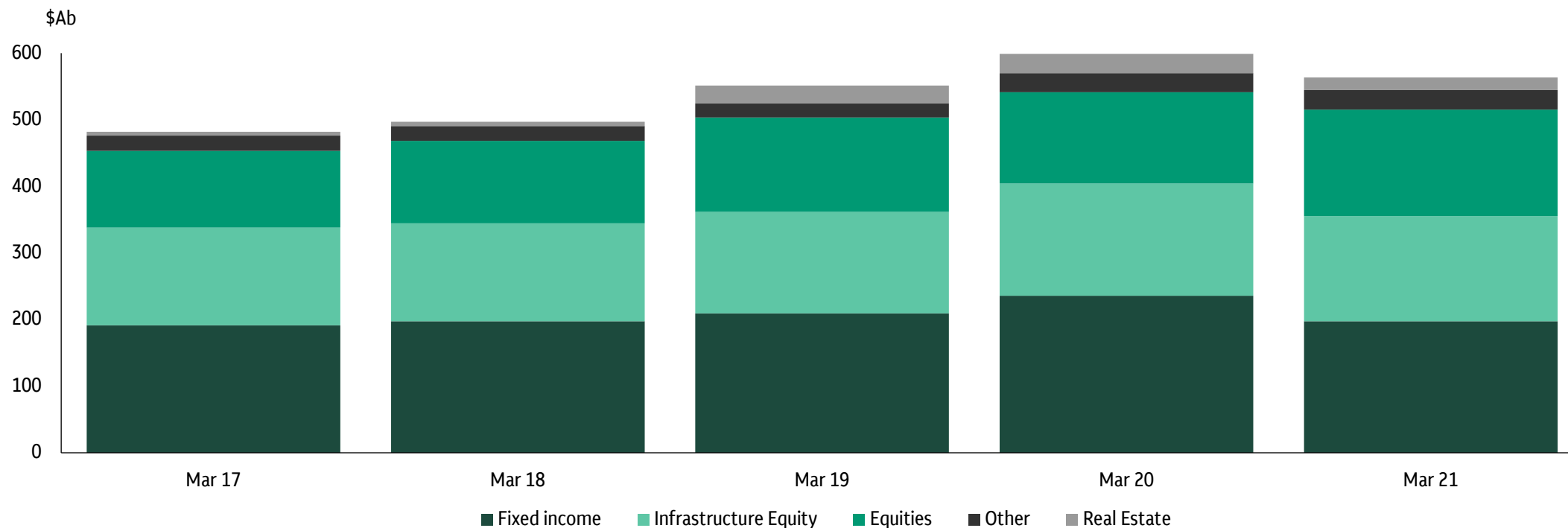
## DPS



# Assets under management of \$A563.5b<sup>1</sup>

AUM decreased 6% from \$A598.9b<sup>1</sup> at 31 Mar 20

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



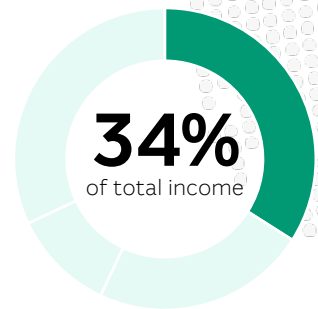
1. Includes MAM (excluding Waddell and Reed which closed on 30 Apr 21) and BFS AUM. 31 Mar 20 AUM has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20.



# Diversification by region

International income 68% of total income<sup>1</sup>  
Total staff<sup>2</sup> 16,459, International staff 56% of total

## Americas



2,681

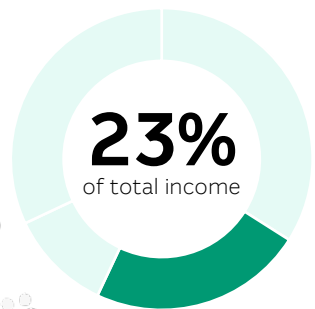
Total income  
\$A4,187m

Assets under management  
\$A279.1b

Employing 37,000+ people<sup>4</sup>

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

## EMEA



2,432

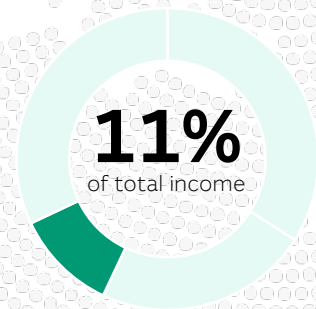
Total income  
\$A2,863m

Assets under management  
\$A115.1b

Employing 65,000+ people<sup>4</sup>

<b>EUROPE</b>		<b>MIDDLE-EAST</b>
Amsterdam	Luxembourg	Dubai
Braintree	Madrid	
Coventry	Munich	<b>SOUTH AFRICA</b>
Dublin	Paris	Johannesburg
Edinburgh	Reading	
Frankfurt	Solihull	
Geneva	Vienna	
Limerick	Watford	
London	Zurich	

## Asia



4,063

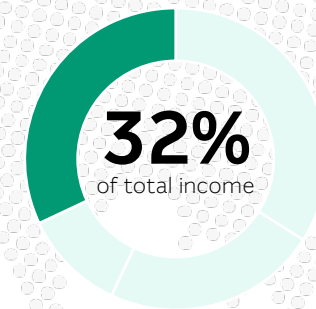
Total income  
\$A1,418m

Assets under management  
\$A35.5b

Employing 59,000+ people<sup>4</sup>

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

## Australia<sup>3</sup>



7,283

Total income  
\$A4,032m

Assets under management  
\$A133.8b

Employing 8,000+ people<sup>4</sup>

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

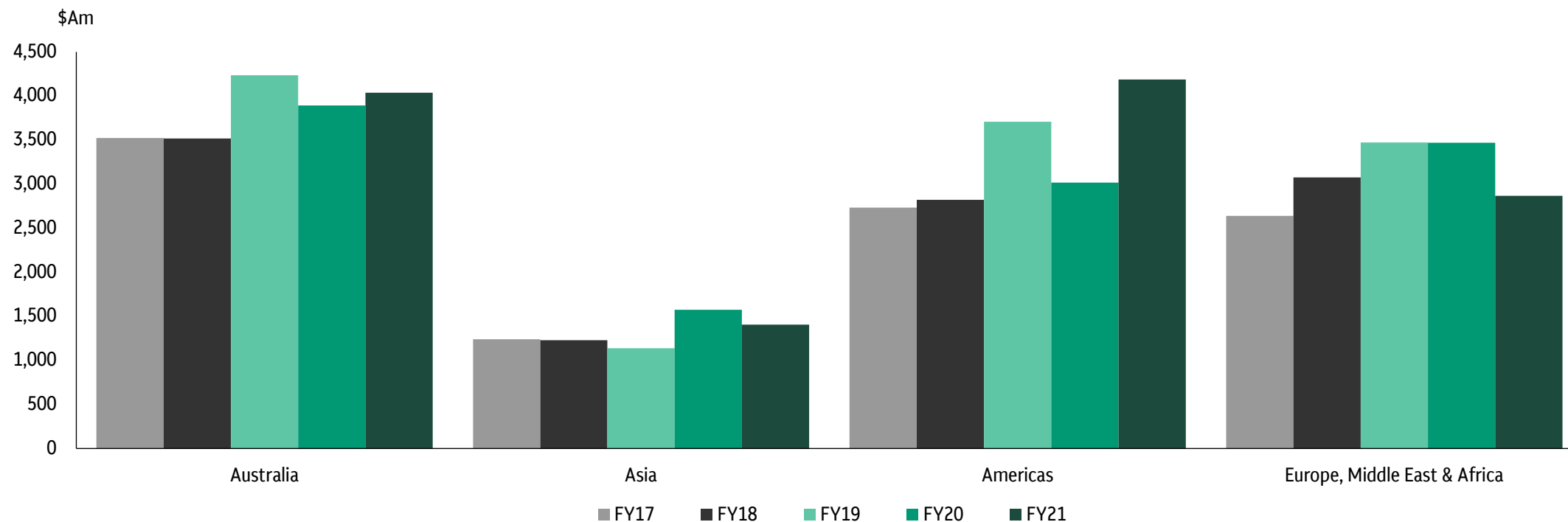
1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation. 3. Includes New Zealand. 4. Includes people employed through MIRA-managed fund assets and investments where Macquarie Capital holds significant influence.

# Diversification by region

68% of total income<sup>1</sup> in FY21 was generated offshore

A 10% movement<sup>2</sup> in AUD is estimated to have approximately a 7% impact on NPAT

## Total income



1. Excluding earnings on capital and other corporate items. 2. This represents an average movement against all major currencies.

# Macquarie Asset Management

Operating income

**\$A3,554m**

↓ 5%  
ON FY20

Net profit contribution

**\$A2,074m**

↓ 5%  
ON FY20

AUM<sup>1</sup>

**\$A562.2b**

↓ 6%  
ON MAR20

MAM  
~34%



## Macquarie Infrastructure and Real Assets (MIRA)

- **\$A142.0b in equity under management, down 5%** predominantly due to impacts from foreign exchange and equity returned, partially offset by new equity raised
- **Raised \$A21.8b in new equity** for a diverse range of funds, products and solutions across the platform globally
- **Invested \$A14.8b**, across 62 new investments including 15 infrastructure equity investments, 24 infrastructure debt investments and 23 real estate investments
- **Equity proceeds of \$A7.7b from asset divestments<sup>2</sup>**, across a wide geographical spread
- **\$A29.9b of equity to deploy** as at 31 Mar 21
- A number of **funds reached final close** during the period including:
  - **Macquarie Green Investment Group Renewable Energy Fund 2** (MGREF 2), closed at €1.6b
  - **Macquarie Infrastructure Debt Sub-Investment Grade** fund, closed at €1.2b
  - **MIRA Infrastructure Global Solutions II** (MIGS II), closed at \$US1.1b
- **Macquarie Infrastructure Partners II** (MIP II) reached financial close on the divestment of its final asset, Elizabeth River Tunnels
- **Macquarie Infrastructure Corporation** (MIC) sold International-Matex Tank Terminals resulting in the MIC board of directors authorising a special dividend of \$US11.00 per share
- Formal integration of GLL Real Estate Partners successfully completed during 2H21
- Sale of the Macquarie European Rail business
- Macquarie AirFinance (managed and 50% owned by MQG) – continues to face headwinds and to work with airlines to provide relief in response to their revenue challenges
- **No.1 infrastructure investment manager** globally<sup>3</sup>

## Macquarie Investment Management (MIM)

- **\$A367.1b in assets under management, down 4%** on Mar 20 due to impacts from foreign exchange and a reduction in contractual insurance assets, offset by market movements and positive net flows
- Positive net flows, driven by strong fixed income flows in 2H21
- Continued strong fund performance with 60% of assets under management outperforming their respective 3-year benchmarks<sup>4</sup>
- MAM announced the completion of its acquisition of **Waddell & Reed Financial, Inc** on 30 Apr 21. Concurrent with the completion of the transaction, MAM sold Waddell & Reed's wealth management platform to LPL Financial Holdings Inc. MAM will retain Waddell & Reed Financial, Inc.'s asset management business, bringing \$US76b<sup>4</sup> in AUM
- Strategic divestitures of MIM Korea and its minority stake in **Jackson Square Partners**
- Launched **Delaware Wilshire Private Markets Fund**, bringing private markets solutions to the US retail market
- **Continued implementation of global operating platform** - Aladdin platform now live in all major locations

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY21 net profit contribution from Operating Groups. 1. As at 31 Mar 21 with comparatives restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20. 2. Equity proceeds from asset divestments differs to the impact of divestments on reported EUM which captures a reduction of the original capital commitment at time of return of capital to investors. 3. IPE Real Assets (Jul/Aug 2020), measured by infrastructure assets under management. 4. As at 31 Mar 21.



# Banking and Financial Services

Operating income

**\$A2,078m**

↑ **2%**  
ON FY20

Net profit contribution

**\$A771m**

**flat**  
ON FY20

Australian client numbers  
approximately

**1.7 million**

BFS  
~**13%**



## Personal Banking

- **Home loan portfolio of \$A67.0b**, up 29% on Mar 20, representing approximately 3.4% of the Australian market
- Home loan growth driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers
- Macquarie named the MFAA's National Major Lender of the Year at the 2020 MFAA National Excellence Awards
- Personal Banking clients had access to a comprehensive support package from Mar 20 to Mar 21, including payment pause options
- Majority of Personal Banking clients who took up a payment pause since March 2020 have now resumed regular repayments on their loan, with 0.2% of clients<sup>1</sup> remaining on payment pause

## Business Banking

- **Business banking loan portfolio of \$A10.2b**, up 13% on Mar 20
- **Business banking deposit volumes up 23%** on Mar 20
- Continued investment in digital solutions for enhanced client experience and to serve clients more efficiently
- Business Banking clients were able to defer loan repayments for up to six months for all loans up to \$A10m from Mar 20 to Mar 21
- No Business Banking clients remain on a COVID-19 related payment pause

## Wealth Management

- **Funds on platform<sup>2</sup> of \$A101.4b**, up 28% on Mar 20
- Expanded Macquarie Wrap managed accounts offering with \$A5.4b in funds under administration, up from \$A3.0b at Mar 20
- Launched Digital Portfolio Manager, a digital advice tool that automates investment recommendations, advice documentation and portfolio implementation
- Continued implementation of cloud-based portfolio management platform as part of the wealth platform transformation
- Macquarie Wrap awarded Best Platform Provider at the 2020 SMSF Adviser Awards
- Awarded Outstanding Private Bank in Australia in the \$A10m+ category at the Australian Business Banking Awards for the fourth year in a row

## Leasing

- **Vehicle finance portfolio<sup>3</sup> of \$A11.5b**, down 16% on Mar 20 due to declining new car sales nationally, lower dealer finance and run-off in a previously acquired portfolio

## Deposits

- **Total BFS deposits<sup>4</sup> of \$A80.7b**, up 26% on Mar 20
  - CMA deposits of \$A40.0b, up 22% on Mar 20, including \$A8.3b in the CMA Accelerator
- Transaction and savings account deposits of \$A7.8b, with significant growth on Mar 20 driven by new-to-bank clients
- Awarded Best Cash and Term Deposit Accounts at the 2020 SMSF Adviser Awards
- Awarded the Mozo 2021 Everyday and Savings Bank of the Year at the 2021 Mozo Experts Choice Awards for Bank Accounts and Savings

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY21 net profit contribution from Operating Groups. 1. BFS, by loan balance as at 31 Mar 21. 2. Funds on platform includes Macquarie Wrap and Vision. 3. Includes general plant and equipment. 4. BFS deposits exclude corporate/wholesale deposits.

