



ASX/Media Release

Investor presentation and outlook update

SYDNEY, 11 September 2017 – As part of its regular investor communications program, Macquarie Group (Macquarie) (ASX: MQG; ADR: MQBKY) will be presenting at the CLSA Investors' Forum in Hong Kong on 12 and 13 September 2017.

Contained within the presentation (see attached) is an update to the short term outlook statement that Macquarie provided at the Group's Annual General Meeting on 27 July 2017.

We continue to expect the Group's result for FY18 to be broadly in line with FY17:

- As a result of stronger performance fees now anticipated to be recognised in the first half, the 1H18 result is expected to be up on 1H17 and broadly in line with 2H17, subject to the conduct of period end reviews and the completion rate of transactions.

The Group's short-term outlook remains subject to:

- market conditions
- the impact of foreign exchange; and
- potential regulatory changes and tax uncertainties.

Over the medium-term, Macquarie remains well positioned to deliver superior performance. The Group has deep expertise in major markets and we continue to build on our strength in diversity and adapt our portfolio mix to changing market conditions. We are seeing the ongoing benefits of continued cost initiatives, our balance sheet is strong and conservative, and we have a proven risk management framework and culture.

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24th CLSA Investors' Forum

Grand Hyatt, Hong Kong

Presentation to Investors and Analysts
12-13 September 2017

Patrick Upfold
Chief Financial Officer





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Unless otherwise specified all information is as at 30 June 2017.

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

This presentation may contain forward looking statements including 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, specific provisions 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 to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Macquarie's control. Past performance is not a reliable indication of future performance.

Any additional financial information in this presentation which is not included in the Macquarie Group Limited Financial Report was not subject to independent audit or review by PricewaterhouseCoopers.

Agenda

1. Overview of Macquarie
2. Macquarie's Operating Groups
3. 1Q18 Update
4. FY18 Outlook
5. Appendices



01 | Overview of Macquarie





About Macquarie

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

- Listed on Australian Securities Exchange (ASX: MQG)
- Level I American Depositary Receipt facility managed by BNY Mellon (ADR: MQBKY)
- Regulated by APRA, Australian banking regulator, as non-operating holding company of a licensed Australian bank
- Assets under management \$A462.5 billion¹
- Founded in 1969, currently employs 13,597 people and operates in over 27 countries²



Why Macquarie?

Stable earnings

Annuity-style businesses represent

~70%¹

of the operating groups' performance



Geographically diverse

Two-thirds

of income generated outside of Australia²



Strong financial position

Well capitalised with a

strong funded balance sheet



Long term ratings stability

A/A2/A MBL credit rating

'A' rated over 20 years



Strong return on equity

FY17:

15.2%

▲ from 14.7% in prior year



Earnings growth

5yr EPS CAGR:

21%



Consistent dividend growth

5yr CAGR:

19%



Strong shareholder returns

Consistently outperformed major indices since listing

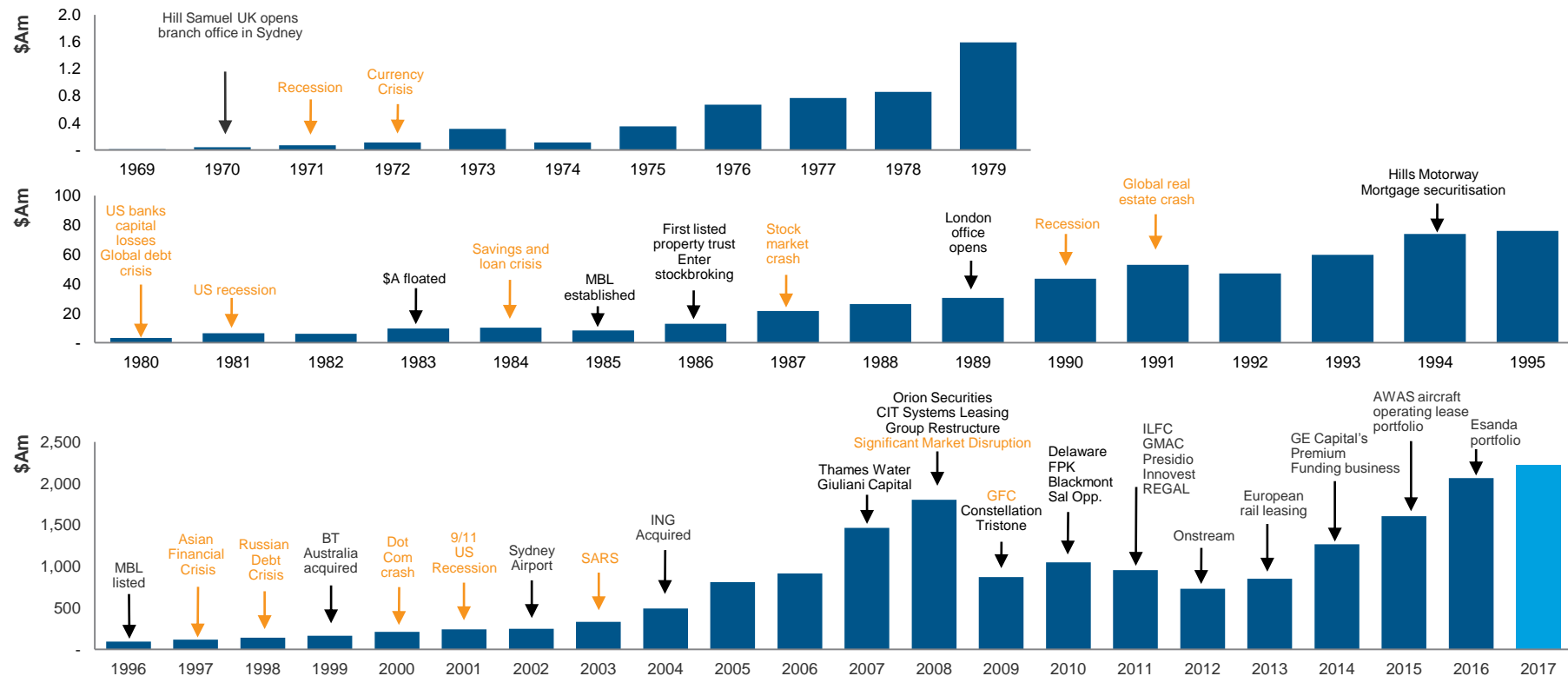
ASX 20³ – 2nd highest returns since listing
Diversified Financials³ – 1st
MSCI World Capital Markets³ – 3rd



Underpinned by a long standing conservative risk management framework



48 years of profitability

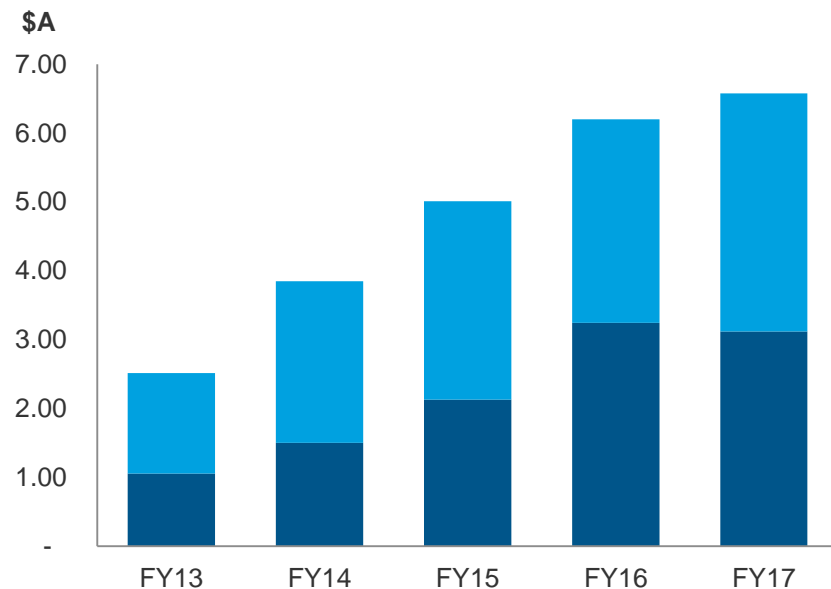




Strong earnings growth

FY17 EPS of \$A6.58

FY17 up 6% on FY16

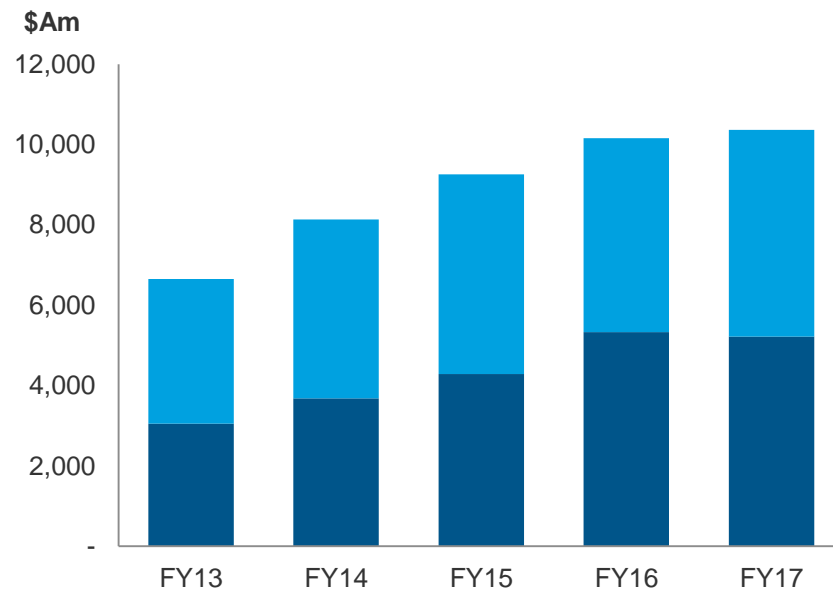


1H

2H

FY17 Operating income of \$A10,364m

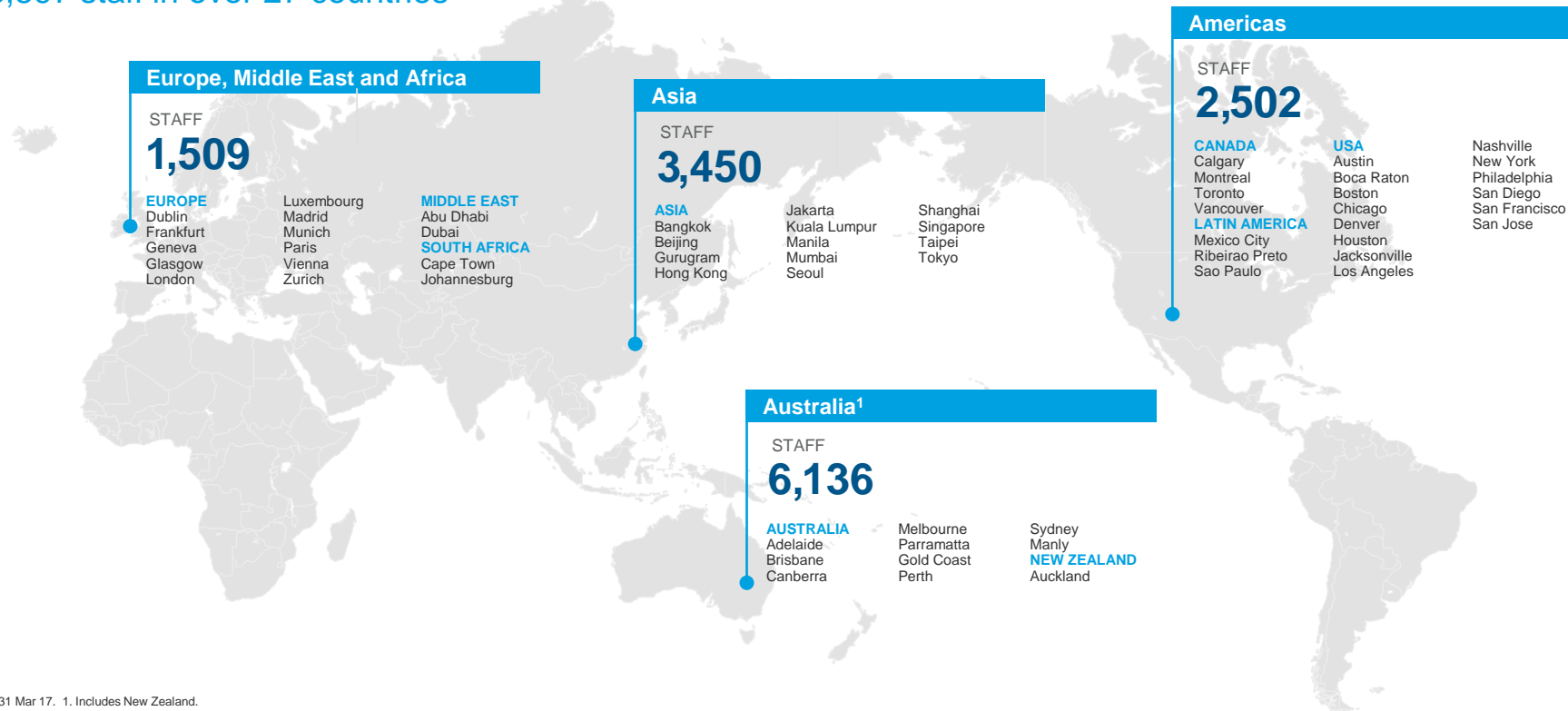
FY17 up 2% on FY16





Geographic footprint

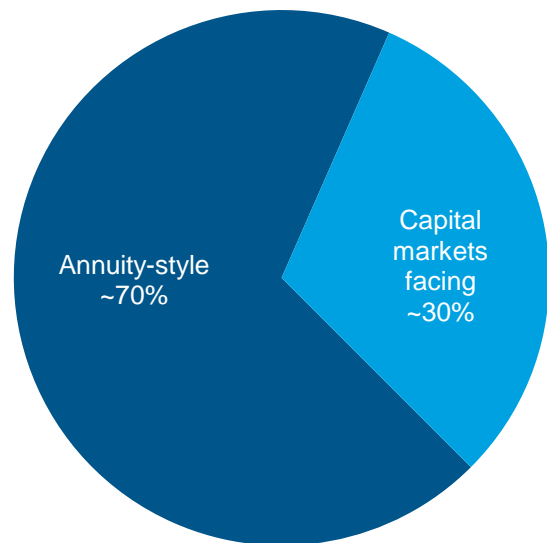
13,597 staff in over 27 countries



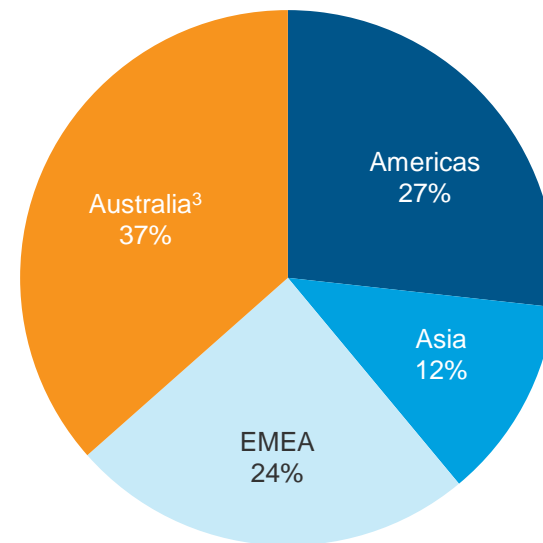


Predictable earnings and geographically diverse

Annuity-style vs Capital markets facing¹ FY17



Geographical split of income² FY17

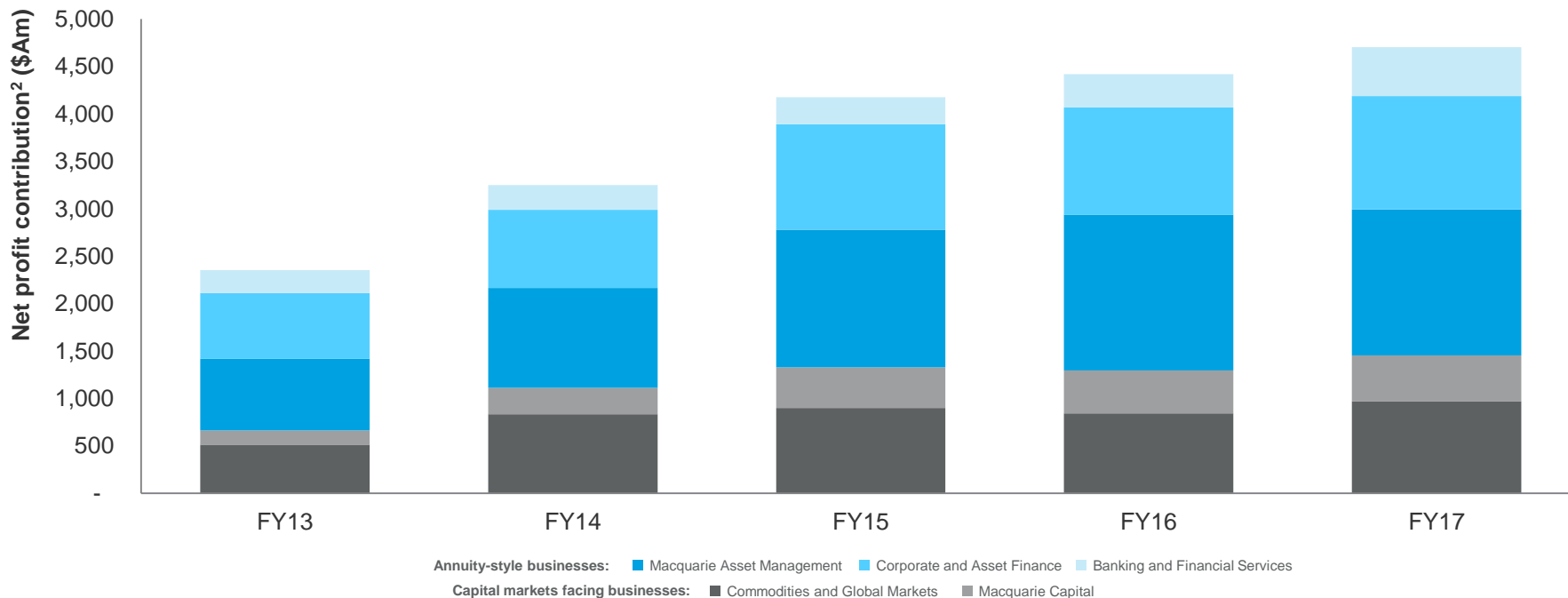


1. Annuity-style based on FY17 net profit contribution (calculated as management accounting profit before unallocated corporate costs, profit share and income tax) for MAM, CAF and BFS. Capital markets facing based on FY17 net profit contribution for CGM and MacCap. 2. Based on FY17 net operating income excluding earnings on capital and other corporate items. 3. Includes New Zealand.



