



ASX/Media Release

Investor presentation and outlook update

SYDNEY, 11 September 2018 – 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 11 and 12 September 2018.

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 26 July 2018.

We continue to expect the Group's result for FY19 to be broadly in line with FY18:

- 1H19 result is expected to be broadly in line with the 1H18 result, which included strong performance fees in MAM.

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

- The conduct of period end reviews and the completion rate of transactions. We note that the sale of Quadrant Energy has not been included in our current outlook
- Market conditions
- The impact of foreign exchange
- Potential regulatory changes and tax uncertainties; and
- Geographic composition of income.

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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25th CLSA Investor's Forum

Hong Kong

Presentation to Investors and Analysts
11-12 September 2018

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Unless otherwise specified all information is as at 30 June 2018.

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. 1Q19 Update
4. FY19 Outlook
5. Appendices



01 | Overview of Macquarie

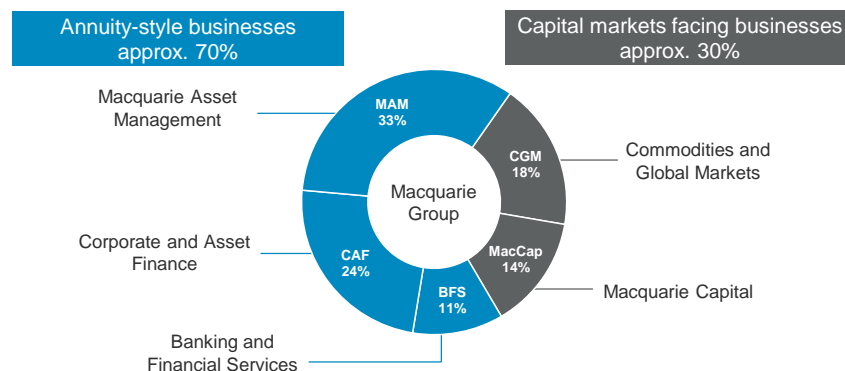




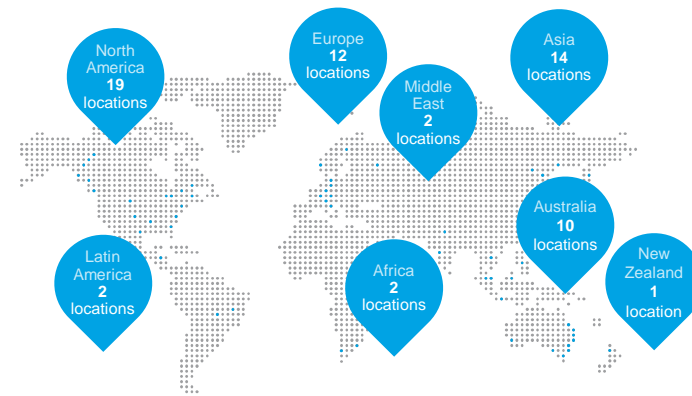
Macquarie overview

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



Listed on Australian Securities Exchange (ASX: **MQG**)²
Level I ADR: **MQBK**

\$A535.7b
assets under management
as at 30 Jun 18

MBL
A/A2/A
credit rating

APRA primary regulator
for MBL & MGL

14,469 employees,
operating in over
25 countries



Why Macquarie?

Unbroken profitability

FY18 net profit:

\$A2,557m

up 15% on FY17

1H18 net profit: **\$A1,248m**
up 19% on 1H17



Predictable earnings

Annuity-style businesses represent

~70%¹

of the operating groups' performance in FY18

~80%¹ in 1H18



Geographically diverse

67% international income in FY18

62% in 1H18; two-thirds of income generated outside of Australia²



Strong return on equity

FY18:

16.8%

▲ from 15.2% in FY17

16.7% in 1H18
up from 14.6% in 1H17



Earnings growth

25%

5yr EPS CAGR



Strong financial position

Group capital surplus

\$A3.4b³

as at 30 Jun 18



Consistent dividend growth

21%

5yr CAGR



Strong shareholder returns

Consistently outperformed major indices since listing



ASX 20⁴ – 2nd highest returns since listing
Diversified Financials⁴ – 1st
MSCI World Capital Markets⁴ – 1st
MSCI World Banks⁴ – 1st

Underpinned by a long standing conservative risk management framework

1. Based on net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Average over 5 years. 3. 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 \$A4.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. Based on materiality, the Group surplus does not include the countercyclical capital buffer (CCyB) of ~6bps. The individual CCyB varies by jurisdiction and Macquarie's CCyB is calculated as the weighted average of Macquarie's Bank Group exposures in different jurisdictions. In Jun 18 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing Macquarie's CCyB to ~6bps. 4. As at 31 Aug 18. Based on companies that have been continuously listed since Macquarie's date of listing (29 Jul 96).



Macquarie's evolution is driven by our people



Our people
are closest to
client needs
and markets

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

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

Integrity: We earn the trust of our clients, colleagues, community and shareholders through the quality of our work and our high ethical standards

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

Pursuing opportunities that are **profitable** and deliver real outcomes to achieve an appropriate and resilient **long-term return on capital**

Supported by the Corporate Centre

Funding and
capital

Risk
management

External
stakeholder
management

Challenging
ideas and
supporting
execution

Facilitating
Group-wide
collaboration

Group-wide
standards and
central support
services

EVOLUTION IN THE BUSINESS

Business mix

From **25%** To **~70%**
Annuity-style in FY07 in FY18

International income

From **53%** To **67%**
in FY07 in FY18

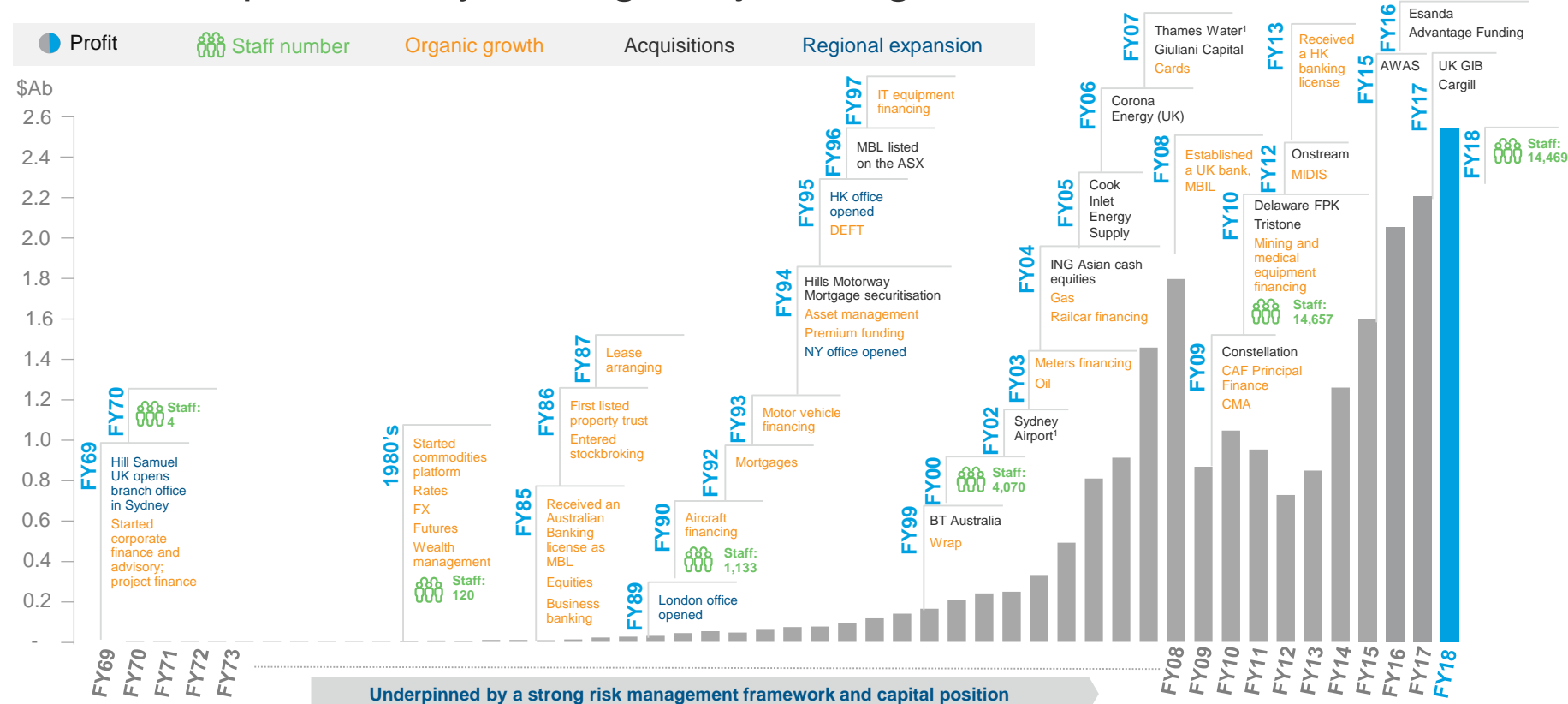
Offshore staff

From **34%** To **54%**
in FY07 in FY18

Macquarie has a **global presence**
across Operating Groups



Unbroken profitability through adjacent growth



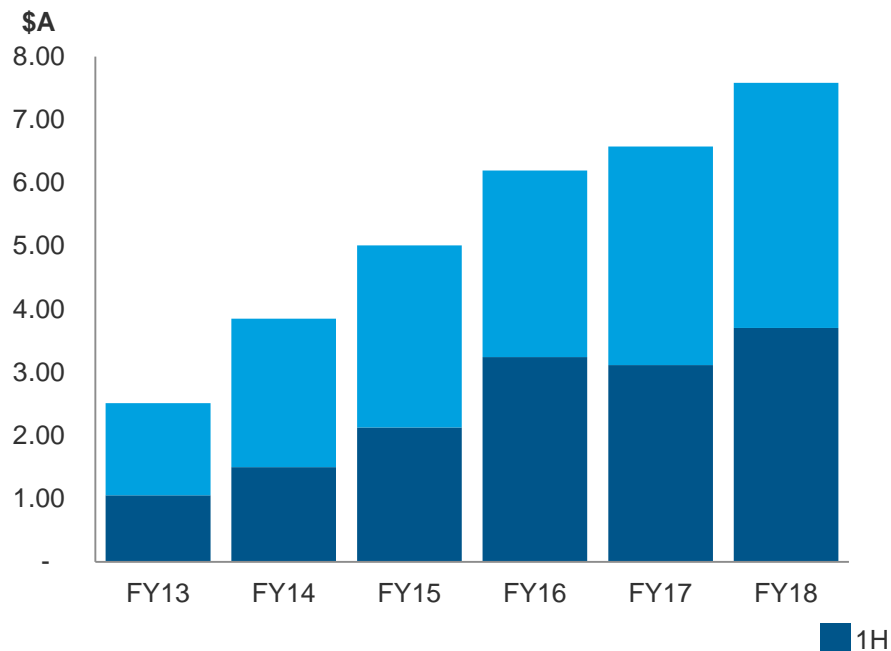
Note: the above list is not exhaustive. 1. Acquired on behalf of managed funds and accounts.



Strong earnings growth

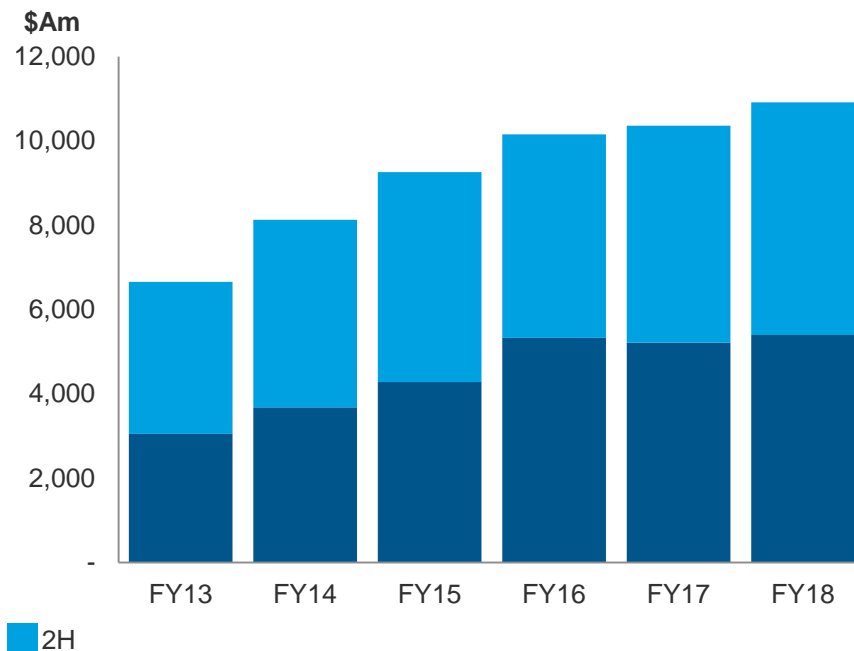
FY18 EPS of \$A7.58

FY18 up 15% on FY17



FY18 Operating income of \$A10,920m

FY18 up 5% on FY17

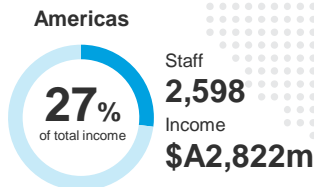




Geographic footprint

International income 67% of total income¹

Total staff 14,469; International staff 54% of total



Assets under management
\$A255.1b
employing **29,000+** people³

CANADA

Calgary
Montreal
Toronto
Vancouver

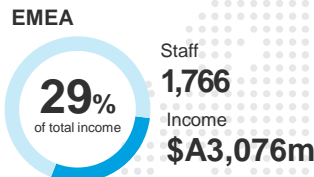
LATIN AMERICA

Mexico City
Sao Paulo

USA

Austin
Boca Raton
Boston
Chicago
Denver
Houston
Jacksonville
Los Angeles

Minneapolis
Nashville
New York
Philadelphia
San Diego
San Francisco
San Jose



Assets under management
\$A92.0b
employing **40,000+** people³

EUROPE

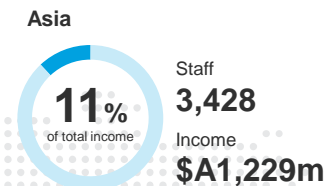
Dublin
Edinburgh
Frankfurt
Geneva
London
Luxembourg
Madrid
Munich
Paris
Reading
Vienna
Zurich

MIDDLE EAST

Abu Dhabi
Dubai

SOUTH AFRICA

Cape Town
Johannesburg



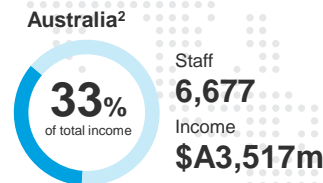
Assets under management
\$A51.7b
employing **40,000+** people³

ASIA

Bangkok
Beijing
Gurugram
Hong Kong
Jakarta

Kuala Lumpur
Manila
Mumbai
Seoul
Shanghai

Singapore
Taipei
Tokyo



Assets under management
\$A97.9b
employing **4,500+** people³

AUSTRALIA

Adelaide
Brisbane
Canberra
Gold Coast
Manly
Melbourne

Newcastle
Parramatta
Perth
Sydney

NEW ZEALAND

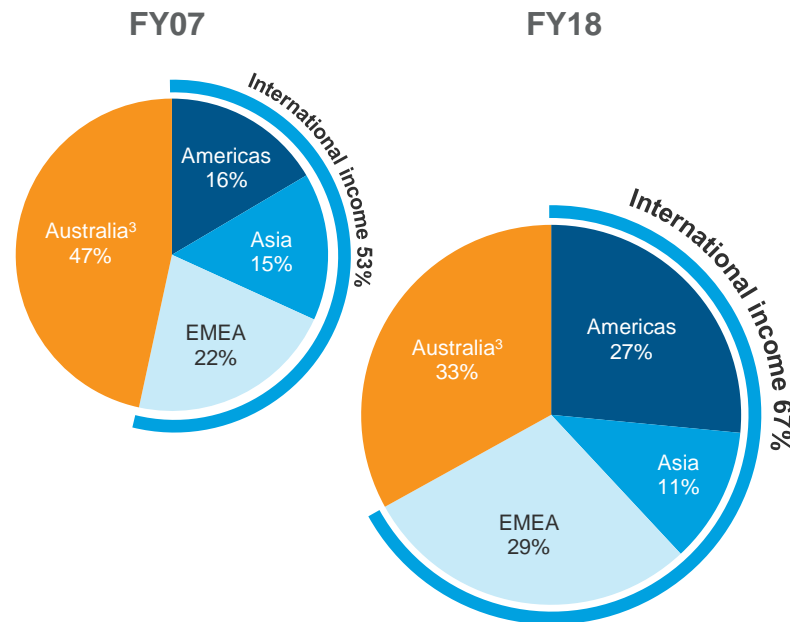
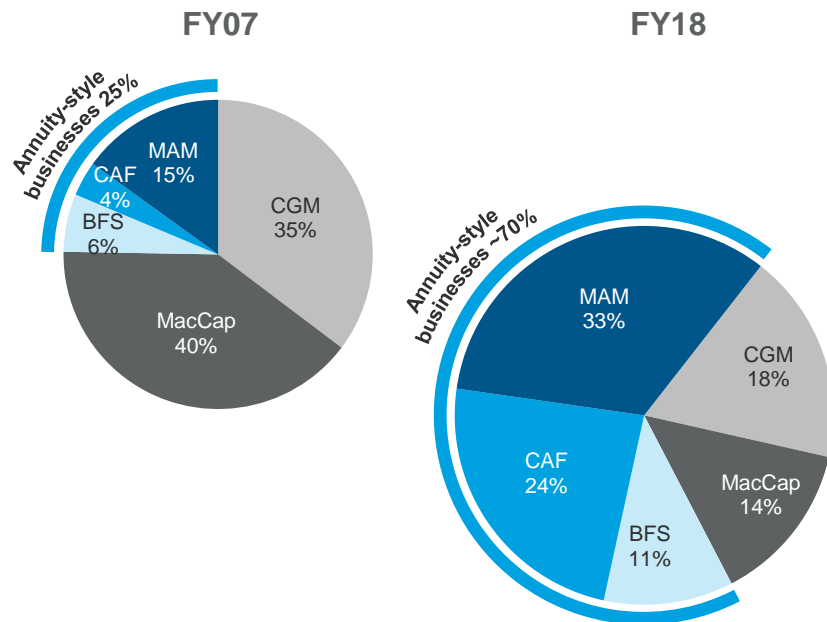
Auckland



