

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2019

1 November 2019





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Unless otherwise specified all information is for the half-year ended 30 September 2019.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Interim Financial Report ("the Financial Report") for the half-year ended 30 September 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

- 01 Introduction
- 02 Overview of Result
- 03 Result Analysis and Financial Management
- 04 Outlook
- 05 Appendices



01 | Introduction

Sam Dobson

Head of Investor Relations



02 | Overview of Result

Shemara Wikramanayake

Managing Director and Chief Executive Officer



About Macquarie

Annuity-style activities

Annuity-style Net Profit Contribution

Markets-facing activities

Markets-facing Net Profit Contribution

~60%

~40%

Macquarie Asset Management (MAM)

- Top 50¹ global specialist asset manager with \$A562.0b² of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure, renewables, real estate, agriculture, transportation finance, equities, fixed income, private credit and multi-asset solutions

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits³ of \$A56.2b², Australian loan and lease portfolio⁴ of \$A67.4b² and funds on platform⁵ of \$A91.5b²
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance⁶ products and services to retail clients, advisers, brokers and business clients

Commodities and Global Markets (CGM)

- Specialised and Asset Finance delivers a diverse range of tailored finance solutions globally across a variety of industries and asset classes
- Commodity Markets – lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture
- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology, media and telecoms
- Provides clients with risk and capital solutions across physical and financial markets
- Diverse platform covering more than 25 market segments, with more than 200 products

Macquarie Capital (MacCap)

Global capability in:

- Advisory and capital raising services, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors and investing alongside partners and clients, across the capital structure
- Infrastructure, green and conventional energy, focusing on utilising its balance sheet to construct assets, build businesses and create platforms across development, construction and operational phases

1H20 Net Profit Contribution

MAM BFS CGM
~39% ~13% ~8%

CGM MacCap
~32% ~8%

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers have been reclassified to reflect the reorganisation between Operating Groups effective 1 Jul 19 and 1 Sep 19. Principal Finance is now classified under markets-facing activities within MacCap following the change in nature of the business and consolidating all principal investing activity. 1. P&I Largest Money Managers 2018. 2. As at 30 Sep 19. 3. BFS deposits exclude corporate/wholesale deposits. 4. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle finance, and credit cards. 5. Funds on platform includes Macquarie Wrap and Vision. 6. Includes general plant & equipment.



1H20 result: \$A1,457m up 11% on 1H19; down 13% on 2H19

	1H20 \$Am	2H19 \$Am	1H19 \$Am	1H20 v 1H19	1H20 v 2H19
Net operating income	6,320	6,924	5,830	↑ 8%	↓ 9%
Total operating expenses	(4,480)	(4,762)	(4,125)	↑ 9%	↓ 6%
Operating profit before income tax	1,840	2,162	1,705	↑ 8%	↓ 15%
Income tax expense	(376)	(505)	(374)	↑ 1%	↓ 26%
<i>Effective tax rate¹ (%)</i>	<i>20.5</i>	<i>23.2</i>	<i>22.2</i>		
(Profit)/loss attributable to non-controlling interests	(7)	15	(21)		
Profit attributable to MGL shareholders	1,457	1,672	1,310	↑ 11%	↓ 13%
Annualised return on equity (%)	16.4	19.5	16.3	↑ 1%	↓ 16%
Basic earnings per share	\$A4.30	\$A4.95	\$A3.88	↑ 11%	↓ 13%
Dividend per ordinary share	\$A2.50	\$A3.60	\$A2.15	↑ 16%	↓ 31%

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



1H20 net profit contribution from Operating Groups

\$A2,868m up 10% on 1H19; down 19% on 2H19

ANNUITY-STYLE ACTIVITIES

\$A1,717m

▲ **15%**
ON 1H19

▲ **11%**
ON 2H19

Non-Banking Group

Macquarie Asset Management (MAM)

▲ on 1H19

Increased performance fees and base fees partially offset by higher operating expenses

Banking Group

Banking and Financial Services (BFS)

▲ on 1H19

Growth in total BFS deposits, the Australian loan portfolio and funds on platform partially offset by a decrease in Australian vehicle finance portfolio and the impact of realigning the wealth advice business to focus on the high net worth segment

Commodities and Global Markets¹ (CGM)

▼ on 1H19

Consistent performance across Specialised and Asset Finance², and a reduction in commodities lending and financing

MARKETS-FACING ACTIVITIES

\$A1,151m

▲ **4%**
ON 1H19

▼ **42%**
ON 2H19

Non-Banking Group

Macquarie Capital (MacCap)

▼ on 1H19

Fee income down on a strong 1H19. Investment-related income slightly down with higher revenue from asset realisations offset by lower interest income from the debt portfolio and higher share of net losses of associates and joint ventures. Higher impairment charges due to a small number of underperforming investments; and higher operating expenses

Banking Group

Commodities and Global Markets¹ (CGM)

▲ on 1H19

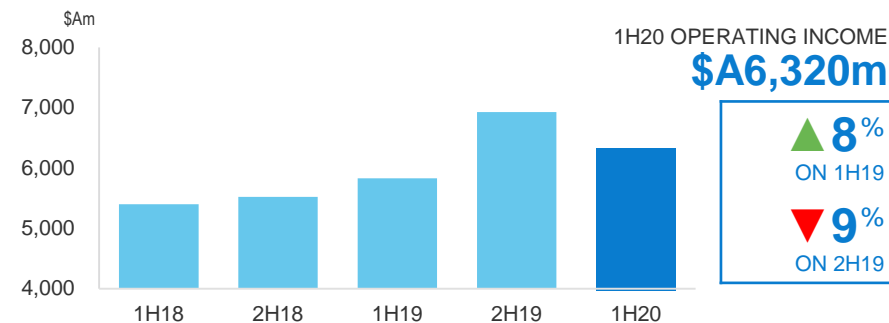
Strong contribution from the commodities platform driven by increased client hedging activity and timing of income recognition on storage and transport agreements, improved foreign exchange, interest rates and credit results, partially offset by challenging market conditions and reduced opportunities in Cash Equities, and higher operating expenses

1. Note certain assets of the Credit Markets business, certain activities of the Cash Equities business and the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group. 2. Specialised and Asset Finance generates net interest and trading income, and net operating lease income.

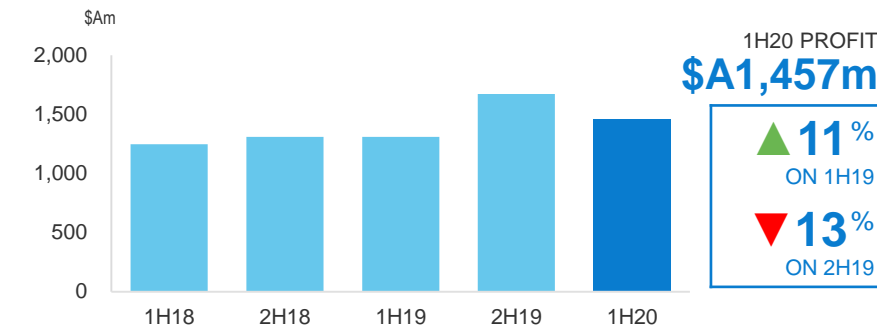


Financial performance

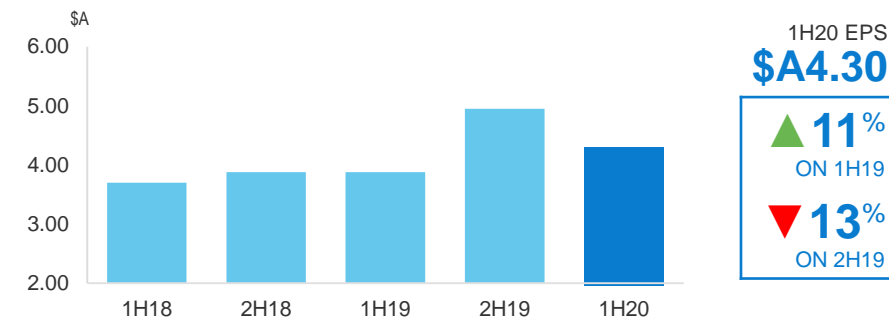
Operating income



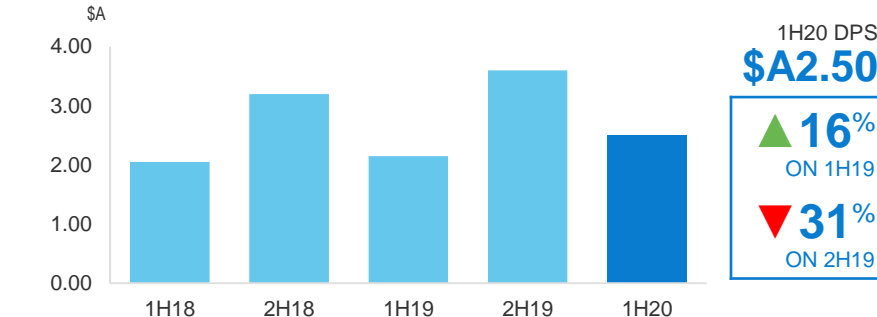
Profit



EPS



DPS

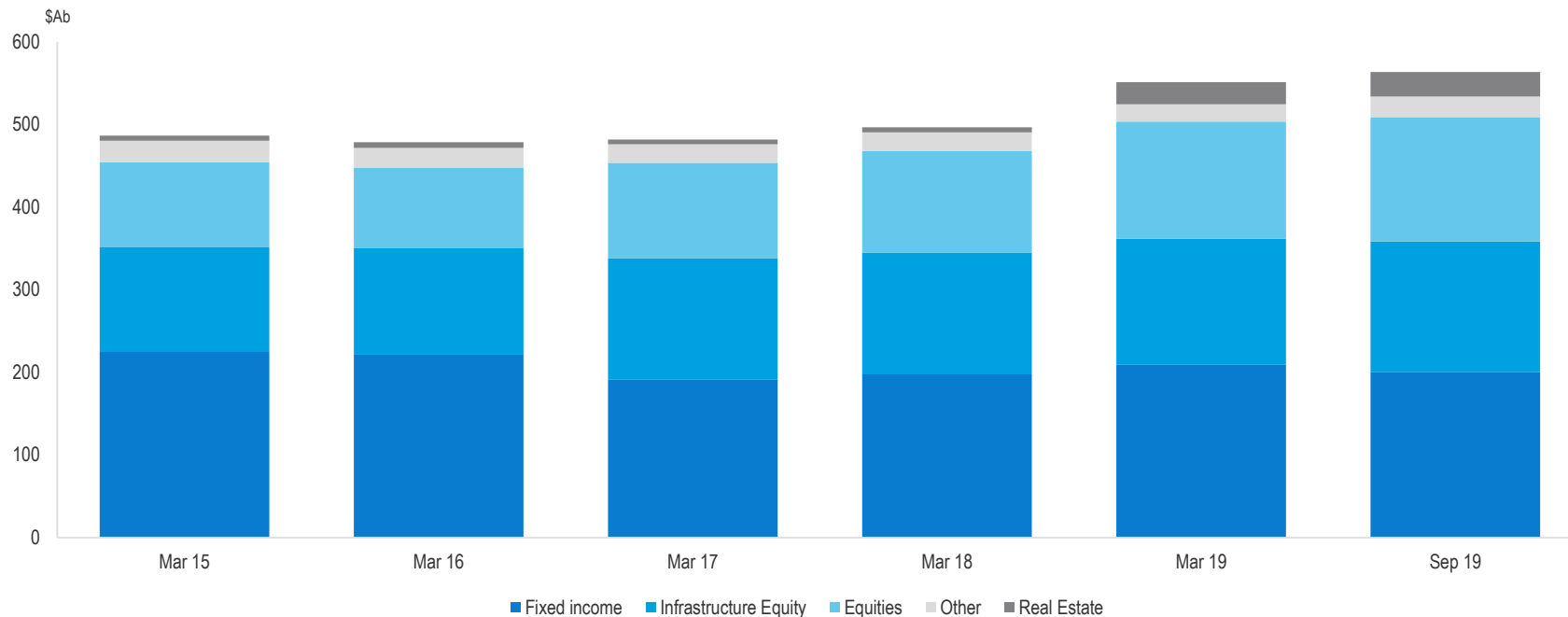




Assets under management of \$A563.4b¹

AUM increased 2% from \$A551.3b at 31 Mar 19

Increase largely due to foreign exchange impacts, investments made by MIRA-managed funds and market movements, partially offset by asset realisations made by MIRA-managed funds and net flows in MIM