Annuity-style vs Capital markets facing businesses

Annuity-style businesses represent approximately 70% of the Group's performance¹



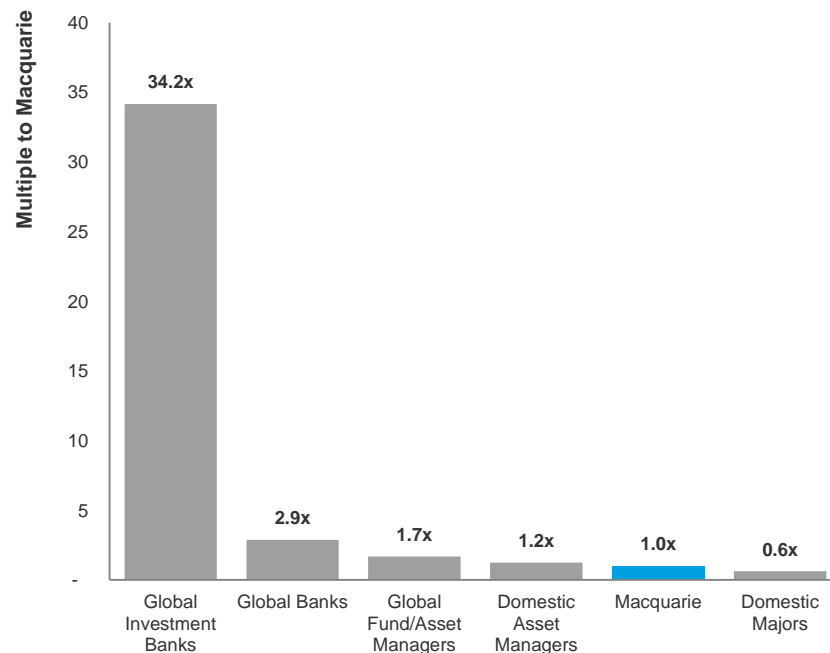
Comparative figures have been restated to conform to changes in current year financial presentation and group restructures, where necessary.

1. Based on FY17 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

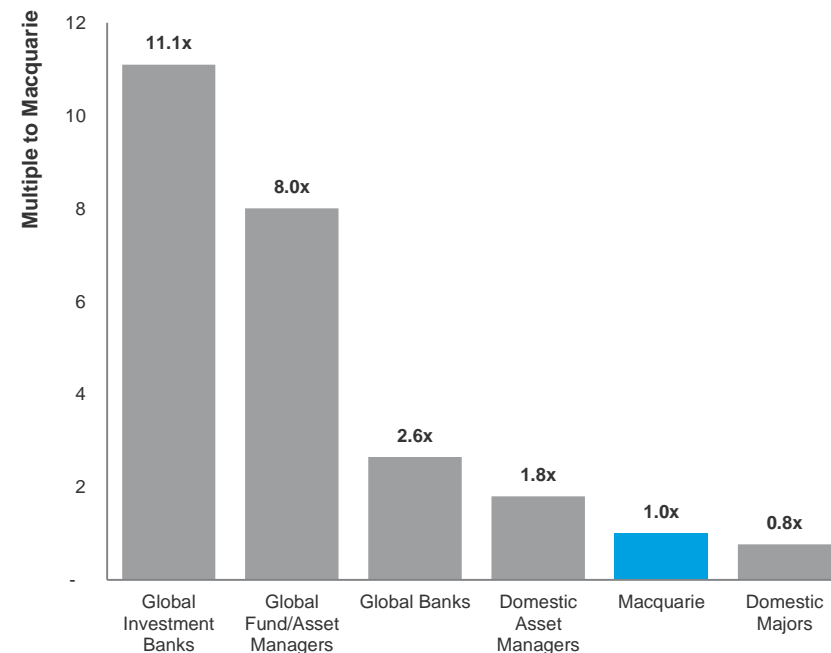


Stable earnings

5 year earnings volatility relative to Macquarie (since GFC)



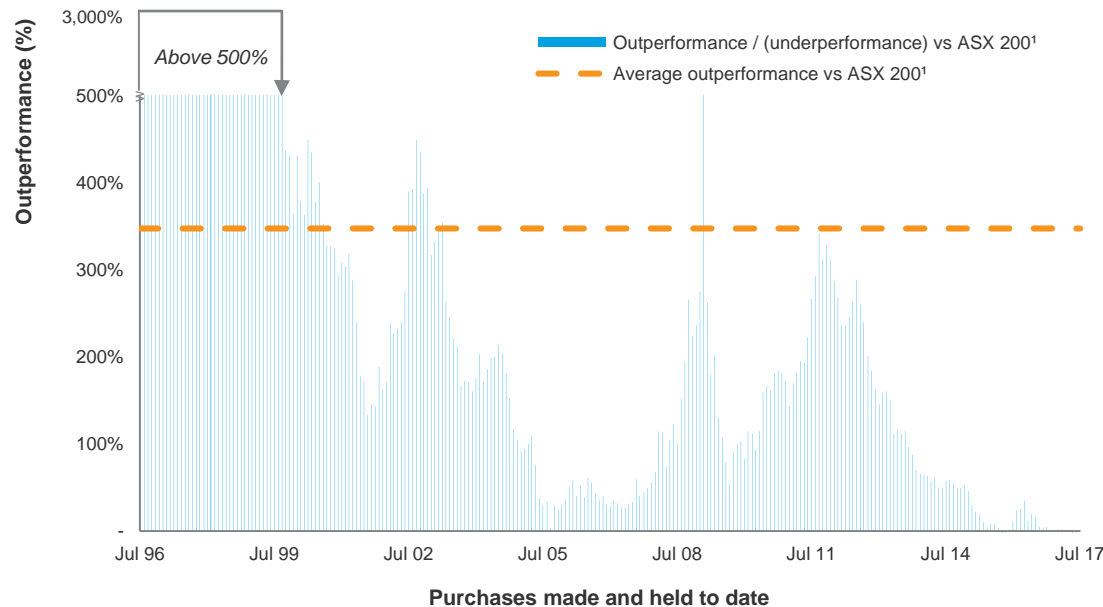
10 year earnings volatility relative to Macquarie (includes GFC)





Strong shareholder returns

For purchases made at any point in time and held to date, Macquarie has consistently outperformed the ASX 200, Diversified Financials and MSCI World Capital Markets Index

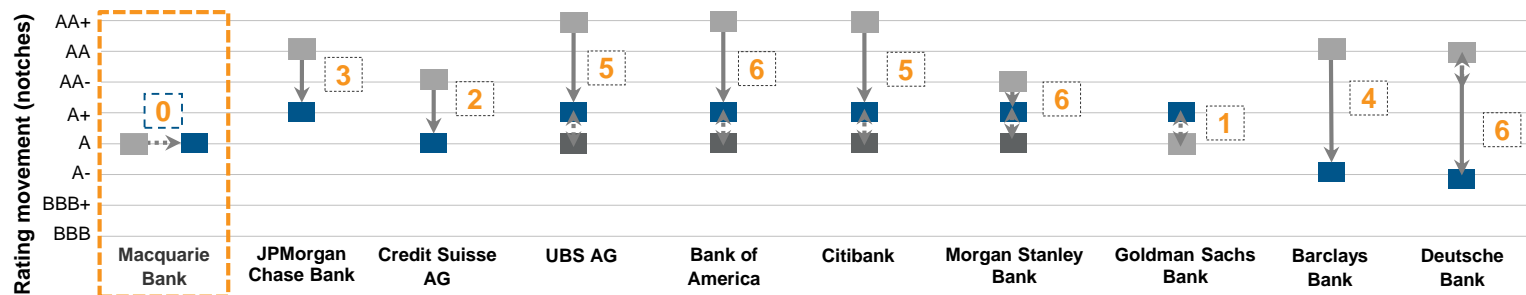


	Outperformance vs ASX 200 ¹	Outperformance vs ASX 200 Diversified Financials ¹	Outperformance vs MSCI World Capital Markets Index ¹
Since listing	2,804%	n/a ²	n/a ²
10 years	30%	39%	113%
5 years	233%	97%	236%
3 years	57%	21%	64%

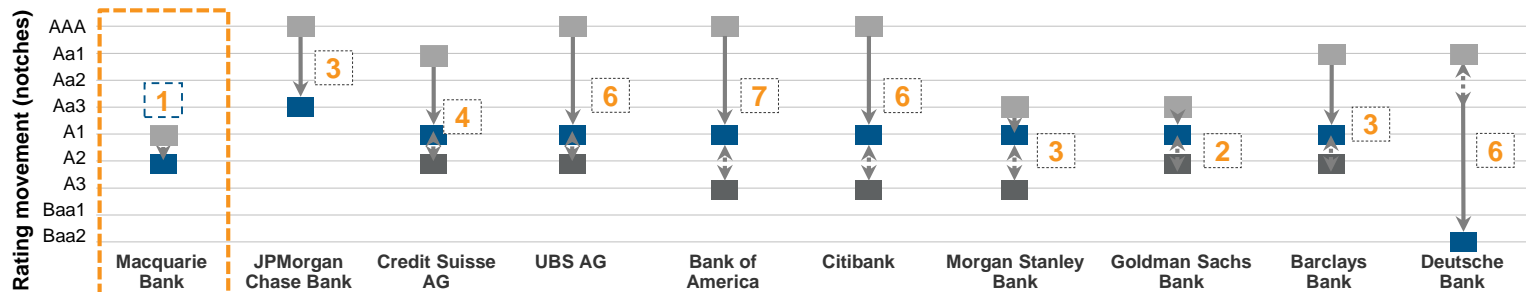


Long term ratings stability Macquarie Bank Limited

Standard & Poor's Ratings Movements from 2007



Moody's Ratings Movements from 2007



2007

2017

Intra-period
ratings
movement#
No. ratings
movements

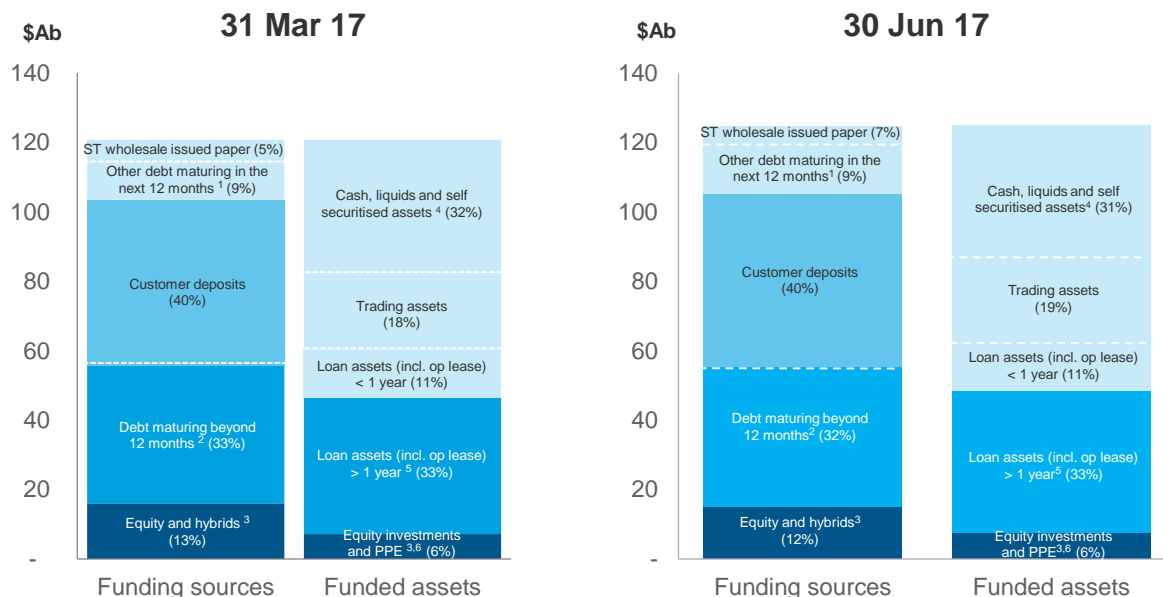
MBL has
maintained
its S&P 'A'
rating for

26
YEARS



Funded balance sheet remains strong

Term liabilities cover term assets



TOTAL CUSTOMER DEPOSITS⁷

\$A47.8b MAR 17 ▲ **9.6%** FROM MAR 16

NEW TERM FUNDING⁸

\$A10.5b RAISED DURING FY17

ACQUISITION DEBT FACILITIES⁹

\$A8.4b FULLY REPAID OR REFINANCED IN FY17

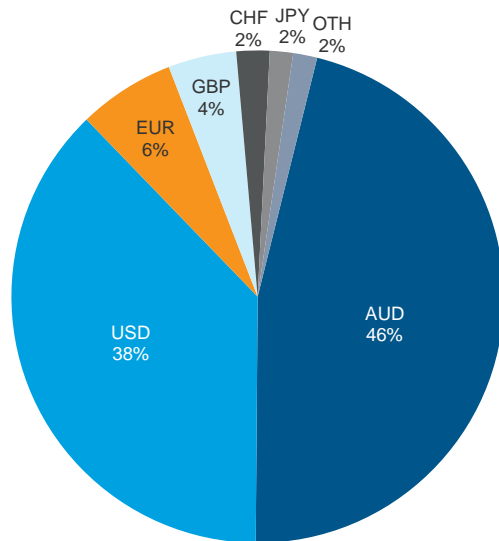
These charts represent Macquarie's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to Macquarie's statutory balance sheet refer to slide 62 of the FY17 result announcement presentation. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Loan Capital not maturing within next 12 months. 3. Non-controlling interests have been netted down in 'Equity and hybrids' and 'Equity Investments and PPE'. Mar 16 has been restated accordingly. 4. 'Cash, liquids and self securitised assets' includes self securitisation of RBA repo eligible Australian mortgages originated by Macquarie. 5. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 6. 'Equity Investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments. 7. Total customer deposits as per the funded balance sheet (\$A47.8b) differs from total deposits as per the statutory balance sheet (\$A57.7b). The funded balance sheet excludes any deposits which do not represent a funding source for Macquarie. 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. 9. AWAS \$A2.4b and Esanda \$A6.0b. The AWAS acquisition debt facility was refinanced into a term loan in Apr 16.



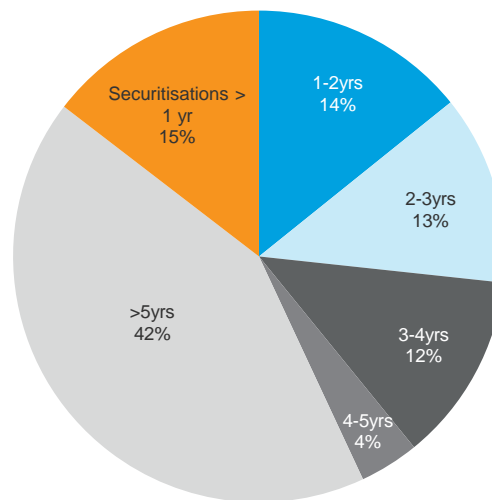
Term funding issuances

Term funding beyond 1 year has a weighted average maturity of 4.5 years¹

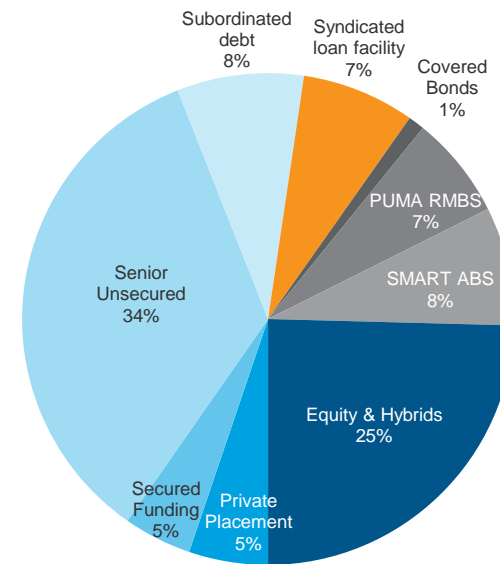
Currency²



Tenor³



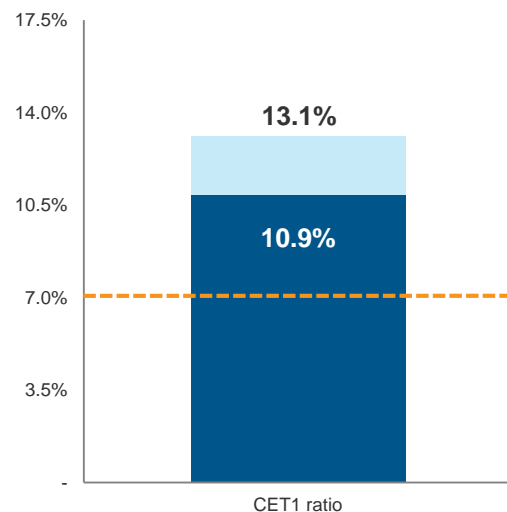
Type



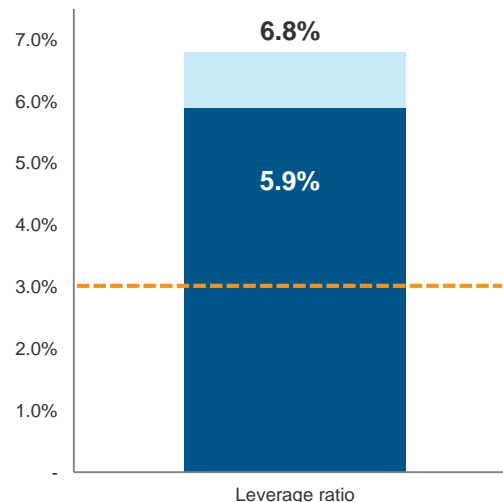


Strong regulatory ratios

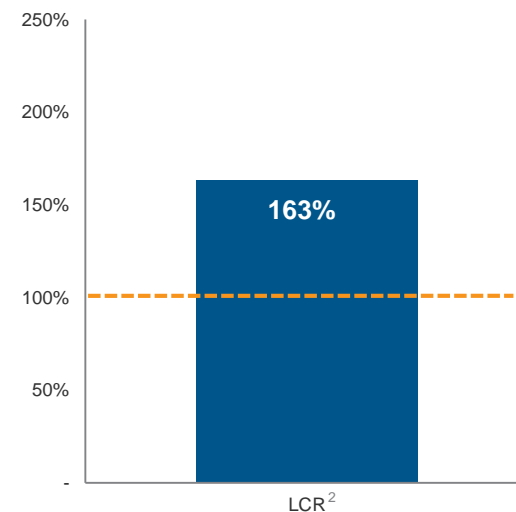
Bank Group (Jun 17)



