

Macquarie Group Limited

2019 Annual General Meeting

25 July 2019

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

Unless otherwise specified all information is for the year ended 31 March 2019.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Annual Financial Report ("the Financial Report") for the year ended 31 March 2019, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

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

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



Agenda

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01

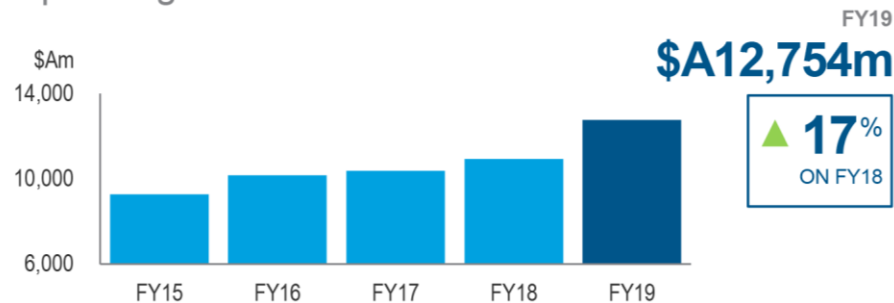
FY19 Highlights

Peter Warne
Chairman

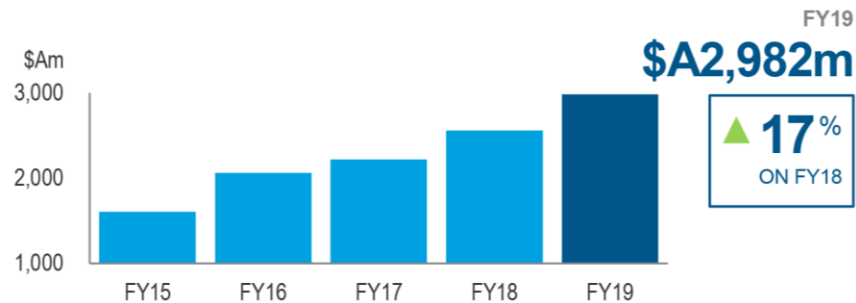


Financial performance

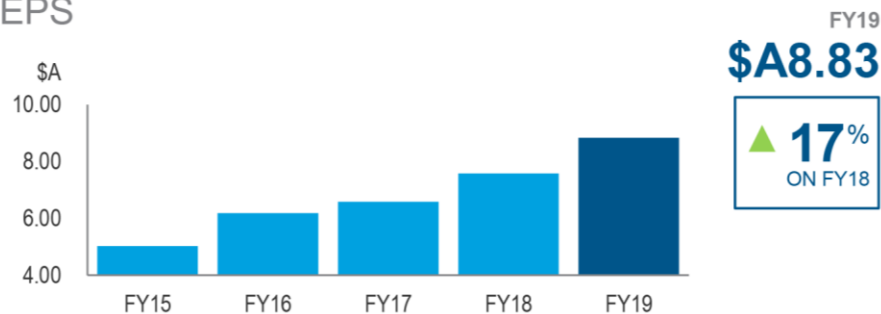
Operating income



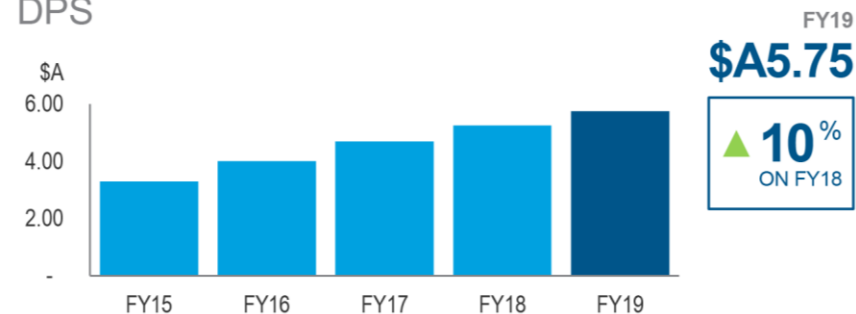
Profit



EPS



DPS





FY19 dividend

2H19 ORDINARY DIVIDEND

\$A 3.60

(45% franked)

FROM

 **\$A2.15**

(45% franked)

IN 1H19

FY19 ORDINARY DIVIDEND

\$A 5.75

(45% franked)

FROM

 **\$A5.25**

(45% franked)

IN FY18

FY19 ANNUAL PAYOUT RATIO

66%

DIVIDEND POLICY REMAINS

60-80%

annual payout ratio



Board changes

PHILIP COFFEY



- Effective 28 August 2018, Philip Coffey joined the Boards of Macquarie Group Limited and Macquarie Bank Limited as an independent director
- Mr Coffey has extensive international experience in financial services and financial markets and most recently served as Deputy CEO of Westpac Banking Corporation Limited between 2014 and 2017. Prior to this role, Mr Coffey held a number of executive positions at Westpac including Chief Financial Officer and Group Executive, Westpac Institutional Bank
- He has successfully led operations based in Australia, New Zealand, the United States and the United Kingdom and Asia and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at AIDC Limited and Citigroup
- Mr Coffey is a Non-Executive Director of both Lendlease Corporation Limited and the Clean Energy Finance Corporation

JILLIAN BROADBENT AO



- Effective 5 November 2018, Jillian Broadbent joined the Boards of Macquarie Group Limited and Macquarie Bank Limited as an independent director
- Ms Broadbent is the Chair of Swiss Re Life and Health Australia Limited, Chancellor of the University of Wollongong and a director of Woolworths Group Limited, the National Portrait Gallery of Australia and the Sydney Dance Company
- Ms Broadbent was a Member of the Reserve Bank of Australia Board between 1998 and 2013 after 22 years at Bankers Trust Australia as an economic strategist and then as executive director responsible for risk management of foreign exchange, interest rates and commodities
- She has previously served as Chair of the Board of Clean Energy Finance Corporation and as a director of ASX Limited, Special Broadcasting Service Corporation, Coca-Cola Amatil Limited, Woodside Petroleum Ltd, Qantas Airways Limited and Westfield Management Limited



Risk culture and conduct

Increased engagement with regulators around the world during FY19 with specific focus on conduct through the Banking Royal Commission in Australia

- Macquarie's long-established risk culture and our management of conduct risk is well entrenched across all parts of the organisation. Key aspects include:
 - Primary responsibility resides at the individual and business unit level
 - Strong independent oversight by the Risk Management Group
 - Independent and objective risk-based assurance by Internal Audit
- Macquarie's unbroken profitability is underpinned by our approach to risk culture as reflected in our principles of Opportunity, Accountability and Integrity
- The Board, supported by monitoring of detailed metrics, plays a key oversight role in ensuring that the Macquarie culture supports our risk appetite
- APRA's request to review governance, culture and accountability was completed:
 - Review confirmed these factors remain critical to our success and are well embedded
 - Identified opportunities to further improve our non-financial risk management
- Macquarie's remuneration framework and consequence management process is designed to promote accountability, encourage and reward appropriate behaviours and discourage inappropriate behaviours
 - During the year, there were 163 matters involving conduct/policy breaches which resulted in formal consequences. Of these, 23 matters resulted in termination of employment and 140 resulted in a formal warning. In 34 of the 140 matters where a formal warning was issued, the individual subsequently left Macquarie. These matters were considered to be isolated issues with no evidence of broader systemic conduct issues



Risk culture and conduct in practice

Operating and Support Groups, Risk Management Group (RMG), Integrity Office and Human Resources work together to maintain our strong risk culture and conduct

Recent risk culture and conduct specific initiatives

Continued roll out of the Executive Director Leadership Program to our Senior Leaders; content includes emphasis on the importance of creating inclusive working environments and their positive impact on risk culture.

Refreshed our Conduct Risk Program, including an enhanced Conduct Risk definition.

Global training program rolled out to over 250 operational risk, compliance and chief operating officer staff to strengthen capability in identifying conduct risk and risk culture. Further training for supervisors underway.

Behavioural Risk Division formed to further enhance oversight of risk culture, group-wide conduct risk program, work health and safety, and environmental and social risk.

Enhanced oversight of the Board Governance and Compliance Committee to include specific oversight of the Conduct Risk Management Framework and customer outcomes.

The Integrity Office

- Established in 1998 as an internally independent function to allow staff to speak up safely about misconduct, illegal or unethical behaviour or breaches of the *Code of Conduct*
- Runs the Whistleblower Program and conducts or oversees impartial investigations into concerns that are raised
- During FY19, the Integrity Office refreshed the *Code of Conduct* and continued to roll out its awareness program, engaging 3,400 staff across 20 offices globally on:
 - What We Stand For*
 - sound decision making principles
 - inclusive working environments and leadership
 - maintaining a speak-up culture; and
 - whistleblowing.