Predictable earnings and geographically diverse

Annuity-style vs Capital markets facing¹

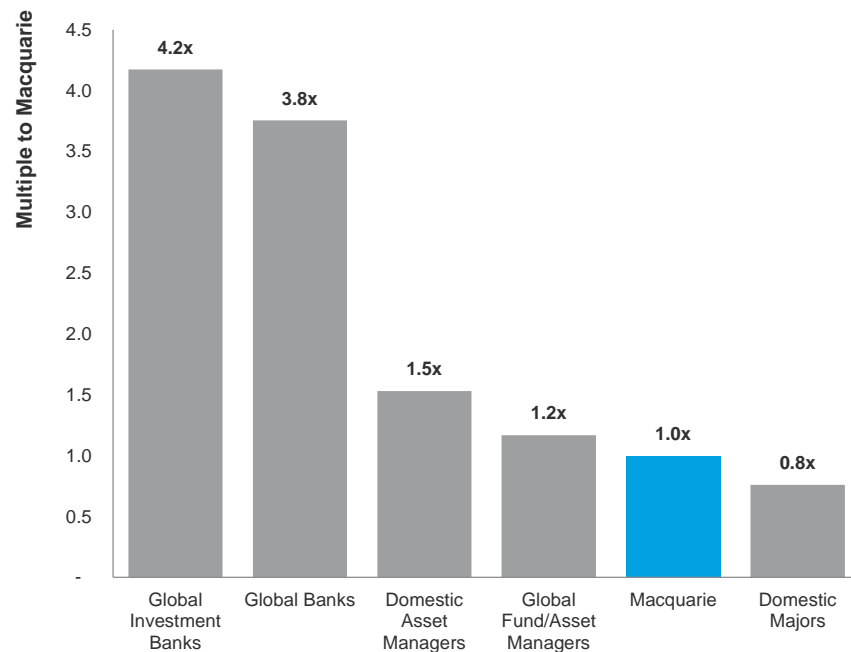
Geographical split of income²



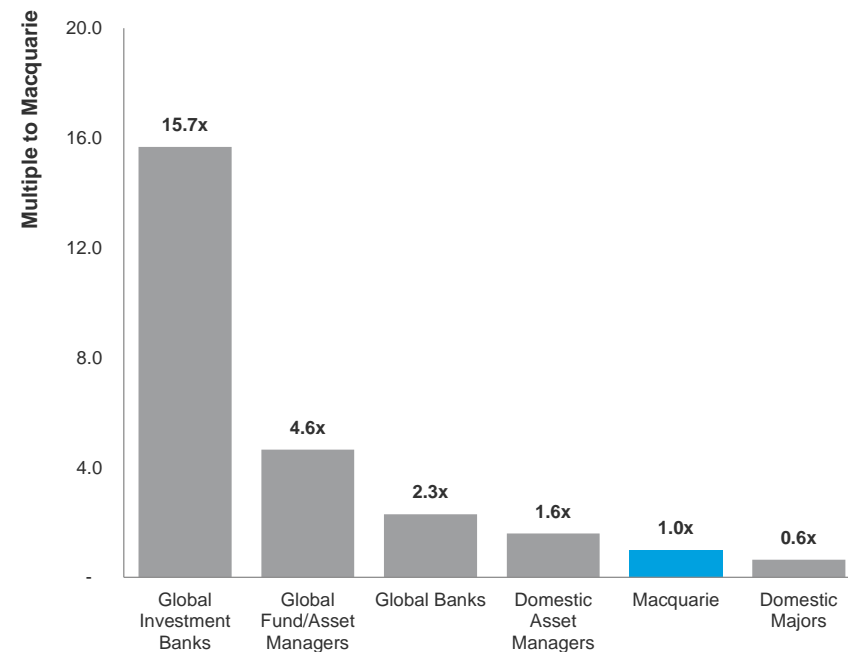


Stable earnings

5 year earnings volatility relative to Macquarie (since GFC)



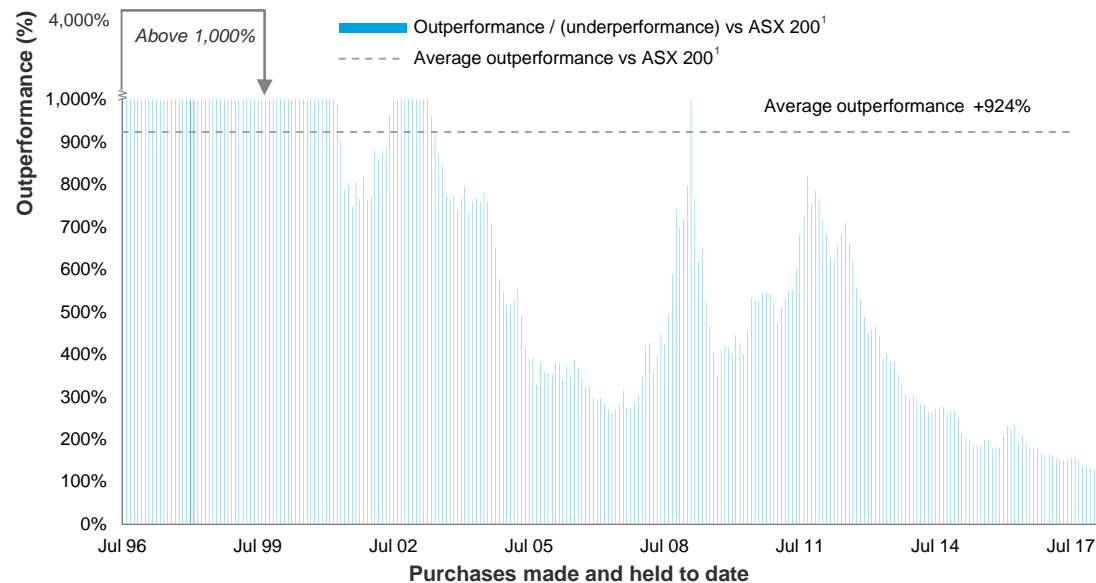
10 year earnings volatility relative to Macquarie (includes GFC)





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

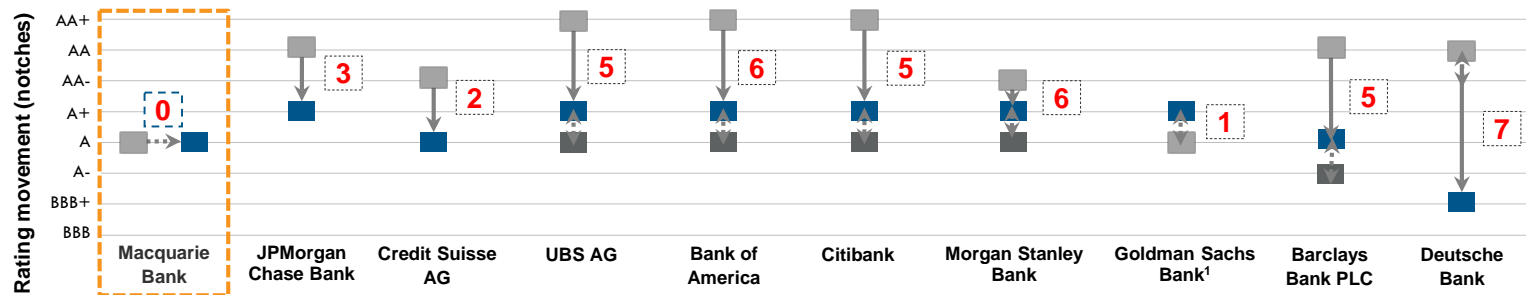


	Outperformance vs ASX 200 ¹	Outperformance vs ASX 200 Diversified Financials ¹	Outperformance vs MSCI World Capital Markets Index ¹
Since listing	4,664%	n/a ²	n/a ²
10 years	303%	187%	377%
5 years	231%	151%	242%
3 years	61%	54%	82%

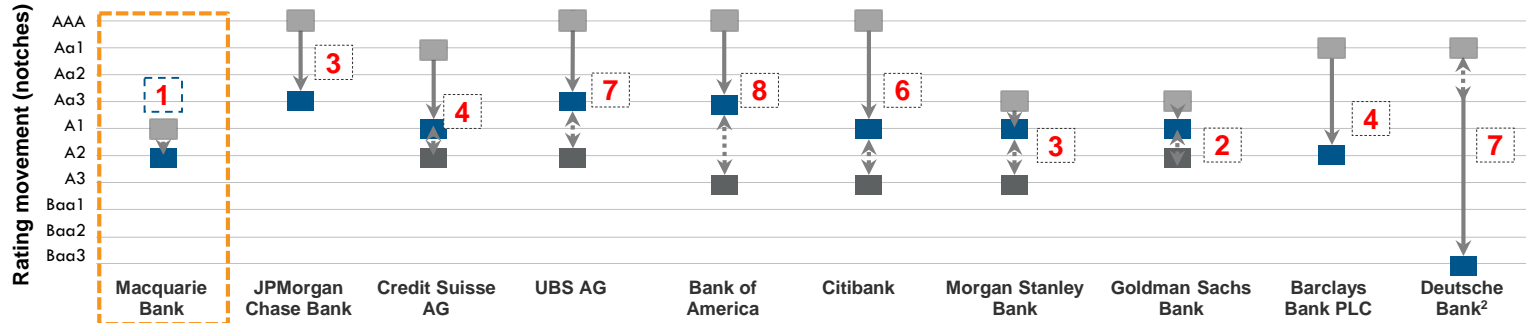


Long term ratings stability Macquarie Bank Limited

Standard & Poor's Ratings Movements from 2007



Moody's Ratings Movements from 2007



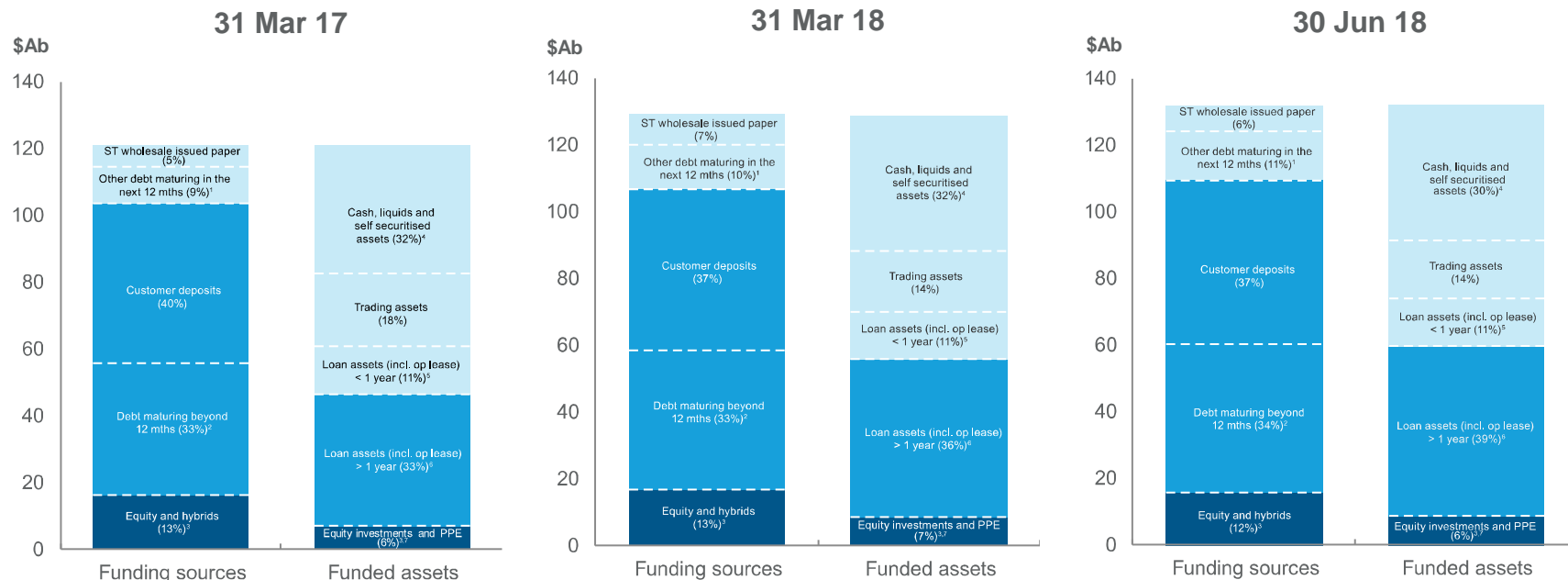
MBL has maintained its S&P 'A' rating for

27
YEARS



Funded balance sheet remains strong

Term liabilities cover term assets



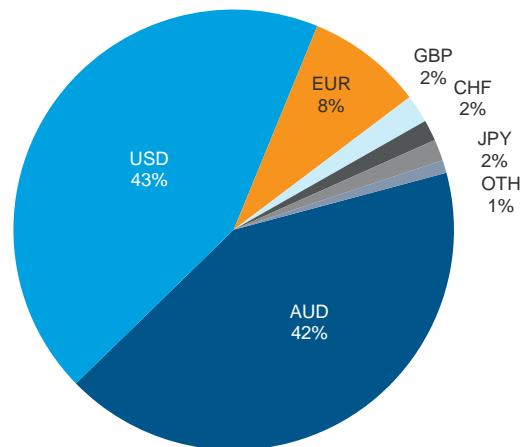
These charts represent Macquarie's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 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'. 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 Net Trade Debtors. 6. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 7. 'Equity Investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments.



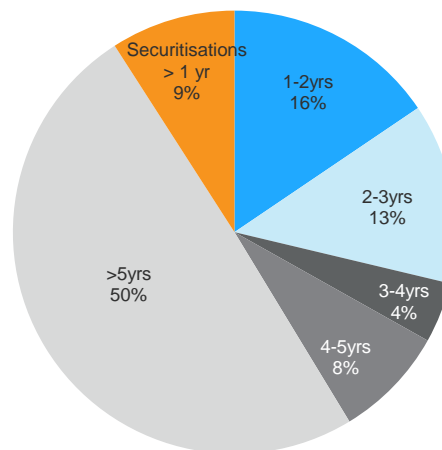
Diversified issuance strategy

Term funding beyond 1 year has a weighted average maturity of 4.6 years¹

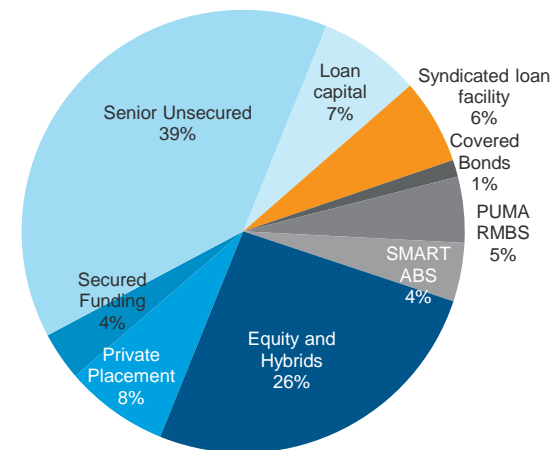
Currency²



Tenor³



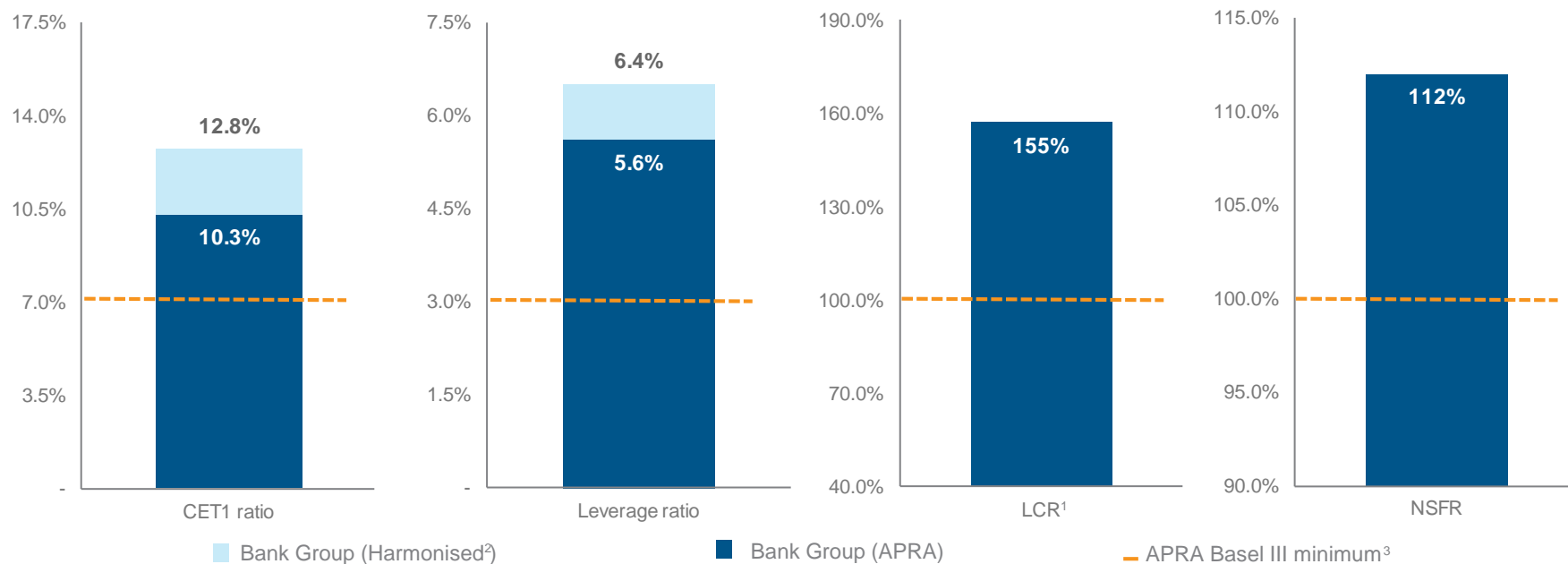
Type





Strong regulatory ratios

Bank Group (Jun 18)

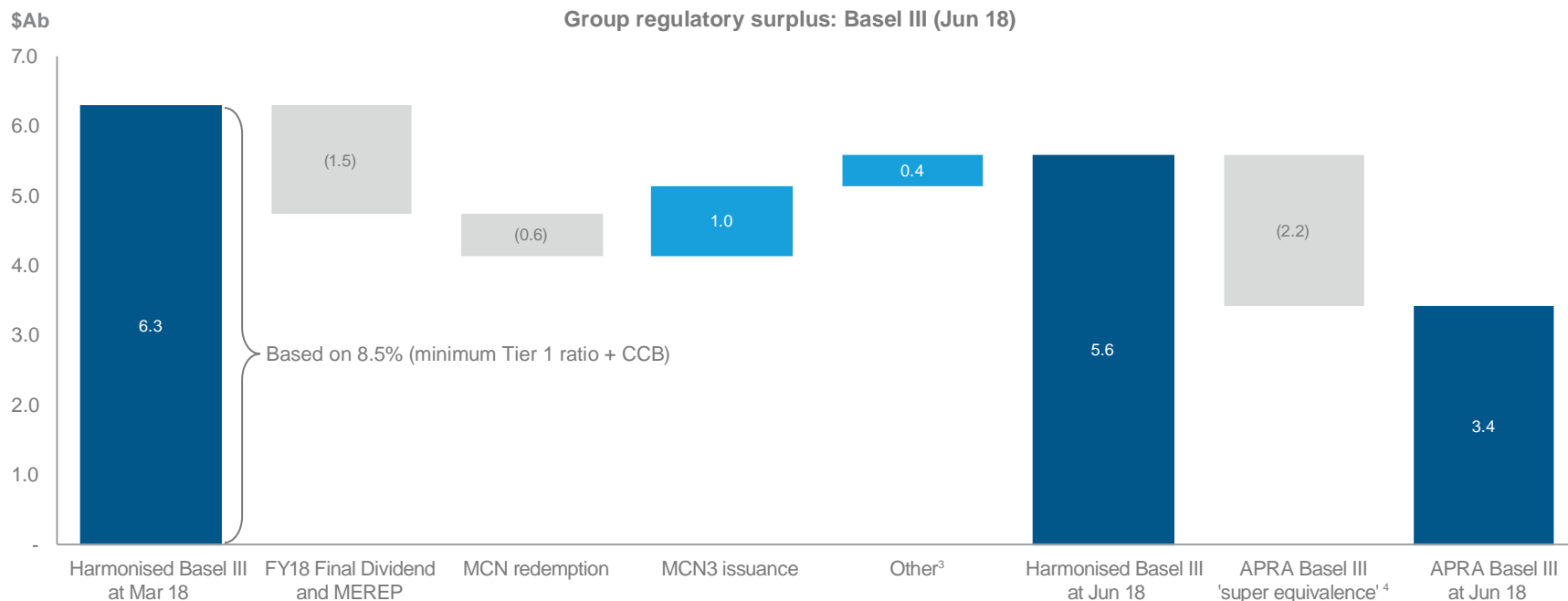


1. Average LCR for Jun 18 quarter is based on an average of daily observations. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes the capital conservation buffer (CCB) in the minimum CET1 ratio requirement. The countercyclical capital buffer (CCyB) is immaterial at 6bps and has not been included. In Feb 18 APRA proposed a minimum leverage ratio requirement for IRB ADIs of 4% effective from 1 Jul 19.