# Commodities and Global Markets

Operating income

**\$A4,678m**

↑ **22%**  
ON FY20

Net profit contribution

**\$A2,601m**

↑ **50%**  
ON FY20

Physical gas marketer  
In North America<sup>2</sup>

**No. 2**

CGM  
~42%



## Specialised and Asset Finance 13%<sup>1</sup>

- Positive performance in UK energy meters business and Technology, Media and Telecoms
- Total portfolio of \$A7.7b, down 9% from \$A8.5b at 31 Mar 20
- 2H21 saw **business growth across most sectors**, including Fund Finance, Shipping and new Structured Lending business. This was partially offset by lower telecom volumes
- More than 80% of COVID-19 impacted customers now returned to payment following payment pause
- Disposal of certain assets in Specialised and Asset Finance in May 21

## Commodity Markets 66%<sup>1</sup>

- **Strong client activity** across the platform including Resources, Gas and Power and Agriculture partially offset by decreases in Global Oil
- **Strong inventory management and trading result** across **multiple sectors**, driven by market dislocations and increased volatility particularly across Physical Oil, Precious Metals and North American Gas and Power
- Maintained ranking as **No. 2 physical gas marketer** in North America<sup>2</sup>
- Named Environmental Products Bank of the Year, Oil & Products House of the Year and Derivatives House of the Year<sup>3</sup> by Energy Risk Awards
- Lending and Financing activity across Resources, Agriculture and Oil and Gas sectors had mixed results with certain sectors impacted by reduced volumes and uncertainty linked to macro environment

## Financial Markets 21%<sup>1</sup>

### Foreign exchange, interest rates and credit

- **Continued client activity** in foreign exchange and interest rates across all regions
- **Strong client activity** in UK and Australian securitisation
- Solid trading outcomes, particularly in ANZ and emerging markets
- Continued growth in financing activity with clients engaged in the US corporate direct lending market

### Futures

- **Commission revenues remain strong** from sustained customer activity
- Reduced interest income contribution as global interest rates remain low
- No.1 Futures Broker on the ASX<sup>4</sup>

### Equity Derivatives and Trading

- **Increased contribution from trading business**
- Improved product issuance and trading in Asian warrant markets
- Progressive activity providing solutions for corporate clients
- Reduced equities presence in EMEA

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY21 net profit contribution from Operating Groups. 1. Percentages are based on net profit contribution before impairment charges. 2. Platts Q4 Mar 21. 3. 2020 Energy Risk Awards. 4. ASX Futures 24 (SFE) Monthly Report Mar 21

# Macquarie Capital

Operating income

**\$A2,248m**

↓ 10%  
ON FY20

Net profit contribution

**\$A651m**

↓ 15%  
ON FY20

417 transactions  
valued at

**\$A364b**

in FY21<sup>1</sup>

376 transactions

**\$A319b**

IN FY20<sup>1</sup>

MacCap  
~11%



## Advisory and Capital Solutions

### Summary

- **Leading market** position in ANZ for M&A<sup>2</sup>, ECM<sup>3</sup> and IPOs<sup>4</sup>
- **Global collaboration** between teams continues to create successful outcomes, particularly with financial sponsors
- Principal Finance portfolio of \$A9.0b<sup>5</sup> with over **\$A4.5b committed** in FY21 through focused investing in credit markets and bespoke financing solutions

### Notable deals

- Financial Adviser to **Saracen Mineral Holdings Limited** on its ~\$A16b merger of equals with Northern Star Resources Limited
- Financial Adviser to **Eldorado Resorts** on its \$US17.3b acquisition of Caesars Entertainment, Joint Bookrunner on the \$US9b acquisition debt financing, and Joint Bookrunner on \$US807m follow-on equity offering
- Sole financial adviser to **STEAG GmbH** on the sale of its subsidiary STEAG Power Minerals GmbH, a European leader in the provision of power plant by-products which helps clients to reduce their carbon footprint<sup>6</sup>
- Exclusive financial adviser to **Strata Fund Solutions** on its sale to Alter Domus and Joint Bookrunner on the acquisition financing. Principal Finance co-invested with FTV Capital in Strata and subsequently realised its position in a successful sale process

### Awards/Ranking

- No.1 in ANZ for M&A<sup>7</sup> and IPOs<sup>8</sup> for the past decade
- Best secondary listing - Education (New Oriental Education & Technology Group)<sup>9</sup>

## Equities

### Summary

- Repositioning as an Asia-Pacific focused full service broker with specialist US services and Global Portfolio Trading offering continues to resonate with our clients

### Awards/Ranking

- No.1 in 7 of the 8 Chief Investment Officer Magazine Transitions Management survey categories, as well as receiving a further top ranking in the over-riding client satisfaction score<sup>10</sup>

## Infrastructure and Energy Group

### Summary

- Maintained our **global number one infrastructure financial adviser** position<sup>11</sup>
- Expanded into **new markets** including **Latin America**, and continued expansion into **emerging infrastructure asset** classes (e.g. digital infrastructure and battery storage)
- Continued focus on **green energy**:
  - Over **250 projects** under development or construction, with a pipeline of more than **30GW**<sup>12</sup>
  - Investment across the green energy **project lifecycle** with 7 projects reaching Financial Investment Decision and 10 projects becoming operational<sup>13</sup>
  - **Introduced investors** into over 1.3GW projects as they reached Financial Investment Decision or Commercial Operation Date<sup>13</sup>

### Notable deals

- Sole financial adviser to **Snowy Hydro Limited** on the over \$A5b Snowy 2.0 expansion and associated raising of \$A3.5b of corporate senior debt facilities
- Exclusive financial adviser to **SEEIT** on its acquisition of a series of portfolios of commercial and industrial on-site solar and energy storage projects in the US, together with a 50% interest in the platform that created them, from Blackstone
- Launched a new solar energy company, **Cero Generation**<sup>14</sup>, to take forward an 8GW portfolio of over 150 projects across Europe
- **Blueleaf Energy**<sup>14</sup> acquisition of a 67% stake in Vibrant Energy marks its entry into the Indian market, the 3rd largest solar market globally
- Partnered with **Total**, securing rights to a seabed lease in the Crown Estate's Offshore Wind Leasing Round 4, to develop up to 1.5GW off the UK's east coast
- Taken a majority shareholding in **Voneus**, a business bringing ultra-fast full-fibre broadband to rural communities across the UK<sup>15</sup>

### Awards/Ranking

- Financial Adviser of the Year<sup>16</sup>
- Sponsor/Developer of the Year<sup>16</sup>
- No. 1 Global Renewables Financial Adviser<sup>17</sup>
- North American Roads Deal of the Year - Metropistas<sup>18</sup>

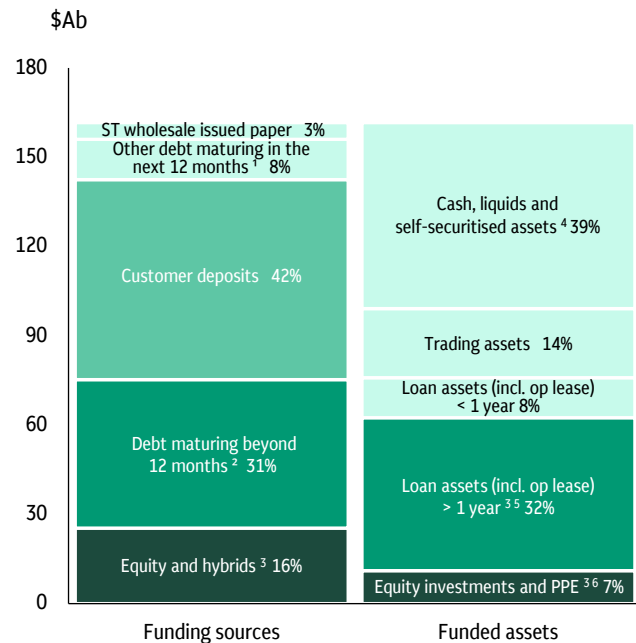
Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share & income tax. Chart is based on FY21 net profit contribution from Operating Groups. 1. Source: Dealogic & JGlobal for Macquarie Group completed M&A, investments, ECM & DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value & not an attributed value. Comparatives are presented as previously reported. 2. Dealogic (CY20 completed & announced by value). 3. Dealogic (CY20 ASX & NZX ex Block Trades by value). 4. Dealogic (CY20 ASX & NZX by value). 5. Portfolio includes \$A0.9b of undrawn commitments. 6. Transaction subject to approval & expected to close 2Q21. 7. Dealogic (1/01/2011 - 31/12/2020 completed & announced by deal count). 8. Dealogic (1/01/2011 - 31/12/2020 ASX & NZX by value). 9. The Asset Triple A Sustainable Capital Markets Regional Awards 2020. 10. Chief Investment Officer magazine survey published February 2021 of UK Transitions Management Teams operating in more than 1 region. 11. Inspiratia (CY19 by deal count, Equal No.1 in CY20 by deal count) 12. At 31/03/21. 13. 01/04/20 - 31/3/21. 14. Cero Generation & Blueleaf Energy are portfolio companies owned by Macquarie's Green Investment Group & operate on a segregated standalone basis. 15. Jointly with ACS. 16. Partnership Awards 2020. 17. Inframation (CY20 by deal count). 18. Proximo Awards 2020.



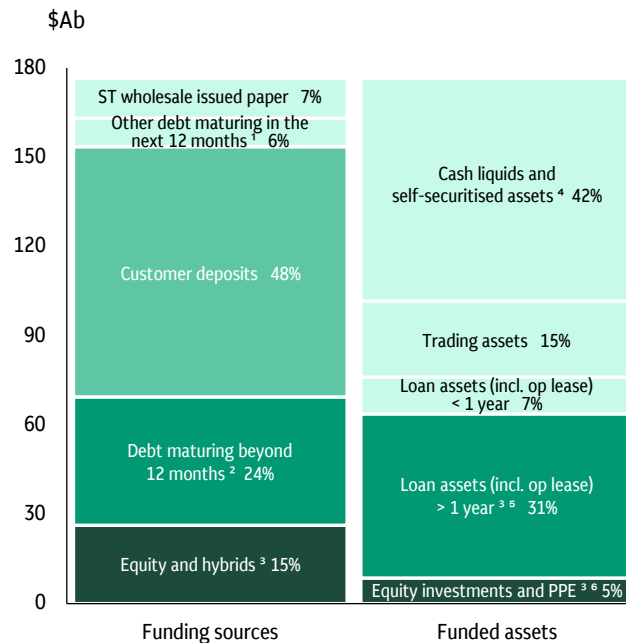
# Funded balance sheet remains strong

## Term liabilities exceed term assets

31 Mar 20



31 Mar 21



Total customer deposits<sup>7</sup>

**\$A84.0b**

↑ **25%**  
FROM MAR 20

Term funding raised<sup>8</sup>

**\$A21.6b**

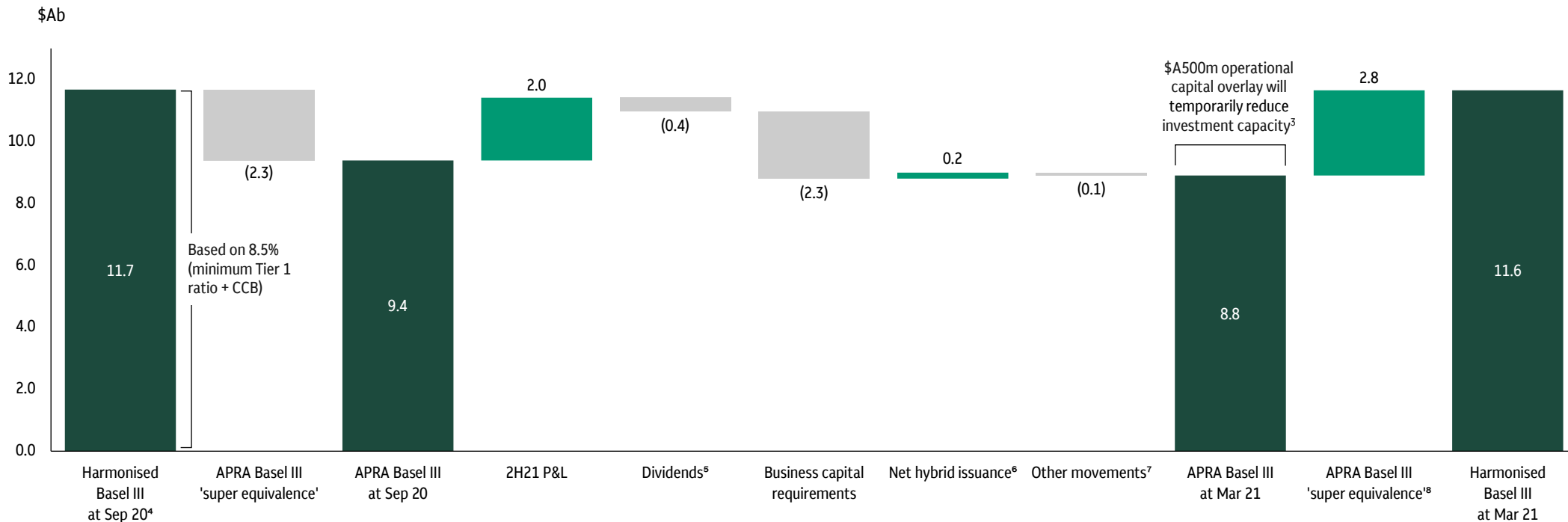
Since  
MAR 20

These charts represent Macquarie's funded balance sheets at the respective dates noted above. The funded balance sheet is a simple representation of Macquarie's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the Statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie's internal liquidity framework and the regulatory liquidity metrics. For details regarding reconciliation of the funded balance sheet to Macquarie's statutory balance sheet refer to slide 62. 1. Other debt maturing in the next 12 months includes Secured funding, Bonds, Other loans, Subordinated debt and Net trade creditors. 2. Debt maturing beyond 12 months includes Subordinated debt, Structured notes, Secured funding (including drawn Reserve Bank of Australia (RBA) Term Funding Facility (TFF)), Bonds, Syndicated loan facilities and Other loans not maturing within next 12 months. 3. Non-controlling interests are netted down in Equity and hybrids, Equity investments and PPE and Loan assets (incl. op lease) > 1 year. 4. Cash, liquids and self-securitised assets includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the RBA's Committed Liquidity Facility (CLF) and TFF. Refer slide 63 in Appendix B for split of Cash and liquid assets and Self-securitisation. 5. Loan Assets (incl. op lease) > 1 year includes Debt investments. 6. Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments. 7. Total customer deposits as per the funded balance sheet (\$A84.0b) differs from total deposits as per the statutory balance sheet (\$A84.2b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 8. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities (does not include undrawn accessible TFF Allowances).

# Basel III capital position

- APRA Basel III Group capital at Mar 21 of \$A26.3b; Group capital surplus of \$A8.8b<sup>1,2</sup>
- APRA Basel III Level 2 CET1 ratio: 12.6%; Harmonised Basel III Level 2 CET1 ratio: 16.2%

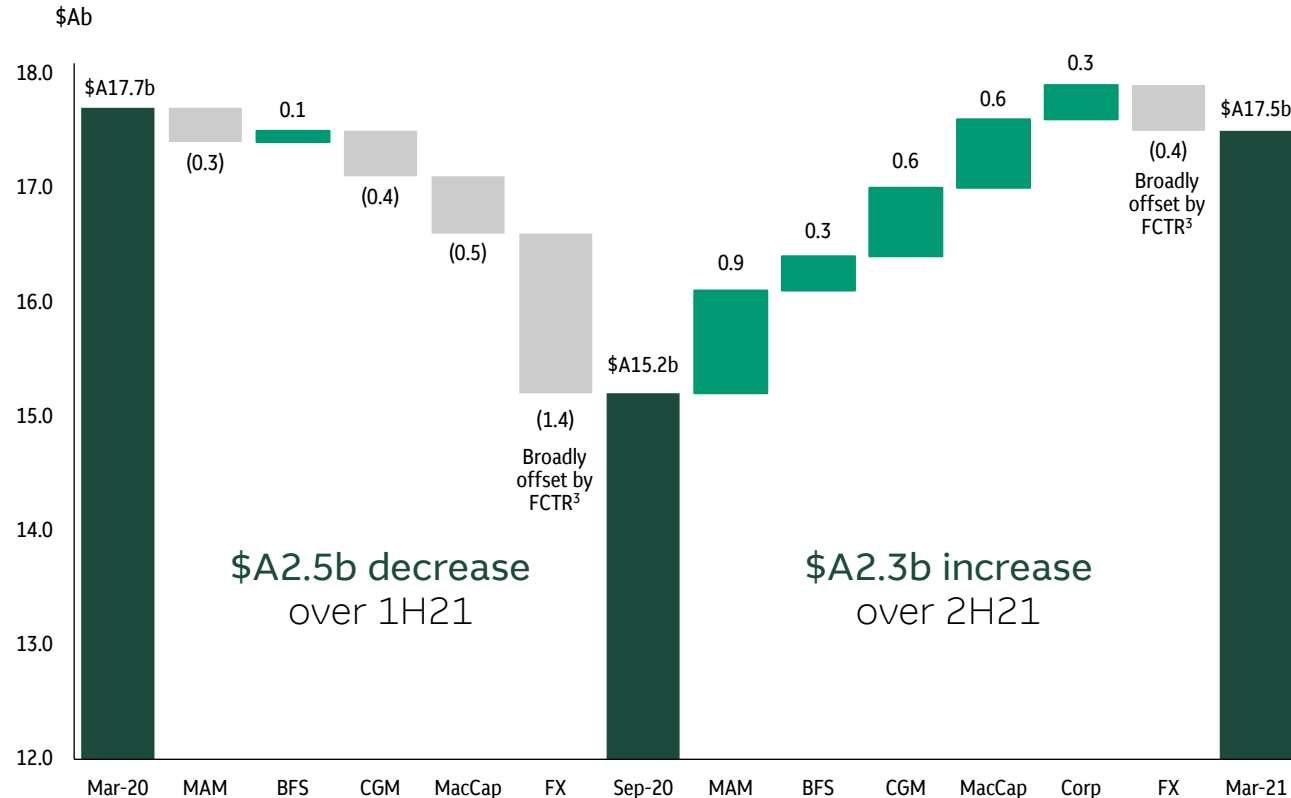
## Group regulatory surplus: Basel III (Mar 21)



1. The capital surplus shown is above regulatory minimums including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110, calculated at 8.5% RWA on a Level 2 basis for MBL. This surplus also includes provision for internal capital buffers, forthcoming regulatory changes, as well as differences between Level 2 and Level 1 capital requirements, such as the \$A500m operational capital overlay which will be applied to Level 1 only. 2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical buffer (CCyB) of ~1bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 3. As announced on 1 Apr 21, APRA has imposed a Level 1 operational capital overlay of \$A500m on MBL, effective from 1 Apr 21. 4. 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. 5. Offset by Dividend Reinvestment Plan issuance. 6. Macquarie Group Capital Notes 5 issuance net of Macquarie Group Capital Notes 2 redemption. 7. Includes movements in foreign currency translation and net investment hedge reserve, share-based payment reserve and other movements. 8. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework, including the treatment of mortgages \$A1.1b; capitalised expenses \$A0.5b; equity investments \$A0.4b; investment into deconsolidated subsidiaries \$A0.2b; DTAs \$A0.6b.