Environmental, Social and Governance (ESG)

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

ESG Scope

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

Environment

- Investing in sustainability solutions and supporting the global energy transition
- Actively managing environmental risks including climate change risks
- Engaging in climate leadership initiatives such as GCA and CFLI¹
- Supporting TCFD, UN PRI and other external ESG standards²
- Promoting sustainable workplaces

Social

- Investing in social infrastructure
- Actively managing social risks including human rights and modern slavery risk
- Providing a diverse, inclusive workplace
- Improving work health and safety performance across Macquarie and Macquarie-managed assets
- Engaging Macquarie and its staff in the wider community

Governance

- Strong corporate governance
- Ethical conduct by staff
- Customer advocacy
- Whistleblowing
- Anti bribery and anti corruption
- Anti money laundering
- Managing conflicts of interest
- Cyber security and data privacy
- Dealing with 3rd parties and suppliers
- Reporting transparently

Environmental and Social Risk policy

FY19 Highlights

22GW+ of renewable energy assets in operation and under development or construction

Inaugural £500m green loan to finance renewable energy, energy efficiency, waste management, green buildings and clean transportation projects

~100m people utilise Macquarie-managed essential services daily

50/50 representation of males and females in Macquarie's Intern and Graduate programs

Over 4,000 classroom events and 300,000 online courses and knowledge tests delivered to our staff

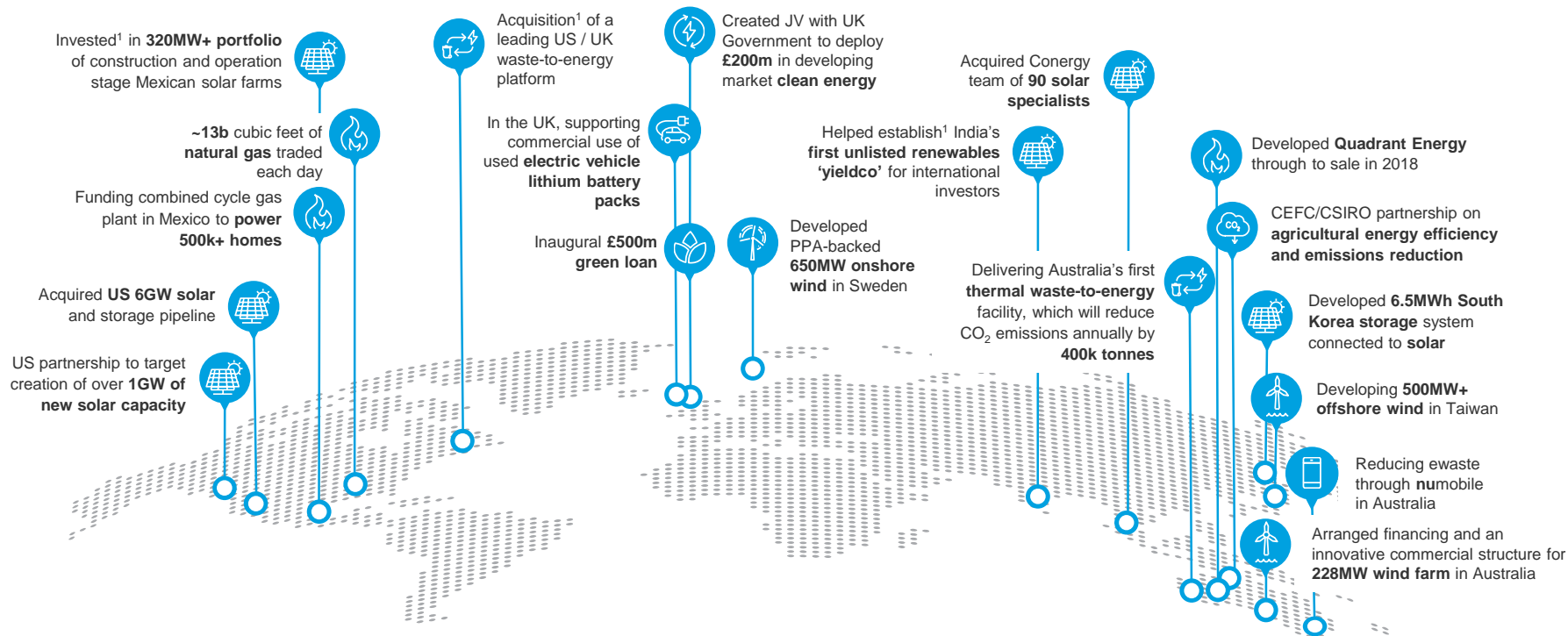
450+ transactions and relationships assessed under our Environmental and Social Risk Policy

Top 3 rating for Australian ESG research by Australian Institutional Investors



Actively supporting our clients and communities in the global energy transition:

Focused on driving solutions across all sources of emissions



1. Undertaken by Macquarie-managed funds.



Macquarie Group Foundation

A record year of giving to the communities in which we live and work

FY19

\$A31.7m

donated by staff and Foundation



53,000

hours volunteered



1,600+

community organisations
supported

More than

\$A360m+

contributed since 1985



Macquarie Sports



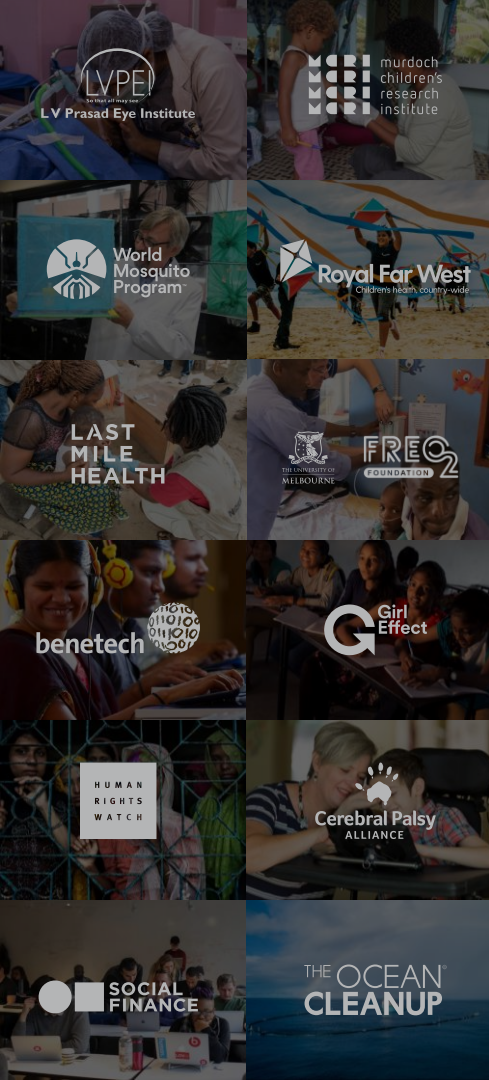
Grant-making focus area



Macquarie Group Collection



My Community – Staff Giving Platform



ANNIVERSARY
AWARD
FINALISTS



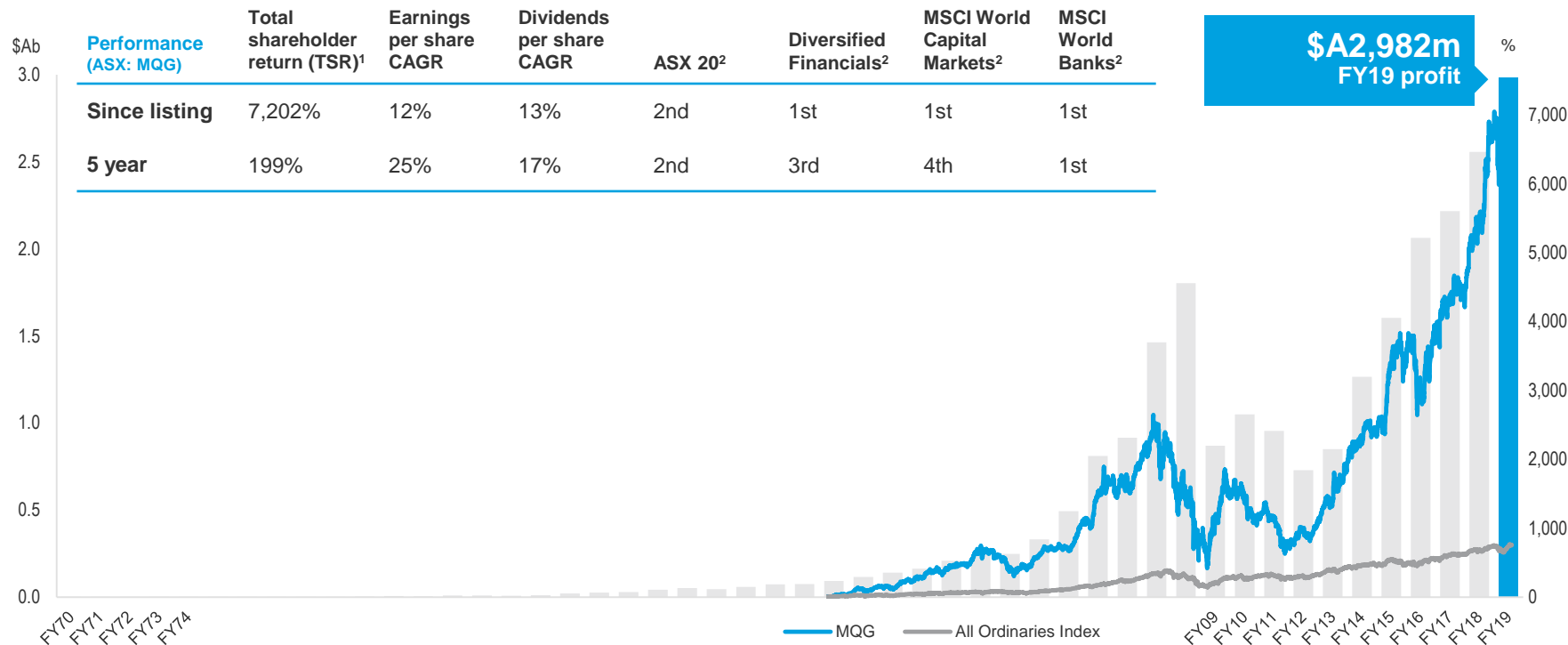
02

Overview of FY19

Shemara Wikramanayake
Managing Director and Chief Executive Officer



50 years of unbroken profitability



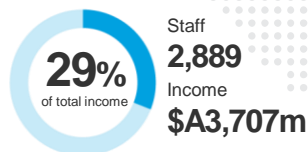
Historical figures converted at FY19 average FX rate for comparative purposes. The All Ordinaries Accumulation Index (All Ordinaries Index) comprises the 500 largest ASX listed companies by market capitalisation. Macquarie TSR calculations assume continuous listing. 1. At 31 March 2019. 2. Ranking refers to TSR against the respective index constituents that have been continuously listed since Macquarie's inclusion. Source: Bloomberg. Data to 31 March 2019.



Diversification by region

International income 66% of total income¹
Total staff² 15,715, International staff 58% of total

Americas



Assets under management
\$A275.5b
employing **32,000+** people⁴

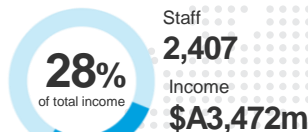
CANADA
Calgary
Montreal
Toronto
Vancouver

LATIN AMERICA
Mexico City
Sao Paulo
Santiago

USA
Austin
Boston
Chicago
Denver
Houston
Jacksonville
Los Angeles
Minneapolis

Nashville
New York
Orlando
Philadelphia
San Diego
San Francisco
San Jose

EMEA



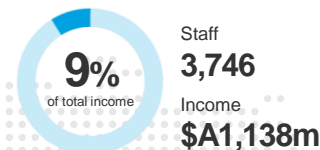
Assets under management
\$A107.5b
employing **50,000+** people⁴

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

MIDDLE EAST
Abu Dhabi
Dubai

SOUTH AFRICA
Cape Town
Johannesburg

Asia

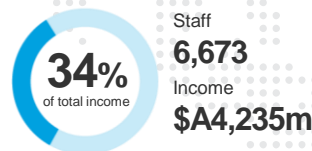


Assets under management
\$A60.2b
employing **39,000+** people⁴

ASIA
Bangkok
Beijing
Gurugram
Hong Kong
Hsin-Chu
Jakarta
Kuala Lumpur

Manila
Mumbai
Seoul
Shanghai
Singapore
Taipei
Tokyo

Australia³



Assets under management
\$A108.1b
employing **8,000+** people⁴

AUSTRALIA
Adelaide
Brisbane
Canberra
Gold Coast
Manly
Melbourne

Newcastle
Parramatta
Perth
Sydney

NEW ZEALAND
Auckland

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation. 3. Includes New Zealand. 4. Includes staff employed at MIRA-managed fund assets and assets Macquarie Capital has invested in.



FY19 net profit contribution from Operating Groups

\$A6,145m up 21% on FY18

Annuity-style businesses

\$A3,287m ▼ 4% ON FY18

MAM: ▼ on FY18

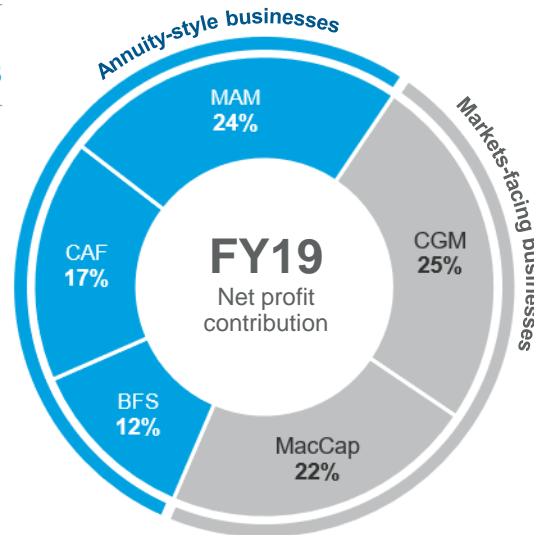
Increased base fees, offset by higher operating expenses and lower combined performance fees and investment-related income

CAF: ▼ on FY18

Higher Asset Finance portfolio income more than offset by one-off investment-related income in the prior year and legacy lending transaction-related expenses; higher investment-related income in Principal Finance, offset by lower interest income from the loan portfolio; reduced provisions and impairments in the prior year

BFS: ▲ on FY18

Growth in Australian loan portfolio, BFS deposits and funds on platform, partially offset by a decline in the Australian vehicle finance portfolio and increased costs associated with investment in technology



Markets-facing businesses

\$A2,858m ▲ 76% ON FY18

CGM: ▲ on FY18

Strong performance in commodities and improved results in foreign exchange, interest rates and credit, partially offset by challenging market conditions in cash equities, increased impairments and operating expenses

Macquarie Capital: ▲ on FY18

Higher investment-related income due to asset realisations and increased fee and commission income, partially offset by higher net credit and other impairment charges and increased expenditure on green energy and other projects in the development phase

Macquarie Asset Management

Actively manages funds for investors across multiple asset classes

FY19 Net profit contribution

\$A1,503m

▼ **4%**
on FY18



1,700+
people



18
markets



150+
infrastructure
and real assets¹

Net profit
contribution

24%

\$A542.7b

assets under management



MIRA

\$A116.9b ▲ **36%**
on FY18
Equity under management

\$A26.8b
Real Estate AUM

In December 2018,
appointed as
investment
manager of The
Infrastructure Fund

MIM

\$A18.9b **\$A361.0b** ▲ **8%**
on FY18
Equity raised Assets under management

\$A10.9b
Equity deployed²

\$A25.5b
Equity to deploy

~80%
of all assets under
management outperforming
respective benchmarks on
a three-year basis

In April 2019, agreed to
acquire the assets related to
the mutual fund business of
Foresters Investment
Management Company, Inc.

FY19
AWARDS

IPE REAL ASSETS

#1 Top 75 Infrastructure
Investment Manager³



Korea M&A Deal of the Year –
Acquisition of ADT Caps⁴

TMT Finance

Telecom M&A Deal of the
Year 2018 – Acquisition of TDC⁵



Investment Manager of
the Year, 2019 – MIM⁶

TOP 10
Barron's Fund Families

10-year relative
performance⁷

Note: References relate to the full year ended 31 March 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY19 net profit contribution from operating groups.
1. Excludes real estate assets. 2. Excludes GLL and Macquarie Capital real estate business. 3. IPE Real Assets (July/August 2019), measured by infrastructure assets under management. 4. The Asset Country Awards 2018, Best Deals – North Asia. 5. TMT Finance M&A Awards 2018. 6. 2019 Investment Manager of the Year in Australia by the Financial Standard Investment Leadership Awards. 7. Delaware Funds® by Macquarie family of funds ranked 38 out of 57 for the one-year; 23 out of 55 for the five-year; and 5 out of 49 for the 10-year (2018).