■ Bank Group (Harmonised¹)



■ Bank Group (APRA)

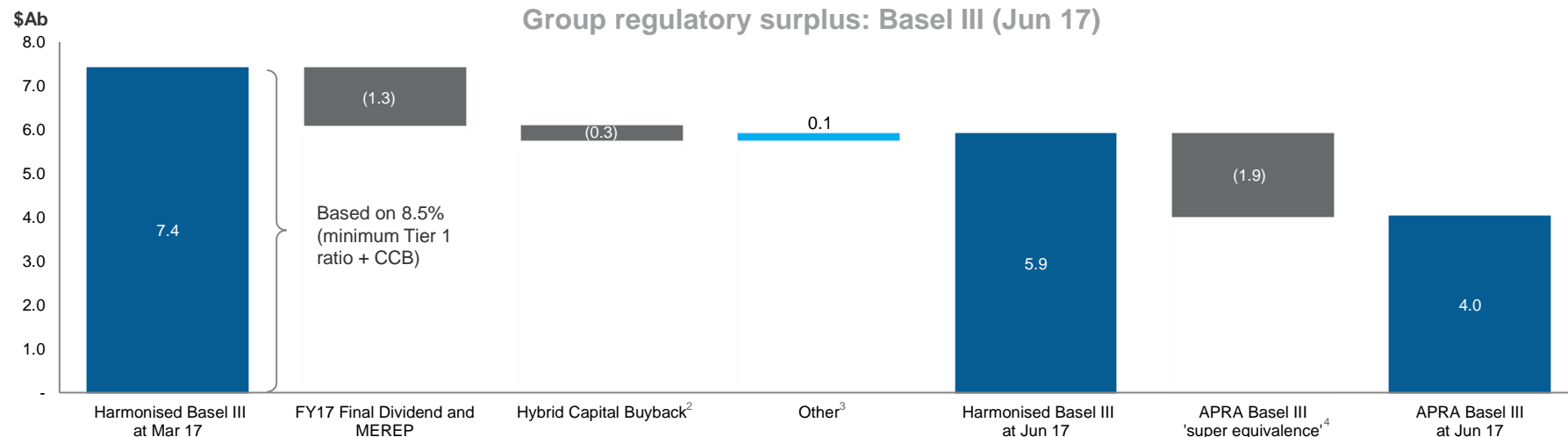


— Basel III minimum³



Basel III capital position

- APRA Basel III Group capital at Jun 17 of \$A17.5b, Group capital surplus of \$A4.0b¹
- APRA's proposal to establish 'unquestionably strong' Australian banking sector capital ratios by 2020 would increase MBL's minimum capital requirements by approximately \$A1.4b. APRA has stated that the increased capital requirements will include any changes from the finalisation of Basel III
 - Current capital surplus is sufficient to accommodate the proposed increase



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. The APRA Basel III Group capital surplus is \$A5.3b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. \$US250m of Exchangeable Capital Securities ("ECS") bought back in Jun 17. 3. Includes current quarter P&L net of business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital supply and requirements. 4. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions for equity investments (\$A0.6b); differences in mortgages treatment (\$A0.5b); capitalised expenses (\$A0.5b); investment into deconsolidated subsidiaries (\$A0.2b); DTAs and other impacts (\$A0.1b).



Regulatory update

- Basel Capital Framework
 - The Basel Committee has delayed the finalisation of proposals to amend the calculation of certain risk weighted assets under Basel III. Any impact on capital will depend upon the final form of the proposals and local implementation by APRA
 - APRA has delayed until at least 1 Jan 19 the implementation of a new standardised approach for measuring counterparty credit risk exposures on derivatives (SA-CCR) and capital requirements for bank exposures to central counterparties. APRA will consult again on these requirements in 2017
 - APRA has also announced that it does not expect to finalise a new market risk standard¹ until at least 2020, with implementation from 2021 at the earliest
- Financial System Inquiry (FSI)
 - APRA provided guidance around CET1 capital ratios for Australian banks to be considered 'unquestionably strong' and intends to release further details on how the new requirements will be implemented later this year
- Net Stable Funding Ratio (NSFR)
 - APRA released final NSFR requirements at the end of 2016. The NSFR and associated changes to APRA ADI Prudential Standard 210 will be effective from 1 Jan 18
 - Macquarie's NSFR was >100% at 30 Jun 17



Long standing conservative risk management framework

- Macquarie's risk management principles have remained largely stable over 35 years and served the Group well over the past few years
- The key aspects of Macquarie's risk management approach are:

Ownership of risk at the business level	Understanding worst case outcomes	Requirement for independent sign-off by Risk Management
<p>Business heads responsible for identifying risks within their businesses and ensuring these are managed appropriately.</p> <p>Seek a clear analysis of the risks before taking decisions.</p>	<p>Risk management approach based on examining the consequences of worst case outcomes and determining whether risks can be tolerated.</p> <p>Adopted for all material risk types and often achieved by stress testing.</p>	<p>Risk Management Group (RMG) signs off all material risk acceptance decisions.</p> <p>For material proposals, RMG opinion sought at the early stage in decision making process, and independent input from RMG on risk and return is included in the approval document submitted to senior management.</p>

- Macquarie's approach to risk is supported by the Risk Management Group
- Macquarie determines aggregate risk appetite by assessing risk relative to earnings, more than by reference to capital

02 | Macquarie's Operating Groups

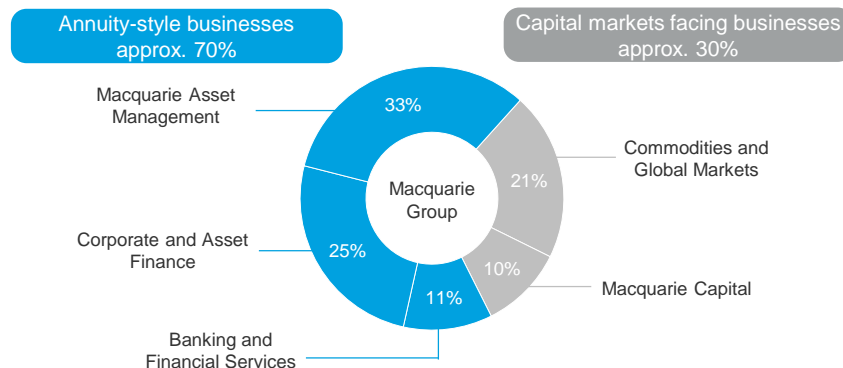




Macquarie overview

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

Macquarie Group overview¹



Global locations



Macquarie Group in numbers

13,597
employees, operating
in **27** countries

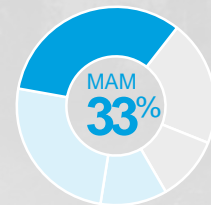
\$A462.5b
assets under
management as at
30 Jun 17

FY17 net profit **\$A2,217m**
FY16 net profit **\$A2,063m**

MBL
A/A2/A
credit rating

APRA primary
regulator for MBL
& MGL

1. Based on FY17 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.



ANNUITY-STYLE BUSINESS

Macquarie Asset Management

\$A460.8b assets under management

Top 50 global asset manager

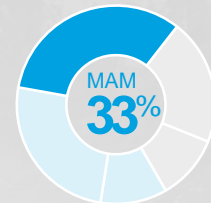
- Provides clients with access to a diverse range of capabilities and products, including:
 - Infrastructure and real asset management
 - Securities investment management
 - Tailored investment solutions over funds and listed equities

Macquarie Infrastructure and Real Assets**AUM \$A133.2b****Macquarie Investment Management****AUM \$A321.8b****Macquarie Specialised Investment Solutions****AUM \$A5.8b**

'Infrastructure Manager of the Year'¹

4 Lipper Awards in 2017²

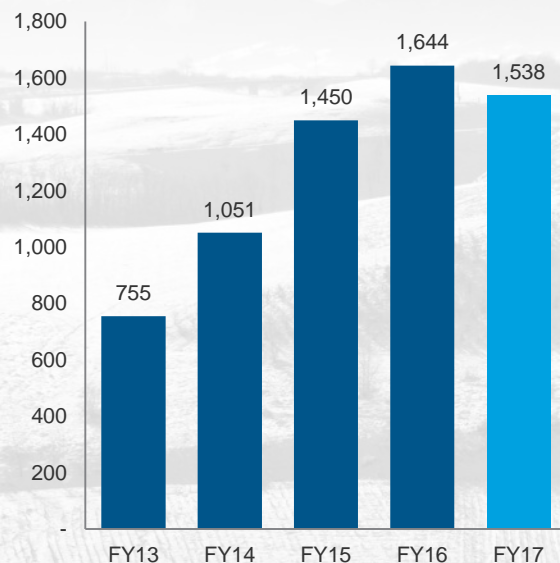
European infrastructure debt manager of the year³



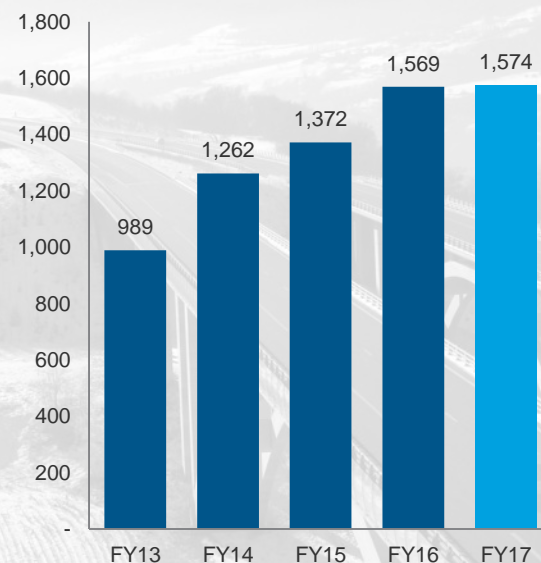
ANNUITY-STYLE BUSINESS

Macquarie Asset Management

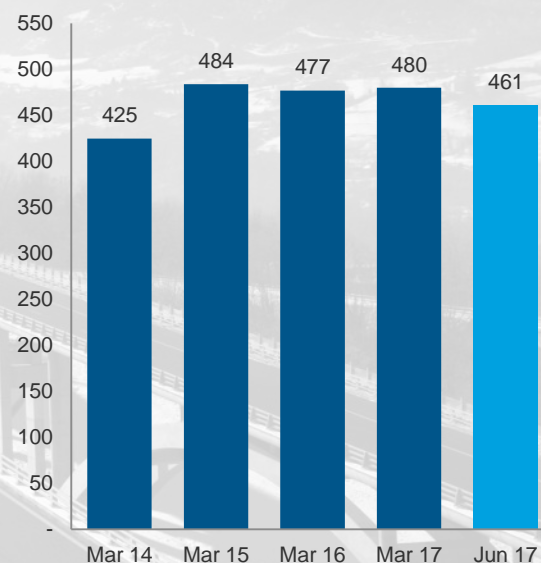
Growth in base fees

Net Profit Contribution¹ (\$Am)

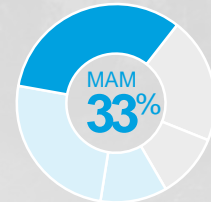
Base Fees (\$Am)



AUM (\$Ab)

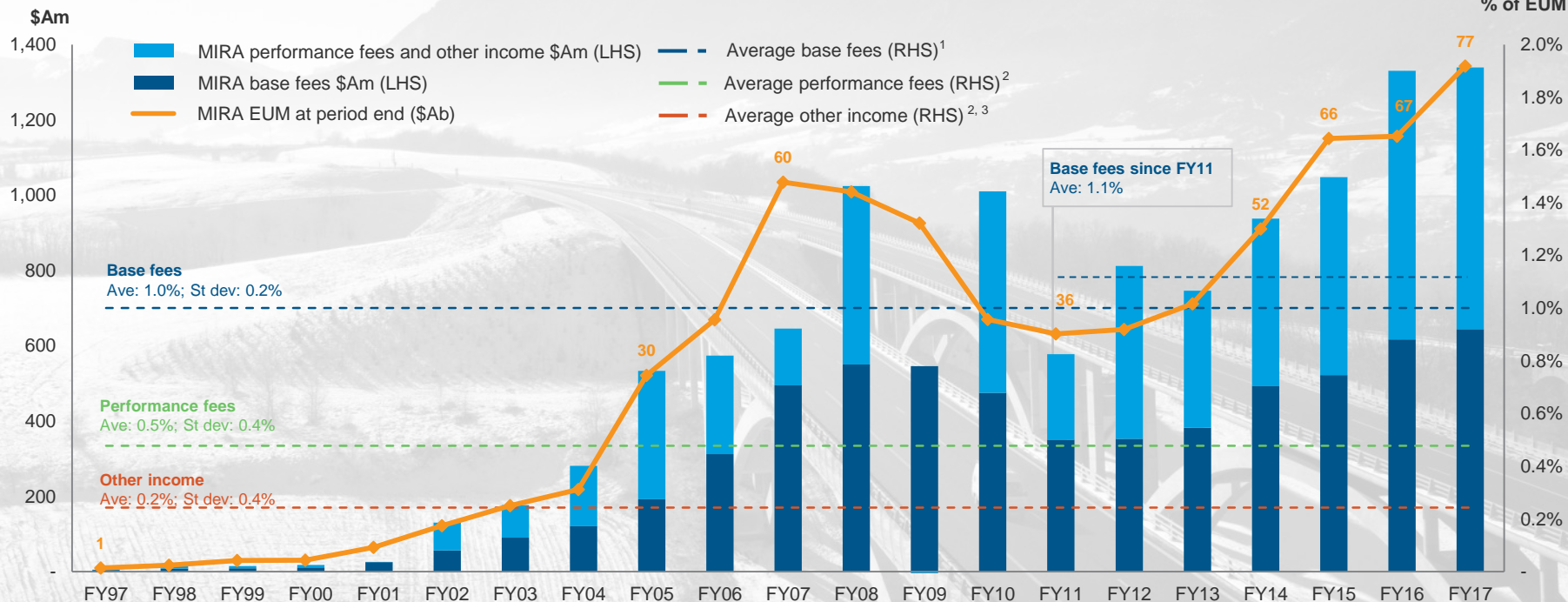


Pie chart is based on FY17 net profit contribution from operating groups. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.



ANNUITY-STYLE BUSINESS

MIRA: Income includes more than base fees

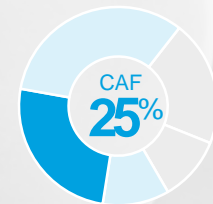


Pie chart is based on FY17 net profit contribution from operating groups. 1. Average base fees (%) calculated as base fees per financial year / average EUM (Invested). 2. Average performance fees and other income (%) calculated as performance fees and other income per financial year / period end EUM. 3. Other income represents net operating income less base and performance fees for each financial year and includes other income relating to certain MIRA fund assets historically included in the Corporate segment. Base fees and performance fees for real estate funds included from FY05 onwards.