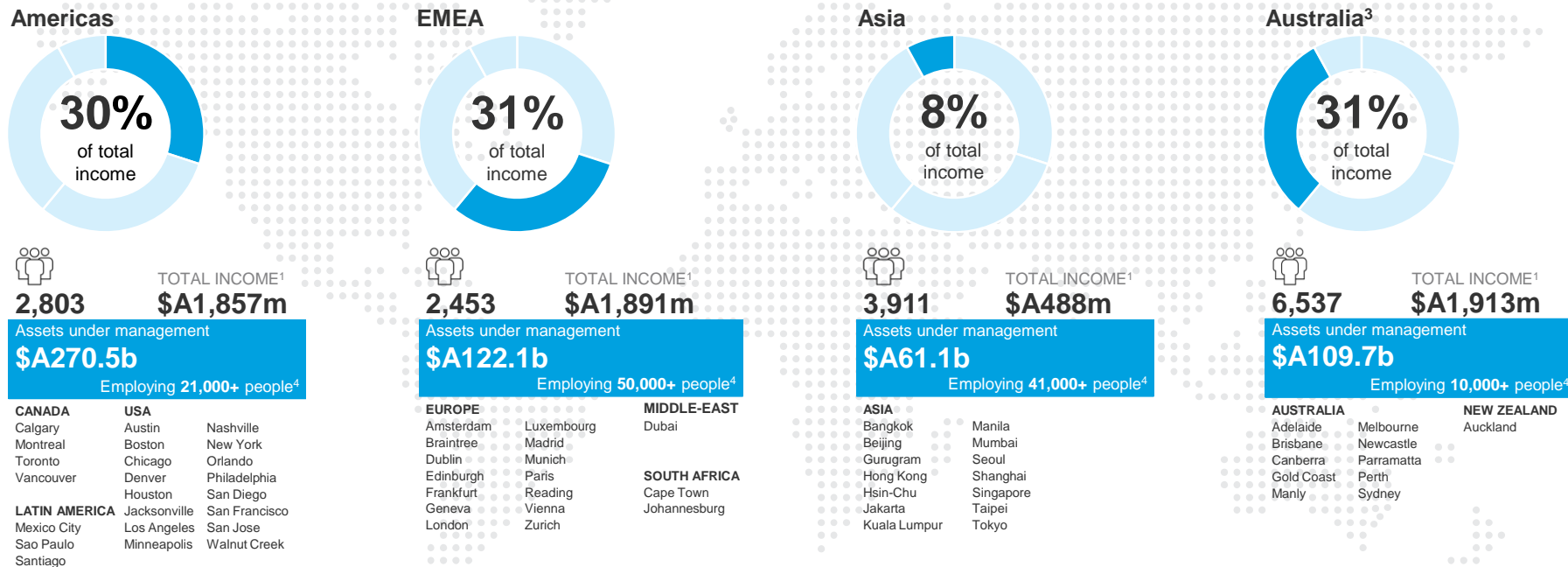
1. Includes MAM and BFS AUM as at 30 Sep 19.



Diversification by region

International income 69% of total income¹

Total staff² 15,704; international staff 58% of total



1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed by certain operationally segregated subsidiaries. 3. Includes New Zealand. 4. Includes staff employed by MIRA-managed fund assets and investments where Macquarie Capital has a significant influence.

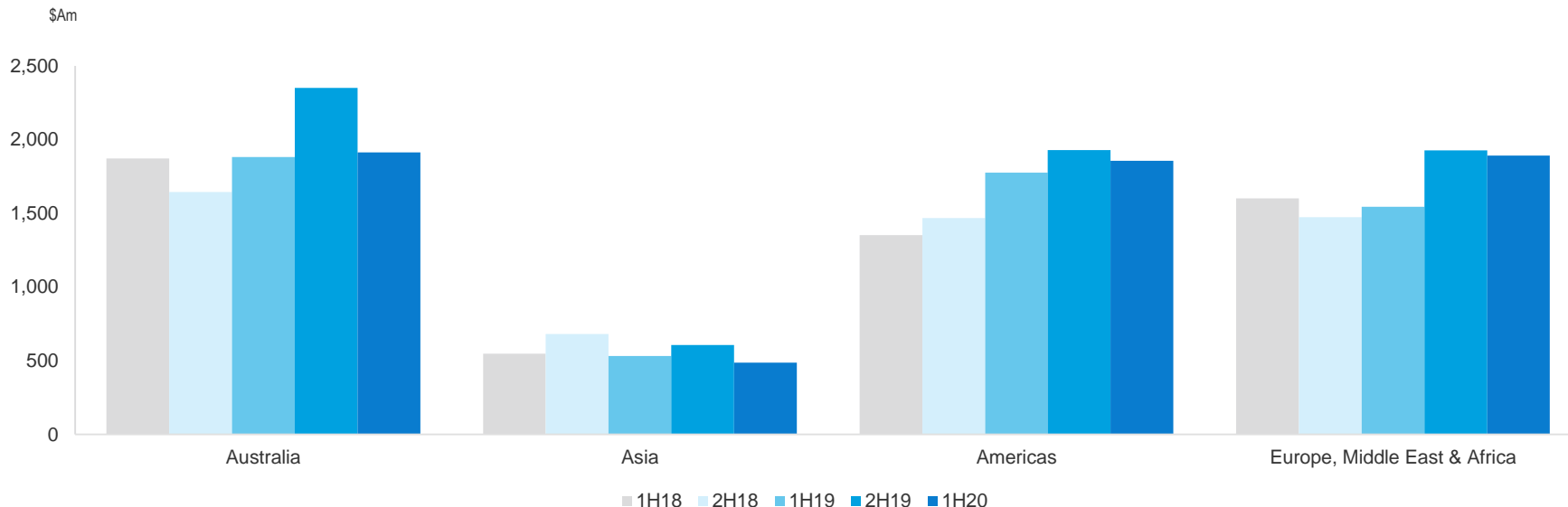


Diversification by region

69% of total income¹ in 1H20 was generated offshore

A 10% movement² in AUD is estimated to have approximately a 7% impact on NPAT

Total income





Macquarie Asset Management

OPERATING INCOME

\$A1,879m

▲ **22%**
ON 1H19
▲ **5%**
ON 2H19

NET PROFIT CONTRIBUTION

\$A1,122m

▲ **32%**
ON 1H19
▲ **10%**
ON 2H19

AUM¹

\$A562.0m

▲ **2%**
ON MAR 19

MAM
~39%



MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA)

- **\$A134.4b in equity under management**, up 5% on Mar 19. The increase is primarily due to new equity raised
- **Raised \$A5.6b in new equity**, including significant new commitments for funds and co-investments in Real Estate, Transportation Finance and Private Credit
- **Invested \$A8.7b** across 8 acquisitions and 19 follow-on investments across Europe, the Americas, Asia and Australia
- **Equity proceeds from asset divestments² of \$A7.7b** in the US, Poland, India, China, Germany, South Korea and Mexico
- **\$A20.5b of equity to deploy** as at 30 Sep 19
- **Macquarie European Infrastructure Fund 6** closed at hard cap of €6.0b; in Oct 19, **Macquarie Agriculture Fund - Crop Australia** closed at hard cap of \$A1.0b
- Build out of alternative product offerings following the transfer of **Macquarie Infrastructure Debt Investment Solutions** and **Transportation Finance** from CAF in 1H20
- **Disposal** of 25% of Macquarie AirFinance following the sale to a newly-formed joint venture with PGGM, and entry into an agreement to provide services
- **No.1 infrastructure investment manager globally³**

MACQUARIE INVESTMENT MANAGEMENT (MIM)

- **\$A361.1b in assets under management**, flat on Mar 19, predominantly due to a reduction in contractual insurance assets offset by positive foreign exchange and market movements
- **Continued significant investment** in MIM's global operating platform to provide for sustainable and scalable future growth
 - Significant 1H20 milestone achieved with the successful implementation of the Aladdin platform in the Americas
- **Launched** a number of new capabilities including:
 - Delaware Funds by Macquarie Premier models, a fee-based advisory program raising more than \$US1b in assets
 - Additional Macquarie Professional Series funds added to the ASX mFund platform (IFP, Walter Scott and Arrowstreet)
 - Repositioned the Delaware REIT Fund into the Delaware Global Listed Real Assets Fund to provide shareholders access to a broader portfolio, managed by MIM's Multi-Asset team
- In Oct 19 **completed the acquisition** of the assets related to the mutual fund management business of Foresters Investment Management Company Inc., the investment advisor of First Investors Funds and First Investors Life Series Funds. This will add ~\$US12b AUM during 2H20 including assets transitioned to the newly-formed Delaware Funds by Macquarie Premier Advisor Platform



Banking and Financial Services

OPERATING INCOME

\$A1,021m

▼ **3%**

ON 1H19

▼ **3%**

ON 2H19

NET PROFIT CONTRIBUTION

\$A385m

▲ **2%**

ON 1H19

▲ **2%**

ON 2H19

AUSTRALIAN CLIENT NUMBERS
MORE THAN

1.5 million

BFS
~13%



PERSONAL BANKING

- **Australian mortgage portfolio of \$A43.6b, up 13%** on Mar 19, representing approximately 2% of the Australian market
- Mortgage growth being driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers
- Launched Macquarie Authenticator, a market-leading digital security app to give customers additional security for their everyday banking needs
- Introduced a range of financial wellbeing measures to credit cards, including the removal of gambling transactions

BUSINESS BANKING

- **Business banking deposit volumes up 1%** on Mar 19
- **Business banking loan portfolio of \$A8.5b up 4%** on Mar 19, driven by strong activity in emerging segments of health, built environment and technology, and existing property and professional services segments
- Completion of the sale of investment in insurance funding business, Macquarie Pacific Funding, to Steadfast Group
- Ongoing focus on third-party distribution with continued growth in SME and middle-market cash flow lending and deposits

WEALTH MANAGEMENT

- **Funds on platform¹ of \$A91.5b, up 6%** on Mar 19
- Expanded Macquarie Wrap managed accounts offering with assets under management of \$A2.9b, up from \$A2.3b in Mar 19
- Continued implementation of cloud-based investment and portfolio management platform as part of ongoing wealth platform transformation

LEASING

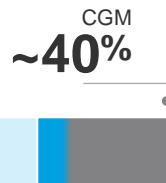
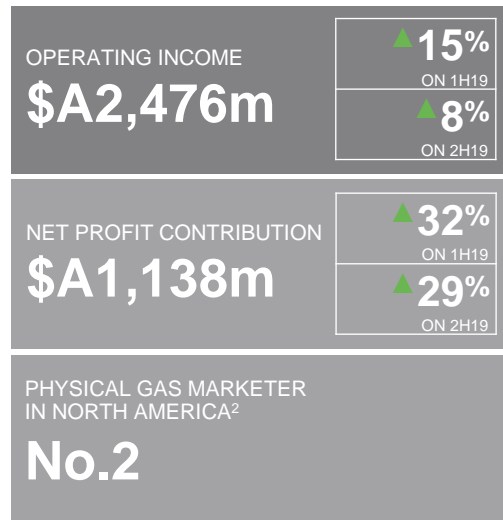
- **Australian vehicle finance portfolio² of \$A14.7b, down 3%** on Mar 19 due to declining new car sales nationally, lower dealer finance and run-off in previously acquired portfolio

DEPOSITS

- **Total BFS deposits³ of \$A56.2b, up 5%** on Mar 19
 - CMA deposits of \$A29.7b, up 9% on Mar 19



