



MACQUARIE



Risk Management Group
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Group Head

Macquarie's risk management approach



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Macquarie's risk management approach has served Macquarie well for over 40 years



RMG's oversight of risk based on five key principles



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Independence



Centralised
prudential
management



Approval of all
new business
activities



Continuous
assessment



Frequent
monitoring

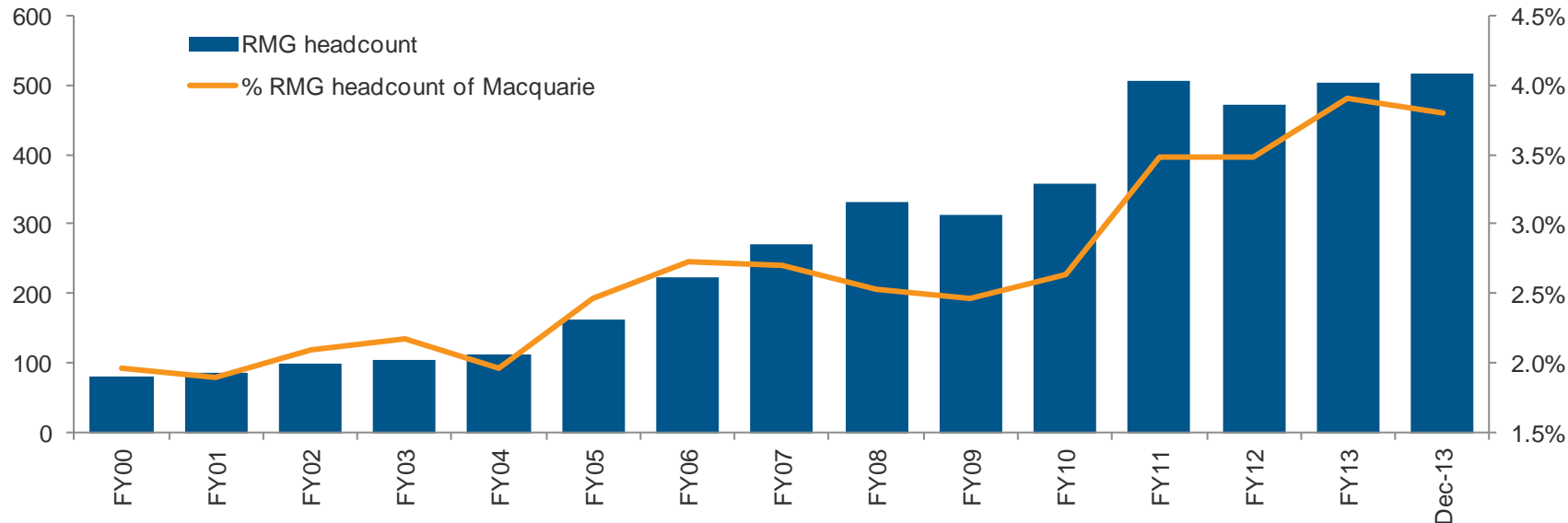
Risk Management Group: Broad and comprehensive



Growth in RMG: Reflecting business evolution and growth



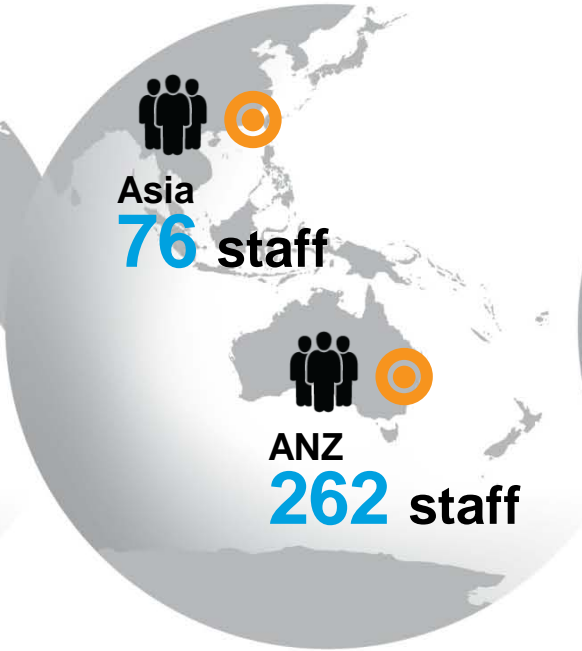
RMG headcount FY00 to 31 Dec 13



Note: Excluding contractors. Businesses aligned compliance staff integrated with RMG in FY11.