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

FY21 underlying business capital requirement growth of \$A1.6b<sup>2</sup>



## 2H21 Key drivers

### MAM

- Includes Waddell & Reed and other balance sheet commitments

### BFS

- Growth in home loans and Business Banking portfolio, partially offset by runoff in vehicles financing

### CGM

- Derivatives trading volumes in addition to loans and commitments; increase in market risk

### Macquarie Capital

- Principal Finance lending activity, new investments primarily in green energy and infrastructure projects; partially offset by asset realisations

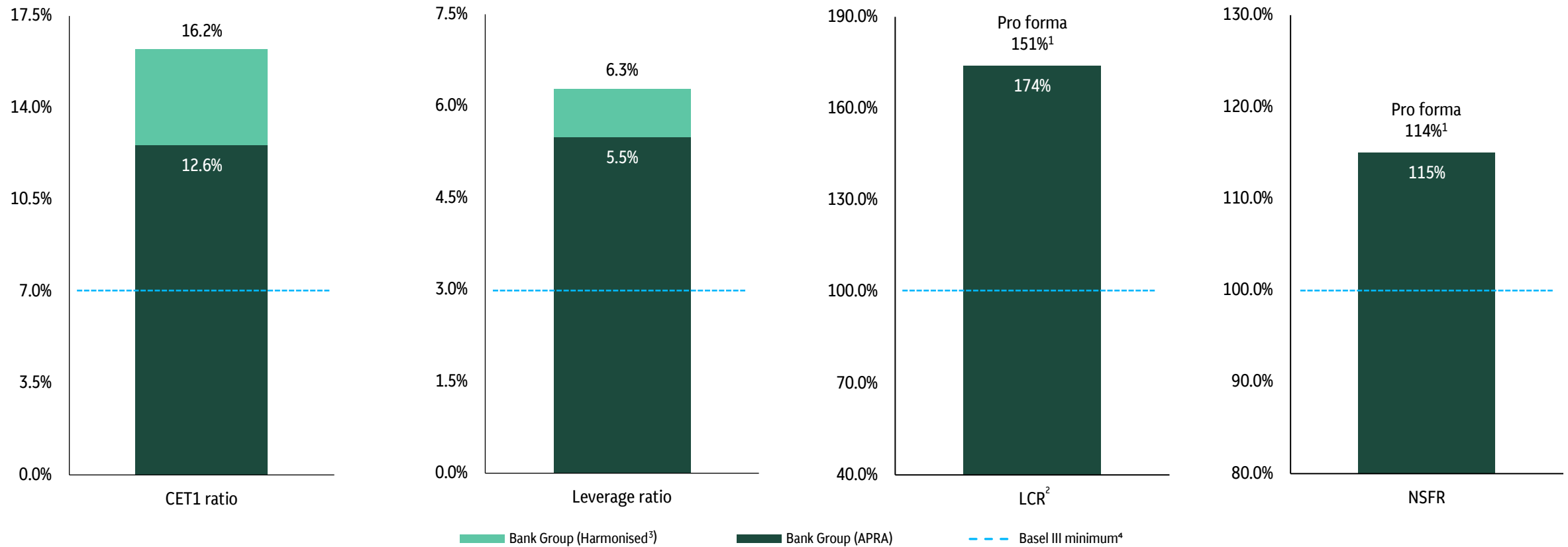
### Corporate

- Transfer of the Group services entities, from the Non-Bank group to the Bank group

1. Regulatory capital requirements are calculated at 8.5% RWA. 2. Excludes FX impacts. 3. The foreign currency translation and net investment hedge reserve (FCTR) forms part of capital supply and broadly offsets FX movements in capital requirements.

# Strong regulatory ratios

## Bank Group Level 2 Ratios (Mar 21)



1. As announced on 1 Apr 21, APRA has imposed a 15% add-on to the Net Cash Outflow component of the LCR calculation, and a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 Apr 21. 2. Average LCR for Mar 21 quarter is based on an average of daily observations. 3. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. Includes the capital conservation buffer in the minimum CET1 ratio requirement. APRA has released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5% effective Jan 23.



# Final dividend

2H21 Ordinary Dividend

**\$A3.35**

(40% franked)

↑ **\$A1.80**  
FROM  
(40% franked)  
IN 2H20

FY21 Ordinary Dividend

**\$A4.70**

(40% franked)

↑ **\$A4.30**  
FROM  
(40% franked)  
IN FY20

2H21 Record Date

**18 May 21**

2H21 Payment Date

**2 Jul 21**

DRP shares for  
the 2H21 dividend  
to be issued<sup>1</sup>

Payout Ratio

2H21

**60%**

FY21

**56%**

Dividend  
policy remains  
60-80% annual  
payout ratio

1. The DRP pricing period is from 24 May 21 to 4 Jun 21. 2. Payout ratio calculated as eligible shares multiplied by dividend per share, divided by profit attributable to MGL shareholders.

# Board and Management Update

## Board



**Peter Warne**



**Gordon Cairns**

At the request of the Macquarie Group Limited and Macquarie Bank Limited's Boards, Peter Warne intends to stand for re-election as Chair at the 2021 AGM for one additional year given his oversight of the ongoing process of Board renewal and as a period of global uncertainty continues to abate into 2022. Over the course of FY22, the Board will nominate a new Chair and will advise shareholders in due course. Mr Warne intends to step down at the 2022 AGM.

Gordon Cairns, who had previously advised of his intention to retire from the Macquarie Boards, steps down on 7 May 2021.

## Macquarie Asset Management



**Ben Way**



**Verena Lim**



**Leigh Harrison**

Following Ben Way's appointment as Group Head of MAM, Verena Lim, Senior Managing Director in MAM in Singapore will succeed Mr Way as Macquarie's Asia CEO, effective 1 July 2021. Ms Lim will join Macquarie's Management Committee, as will Leigh Harrison, the London-based global head of MAM's infrastructure and real assets business.

## Macquarie Capital



**Florian Herold**



**Michael Silverton**



**Daniel Wong**

Following the successful integration of the Principal Finance business into Macquarie Capital, Florian Herold has decided to step down from the Executive Committee, effective 7 May 2021. The decision coincides with Mr Herold returning to London, where he continues to lead the global Principal Finance team and is focused on consolidating the recent momentum in its investing activity.

Macquarie Capital will continue to be represented on the Executive Committee by co-heads Michael Silverton and Daniel Wong. Mr Wong has decided to relocate from London to Asia in the second half of 2021, where he will continue in his global role and be closer to the growing IEG team and investing activity in the region.

## Macquarie Group Foundation



**Mary Reemst**



**Alex Harvey**

Following Mary Reemst's decision to retire as Managing Director and Chief Executive Officer of MBL, she has agreed to continue in her role as Chair of the Macquarie Group Foundation for the remainder of 2021, working on transition alongside Macquarie's Chief Financial Officer, Alex Harvey, who will succeed her in 2022.

# 03

## Result Analysis and Financial Management

**Alex Harvey**

Chief Financial Officer





# Income statement key drivers

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

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

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

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

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

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

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

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

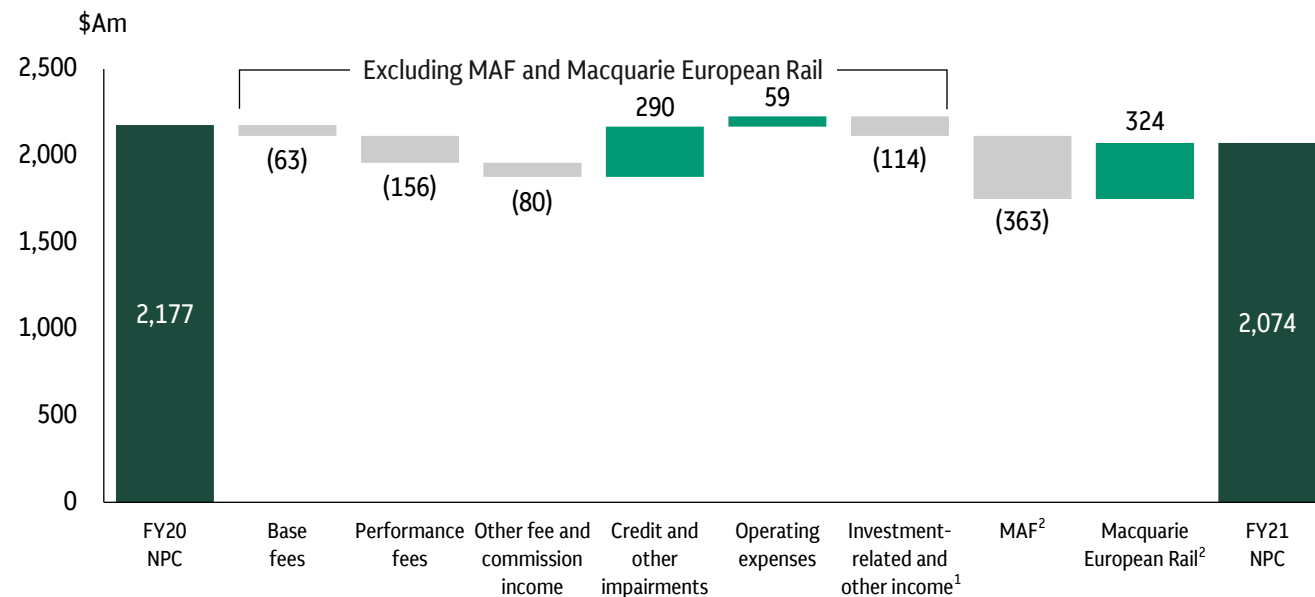
**Investment income** of \$A2,023m, up 18% on FY20, primarily due to **gain on sale of Macquarie European Rail** in MAM and gains on listed equity investments in CGM, partially offset by **fewer material asset realisations** compared to prior year in Macquarie Capital

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



# Macquarie Asset Management

Strong performance despite challenging conditions. Decrease driven by lower Macquarie AirFinance (MAF) income, lower performance fees and lower other fee and commission income, partially offset by gain on sale of Macquarie European Rail and net reversal of impairments



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

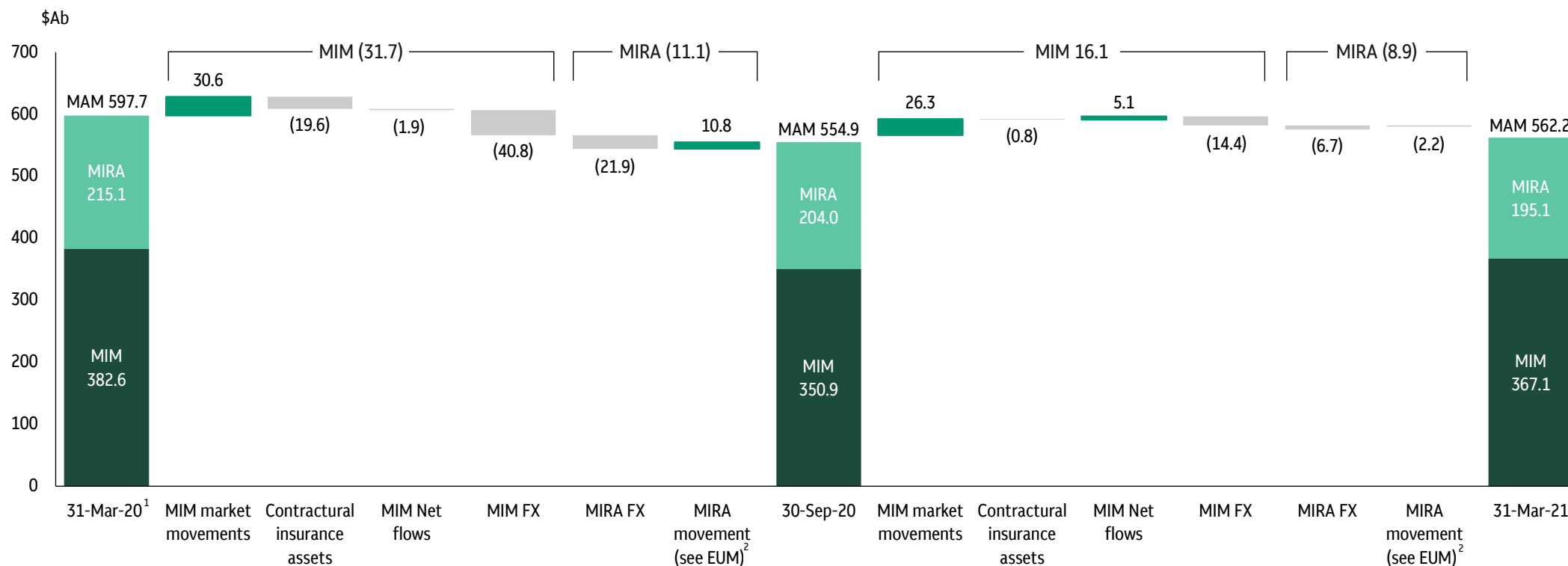
© Macquarie Group Limited

## Key drivers

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

# MAM AUM movement

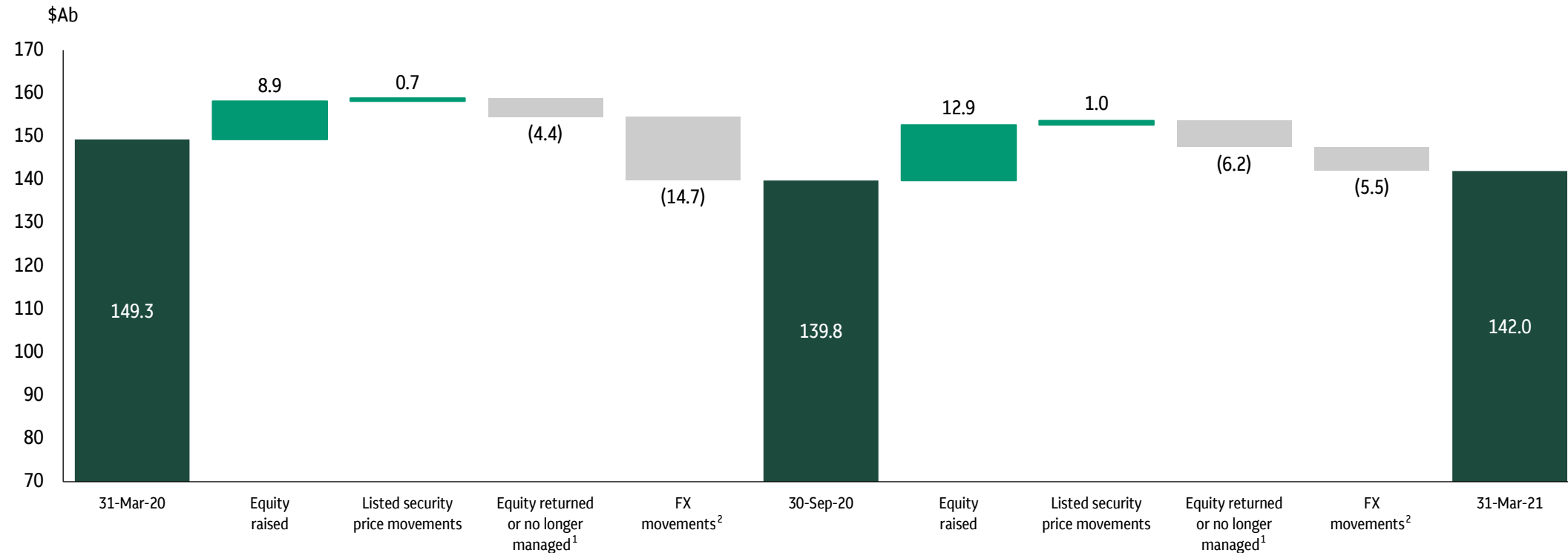
Decrease due to impacts from foreign exchange and a reduction in contractual insurance assets, partially offset by MIM market movements and investment by MIRA-managed funds



1. AUM at 31 Mar 20 has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20. 2. 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 29. 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