Commodities and Global Markets



SPECIALISED AND ASSET FINANCE 13%¹

- Stable portfolio, with a total value of \$A8.0b
- Growth in Technology, Media and Telecoms (TMT) lease income
- Continued strong performance in the UK energy meters business

COMMODITY MARKETS 62%¹

- Strong result across the overall commodities platform
- Gains in Global Oil driven by increased physical and financial activity across Europe and North America
- Consistent contribution from North American and European Gas and Power from client risk management and trading activity
- Increased client hedging activity in Agriculture and Metals and Mining
- Period benefited from the timing of income recognition on storage and transport contracts in Global Oil and North American Gas and Power
- Named Natural Gas/LNG House of the Year³
- Decreased lending and financing income due to a reduction in agricultural loans and reduced activity in the gas and power sectors

FINANCIAL MARKETS 16%¹

- Increased client activity across all regions in a variety of structured interest rate and foreign exchange products
- Steady client activity in UK and Australian securitisation
- Continued growth from settlement financing activity in the US corporate direct lending market

FUTURES 5%¹

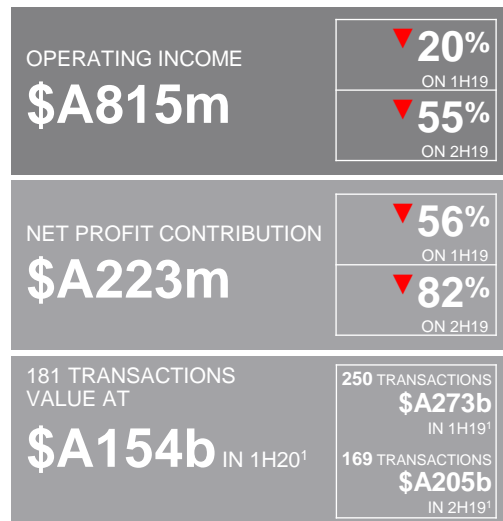
- Strong overall result primarily driven by increased contribution from the US and continued strength in Australia due to client activity
- Ranked No.1 Futures broker on the ASX⁴

EQUITY MARKETS 4%¹

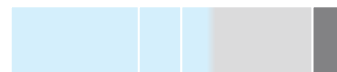
- Increased equities trading income in Asian markets driven by increased opportunities in China and improved conditions for retail products
- Result impacted by challenging market conditions and reduced opportunities in Cash Equities, particularly in the US and Europe
- Named Research House of the Year³



Macquarie Capital



MacCap
~8%



ADVISORY AND CAPITAL SOLUTIONS

Summary

- Lower debt capital markets fee income, down on a strong 1H19, partially offset by higher mergers and acquisitions fee income
- Investment-related income decreased due to lower interest income from the debt portfolio and higher credit and other impairment charges related to a small number of underperforming investments
- Maintained a leading market position in ANZ for M&A²
- More than \$A700m committed in new primary debt financings, weighted towards bespoke originations, provided to clients globally
- Continued investment in future growth opportunities through MacCap's Venture Studio, a technology-focused platform for promoting emerging innovators in infrastructure, energy and education, including participation in series-B funding round for solar tracking system manufacturer Sunfolding

Notable deals

- Sole Financial Advisor to DuluxGroup on its acquisition by Nippon Paint Holdings Co for an enterprise value of \$A4.2b
- Financial advisor, joint lead manager and bookrunner to the IPO of FINEOS Corporation, the largest ASX IPO 2019 year to date³
- Exclusive sell-side financial advisor to Spire Capital and Lighthouse Global, a leading technology-enabled eDiscovery and advisory services business, in relation to the sale of Lighthouse Global
- Macquarie and a partner provided \$CAD200m debt financing to Dye & Durham, a leading provider of cloud-based software and technology solutions for legal and business professionals in Canada
- Macquarie and its co-investors recently supported Dovel Technologies in its acquisition of Ace Info Solutions. Dovel Technologies is a leading technology solutions provider to federal agencies in the health IT, life sciences, and grants management markets
- Acquisition with co-investors of Premier Technical Services Group PLC, a UK provider of tech-enabled specialist testing and compliance services

Awards/Ranking

- No.1 in ANZ for M&A²

INFRASTRUCTURE AND ENERGY GROUP

Summary

- Investment-related income included higher revenue from asset realisations in Europe particularly in Green Energy, partially offset by a small number of underperforming investments
- Advisory team in infrastructure and renewables advising pension funds and infrastructure clients, maintaining the leading market position globally for infrastructure financial advisory⁴
- Continued leadership via GIG in the development and investment in green energy projects
- Continued focus on green energy with over 250 projects under development or construction at 30 Sep 19
- Total investment in green energy of \$A1.3b⁵ at 30 Sep 19; investments made of \$A0.8b and investments realised of \$A0.4b for 1H20

Notable deals

- Leadership in Europe transport infrastructure projects with preferred bidder status achieved on the Silvertown Tunnel and the A9 Road PPP
- GIG acquired a 40% stake in the 714MW East Anglia ONE offshore wind farm from Iberdrola / ScottishPower Renewables. The project is in construction and will be one of the world's largest offshore wind farms when it commences full operations in mid-2020, supplying clean energy to around 600,000 British households
- Successfully completed development of Savion's Myrtle and Greenville solar projects (a 95MWac basket of solar sites in Virginia)

Awards/Ranking

- Global Finance Best Investment Bank Award 2019 – Infrastructure sector⁶
- Best Education and Higher Education Project – Grangegorman Campus PPP⁷
- Partnerships Bulletin Special Award – Acquisition of John Laing Infrastructure Fund⁷
- No.1 Global Infrastructure Financial Advisor⁴
- No.1 Global Renewables Financial Advisor⁴
- No.1 Financial Advisor for Power in North America⁸

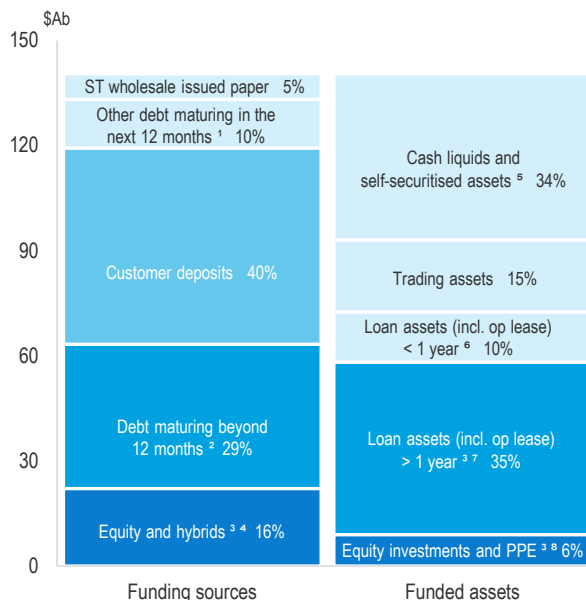
Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on 1H20 net profit contribution from Operating Groups. 1. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 2. Refinitiv (CY19, M&A Announced and Completed by deal count). 3. Dealogic, all ANZ exchange IPOs which started trading between 1 Jan 19 – 30 Sept 19. 4. Inspiration (1H CY19, by deal count). 5. Carrying value of balance sheet investments as at 30 Sep 19. 6. Global Finance (2019). 7. Partnership Awards 2019. 8. Infraction (1H CY19, by deal count).



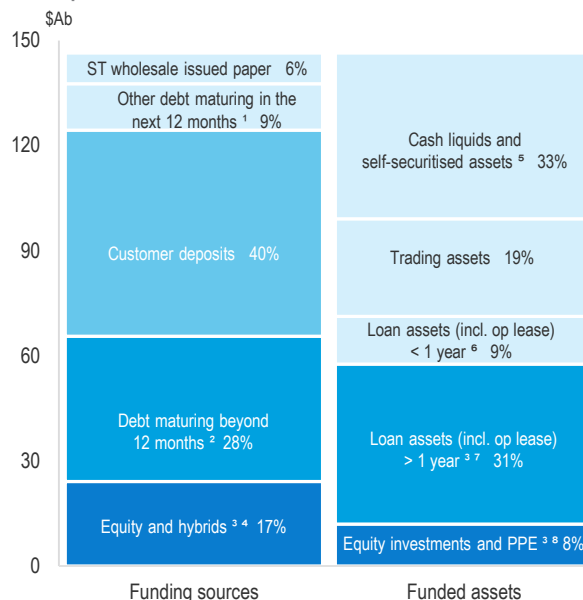
Funded balance sheet remains strong

Term liabilities exceed term assets

31 Mar 19



30 Sep 19



TOTAL CUSTOMER DEPOSITS⁹

\$A58.8b

▲ **5%**
FROM MAR 19

NEW TERM FUNDING¹⁰

\$A10.8b

RAISED SINCE MAR 19

NEW CAPITAL ISSUANCES

\$A1.7b

THROUGH INSTITUTIONAL PLACEMENT & SPP¹¹

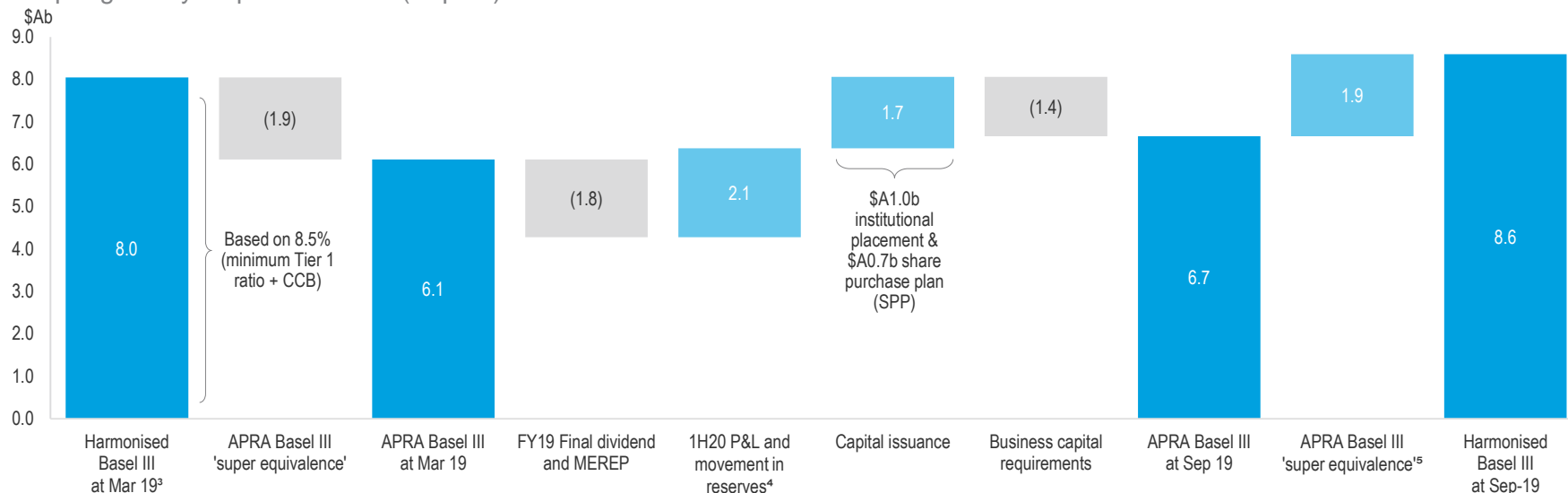
These charts represent Macquarie's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to Macquarie's statutory balance sheet refer to slide 58. 1. 'Other debt maturing in the next 12 months' includes Structured notes, Secured funding, 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 is netted down in 'Equity and hybrids' and 'Equity investments and PPE' and 'Loan assets (incl. op leases) > 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-secured assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the Reserve Bank of Australia's Committed Liquidity Facility. 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. 9. Total customer deposits as per the funded balance sheet (\$A58.8b) differs from total deposits as per the statutory balance sheet (\$A59.0b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 10. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities. 11. Share Purchase Plan (SPP) was offered to existing shareholders post completion of the Institutional Placement.