Corporate and Asset Finance

Finances the assets **people use every day**

FY19 Net profit contribution

\$A1,028m

▼ **10%**
on FY18



860+
people



14
markets

Net profit
contribution

17%

\$A21.3b

asset and loan portfolio



Asset Finance

\$A8.0b ▲ **2%**
on FY18

Asset Finance portfolio

\$A400m+

of new loans being written
for ship financing

Continued growth in
mobile device programs
with **over 1.2m** devices
financed

Principal Finance

\$A4.1b ▼ **12%**
on FY18

Principal Finance
portfolio

Sale of majority
stake in Energetics

Acquisition

of 50% interest
in a portfolio of
multifamily rental
properties and
development pipeline
in the US

\$A9.2b ▲ **5%**
on FY18

Transportation
Finance portfolio

Acquisition

of a 120 rotorcraft
portfolio from
Waypoint Leasing

Banking and Financial Services

Macquarie's **retail banking and financial services business**

FY19 Net profit contribution

\$A756m

▲ **3%**
on FY18



2,770+
People



Personal
Banking



Business
Banking



Wealth
Management

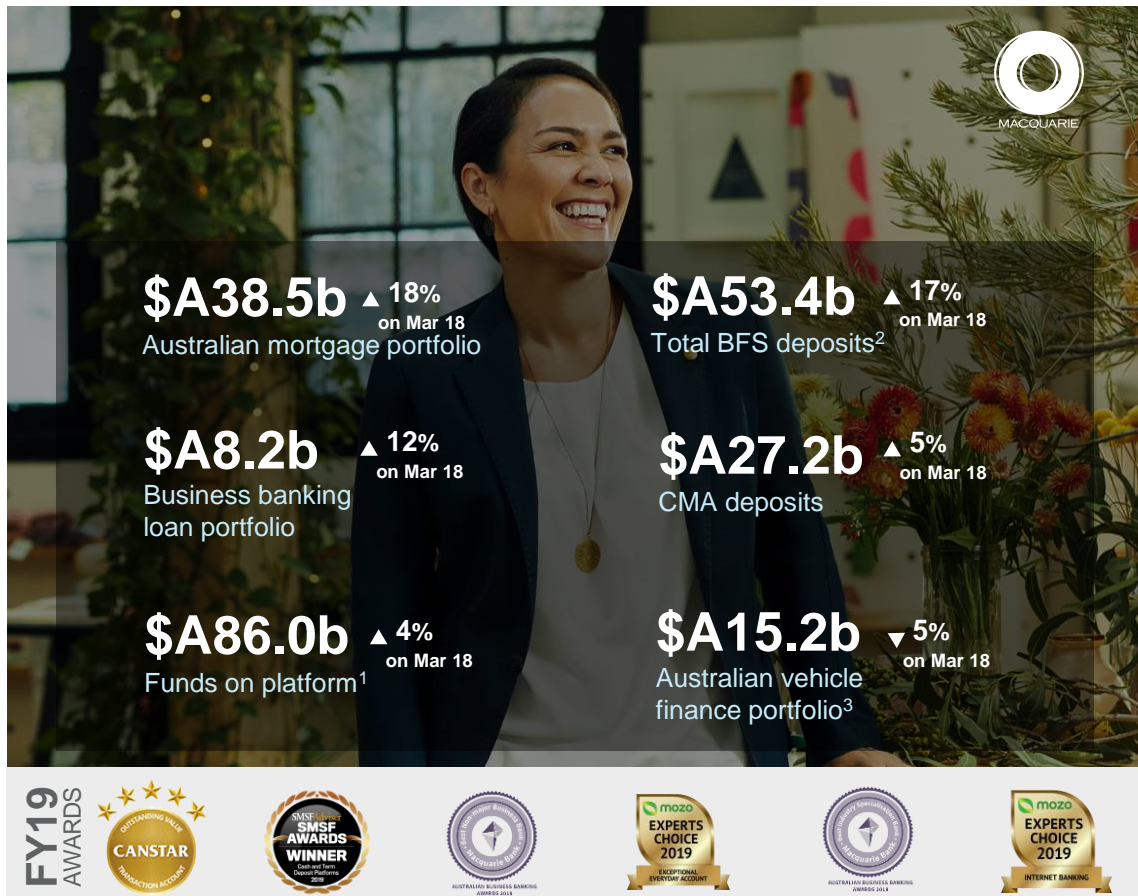


Leasing

Net profit
contribution

12%

More than
1.5m
Australian clients



Note: References relate to the full year ended 31 March 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY19 net profit contribution from operating groups.

1. Funds on platform includes Macquarie Wrap and Vision. 2. BFS deposits exclude corporate/wholesale deposits. 3. Includes general plant & equipment.

Commodities and Global Markets

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

FY19 Net profit contribution

\$A1,505m

▲65%
on FY18



2,300+
people



25+
market segments



160+
products

Net profit
contribution

25%

No. 2

Physical gas marketer in
North America¹

Note: References relate to the full year ended 31 March 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY19 net profit contribution from operating groups. 1. Platts Q1 CY19. 2. 2019 Energy Risk Commodity Rankings. 3. Dealogic and Refinitiv 1 Apr 18 – 31 Mar 19. 4. Based on overall market share on ASX24 Futures volumes YTD as at 31 Mar 19. 5. 2018 Energy Risk Awards.



Commodity Markets & Finance

Strong results across the commodities platform particularly from North American Gas and Power, Global Oil and EMEA Gas and Power

Fixed Income & Currencies

Increased sales and hedging activity in foreign exchange across all regions

Credit Markets

Increase due to continued growth from settlement financing activity with clients engaged in the US corporate direct lending market

Cash Equities and Equity Derivatives & Trading

Impacted by challenging market conditions and reduced opportunities

Futures

Primarily driven by increased contribution from the US and continued strength in Australia due to client activity

FY19
AWARDS

No. 1

North America
Power Dealer
of the Year²

2nd overall

for Research in 2018 Peter
Lee survey of Australian
institutional investors

No. 2

in Australian
and New
Zealand ECM³

No. 1

Futures
broker on
the ASX⁴

2018
Derivatives
House of the
Year – Energy⁵

Macquarie Capital

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

FY19 Net profit contribution

\$A1,353m

▲89%
on FY18



1,370+
people¹



16
markets



\$A2.4b
capital invested²

Net profit
contribution

22%

\$A478b

completed deals in FY19³

Note: References relate to the full year ended 31 March 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY19 net profit contribution from operating groups.
1. Includes certain staff employed in operationally segregated subsidiaries. 2. Regulatory capital utilised across the MacCap balance sheet. 3. Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 4. Regulatory capital realised and invested during FY19. 5. Refinitiv (1 Apr '87 –14 Jan '19, by "spin-off"). 6. The Banker (2018). 7. Global Finance Awards (2019). 8. PFI (2018).



\$A1.5b

Investments realised in FY19⁴

\$A1.5b

New investments in FY19⁴

90+ green
energy projects
under development
or construction

Total revenue **▲** on FY18

Notable deals included:

- Financial adviser to Wesfarmers Limited in relation to the ~\$A19b demerger of Coles Group Limited, the largest spin-off in ASX history⁵
- Exclusive financial adviser to KKR on its acquisition of BMC Software and joint bookrunner and joint lead arranger on the supporting \$US6.6b financing
- Co-developer, financial adviser and equity investor for the ~\$A700m Kwinana Waste-to-Energy Project, the first of its kind in Australia
- Realisations of Macquarie's interests in Quadrant Energy and PEXA

FY19
AWARDS

The Banker

Most Innovative
Investment
Bank for Infrastructure
and Project Finance⁶

The Banker

Infrastructure and Project
Finance Europe Deal of
the Year⁶
Markbygden Ett Wind Farm

**GLOBAL
FINANCE**

World's Best Investment
Bank in Infrastructure
Sector⁷

PFI

Asia-Pacific Clean
Energy Deal of the Year
Kwinana⁸

PFI

Asia-Pacific Renewables
Deal of the year
Formosa 1⁸



Approximate business Basel III Capital and ROE

As at 31 March 2019

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. FY19 Return on Ordinary Equity ²	Approx. 13-Year Average Return on Ordinary Equity ²
Annuity-style businesses	9.2		
Macquarie Asset Management	2.1	22%	22% ³
Corporate and Asset Finance	3.0		
Banking and Financial Services	4.0		
Markets-facing businesses	5.9		
Commodities and Global Markets	3.5	23%	16%
Macquarie Capital	2.4		
Corporate	0.6		
Total regulatory capital requirement @ 8.5%	15.7		
Group surplus	6.1		
Total APRA Basel III capital supply	21.8⁴		

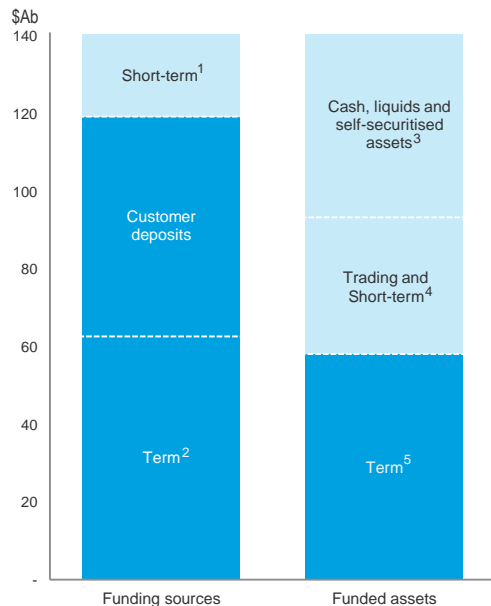
Note: Differences in totals due to rounding. 1. Business Group capital allocations are based on 31 Dec 18 allocations adjusted for material movements over the Mar 19 quarter. 2. NPAT used in the calculation of approx. FY19 ROE is based on Operating Groups' net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements which are based on the quarterly average capital usage from FY18 to FY19, inclusive. 13-year average covers FY07 to FY19, inclusive. 3. CAF returns prior to FY11 excluded from 13-year average as not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of \$A17.8b of ordinary equity and \$A4.0b of hybrids.