Basel III capital position

APRA Basel III Group capital at Jun 18 of \$A18.8b, Group capital surplus of \$A3.4b^{1,2}



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 \$A4.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. Based on materiality, the Group surplus does not include the countercyclical capital buffer (CCyB) of ~6bps. The individual CCyB varies by jurisdiction and Macquarie's CCyB is calculated as the weighted average of Macquarie's Bank Group exposures in different jurisdictions. In Jun 18 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing Macquarie's CCyB to ~6bps. 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 (\$A0.7b); capitalised expenses (\$A0.5b); investment into deconsolidated subsidiaries (\$A0.2b); DTAs and other impacts (\$A0.2b).



Regulatory and tax update

- Regulatory capital¹
 - In Jul 17 APRA provided guidance on the level of CET1 capital ratios for Australian banks to be considered 'unquestionably strong', indicating an average increase of 150bps across the industry would be required²
 - In Feb 18, APRA released draft 'unquestionably strong' proposals reinforcing their previous guidance. As the final form of the framework remains uncertain there may be a broader range of potential outcomes for individual banks³
 - Based on existing guidance, Macquarie's surplus capital position remains sufficient to accommodate likely additional requirements
 - In addition, APRA released a discussion paper on their proposed implementation of the leverage ratio with a minimum requirement of 4% from Jul 19
- Proposed changes to APRA's related entities framework⁴
 - In Jul 18 APRA released a discussion paper proposing changes to the related entities framework (APS 222), with implementation from 1 Jan 20 plus any transition granted by APRA
 - The impact of the final framework remains uncertain. At this stage, Macquarie does not anticipate the proposed changes will have a material impact on results, but may require some restructuring of business activities and legal entities within the Macquarie Group
- US tax reform
 - In the medium term, the impact to Macquarie will be determined by the proportional contribution of earnings from the US in relation to the Group's overall result
 - Based on past performance, Macquarie estimates a reduction of approximately 3-4% in the Group's historical effective tax rate
- Macquarie notes recent press articles, in which Macquarie Bank Limited and a number of other financial institutions are mentioned in relation to a large-scale review by German authorities concerning dividend trading between 2006 and 2012. Macquarie has previously provided for these matters, and continues to assist the German authorities with their investigations

1. The Basel Capital Framework applies to the Bank Group only. 2. APRA's information paper published Jul 17: 'Strengthening banking system resilience – establishing unquestionably strong capital ratios'. 3. 'APRA begins consultation with ADIs on revisions to capital framework'; 14 Feb 18.

4. 'APRA proposes updates to related parties framework for ADIs'; 2 Jul 18.



Capital management update

- Share buyback
 - No buying occurred during 1Q19. Macquarie's share buyback program remains in place, with any share purchases subject to a number of factors including the Group's capital surplus position, market conditions and opportunities to deploy capital by the businesses
- Macquarie Group Capital Notes 3 (MCN3)
 - On 7 Jun 18, Macquarie announced that it had issued 10,000,000 MCN3 at an issue price of \$A100 each, raising \$A1b. The MCN3 offer facilitated the redemption of \$A600m Macquarie Group Capital Notes (MCN) issued by Macquarie



Long standing conservative risk management framework

- Macquarie's core risk management principles have remained stable and continue to be effective
- 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 is sought at an early stage in the decision-making process. The approval document submitted to senior management includes independent input from RMG on risk and return.</p>

- Macquarie's approach to risk is supported by the Risk Management Group
- Macquarie determines aggregate risk appetite by assessing risk relative to earnings, with allowance made for the loss-absorbing ability of the current regulatory capital surplus

02 | Macquarie's Operating Groups





Macquarie overview

Annuity-style businesses (~70%)

Macquarie Asset Management (MAM)

Top 50 global asset manager with \$A534.1b¹ of assets under management

Provides clients with access to a diverse range of capabilities and products, including infrastructure, real assets, equities, fixed income, liquid alternatives and multi-asset investment management solutions

Corporate and Asset Finance (CAF)

Global provider of specialist finance and asset management solutions, with a \$A34.1b¹ asset and loan portfolio

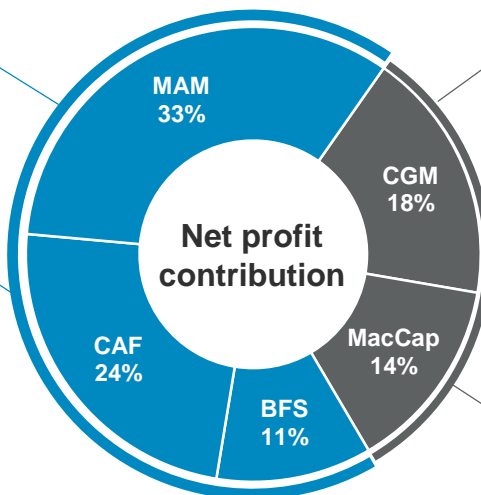
Asset Finance has global expertise in aircraft, vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment

Principal Finance provides flexible primary financing solutions and engages in secondary market investing, across the capital structure. It operates globally in both corporate and real estate sectors

Banking and Financial Services (BFS)

Macquarie's retail banking and financial services business with a \$A42.4b¹ Australian loan portfolio, funds on platform² of \$A86.8b¹ and total BFS deposits³ of \$A46.9b¹

Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients



Capital markets facing businesses (~30%)

Commodities and Global Markets (CGM)

Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities

Provides clients with risk and capital solutions across physical and financial markets

Diverse platform covering more than 25 market segments, with more than 160 products

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

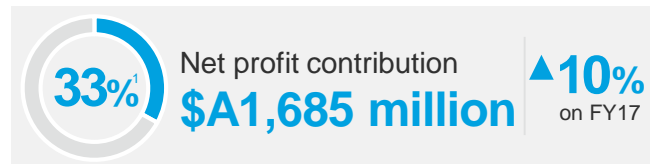
Macquarie Capital (MacCap)

Global capability across infrastructure, energy, real estate, telecommunications, media, technology, consumer, gaming and leisure, business services, resources, industrials and financial institutions in: M&A advisory; equity and debt capital markets; and balance sheet positions

Invests Macquarie's balance sheet to develop and create assets, platforms and businesses in the infrastructure, energy and real estate sectors, and partnering primarily with financial sponsor clients to provide capital solutions, particularly in the technology sector

Macquarie Asset Management

Actively manages money for investors across multiple asset classes



Equities



Fixed income



Infrastructure



Real Estate



Energy



Agriculture



Multi-asset



Specialist investments

\$A534.1 billion
assets under management²



No.1

infrastructure manager globally³

MIRA

\$A178.5 billion AUM²

\$A102.1 billion EUM²

130+ infrastructure
and real assets used by
~100 million
people every day⁴

Top 50

global asset manager

\$A348.7 billion

MIM investment funds¹
building retirement savings
of people all over the world

European infrastructure
debt manager of the year⁵

1. Pie chart based on FY18 net profit contribution from operating groups.

2. As at 30 June 2018.

3. Based on AUM. Willis Towers Watson Global Alternatives Survey 2017 (published July 2017).

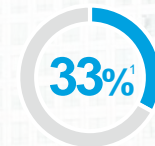
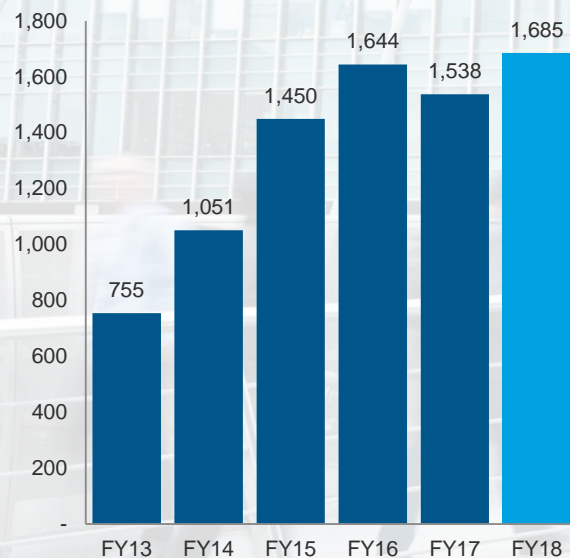
4. MIRA Credentials, 30 September 2017.

5. PDI Annual Awards 2016.

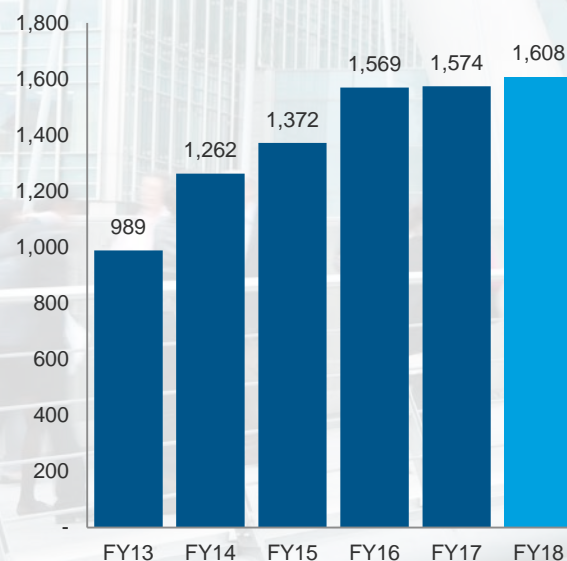
ANNUITY-STYLE BUSINESS

Macquarie Asset Management

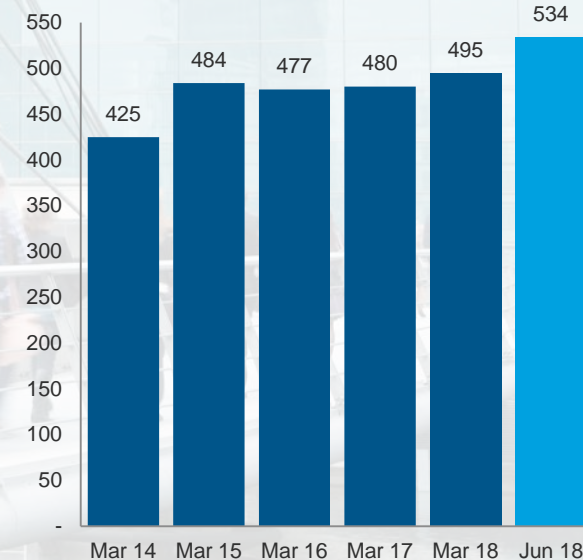
Growth in base fees

Net Profit Contribution² (\$Am)

Base Fees (\$Am)



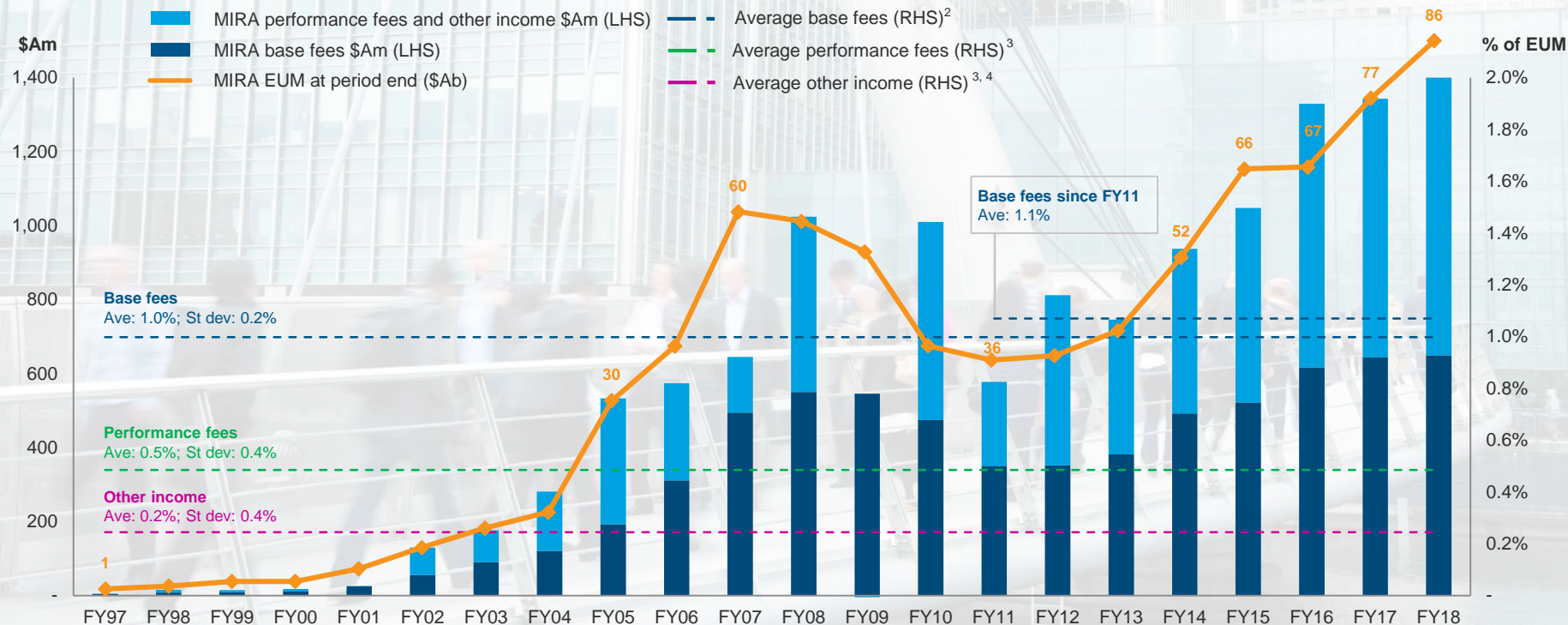
AUM (\$Ab)



1. Pie chart is based on FY18 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

ANNUITY-STYLE BUSINESS

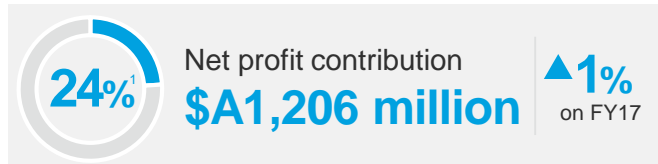
MIRA: Income includes more than base fees

33%¹

1. Pie chart is based on FY18 net profit contribution from operating groups. 2. Average base fees (%) calculated as base fees per financial year / average EUM (Invested). 3. Average performance fees and other income (%) calculated as performance fees and other income per financial year / period end EUM. 4. 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.

Corporate and Asset Finance

Finances the assets **people use every day**



Vehicles



Aircraft



Energy



Technology



Mining
equipment



Healthcare



Multi-family



Infrastructure

\$A34.1 billion
asset and loan portfolio²



MACQUARIE

\$A16.4 billion

Vehicles portfolio²

Leading Australian
vehicle financier

600,000+
cars

9 million

smart meters in the UK
by 2020

\$A8.2 billion

Aviation portfolio²

Leading global aircraft lessor

196
owned planes

\$A37 billion

invested across more than
570 Principal Finance deals
in 9 years³

1. Pie chart based on FY18 net profit contribution from operating groups.

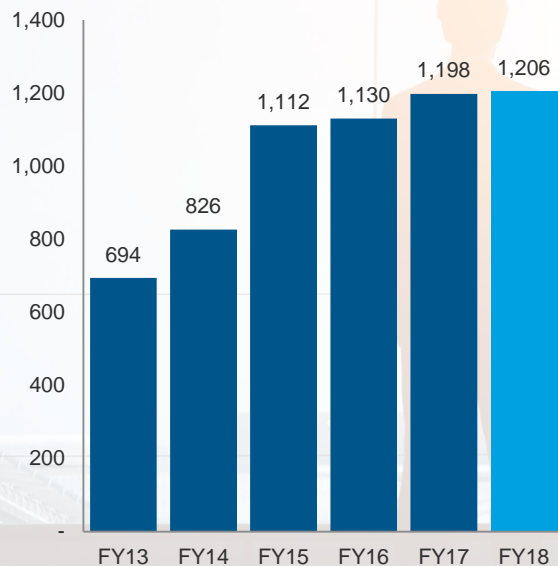
2. As at 30 June 2018. Vehicles portfolio includes General Plant and Equipment.

3. As at 31 March 2018.

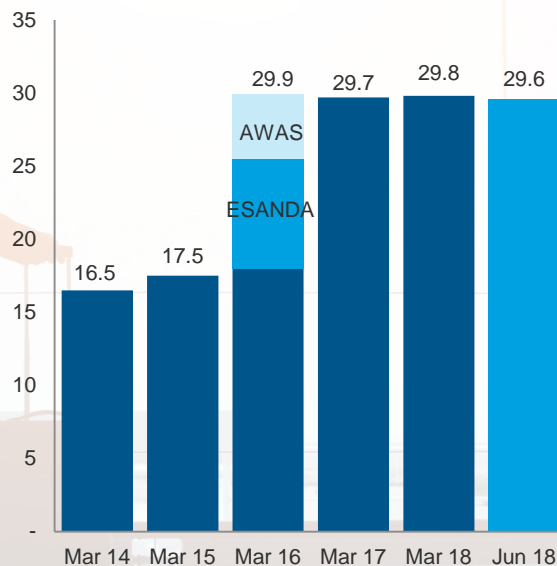
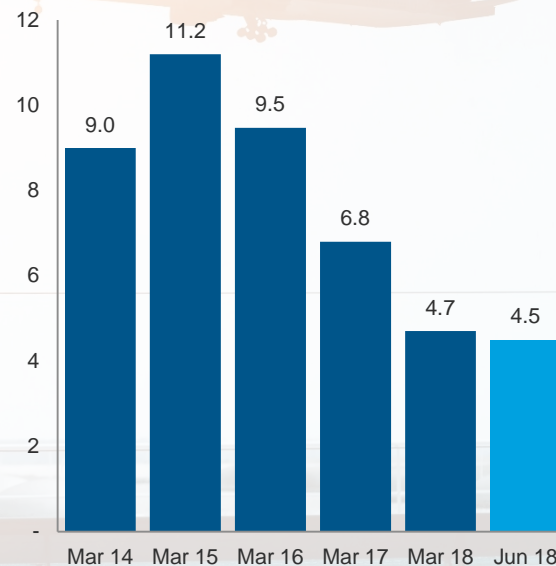
ANNUITY-STYLE BUSINESS

Corporate and Asset Finance

Asset and loan portfolios

24%¹Net Profit Contribution² (\$Am)

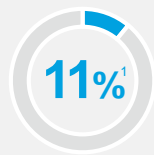
Asset Finance Portfolio (\$Ab)

Principal Finance Portfolio³ (\$Ab)

1. Pie chart is based on FY18 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 3. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio.

Banking and Financial Services

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



Net profit contribution
\$A560 million

▲9%
on FY17

Personal banking



Credit cards



Home loans



Bank accounts

Wealth management



Investments



Financial advice



Wrap

Business banking



Property services



Professional services

More than
1 million
Australian clients



Best
Digital Banking Offering²

Australia's 1st
open banking platform
gives customers control
over their data

Most
Innovative Card Product²

\$A86.8 billion

Funds on platform³

\$A46.9 billion

total BFS deposits⁴

\$A34.3 billion

Australian mortgage portfolio

30+ years bringing
innovation and competition
to **Australian consumers**

1. Pie chart based on FY18 net profit contribution from operating groups.

2. 2017 Australian Retail Banking Awards.