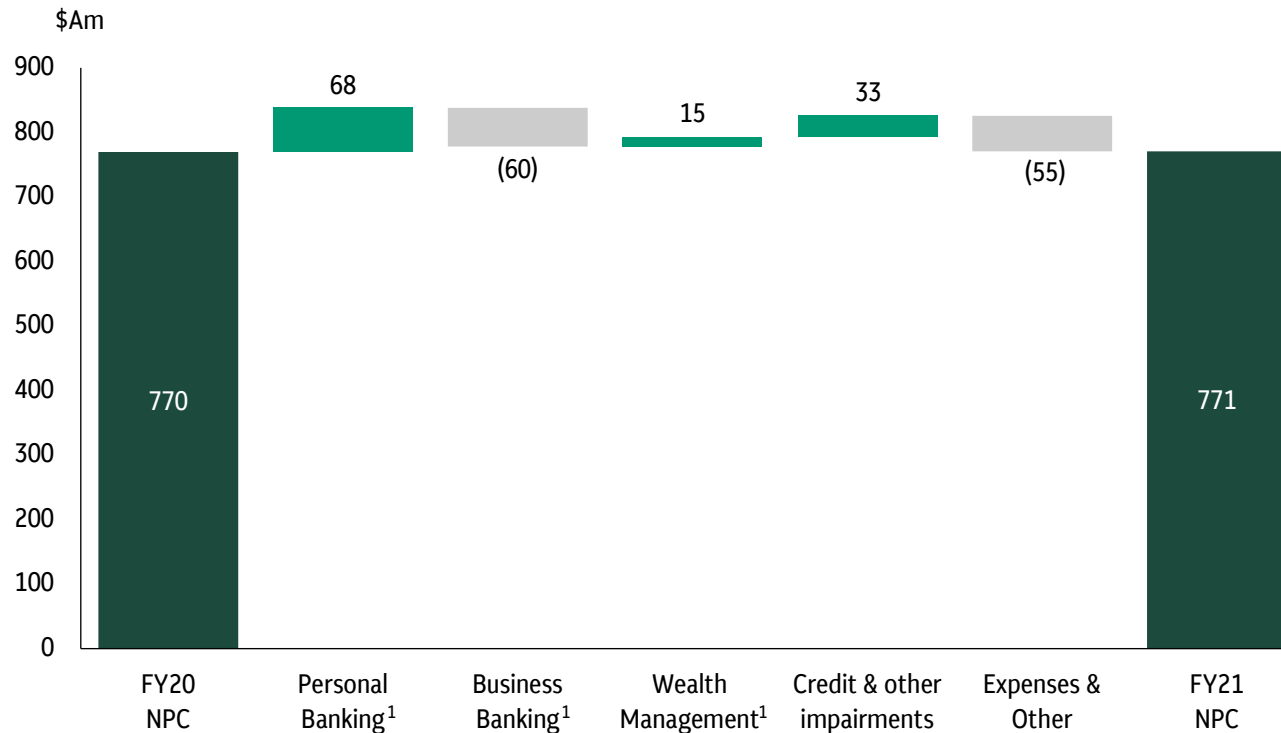
Decrease of 5% due to impacts from foreign exchange and equity returned, partially offset by continued capital raisings



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

# Banking and Financial Services

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



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

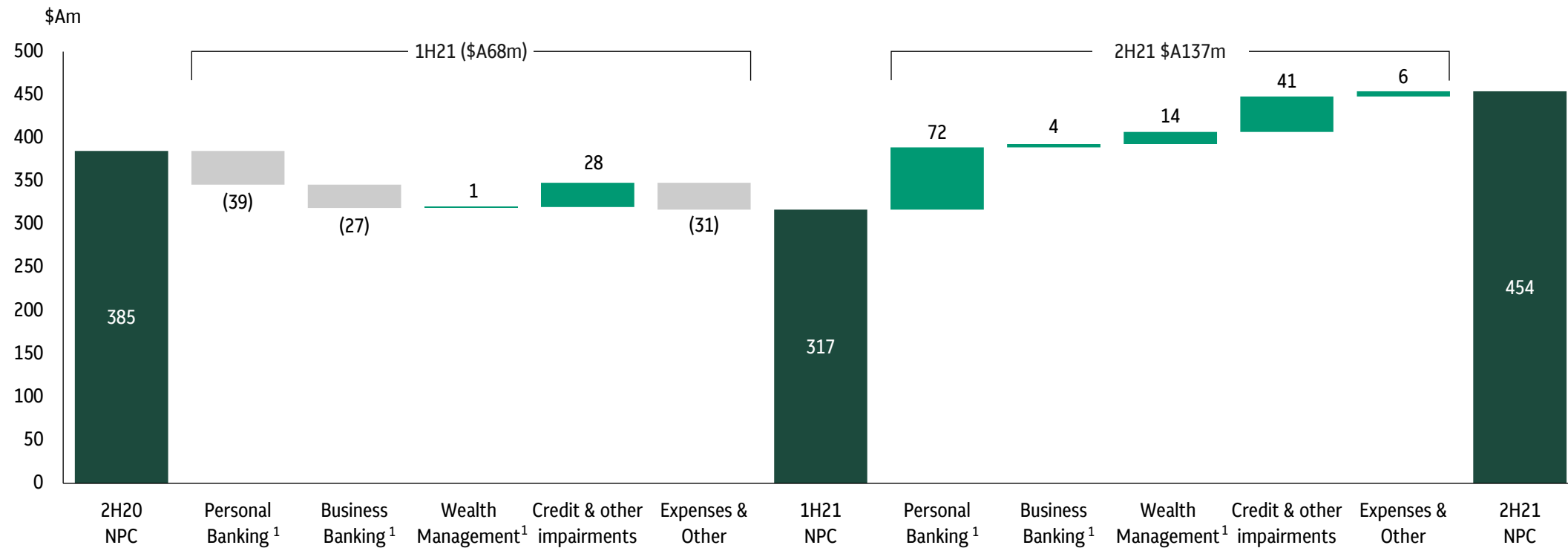
## Key drivers

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



# Banking and Financial Services

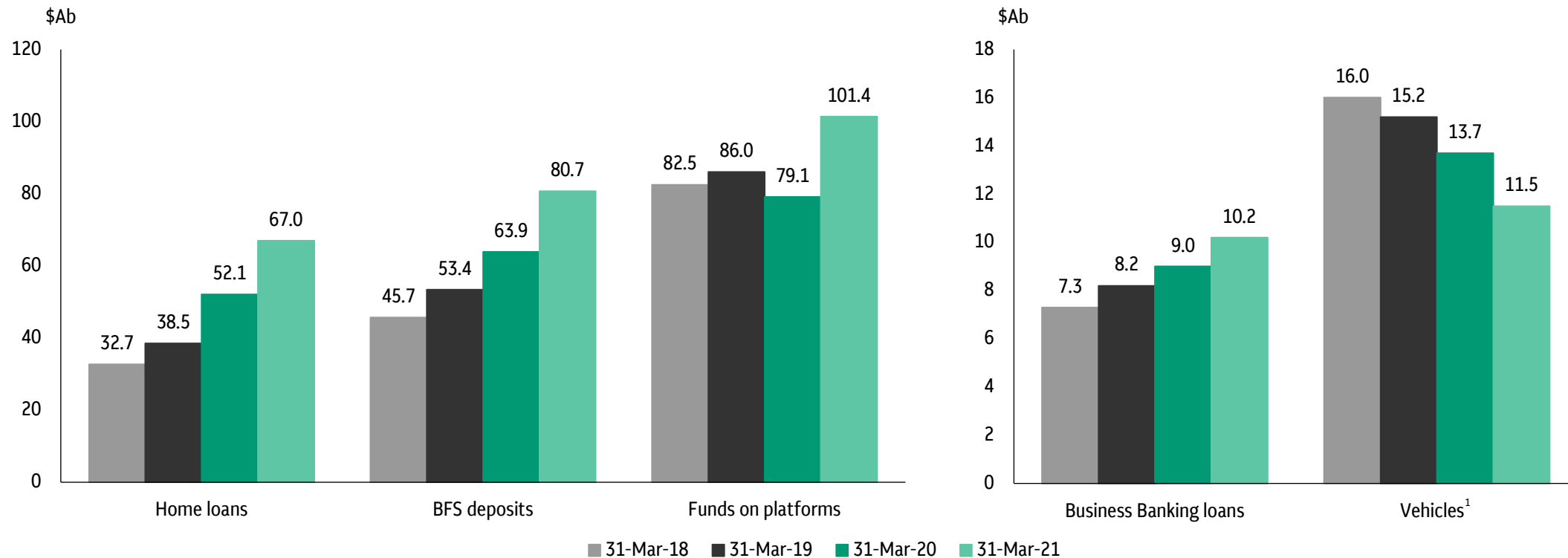
Record 2H21 result - driven by growth in home loan portfolio, growth in deposits and lower credit impairment charges



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

# Banking and Financial Services

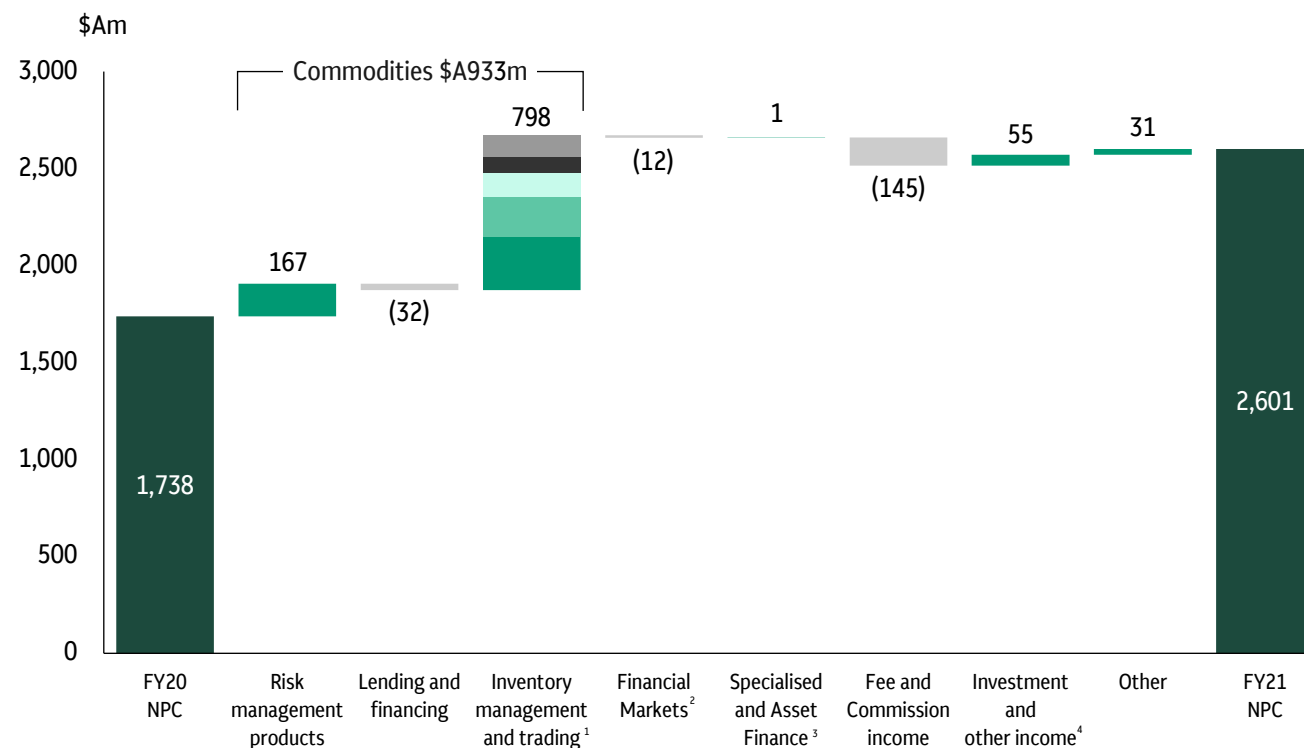
## Strong growth across home loans, deposits and funds on platform



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

# Commodities and Global Markets

## Strong underlying client business



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

## Key drivers

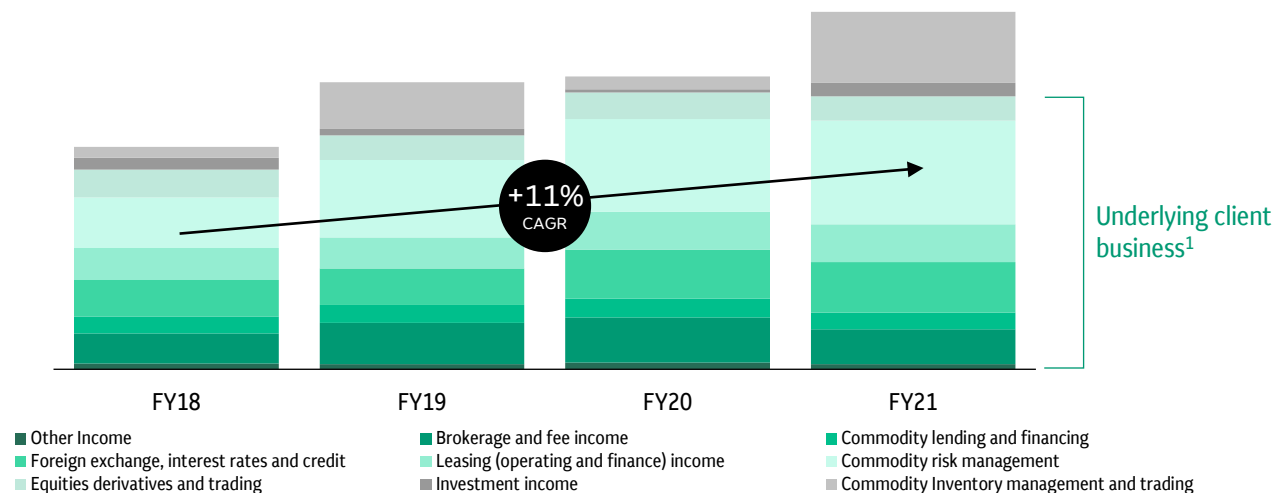
- **Commodities**
  - **Increased Risk Management** revenue across the **commodities platform** driven by increased contributions from Resources, North American Gas and Power, EMEA Gas and Power and Agriculture **due to increased client activity**
  - Lower Lending and Financing income due to impact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

# Strong underlying client business

## Majority of income derived from underlying client business

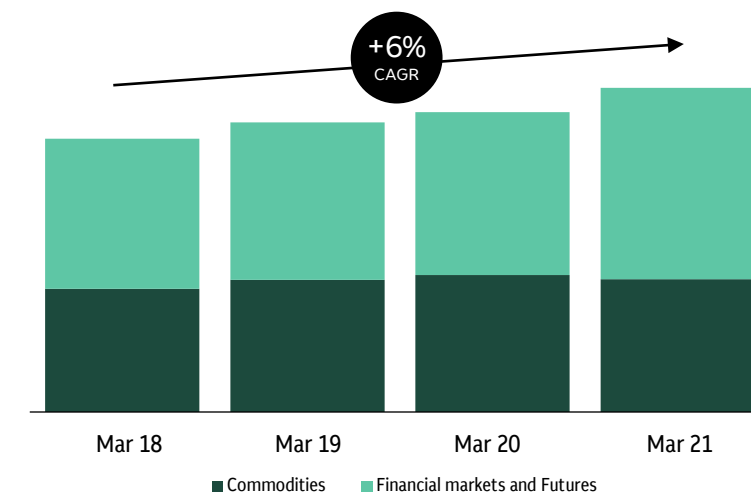
### Operating Income

(excl. credit and other impairment charges)



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

### Client numbers<sup>2</sup> (excl. SAF)

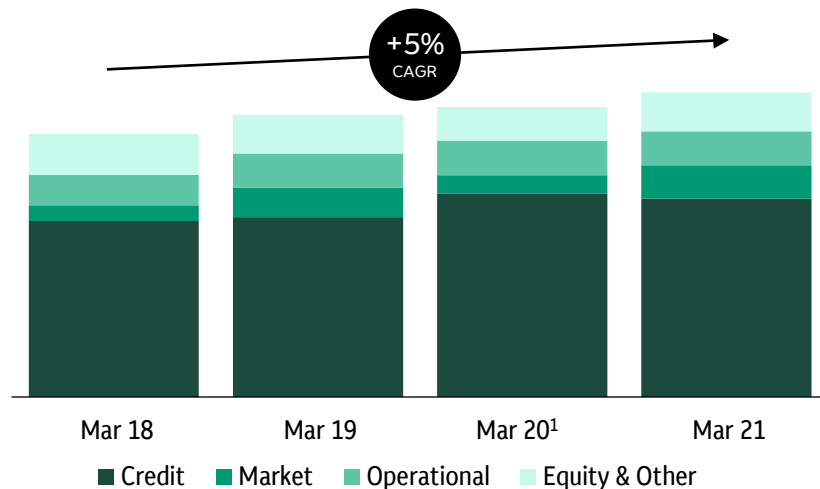


- Client-led business with **deep longstanding client relationships**:
  - Diverse and **growing client base**
  - Strong **repeat client business** with ~85% of client revenue generated from existing relationships
  - Client relationships spread over a full spectrum of products and services