Growth in RMG:

Reflecting business evolution and growth across geographies¹



~50%
of staff outside of ANZ
up from **5%** in 2000²

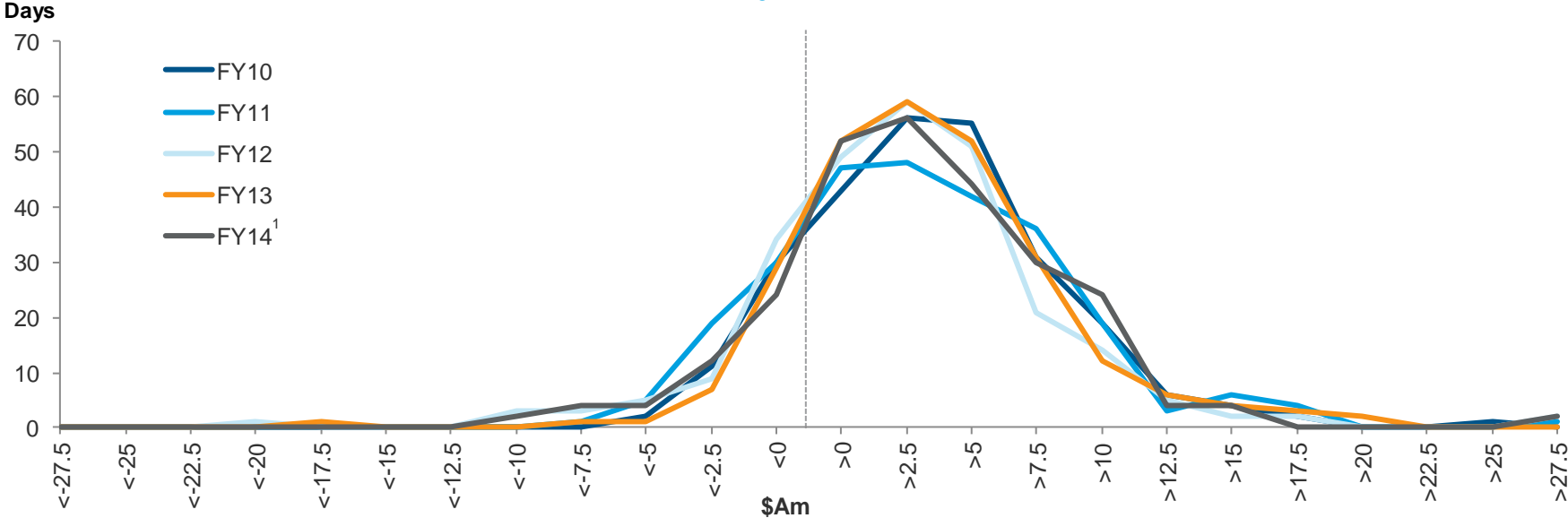
1. As at 31 Dec 13 (excluding contractors). 2. As at 31 Mar 00.

Market risk: Macquarie's trading activities predominantly client based



Daily trading profit and loss

FY10 – FY14¹



1. 1H14 has been extrapolated over FY14.