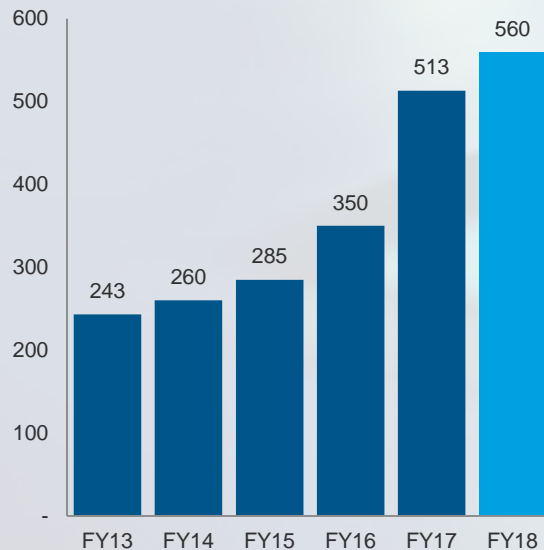
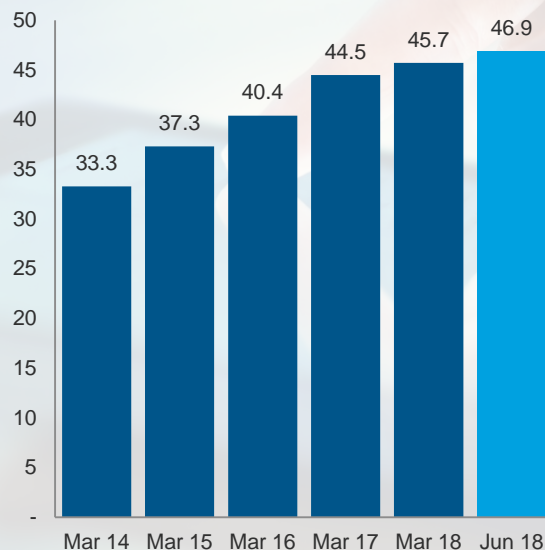
3. As at 30 June 2018. Funds on platform includes Macquarie Wrap and Vision.

4. As at 30 June 2018. BFS deposits exclude corporate/wholesale deposits.

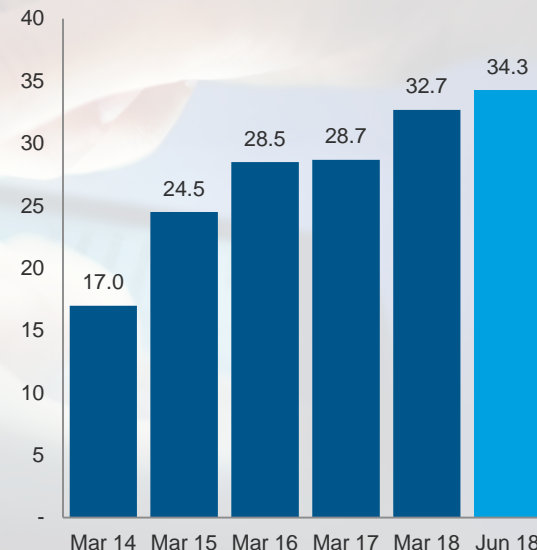
ANNUITY-STYLE BUSINESS

Banking and Financial Services

Growth in BFS deposits and mortgages

11%¹Net Profit Contribution² (\$Am)BFS Deposits³ (\$Ab)


Australian mortgage portfolio (\$Ab)



1. Pie chart is based on FY18 net profit contribution from operating groups. 2. 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. 3. BFS deposits exclude any Corporate/Wholesale deposit balances.

Commodities and Global Markets

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



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



20+
years
in agricultural
markets



15
years
in energy
markets

Market trading across

160+

products in **25+** market segments



MACQUARIE

No.2

US physical gas
marketer in North America²

Differentiated insights on
2,000+ stocks
globally

Derivatives

House of the Year³
Energy

Direct access **50+**
50+ equity exchanges and
liquidity venues

1. Pie chart based on FY18 net profit contribution from operating groups.
2. Platts 1Q CY18.
3. 2018 Energy Risk Awards.

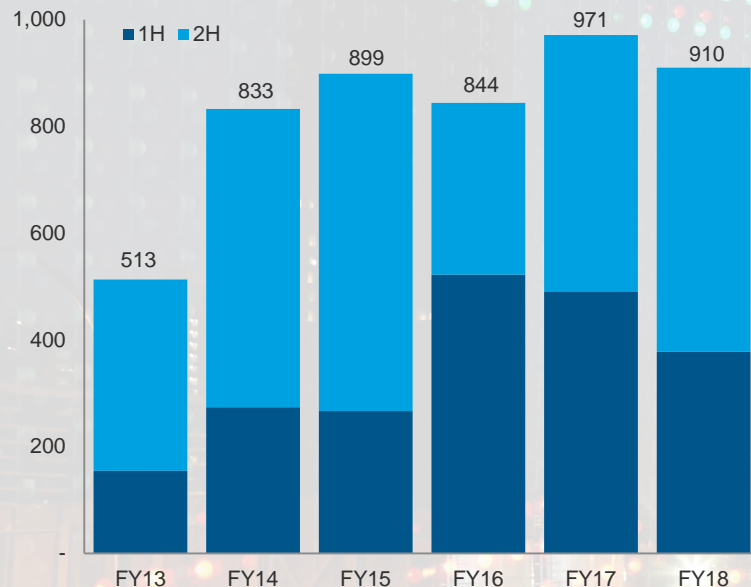
CAPITAL MARKETS FACING BUSINESS

Commodities and Global Markets

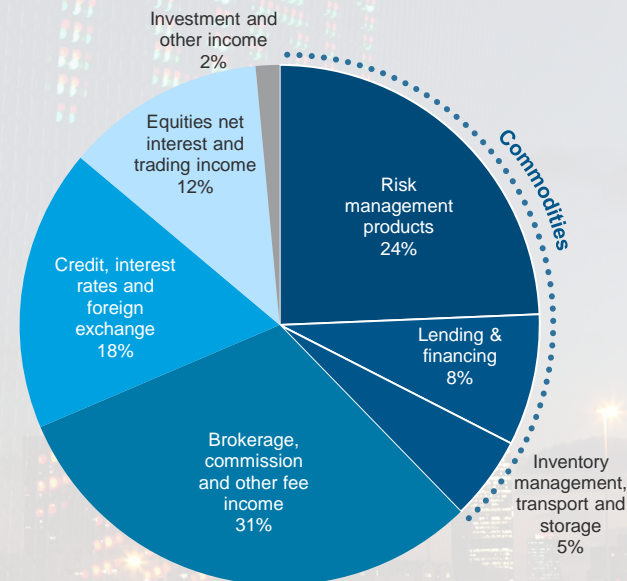
Integrated, end-to-end offering across global markets

18%¹

Net Profit Contribution² (\$Am)



Net Operating Income³



1. Pie chart is based on FY18 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 3. For the full year ended 31 Mar 18, excluding impairment charges, provisions, net gains on sale and internal management (charge)/revenue, based on the Management Discussion & Analysis income classifications.

Macquarie Capital

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



Energy



Infrastructure
and utilities



Real estate



Technology



Telecommunications,
media and entertainment



Resources



Industrials



Financial
institutions

\$A352 billion
completed deals in FY18²



MACQUARIE

Global leader
in green energy infrastructure

No.1 global infrastructure
financial adviser³

No.1 renewables
financial adviser⁴

Global Best Investment Bank
in Infrastructure⁵

No.1 completed
M&A deals, IPOs in Australia⁶

No.2 US Tech
LBO bookrunner⁷

Financial adviser
of the year (GOLD)⁸

1. Pie chart based on FY18 net profit contribution from operating groups.

2. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions, converted at 31 Mar FX rate. Deal values reflect the full transaction value and not an attributed value.

3. Infraction CY17 (by value). 4. Bloomberg CY17. 5. Global Finance Awards (2018). 6. Dealogic FY18 (by value).

7. Infraction CY17 (by value). 8. PPP Awards, Asia Pacific (2017).

CAPITAL MARKETS FACING BUSINESS

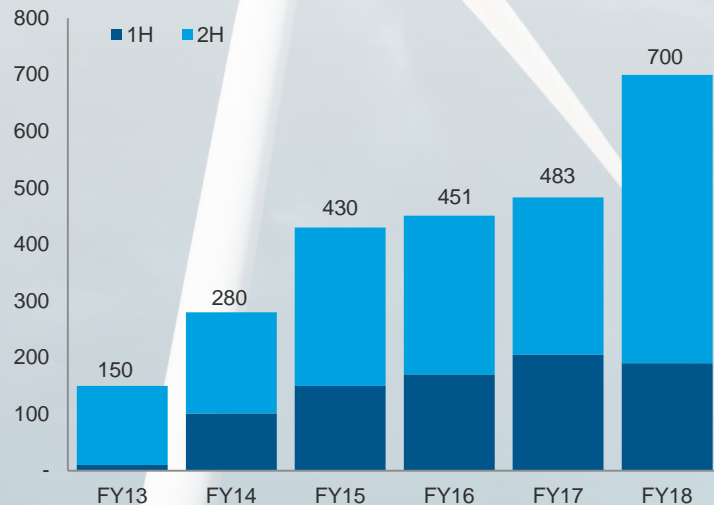
Macquarie Capital

Globally diversified with a core strength in real assets

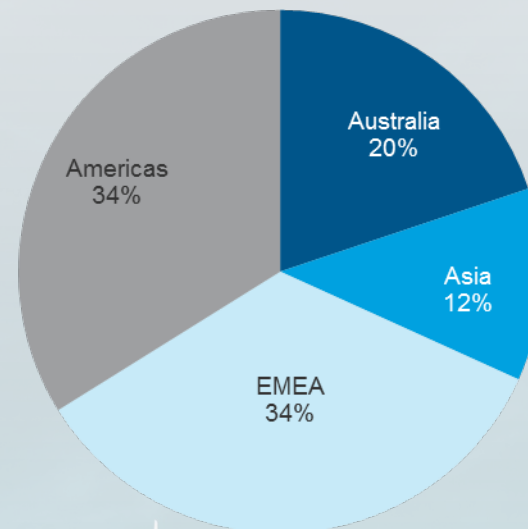


14%¹

Net Profit Contribution² (\$Am)



Income by region³



1. Pie chart is based on FY18 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 3. Income by region reflects FY18 net operating income excluding internal management revenue/(charge).

03 | 1Q19 Update





1Q19 Macquarie update

- Operating groups performing well, in line with expectations
- 1Q19 operating group contribution¹ up on pcp and down on a strong prior quarter

1Q19 contribution¹ vs 1Q18

Annuity-style businesses²	<p>Continued to perform well:</p> <ul style="list-style-type: none"> • Continued strong base and performance fees in MAM • CAF Principal Finance down on pcp; mainly due to the timing of transactions and a reduction in the size of the portfolio. CAF Asset Finance broadly in line with pcp • Continued growth in mortgages, business banking and platforms in BFS. Deposits broadly in line with pcp
Capital markets facing businesses²	<p>Experienced strong trading conditions across most markets:</p> <ul style="list-style-type: none"> • Stronger activity in CGM, particularly in commodity markets and fixed income products • MacCap balance sheet positions performing in line with expectations; solid realisations during the quarter; fee revenue from DCM down on a strong pcp

- 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.

Annuity-style businesses

1Q19 Update



	FY18 contribution ¹	Activity during the quarter
Macquarie Asset Management	33%	<ul style="list-style-type: none"> AUM of \$A534.1b, up 8% on Mar 18, largely due to reaching financial close on previously announced GLL Real Estate Partners and ValueInvest transactions, infrastructure asset acquisitions, and favourable market and FX movements, partially offset by infrastructure asset realisations <ul style="list-style-type: none"> MIRA EUM of \$A102.1b, up 18% on Mar 18 Performance fees from several funds including Atlas Arteria (formerly Macquarie Atlas Roads) MIRA raised equity of \$A5.6b primarily from its Macquarie SuperCore Infrastructure Fund and MEIF5 co-investment, and invested equity of \$A4.8b MIM awarded \$A2.9b in new institutional mandates and contributions funded across 36 strategies from clients in 11 countries MSIS awarded over \$A1b of additional infrastructure debt mandates
Corporate and Asset Finance	24%	<ul style="list-style-type: none"> Asset and Principal Finance portfolio of \$A34.1b, broadly in line with Mar 18 Asset Finance originations in line with expectations Notable Principal Finance transactions included funding the first installation in the 30MWp onsite PPA solar PV roll out for the UK's largest licensed water and sewerage undertaker, and providing financing to the UK's largest provider of construction waste management services
Banking and Financial Services	11%	<ul style="list-style-type: none"> Australian mortgage portfolio of \$A34.3b, up 5% on Mar 18 Funds on platform² of \$A86.8b, up 5% on Mar 18 Business banking loan portfolio of \$A7.5b, up 3% on Mar 18 Total BFS deposits³ of \$A46.9b, up 3% on Mar 18 Awarded Best Cash and Term Deposit Provider at the 2018 SMSF Awards and named as a winner in the 2018 Mozo Experts Choice Awards in the Travel Money/International Money Transfer category

1. Based on FY18 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Funds on platform includes Macquarie Wrap and Vision. 3. BFS deposits excludes corporate/wholesale deposits.

Capital markets facing businesses

1Q19 Update



	FY18 contribution ¹	Activity during the quarter
Commodities and Global Markets	18%	<ul style="list-style-type: none"> Increased client hedging and trading opportunities across the commodities platform, particularly in North American Gas Continued strong customer activity in foreign exchange and futures Strong underwriting income from Cash Equities, particularly in Asia Maintained ranking as No. 2 US physical gas marketer in North America²
Macquarie Capital	14%	<ul style="list-style-type: none"> 115 deals completed to the value of \$A160b, up on pcp (by value) and up on the prior period (by value and volume)³ Fee revenue from ECM and M&A broadly in line with pcp. Fee revenue from DCM down on a strong pcp Balance sheet positions performing in line with expectations with continued realisations during the quarter Ongoing expansion of Green Investment Group (GIG) – completed official launch of GIG in North America and Asia No.1 for completed M&A deals⁴ and ECM deals⁵ in ANZ No.1 for global renewables financial advisory⁶ and global financial advisory in Infrastructure Finance⁷

1. Based on FY18 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Platts 1Q CY18 3. Source: Dealogic and IJ Global for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions, converted at 30 Jun FX rate. Deal values reflect the full transaction value and not attributed value. 4. Dealogic, Apr – Jun 18 (by value and volume). 5. Dealogic, Apr – Jun 18 (by value) 6. Inframation, 1H CY18 (by deal count) 7. IJ Global, 1H CY18 (by deal count).

04 | FY19 Outlook





Factors impacting short-term outlook

Annuity-style businesses

Macquarie Asset Management (MAM)

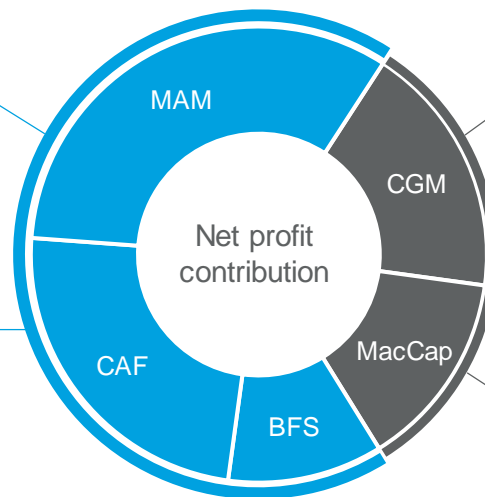
FY18: \$A1.7b up 10% on FY17
 Base fees expected to be up, benefiting from recent acquisitions
 Performance fees and investment-related income (net of impairments) expected to be down

Corporate and Asset Finance (CAF)

FY18: \$A1.2b up 1% on FY17
 Leasing book broadly in line
 Reduced loan volumes in Principal Finance
 Timing and level of early prepayments and realisations in Principal Finance

Banking and Financial Services (BFS)

FY18: \$A0.6b up 9% on FY17
 Higher loan portfolio, deposit and platform volumes
 NIM pressure due to higher costs



Capital markets facing businesses

Commodities and Global Markets (CGM)

FY18: \$A0.9b down 6% on FY17
 Strong customer base expected to drive consistent flow across Commodities, Fixed Income and Futures
 Improved result in equities
 Reduced impact from timing of revenue recognition driven by accounting volatility

Macquarie Capital (MacCap)

FY18: \$A0.7b up 45% on FY17
 Assume market conditions broadly consistent with 2H18
 Solid pipeline of realisations expected

Corporate

Compensation ratio to be consistent with historical levels
 Based on present mix of income, along with the favourable impacts of US tax reform, the FY19 effective tax rate is expected to be down on FY18



Short-term outlook

- The Group's result for FY19 is currently expected to be broadly in line with FY18
 - 1H19 result is expected to be broadly in line with the 1H18 result, which included strong performance fees in MAM
- Our short-term outlook remains subject to:
 - The conduct of period end reviews and the completion rate of transactions. We note that the sale of Quadrant Energy has not been included in our current outlook
 - Market conditions
 - The impact of foreign exchange
 - Potential regulatory changes and tax uncertainties
 - Geographic composition of income



Medium-term

- Macquarie remains well positioned to deliver superior performance in the medium-term
- Deep expertise in major markets
- Build on our strength in 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 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 18

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. FY18 Return on Ordinary Equity ²	Approx. 12-Year Average Return on Ordinary Equity ²
Annuity-style businesses	8.9		
Macquarie Asset Management	2.2		
Corporate and Asset Finance	4.2	23%	20% ³
Banking and Financial Services	2.5		
Capital markets facing businesses	5.9		
Commodities and Global Markets	3.3		
Macquarie Capital	2.6	15%	15% - 20%
Corporate	0.1		
Total regulatory capital requirement @ 8.5%	14.9		
Group surplus	4.2		
Total APRA Basel III capital supply	19.1⁴		

1. Business Group capital allocations and are based on 31 Dec 17 allocations adjusted for forecast material movements over the Mar 18 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on Operating Group's forecast FY18 net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Equity is based on the quarterly average equity usage from FY17 to FY18 inclusive. FY18 equity is based on 31 Dec 17 allocations adjusted for forecast material movements over the Mar 18 quarter. 12-year average covers FY07 to FY18, inclusively. 3. CAF returns prior to FY11 excluded from 12-year average as not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of \$A17.4b of ordinary equity and \$A2.7b of hybrids.