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

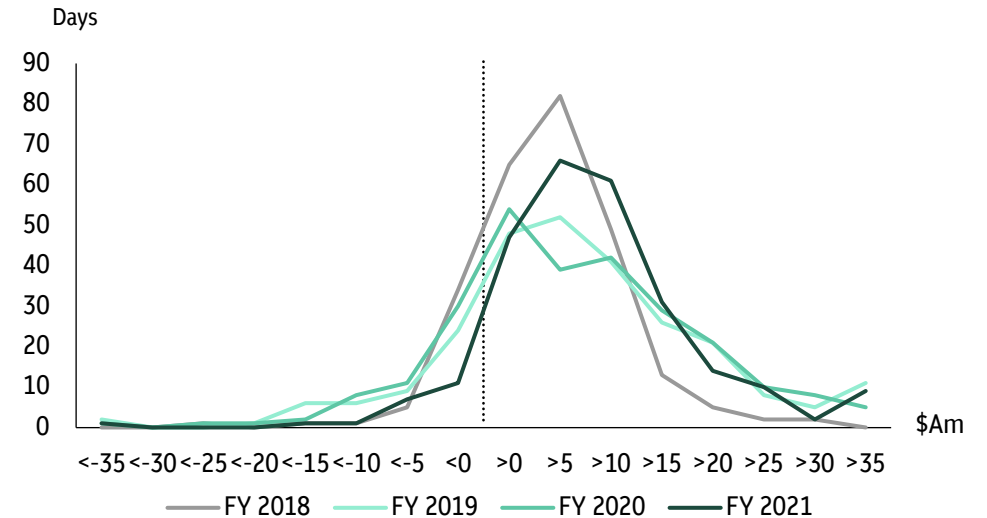
# Underlying client activity driving regulatory capital and trading revenues

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



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

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



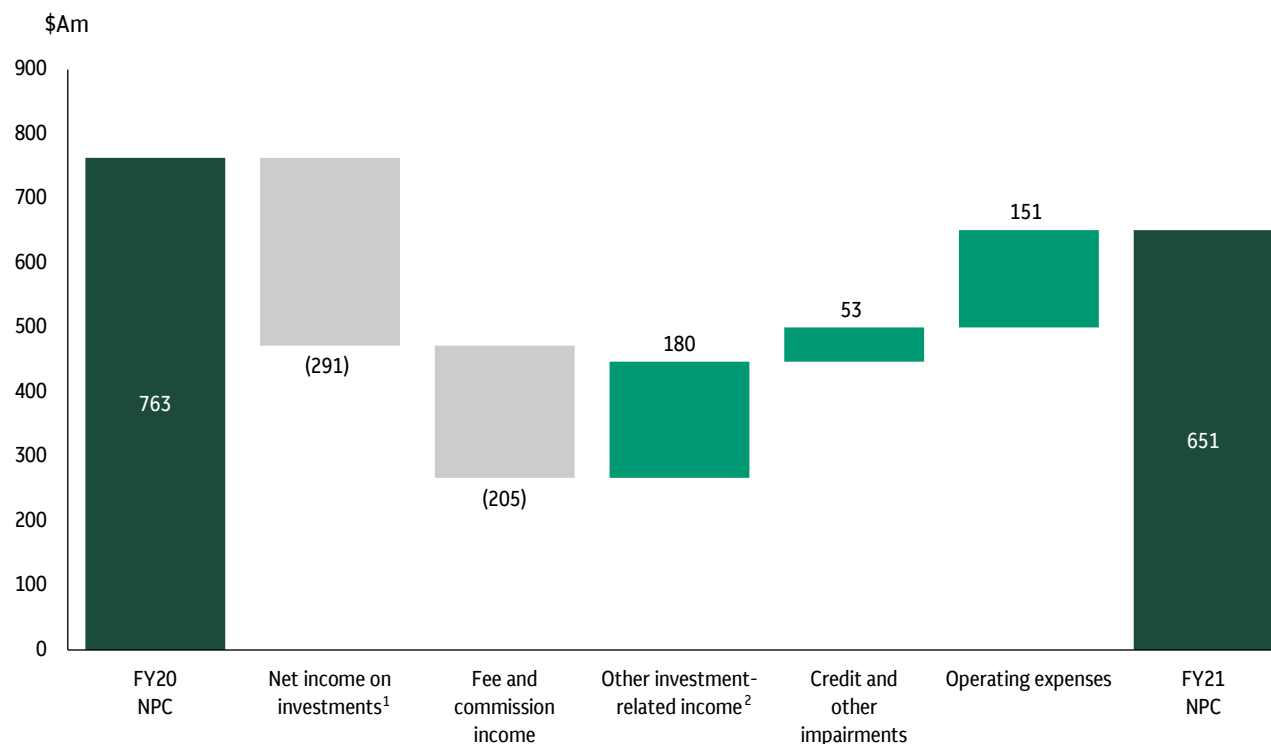
- **Consistency of shape of the curves over the years**
  - Consistent framework and approach to risk management
- **Mean clusters between \$A0-10m**
- Trading income largely derived from client franchise activities

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



# Macquarie Capital

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



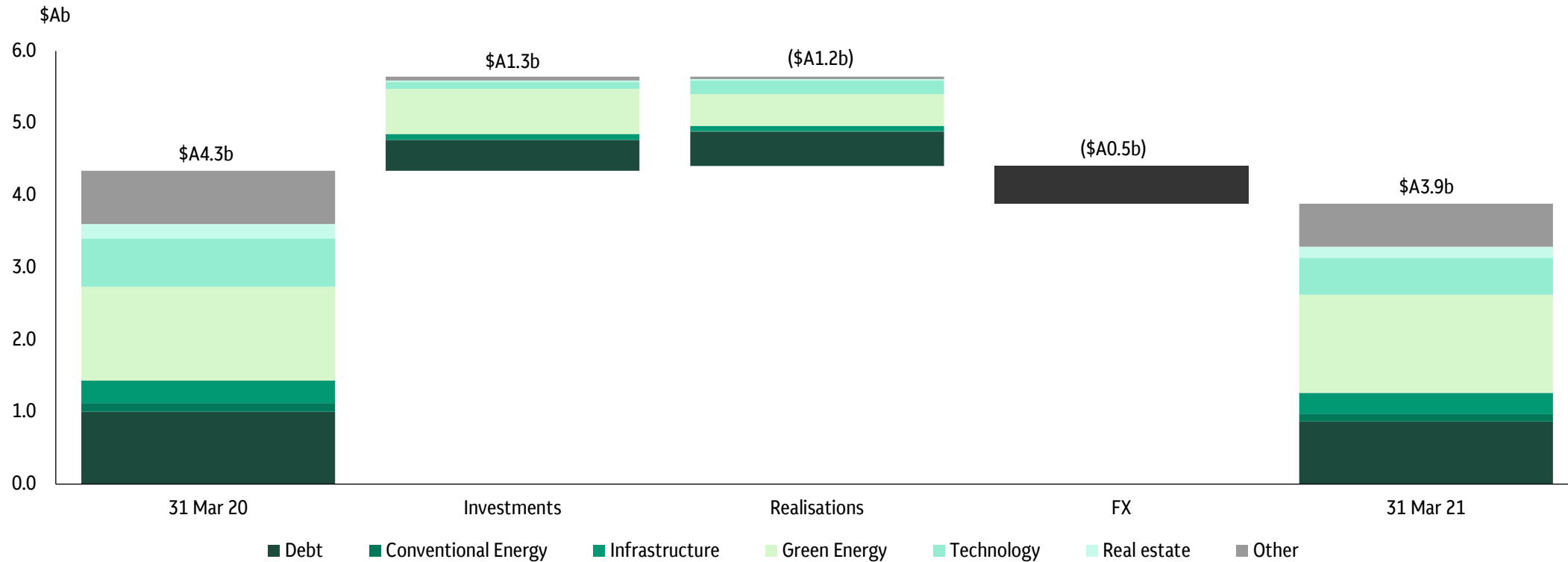
1. Includes gains and losses from sale and revaluation of equity, debt and other investments 2. Includes share of net losses from associates and joint ventures, net interest and trading income/(expense) (which represents the interest earned from debt investments and the funding costs associated with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

## Key drivers

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

# Macquarie Capital

## Movement in regulatory capital



# Costs of compliance

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

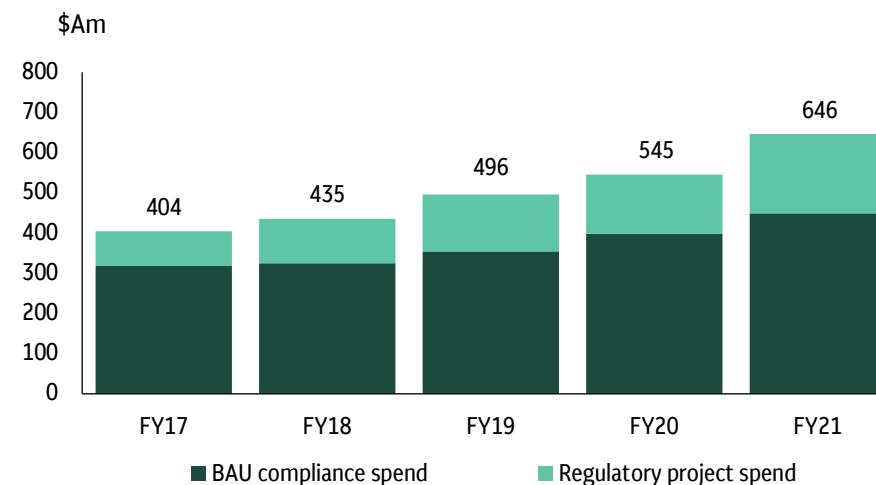
Regulatory project spend	FY21 \$Am	FY20 \$Am
Counterparty Data Project	6	4
Enterprise Data Management	18	8
IBOR Reforms	13	5
Brexit	16	16
CGM Transaction Reporting & Data related Projects	22	24
Other Regulatory Projects (e.g. Code of Banking Practice, Payment pause functionality)	121	90
<b>Total</b>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

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

1. Excluding indirect costs.

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



# Balance sheet highlights

- **Balance sheet remains solid and conservative**

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

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

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

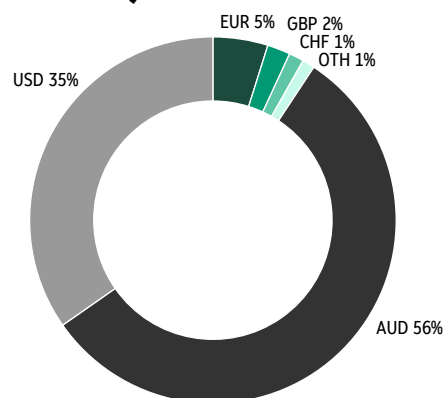
- \$A11.3b of term wholesale issued paper comprising of \$A6.0b of senior unsecured debt, \$A3.2b of subordinated unsecured debt and \$A2.1b of private placements and structured notes
- \$A3.9b of MGL USD syndicated loan facilities
- \$A2.3b refinance of secured trade finance facilities
- \$A1.7b draw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

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

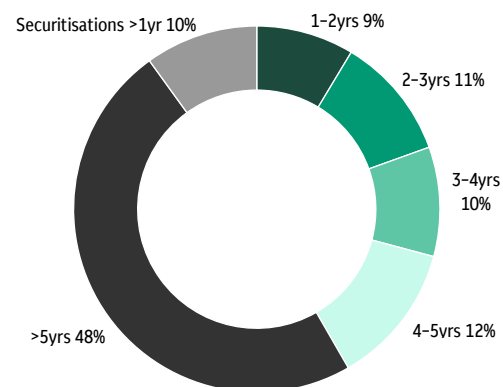
# Diversified issuance strategy

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

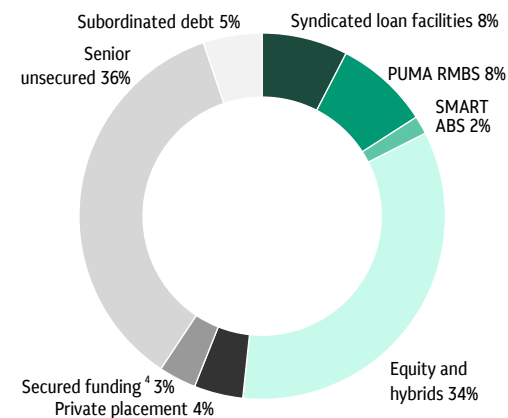
## Currency



## Tenor

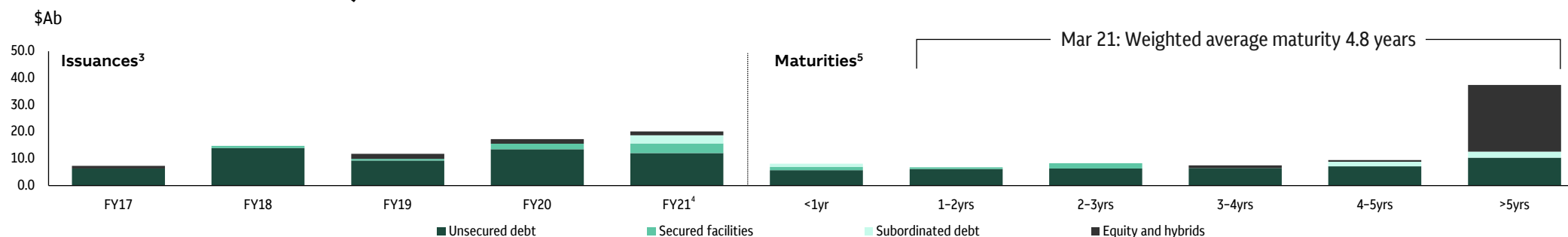


## Type



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

## Term Issuance and Maturity Profile



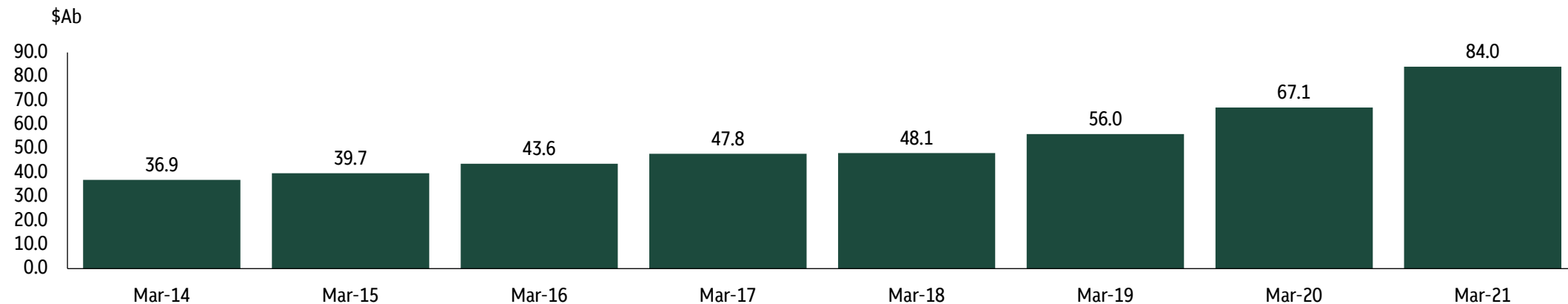
1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances exclude securitisations and include undrawn facilities. Issuances are converted to AUD at the 31 Mar 21 spot rate. 4.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



# Continued customer deposit growth

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

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



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

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

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

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

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

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

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

# Regulatory update

## Australia

- APRA is in the process of implementing changes to a number of regulatory standards<sup>1</sup>.
- Based on current information available, it remains Macquarie's expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the proposed changes, noting that the final impact is uncertain given a number of these are subject to consultation and finalisation.
- As previously noted, APRA is in discussions with Macquarie on resolution planning. APRA expects to progress the development of the prudential standard in the year ahead, with a view to releasing a draft standard for consultation in late 2021 or early 2022<sup>2</sup>.
- On 12 Nov 20, APRA released its revised remuneration standard for consultation. Macquarie provided a submission on 12 Feb 21. The new standard requires boards to strengthen incentives to manage non-financial risks, regularly assess for risk management failings and have deferral arrangements that allow boards to reduce remuneration for poor risk outcomes. The new CPS 511 is scheduled to be finalised in mid-2021 and to come into effect on 1 Jan 23. APRA commenced the consultation on the new Prudential Practice Guide ("CPG 511") on 30 Apr 21, with responses due 23 Jul 21<sup>3</sup>. Increased disclosure requirements will also be required, defined through a future consultation expected late 2021. APRA will focus on embedding this new remuneration standard as a priority in 2021<sup>2</sup>.
- On 9 Dec 20, APRA announced the commencement of a further consultation for revisions to APS 220<sup>4</sup>. These revisions are contingent on the Government's proposed consumer credit reforms passing legislation and APRA has indicated it may bring forward the implementation date for APS 220 from 1 Jan 22 to align to the reforms' commencement date.
- On 1 Apr 2021, APRA announced actions required regarding MBL's risk management practices and ability to calculate and report key prudential ratios<sup>5</sup>. APRA increased MBL's operational capital requirement and made adjustments to requirements for certain liquidity prudential ratios, effective from 1 Apr 21. The actions relate to specific intra-group funding arrangements as well as breaches of APRA's reporting standards on liquidity between 2018 and 2020. APRA noted that the breaches are historical and do not impact the current overall soundness of Macquarie Group's capital and liquidity positions. While specific historical matters leading to these actions have been addressed, Macquarie acknowledges that continued work is required on its risk governance and operating platform and has programs in place to strengthen capital and liquidity reporting and its risk management framework. Macquarie will work closely with APRA on these programs through a period of intensified supervision.