Basel III capital position

- APRA Basel III Group capital at Sep 19 of \$A23.8b; Group capital surplus of \$A6.7b^{1,2}
- APRA Basel III CET1 ratio: 11.4%; Harmonised Basel III CET1 ratio: 14.0%

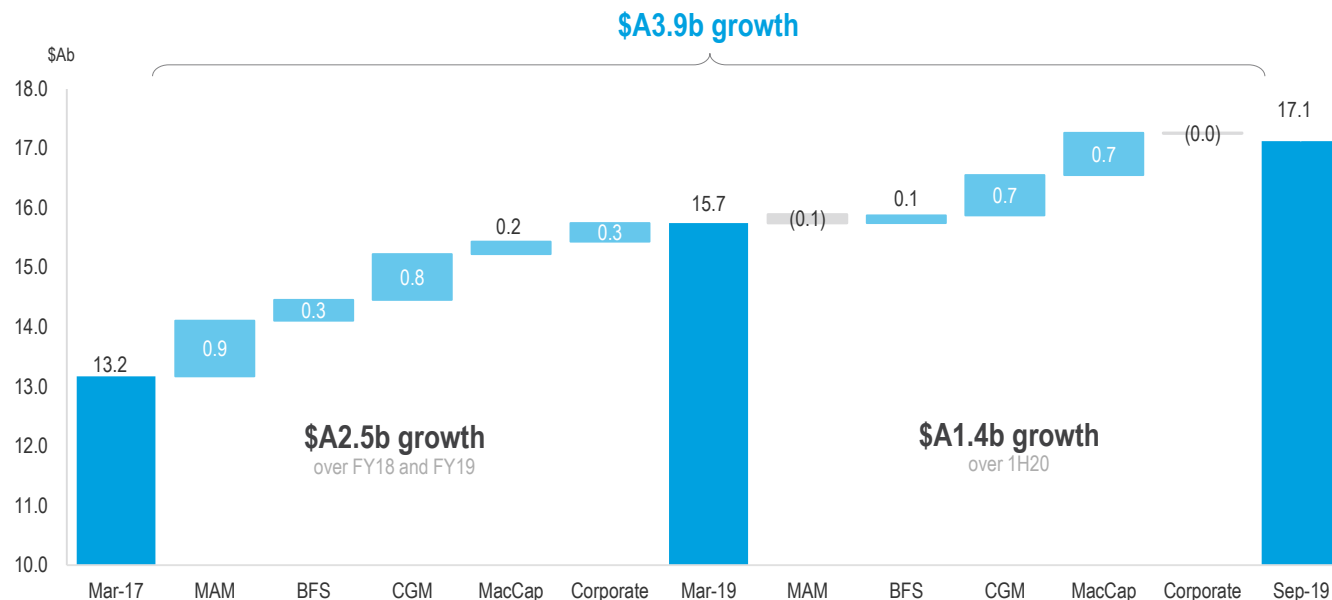
Group regulatory surplus: Basel III (Sep 19)



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 ~13bps. 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. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. Includes current half P&L, movement in the foreign currency translation reserve and other movements in capital supply. 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. Differences include the treatment of mortgages \$A0.8b; capitalised expenses \$A0.4b; equity investments \$A0.3b; investment into deconsolidated subsidiaries \$A0.1b; DTAs and other impacts \$A0.3b.



Business capital requirements¹



1H20 KEY DRIVERS

MAM

- Decreased requirements due to the sale of Macquarie AirFinance to a newly-formed joint venture in which Macquarie has a 75% interest, partially offset by MIRA performance fee recognition

BFS

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

CGM

- Includes \$A0.6b additional requirements for the introduction of SA-CCR from 1 Jul 19 and increased trading activity

MacCap

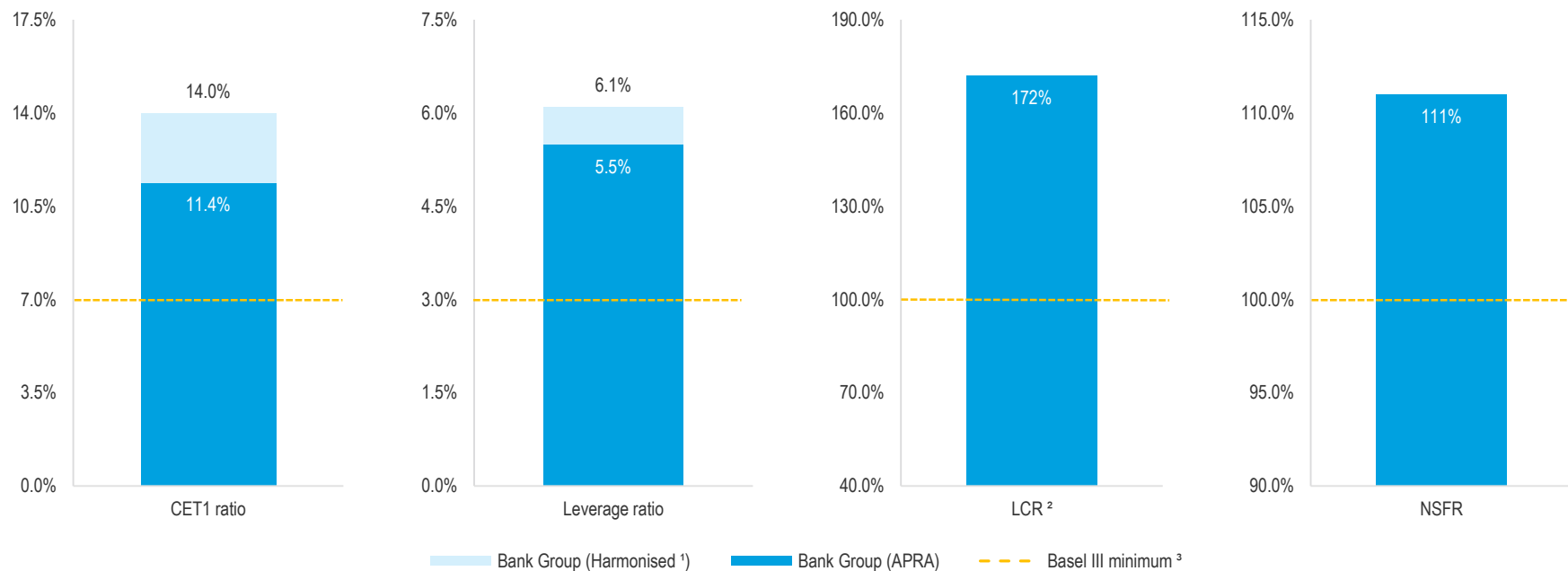
- Investments (\$A1.4b) net of asset realisations (\$A0.7b)
- Subsequent to 30 Sep 19, additional investments have been made, including further investment in a Taiwanese wind farm referred to in the 28 Aug 19 presentation to investors and analysts

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 Sep 19 are based on 30 Jun 19 allocations adjusted for material movements over the Sep 19 quarter.



Strong regulatory ratios

Bank Group (Sep 19)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Sep 19 quarter is based on an average of daily observations. 3. 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.



Interim dividend

1H20 ORDINARY DIVIDEND

\$A2.50
(40% franked)

FROM
▲ \$A2.15
(45% franked)
IN 1H19

FROM
▼ \$A3.60
(45% franked)
IN 2H19

1H20 RECORD DATE

12 Nov 19

1H20 PAYMENT DATE

18 Dec 19

DRP shares for
the 1H20 dividend
to be sourced
on market¹

1H20 PAYOUT RATIO²

61%

Dividend policy
remains 60-80%
annual payout ratio



03 | Result Analysis and Financial Management

Alex Harvey

Chief Financial Officer



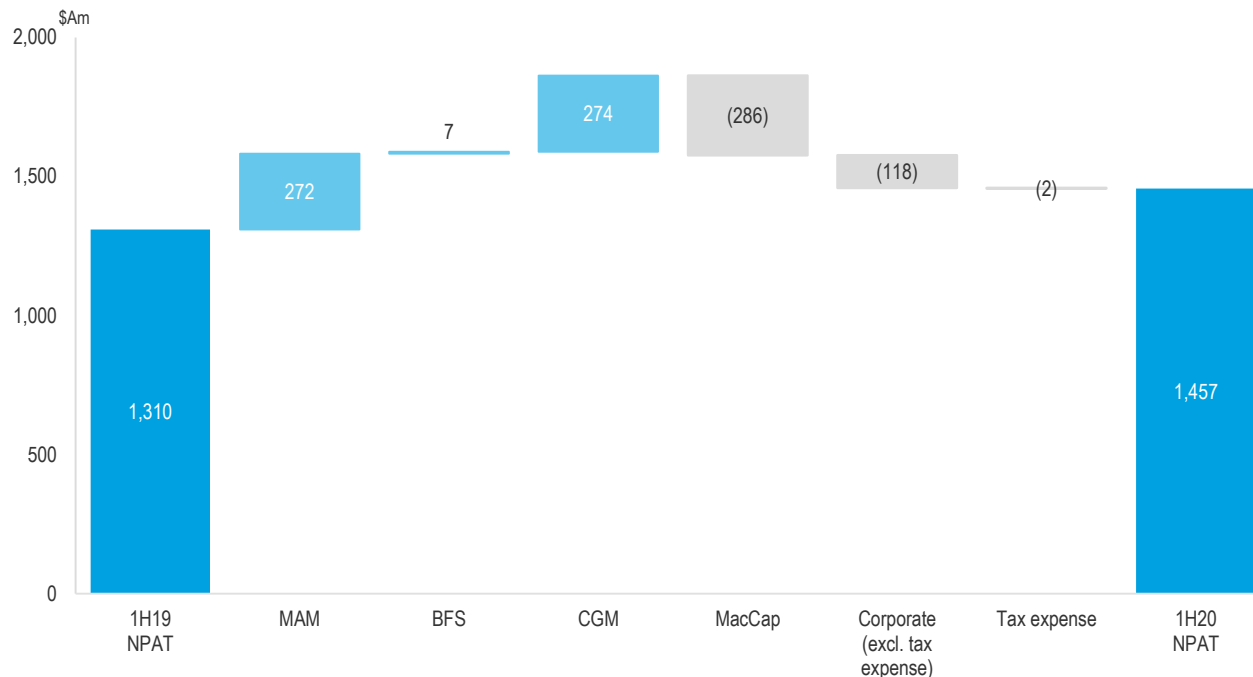
Income statement key drivers

	1H20 \$Am	2H19 \$Am	1H19 \$Am
Net interest and trading income	2,417	2,322	2,229
Fee and commission income	2,874	2,865	2,661
Net operating lease income	461	489	461
Share of net (losses)/profits of associates and joint ventures	(49)	(63)	7
Credit and Other impairment charges	(139)	(476)	(76)
Investment income	670	1,617	485
Other income	86	170	63
Net operating income	6,320	6,924	5,830
Employment expenses	(2,776)	(2,763)	(2,454)
Brokerage, commission and trading-related expenses	(482)	(561)	(579)
Other operating expenses	(1,222)	(1,438)	(1,092)
Total operating expenses	(4,480)	(4,762)	(4,125)
Operating profit before tax and non-controlling interests	1,840	2,162	1,705
Income tax expense	(376)	(505)	(374)
Non-controlling interests	(7)	15	(21)
Profit attributable to MGL shareholders	1,457	1,672	1,310