Medium-term

Annuity-style businesses

Macquarie Asset Management (MAM)

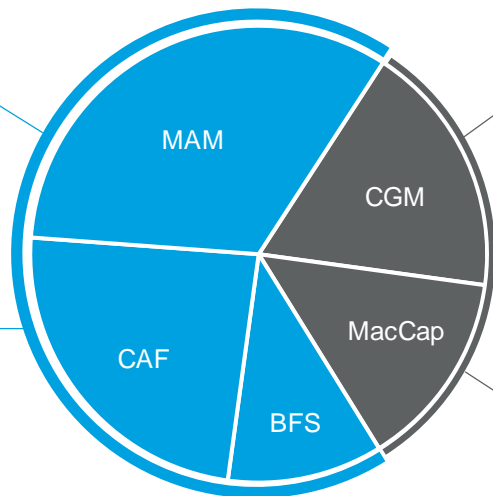
- Annuity-style business that is diversified across regions, products, asset classes and investor types
- Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions
- Well positioned for organic growth with several strongly performing products and an efficient operating platform

Corporate and Asset Finance (CAF)

- Leverage deep industry expertise to maximise growth potential in asset and loan portfolio
- Positioned for further asset acquisitions and realisations, subject to market conditions
- Availability of funding from asset securitisation throughout the cycle

Banking and Financial Services (BFS)

- 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)

- 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
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform and further integration of the business across CGM

Macquarie Capital (MacCap)

- Positioned to benefit from any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each region and sector

A | APPENDIX

Select slides from result announcement for the full year ended 31 March 2018





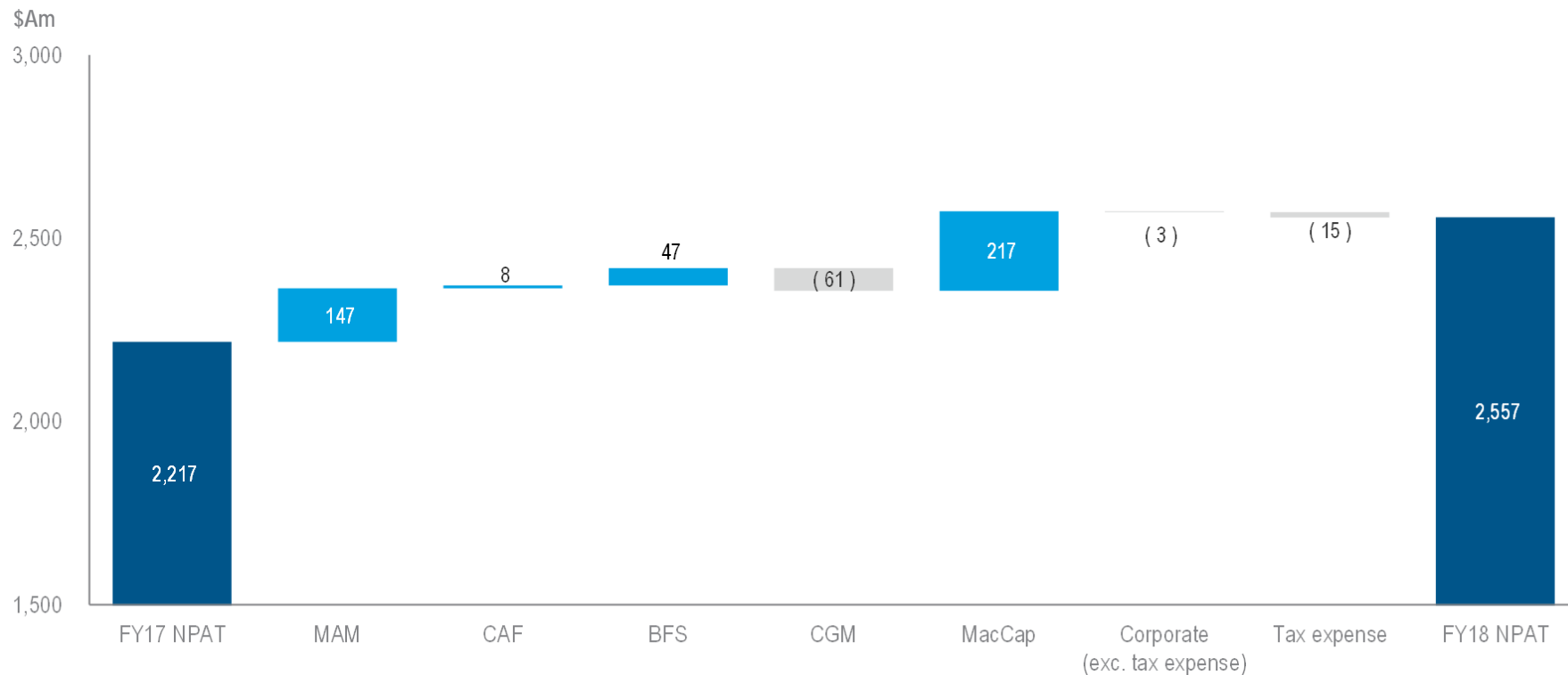
Income Statement key drivers

	2H18 \$Am	1H18 \$Am	FY18 \$Am	FY17 \$Am
Net interest and trading income	2,051	1,892	3,943	3,943
Fee and commission income	2,102	2,568	4,670	4,331
Net operating lease income	466	469	935	921
Share of net profits of associates and joint ventures	138	103	241	51
Impairments charges	(233)	(70)	(303)	(173)
Provisions for credit losses	9	(72)	(63)	(271)
Other income	990	507	1,497	1,562
Net operating income	5,523	5,397	10,920	10,364
Employment expenses	(2,232)	(2,261)	(4,493)	(4,379)
Brokerage, commission and trading-related expenses	(408)	(422)	(830)	(852)
Other operating expenses	(1,123)	(1,010)	(2,133)	(2,029)
Total operating expenses	(3,763)	(3,693)	(7,456)	(7,260)
Operating profit before tax and non-controlling interests	1,760	1,704	3,464	3,104
Income tax expense	(435)	(448)	(883)	(868)
Non-controlling interests	(16)	(8)	(24)	(19)
Profit attributable to MGL shareholders	1,309	1,248	2,557	2,217

- Net interest and trading income of \$A3,943m was in line with FY17 reflecting:
 - 6% growth in average Australian loan portfolio volumes and a 7% growth in average BFS deposits
 - lower costs of holding long-term liquidity in Corporate
 Offset by:
 - reduction in the Principal Finance portfolio in CAF
 - sustained low volatility and tighter credit spreads in interest rate and credit products in CGM
 - higher funding costs on balance sheet positions in MacCap reflecting increased activity, including the acquisition of Green Investment Group (GIG)
 - impact of the Australian Government Major Bank Levy
- Fee and commission income of \$A4,670m, up 8% on FY17 largely driven by an increase in performance fee income from MIRA managed funds and assets outperforming their respective benchmarks in MAM
- Net operating lease income of \$A935m, up 2% on FY17 benefited from improved underlying income from the Aviation, Energy and Technology portfolios in CAF
- Share of net profits of associates of \$A241m increased mainly due to MAM's share of net profits from the sale of a number of underlying assets within equity accounted investments
- Lower impairments and provisions charge across most Operating Groups due to improved credit conditions, partially offset by the write-down of the investment in MIC
- Other income of \$A1,497m reduced 4% on FY17 driven by higher gains on asset realisations particularly in green energy, conventional energy and infrastructure in MacCap and gains from CAF's Principal Finance investments in the US and Europe, partially offset by the non-recurrence of net gains in FY17 including the sale of Macquarie Life's risk insurance business and the US mortgages portfolio in BFS
- Employment expenses of \$A4,493m, up 3% on FY17 driven by higher performance-related profit share expense, driven by the improved overall performance of the Operating Groups and higher average headcount from acquisitions, partially offset by favourable FX movements
- Other operating expenses of \$A2,133m, up 5% on FY17 mainly due to transaction and integration costs from acquisitions and increased business activity
- Income tax expense of \$A883m, up 2% on FY17 reflects higher profit before tax, offset in part by increased benefit from permanent tax differences. The reduced effective tax rate of 25.7% reflects the change in geographic composition and nature of earnings



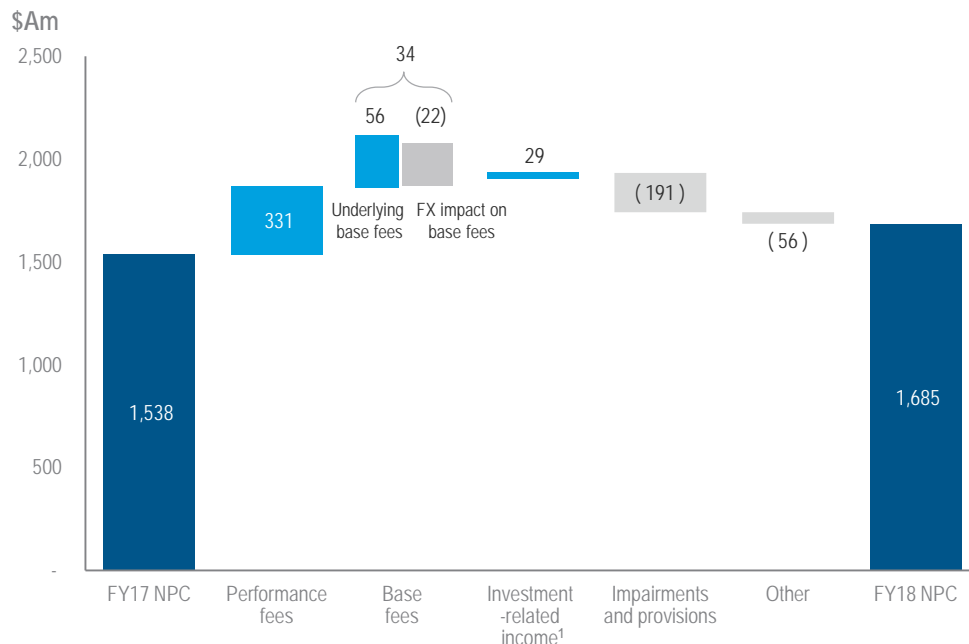
Income Statement by Operating Group





Macquarie Asset Management

Strong result: FY18 benefiting from strong base and performance fees and investment-related income, partially offset by higher impairments



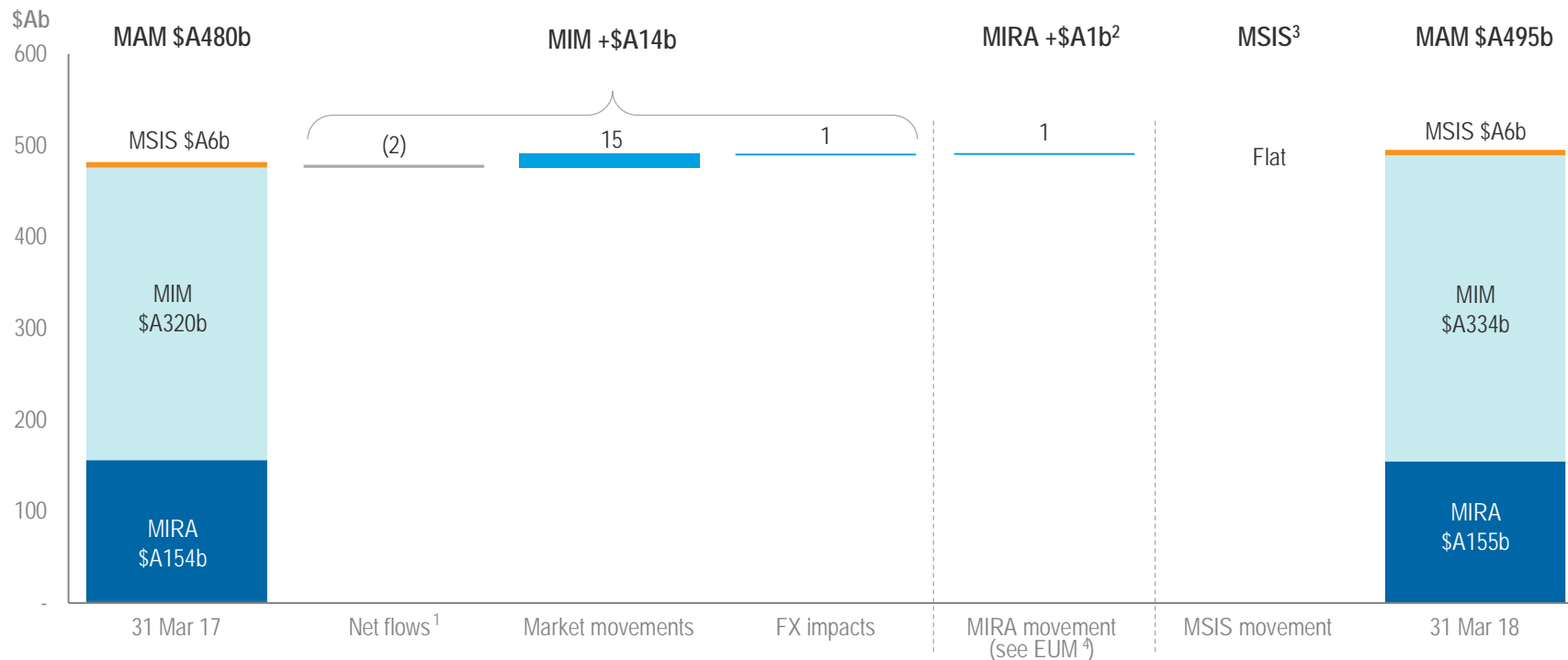
KEY DRIVERS

- Higher performance fees with FY18 benefiting from MEIF3, MQA and other managed funds, Australian managed accounts and Listed Equities
- Underlying base fees up:
 - Increased fees from positive market movements in MIM AUM and investments made by MIRA-managed funds
 - Partially offset by asset realisations by MIRA-managed funds and net flow impacts in the MIM business
- Investment-related income which includes gains from sale and reclassification of certain infrastructure investments and equity accounted income, was broadly in line with a strong FY17
- Increase in impairments largely reflects the write-down of MIRA's investment in MIC
- Other largely relates to increased employment expenses driven by higher average headcount, increased funding costs and lower other fee income in MSIS closed-end funds

1. Represents movement in net gains on sale and reclassification of debt and equity investments and non-financial assets, share of net profits of associates and joint ventures accounted for using equity method, and dividend distribution income.



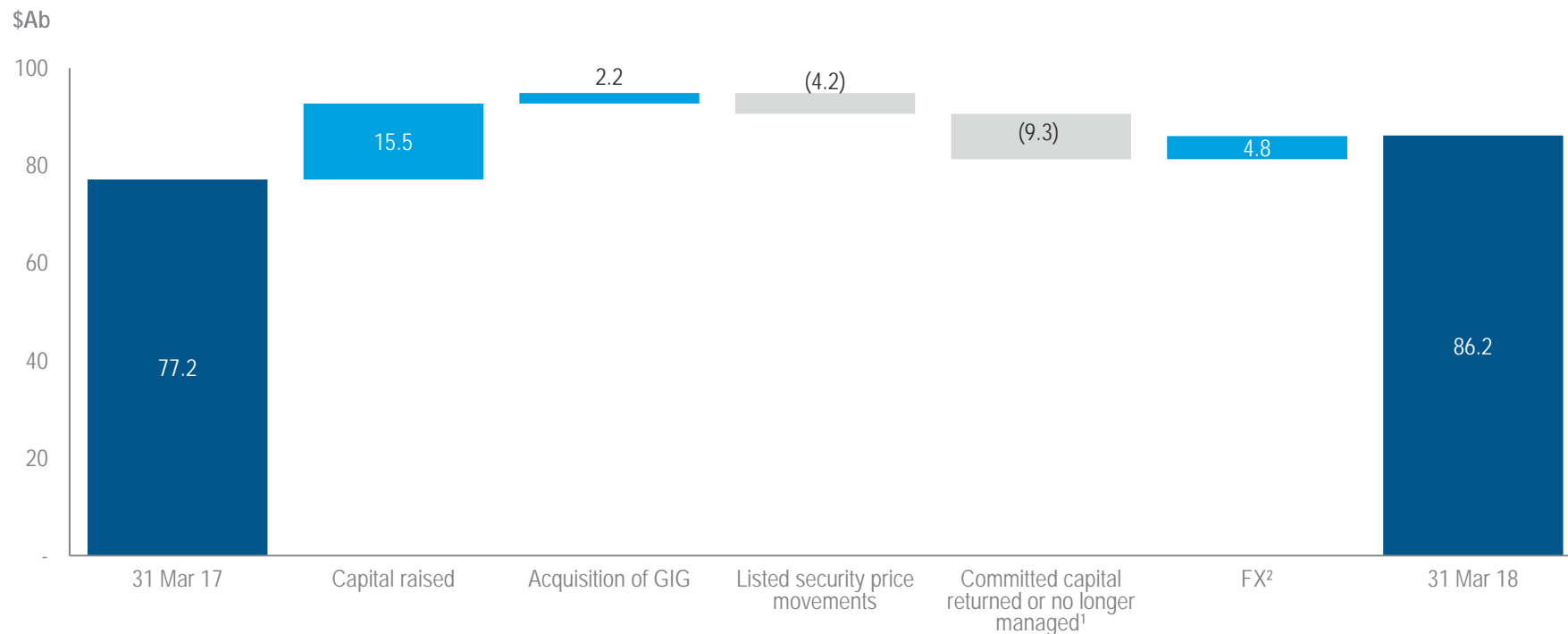
MAM AUM movement



1. Includes movement in contractual insurance assets. 2. Includes divestment of Thames Water by MIRA-managed funds and ceasing asset services to consortia investors (\$A25b). 3. MIDIS increase offset by maturing Australian retail products. 4. 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

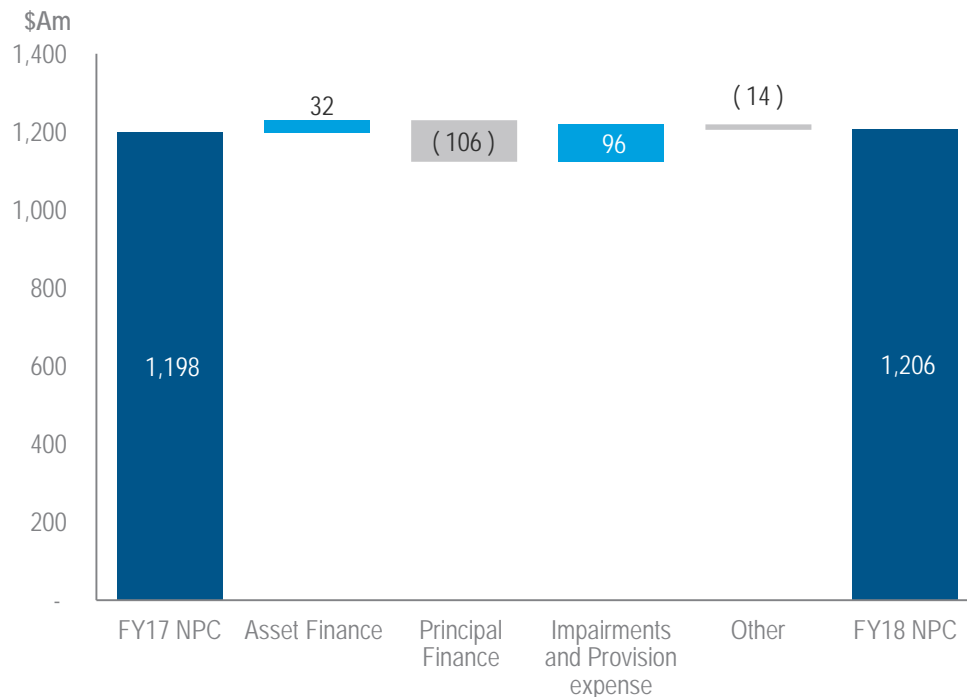


1. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. 2. FX reflects the movement in EUM driven by changes in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

Impact of declining volumes in Principal Finance offset by lower provisions



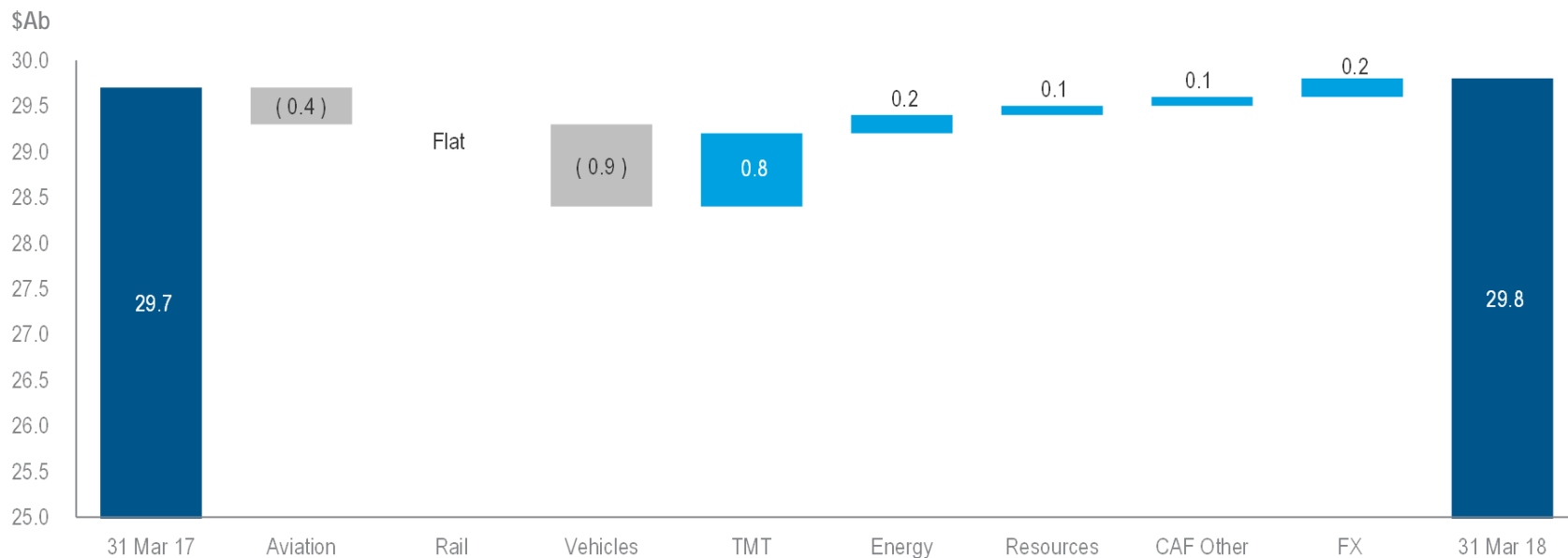
KEY DRIVERS

- Asset Finance contribution increased due to stronger underlying net operating lease income in Aviation and income from Vehicles, which included the sale of the US commercial Vehicles financing business. The remaining portfolios continued to perform well
- Lower Principal Finance contribution with lower interest income as a result of a reduction in the portfolio, partially offset by higher prepayments, realisations and investment-related income
- Lower provision expense reflecting the partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios
- Other mainly comprises one-off Aircraft related income and expenses