Business backed by strong funding and capital

MGL funded balance sheet

31 March 2019



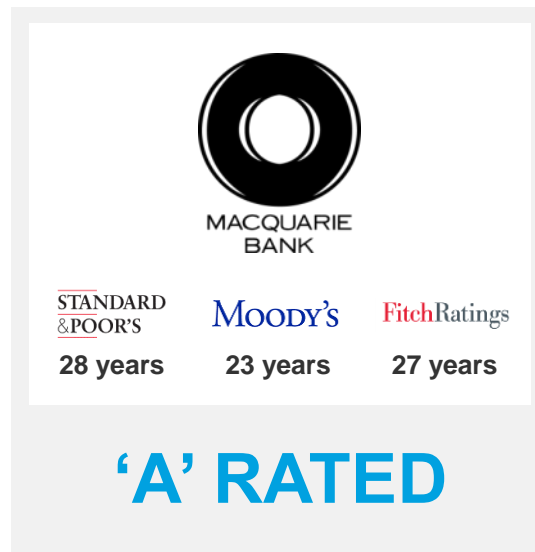
APRA Basel III surplus capital⁶

31 March 2019



Credit ratings

31 March 2019



The funded balance sheet is a representation of Macquarie's net funding requirements, and therefore differs from the statutory balance sheet by excluding certain items such as non-recourse self-funded assets and certain accounting gross-ups. 1. 'Short-term' funding includes short-term wholesale issued paper and other debt maturing in the next 12 months. 2. 'Term' funding sources includes debt maturing beyond 12 months plus subordinated debt, equity and hybrids. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian assets originated by Macquarie. 4. 'Trading & short-term' funded assets includes net trading assets and loan assets (incl. op lease) maturing in the next 12 months. 5. 'Term' funded assets includes debt investment securities, equity investments, PPE and loan assets (incl. op lease) maturing beyond 12 months. 6. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~10bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions.



03

1Q20 Update

Shemara Wikramanayake
Managing Director and Chief Executive Officer



1Q20

Overview

- Satisfactory trading conditions with 1Q20 operating group contribution broadly in line with the prior corresponding period (pcp) (1Q19) and slightly down on the prior period (4Q19)
- Macquarie's annuity-style businesses' (MAM, CAF and BFS) combined 1Q20 net profit contribution¹ down on pcp mainly due to: timing of performance fees and higher operating expenses following FY19 platform acquisitions in MAM; reduced loan volumes and realisations in CAF Principal Finance; BFS broadly in line
- Macquarie's markets-facing businesses' (CGM and MacCap) combined 1Q20 net profit contribution¹ up on pcp primarily due to: strong performance of the commodities platform in CGM, partially offset by lower investment-related income in MacCap

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



1Q20

Overview

Annuity-style businesses

Macquarie Asset Management

24%

FY19 contribution¹

- AUM of \$A552.7b at June 19, up 2% on March 19 predominately driven by market movements
- MIM: \$A368.1b in AUM, up 2% on March 19, predominately driven by market movements and FX; awarded \$A4.8b in new, funded institutional mandates and contributions
- MIRA: \$A120.2b in EUM², up 3% on March 19; \$A2.4b in new equity raised in 1Q20 including \$A2.3b in Europe; \$A1.8b of equity invested; \$A5.9b of asset divestments; and \$A24.2b of equity to deploy at June 19
- Macquarie European Infrastructure Fund 6 closed at hard cap of €6b exceeding its initial target of €5b

Corporate and Asset Finance

17%

FY19 contribution¹

- Asset Finance and Principal Finance portfolio of \$A21.5b at June 19, broadly in line with March 19
- Asset Finance originations in line with expectations
- Notable transactions for Asset Finance include the launch of **numobile** in Australia to provide a low cost option to customers utilising pre-owned mobile phones and the arrangement and distribution of USD debt to finance the construction of four shuttle tankers
- Notable transactions for Principal Finance include an offer to acquire Premier Technical Services Group PLC, a provider of tech-enabled specialist testing and compliance services, providing financing for the acquisition of a leading NZ online classifieds business and providing financing to a European deep sea terminals operator
- Entered into agreement for sale of 25% of Macquarie AirFinance to Dutch pension fund adviser and manager PGGM
- Completion of the acquisition of a 120 rotorcraft portfolio from Waypoint Leasing (Ireland) Ltd

Banking and Financial Services

12%

FY19 contribution¹

- Total BFS deposits³ of \$A53.1b at June 19, down 1% on March 19
- Australian mortgage portfolio of \$A39.7b at June 19, up 3% on March 19
- Funds on platform⁴ of \$A88.8b at June 19, up 3% on March 19
- Business banking loan portfolio of \$A8.3b at June 19, up 1% on March 19
- Australian vehicle finance portfolio of \$A15.0b at June 19, down 1% on March 19

1. Based on FY19 net profit contribution from operating groups as reported on 3 May 19. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. 3. BFS deposits exclude corporate/wholesale deposits. 4. Funds on platform includes Macquarie Wrap and Vision.



1Q20

Overview

Markets-facing businesses

Commodities and Global Markets

25%

FY19 contribution¹

- Strong contribution from client hedging and trading opportunities across the commodities platform, particularly from Global Oil, North American Gas & Power and EMEA Gas & Power
- Continued customer activity in foreign exchange across all regions
- Ongoing strength in ANZ and US Futures driven by customer activity
- Cash Equities continued to be impacted by challenging market conditions
- Maintained ranking as No. 2 physical gas marketer in North America²
- Awarded 2019 Natural Gas/LNG House of the Year³
- Awarded 2019 Research House of the Year³