ANNUITY-STYLE BUSINESS

Corporate and Asset Finance

\$A36.2b asset and loan portfolio



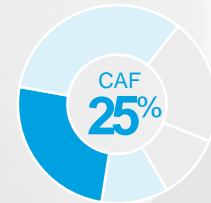
- Delivers tailored finance and asset management solutions to clients through the cycles
- Global capability in corporate and real estate credit investing and lending
 - provides primary financing to clients and invests in credit assets in secondary markets
- Expertise in asset finance including aircraft, motor vehicles, rail, technology, healthcare, manufacturing, energy and mining equipment
- Supports annuity-style businesses through different growth phases
- Selectively invests in specialised asset classes

Lending	Aircraft
Portfolio \$A6.3b ¹	Portfolio \$A8.6b
Motor vehicles	Rail
Portfolio \$A17.4b	Portfolio \$A0.7b
Resources	Technology
Portfolio \$A0.3b	Portfolio \$A2.0b
	Energy
	Portfolio \$A0.9b

Leading market participant in
bespoke primary lending;
niche acquirer of secondary loans

One of Australia's **largest**
vehicle financiers, with over
610,000 cars

Largest
smart meter funder
in the UK

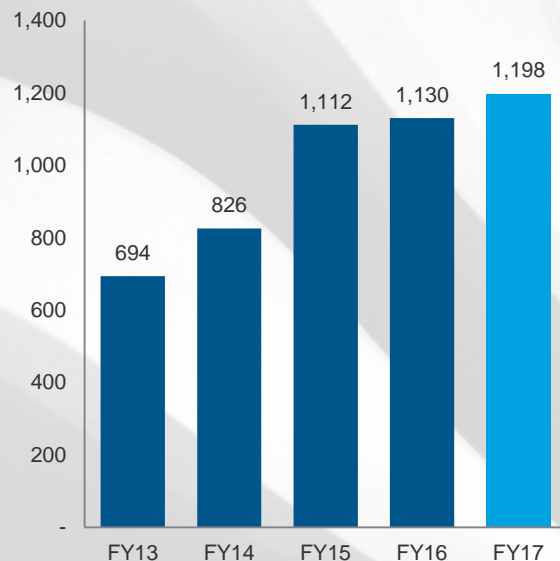


ANNUITY-STYLE BUSINESS

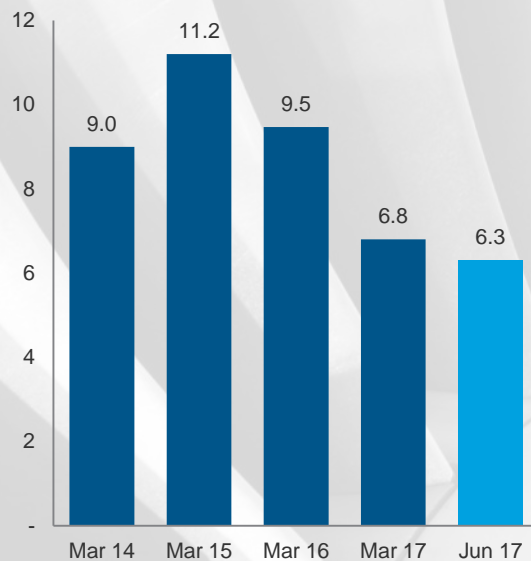
Corporate and Asset Finance

Asset finance and lending portfolios

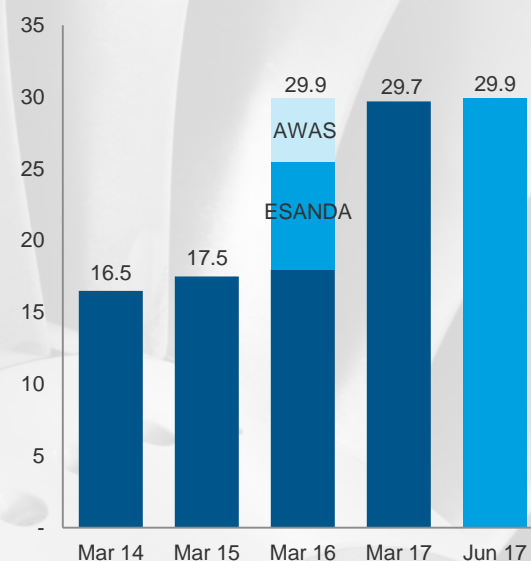
Net Profit Contribution¹ (\$Am)



Lending Portfolio² (\$Ab)



Asset Finance Portfolio (\$Ab)



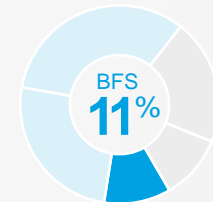
Pie chart is based on FY17 net profit contribution from operating groups. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio.

ANNUITY-STYLE BUSINESS

Banking and Financial Services

More than 1 million Australian clients

\$A47.3b total BFS deposits¹



- Provides a diverse range of personal banking, wealth management and business banking products and services
- Strong intermediary relationships, a white-label personal banking platform and Macquarie branded offerings

Deposits	Mortgages
Financial advice and private banking	Business banking
Wrap	Personal banking

Australian
mortgage portfolio
\$A29.4b

iSelect's **2016 Home
Loans Partner of the
Year²**

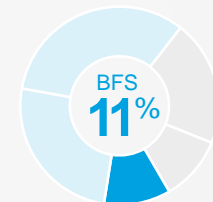
Funds on platform³
of \$A79.1b

Business banking
loan portfolio
\$A6.7b

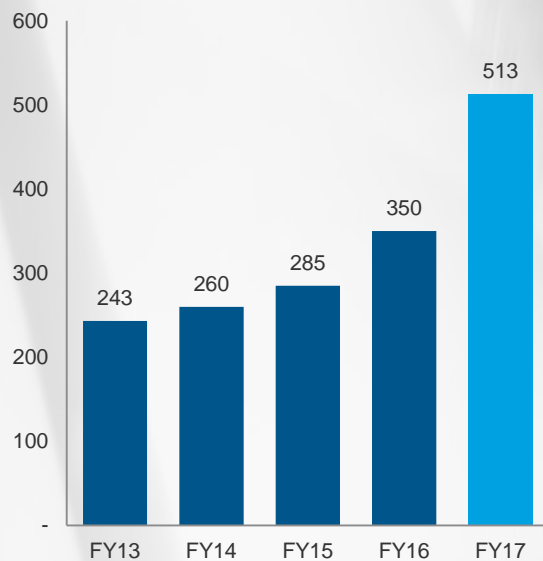
ANNUITY-STYLE BUSINESS

Banking and Financial Services

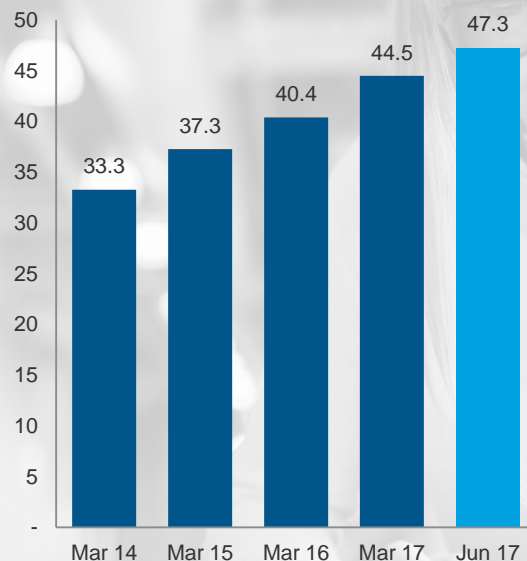
Growth in BFS deposits and mortgages



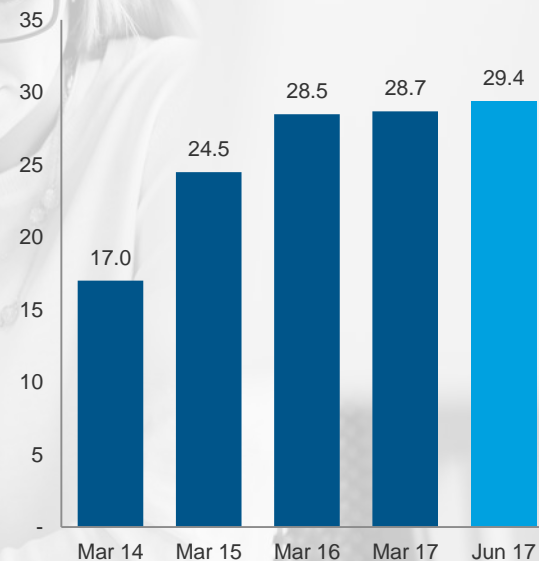
Net Profit Contribution¹ (\$Am)



BFS Deposits² (\$Ab)



Australian Mortgage Book (\$Ab)



Pie chart is based on FY17 net profit contribution from operating groups. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY13 comparatives have been restated to reflect the current methodology. 2. BFS deposits exclude any Corporate/Wholesale deposit balances.

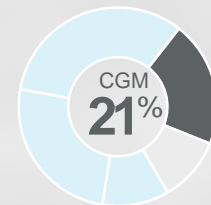
CAPITAL MARKETS FACING BUSINESS

Commodities and Global Markets¹

Diverse platform covering 25+ market segments, with 160+ products

Providing clients with an integrated, end-to-end service across global markets

- Expertise in providing clients with access to markets, financing, financial hedging, research and market analysis, and physical execution
- Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)
- Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities

**Commodities****Equities****Fixed Income****Foreign Exchange**

10+ years
in Energy
markets

20+ years
in Agricultural
markets

30+ years
in Metals, Equity, FX
and Futures markets

**2016 Commodity House
of the Year** for the 3rd
consecutive year²

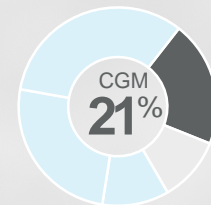
No.2 US physical
gas marketer in
North America³

Top 10 global
equities research
house⁴

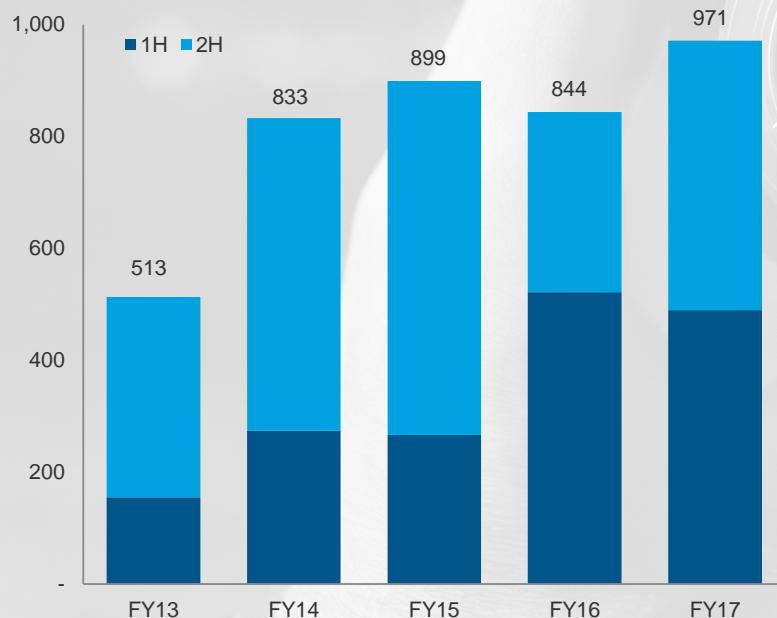
CAPITAL MARKETS FACING BUSINESS

Commodities and Global Markets

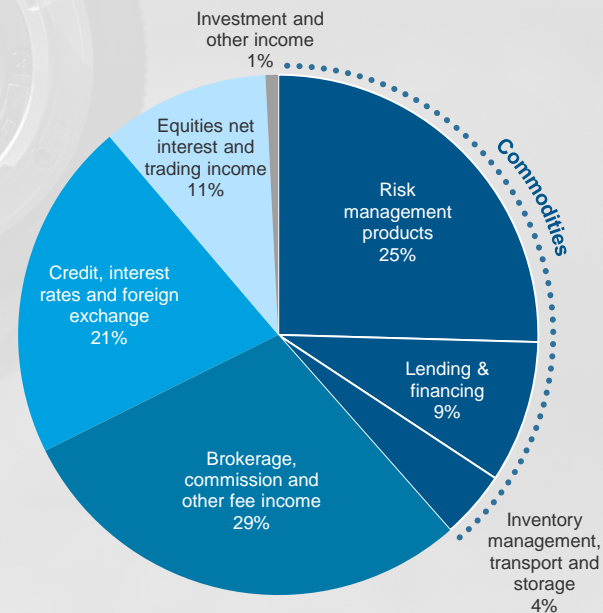
Integrated, end-to-end offering across global markets



Net Profit Contribution¹ (\$Am)



Net Operating Income²

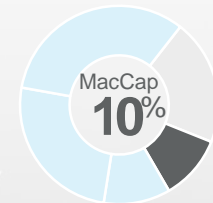


Pie chart is based on FY17 net profit contribution from operating groups. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. For the full year ended 31 Mar 17, excluding impairment charges and internal management (charge)/revenue, based on the Management Discussion & Analysis income classifications.

CAPITAL MARKETS FACING BUSINESS

Macquarie Capital

Expertise across advisory, capital markets and principal investing



- Global capability in M&A Advisory, Debt and Equity Capital Markets and Principal Investments
- Focus on six core sectors: Infrastructure, Utilities and Renewables; Real Estate; Telecommunications, Media, Entertainment & Technology; Resources; Industrials; and Financial Institutions

	ANZ	EMEA	Americas	Asia
Infrastructure	●	●	●	●
Real Estate	●	●	●	●
TMET	●	●	●	●
Resources	●	●	●	●
Industrials	●	●	●	●
FIG	●	●	●	●

● Strong focus
● Targeted focus

● { > 75% of revenue¹

Completed **417**
transactions valued at
\$A159b in FY17

No.1 M&A for announced
and completed deals in
ANZ²

Capital Advisory
Firm of the year
2016 in Asia³

No. 1 US Technology
LBO Bookrunner⁴

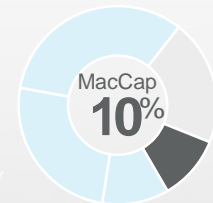
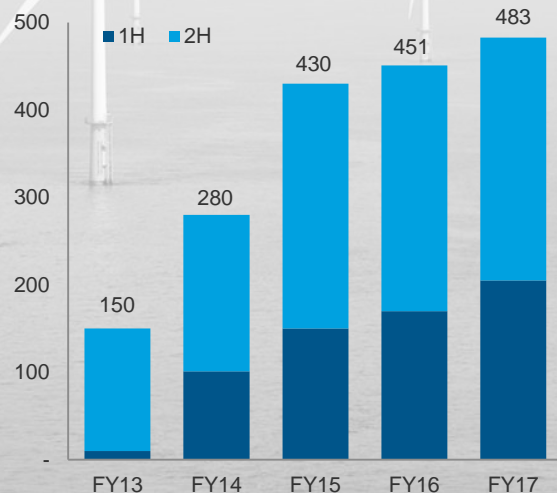
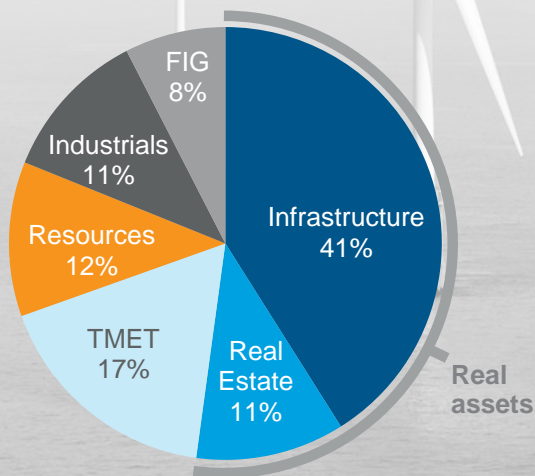
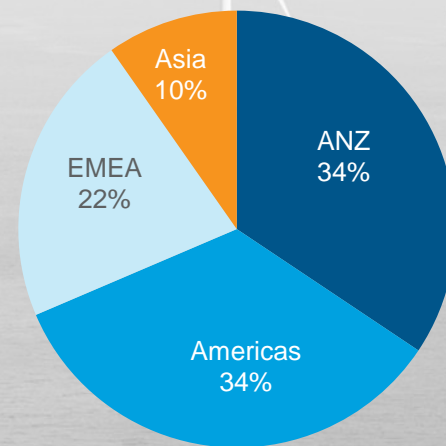
No.1 for Infra/Project
Finance advisory in the
UK⁵

Pie chart is based on FY17 net profit contribution from operating groups. 1. Average for FY14, FY15, FY16 and FY17. Revenue is fee income, and principal income (including income from DCM positions) net of funding costs and NCI.
2. Dealogic, by deal value FY17, Announced and Completed M&A (Any ANZ Involvement, ex-Fairness Opinions) and ANZ IPOs. 3. PERE Magazine. 4. Bloomberg CY16. 5. InfraDeals FY17, by deal value.

CAPITAL MARKETS FACING BUSINESS

Macquarie Capital

Globally diversified with a core strength in real assets

**Net Profit Contribution¹ (\$Am)****Revenue by sector²****Revenue by region²**

Pie chart is based on FY17 net profit contribution from operating groups. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Average for FY14, FY15, FY16 and FY17. Revenue is fee income, and principal income (including income from DCM positions) net of funding costs and NCI.

03 | 1Q18 Update





1Q18 Macquarie update

- Operating groups performing in line with expectations
- 1Q18 operating group contribution¹ up on pcp and down on a strong prior quarter

	1Q18 contribution ¹ vs 1Q17
Annuity-style businesses ~70%²	Continued to perform well: <ul style="list-style-type: none"> • Base fees in MAM broadly in line; performance fees down on pcp • CAF Lending up on pcp, mainly due to the timing of transactions • Continued growth in BFS particularly in mortgages, business banking and deposit books
Capital markets facing businesses ~30%²	Experienced improved trading conditions across most markets: <ul style="list-style-type: none"> • Stronger activity in CGM, largely due to improved equity market conditions • Increased client activity in DCM in MacCap; Principal book performing in line with expectations

- No significant one-off items

1. Represents management accounting profit before unallocated corporate costs, profit share, income tax and period end reviews. 2. Annuity-style businesses consists of Macquarie Asset Management, Corporate and Asset Finance, and Banking and Financial Services. Capital markets facing businesses consists of Commodities and Global Markets and Macquarie Capital. Percentage split is based on FY17 net profit contribution from operating groups.