Corporate and Asset Finance

Asset Finance movement in the portfolio

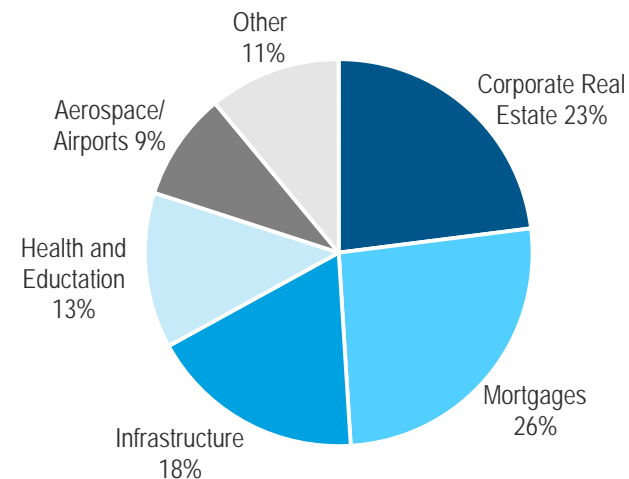
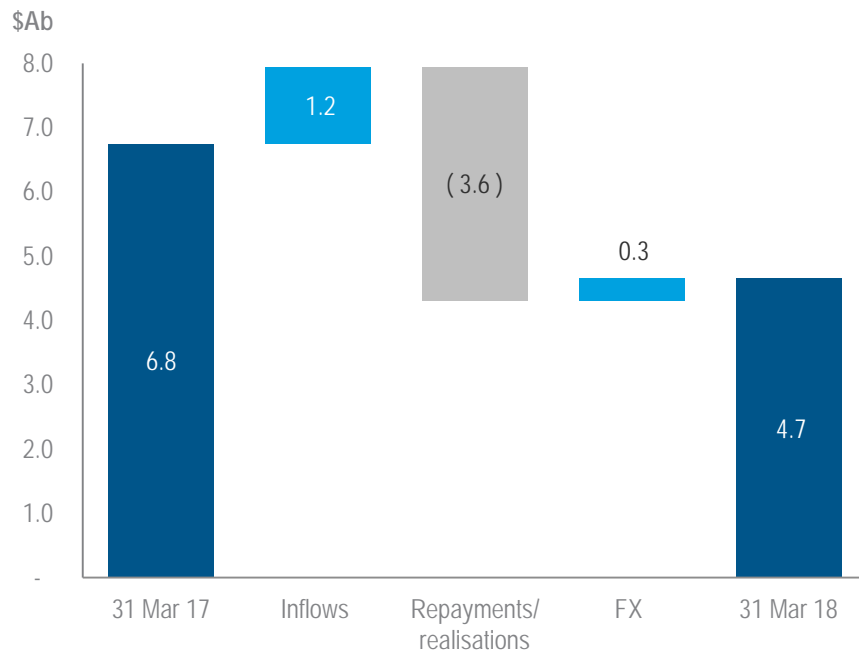




Corporate and Asset Finance

Principal Finance movement in the portfolio

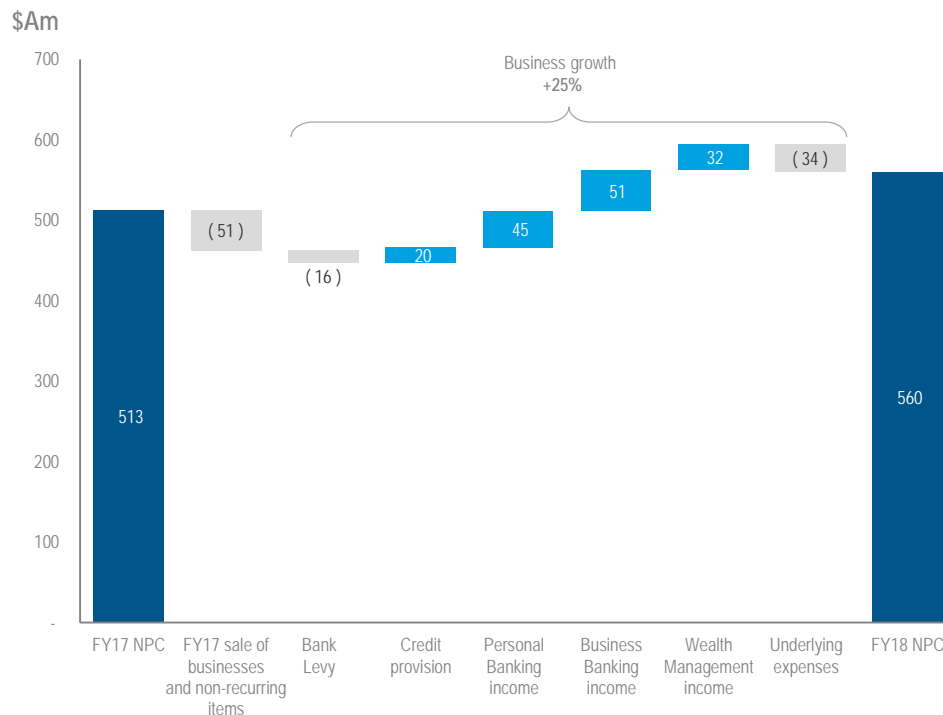
Principal Finance exposure by category





Banking and Financial Services

Stronger volumes offsetting impact of FY17 sale of businesses and non-recurring items



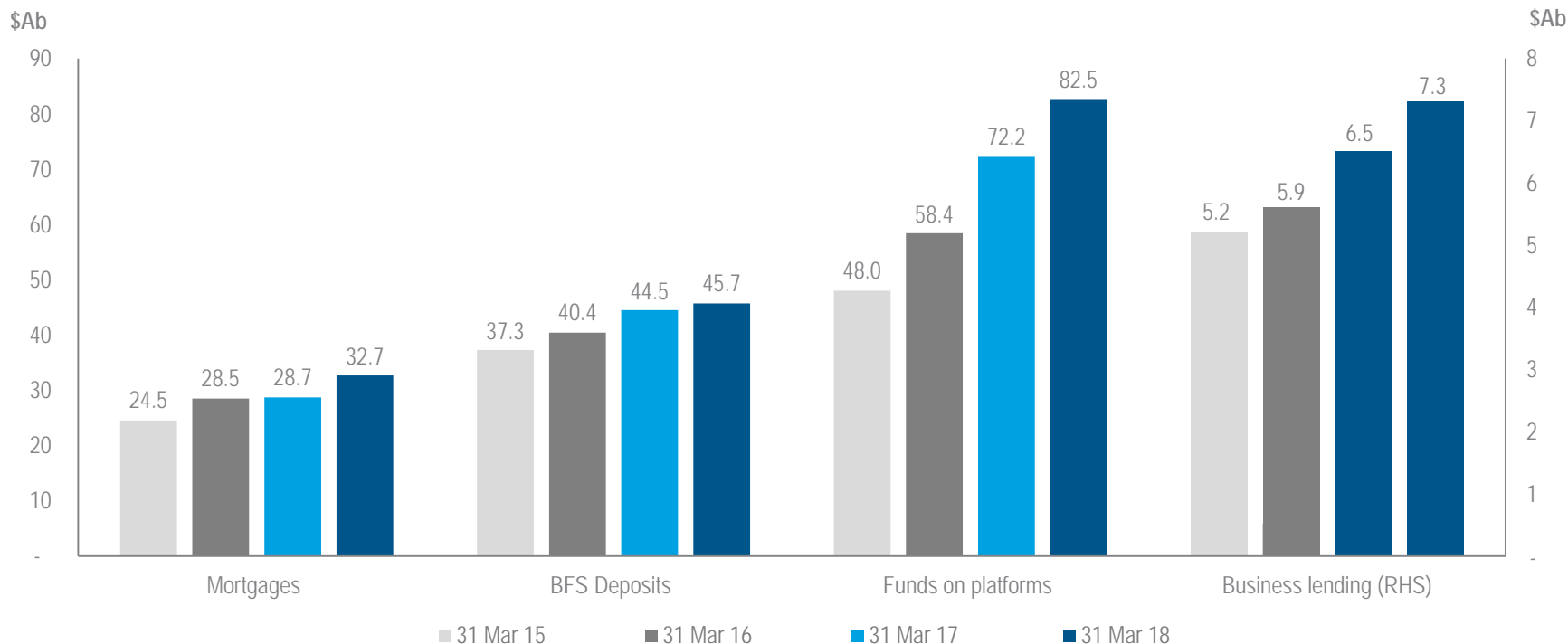
KEY DRIVERS

- FY17 sale of businesses and non-recurring items includes net overall gain on the disposal of Macquarie Life's risk insurance business to Zurich Australia Limited and the US mortgages portfolio, partially offset by expenses in relation to the Core Banking platform and impairment charges on certain equity positions and intangible assets
- Lower credit provisions with FY17 experiencing higher business lending provisions on a small number of loans
- Higher Personal Banking income driven by a 6% increase in average mortgage volumes
- Higher Business Banking income driven by a 7% increase in average business lending volumes, 12% increase in average business deposit volumes
- Higher Wealth Management income driven by a 19% increase in average Funds on platform reflecting ANZ and Vision migrations, net positive client inflows and market movements
- Higher underlying expenses included a 4% increase in average headcount to support growth



Banking and Financial Services

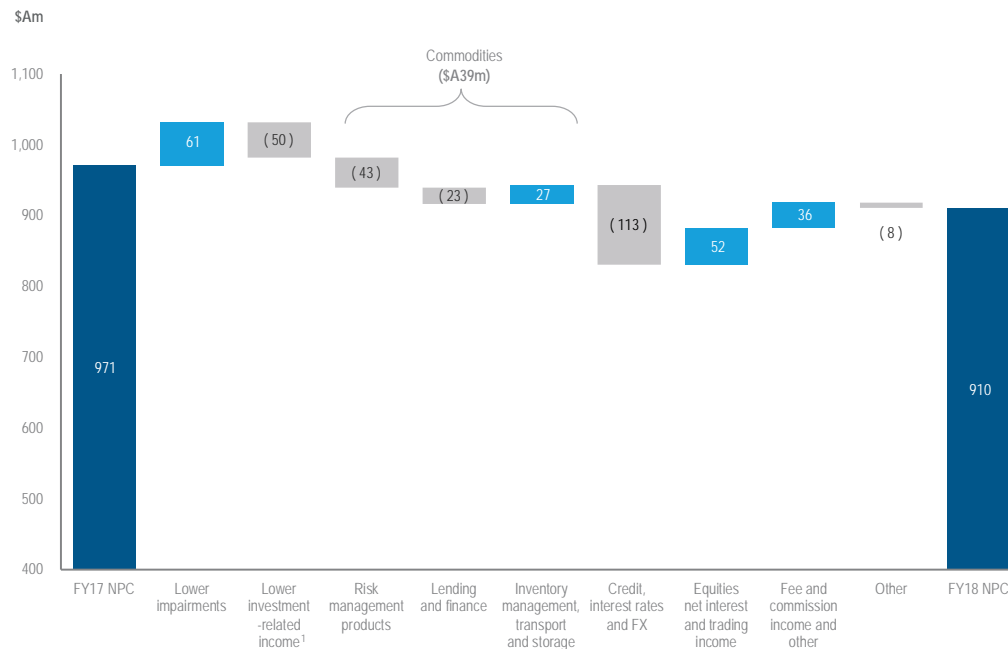
Strong balance sheet growth across the portfolios





Commodities and Global Markets

Strong commodities and FX results in challenging market conditions, equities improving



KEY DRIVERS

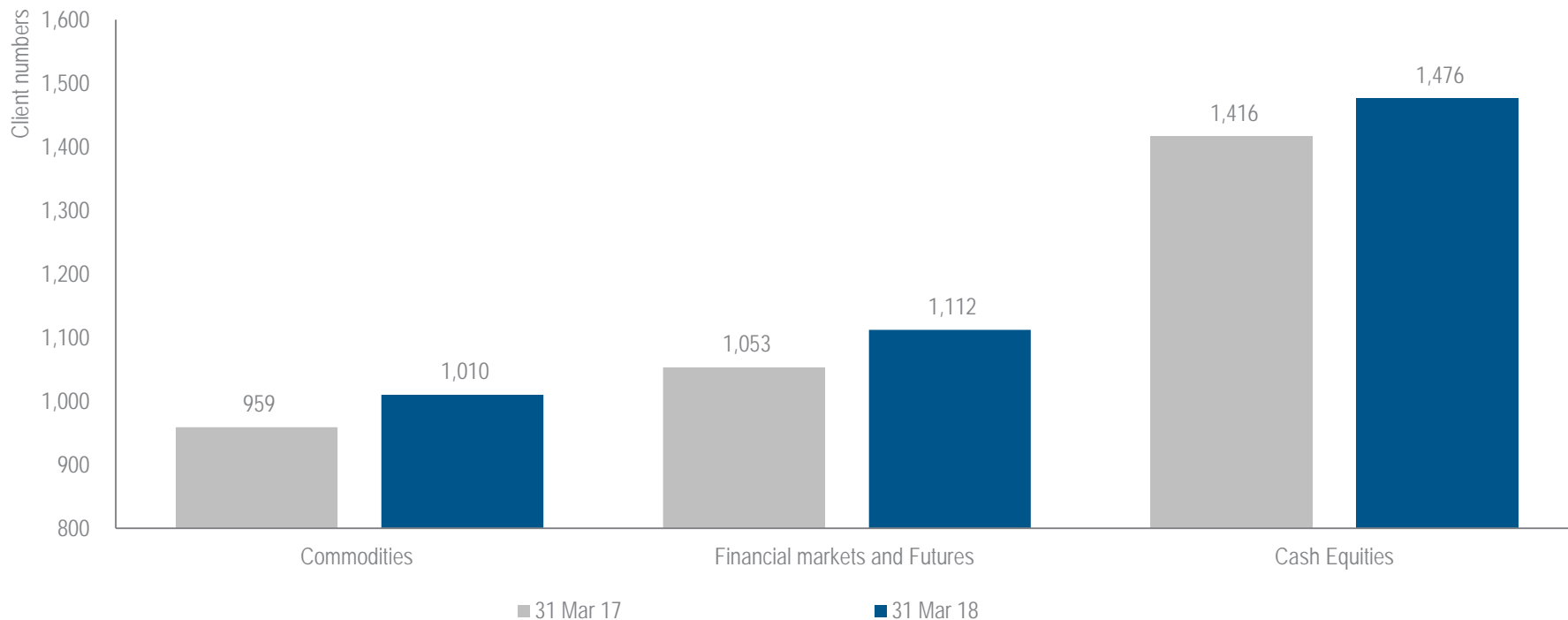
- Lower impairments with FY17 impacted by write-downs of certain underperforming commodity-related loans
- Lower investment-related income with FY17 benefiting from gains on sale of a number of investments, mainly in energy and related sectors
- Net interest and trading income (net of associated expenses)
 - Commodities
 - Lower risk management products reflecting mixed results across the commodities platform with continued subdued volatility impacting client hedging activity and trading opportunities in Global Oil, partially offset by strong activity in North American Gas and Power, Bulk Commodities and continued growth in Commodity Investor Products
 - Lower lending and finance income largely due to a reduction in legacy portfolios in the oil and gas sectors and a reduced contribution from metals financing
 - Higher inventory management, transport and storage income mainly driven by significant opportunities for the North American Gas and Power business to benefit from price dislocations across regions. However, the timing of income recognition in relation to tolling agreements and capacity contracts results in a net \$A144m of income being recognised in future years²
 - Lower interest rates and credit income reflecting
 - reduced client activity in an environment of sustained low volatility and tighter credit spreads
 - unfavourable market conditions impacted trading opportunities
 - partially offset by strong client activity in structured foreign exchange products
 - Stronger equity income reflecting more favourable conditions in Asia, a moderate increase in volatility and strong demand for warrants and structured client capital solutions
 - Increased fee and commission income driven by demand for advisory and structured products primarily in Asia and North America
- Other includes higher expenses due to the impact of the Cargill acquisitions, partially offset by cost synergies following the merger of CFM and MSG

1. Investment-related income includes gain on sale of equity and debt investments and share of net profits of associates and joint ventures using the equity method. 2. In FY17, the timing of income recognition relating to tolling agreements and capacity contracts resulted in a net recognition of \$A7m.