## Germany

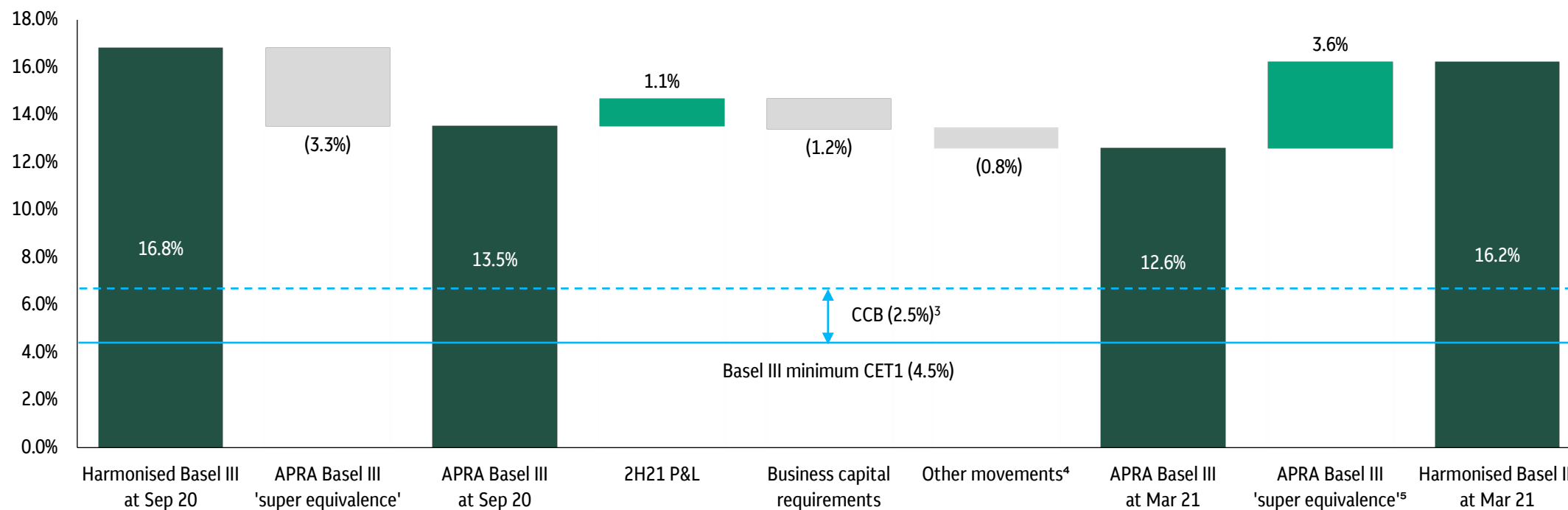
- Macquarie continues to respond to requests for information about its historical activities as part of the ongoing, industry-wide investigation in Germany relating to dividend trading. As previously noted, in total, the German authorities have designated as suspects approximately 100 current and former Macquarie staff, most of whom are no longer at Macquarie. The total amount at issue is not material and MGL has provided for the matter.

1. These changes include APS 110, APS 111, APS 112, APS 113, APS 115, APS 116, APS 117, APS 222. 2. 'APRA releases its policy and supervision priorities for 2021'; 1 Feb 21. 3. 'APRA consults on guidance in support of prudential standard on remuneration'; 30 Apr 21. 4. 'APRA issues letter to ADIs on potential changes to credit risk management'; 9 Dec 20. 5. 'APRA takes action against Macquarie Bank over multiple breaches of prudential and reporting standards'; 1 Apr 21.

# Bank Group Basel III Common Equity Tier 1 (CET1) Ratio

- APRA Basel III Level 2 CET1 ratio: 12.6%<sup>1</sup>
- Harmonised Basel III Level 2 CET1 ratio: 16.2%<sup>2</sup>

## Bank Group Level 2 Common Equity Tier 1 Ratio: Basel III (Mar 21)



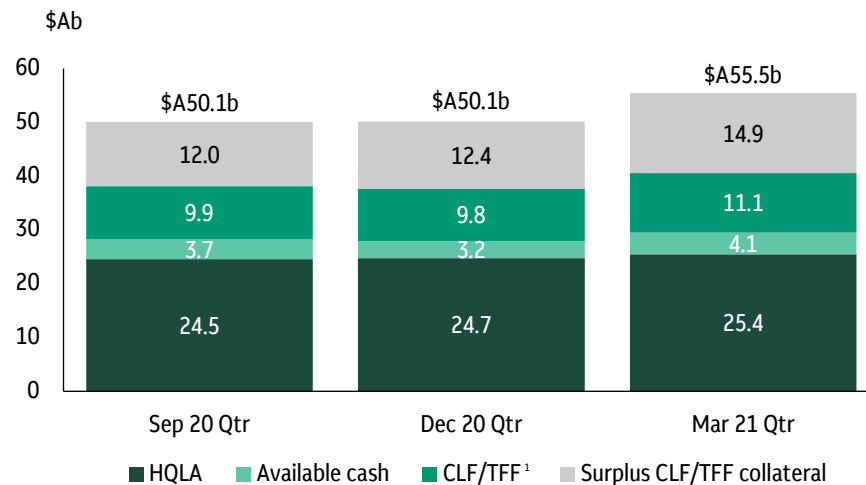
1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 21: 14.3%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 21: 18.1%. 3. Based on materiality, the countercyclical capital buffer (CCyB) of ~1bps has not been included. 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. Includes MBL dividend payment to its parent MGL (0.5%), foreign currency translation reserve (0.2%) and other movements in capital supply (0.1%). 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework, including: the treatment of mortgages 2.0%; capitalised expenses 0.6%; equity investments 0.3%; investment into deconsolidated subsidiaries 0.1%; and DTAs 0.6%.



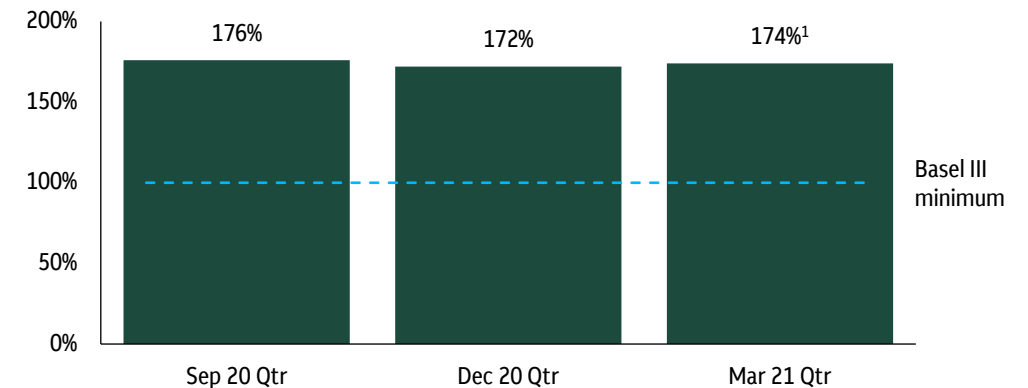
# Strong liquidity position maintained

- 174%<sup>1</sup> average LCR for Mar 21 quarter, based on daily observations
  - Maintained well above regulatory minimum
  - Includes CLF and TFF allocations<sup>2</sup>
- Reflects longstanding conservative approach to liquidity management
- \$A55.5b of unencumbered liquid assets and cash on average over the quarter to Mar 21 (post applicable haircuts)

## Unencumbered Liquid Asset Portfolio<sup>3</sup>



## MBL LCR position<sup>3</sup>



1. As announced on 1 Apr 21, APRA has imposed a 15% add-on to the Net Cash Outflow component of the LCR calculation, and a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 Apr 21. 2. CLF allocation reduced from \$A8.5b to \$A7.9b on 1 Feb 21. TFF Supplementary Allowance of \$A1.3b has been included from the Dec 20 Qtr and TFF Additional Allowance of \$A4.6b from 1 Mar 21. 3. Represents quarterly average balances. Available cash includes balances held with central banks and overnight lending to financial institutions.

# Capital management update

## Additional Tier 1 Capital

On 17 Mar 21, MGL issued 7,254,400 Macquarie Group Capital Notes 5 (MCN5) at an issue price of \$A100 each, raising \$A725m

## Loss-Absorbing Capital (LAC) - Tier 2 Capital

In Mar 21, MBL issued \$US1b Tier 2 capital as part of its programme to meet Total Loss-Absorbing Capacity (TLAC) requirements

## Macquarie Group Employee Retained Equity Plan (MEREP)

- In Jun 20, MGL issued 5,024,608 shares to satisfy the FY20 MEREP requirements of \$A563m<sup>1</sup>
- The Board has resolved to issue shares to satisfy the FY21 MEREP requirements of approximately \$A619m<sup>2</sup>
  - The issue price will be the average of the daily VWAP during the period from 24 May 21 to 4 Jun 2021<sup>3</sup>
  - Shares are expected to be issued on or around 9 Jun 21<sup>4</sup>
  - Staff sale arrangements will not be applicable this year; any MQG shares sold by staff will occur on market

## Dividend Reinvestment Plan

On 22 Dec 20, 302,706 ordinary shares were issued and allocated at \$A139.08 per share<sup>5</sup> to shareholders participating in the Dividend Reinvestment Plan (DRP) for the 1H21 dividend

The Board has resolved to issue shares to satisfy the DRP for the 2H21 dividend at a discount to the prevailing market price<sup>6</sup> of 1.5%

1. The issue price was \$A112.15 determined consistent with the DRP rules as the average of the daily volume weighted average price over the ten business days from 25 May 20 to 5 Jun 20. 2. The shares may be purchased on-market, where issuing the shares is not practical or advisable. 3. These dates are subject to change. 4. Issuance may be sooner or later. 5. The DRP price was determined in accordance with the DRP Rules, being the arithmetic average of the daily volume-weighted average price of all Macquarie Group shares sold through a normal trade on the ASX automated trading system of the 5 business days from 24 Nov 20 to 30 Nov 20 inclusive. 6. Determined in accordance with the DRP rules as the average of the daily volume weighted average price over the ten business days from 24 May 21 to 4 Jun 21.



# 04

## Outlook

**Shemara Wikramanayake**

Managing Director and Chief Executive Officer





# Short-term outlook

## Factors impacting short-term outlook

### Annuity-style businesses

#### Non-Banking Group

##### Macquarie Asset Management (MAM)

- Excluding Waddell & Reed,
  - Base fees expected to be broadly in line
  - Net Other Operating Income<sup>1</sup> expected to be slightly down due to significant one-off items in FY21
- Waddell & Reed acquisition expected to slightly reduce net profit contribution in FY22 due to integration and one-off costs

#### Banking Group

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

- Ongoing momentum in loan portfolio and platform volumes
- Competitive dynamics to continue to drive margin pressure
- Ongoing monitoring of provisioning as COVID-19 pandemic support payments unwind
- Higher expenses to support volume growth, technology investment and increased regulatory investment

### Corporate

- Compensation ratio expected to be within the range of historical levels

### Markets-facing businesses

##### Macquarie Capital (MacCap)

- Improved transaction activity expected to continue through FY22
- Improved outlook for investment realisations and increased balance sheet deployment

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

- Commodities income is expected to be significantly down following a strong FY21, which was driven by broad dislocation across commodities markets, albeit volatility may create opportunities
- The positive impact from the timing of income recognition on storage and transport contracts in FY21 is not anticipated to recur
- Consistent client contribution across the financial markets platform
- Continued contribution from Specialised and Asset Finance linked to business activity
- 1H22 to include disposal of certain assets in Specialised and Asset Finance

- The FY22 effective tax rate is expected to be broadly in line with FY21

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



# Short-term outlook

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

- The duration of COVID-19, speed of the global economic recovery and extent of government support for economies
- Market conditions including significant volatility events and the impact of geopolitical events
- Potential tax or regulatory changes and tax uncertainties
- Completion of period-end reviews and the completion rate of transactions
- The geographic composition of income and the impact of foreign exchange

We continue to maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions us well to respond to the current environment





# Medium-term outlook

Macquarie remains well-positioned to deliver superior performance in the medium term

Deep expertise in major markets

Build on our strength in business and geographic diversity and continue to adapt our portfolio mix to changing market conditions

- Annuity-style income is primarily provided by two Operating Groups' businesses which are delivering superior returns following years of investment and acquisitions
  - Macquarie Asset Management and Banking and Financial Services
- Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
  - Commodities and Global Markets and Macquarie Capital

Ongoing program to identify cost saving initiatives and efficiency

Strong and conservative balance sheet

- Well-matched funding profile with minimal reliance on short-term wholesale funding
- Surplus funding and capital available to support growth

Proven risk management framework and culture

# Medium term

## Annuity-style businesses

### Non-Banking Group

#### Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-positioned to respond to current market conditions and grow assets under management through its diversified product offering, track record and experienced investment teams

### Banking Group

#### Banking and Financial Services (BFS)

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

## Markets-facing businesses

#### Macquarie Capital (MacCap)

- Positioned to benefit from further recovery in transaction activity
- Continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

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

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

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

# Approximate business Basel III Capital and ROE

31 Mar 21

Operating Group	APRA Basel III Capital <sup>1</sup> @ 8.5% (\$Ab)	Approx. FY21 Return on Ordinary Equity <sup>2</sup>	Approx. 15-year Average Return on Ordinary Equity <sup>3</sup>
<b>Annuity-style businesses</b>	<b>7.6</b>		
Macquarie Asset Management	3.1		
Banking and Financial Services	4.5	23%	22%
<b>Markets-facing businesses</b>	<b>8.9</b>		
Commodities and Global Markets	5.0		
Macquarie Capital	3.9	17%	16%
<b>Corporate</b>	<b>1.0</b>		
Total regulatory capital requirement @ 8.5%	17.5		
Group surplus	8.8		
<b>Total APRA Basel III capital supply</b>	<b>26.3<sup>4</sup></b>	<b>14.3%</b>	<b>14%</b>

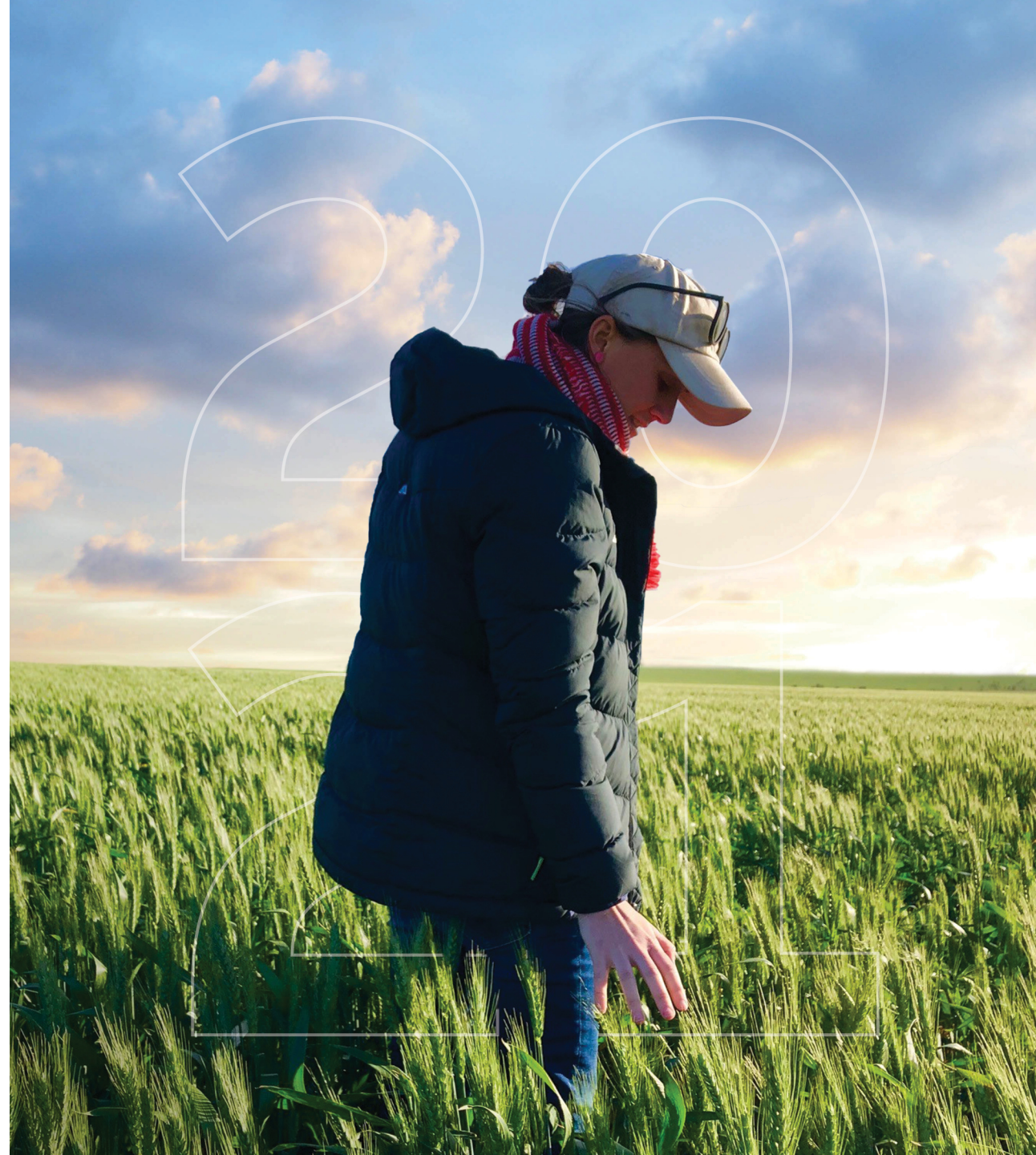
Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 31 Dec 20 allocations adjusted for material movements over the Mar 21 quarter. 2. NPAT used in the calculation of approximate FY21 ROE is based on Operating Groups' net profit contribution adjusted for indicative allocations of profit share, tax and other corporate items. Accounting equity is attributed to businesses based on quarterly average allocated ordinary equity. 3. 15-year average covers FY07 to FY21, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of \$A22.1b of ordinary equity and \$A4.2b of hybrids.