Annuity-style businesses

1Q18 Update

	FY17 contribution ¹	Activity during the quarter
Macquarie Asset Management	33%	<ul style="list-style-type: none"> AUM of \$A460.8b down 4% on Mar 17 (MIRA EUM of \$A74.2b down 4%), largely due to net asset realisations in MIRA, partially offset by favourable market and FX movements Performance fees from several funds including Macquarie Atlas Roads MIRA invested equity of \$A3.0b across 4 acquisitions and 7 follow-on investments in Infrastructure and Real Estate in 5 countries MIM awarded over \$A3.1b in new institutional mandates across 9 strategies from clients in 5 countries MSIS awarded over \$A800m of new and additional infrastructure debt mandates
Corporate and Asset Finance	25%	<ul style="list-style-type: none"> Asset and loan portfolio of \$A36.2b, broadly in line with Mar 17 Portfolio additions of \$A0.9b in corporate and real estate lending across new primary financings and secondary market acquisitions \$A0.8b of motor vehicle and equipment leases and loans securitised
Banking and Financial Services	11%	<ul style="list-style-type: none"> Total BFS deposits² of \$A47.3b, up 6% on Mar 17 Australian mortgage portfolio of \$A29.4b, up 2% on Mar 17 Funds on platform³ of \$A79.1b, up 10% on Mar 17 largely due to the final migration of full service broking accounts to the Vision platform Business banking loan portfolio of \$A6.7b, up 3% on Mar 17 Entered into exclusive due diligence with Morgan Stanley to provide administration services and develop a new white labelled Wrap offering Won Best Digital Banking Offering and Most Innovative Card Offering at the 2017 Australian Retail Banking Awards

1. Based on FY17 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. BFS deposits excludes corporate/wholesale deposits. 3. Funds on platform includes Macquarie Wrap and Vision.



Capital markets facing businesses

1Q18 Update

	FY17 contribution ¹	Activity during the quarter
Commodities and Global Markets	21%	<ul style="list-style-type: none"> • Client hedging and trading opportunities remained steady across the commodities platform • Continued strong customer activity in foreign exchange, interest rates and futures markets driven by ongoing market volatility • Increased ECM activity and market turnover in Cash Equities • Entered into an agreement to acquire Cargill's North American Power and Gas business to expand the geographic and service coverage in key markets in the region • Announced the merger of the Energy Markets and Metals, Mining and Agriculture divisions to form one commodities division called Commodity Markets and Finance
Macquarie Capital	10%	<ul style="list-style-type: none"> • Increased client activity in DCM, while ECM and M&A activity remained subdued² • 97 deals completed at \$A45b, up on pcp and broadly in line with prior period (by value)³ • Principal book performing in line with expectations • No.1 for global Infrastructure Finance financial advisory⁴ • No.1 for announced and completed M&A deals⁵ and No.1 for IPO and ECM deals in Australia⁵

1. Based on FY17 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Compared to the prior corresponding period. 3. Prior corresponding period and prior period deal values have been adjusted to reflect final transaction data. These changes are not material. 4. IJ Global 1H CY17, by deal count. 5. Thomson Reuters, Apr to Jun 17 (values in USD).

04 | FY18 Outlook





Factors impacting short-term outlook

FY18 combined net profit contribution from operating groups expected to be broadly in line with FY17

Annuity-style businesses

Macquarie Asset Management

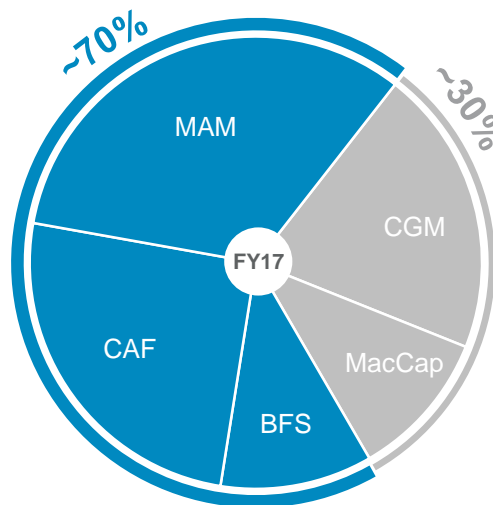
- FY17: \$A1.5b down 6% on FY16
- Base fees expected to be broadly in line
- Subject to timing of asset realisations, stronger performance fees expected, partially offset by lower investment-related income

Corporate and Asset Finance

- FY17: \$A1.2b up 6% on FY16
- Leasing book broadly in line
- Reduced loan volumes in Lending
- Timing and level of early prepayments and realisations in Lending

Banking and Financial Services

- FY17: \$A0.5b up 47% on FY16
- Higher loan portfolio, deposit and platform volumes
- Non-recurrence of gain on sale of life business and reduced project-related expenses
- Reduced impairments with respect to equity investments and intangibles



Capital markets facing businesses

Commodities and Global Markets

- FY17: \$A1.0b up 15% on FY16
- Strong customer base expected to drive consistent flow across Commodities, Fixed Income and Futures
- Lower levels of impairments and investment-related income expected
- Cargill acquisition not expected to have material impact

Macquarie Capital

- FY17: \$A0.5b up 7% on FY16
- Assume market conditions broadly consistent with FY17
- Solid pipeline of Principal realisations expected
- GIB acquisition completed

Corporate

- Compensation ratio to be consistent with historical levels
- Based on present mix of income, currently expect FY18 tax rate to be broadly in line with FY17



Short-term outlook

- We currently expect the FY18 combined net profit contribution¹ from operating groups to be broadly in line with FY17
- The FY18 tax rate is currently expected to be broadly in line with FY17
- Accordingly, the Group's result for FY18 is currently expected to be broadly in line with FY17
 - As a result of stronger performance fees now anticipated to be recognised in the first half, the 1H18 result is expected to be up on 1H17 and broadly in line with 2H17, subject to the conduct of period end reviews and the completion rate of transactions
- Our short-term outlook remains subject to:
 - Market conditions
 - The impact of foreign exchange
 - Potential regulatory changes and tax uncertainties

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.



Medium-term

- Macquarie remains well positioned to deliver superior performance in the medium-term
- Deep expertise in major markets
- Build on our strength in diversity and continue to adapt our portfolio mix to changing market conditions
 - Annuity-style income is provided by three significant businesses which are delivering superior returns following years of investment and recent acquisitions
 - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
 - Two capital 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 benefits of continued cost initiatives
- 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



Approximate business Basel III Capital & ROE

31 Mar 17

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. FY17 Return on Ordinary Equity ²	Approx. 11-Year Average Return on Ordinary Equity ²
Annuity-style businesses	8.3		
Macquarie Asset Management	1.7	22%	20% ³
Corporate and Asset Finance	4.4		
Banking and Financial Services	2.2		
Capital markets facing businesses	4.6		
Commodities and Global Markets	2.9	15%	15% - 20%
Macquarie Capital	1.7		
Corporate	0.3		
Total regulatory capital requirement @ 8.5%	13.2		
Group surplus	5.5		
Total APRA Basel III capital supply	18.7⁴		

1. Business Group capital allocations are indicative and are based on allocations as at 31 Dec 16 adjusted for material movements over the Mar 17 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on operating group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements. 11-year average covers FY07 to FY17, inclusively. 3. CAF returns prior to FY11 are excluded from the 11-year average as they are not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of \$A15.6b of ordinary equity and \$A3.1b of hybrids.



Medium-term

Annuity-style businesses	Macquarie Asset Management (MAM) <ul style="list-style-type: none"> • Annuity-style business that is diversified across regions, products, asset classes and investor types • Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions • Well positioned for organic growth with several strongly performing products and an efficient operating platform
	Corporate and Asset Finance (CAF) <ul style="list-style-type: none"> • Leverage deep industry expertise to maximise growth potential in loan and lease portfolios • Positioned for further asset acquisitions and realisations, subject to market conditions • Funding from asset securitisation throughout the cycle
	Banking and Financial Services (BFS) <ul style="list-style-type: none"> • Strong growth opportunities through intermediary and direct retail client distribution, white labelling, 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
Capital markets facing businesses	Commodities and Global Markets (CGM) <ul style="list-style-type: none"> • Opportunities to grow commodities business, both organically and through acquisition • Development of institutional coverage for specialised credit, rates and foreign exchange products • Increase financing activities • Growing the client base across all regions • Well positioned for a recovery in equity market activity levels through both improved market rankings combined with existing strong research platform and strong market position in Asia
	Macquarie Capital (MacCap) <ul style="list-style-type: none"> • Positioned to benefit from any improvement in M&A and capital markets activity • Continues to tailor the business offering to current opportunities, market conditions and strengths in each region

A | APPENDIX

Select slides from result announcement for the full year ended 31 March 2017





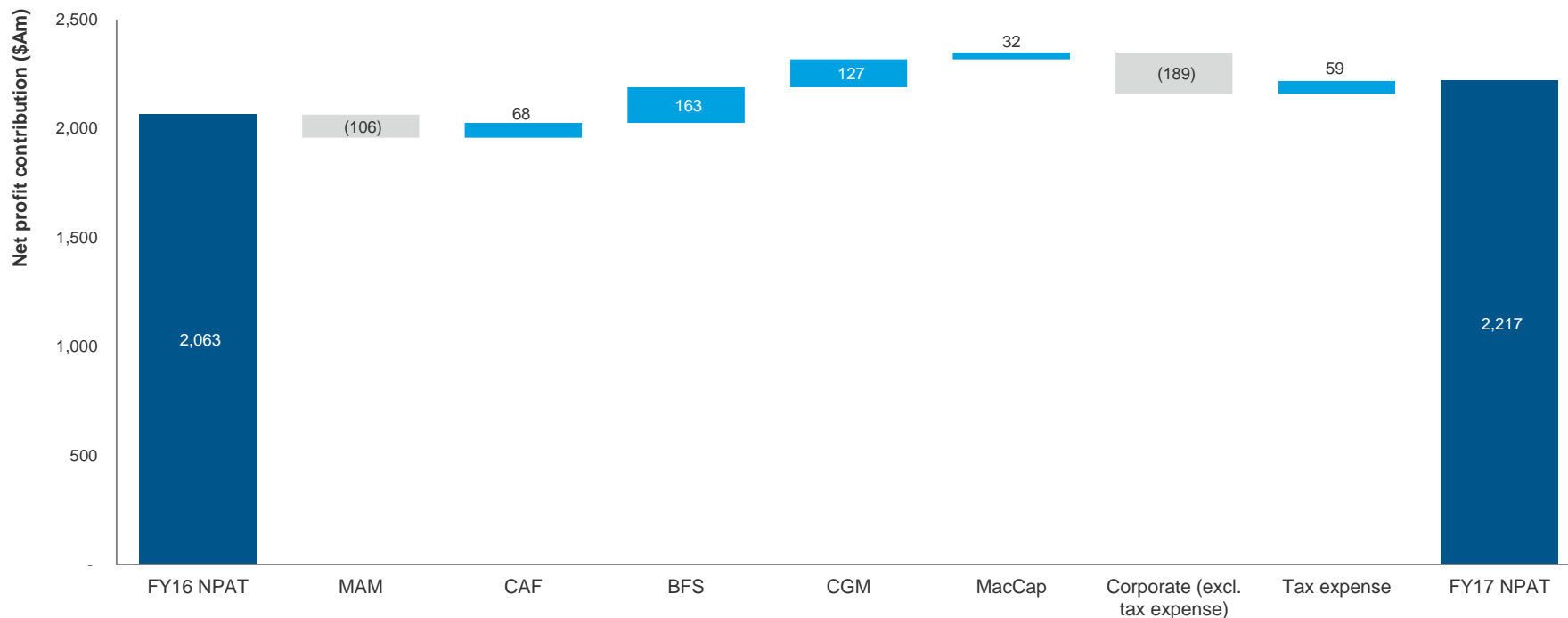
Income Statement key drivers

	2H17 \$Am	1H17 \$Am	FY17 \$Am	FY16 \$Am
Net interest and trading income	2,090	1,864	3,954	4,346
Fee and commission income	2,129	2,202	4,331	4,862
Net operating lease income	445	476	921	880
Share of net gains/(losses) of associates	59	(8)	51	4
Impairments of investments and non-financial assets	(42)	(131)	(173)	(222)
Loan impairments and provisions	(120)	(151)	(271)	(577)
Other income	585	966	1,551	865
Net operating income	5,146	5,218	10,364	10,158
Employment expenses	(2,089)	(2,290)	(4,379)	(4,244)
Brokerage, commissions and trading-related expenses	(434)	(418)	(852)	(892)
Other operating expenses	(1,004)	(1,025)	(2,029)	(2,007)
Total operating expenses	(3,527)	(3,733)	(7,260)	(7,143)
Net profit before tax and non-controlling interests	1,619	1,485	3,104	3,015
Income tax expense	(430)	(438)	(868)	(927)
Non-controlling interests	(22)	3	(19)	(25)
Profit attributable to MGL shareholders	1,167	1,050	2,217	2,063

- Net interest and trading income of \$A3,954m, down 9% on FY16
 - CGM impacted by limited trading opportunities in equity markets (prior year benefited from strong activity, particularly in China), lower levels of commodities-related client activity and trading opportunities in energy markets; partially offset by a stronger performance in FX, interest rates and credit markets products
 - Lower loan volumes in CAF and full year impact of funding costs of the AWAS portfolio, partially offset by the full year impact of the Esanda dealer finance portfolio
 - Growth in average volumes and improved margins across the Australian loan portfolios in BFS; higher deposit volumes
- Fee and commission income of \$A4,331m, down 11% on FY16
 - Lower performance fees in MAM compared to a particularly strong prior year
 - Higher M&A and DCM fee income, partially offset by lower ECM fee income due to subdued market conditions in Australia
- Net operating lease income of \$A921m, up 5% on FY16 mainly driven by the full year contribution of the AWAS portfolio partially offset by unfavourable currency movements for GBP denominated energy assets
- Impairment of investments and non-financial assets of \$A173m, down 22% on FY16 due to lower impairment charges in Macquarie Capital, CGM and CAF
- Loan impairments and provisions of \$A271m, down 53% on FY16 mainly due to reduced exposure to underperforming commodity-related loans in CGM
- Other income of \$A1,551m, up 79% on FY16 largely due to increased investment-related income including BFS' sale of Macquarie Life's risk insurance business to Zurich Australia Limited, the partial sale of holdings in MQA and MIC by MAM and sales of investments in CAF and CGM
- Employment expenses of \$A4,379m, up 3% on FY16 impacted by increased share-based payments expense and costs associated with a small increase in average headcount, partially offset by favourable FX impacts
- Other operating expenses of \$A2,029m, up 1% on FY16 mainly due to increased technology spend in BFS
- Effective tax rate of 28.1%, down from 31.0% in FY16 reflecting changes in the geographic composition of earnings combined with reduced tax uncertainties; partially offset by an increase in operating profit before tax and the write-off of certain tax assets



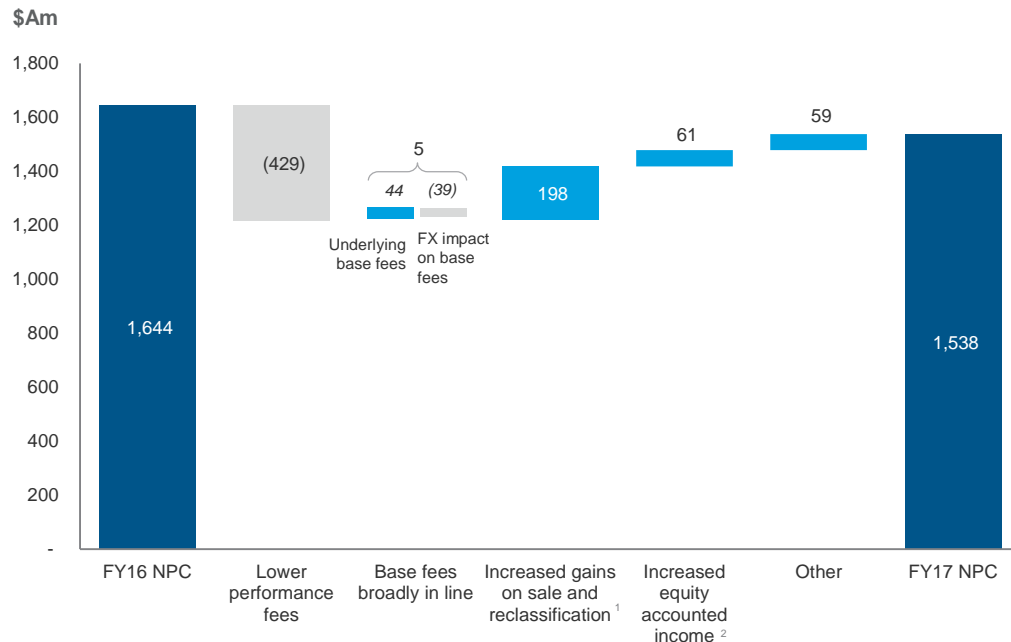
Income Statement by Operating Group





Macquarie Asset Management

Strong result; pcg benefited from record performance fees



KEY DRIVERS

- Lower performance fees compared to a particularly strong FY16, predominately from infrastructure assets:
 - FY17 included fees from a broad range of funds. FY16 benefited from significant fees from MEIF1, MIC, and MIRA co-investors in respect of a UK asset
- Underlying base fees up on FY16:
 - Positive impact from investments made by MIRA-managed funds, growth in the MSIS Infrastructure Debt business and positive market movements in MIM AUM, partially offset by asset realisations by MIRA-managed funds and net AUM outflows in the MIM business
 - Unfavourable FX impacts on base fees
- Increased gains on sale largely due to the partial sale of MIRA's holdings in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA (including the trustee-manager of APTT) and income from the sell down of infrastructure debt in MSIS
- Improved equity accounted income driven by gains on the sale of a number of assets in the current year