Commodities and Global Markets

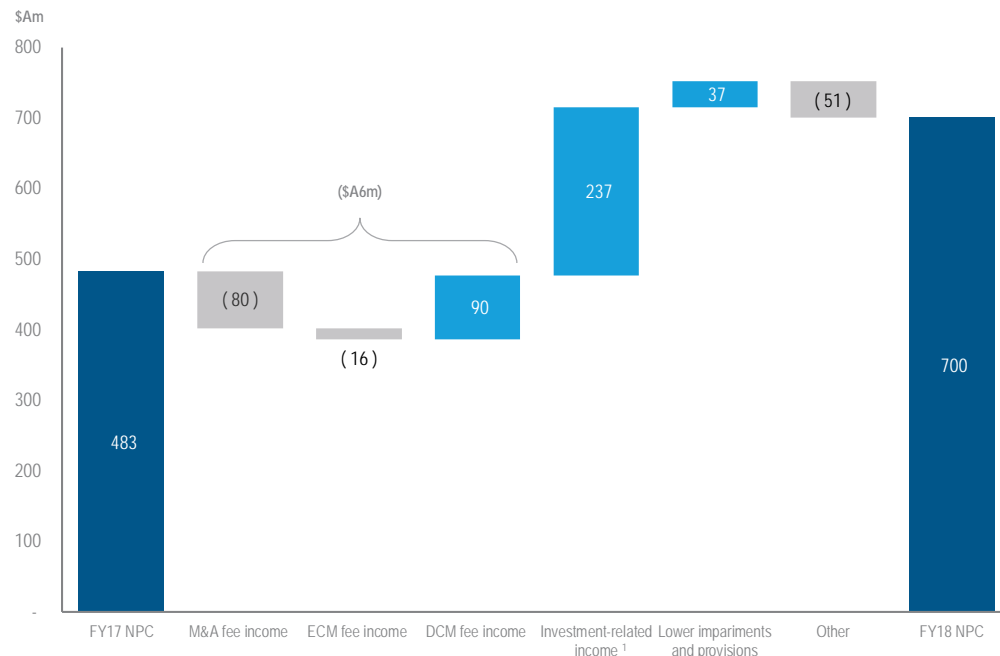
Strong client base





Macquarie Capital

Result driven by strong investment-related income largely in green energy



KEY DRIVERS

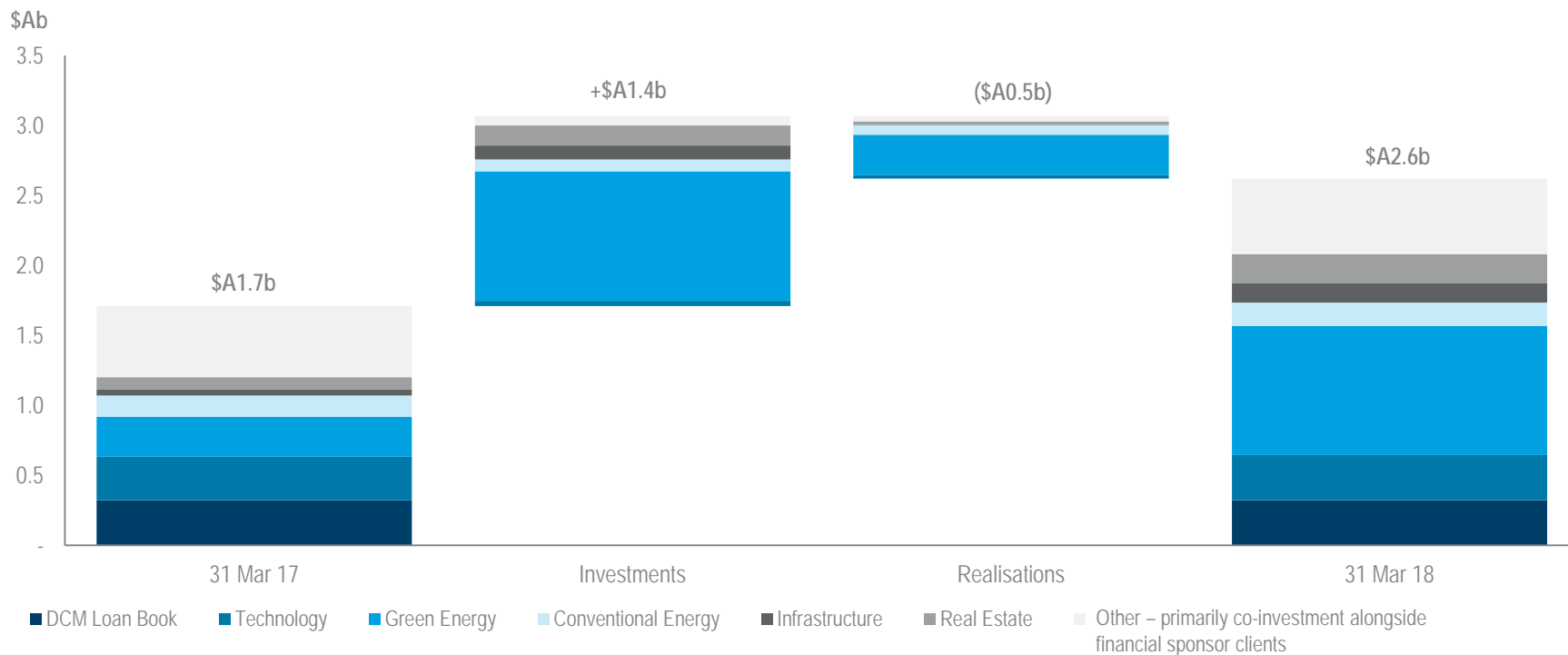
- Fee income broadly in line:
 - M&A: lower fee income across most regions except Europe
 - ECM: reflected a sustained period of lower deal activity in Australia
 - DCM: higher fee income reflected increased market share and client activity in the US
- Stronger investment-related income:
 - Higher revenue from asset realisations across most regions, primarily in the green energy, conventional energy and infrastructure sectors together with gains in the insurance and technology sectors
 - Increase in equity accounted income primarily due to the improved underlying performance of investments
 - Partially offset by higher funding costs for balance sheet positions due to increased activity, including the acquisition of GIG
- Lower provisions for impairment
- Other primarily reflects transaction, integration and ongoing costs associated with the acquisition of GIG and higher operating expenses from increased investing activity

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 balance sheet positions), other income and non-controlling interests.



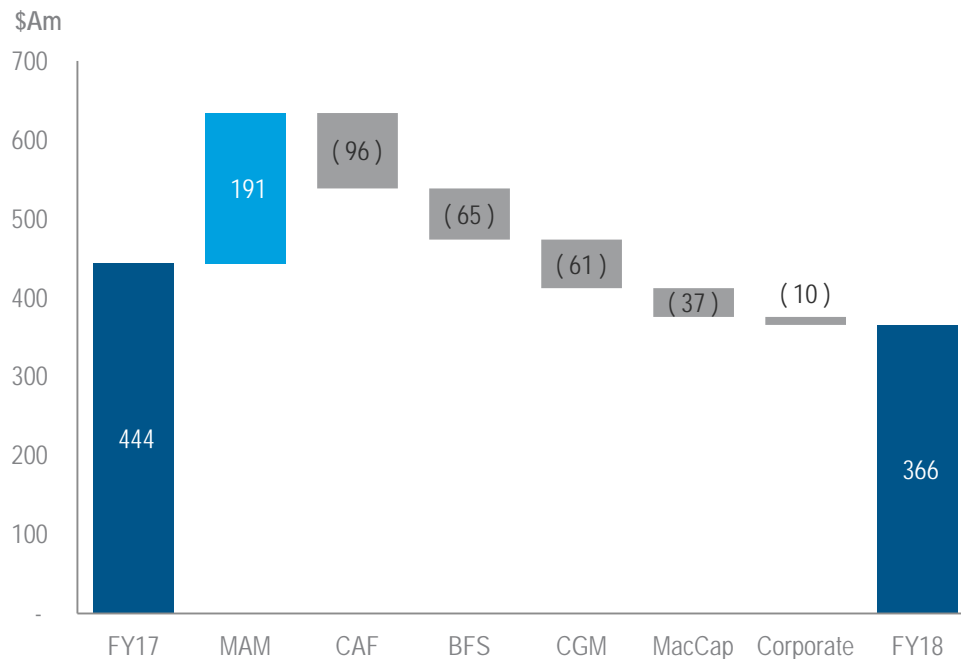
Macquarie Capital

Movement in capital





Impairment and provision expenses



KEY DRIVERS

- Increase in MAM largely reflects the write-down of MIRA's investment in MIC
- Decrease in CAF reflects the partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios
- Decrease in BFS as FY17 impacted by the underperformance of certain equity positions, impairments of intangibles relating to the Core Banking platform and higher business lending provisions on a small number of loans
- Decrease in CGM with FY17 impacted by write-downs of certain underperforming commodity related loans
- Decrease in MacCap with FY18 impacted by a small number of underperforming investments



Costs of compliance

Regulatory project spend	FY18 \$Am	FY17 \$Am
Basel III and liquidity	7	12
OTC reform	8	22
MiFID II	24	6
IFRS 9	14	4
Other Regulatory Projects (e.g. Privacy, Managed Investment)	57	41
Sub-total	110	85
Business as usual compliance spend	FY18 \$Am	FY17 \$Am
Financial, Regulatory & Tax reporting and Compliance	103	115
Compliance policy and oversight	87	79
AML Compliance	29	24
Regulatory Capital Management	18	17
Regulator Levies	10	6
Other Compliance functions (e.g. Privacy, Super, Consumer Protection)	78	78
Sub-total	325	319
Total compliance spend	435	404

- The industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Direct cost of compliance approx. \$A435m in FY18 (excluding indirect costs), up on FY17
- Project spend has increased during FY18, as a result of new projects and additional requirements for specific regulatory and accounting developments (e.g. MiFID II & IFRS 9)



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, up 1% to \$A48.1b as at Mar 18 from \$A47.8b as at Mar 17
- \$A21.8b² of term funding raised during FY18:
 - \$A7.3b public unsecured debt issuances
 - \$A5.1b Macquarie Air Finance Term Loan³
 - \$A3.3b MGL loan facilities⁴
 - \$A3.1b private placements and structured note issuance
 - \$A2.2b mortgage and motor vehicle/equipment secured funding
 - \$A0.8b MGL secured trade finance facility

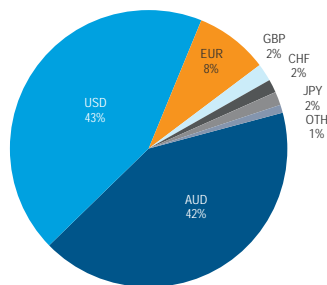
1. Total customer deposits as per the funded balance sheet (\$A48.1b) differs from total deposits as per the statutory balance sheet (\$A59.4b). The funded balance sheet excludes any deposits which do not represent a funding source for Macquarie. 2. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 3. The Macquarie Air Finance Term Loan is a refinance and upsize of the current outstanding AWAS Term Loan. Commitment letters for the Macquarie Air Finance Term Loan were signed prior to 31 Mar 18. 4. Includes \$A3.2b Senior Credit Facility refinance and upsize and \$A0.1b addition to the existing MGL Asian Bank Facility refinanced in FY17.



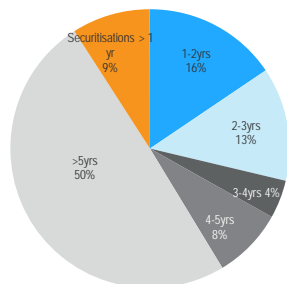
Diversified issuance strategy

Term funding as at 31 Mar 18 – diversified by currency¹, tenor² and type

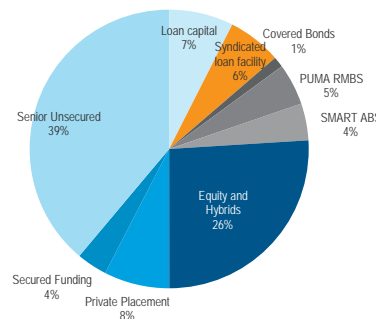
Currency



Tenor

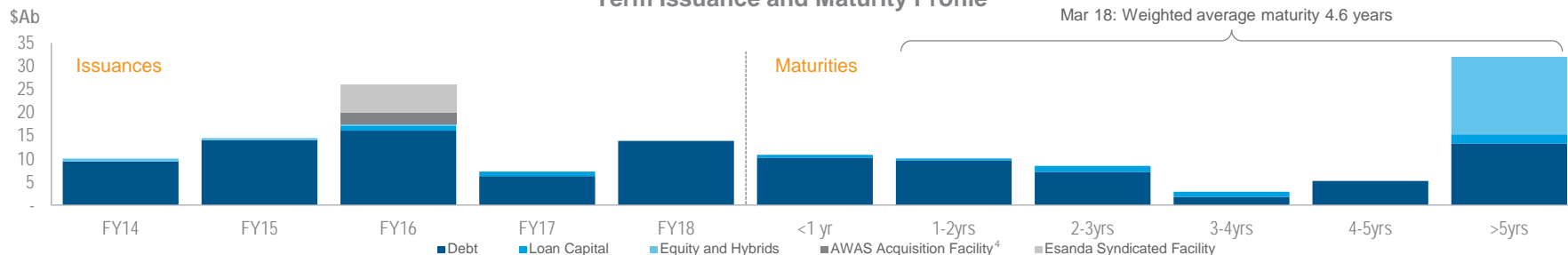


Type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.6 years

Term Issuance and Maturity Profile³



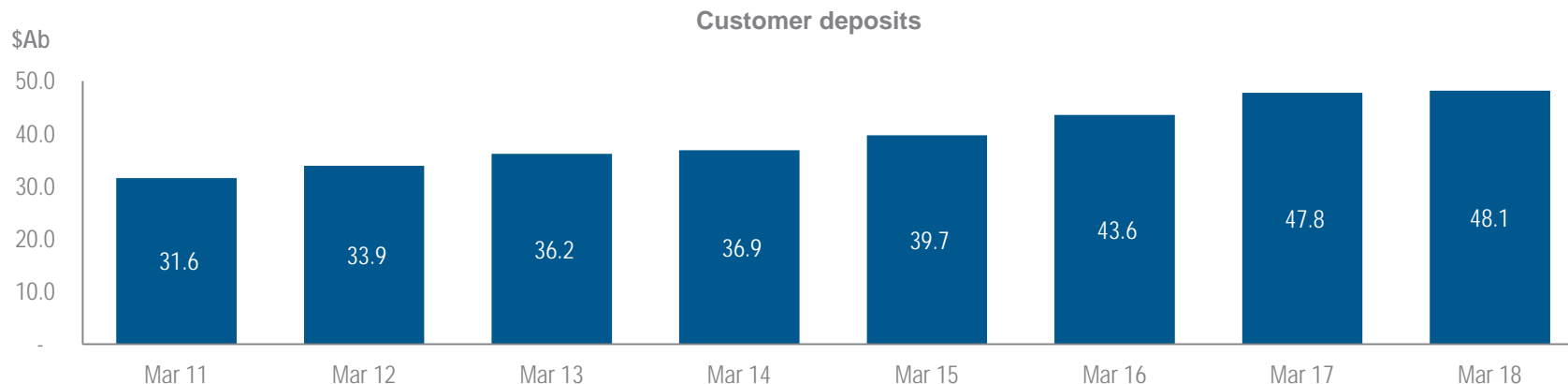
Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances and Maturities exclude securitisations and other secured finance. Issuances are converted to AUD at the 31 Mar 18 spot rate. Maturities shown are as at 31 Mar 18. 4. The Macquarie Air Finance Term Loan is a refinance and upsize of the current outstanding AWAS Term Loan. Commitment letters for the Macquarie Air Finance Term Loan were signed prior to 31 Mar 18.



Continued customer deposit growth

Macquarie has been successful in pursuing its strategy of diversifying its funding sources by growing its deposit base

- In excess of 1 million BFS clients, of which approx. 580,000 are depositors
- Focus on the composition and quality of the deposit base
- Continue to grow deposits, CMA product has an average account balance of approx. \$A42,000



Note: Total customer deposits include BFS deposits of \$A45.7b and \$A2.4b of Corporate/Wholesale deposits.



Loan and lease portfolios¹ – Funded Balance Sheet

Operating Group	Category	Mar 18 \$Ab	Mar 17 \$Ab	Description
CAF	Asset Finance ²	25.1	22.2	Secured by underlying financed assets
	<i>Finance lease assets</i>	<i>14.9</i>	<i>12.2</i>	
	<i>Operating lease assets</i>	<i>10.2</i>	<i>10.0</i>	
	Principal Finance ³	4.8	6.6	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	29.9	28.8	
BFS	Retail Mortgages ^{2,4}	28.7	23.5	Secured by residential property
	<i>Australia</i>	<i>28.7</i>	<i>23.0</i>	
	<i>Canada, US and Other</i>	<i>-</i>	<i>0.5</i>	
	Business Banking ⁴	7.9	7.1	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	36.6	30.6	
CGM	Resources and commodities	3.1	2.5	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.4	2.8	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CGM	5.5	5.3	
MAM	Structured investments	2.7	2.0	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	0.6	0.8	Includes diversified secured corporate lending
Total loan and lease assets per funded balance sheet ⁵		75.3	67.5	

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 \$A81.2b at 31 Mar 18 (\$A76.7b at 31 Mar 17) 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 \$A28.7b differs from the figure disclosed on slide 19 of \$A32.7b in the FY18 result announcement presentation and Asset Finance per the funded balance sheet of \$A25.1b differs from the figure disclosed on slide 18 of \$A29.8b in the FY18 result announcement presentation. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Principal Finance per the funded balance sheet of \$A4.8b includes property and related assets, and differs from the figure disclosed on slide 18 of \$A4.7b in the FY18 result announcement presentation. 4. Securitised business banking portfolio with underlying residential mortgages was included in Retail Mortgages: Australia and has been reclassified to business banking and restated accordingly in Mar 17. 5. Total loan assets per funded balance sheet includes self-securitised assets.



Equity investments of \$A6.8b¹

Category	Carrying value ² Mar 18 \$Ab	Carrying value ² Sep 17 \$Ab	Carrying value ² Mar 17 \$Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.5	1.9	1.6	Includes Macquarie Infrastructure Company, Macquarie SBI Infrastructure Fund, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4
Investments acquired to seed new MIRA products and mandates	0.8	1.4	0.6	Includes held for sale investments acquired to seed new MIRA products and mandates. Balance includes a range of investments including Cadent Gas (gas distribution network in the UK) and other various investments
Other Macquarie managed funds	0.4	0.5	0.5	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	0.6	0.6	0.5	Over 20 separate investments
Telcos, IT, media and entertainment	0.7	0.7	0.6	Over 40 separate investments
Green Energy	1.4	1.0	0.2	Over 30 separate investments. Increase due to a number of additional investments in MacCap
Conventional energy, resources and commodities	0.6	1.0	0.5	Over 50 separate investments
Real estate investment, property and funds management	0.3	0.1	0.1	Over 10 separate investments. Increase includes new real estate investments in MacCap.
Finance, wealth management and exchanges	0.5	0.4	0.4	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	6.8	7.6	5.0	

1. Equity investments per the statutory balance sheet of \$A8.5b (Mar 17: \$A7.2b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A6.8b (Mar 17: \$A5.5b), less available for sale and associates' reserves of nil (Mar 17: \$A0.5b).



Accounting Standard update

AASB.9 *Financial Instruments*

- Full standard adopted from 1 Apr 18
- No material impact to Macquarie on transition
- Key reporting impacts:
 - Reduction in shareholders' equity of approx. \$A125m after tax¹
 - Approx. impact of \$A100m on Group capital; Bank CET1 capital ratios not materially impacted
 - Increase in credit provisions reflecting the change from incurred loss to expected loss and new forward looking approach, which will introduce some volatility to provisioning levels moving forward
 - A number of assets will change to be fair value through profit and loss including equity investments (no change to associates), reverse repurchase arrangements, and some lending assets. No material impact on transition, however will introduce some additional volatility subject to asset mix and market conditions
 - Early adoption of hedge accounting requirements with no transition impact

1. This relates primarily to the implementation of the impairment requirements which will result in a reduction in opening retained earnings by approx. \$A150m after tax.