# Presentation to investors and analysts

Result announcement for the  
full year ended 31 March 2021

7 May 2021





# 05

## Appendix A

### Detailed Result Commentary



# Macquarie Asset Management

## Result

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

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

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



# Banking and Financial Services

## Result

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

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

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

# Commodities and Global Markets

## Result

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

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

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

# Macquarie Capital

## Result

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

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

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

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## Appendix B

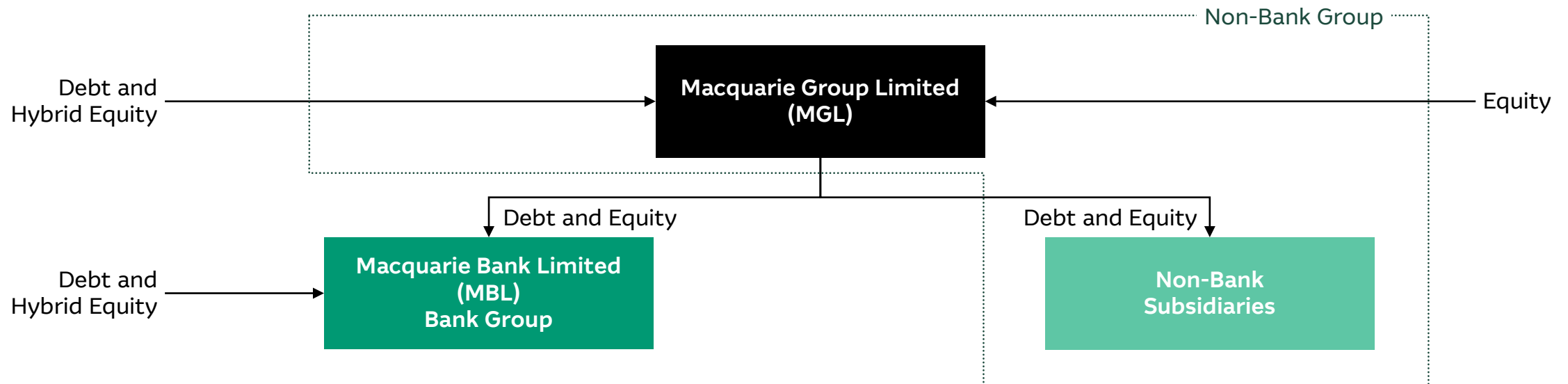
**Additional information**

Funding



# Macquarie funding structure

- MGL and MBL are Macquarie's two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements
- MBL provides funding to the Bank Group
- MGL provides funding predominantly to the Non-Bank Group



The Bank Group comprises BFS and CGM (excluding certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities which are undertaken from within the Non-Bank Group), The Non-Bank Group comprises Macquarie Capital, MAM and certain assets of the Credit Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities of CGM.

# Funded balance sheet reconciliation

- The funded balance sheet is a simple representation of Macquarie's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the Statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie's internal liquidity framework and the regulatory liquidity metrics
- A funded balance sheet reconciliation has been prepared to reconcile the reported assets of Macquarie to the assets that require funding

	Mar 21 \$Ab	Mar 20 \$Ab
<b>Total assets per Statement of financial position</b>	<b>245.7</b>	<b>255.8</b>
<b>Accounting deductions:</b>		
Derivative revaluation accounting gross-ups	(17.4)	(38.0)
Segregated funds	(7.7)	(7.0)
Outstanding trade settlement balances	(7.5)	(6.8)
Working capital assets	(9.1)	(8.4)
Non-controlling interests	(0.3)	(0.3)
<b>Self-funded assets:</b>		
Self-funded trading assets	(15.9)	(17.7)
Securitised assets and other non-recourse funding	(11.4)	(16.0)
<b>Net funded assets per funded balance sheet</b>	<b>176.4</b>	<b>161.6</b>

For an explanation of the above deductions refer to slide 66.



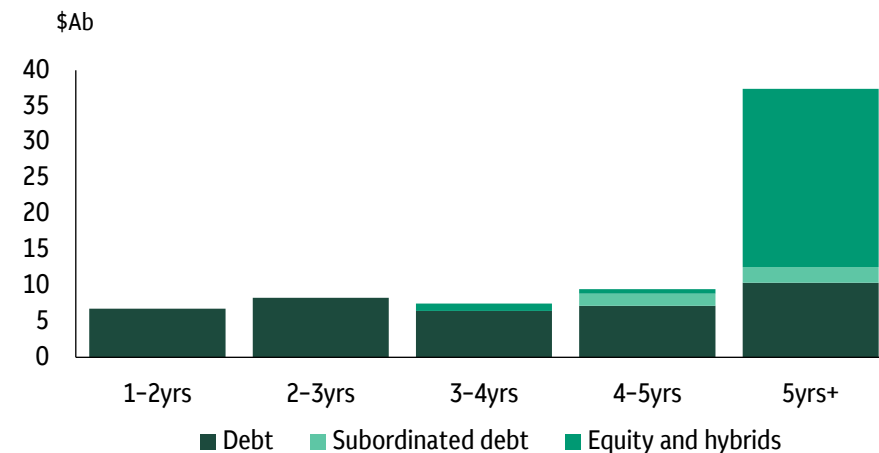
# Funding for Macquarie

	Mar 21 \$Ab	Mar 20 \$Ab
<b>Funding sources</b>		
Certificates of deposit	0.4	0.6
Commercial paper	12.9	5.0
Net trade creditors	1.4	2.0
Structured notes	1.1	2.0
Secured funding	3.8	3.8
Bonds	34.3	40.9
Other loans	1.2	1.2
Syndicated loan facilities	5.8	10.1
Customer deposits	84.0	67.1
Subordinated debt	5.1	3.5
Equity and hybrids	26.4	25.4
<b>Total funding sources</b>	<b>176.4</b>	<b>161.6</b>
<b>Funded assets</b>		
Cash and liquid assets	41.6	38.9
Self-securitisation	33.1	23.5
Net trading assets	25.6	23.2
Loan assets including operating lease assets less than one year	12.3	13.4
Loan assets including operating lease assets greater than one year	52.5	49.6
Debt investments	2.7	1.9
Co-investment in Macquarie-managed funds and other equity investments	5.7	7.4
Property, plant and equipment and intangibles	2.9	3.7
<b>Total funded assets</b>	<b>176.4</b>	<b>161.6</b>

1. As at 31 Mar 21. 2. Includes drawn term funding facilities only.

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 48%<sup>1</sup> of total funding sources
- Term funding beyond one year (including drawn TFF, excluding equity and securitisations) has a weighted average term to maturity of 4.8 years<sup>1</sup>

## Macquarie's term funding maturing beyond one year (includes Equity and hybrids)<sup>2</sup>



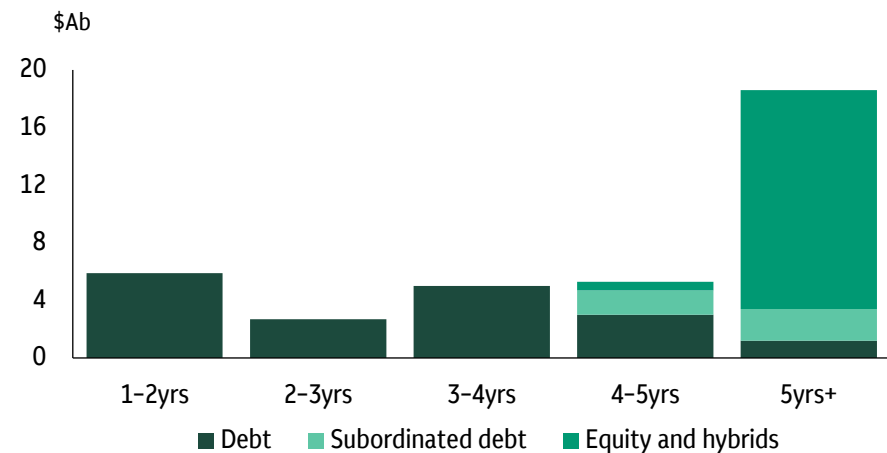
# Funding for the Bank Group

	Mar 21 \$Ab	Mar 20 \$Ab
<b>Funding sources</b>		
Certificates of deposit	0.4	0.6
Commercial paper	12.9	5.0
Net trade creditors	1.3	1.1
Structured notes	0.5	1.9
Secured funding	3.4	3.2
Bonds	19.0	24.4
Other loans	1.0	0.9
Customer deposits	84.0	67.1
Subordinated debt	5.1	3.5
Equity and hybrids	15.8	15.8
<b>Total funding sources</b>	<b>143.4</b>	<b>123.5</b>
<b>Funded assets</b>		
Cash and liquid assets	37.0	33.6
Self-securitisation	33.1	23.5
Net trading assets	24.4	22.0
Loan assets including operating lease assets less than one year	11.8	12.2
Loan assets including operating lease assets greater than one year	46.1	41.7
Debt investments	2.1	1.7
Non-Bank Group deposit with MBL	(12.4)	(12.2)
Co-investment in Macquarie-managed funds and other equity investments	0.5	0.4
Property, plant and equipment and intangibles	0.8	0.6
<b>Total funded assets</b>	<b>143.4</b>	<b>123.5</b>

1. As at 31 Mar 21. 2. Includes drawn term funding facilities only.

- Bank balance sheet remains liquid and well capitalised, with a diverse range of funding sources
- Term funding beyond one year (including drawn TFF, excluding equity and securitisations) has a weighted average term to maturity of 4.1 years<sup>1</sup>
- Accessed term funding across a variety of products and jurisdictions

## Bank Group term funding maturing beyond one year (includes Equity and hybrids)<sup>2</sup>

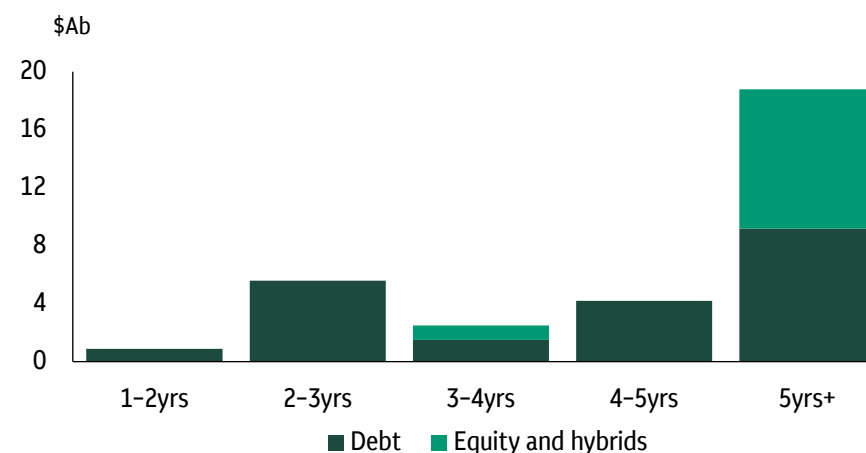


# Funding for the Non-Bank Group

	Mar 21 \$Ab	Mar 20 \$Ab
<b>Funding sources</b>		
Net trade creditors	0.1	0.9
Structured notes	0.6	0.1
Secured funding	0.4	0.6
Bonds	15.3	16.5
Other loans	0.2	0.3
Syndicated loan facilities	5.8	10.1
Equity and hybrids	10.6	9.6
<b>Total funding sources</b>	<b>33.0</b>	<b>38.1</b>
<b>Funded assets</b>		
Cash and liquid assets	4.6	5.3
Non-Bank Group deposit with MBL	12.4	12.2
Net trading assets	1.2	1.2
Loan assets including operating lease assets less than one year	0.5	1.2
Loan assets including operating lease assets greater than one year	6.4	7.9
Debt investments	0.6	0.2
Co-investment in Macquarie-managed funds and other equity investments	5.2	7.0
Property, plant and equipment and intangibles	2.1	3.1
<b>Total funded assets</b>	<b>33.0</b>	<b>38.1</b>

- Non-Bank Group is predominantly term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 5.5 years<sup>1</sup>
- Accessed term funding across a variety of products and jurisdictions

## Non-Bank Group term funding maturing beyond one year (includes Equity and hybrids)<sup>2</sup>



1. As at 31 Mar 21. 2. Includes drawn term funding facilities only.

# Explanation of funded balance sheet reconciling items

## Derivative revaluation accounting gross-ups

Macquarie's derivative activities are mostly client driven with client positions hedged by offsetting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding. The associated margins paid and received are included as part of self-funded trading assets.

## Non-controlling interests

These include the portion of equity ownership in subsidiaries not attributable to Macquarie. As this is not a position that Macquarie is required to fund, it is netted against the consolidated assets and liabilities in preparing the funded balance sheet.

## Segregated funds

These represent the assets and liabilities that are recognised where Macquarie holds segregated client monies. The client monies will be matched by assets held to the same amount. Any excess client funds placed with Macquarie are netted down against cash and liquid assets.

## Self-funded trading assets

Macquarie enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties, as well as for liquidity management purposes. Also as part of its trading activities, Macquarie pays and receives margin collateral on its outstanding derivative positions. These trading and liquidity management related asset and liability positions are viewed as being self-funded to the extent that they offset one another and, therefore, are netted as part of this adjustment.

## Outstanding trade settlement balances

At any particular time Macquarie will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed on other trades (receivables).

## Securitised assets and other non-recourse funding

These include assets funded by third party debt with no recourse to Macquarie beyond the borrowing entity and lending assets (mortgages and leasing) sold down into external securitisation entities.

## Working capital assets

As with the outstanding trade settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that either requires or provides funding.

# Conservative long standing liquidity risk management framework

## Liquidity Policy

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The liquidity risk appetite is intended to ensure that Macquarie is able to meet all of its liquidity obligations during a period of liquidity stress:

- A twelve month period with constrained access to funding markets for MBL, no access to funding markets for MGL and with only a limited reduction in Macquarie's franchise businesses

Term assets are funded by term funding, stable deposits, hybrids and equity

## Liquidity Framework

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A robust liquidity risk management framework is designed to ensure that both MGL and MBL are able to meet their funding requirements as they fall due under a range of market conditions. Key tools include:

- Liability driven approach to balance sheet management
- Scenario analysis
- Maintenance of unencumbered liquid asset holdings

Liquidity management is performed centrally by Group Treasury, with oversight from the Asset and Liability Committee and the Risk Management Group

The MGL and MBL Boards approve the liquidity policies and are provided with liquidity reporting on a regular basis

# 05

## Appendix C

**Additional information**  
Capital





# Macquarie Basel III regulatory capital

## Surplus calculation

31 Mar 21	Harmonised Basel III <sup>1</sup> \$Am	APRA Basel III <sup>1</sup> \$Am	
<b>Macquarie eligible capital</b>			
Bank Group Gross Tier 1 capital	15,707	15,707	
Non-Bank Group eligible capital	10,588	10,588	
<b>Eligible capital</b>	<b>26,295</b>	<b>26,295</b>	<b>(a)</b>
<b>Macquarie capital requirement</b>			
Bank Group capital requirement			
Risk-Weighted Assets (RWA) <sup>2</sup>	85,024	93,335	
Capital required to cover RWA <sup>3</sup> at 8.5%	7,227	7,933	
Tier 1 deductions	190	2,239	
<b>Total Bank Group capital requirement</b>	<b>7,417</b>	<b>10,172</b>	
<b>Total Non-Bank Group capital requirement</b>	<b>7,318</b>	<b>7,318</b>	
<b>Total Macquarie capital requirement (at 8.5%<sup>3</sup> of the Bank Group RWA)</b>	<b>14,735</b>	<b>17,490</b>	<b>(b)</b>
<b>Macquarie regulatory capital surplus (at 8.5%<sup>3</sup> of the Bank Group RWA)</b>	<b>11,560</b>	<b>8,805</b>	<b>(a)-(b)</b>

1. 'Bank Group' refers to Level 2 regulatory group. 2. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (31 Mar 21: \$A624m; 30 Sep 20: \$A946m). 3. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the countercyclical capital buffer (CCyB) of ~1bps has not been included. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions.