- Net interest and trading income of \$A2,417m, up 8% on 1H19 primarily due to increased contribution across CGM's commodities platform driven by client hedging activity in Risk management products, the timing of income recognition on Oil and Gas storage and transport contracts partially offset by reductions in North American Gas Inventory management and trading following a strong prior corresponding period
- Fee and commission income of \$A2,874m, up 8% on 1H19
 - Higher performance fees with 1H20 benefiting from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
 - Increase in base fees due to foreign exchange movements and investments made by MIRA-managed funds and mandates, partially offset by asset realisations in MIRA-managed funds and net flows in MIM
 - Lower debt capital markets fee income, down on a strong 1H19, partially offset by higher mergers and acquisitions fee income in Macquarie Capital
- Share of net losses of associates and joint ventures of \$A49m, as compared with profits of \$A7m in 1H19, primarily driven by investments in green energy projects in the development and construction phases, including a small number of underperforming assets in Macquarie Capital
- Higher Credit and Other impairment charges compared to 1H19, primarily related to a small number of underperforming investments in Macquarie Capital
- Investment income of \$A670m, up 38% on 1H19, primarily due to higher revenue from asset realisations in Europe, particularly in the green energy sector in Macquarie Capital
- Total operating expenses of \$A4,480m, up 9% on 1H19 mainly due to unfavourable foreign exchange movements, higher share-based payments expense due to accelerated amortisation of prior years' equity awards to retiring key management personnel and increased performance-related profit share. In addition, average headcount increased in central service groups to support business growth, technology projects and ongoing regulatory compliance. This was partially offset by a decrease in Brokerage, commission and trading-related expenses primarily due to reductions across equities markets in CGM



Income statement by Operating Group NPC



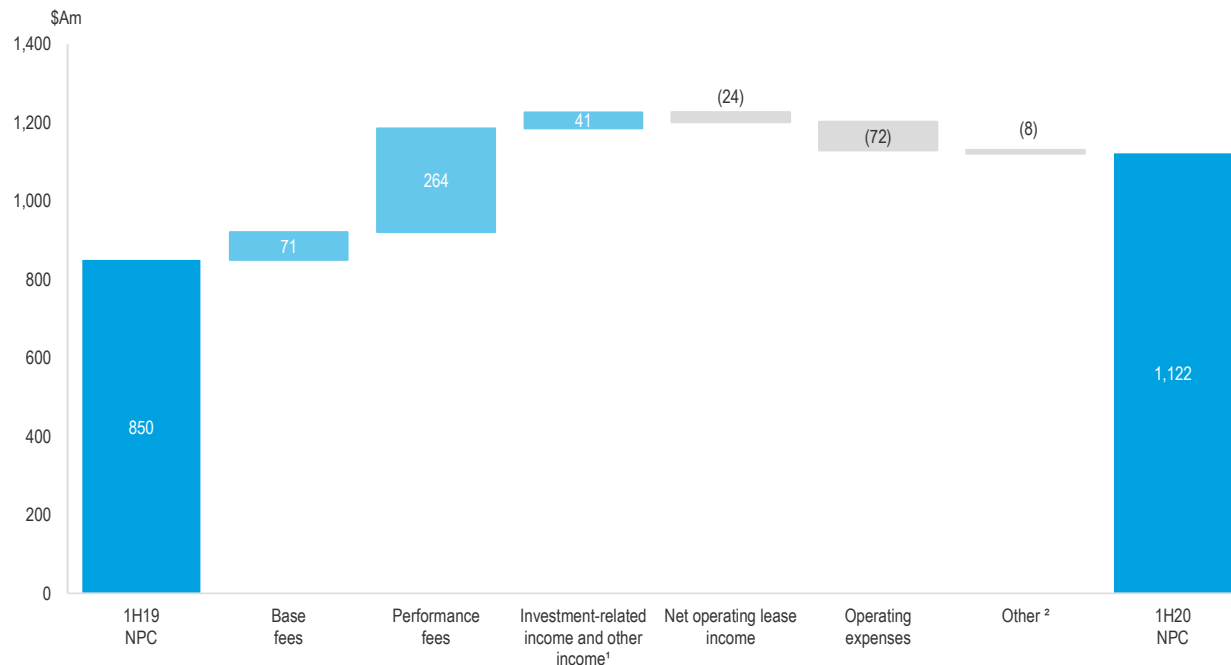
KEY DRIVERS

- **MAM:** Increased performance fees and base fees, partially offset by higher operating expenses
- **BFS:** Growth in total BFS deposits, the Australian loan portfolio and funds on platform partially offset by a decrease in Australian vehicle finance portfolio and the impact of realigning the wealth advice business to focus on the high net-worth segment
- **CGM:** Strong contribution from the commodities platform driven by increased client hedging activity and timing of income recognition on storage and transport agreements, improved foreign exchange, interest rates and credit results, partially offset by challenging market conditions and reduced opportunities in Cash Equities, and higher operating expenses
- **MacCap:** Fee income down on a strong 1H19. Investment-related income slightly down with higher revenue from asset realisations offset by lower interest income from the debt portfolio and higher share of net losses of associates and joint ventures. Higher impairment charges due to a small number of underperforming investments and higher operating expenses
- **Corporate:** Higher share-based payments expense and higher performance-related profit share



Macquarie Asset Management

Increased base and performance fees, partially offset by higher operating expenses



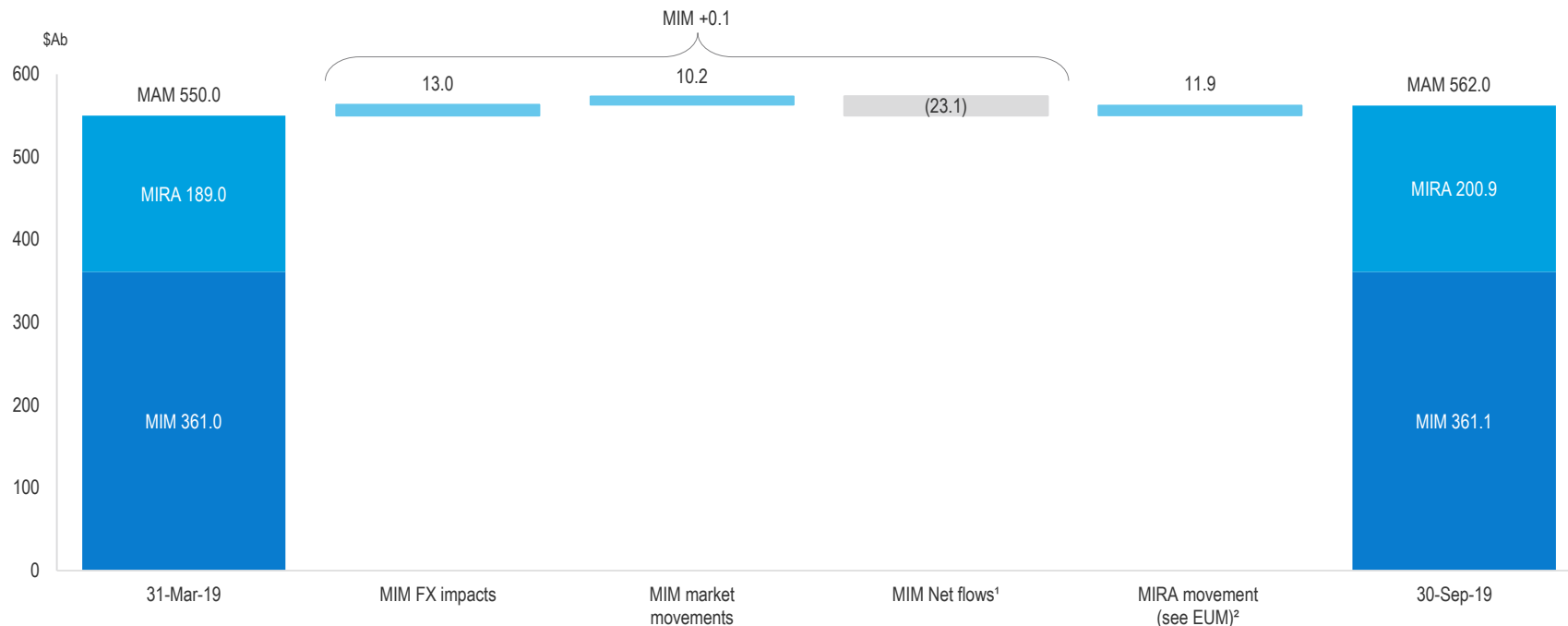
KEY DRIVERS

- Base fees up due to:
 - Foreign exchange movements and investments made by MIRA-managed funds and mandates
 - Partially offset by asset realisations in MIRA-managed funds and net flows in MIM
- Higher performance fees with 1H20 benefiting from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
- Higher investment-related and other income due to gains on sale and reclassification of investments
- Lower net operating lease income primarily driven by the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM, partially offset by the acquisition of rotorcraft assets during the prior period
- Higher operating expenses driven mainly by foreign exchange movements and the full-period impact of the GLL and ValueInvest acquisitions completed in the prior corresponding period



MAM AUM movement

Increase due to net investment by MIRA-managed funds; and positive impacts from FX and market movements offset mainly by a reduction in contractual insurance assets in MIM

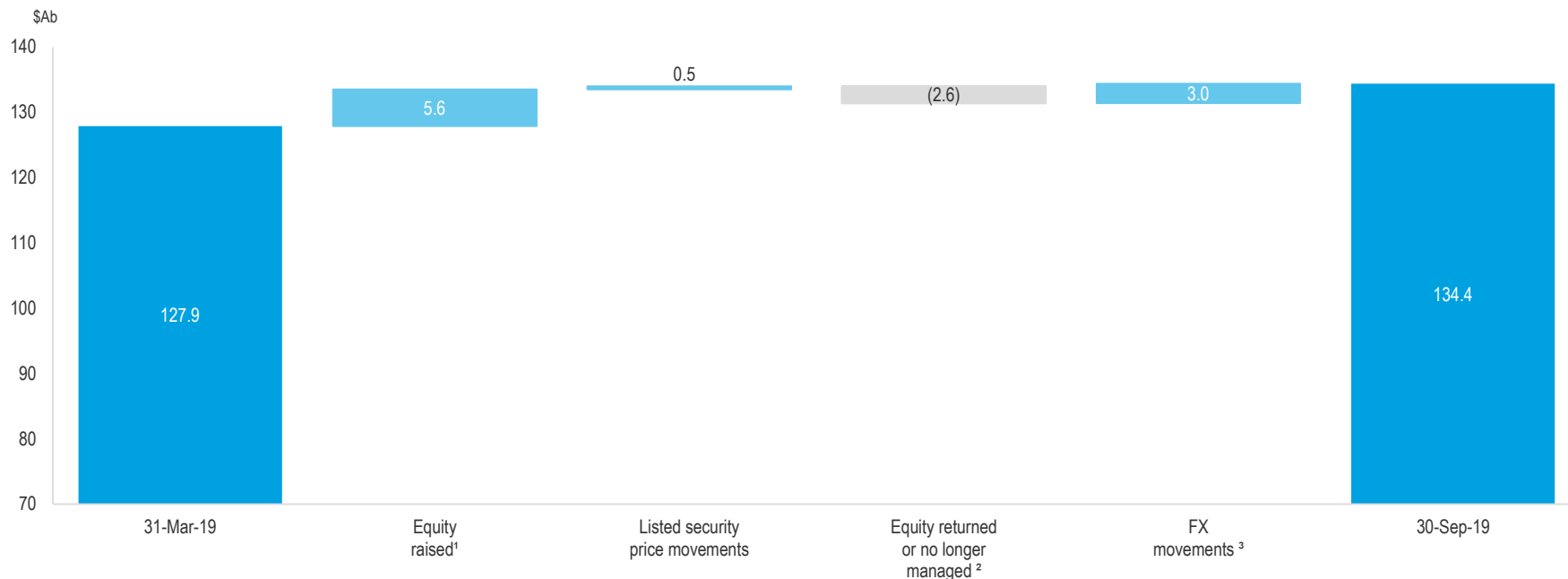


1. \$A23.1b of MIM net outflows were primarily driven by contractual fixed income insurance assets and other short-term fixed income allocations. 2. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes – refer to MIRA EUM movement on slide 26. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. Refer MD&A s7 for further information with respect to EUM and AUM measures.