Macquarie Capital

22%

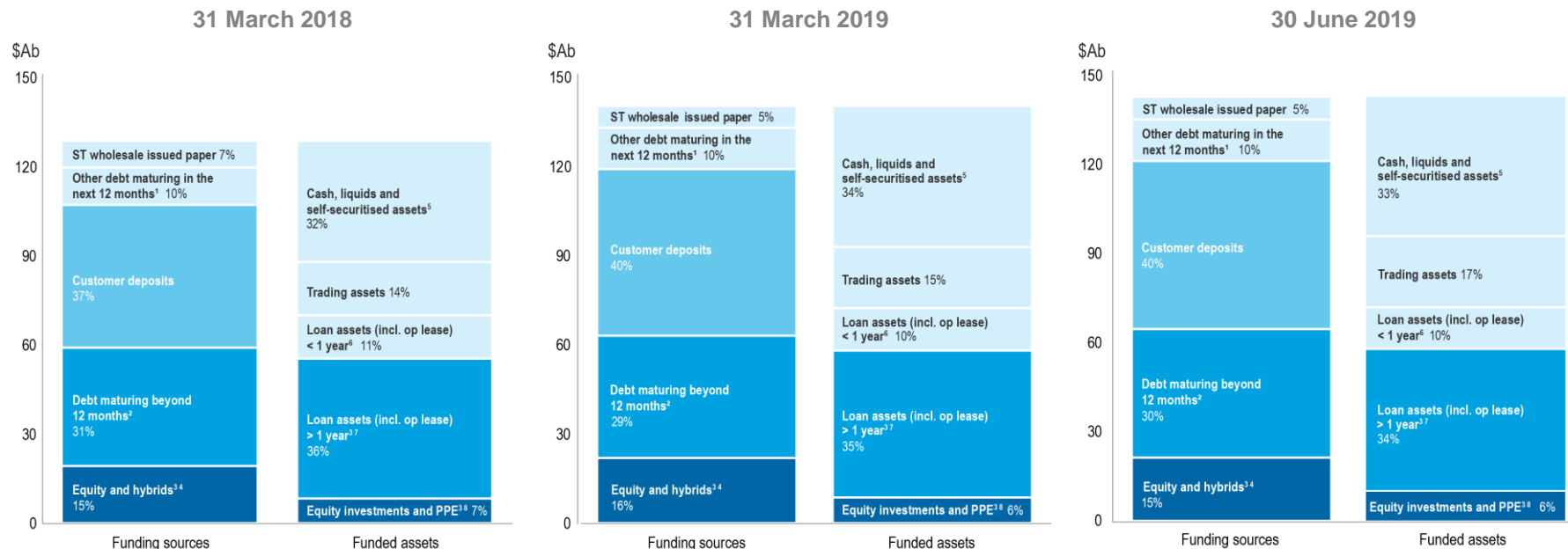
FY19 contribution¹

- 87 transactions valued at \$A92b⁴ completed globally, down on a strong pcg and up on the prior period
- Fee revenue up on pcg due to higher fee revenue from M&A and DCM
- Investment-related income down predominantly due to lower revenue from asset realisations
- Green Investment Group acquired a 43 MW Swedish onshore wind farm from Nordic wind developer OX2 after structuring and securing a long-term Power Purchase Agreement (PPA) for the project with Axpo Nordic. With this PPA, GIG has now sourced and structured PPAs for almost 1GW of onshore wind capacity in the Nordic region. GIG also continued to recycle capital into renewables projects globally, across technologies including solar, waste-to-energy and battery storage
- Other notable Principal transactions included: investment in Dovel Technologies, a leading technology solutions provider to federal agencies that blends deep domain expertise and advanced technologies in the health IT, life sciences, and grants management markets
- Advisory Excellence Award - Sydney Metro Martin Place Integrated Station Development⁵
- Financial Excellence Award – Westconnex⁵
- No. 1 in ANZ for completed M&A⁶



Funded balance sheet remains strong

Term liabilities exceed term assets

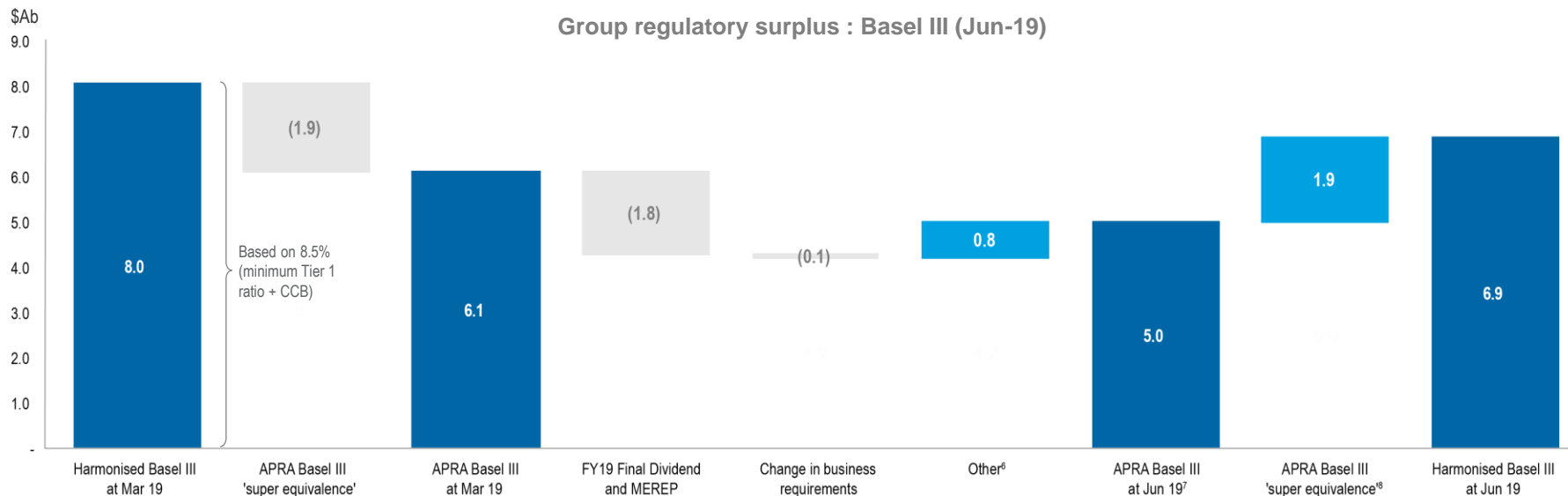


These charts represent Macquarie's funded balance sheets at the respective dates noted above. The funded balance sheet is a representation of Macquarie's net funding requirements, and therefore differs from the statutory balance sheet by excluding certain items such as non-recourse self-funded assets and certain accounting gross-ups. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Subordinated debt maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Subordinated debt not maturing within next 12 months. 3. Non-controlling interests netted down in 'Equity and hybrids' and 'Equity investments and PPE' and 'Loan assets (incl. op lease)' > 1 year. 4. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 5. 'Cash, liquids and self-securitised assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie. 6. 'Loan Assets (incl. op lease) < 1 year' includes Net Trade Debtors. 7. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 8. 'Equity investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments.



Basel III capital position

- APRA Basel III Group capital at Jun 19 of \$A20.8b; Group capital surplus of \$A5.0b^{1,2}
- APRA Basel III CET1 ratio: 12.0%³; Harmonised Basel III CET1 ratio: 14.9%^{3,4}
- APRA implemented SA-CCR⁵ on 1 Jul 19. Estimated *pro forma* 1 Jul position: APRA Basel III CET1 ratio 11.1%; Group capital surplus \$A4.4b



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. 2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~12bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 3. Basel III applies only to the Bank Group and not the Non-Bank Group. 4. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 5. APRA implemented the standardised approach for measuring counterparty credit risk exposures (SA-CCR) on 1 Jul 19. Note that SA-CCR has not yet been implemented in many jurisdictions, including US and EU. 6. Includes current quarter P&L, movement in the foreign currency translation reserve and other movements in capital supply including AASB16 impact to retained earnings. 7. From 1 Jul 19, APRA Basel III surplus will be reduced by an estimated \$A0.6b due to SA-CCR proforma impact. 8. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes differences in the treatment of mortgages \$A0.8b; capitalised expenses \$A0.4b; equity investments \$A0.3b; investment into deconsolidated subsidiaries \$A0.2b; DTAs and other impacts \$A0.2b.



Capital management update

Macquarie Group Employee Retained Equity Plan (MEREP)

- A total of approximately \$A607m of Macquarie ordinary shares were purchased:
 - \$A326m off-market under arrangements announced to the market on 3 May 2019; and
 - \$A281m on-market.
- The shares were acquired at a weighted average purchase price of \$A122.37 per share¹

Dividend Reinvestment Plan (DRP)

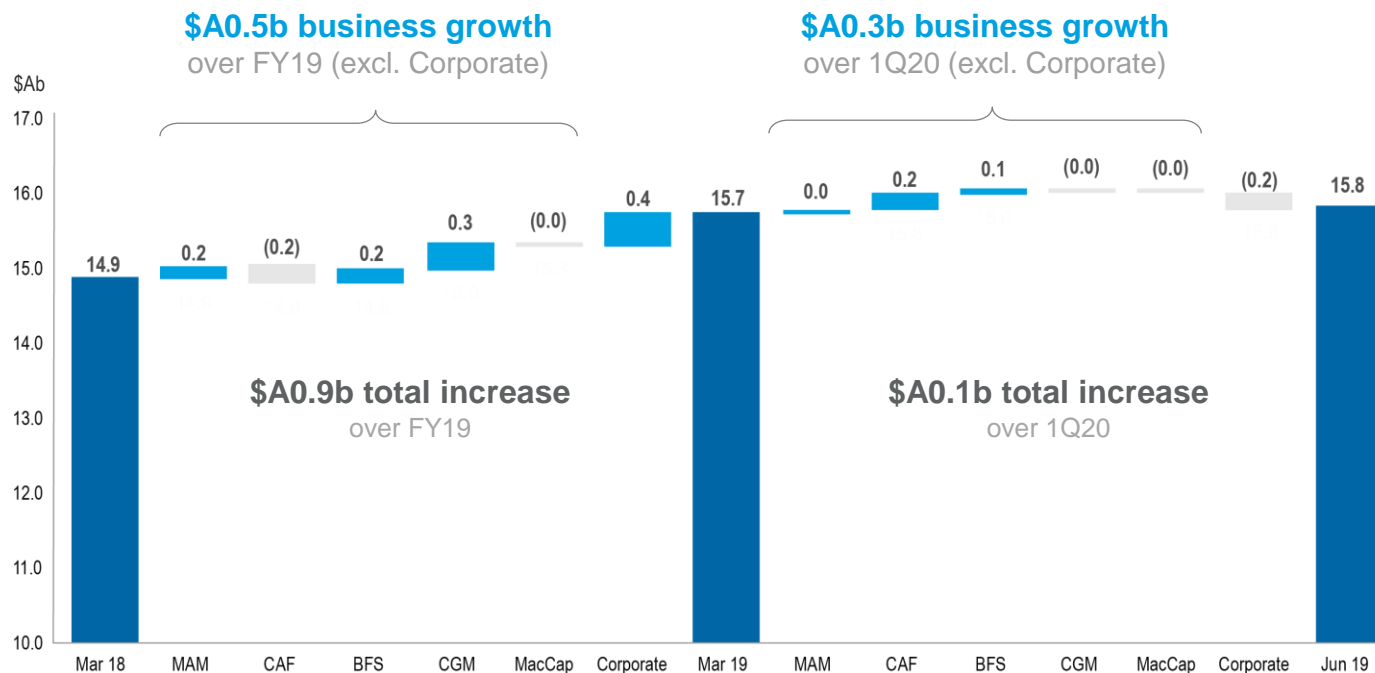
- No discount applied for the 2H19 DRP and the 2H19 shares were acquired on-market