Macquarie Asset Management

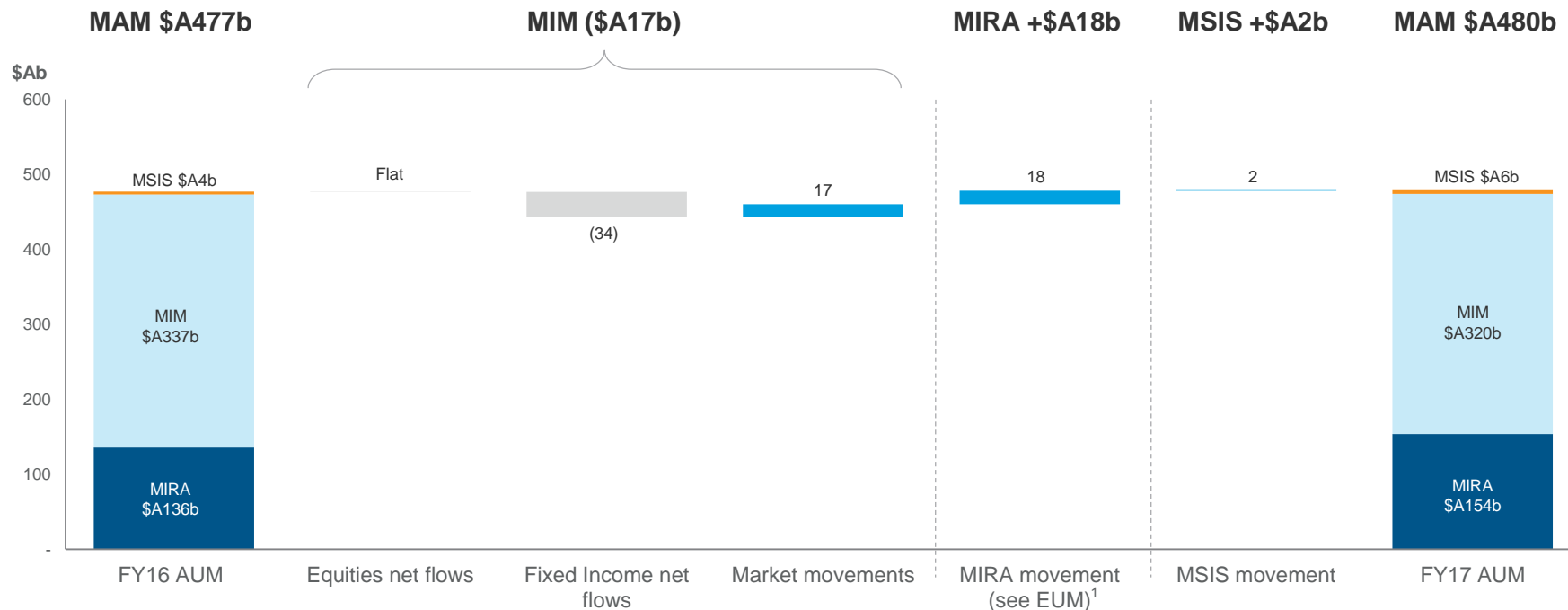
Result

	FY17 \$Am	FY16 \$Am
Base fees	1,574	1,569
Performance fees	264	693
Other fee and commission income	229	242
Investment and other income ¹	529	206
Net operating income	2,596	2,710
Brokerage, commission and trading-related expenses	(200)	(219)
Other operating expenses	(857)	(834)
Total operating expenses	(1,057)	(1,053)
Non-controlling interests	(1)	(13)
Net profit contribution²	1,538	1,644
AUM (\$Ab)	480.0	476.9
Headcount	1,559	1,498

- Base fees of \$A1,574m, broadly in line with FY16
 - Underlying base fees up on FY16 - positive impact from investments made by MIRA-managed funds, growth in the MSIS Infrastructure Debt business and positive market movements in MIM AUM, partially offset by asset realisations by MIRA-managed funds and net AUM outflows in the MIM business
 - Unfavourable FX impacts on base fees
- Performance fees of \$A264m, down 62% from a particularly strong FY16, predominately from infrastructure assets
 - FY17 included fees from a broad range of funds. FY16 benefited from significant fees from MEIF1, MIC and MIRA co-investors in respect of a UK asset
- Other fee and commission income of \$A229m, down 5% on FY16 primarily due to a reduction in income earned from True Index products
- Investment and other income of \$A529m, up significantly on FY16 mainly due to increased investment realisations including:
 - Gains from the partial sale of MIRA's holding in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA (including the trustee-manager of APTT), and income from the sell down of infrastructure debt in MSIS
 - Improved equity accounted income driven by underlying gains on the sale of a number of assets in the current year
- Total operating expenses of \$A1,057m, broadly in line with FY16



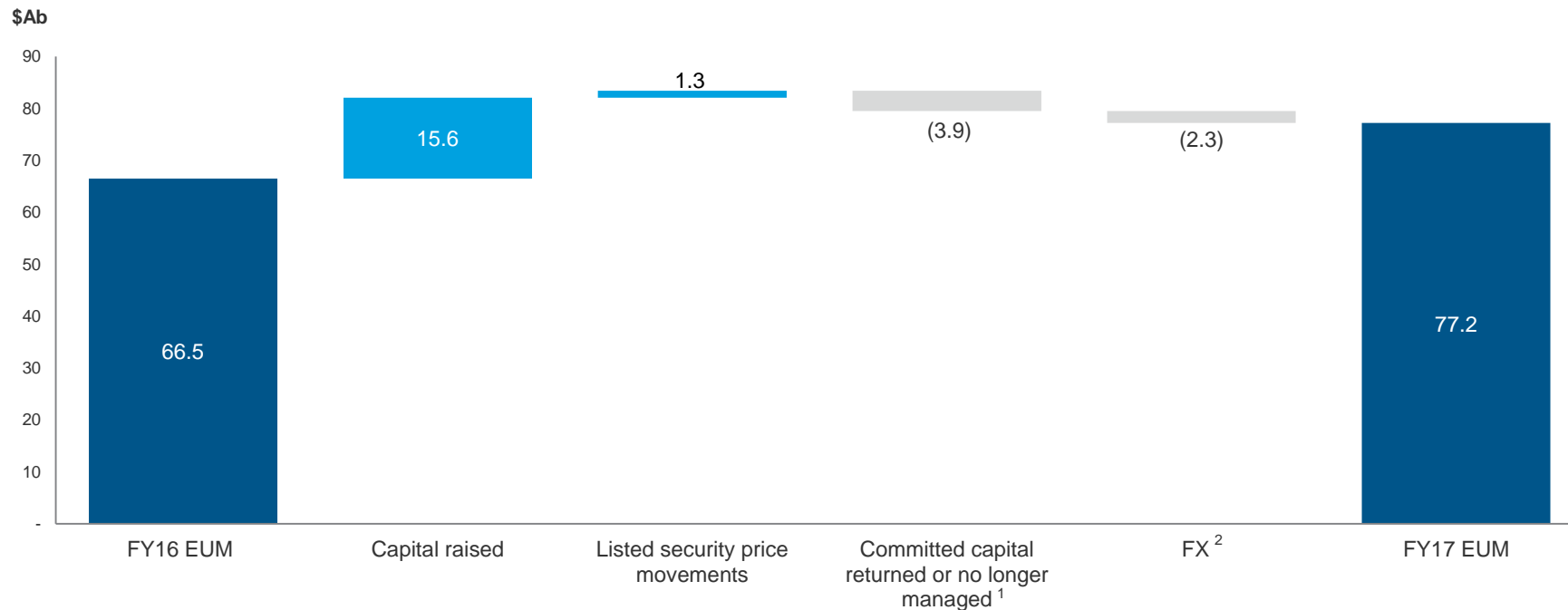
MAM AUM movement



1. 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 50. 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 s7.1 & 7.2 for further information with respect to EUM and AUM measures.



MIRA EUM movement

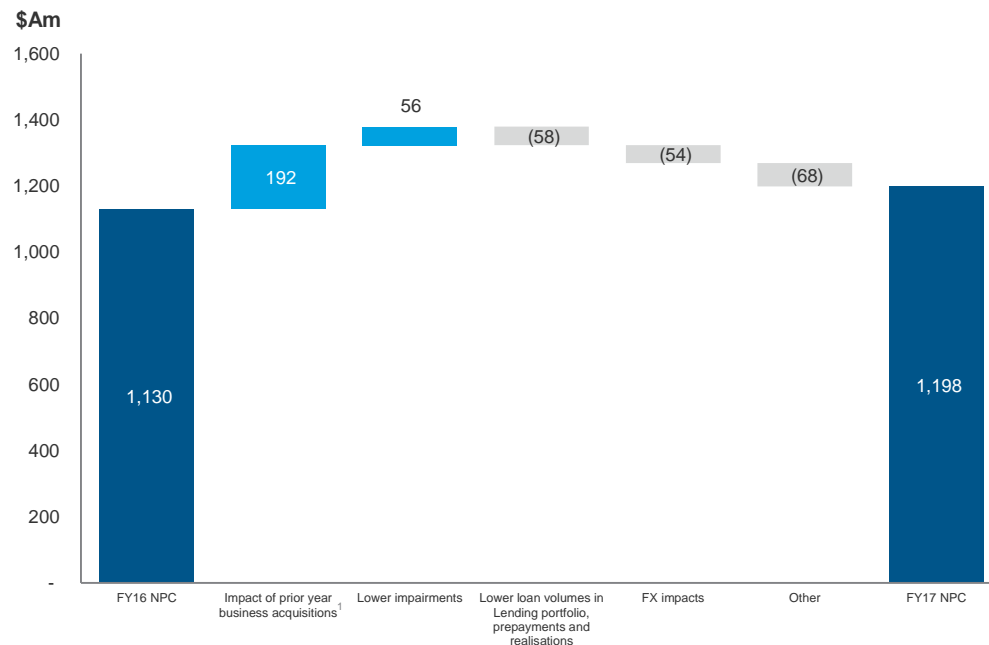


1. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. 2. FX reflects the movement in EUM driven by changes in 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.



Corporate and Asset Finance

AWAS and Esanda contribution partially offset by reduced activity in CAF Lending



KEY DRIVERS

- Contribution from the acquisitions of a portfolio of aircraft from AWAS Aviation Capital Limited and the Esanda dealer finance portfolio; continue to perform in line with expectations
- Lower impairments in Lending and Aviation
- Decreased income due to lower Lending volumes resulting in reduced contribution from the Lending portfolio; income from prepayments and realisations broadly in line with FY16
- Unfavourable FX impacts particularly in relation to CAF Lending and Energy Leasing as a result of GBP exposures
- Other includes reduced aviation income following the sale of nine aircraft and additional maintenance expenses

1. Excludes impairments and investments previously held as associates.



Corporate and Asset Finance

Result

	FY17 \$Am	FY16 \$Am
Net interest and trading income ¹	712	848
Net operating lease income	904	865
Impairments and provisions ²	(111)	(167)
Fee and commission income	53	43
Other income ³	273	134
Net operating income	1,831	1,723
Total operating expenses	(634)	(594)
Non-controlling interests	1	1
Net profit contribution⁴	1,198	1,130
<hr/>		
Loan and finance lease portfolio ⁵ (\$Ab)	26.5	28.8
Operating lease portfolio (\$Ab)	10.0	10.6
<hr/>		
Headcount	1,258	1,353

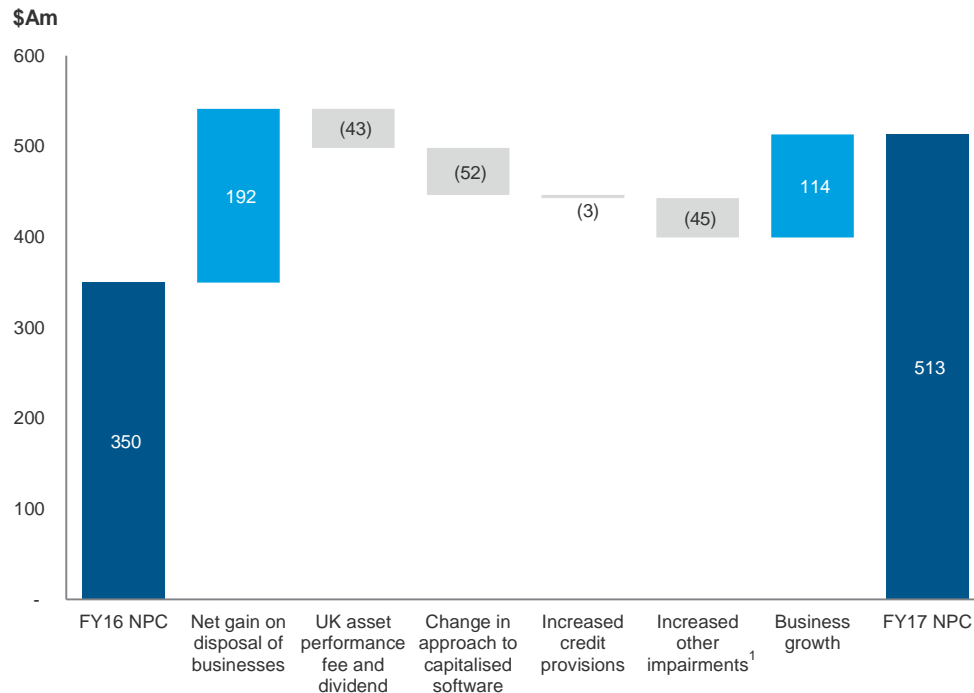
- Net interest and trading income of \$A712m, down 16% on FY16
 - Lower Lending volumes and reduced income from prepayments and realisations from loans
 - Increased funding costs driven by the full year impact of funding the AWAS portfolio
 - Partially offset by the contribution from the acquisition of the Esanda dealer finance portfolio
- Net operating lease income of \$A904m, up 5% on FY16
 - Full year contribution of the AWAS portfolio
 - Partially offset by unfavourable FX impacts and the sale of 9 aircraft in FY17
- Impairments and provisions down on FY16 due to lower impairments in Lending and Aviation
- Other income of \$A273m up on FY16 due to a gain realised on the sale of an interest in a US toll road by the Lending business
- Lending income from prepayments and realisations (included in both net interest and trading income and other income) broadly in line with FY16
- Total operating expenses of \$A634m, up 7% on FY16
 - Full year impact of costs associated with the Esanda dealer finance portfolio

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. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Includes equity portfolio of \$A0.4b (FY16: \$A0.3b).



Banking and Financial Services

Strong organic growth as well as gain on sale of businesses



KEY DRIVERS

- Gain on sale of the Macquarie Life's risk insurance business to Zurich Australia Limited partially offset by losses on the sale of US mortgages portfolio
- FY16 benefited from a performance fee and dividend received in respect of the sale of a UK asset
- Change in approach to the capitalisation of software expenses has resulted in the narrowing of the eligibility criteria for capitalisation in connection with the Core Banking platform
- Modest increase in credit provisions on a small number of loans, as well as growth in the Australian lending portfolio
- Increased other impairments due to the underperformance of certain equity positions and impairments of intangibles relating to the Core Banking platform primarily in 1H17
- Business growth:
 - Australian average loan portfolio increased 6% on FY16 driven by average business lending growth of 9% and a 5% increase in the Australian average mortgages portfolio
 - BFS average deposits volumes up 9%
 - NIM up across Australian mortgages and business lending portfolios, partially offset by lower NIM across business banking deposits

1. FY17 includes impairment charge on equity investments (\$A24m), intangibles (\$A10m) and Core Banking project impairments (\$A19m). FY16 included impairment charge on equity investments (\$A8m).



Banking and Financial Services

Result

	FY17 \$Am	FY16 \$Am
Net interest and trading income ¹	1,049	941
Fee and commission income	472	526
<i>Wealth management fee income</i>	<i>313</i>	<i>313</i>
<i>Banking fee income</i>	<i>132</i>	<i>137</i>
<i>Life insurance income</i>	<i>27</i>	<i>56</i>
<i>Other</i>	<i>-</i>	<i>20</i>
Net gain on disposal of businesses	192	-
Impairments and provisions ²	(91)	(43)
Other income	26	40
Net operating income	1,648	1,464
Total operating expenses	(1,135)	(1,114)
Net profit contribution³	513	350
<hr/>		
Funds on platform ⁴ (\$Ab)	72.2	58.4
Australian loan portfolio ⁵ (\$Ab)	35.8	35.1
Legacy loan portfolio ⁶ (\$Ab)	0.5	1.6
BFS deposits ⁷ (\$Ab)	44.5	40.4
<hr/>		
Headcount	1,992	2,182

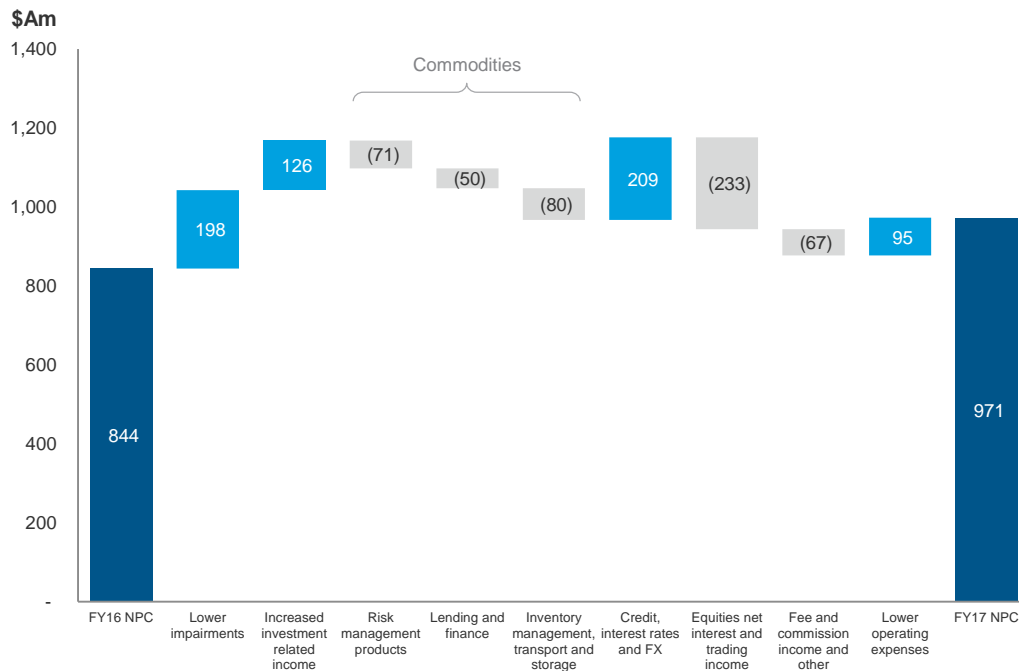
- Net interest and trading income of \$A1,049m, up 11% on FY16
 - Increased average balances of the Australian loan and deposit portfolio: average business lending up 9%, average Australian mortgages up 5% and average deposit volumes up 9% on FY16
 - Average lending margins up, partially offset by lower deposit margins
- Fee and commission income of \$A472m, down 10% on FY16
 - Decrease in life insurance income following the sale of Macquarie Life's risk insurance business in Sep 16
 - Other fee and commission income in FY16 included a \$A20m performance fee
- Net gain on disposal of businesses of \$A192m
 - Includes gain on sale of Macquarie Life's risk insurance business to Zurich Australia Limited partially offset by losses on the sale of US mortgages portfolio
- Impairments and provisions of \$A91m, up on FY16
 - Increase predominately due to the underperformance of certain equity positions, impairment of intangibles relating to the Core Banking platform and specific loan impairments, primarily in 1H17
- Total operating expenses of \$A1,135m, up 2% on FY16 mainly due to elevated project activity and a change in approach to the capitalisation of software expenses in relation to the Core Banking platform

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury and deposit premium paid to BFS by Group Treasury for the generation of deposits, that are eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 6. The legacy loan portfolios primarily comprise residential mortgages in Canada and the US. 7. BFS deposits excludes corporate/wholesale deposits.