MIRA EUM movement

Increase of 5% primarily due to new equity raised

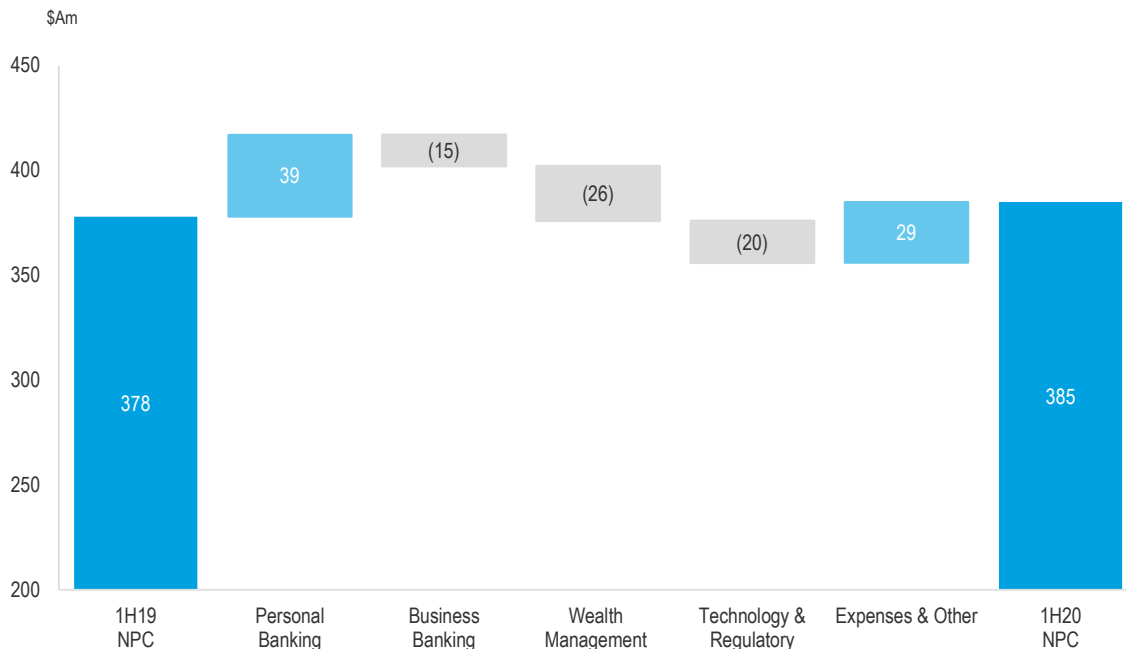


1. Includes PGGM's 25% interest in Macquarie AirFinance following the sale to a newly-formed joint venture with PGGM. 2. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. Includes an offset of equity managed on behalf of ALX following internalisation. 3. FX reflects the movement in EUM driven by changes in FX rates. EUM is calculated using capital commitments translated at period end FX rates. Spot FX rates are used for capital raised and returned and average FX rates are used for security price movements.



Banking and Financial Services

Growth in BFS deposits, Australian loan portfolio and funds on platform



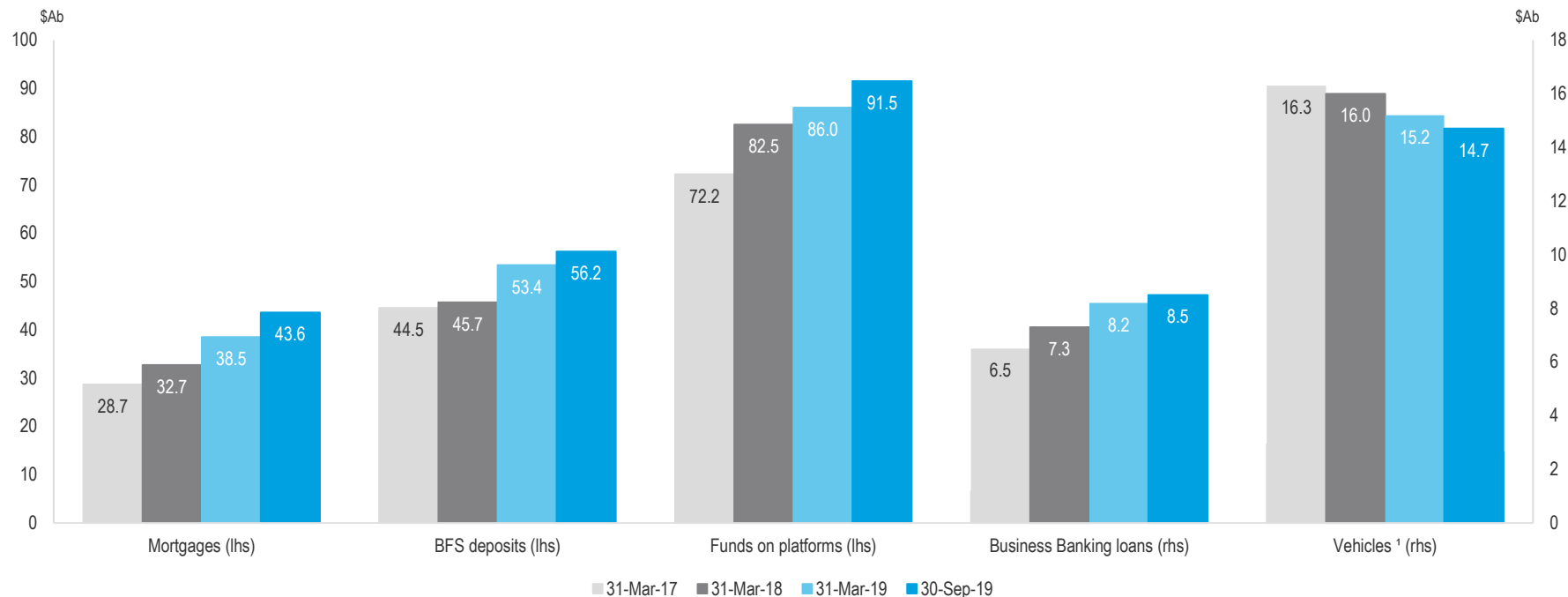
KEY DRIVERS

- Higher Personal Banking income driven by a 14% growth in average mortgage volumes
- Lower Business Banking income driven by increase in specific provisions offset by 13% growth in average business banking loan volumes and a 3% growth in average business deposit volumes
- Lower Wealth Management fee income associated with realigning the advice business to focus on the high net-worth segment, partially offset by 3% increase in average funds on platform
- Higher Technology and Regulatory expenses driven by investment to support business growth and to meet regulatory requirements
- Lower Expenses and Other includes lower staff numbers in Wealth Management with the advice business realigned to focus on the high net-worth segment



Banking and Financial Services

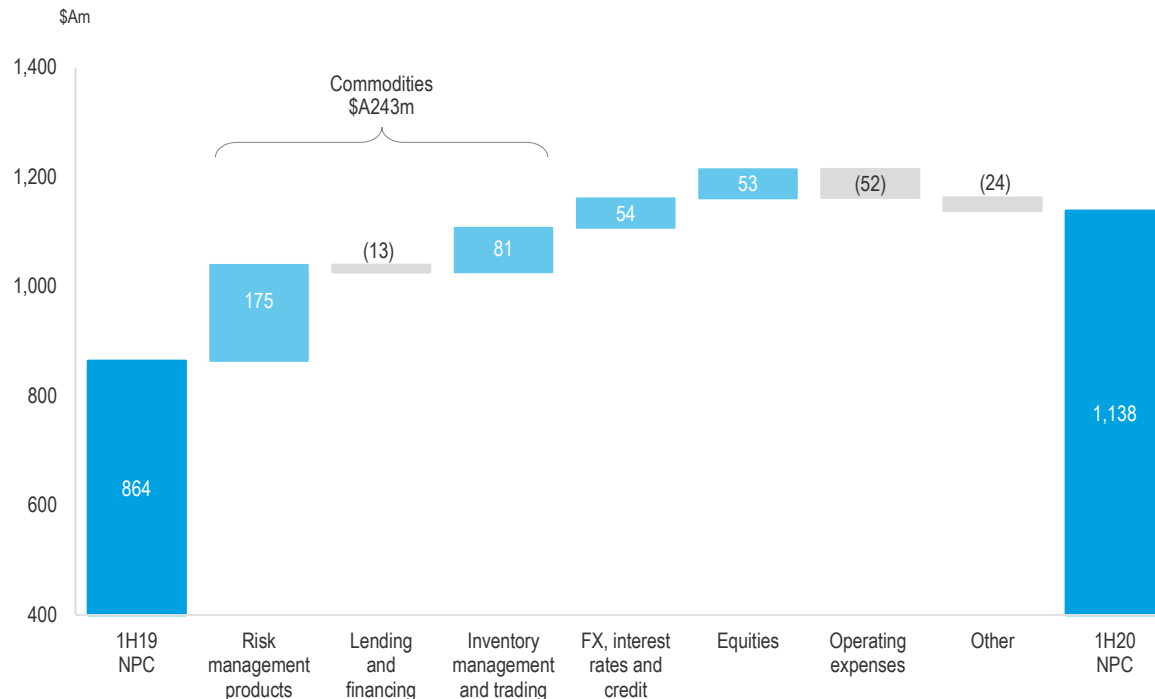
Strong growth across the portfolio





Commodities and Global Markets

Results driven by strong performance in commodities



KEY DRIVERS

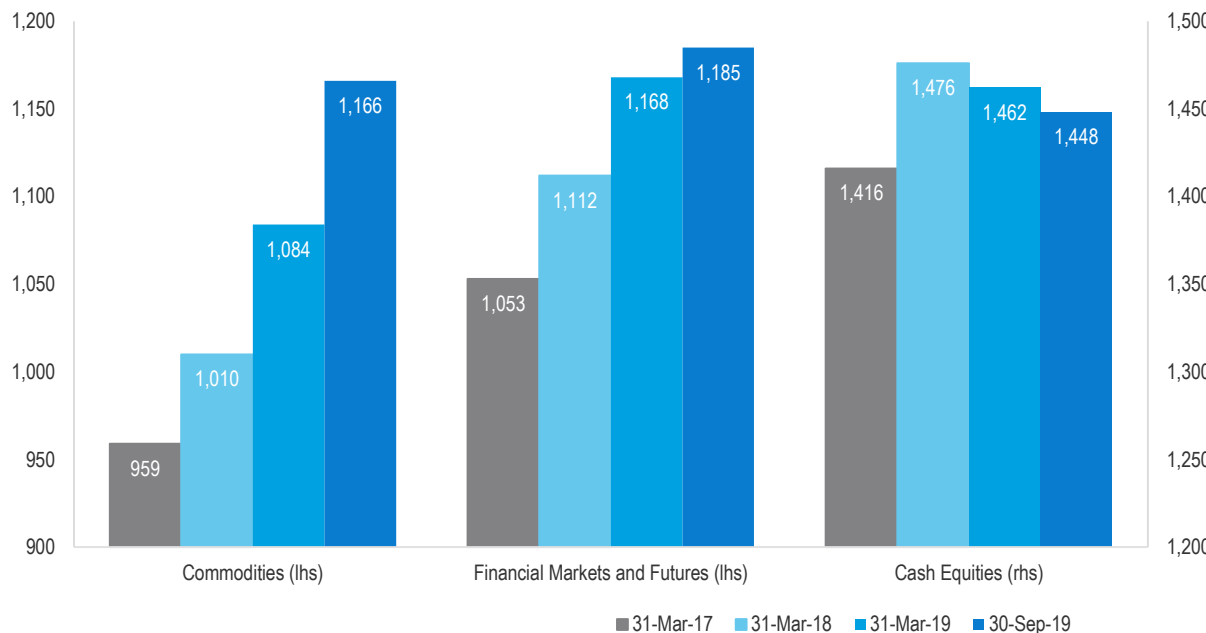
- Increased net interest and trading income:
 - Commodities
 - Strong results across the commodities platform from increased client hedging activity particularly in Global Oil, North American Gas and Power and EMEA Gas and Power. Solid contribution from Agriculture, Metals and Mining
 - Lower Lending and financing income driven by a reduction in agricultural loans and reduced activity in gas and power sectors
 - Inventory management driven by the timing of income recognition on Oil and Gas storage and transport contracts, partially offset by reductions in North American Gas following a strong prior corresponding period driven by demand and supply factors in specific American regions
 - Improved foreign exchange, interest rates and credit result driven by increased client activity across platform in all regions
 - Increase in Equities driven by increased opportunities in Asian markets including China and improved performance in retail markets
- Higher operating expenses driven by expenditure on technology infrastructure as well as increased compliance and regulatory requirements, partially offset by a reduction in brokerage, commission and trading-related expenses driven by reduced turnover in equities markets