1. Trades were crossed off-market by Macquarie Securities (Australia) Limited and reported to ASX and Chi-X accordingly.



Business growth

Business capital requirements¹



1Q20 key drivers

CAF

- Primarily driven by Principal Finance equity investments

BFS

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

MacCap

- Asset realisations and a reduction in DCM activity net of \$A0.3b of equity investments

Corporate

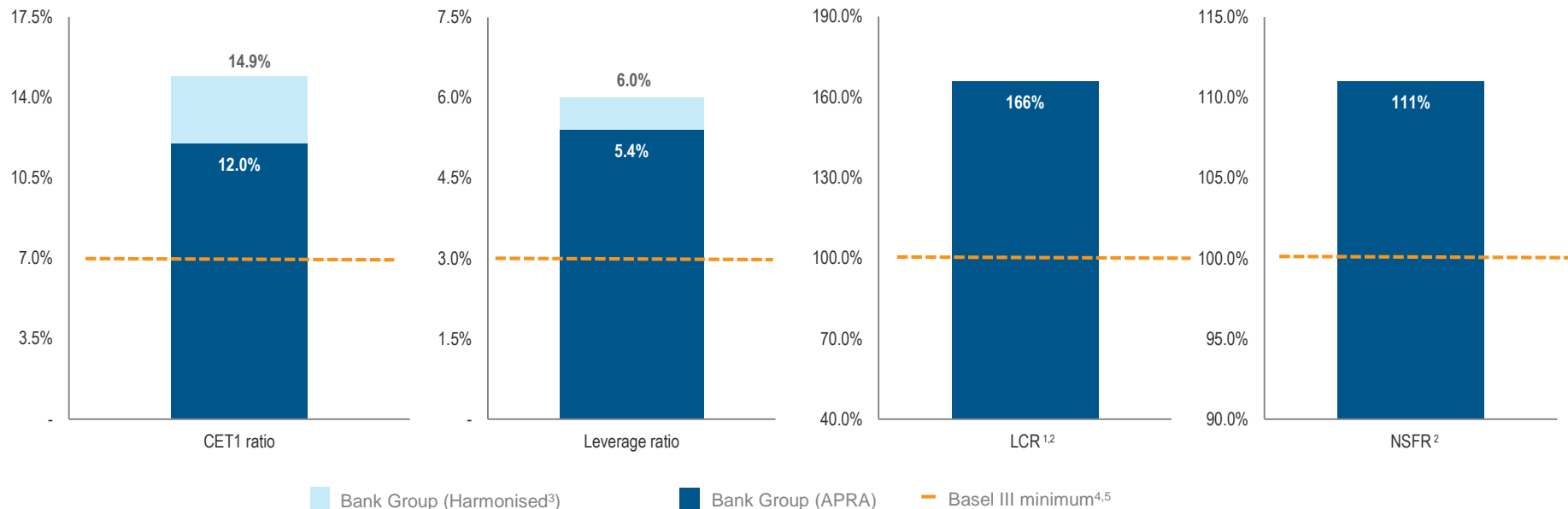
- Reduction in deferred tax asset position

1. Regulatory capital requirements are calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Operating Group capital allocations for Jun 19 are based on 31 Mar 19 allocations adjusted for material movements over the Jun 19 quarter.



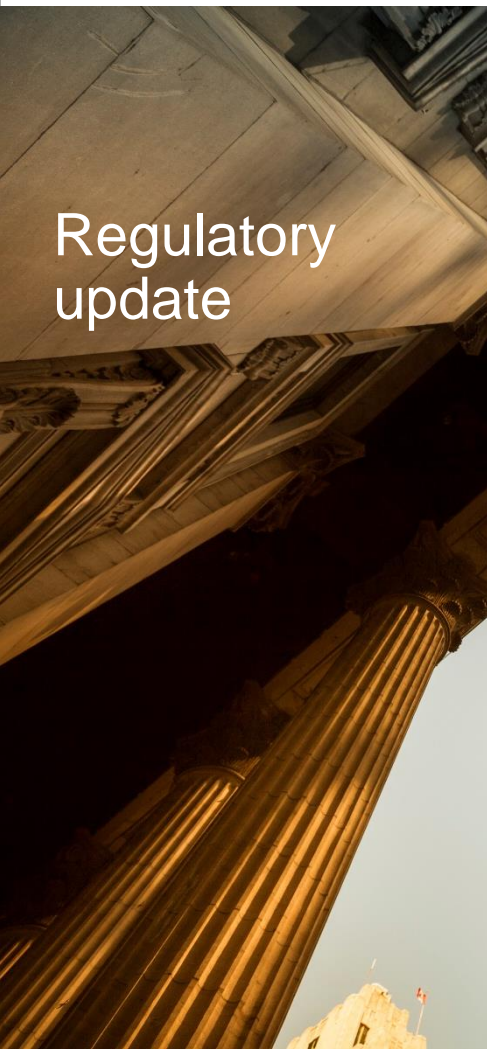
Strong regulatory ratios

Bank Group (Jun 19)



1. Average LCR for Jun 19 quarter is based on an average of daily observations. 2. Calculated on a *pro forma* basis reflecting current contractual arrangements, following the removal of the Material Adverse Change (MAC) clause in the master loan agreement between MGL and MBL.

3. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5% effective Jan 22. 5. Based on materiality, the countercyclical capital buffer (CCyB) of ~12bps has not been included.



Regulatory update



Regulatory update

- APRA is currently undertaking regulatory reviews in a number of areas, including:
 - Finalisation of Basel III - APRA is yet to release final standards for Australian banks to ensure that their capital levels can be considered 'unquestionably strong'¹
 - In Jun 19, APRA responded to the first phase of consultation on revisions to the capital framework², and released draft updated standards for residential mortgages, credit risk and operational risk requirements under the standardised approaches
 - In Jul 19, APRA implemented the standardised approach for measuring counterparty credit risk exposures (SA-CCR)³
 - The estimated *pro forma* impact on MBL's CET1 ratio is expected to be ~90bps
 - 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 APRA⁴
 - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold⁵
 - In Nov 18, APRA released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from Jan 22⁶. MBL's leverage ratio is 5.4% at 30 Jun 19
 - Loss-absorbing capacity (LAC) - APRA released a 'response to submissions' paper in Jul 19 outlining its approach for LAC to support the orderly resolution of Australian ADIs⁷
 - MBL expects to be subject to additional LAC requirements, in line with the major banks, with the final quantum of LAC to be determined by APRA as part of the resolution planning process
 - APRA intends to consult on a framework for recovery and resolution in 2019, which will include further details on resolution planning
 - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework⁸, with implementation from 1 Jan 22. APRA is yet to release draft standards
- Based on the current information available, it is Macquarie's expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the above changes, noting that some of them are at an early stage of review and hence the final impact is uncertain

1. 'Revisions to the capital framework for ADIs'; 14 Feb 18. 2. 'APRA responds to first phase of consultation on revisions to ADI capital framework'; 17 Jun 19. 3. 'Prudential Standard APS 112 Capital Adequacy: Standardised approach to credit risk'; 23 Apr 18. 4. 'APRA proposes updates to related parties framework for ADIs'; 2 Jul 18. 5. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18. 6. 'Draft Prudential Standard APS 110 Capital Adequacy' and 'Response to submissions: Leverage ratio requirement for ADIs'; 27 Nov 18. 7. 'Increasing the loss-absorbing capacity of ADIs to support orderly resolution'; 8 Nov 18. 8. 'Minimum capital requirements for market risk'; 14 Jan 19.