Commodities and Global Markets

Increased contribution reflects improved asset performance and continued strength across the trading platform



KEY DRIVERS

- Lower impairments due to reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Investment-related income increased due to gains on sale of a number of investments, mainly in energy and related sectors
- Net interest and trading income (net of associated expenses):
 - Risk management products down \$A71m: strong contributions from Global Oil and North American Gas, offset by a lower contribution from power – largely in North America due to subdued volatility compared to FY16; lower income from Agricultural and Metals markets
 - Lending and financing down \$A50m: decreased on FY16 mainly due to a reduction in average loan balances
 - Inventory management, transport and storage down \$A80m: reduced opportunities from price dislocations in US and EMEA gas and power markets as well as accounting volatility associated with the timing of income recognition
 - Increase in credit, interest rates and foreign exchange income was underpinned by contributions from FX and interest rate markets due to ongoing market volatility as well as improved performance in high yield debt markets and revenues from specialty lending products
 - Equities down on a strong FY16 which benefited from strong equity markets activity, particularly in China
- Lower fee and commission income predominately in relation to lower ECM and cash equities income as well as reduced DCM fee income following the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by improved Futures income
- Lower operating expenses reflecting a decrease in headcount (including the transfer of US DCM business to Macquarie Capital) and reduced trading activity



Commodities and Global Markets

Result

	FY17 \$Am	FY16 \$Am
Commodities ¹	1,132	1,333
<i>Risk management products</i>	<i>748</i>	<i>819</i>
<i>Lending and financing</i>	<i>260</i>	<i>310</i>
<i>Inventory management, transport and storage</i>	<i>124</i>	<i>204</i>
Credit, interest rates and foreign exchange ¹	621	412
Equities	307	540
Fee and commission income	857	922
Investment and other income	180	55
Impairments and provisions ²	(149)	(347)
Net operating income	2,948	2,915
Brokerage, commission and trading-related expenses	(423)	(443)
Other operating expenses	(1,553)	(1,628)
Total operating expenses	(1,976)	(2,071)
Non-controlling interests	(1)	-
Net profit contribution³	971	844
Headcount	1,888	2,012

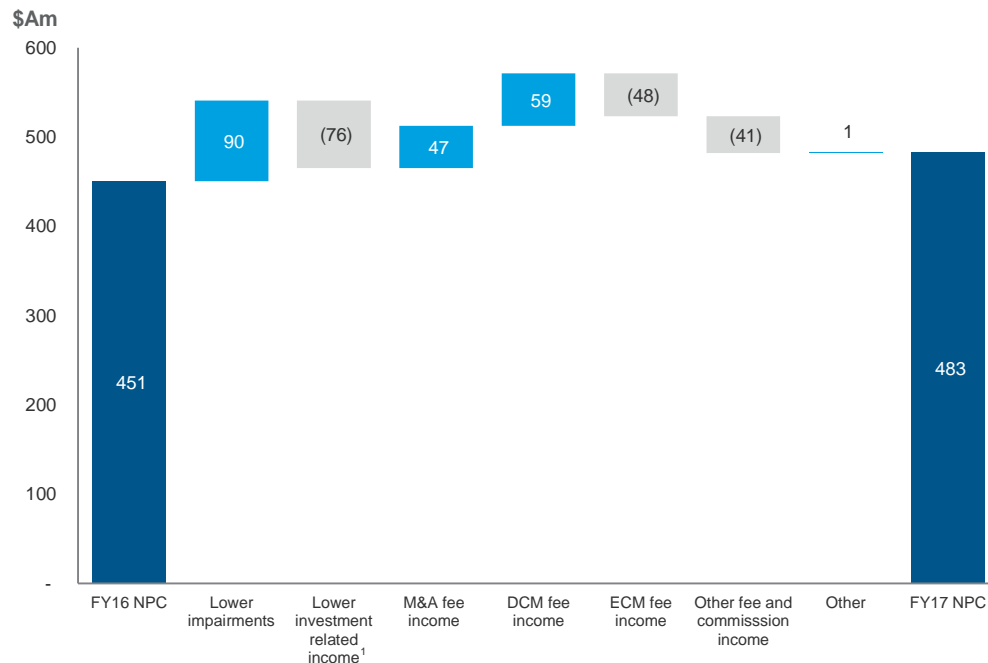
- Commodities income of \$A1,132m, down 15% on FY16
 - Risk management products down 9% on FY16: strong contributions from Global Oil and North American Gas, offset by a lower contribution from power – largely in North America due to subdued volatility compared to FY16; lower income from Agricultural and Metals markets
 - Lending and financing down 16% on FY16 mainly due to a reduction in average loan balances
 - Inventory management, transport and storage down 39% on FY16 due to reduced opportunities from price dislocations in US and EMEA energy markets as well as volatility associated with the timing of income
- Credit, interest rate and foreign exchange income of \$A621m, up 51% on FY16
 - Increased contributions from FX and interest rates markets due to ongoing market volatility
 - Improved performance of high yield debt markets and revenues from specialty lending products
- Equities down on a strong FY16 which benefited from strong equity markets activity, particularly in China
- Fee and commission income of \$A857m, down 7% on FY16 predominately in relation to lower ECM and cash equities income as well as reduced DCM fee income following the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by improved Futures income
- Investment and other income of \$A180m, up significantly on FY16 driven by gains on sale of a number of investments, mainly in energy and related sectors
- Impairments and provisions of \$A149m, down 57% on FY16
 - Reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Total operating expenses of \$A1,976m, down 5% on FY16 largely due to lower headcount (including the transfer of US DCM business to Macquarie Capital)

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. Includes investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.



Macquarie Capital

Improved result driven by reduced impairments and increased fee activity



KEY DRIVERS

- Lower impairment charges relating to a small number of underperforming principal investments
- Lower investment-related income:
 - Timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
 - Reduced income from both dividends and consolidated investments
- Increased fee and commission income:
 - Increased fee income across M&A Advisory in the US and Europe and DCM in the US
 - The transfer of CGM's US DCM business to Macquarie Capital
 - Partially offset by a decline in ECM income due to more subdued equity market conditions in Australia
 - Lower other fee and commission income primarily related to a reduction in brokerage and commissions with the non-recurrence of a royalty fee

1. Includes movements in share of net profits/(losses) of associates and joint ventures accounted for using the equity method, net gains on sale and reclassification of equity and debt investments, net interest and trading income (which represents the interest earned from debt investments and the funding costs associated with Macquarie Capital's investments), other income and non-controlling interests.



Macquarie Capital

Result

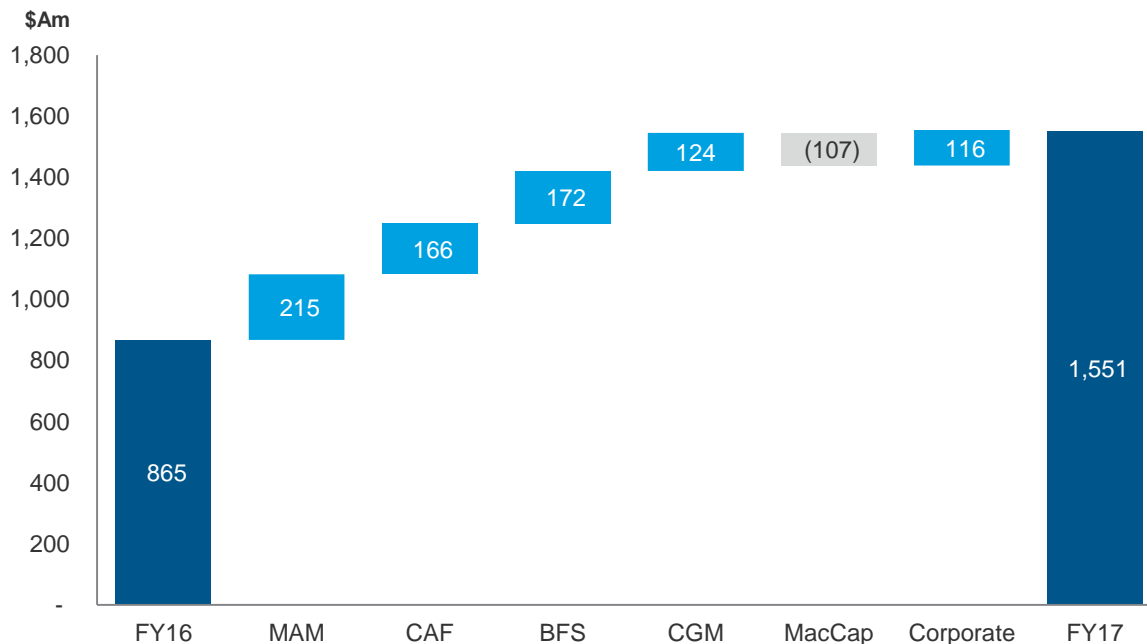
	FY17 \$Am	FY16 \$Am
Fee and commission income	887	870
Investment and other income	396	464
Net interest and trading income ¹	14	16
Impairments and provisions ²	(97)	(187)
Internal management revenue ³	6	15
Net operating income	1,206	1,178
Total operating expenses	(722)	(732)
Non-controlling interests	(1)	5
Net profit contribution⁴	483	451
Capital markets activity ⁵ :		
Number of transactions	417	402
Transactions value (\$Ab)	159	180
Headcount	1,136	1,213

- Fee and commission income of \$A887m, up 2% on FY16; increased fee income across M&A Advisory in the US and Europe and DCM in the US as well as the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by a decline in ECM income due to more subdued equity market conditions in Australia
- Investment and other income of \$A396m, down 15% on FY16
 - Timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
 - Reduced income from both dividends and consolidated investments
- Impairment charges of \$A97m, down 48% on FY16
 - Relates to a small number of underperforming principal investments
- Total operating expenses of \$A722m, down 1% on FY16
 - Decline due to the impact of the appreciation of the AUD on offshore expenses, partially offset by increased principal activity and changes in business operations, which included the transfer of CGM's US DCM business to Macquarie Capital

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. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. FY16 deal values and transaction numbers have been adjusted to reflect final transaction data. These changes are not material.



Other income



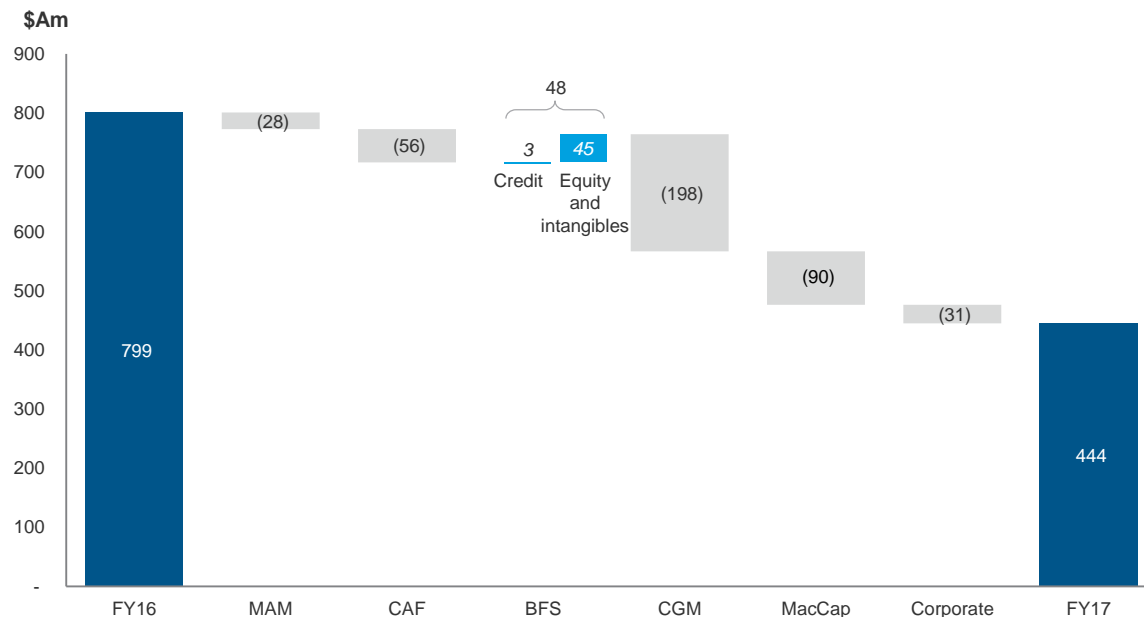
KEY DRIVERS

- Increase in MAM primarily due to gains from the partial sale of MIRA's holdings in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA including the trustee-manager of APTT, and income from the sell down of infrastructure debt in MSIS
- Increase in CAF primarily relates to a gain realised on the sale of an interest in a toll road in the US by the Lending business
- Increase in BFS predominately relates to the sale of Macquarie Life's risk insurance business
- Increase in CGM due to gains on the sale of a number of investments, mainly in energy and related sectors
- Decrease in Macquarie Capital due to timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
- Increase in Corporate primarily due to the disposal of legacy assets and a partial sell-down of an investment that resulted in a gain on reclassification at the consolidated level

Note: Other income includes net gains on sale and reclassification of equity and debt investments, income from NPI's and royalties, dividends and distributions received from investment securities available for sale, proceeds from the sale of other securities, gains on repurchase of debt, gains on the sale of non-financial assets, gains on the disposal of operating lease assets, gains on the sale of loans and receivables and other income.



Impairment expense



KEY DRIVERS

- Decline in CAF due to lower impairments in Lending and Aviation
- Increase in BFS predominately due to the underperformance of certain equity positions and impairment of intangibles relating to the Core Banking platform, primarily in 1H17
- Decrease in CGM due to reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Decrease in Macquarie Capital due to lower impairment charges relating to a small number of underperforming principal investments
- Decrease in Corporate compared to FY16 which included an increase to the central management overlay and charges on legacy assets that are no longer strategic holdings



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 deposits¹ continuing to grow, up 9.6% to \$A47.8b as at Mar 17 from \$A43.6b as at Mar 16
- \$A8.4b of acquisition debt facilities fully repaid or refinanced in FY17 (AWAS \$A2.4b² and Esanda \$A6.0b)
- \$A10.5b³ of term funding raised during FY17:
 - \$A3.4b MGL loan facilities⁴
 - \$A2.9b mortgage and motor vehicle/equipment secured funding
 - \$A2.4b AWAS term loan²
 - \$A1.0b loan capital (Macquarie Additional Capital Securities)
 - \$A0.5b private placements and structured note issuance
 - \$A0.3b expansion of MBL Sterling syndicated loan facility

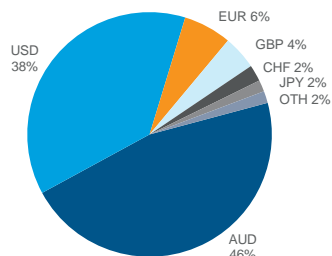
1. Total customer deposits as per the funded balance sheet (\$A47.8b) differs from total deposits as per the statutory balance sheet (\$A57.7b). The funded balance sheet excludes any deposits which do not represent a funding source for Macquarie. 2. The AWAS acquisition debt facility was refinanced into a term loan in Apr 16. 3. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 4. Includes \$A1.4b Asian Bank Facility refinance and upside, committed 30 Mar 17 and effective 18 Apr 17.