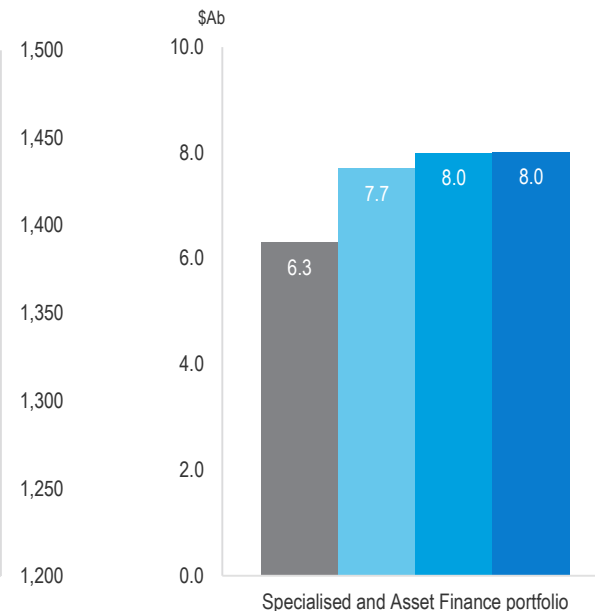
Commodities and Global Markets

Growing client base

Client numbers¹



Specialised & Asset Finance portfolio

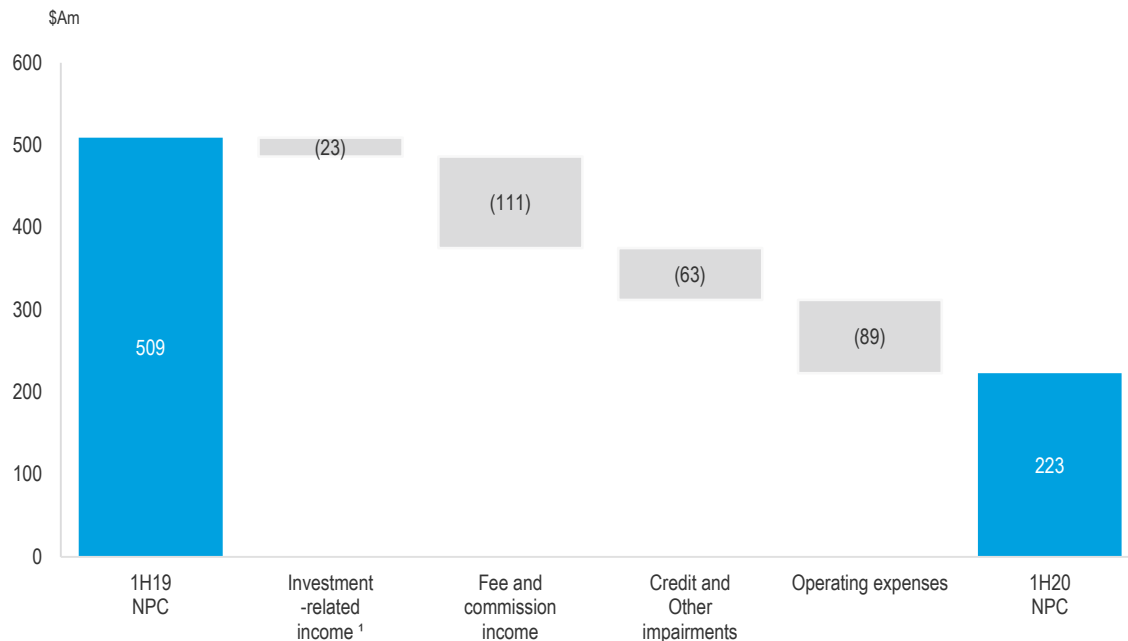


1. 30 Sep 19 client numbers cover a 12 month period from 1 Oct 18 – 30 Sep 19.



Macquarie Capital

Results driven by lower investment-related income, lower fee and commission income, higher operating expenses and higher credit and other impairment charges



KEY DRIVERS

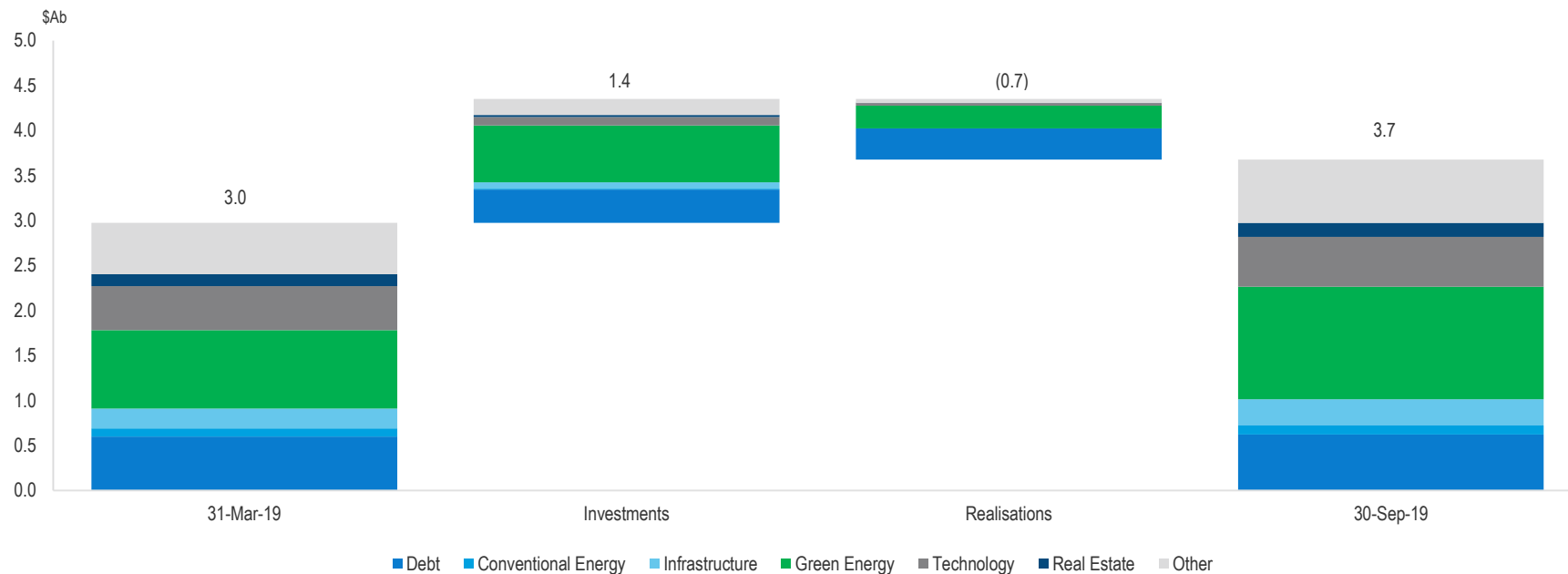
- Lower investment-related income:
 - Lower interest income from the debt portfolio
 - Higher share of net losses of associates and joint ventures, primarily in green energy projects in the development and construction phases, including a small number of underperforming assets
 - A change in the composition of investments in the portfolio including increased expenditure in relation to green energy projects
 - Partially offset by higher revenue from asset realisations in Europe particularly in green energy
- Fee and commission income was lower with debt capital markets fee income down on a strong 1H19, partially offset by higher mergers and acquisitions fee income
- Higher credit and other impairment charges related to a small number of underperforming investments
- Higher operating expenses from additional headcount and the impact of foreign exchange movements

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



Macquarie Capital

Movement in regulatory capital





Costs of compliance

Total compliance spend¹ approximately \$A270m in 1H20, up 15% on 1H19

Regulatory project spend	1H20 \$Am	2H19 \$Am	1H19 \$Am
IFRS 9	0	3	7
OTC reform	2	3	4
MiFID	4	5	6
Brexit	7	10	1
Other Regulatory Projects (e.g. Trade, Execution and Data related investments, Enterprise Data Management, Code of Banking Practice)	57	58	47
Total	70	78	64

- The finance industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Regulatory project spend increased 9% from 1H19 as a result of a number of technology projects including BFS compliance projects and the Banking Executive Accountability Regime
- Business as usual spend increased 17% from 1H19 from continuing spend on a range of compliance functions

Business as usual compliance spend	1H20 \$Am	2H19 \$Am	1H19 \$Am
Financial, Regulatory and Tax Reporting, and Compliance	58	53	51
Compliance Policy and Oversight	54	44	43
AML Compliance	19	18	17
Regulatory Capital Management	12	11	10
National Consumer Credit Protection (NCCP)	4	7	8
Regulator Levies	6	5	7
Other Compliance functions (e.g. Monitoring and Surveillance, Privacy and Data Management, APRA resilience, Advice Licensee standards compliance)	47	44	35
Total	200	183	171
Total compliance spend	270	261	235

1. Excluding indirect costs.



Balance sheet highlights

- Balance sheet remains solid and conservative
 - Term assets covered by term funding, stable deposits and equity
 - Minimal reliance on short-term wholesale funding markets
- Total customer deposits¹ continuing to grow, up 5% to \$A58.8b as at Sep 19 from \$A56.0b as at Mar 19
- \$A1.7b of equity capital raised through \$A1.0b institutional placement and \$A0.7b share purchase plan
- \$A10.8b² of term funding raised during 1H20:
 - \$A5.3b of term wholesale paper issued
 - \$A2.8b of PUMA RMBS securitisation issuances
 - \$A2.3b of secured trade finance facilities
 - \$A0.4b of USD syndicated loan facility

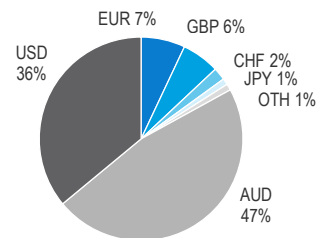
1. Total customer deposits as per the funded balance sheet (\$A58.8b) differs from total deposits as per the statutory balance sheet (\$A59.0b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 2. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities.



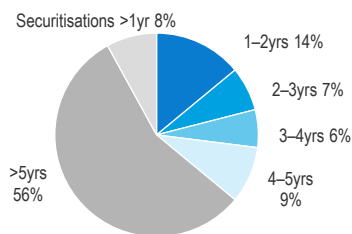
Diversified issuance strategy

Term funding as at 30 Sep 19 – diversified by currency¹, tenor² and type

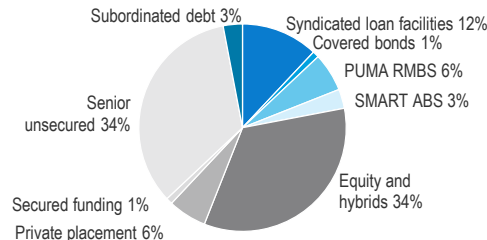
Currency



Tenor

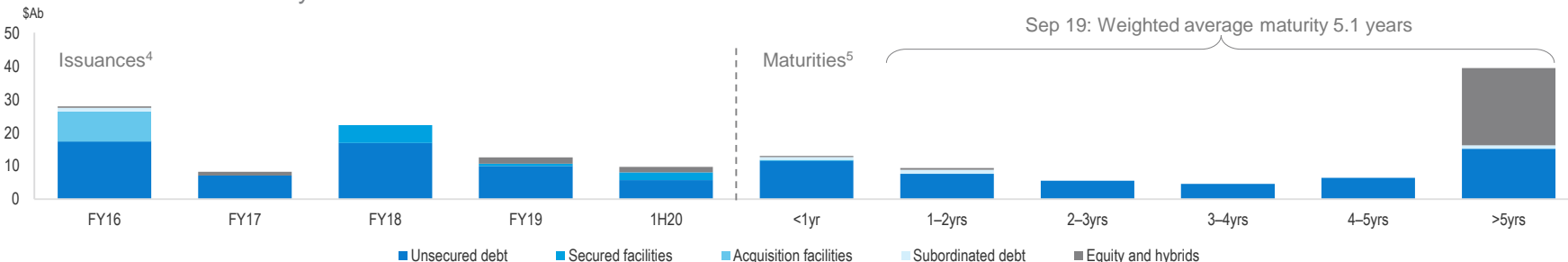


Type



- Well-diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 5.1 years³

Term Issuance and Maturity Profile



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. Macquarie Income Securities of \$A0.4b are excluded as they do not have a maturity date. 4. Issuances exclude securitisations. Issuances are converted to AUD at the 30 Sep 19 spot rate. Macquarie AirFinance Term Loan is included in FY18 line with the signing of commitment letters. 5. Maturities excludes securitisations. Maturities shown are as at 30 Sep 19.