Regulatory update

Regulatory update (cont'd)

- The Banking Executive Accountability Regime (BEAR) applied to Macquarie from 1 July 2019. To ensure full compliance, the vesting period of PSUs awarded from FY2020 have been extended to four years, subject to performance hurdles
 - In July 19, APRA released a draft prudential standard CPS 511 aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. A three-month consultation period will close on 23 October 2019. APRA intends to release the final prudential standard before the end of 2019, with a view to it taking effect in 2021 following appropriate transitional arrangements.
- In July 19, APRA published a 'frequently asked questions' (FAQs)¹ to provide further information to assist regulated entities in the interpretation of Prudential Standard APS 210 (Liquidity). As previously announced², Macquarie has removed a material adverse change (MAC) clause from its master loan agreement between MGL and MBL to ensure there will be no impact on MBL's LCR calculation going forward

Brexit

- As previously stated, Macquarie does not believe that the UK's withdrawal from the European Union (EU) will be a material event for the Group
- Progress on licence applications to supplement existing EU licences is well advanced with three of the four targeted new licences now in place
- Macquarie is subject to an application process for a credit institution licence in Ireland that is expected to be issued in the second half of the calendar year 2019. Contingency arrangements are in place for a small number of clients who could be affected if the UK leaves the EU without a withdrawal or transition agreement before this licence is secured
- Macquarie has a longstanding and deep commitment to the UK as the hub for the EMEA region's operations and this will continue to be the case. Macquarie has been in the UK for 30 years with over 1,900 staff based there as at 31 March 2019
- Many of Macquarie's EMEA business lines have successfully built out from a strong UK hub to create a meaningful presence across continental Europe

Germany

- Macquarie continues to cooperate with German authorities in relation to an historical German lending transaction in 2011. No current staff members have been interviewed to date. The total amount at issue is not material and MGL has provided for the matter
- As previously stated, Macquarie resolved two dividend trading matters that took place between 2006 and 2009. The industry-wide investigation relating to dividend trading continues and Macquarie continues to respond to requests for information about its activities in this market. Macquarie's profits from these activities were not material

1. 'Liquidity - frequently asked questions'; 22 Jul 19. 2. <https://www.macquarie.com/au/about/newsroom>.



Operating groups update



Operating groups update

- **Effective 1 July 2019**

- Certain fiduciary businesses, such as the infrastructure debt business (MIDIS), moved from CAF Asset Finance in the Banking Group to MAM in the Non-Banking Group following receipt of required approvals

- **Effective 1 September 2019**

- Each of CAF's divisions will be aligned to other businesses, where they have the greatest opportunities in terms of shared clients and complementary offerings:
 - CAF Principal Finance, excluding Transportation Finance, will join Macquarie Capital to bring together all principal investing activity and enhance our ability to invest directly and alongside clients and partners
 - CAF Transportation Finance will join Macquarie Asset Management, reflecting its evolution towards a fiduciary business following the recent sale of a stake in the portfolio to PGGM
 - CAF Asset Finance will move to Commodities and Global Markets, reflecting a longstanding, shared focus on innovative financing solutions for corporates, some of which are already shared clients
- 1H20 results will be reported under the new Group structure with rebased prior periods



Management changes:

Renewal and globalisation of Executive Committee

GARRY FARRELL

FLORIAN HEROLD



Corporate and Asset Finance (CAF)

- Garry Farrell has announced his intention to retire as Co-Head of CAF and from the Executive Committee effective 1 September 2019
- Mr Farrell has been with Macquarie for 33 years and on the Executive Committee for nine years
- Effective 1 December 2018, Florian Herold, previously Co-Head of CAF Principal Finance in EMEA, was appointed Group Head of CAF Principal Finance and joined the Executive Committee
 - Mr Herold joined Macquarie in 2009 and has over 15 years of investment experience
 - This followed Ben Brazil stepping down as Group Head of CAF Principal Finance, and from the Executive Committee. Mr Brazil had been with Macquarie for 25 years and on the Executive Committee for four years
- Effective 1 September 2019, CAF Principal Finance will join MacCap. Mr Herold will continue to lead Principal Finance and will remain on the Executive Committee

DANIEL WONG

MICHAEL SILVERTON



Macquarie Capital (MacCap)

- Effective 1 June 2019, Daniel Wong, previously Global Co-Head of the Infrastructure and Energy Group, and Michael Silverton, previously Head of the Americas, Europe and Asia Group, were appointed Group Co-Heads of MacCap and joined the Executive Committee
- Both have been with Macquarie for 20 years, the majority of which has been spent building the MacCap business in international markets
- This followed Tim Bishop retiring as Group Head of MacCap and from the Executive Committee
- Mr Bishop had been with Macquarie for 20 years and on the Executive Committee for nine years

NICHOLAS O'KANE



Commodities and Global Markets (CGM)

- Effective 1 April 2019, Nicholas O'Kane was appointed Group Head of CGM, following two years of transition in anticipation of this change
- Mr O'Kane has been with Macquarie for 24 years and on the Executive Committee since June 2017
- This followed Andrew Downe stepping down as Group Head of CGM and from the Executive Committee. He continues to lead the Cash Equities business globally and retains leadership for CGM in Asia
- Mr Downe had been with Macquarie for 33 years and was on the Executive Committee for 22 years

MARTIN STANLEY



Macquarie Asset Management (MAM)

- Effective 1 December 2018, Martin Stanley was appointed Group Head of MAM and joined the Executive Committee. He continues to lead MIRA globally within MAM
- Mr Stanley joined Macquarie in 2004 and has over 30 years of experience in asset management, infrastructure and utilities
- This followed Shemara Wikramanayake's appointment to Managing Director and CEO of Macquarie Group

04

FY20 Outlook

Shemara Wikramanayake

Managing Director and Chief Executive Officer



Factors impacting short-term outlook

Annuity-style businesses

Macquarie Asset Management (MAM)

Base fees expected to be broadly in line, benefiting from the deployment of capital and full-year effect of platform acquisitions, offset by divestments and internalisation of ALX

Performance fees and investment-related income (net of impairments) expected to be broadly in line

Corporate and Asset Finance (CAF)

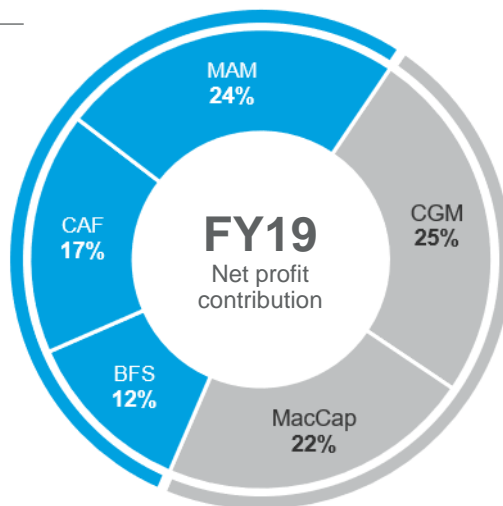
Asset Finance portfolio broadly in line

Principal Finance expected to be down due to **reduced loan volumes** and timing of realisations

Banking and Financial Services (BFS)

Higher loan portfolio and platform volumes

Competitive dynamics to drive **margin pressure**



Markets-facing businesses

Commodities and Global Markets (CGM)

Strong customer base expected to drive consistent flow across Commodities, Fixed Income, Foreign Exchange and Futures

Equities expected to remain challenging

Reduced impact from **impairments**

Business benefited from strong market conditions in FY19 which continued into 1Q20, however **we do not expect these conditions to continue** through remainder of FY20

Macquarie Capital (MacCap)

Assume **market conditions broadly consistent** with FY19

With capital usage broadly constant in FY19, expect solid pipeline of investment realisations however **investment-related income expected to be down**

Corporate

Compensation ratio to be consistent with historical levels

Based on present mix of income, the FY20 **effective tax rate** is expected to be broadly in line with FY19



Short-term outlook

- The Group's result for FY20 is currently expected to be slightly down on FY19
- Our short-term outlook remains subject to:
 - The completion rate of transactions
 - 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 mainly provided by two Operating Groups which are delivering superior returns following years of investment and acquisitions
 - Macquarie Asset Management and Banking and Financial Services
 - Two predominantly markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
 - Commodities and Global Markets and Macquarie Capital
- Ongoing program to identify cost saving initiatives and efficiency
- Strong and conservative balance sheet
 - Well matched funding profile with minimal reliance on short-term wholesale funding
 - Surplus funding and capital available to support growth
- Proven risk management framework and culture



Medium-term

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

Leading platform, well placed to grow assets under management through MAM's diversified product offering, track record and experienced local investment teams

Well positioned for organic growth

Banking Group

Banking and Financial Services (BFS)

Strong growth opportunities through intermediary and direct retail client distribution, platforms and client service

Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments

Modernising technology to improve client experience and support growth

Markets-facing businesses

Non-Banking Group

Macquarie Capital (MacCap)

Positioned to benefit from any improvement in M&A and capital markets activity

Continues to tailor the business offering to current opportunities, market conditions and strengths in each sector and region

Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

Banking Group

Commodities and Global Markets¹ (CGM)

Opportunities to grow the commodities business, both organically and through acquisition

Development of institutional and corporate coverage for specialised credit, rates and foreign exchange products

Tailored finance solutions globally across a variety of industries and asset classes

Growing the client base across all regions

Leveraging a strong market position in Asia-Pacific through investment in the equities platform

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



05

Formal Business

Peter Warne
Chairman