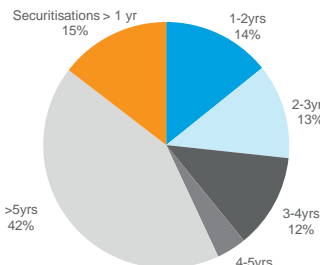
Diversified issuance strategy

Term funding as at 31 Mar 17 – diversified by currency¹, tenor² and type

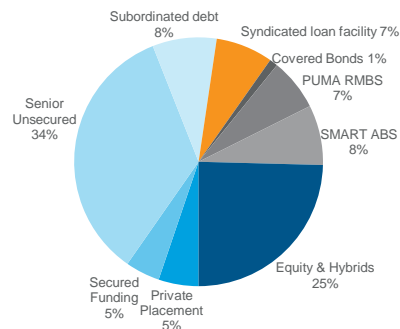
Currency



Tenor

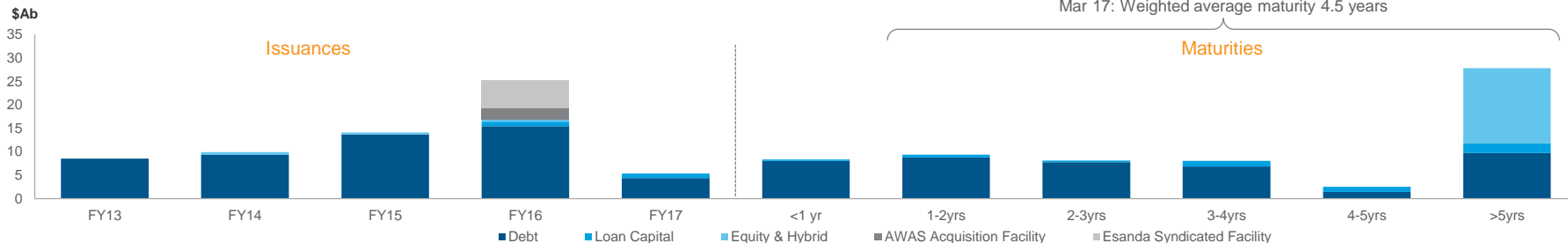


Type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.5 years

Term Issuance and Maturity Profile³

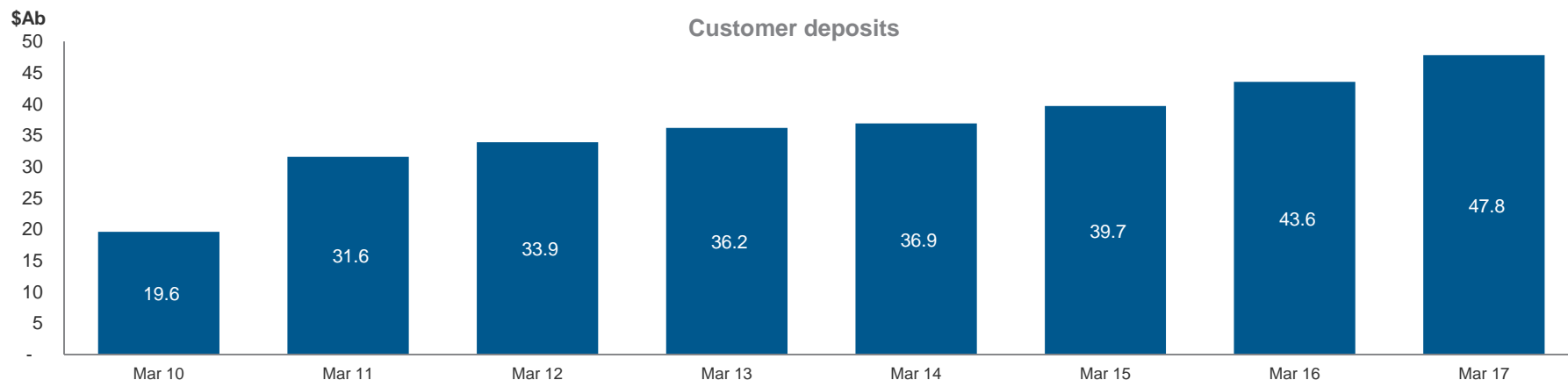


Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances and Maturities exclude securitisations and other secured finance. Issuances are converted to AUD at the 31 Mar 17 spot rate. Maturities shown are as at 31 Mar 17. In FY17 the AWAS acquisition debt facility (\$A2.4b) was refinanced via a term loan and the Esanda acquisition facility (\$A6.0b) was repaid in full.



Continued customer deposit growth

- Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
 - In excess of 1 million BFS clients, of which approx. 550,000 are depositors
 - Focus on the composition and quality of the deposit base
 - Continue to grow deposits in the CMA product, which has an average account balance of approx. \$A45,000





Loan and lease portfolios¹ – Funded Balance Sheet

Operating Group	Category	Mar 17 \$Ab	Mar 16 \$Ab	Description
CAF	Asset Finance ²	22.2	23.3	Secured by underlying financed assets
	<i>Finance lease assets</i>	<i>12.2</i>	<i>12.7</i>	
	<i>Operating lease assets</i>	<i>10.0</i>	<i>10.6</i>	
	Lending ³	6.6	9.0	Diversified corporate and real estate lending portfolio, predominately consisting of loans which are senior, secured, well covenanted and with a hold to maturity horizon
	Total CAF	28.8	32.3	
BFS	Retail Mortgages ²	24.5	23.1	Secured by residential property and supported by mortgage insurance: <ul style="list-style-type: none"> Australia: most loans are fully mortgage insured Canada: most loans are fully insured with underlying government support
	<i>Australia</i>	<i>24.0</i>	<i>21.6</i>	
	<i>Canada, US and Other</i>	<i>0.5</i>	<i>1.5</i>	
	Business Banking ⁴	6.1	5.8	Secured relationship managed loan portfolio to professional and financial services firms, real estate industry clients, insurance premium funding, mortgages to Business Banking clients and other small business clients. Secured largely by real estate, working capital, business cash flows and credit insurance. The portfolio also includes other retail lending including credit cards
	Total BFS	30.6	28.9	
CGM	Resources and commodities	2.5	3.0	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.8	2.2	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CGM	5.3	5.2	
MAM	Structured investments	2.0	1.6	Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash, or are protected by capital guarantees at maturity
MacCap	Corporate and other lending	0.8	1.1	Includes secured corporate lending
Total loan and lease assets per funded balance sheet ⁵		67.5	69.1	

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet of \$A76.7b at 31 Mar 17 (\$A80.4b at 31 Mar 16) 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 and loans booked in Fair Value through P&L in the statutory balance sheet). 2. Australian Retail Mortgages per the funded balance sheet of \$A24.0b differs from the figure disclosed on slide 29 of \$A28.7b and Asset Finance per the funded balance sheet of \$A22.2b differs from the figure disclosed on slide 27 of \$A29.7b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Lending per the funded balance sheet of \$A6.6b differs from the figure disclosed on slide 27 of \$A6.8b. The statutory balance sheet includes AVS debt investments which are reported in the funded balance sheet as debt investment securities. 4. Business Banking loans per the funded balance sheet of \$A6.1b differs from the figures disclosed on slide 18 of the FY17 result announcement presentation of \$A6.5b. The difference relates to mortgages written by Business Banking which have been included in Retail Mortgages in the table above. In addition to this the \$A6.5b on slide 18 of the FY17 result announcement excludes retail lending including credit cards which have been included in this category in the table above. 5. Total loan assets per funded balance sheet includes self securitised assets.



Equity investments of \$A5.0b¹

Category	Carrying value ² Mar 17 \$Ab	Carrying value ² Mar 16 \$Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.6	1.7	Includes Macquarie Infrastructure Company, Macquarie SBI Infrastructure Fund, Macquarie Atlas Roads, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4, Macquarie European Infrastructure Fund 3
Other Macquarie managed funds	0.5	0.6	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	1.5	1.0	Over 45 separate investments, increase primarily due to a consolidated investment in a gas distribution network in the United Kingdom
Telcos, IT, media and entertainment	0.6	0.7	Over 40 separate investments, decrease due to divestment of Axicom
Energy, resources and commodities	0.4	0.5	Over 60 separate investments, decrease due to a number of divestments in CGM
Real estate investment, property and funds management	0.1	0.1	Over 15 separate investments
Finance, wealth management and exchanges	0.3	0.4	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry, decrease due to divestments in MacCap
	5.0	5.0	

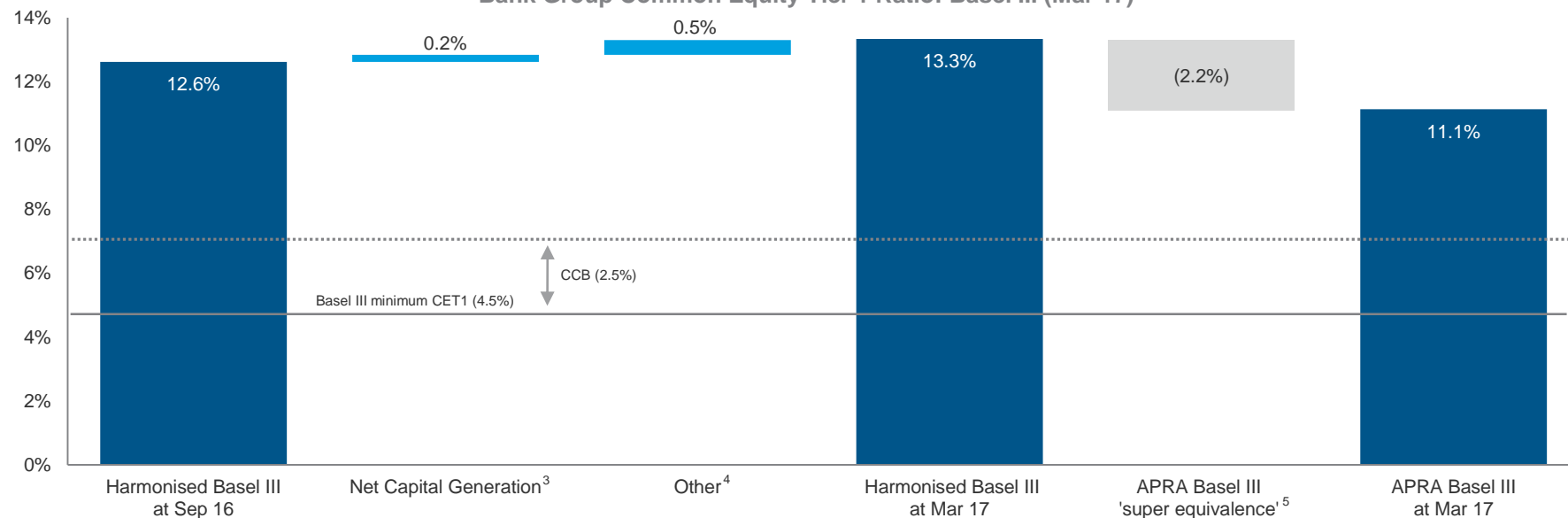
1. Equity investments per the statutory balance sheet of \$A7.2b (Mar 16: \$A6.8b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A5.5b (Mar 16: \$A5.8b), less available for sale and associates' reserves of \$A0.5b (Mar 16: \$A0.8b).



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

- APRA Basel III CET1 ratio: 11.1%¹
- Harmonised Basel III CET1 ratio: 13.3%²

Bank Group Common Equity Tier 1 Ratio: Basel III (Mar 17)



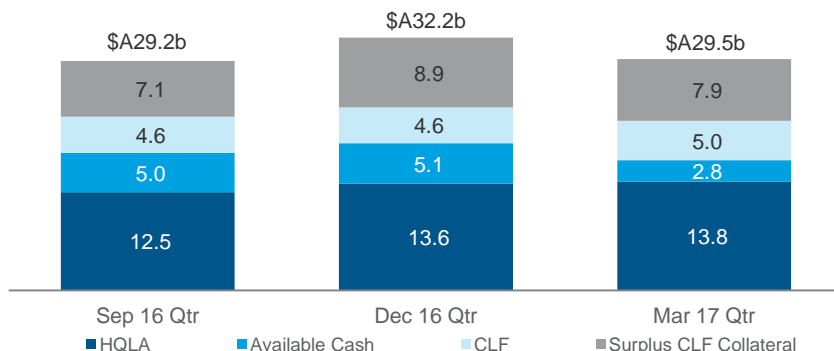
1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 17: 13.3%. APRA Basel III CET1 ratio at Sep 16: 10.4%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 17: 15.6%. 3. Includes MBL 2H17 P&L, the 1H17 MBL to MGL interim dividend and movements in reserves (excluding foreign currency translation reserve). 4. Includes changes in business requirements, for example, reduced CAF Lending loan portfolio and the sale of Macquarie Life's risk insurance business. Also includes the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements. 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 and includes full CET1 deductions for differences in the treatment of mortgages (0.8%); equity investments (0.5%); capitalised expenses (0.5%); investment into deconsolidated subsidiaries (0.2%); DTAs and other impacts (0.2%).



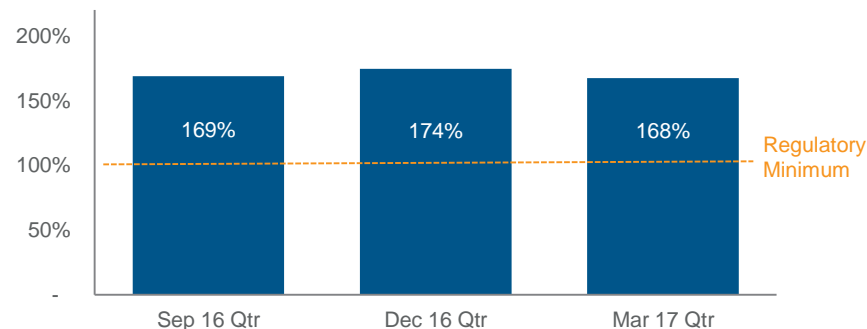
Strong liquidity position maintained

- 168% average LCR for Mar 17 quarter, based on daily observations
 - Maintained well above regulatory minimums
 - Includes APRA approved AUD CLF allocation of \$A5.0b for 2017 calendar year
- Reflects long-standing conservative approach to liquidity management
- \$A29.5b of unencumbered liquid assets and cash on average over the quarter to Mar 17 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio¹



MBL LCR position



1. Unencumbered Liquid Asset Portfolio represents the quarterly average of these balances.



Capital management update

- The Board has resolved:
 - To purchase shares^{1,2} to satisfy the MEREP requirements of approx. \$A378m. The buying period for the MEREP will commence on 16 May 17 and is expected to be completed by 7 Jul 17³
 - MQG shares sold by staff between 16 May 17 and 9 Jun 17⁴ are expected to be acquired by the MEREP Trustee to meet the MEREP buying requirements
 - Shares sold by staff during this window are to be acquired off-market at the daily VWAP⁵, reducing the number of shares acquired on-market to meet the MEREP requirements
 - No discount will apply for the 2H17 DRP and the shares are to be acquired on-market²
- Following the issue of \$US750m MACS hybrid capital in March, MBL (London Branch) intends to buyback \$US250m ECS hybrid capital in Jun 17:
 - ECS are Basel III-Transitional Additional Tier 1 Capital securities issued in 2012
 - Under the proposed transaction, a Resale of ECS will take place, whereby all ECS Holders will sell to a third party financial institution for par value on 20 Jun 17 after interest has been paid⁶. MBL (London Branch) will buyback ECS immediately following the Resale such that no Exchange to MGL ordinary shares will occur
 - A Resale Notice will be required to be delivered to ECS Holders in accordance with the ECS Terms

1. Shares may be purchased on-market and off-market. 2. Shares will be issued if purchasing becomes impractical or inadvisable. 3. Actual buying may be completed sooner or later. On-market buying for the MEREP will be suspended during the DRP pricing period (24 May 2017 to 1 June 2017). 4. This date is subject to change. 5. Trades will be crossed off-market by Macquarie Securities (Australia) Limited and reported to ASX and Chi-X accordingly. 6. Subject to the Interest Payment Conditions under the ECS Terms.

B | APPENDIX Glossary





Glossary

\$A / AUD	Australian Dollar
\$C / CAD	Canadian Dollar
\$US / USD	United States Dollar
£ / GBP	British Pound
€ / EUR	Euro
1H17	Half-year ended 30 September 2016
1H18	Half-year ending 30 September 2017
1Q17	Quarter ended 30 June 2016
1Q18	Quarter ended 30 June 2017
2H17	Half-year ending 31 March 2017
2H18	Half-year ending 31 March 2018
ABN	Australian Business Number
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
APTT	Asia Pay Television Trust
AUM	Assets Under Management
AVS	Available For Sale
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services

CAF	Corporate and Asset Finance
CAGR	Compound Annual Growth Rate
CCB	Capital Conservation Buffer
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CGM	Commodities and Global Markets
CHF	Swiss Franc
CLF	Committed Liquid Facility
CMA	Cash Management Account
CMBS	Commercial Mortgage-Backed Securities
CRM	Customer Relationship Management
CY16	Calendar year ended 31 December 2016
CY17	Calendar year ending 31 December 2017
DCM	Debt Capital Markets
DPS	Dividend Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets



Glossary

ECS	Exchangeable Capital Securities
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUM	Equity Under Management
FUM	Funds Under Management
FX	Foreign Exchange
FY07	Full year ended 31 March 2007
FY08	Full year ended 31 March 2008
FY09	Full year ended 31 March 2009
FY11	Full year ended 31 March 2011
FY13	Full year ended 31 March 2013
FY14	Full year ended 31 March 2014
FY15	Full year ended 31 March 2015
FY16	Full year ended 31 March 2016
FY17	Full year ended 31 March 2017
FY18	Full year ending 31 March 2018
GFC	Global Financial Crisis
HQLA	Highly Quality Liquid Assets
IRB	Internal Ratings-Based
IT	Information Technology

JPY	Japanese Yen
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
LP	Limited Partner
Ltd	Limited
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MACS	Macquarie Additional Capital Securities
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MEC	Macquarie Energy Capital
MEIF1	Macquarie European Infrastructure Fund 1
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MIIF	Macquarie International Infrastructure Fund
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MKIF	Macquarie Korea Infrastructure Fund



Glossary

MPW	Macquarie Private Wealth
MQA	Macquarie Atlas Roads
MSIS	Macquarie Specialised Investment Solutions
Mths	Months
NCI	Non Controlling Interests
NPI	Net Profit Interests
NGLs	Natural Gas Liquids
NIM	Net Interest Margin
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
P&L	Profit and Loss Statement
PCP	Prior Corresponding Period
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
RMBS	Residential Mortgage-Backed Security
RMG	Risk Management Group
ROE	Return on Equity

RWA	Risk Weighted Assets
SBI	State Bank of India
ST	Short Term
TMET	Telecommunications, Media, Entertainment and Technology
UK	United Kingdom
US	United States of America
VaR	Value at Risk
yr	Year
YTD	Year To Date

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