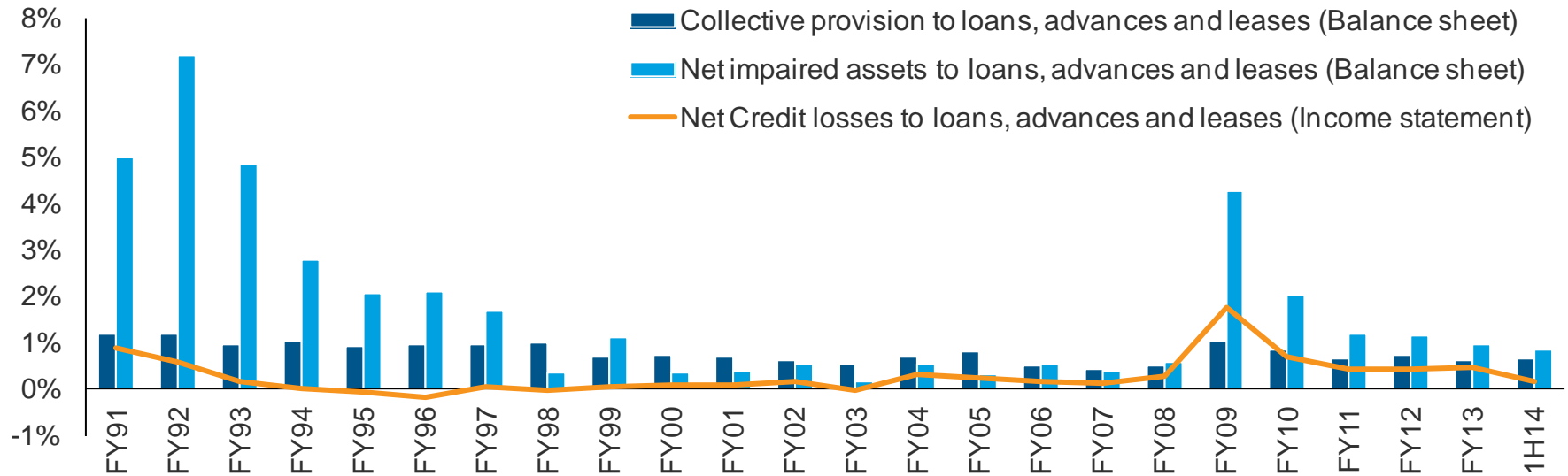
Credit risk:

Credit performance relatively stable over recent years



Loan performance history

FY91 – 1H14



Operational risk



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Ongoing evolution and change...

- Internal operations
- External environment

Mature operational risk framework

Clear **approval** and change process

Low level of operational risk events and incidents

Compliance: Focus on regulatory change



- **Maintaining strong regulatory relationships**

With APRA and other prudential and markets regulators, enabling Macquarie to understand and provide input on proposed rule changes and their impacts where appropriate

- **Identifying potential future developments**

Global team in place to identify emerging issues, threats, opportunities and trends in regulatory rule making and enforcement

- **Managing regulatory change**

Implementing regulatory change strategically and efficiently in impacted businesses

190

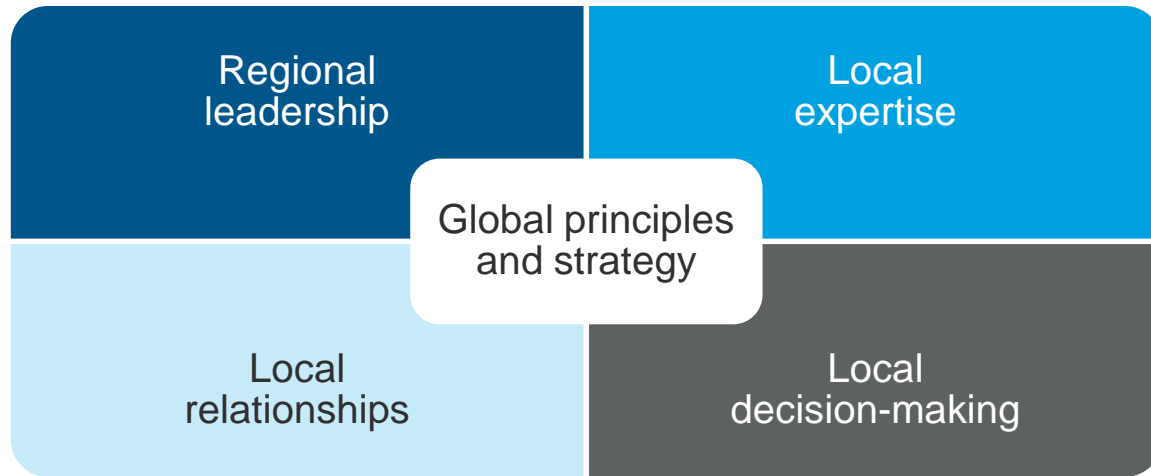
Regulators globally...

...active contact with
regulators globally 60

Compliance approach



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Risk management at Macquarie



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**Core
principles
remain
unchanged**

**Consistent,
global risk
management
framework**

**Global team
reflecting
business
footprint**

**Responding to
regulatory
change**