# Macquarie APRA Basel III regulatory capital

## Bank Group contribution

31 Mar 21	Risk-weighted assets \$Am	Tier 1 Deductions \$Am	Capital Requirement <sup>1</sup> \$Am
<b>Credit risk</b>			
On balance sheet	49,092		4,173
Off balance sheet	27,873		2,369
<b>Credit risk total<sup>2</sup></b>	<b>76,965</b>		<b>6,542</b>
Market risk	5,660		481
Operational risk	10,337		878
Interest rate risk in the banking book	373		32
Tier 1 deductions	-	2,239	2,239
<b>Contribution to Group capital calculation<sup>2</sup></b>	<b>93,335</b>	<b>2,239</b>	<b>10,172</b>

1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the countercyclical capital buffer (CCyB) of ~1bps has not been included. 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. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (31 Mar 21: \$A624m; 30 Sep 20: \$A946m).

# Macquarie regulatory capital

## Non-Bank Group contribution

- APRA has specified a regulatory capital framework for Macquarie
- A dollar capital surplus is produced; no capital ratio calculation is specified
- APRA has approved Macquarie's Economic Capital Adequacy Model (ECAM) for use in calculating the regulatory capital requirement of the Non-Bank Group
- The ECAM is based on similar principles and models as the Basel III regulatory capital framework for banks, with both calculating capital at a one year 99.9% confidence level

Risk <sup>1</sup>	Basel III	ECAM
Credit	<ul style="list-style-type: none"> <li>• Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default)</li> </ul>	<ul style="list-style-type: none"> <li>• Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters</li> </ul>
Equity	<ul style="list-style-type: none"> <li>• Harmonised Basel III: 250%, 300% or 400% risk weight, depending on the type of investment<sup>2</sup>. Deduction from Common Equity Tier 1 above a threshold</li> <li>• APRA Basel III: 100% Common Equity Tier 1 deduction</li> </ul>	<ul style="list-style-type: none"> <li>• Extension of Basel III credit model to cover equity exposures. Capital requirement between 34% and 84% of face value; average 52%</li> </ul>
Market	<ul style="list-style-type: none"> <li>• 3 times 10 day 99% Value at Risk (VaR) plus 3 times 10 day 99% Stressed VaR plus a specific risk charge</li> </ul>	<ul style="list-style-type: none"> <li>• Scenario-based approach</li> </ul>
Operational	<ul style="list-style-type: none"> <li>• Advanced Measurement Approach</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced Measurement Approach</li> </ul>

1. The ECAM also covers non-traded interest rate risk and the risk on assets held as part of business operations, including: fixed assets, goodwill, intangible assets and capitalised expenses. 2. Includes all Banking Book equity investments, plus net long Trading Book holdings in financial institutions.

# Macquarie regulatory capital

## Non-Bank Group contribution

31 Mar 21	Assets \$Ab	Capital Requirement \$Am	Equivalent Risk Weight
<b>Funded assets</b>			
Cash and liquid assets	4.6	80	22%
Loan assets <sup>1</sup>	6.9	695	126%
Debt investments	0.6	67	140%
Co-investment in Macquarie-managed funds and other equity investments	4.7	2,355	626%
Co-investment in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.5		
Property, plant & equipment and intangibles	2.1	956	569%
Non-Bank Group deposit with MBL	12.4		
Net trading assets	1.2		
<b>Total funded assets</b>	<b>33.0</b>	<b>4,153</b>	
<b>Accounting Deductions</b>			
Derivative revaluation accounting gross-ups	0.2		
Segregated funds	0.3		
Outstanding trade settlement balances	5.7		
Working capital assets	6.0		
Non-controlling interests	0.3		
<b>Self-funded assets</b>			
Self funded trading assets	0.5		
Assets funded non-recourse	1.0		
<b>Total self-funded and non-recourse assets</b>	<b>14.0</b>		
<b>Total Non-Bank Group assets</b>	<b>47.0</b>		
Equity commitments		974	
Off balance sheet exposures, operational, market & other risk, and diversification offset <sup>2</sup>		2,191	
<b>Non-Bank Group capital requirement</b>		<b>7,318</b>	

1. Includes leases. 2. Capital associated with net trading assets (e.g. market risk capital) and net trade debtors has been included here.

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## Appendix D

**Additional information**

ECL Provision inputs





# Credit impairment charge considerations

## In assessing Macquarie's expected credit loss provisioning on the loan portfolio, current and expected macroeconomic conditions are taken into account

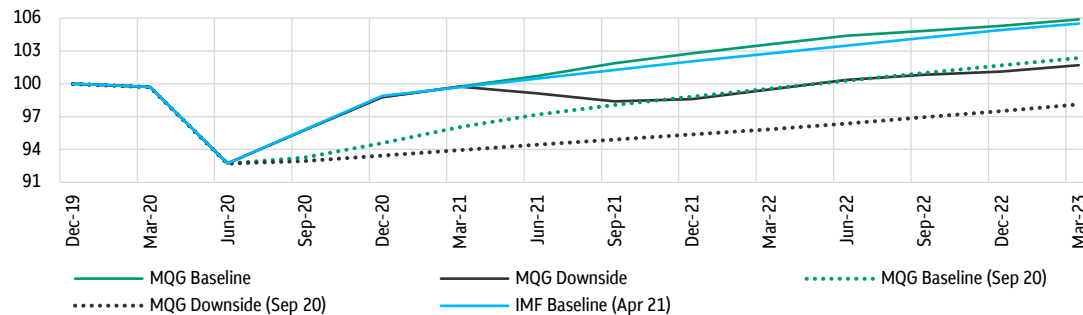
The total ECL provision on balance sheet at 31 Mar 21 is \$A1,603m. A 100% weighting to the baseline scenario would result in an ECL provision on balance sheet of ~\$A1,450m, a 100% weighting to the downside scenario would result in an ECL provision on balance sheet of ~\$A2,200m and a 100% weighting to the upside scenario would result in an ECL provision on balance sheet of ~\$A1,300m<sup>1</sup>

### Baseline

Our updated economic data and expectations for Australia and the US used for provisioning are as follows:

- Australia – unemployment peaked at ~7% in Q3 2020, GDP will grow by 4.7% in 2021. House prices to increase 8% in the year to Q4 2021
- US – unemployment peaked at ~13% in Q2 2020 and will return below 6% by Q3 2021, GDP will grow by 6.5% in 2021

### Australia – Real GDP Indexed Dec 19

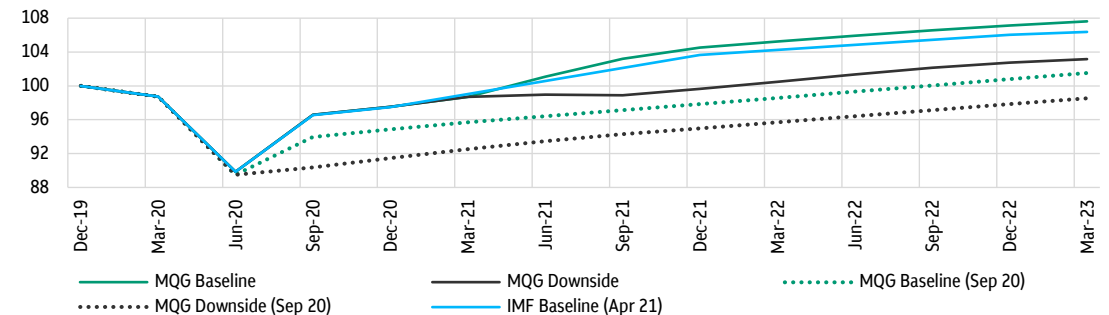


### Downside

A protracted COVID-19 scenario resulting from virus variants and delayed vaccine rollout. Our updated economic data and expectations for Australia and the US used for provisioning are as follows:

- Australia – unemployment rate to hit a second peak at ~6.5% in Q3 2021, GDP to contract ~1.5% during Q2 and Q3 2021 and recover slowly. House prices decline ~5% by Q4 2022
- US – unemployment increases above 7% in mid-2021 and declines slowly. GDP to stagnate in H2 2021 with a slow subsequent recovery observed

### US – Real GDP Indexed Dec 19



Further detail on the scenarios used for the ECL are contained in Note 12 of the Financial report. Quarterly periods above represent calendar periods. 1. These numbers provide comparative ECL provision information as at the reporting date assuming the scenarios outlined. These numbers reflect neither changes in the credit rating of the counterparty nor changes in post model adjustments that may occur if these scenarios were to occur. Changes in credit rating and post model adjustments may have a material impact on these ECL provisions.

# Expected Credit Loss – key indicators

- Under the AASB 9 credit impairment model, losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate Forward-Looking Information (FLI), reflecting Macquarie's view of potential future economic scenarios including a weighted baseline, upside case, and downside case
- Macquarie calculates its ECL provisions using predictive models and probability weighted forward looking economic views. As a result of the continuing economic uncertainty created by the COVID-19 pandemic, Macquarie has exercised judgement in applying post model adjustments through management overlays. Further information is set out within the notes to the Financial report
- Baseline – updated for impact of COVID-19 through key indicators used in modelling: gross domestic product (GDP), the unemployment rate and the level of house prices, interest rates and commodity prices
- Downside – a protracted COVID-19 scenario resulting from the virus variants diminishing vaccine efficacy and delayed rollout of vaccine programs

Snapshot of key indicator variables	Current * (31 Mar - 1Q 2021)	30 Jun - 2Q 2021	30 Sep - 3Q 2021	31 Dec - 4Q 2021	31 Mar - 1Q 2022	31 Mar - 1Q 2023	31 Mar - 1Q 2024
<b>Baseline</b>							
Australia Real GDP (indexed at 100 = Dec 19)	99.8	100.7	101.9	102.8	103.6	105.9	108.5
Australia Unemployment Rate	6.0%	5.7%	5.5%	5.2%	5.1%	4.7%	4.6%
Australia Property Prices (indexed at 100 = Dec 19)	104.2	106.4	108.5	110.4	112.1	116.9	120.5
US Real GDP (indexed at 100 = Dec 19)	98.7	101.1	103.2	104.5	105.3	107.6	109.5
US Unemployment Rate	6.6%	6.2%	5.5%	5.1%	5.0%	4.2%	4.0%
Euro Area Real GDP (indexed at 100 = Dec 19)	93.6	95.4	97.6	99.0	99.5	100.9	102.4
Euro Area Unemployment Rate	8.7%	9.0%	8.9%	8.8%	8.6%	7.9%	7.5%
<b>Downside</b>							
Australia Real GDP (indexed at 100 = Dec 19)	99.8	99.1	98.4	98.6	99.5	101.7	104.1
Australia Unemployment Rate	6.0%	6.2%	6.5%	6.5%	6.5%	6.1%	5.8%
Australia Property Prices (indexed at 100 = Dec 19)	103.0	103.7	104.5	105.3	103.2	96.9	97.9
US Real GDP (indexed at 100 = Dec 19)	98.7	99.0	98.9	99.7	100.5	103.2	104.8
US Unemployment Rate	7.1%	7.2%	7.1%	6.9%	6.5%	5.6%	5.1%
Euro Area Real GDP (indexed at 100 = Dec 19)	93.6	93.5	94.4	95.1	95.6	97.1	98.3
Euro Area Unemployment Rate	8.7%	9.0%	9.1%	9.1%	9.1%	8.8%	8.6%

\* - Macquarie Economics estimates as of 31/03/2021. Further detail on the scenarios used for the Expected Credit Loss are contained in Note 13 of the Financial report.

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## Appendix E

### Glossary



# Glossary

<b>\$A / AUD</b>	Australian Dollar
<b>\$US / USD</b>	United States Dollar
<b>£ / GBP</b>	Pound Sterling
<b>€</b>	Euro
<b>1H20</b>	Half Year ended 30 September 2019
<b>1H21</b>	Half Year ended 30 September 2020
<b>1Q21</b>	Three months ended 30 June 2020
<b>2H20</b>	Half Year ended 31 March 2020
<b>2H21</b>	Half Year ending 31 March 2021
<b>2Q21</b>	Three months ended 30 September 2020
<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>Approx.</b>	Approximately
<b>APRA</b>	Australian Prudential Regulation Authority
<b>ASX</b>	Australian Securities Exchange
<b>AUM</b>	Assets under Management
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BFS</b>	Banking and Financial Services
<b>Capex</b>	Capital Expenditure
<b>CCB</b>	Capital Conservation Buffer
<b>CET1</b>	Common Equity Tier 1
<b>CGM</b>	Commodities and Global Markets

<b>CLF</b>	Committed Liquid Facility
<b>CMA</b>	Cash Management Account
<b>CRM</b>	Customer Relationship Management
<b>CY19</b>	Calendar Year ended 31 December 2019
<b>CY20</b>	Calendar Year ending 31 December 2020
<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>EMEA</b>	Europe, the Middle East and Africa
<b>EPS</b>	Earnings Per Share
<b>EUM</b>	Equity Under Management
<b>FCTR</b>	Foreign currency translation reserve and net investment hedge reserve
<b>FX</b>	Foreign Exchange
<b>FY17</b>	Full Year ended 31 March 2017
<b>FY18</b>	Full Year ended 31 March 2018
<b>FY19</b>	Full Year ended 31 March 2019
<b>FY20</b>	Full Year ended 31 March 2020
<b>FY21</b>	Full Year ending 31 March 2021
<b>FY22</b>	Full Year ending 31 March 2022
<b>GIF II</b>	Macquarie Global Infrastructure Fund 2
<b>GIF III</b>	Macquarie Global Infrastructure Fund 3
<b>GIG</b>	Green Investment Group

# Glossary

<b>IPO</b>	Initial Public Offering
<b>IRB</b>	Internal Ratings-Based
<b>IFRS</b>	International Financial Reporting Standards
<b>IMTT</b>	International-Matex Tank Terminals
<b>IT</b>	Information Technology
<b>LBO</b>	Leveraged Buyout
<b>LCR</b>	Liquidity Coverage Ratio
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MacCap</b>	Macquarie Capital
<b>MAM</b>	Macquarie Asset Management
<b>MBL</b>	Macquarie Bank Limited
<b>MD&amp;A</b>	Management Discussion & Analysis
<b>MEIF1</b>	Macquarie European Infrastructure Fund 1
<b>MEIF3</b>	Macquarie European Infrastructure Fund 3
<b>MEIF4</b>	Macquarie European Infrastructure Fund 4
<b>MEREP</b>	Macquarie Group Employee Retained Equity Plan
<b>MFAA</b>	Mortgage and Finance Association of Australia
<b>MGL / MQG</b>	Macquarie Group Limited
<b>MGSA</b>	Macquarie Group Services Australia
<b>MIC</b>	Macquarie Infrastructure Corporation
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>MIM</b>	Macquarie Investment Management
<b>MIP I</b>	Macquarie Infrastructure Partners Fund 1
<b>MIP II</b>	Macquarie Infrastructure Partners Fund 2

<b>MIRA</b>	Macquarie Infrastructure and Real Assets
<b>MW</b>	Mega Watt
<b>MWDC</b>	Mega Watt direct current
<b>MW/hr</b>	Mega Watt hour
<b>NGLs</b>	Natural gas liquids
<b>No.</b>	Number
<b>NPAT</b>	Net Profit After Tax
<b>NPC</b>	Net Profit Contribution
<b>NSFR</b>	Net Stable Funding Ratio
<b>OTC</b>	Over-The-Counter
<b>P&amp;L</b>	Profit and Loss
<b>PPE</b>	Property, Plant and Equipment
<b>PPP</b>	Public Private Partnership
<b>RBA</b>	Reserve Bank of Australia
<b>ROE</b>	Return on Equity
<b>RWA</b>	Risk Weighted Assets
<b>SBI</b>	State Bank of India
<b>SME</b>	Small and Medium Enterprise
<b>SMSF</b>	Self Managed Super Fund
<b>TFF</b>	Term Funding Facility
<b>UK</b>	United Kingdom
<b>US</b>	United States of America
<b>VaR</b>	Value at Risk



# Presentation to investors and analysts

Result announcement for the  
full year ended 31 March 2021

7 May 2021