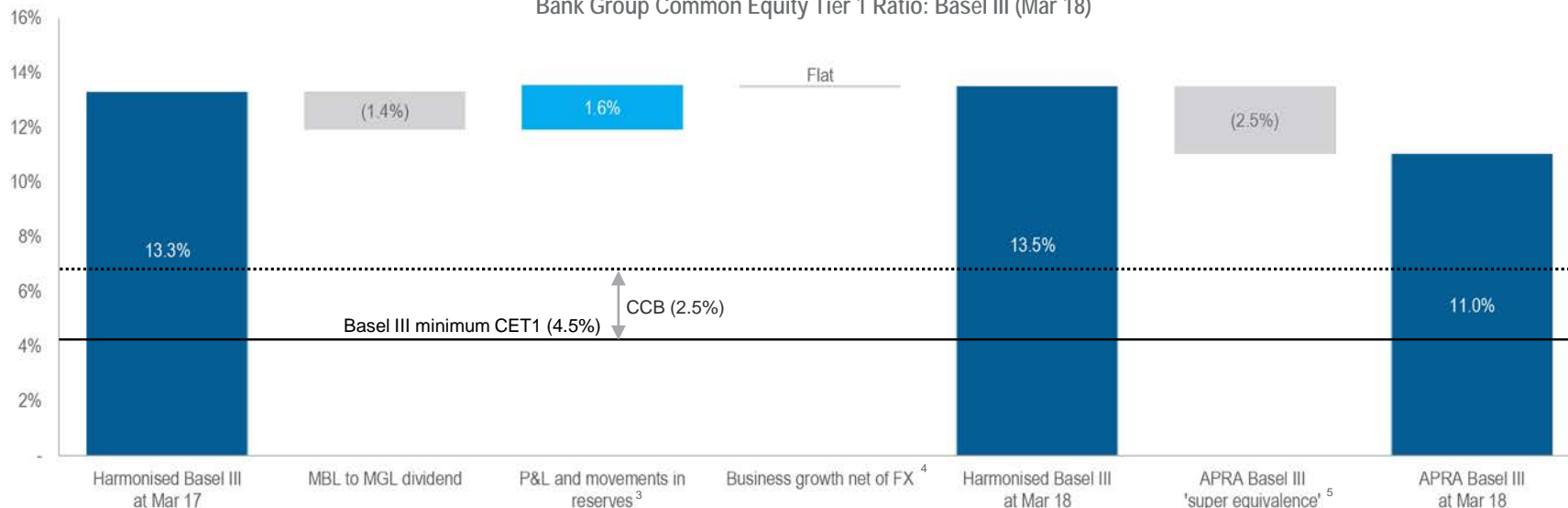


Bank Group Basel III Common Equity Tier 1 (CET1) Ratio

APRA Basel III CET1 ratio: 11.0%¹

Harmonised Basel III CET1 ratio: 13.5%²

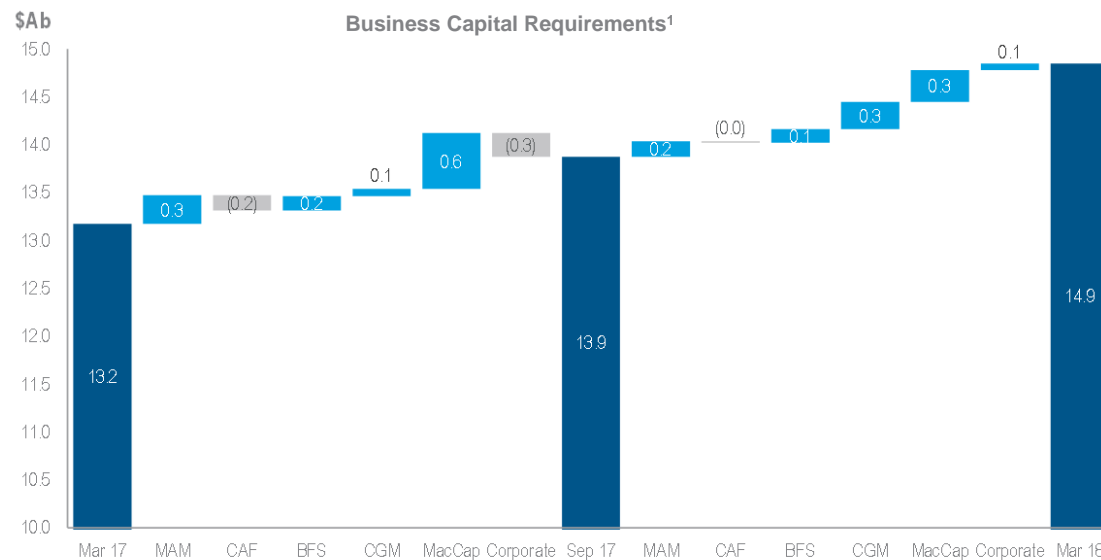
Bank Group Common Equity Tier 1 Ratio: Basel III (Mar 18)



1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 18: 12.8%. APRA Basel III CET1 ratio at Sep 17: 11.0%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 18: 15.3%. 3. Excluding foreign currency translation reserve. 4. 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 (1.0%); equity investments (0.5%); capitalised expenses (0.5%); investment into deconsolidated subsidiaries (0.2%); DTAs and other impacts (0.3%).



Business growth



KEY DRIVERS

- Increase in MAM of \$A0.5b mainly due to acquisitions:
 - Net increase of \$A0.1b due to on-balance sheet investments to seed new MIRA products and mandates
 - Net increase of \$A0.4b due to off-balance sheet commitments and other requirements, including GLL Real Estate and ValueInvest
- Decrease in CAF of (\$A0.2b) due to Principal Finance repayments and a decline in the vehicles portfolio
- Increase in BFS of \$A0.3b due to growth in the mortgages and business banking portfolios
- Increase in CGM of \$A0.4b due to Cargill acquisitions and increases in commodities and foreign exchange
- Increase in Macquarie Capital of \$A0.9b primarily due to the acquisition of the GIG and continued transaction activity, particularly in green energy
 - Net increase of \$A0.7b due to on-balance sheet investments primarily reflecting the acquisition of GIG and continued transaction activity
 - Net increase of \$A0.2b due to off-balance sheet commitments and other requirements driven by continued transaction activity, particularly in green energy

Given significant business growth in FY18, Macquarie did not purchase any shares under the share buyback program announced at the 1H18 result announcement; the program remains in place, with any share purchases subject to a number of factors including the Group's capital surplus position, market conditions and opportunities to deploy capital by the businesses

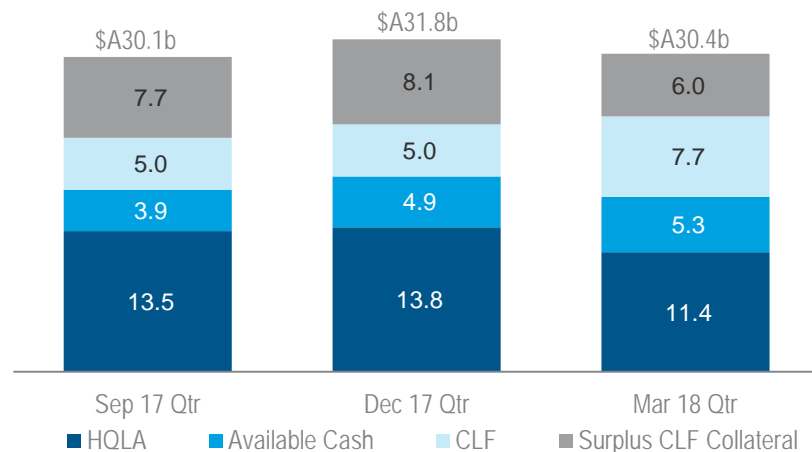
1. Regulatory capital requirements are calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110 as shown in the 'Approximate business Basel III Capital & ROE' (slide 43).



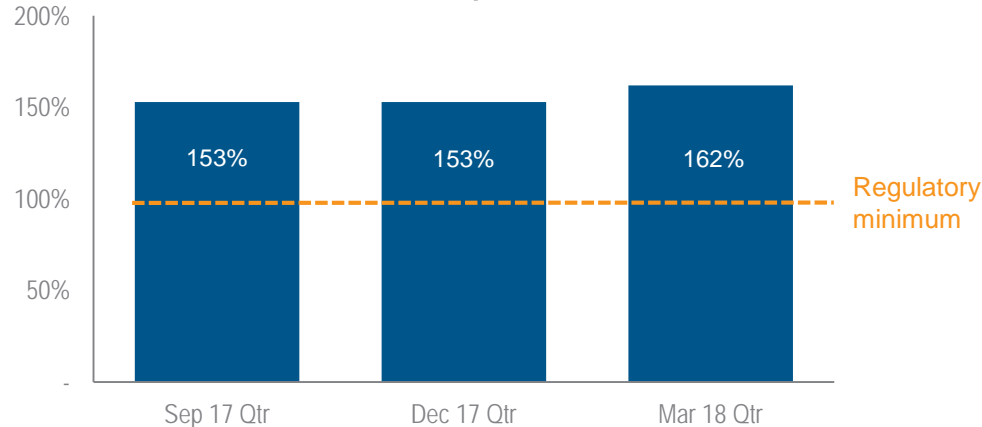
Strong liquidity position maintained

- 162% average LCR for Mar 18 quarter, based on daily observations
 - Maintained well above regulatory minimums
 - Includes APRA approved AUD CLF allocation of \$A7.7b for 2018 calendar year
- Reflects long standing conservative approach to liquidity management
- \$A30.4b of unencumbered liquid assets and cash on average over the quarter to Mar 18 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio¹



MBL LCR position



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

B | APPENDIX

Detailed result commentary





Macquarie Asset Management

Result

	FY18 \$Am	FY17 \$Am
Base fees	1,608	1,574
Performance fees	595	264
Investment and other income ¹	766	744
Impairments and provisions	(177)	14
Net operating income	2,792	2,596
Brokerage, commission and trading-related expenses	(209)	(200)
Other operating expenses	(898)	(857)
Total operating expenses	(1,107)	(1,057)
Non-controlling interests	-	(1)
Net profit contribution²	1,685	1,538
AUM (\$Ab)	495.1	480.0
Headcount	1,608	1,559

- Base fees of \$A1,608m, broadly in line with FY17:
 - Increased fees from positive market movements in MIM AUM and investments made by MIRA-managed funds
 - Partially offset by asset realisations by MIRA-managed funds, net flow impacts in the MIM business and foreign exchange
- Performance fees of \$A595m, up on FY17:
 - FY18 included performance fees from MEIF3, MQA and other managed funds, Australian managed accounts and Listed Equities
 - FY17 included performance fees from a broad range of funds, Australian managed accounts and from co-investors in respect of infrastructure assets
- Investment and other income of \$A766m, up on FY17:
 - Increased equity accounted income as a result of the sale of a number of underlying assets as well as gains from the sale of infrastructure debt
 - Partially offset by reduced gains from the sale and reclassification of certain infrastructure investments and lower distribution income
- Impairments and provisions of \$A177m largely reflects the write-down of MIRA's investment in MIC
- Total operating expenses of \$A1,107m, up 5% on FY17 largely driven by increased employment expenses as a result of higher average headcount

1. Includes net gains on sale, reclassification and revaluation of equity and debt investments and non-financial assets, share of net profits of associates and joint ventures accounted for using the equity method, dividend and distribution income, other fee and commission income and other income.

2. Management accounting profit before unallocated corporate costs, profit share and income tax.



Corporate and Asset Finance

Result

	FY18 \$Am	FY17 \$Am
Net interest and trading income ¹	582	712
Net operating lease income	929	904
Impairments and provisions ²	(15)	(111)
Fee and commission income	41	53
Other income	352	273
Net operating income	1,889	1,831
Total operating expenses	(679)	(634)
Non-controlling interests	(4)	1
Net profit contribution³	1,206	1,198
Loan and finance lease portfolio ⁴ (\$Ab)	24.3	26.5
Operating lease portfolio (\$Ab)	10.2	10.0
Headcount	1,312	1,258

- Net interest and trading income of \$A582m, down 18% on FY17 mainly as a result of the reduction in the Principal Finance portfolio
- Net operating lease income of \$A929m, up 3% on FY17 due to improved underlying income from the Aviation, Energy and Technology portfolios
- Impairments and provisions expense of \$A15m, down from \$A111m in FY17 driven by
 - The partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios
 - Partially offset by the impairment of a legacy Asset Finance business and impairments of certain Aviation assets
- Other income of \$A352m, up 29% on FY17
 - Gains generated from Principal Finance investments in Europe and the US
 - The sale of the US commercial vehicles financing business
 - Prior year primarily related to a gain realised on the sale of an interest in a toll road in the US by the Principal Finance business
- Total operating expenses of \$A679m, up 7% on FY17 mainly due to increased deal and project related expense

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. 4. Includes equity portfolio of \$A0.4b (FY17: \$A0.4b).



Banking and Financial Services

Result

	FY18 \$Am	FY17 \$Am
Net interest and trading income ¹	1,182	1,049
Fee and commission income	466	472
<i>Wealth management fee income</i>	<i>336</i>	<i>313</i>
<i>Banking fee income</i>	<i>130</i>	<i>132</i>
<i>Life insurance income</i>	<i>-</i>	<i>27</i>
Net gain on disposal of businesses	2	192
Impairments and provisions ²	(26)	(91)
Other income	22	26
Net operating income	1,646	1,648
Total operating expenses	(1,086)	(1,135)
Net profit contribution³	560	513
Funds on platform ⁴ (\$Ab)	82.5	72.2
Australian loan portfolio ⁵ (\$Ab)	40.6	35.8
Legacy loan portfolio ⁶ (\$Ab)	-	0.5
BFS deposits ⁷ (\$Ab)	45.7	44.5
Headcount	2,323	1,992

- Net interest and trading income of \$A1,182m, up 13% on FY17
 - 6% growth in average Australian loan volumes and 7% growth in average BFS deposits
 - partially offset by \$A16m allocation of the Australian Government Major Bank Levy that came into effect from 1 Jul 17
- Fee and commission income of \$A466m, in line with FY17
 - Wealth Management fee income increased 7% driven by platform commissions from higher funds on the Wrap and Vision platforms which increased 14% on FY17
 - Decrease in life insurance income following the sale of Macquarie Life's risk insurance business in Sep 16
- Net gain on disposal of businesses of \$A2m down from \$A192m in FY17, which benefited from the net overall gain on sale of Macquarie Life's risk insurance business to Zurich Australia Limited and the US mortgages portfolio
- Impairments and provisions expense of \$A26m, down on FY17
 - FY17 included higher impairment of equity investments and impairments of intangibles relating to the Core Banking platform and higher business lending provisions taken on a small number of loans
- Total operating expenses of \$A1,086m, down 4% on FY17 which was impacted by non-recurring expenses. Underlying expenses were \$A34m higher and included a 4% increase in average headcount to support growth

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

Result

	FY18 \$Am	FY17 \$Am
Commodities ¹	1,093	1,132
<i>Risk management products</i>	<i>705</i>	<i>748</i>
<i>Lending and financing</i>	<i>237</i>	<i>260</i>
<i>Inventory management, transport and storage</i>	<i>151</i>	<i>124</i>
Credit, interest rates and foreign exchange ¹	508	621
Equities	359	307
Fee and commission income	893	857
Investment and other income	142	180
Impairments and provisions ²	(88)	(149)
Net operating income	2,907	2,948
Brokerage, commission and trading-related expenses	(398)	(423)
Other operating expenses	(1,599)	(1,553)
Total operating expenses	(1,997)	(1,976)
Non-controlling interests	-	(1)
Net profit contribution³	910	971
Headcount	2,053	1,888

- Commodities income of \$A1,093m, down 3% on FY17
 - Risk management products down 6% on FY17 reflecting mixed results across the commodities platform with continued subdued volatility impacting client hedging activity and trading opportunities in Global Oil, partially offset by strong results in North American Gas and Power, Bulk Commodities and continued growth in Commodity Investor Products
 - Lending and financing income down 9% on FY17 largely due to wind down in legacy portfolios in the oil and gas sectors and a reduced contribution from metals financing
 - Inventory management, transport and storage income up 22% on FY17 mainly driven by significant opportunities for the North American Gas and Power business to benefit from price dislocations across regions. However, the timing of income recognition in relation to tolling agreements and capacity contracts results in a net \$A144m of income being recognised in future years⁴
- Credit, interest rate and foreign exchange income of \$A508m, down 18% on FY17 driven by reduced client activity in an environment of sustained low volatility and tighter credit spreads, unfavourable market conditions impacting trading opportunities, partially offset by strong client activity in structured foreign exchange products
- Equities up 17% on FY17 reflecting more favourable conditions in Asia, a moderate increase in volatility and strong demand for warrants and structured client capital solutions
- Fee and commission income of \$A893m, up 4% on FY17 driven by demand for advisory and structured solutions primarily in Asia and North America
- Investment and other income down on a strong FY17 which included gains on the sale of a number of investments in energy and related sectors
- Impairments and provisions down on FY17 which was impacted by certain underperforming commodity-related loans
- Expenses of \$A1,997m were broadly in line with FY17, with impact of the Cargill acquisitions partially offset by cost synergies following the merger of CFM and MSG

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. 4. In FY17, the timing of income recognition relating to tolling agreements and capacity contracts resulted in a net recognition of \$A7m.



Macquarie Capital

Result

	FY18 \$Am	FY17 \$Am
Fee and commission income	878	887
Investment-related income (ex non-controlling interests)	652	410
<i>Investment and other income</i>	<i>724</i>	<i>407</i>
<i>Net interest and trading income¹</i>	<i>(72)</i>	<i>3</i>
Impairments and provisions ²	(60)	(97)
Internal management revenue ³	21	6
Net operating income	1,491	1,206
Total operating expenses	(785)	(722)
Non-controlling interests	(6)	(1)
Net profit contribution⁴	700	483
Capital markets activity ⁵ :		
Number of transactions	402	385
Transactions value (\$Ab)	352	301
Headcount	1,192	1,136

- Fee income was broadly in line with FY17:
 - M&A: lower fee income across most regions except Europe
 - ECM: reflected a sustained period of lower deal activity in Australia
 - DCM: higher fee income reflected increased market share and client activity in the US
- Stronger investment-related income (ex non-controlling interests):
 - Higher revenue from asset realisations across most regions, primarily in the green energy, conventional energy and infrastructure sectors together with gains in the insurance and technology sectors
 - Increase in equity accounted income primarily due to the improved underlying performance of investments
 - Partially offset by higher funding costs for balance sheet positions due to increased activity, including the acquisition of GIG
- Lower provisions for impairment
- Net operating expenses increased 9% on FY17 reflecting transaction, integration and ongoing costs associated with the acquisition of GIG and higher operating expenses from increased investing activity

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. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions, converted at 31 Mar FX rate. Deal values reflect the full transaction value and not an attributed value. Prior period deal values and transaction numbers have been restated to align with current year methodology.

B | APPENDIX Glossary





Glossary

\$A / AUD	Australian Dollar
\$C / CAD	Canadian Dollar
\$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H	Half-year ended 30 Sep
2H	Half-year ended 31 Mar
3Q	Quarter ended 31 Dec
ABN	Australian Business Number
AI	Artificial Intelligence
ANZ	Australia and New Zealand
API	Application Programming Interface
APRA	Australian Prudential Regulation Authority
Approx.	Approximately
ASX	Australian Securities Exchange
AUM	Assets Under Management
b	Billion
BCBS	Basel Committee on Banking Supervision
bcf/d	Billion Cubic Feet Per Day
BFS	Banking and Financial Services

CAF	Corporate and Asset Finance
CAGR	Compound Annual Growth Rate
CCB	Capital Conversion Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CGM	Commodities and Global Markets
CMA	Cash Management Account
CY	Calendar Year ended 31 Dec
DCM	Debt Capital Markets
DMA	Direct Market Access
DTA	Deferred Tax Asset
ECA	Export Credit Agency
ECM	Equity Capital Markets
EMEA	Europe, Middle East and Africa
EUM	Equity Under Management
FX	Foreign Exchange
FY	Full year ended 31 Mar
GIG	Green Investment Group (rebranded from Green Investment Bank)
GDP	Gross Domestic Product



Glossary

GW	Gigawatt
GWH	Gigawatt Hours
HK	Hong Kong
HR	Human Resources
IT	Information Technology
JV	Joint Venture
KM	Kilometre
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
m	Million
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAIF	Macquarie Asian Infrastructure Fund
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MEIF	Macquarie European Infrastructure Fund
MGL / MQG	Macquarie Group Limited
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MIM	Macquarie Investment Management

MIRA	Macquarie Infrastructure and Real Assets
mmboe	Million Barrels of Oil Equivalent
MSIS	Macquarie Specialised Investment Solutions
MW	Megawatt
MWp	Megawatt Peak
NGLs	Natural gas liquids
No.	Number
NPAT	Net Profit After Tax
NSFR	Net Stable Funding Ratio
p.a.	Per annum
pcp	Prior Corresponding Period
PPP	Public-Private Partnership
PV	Photovoltaic
RBA	Reserve Bank of Australia
ROE	Return on Equity
RWA	Risk Weighted Assets
SMSF	Self Managed Super Fund
S&P	Standard & Poor's
t / tr	Trillion
TMET	Telecommunications, Media, Entertainment and Technology
MIRA	Macquarie Infrastructure and Real Assets



Glossary

UK	United Kingdom
UK GIB	United Kingdom Green Investment Bank
US / USA	United States of America
yr	Year
YTD	Year To Date

25th CLSA Investor's Forum

Hong Kong

Presentation to Investors and Analysts
11-12 September 2018

Alex Harvey
Chief Financial Officer

Sam Dobson
Head of Investor Relations