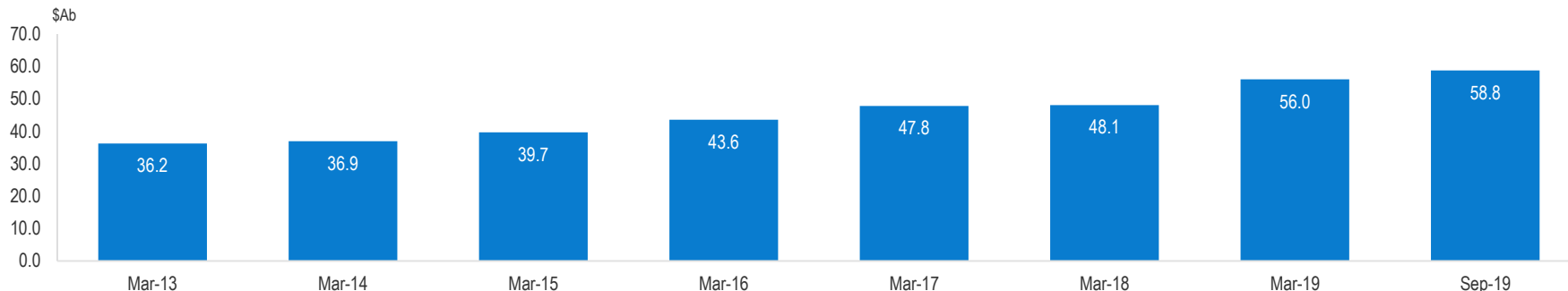


Continued customer deposit growth

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

- Of more than 1.5 million BFS clients, circa 640,000 are depositors
- Focus on the quality and composition of the deposit base
- Continue to grow deposits, CMA product has an average account balance of circa \$A42,000

Deposits





Loan and lease portfolios¹ – funded balance sheet

Operating Group	Category	Sep 19 \$Ab	Mar 19 \$Ab	Description
BFS	Retail mortgages ²	38.8	35.6	Secured by Australian residential property
	Business banking	9.0	8.7	Secured relationship managed loan portfolio secured largely by working capital, business cash flows and real property
	Vehicle finance	11.9	11.5	Secured by Australian motor vehicles
	Total BFS	59.7	55.8	
CGM	Asset Finance	8.0	7.9	Predominantly secured by underlying financed assets
	<i>Finance lease assets</i>	5.7	5.6	
	<i>Operating lease assets</i>	2.3	2.3	
	Resource and commodities	4.5	3.3	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.6	2.5	Predominantly relates to recourse loans to financial institutions, as well as financing for other sectors
	Total CGM	15.1	13.7	
MAM	Operating lease assets ³	1.6	8.9	Secured by underlying financed assets including transportation assets
	Structured investments	0.2	0.2	Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash or are protected by capital guarantees at maturity
	Other	0.4	0.3	Secured by underlying financed assets
	Total MAM	2.2	9.4	
MacCap	Principal finance loans	3.6	3.4	Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, well covenanted and with a hold to maturity horizon
	Corporate and other lending	0.6	0.7	Includes diversified secured corporate lending
	Total MacCap	4.2	4.1	
Total loan and lease assets per funded balance sheet⁴		81.2	83.0	

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 \$A85.1b at 30 Sep 19 (\$A78.5b at 31 Mar 19) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet). 2. Retail mortgages per the funded balance sheet of \$A38.8b differs from the figure disclosed on slide 13 of \$A43.6b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles (PUMA RMBS and SMART auto ABS) to show the net funding requirement. 3. Movement includes the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM in 1H20. 4. Total loan assets per funded balance sheet includes self-securitised assets.



Equity investments of \$A8.5b¹

Category	Carrying value ² Sep 19 \$Ab	Carrying value ² Mar 19 \$Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.9	1.9	Includes Macquarie Infrastructure Corporation, Macquarie SBI Infrastructure Fund, Macquarie Infrastructure Partners 4, Macquarie Asia infrastructure Fund, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4
Investments held to seed new MIRA products and mandates	1.6	-	Includes 75% interest in a newly-formed joint venture with PGGM to which Macquarie AirFinance was sold
Other Macquarie-managed funds	0.3	0.3	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	0.7	0.6	Over 25 separate investments
Telcos, IT, media and entertainment	1.0	0.5	Over 50 separate investments
Green energy ³	1.0	1.0	Over 25 separate investments
Conventional energy, resources and commodities	0.4	0.4	Over 50 separate investments
Real estate investment, property and funds management	1.0	0.7	Over 15 separate investments
Finance, wealth management and exchanges	0.6	0.5	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	8.5	5.9	

1. Equity investments per the statutory balance sheet of \$A10.2b (Mar 19: \$A6.1b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A8.4b (Mar 19: \$A5.9b). 3. Green energy includes Macquarie's \$A2.2b investment in East Anglia ONE Limited less \$A1.8b which has been funded with borrowings.



Regulatory update

Australia

- APRA is currently undertaking regulatory reviews in a number of areas, including:
 - In Oct 19, APRA released a discussion paper proposing changes to the capital treatment of investments in banking and insurance subsidiaries¹, with implementation from 1 Jan 21. These changes are not expected to materially impact MBL
 - In Sep 19, APRA commenced a second consultation on capital calculation and risk management requirements relating to Interest Rate Risk in the Banking Book²
 - In Jul 19, APRA implemented the standardised approach for measuring counterparty credit risk exposures (SA-CCR)³. This has resulted in a \$A0.6b increase in capital requirements for CGM
 - 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 ADIs⁴
 - 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
 - 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'⁵
 - In Jun 19, APRA responded to the first phase of consultation on revisions to the capital framework⁶, and released draft updated standards for residential mortgages as well as credit risk and operational risk requirements under the standardised approaches
 - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework⁷, with implementation from 1 Jan 22. APRA is yet to release draft standards
 - 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 22⁸. MBL's APRA leverage ratio was 5.5% at 30 Sep 19
 - 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 hold⁹
 - As previously noted, APRA is in discussions with Macquarie on both resolution planning and intra-group funding
- 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
- In Jul 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 closed 23 Oct 2019 during which Macquarie lodged its submission. 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

1. 'Revisions to APS 111 Capital Adequacy: Measurement of Capital'; 15 Oct 19. 2. 'Response to submissions: Interest rate risk in the banking book for authorised deposit-taking institutions'; 4 Sep 19. 3. 'Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk'; 19 Apr 18.

4. 'Response to submissions - loss-absorbing capacity'; 9 Jul 19. 5. 'Revisions to the capital framework for ADIs'; 14 Feb 18. 6. 'APRA responds to first phase of consultation on revisions to ADI capital framework'; 17 Jun 19. 7. 'Minimum capital requirements for market risk'; 14 Jan 19. 8. 'Draft Prudential Standard APS 110 Capital Adequacy' and 'Response to submissions: Leverage ratio requirement for ADIs'; 27 Nov 18. 9. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18.



Regulatory update

United Kingdom

- 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
- All four additional EU licences are now in place, including a credit institution licence in Ireland
- 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 2,000 staff based there as at 30 Sep 2019
- Many of Macquarie's EMEA business lines have successfully been built out from a strong UK hub to create a meaningful presence across continental Europe

Germany

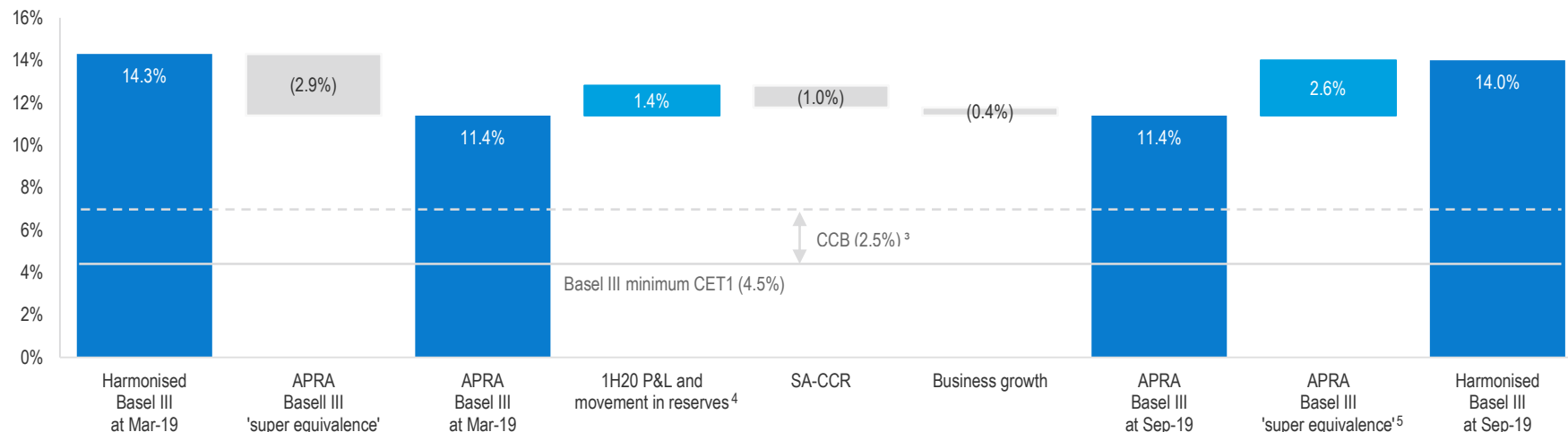
- Macquarie continues to cooperate with German authorities in relation to an historical German lending transaction in 2011. No current staff members have been interviewed to date. The total amount at issue is not material and MGL has provided for the matter
- As previously stated, Macquarie resolved 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



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

- APRA Basel III CET1 ratio: 11.4%¹
- Harmonised Basel III CET1 ratio: 14.0%²

Bank Group Common Equity Tier 1 Ratio: Basel III (Sep 19)

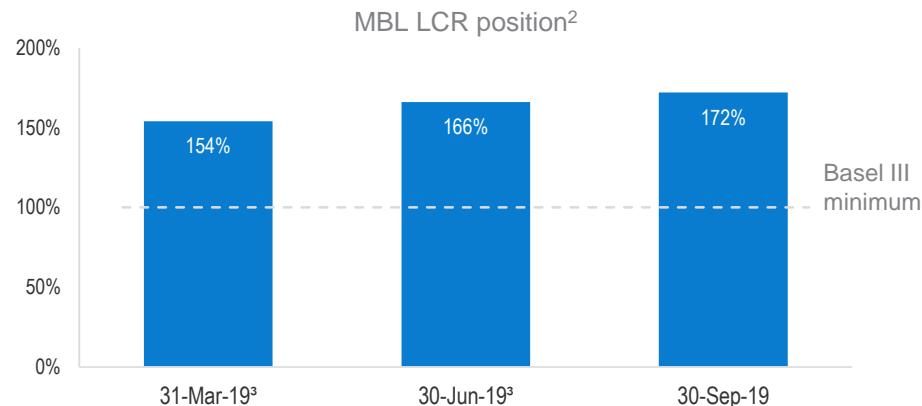
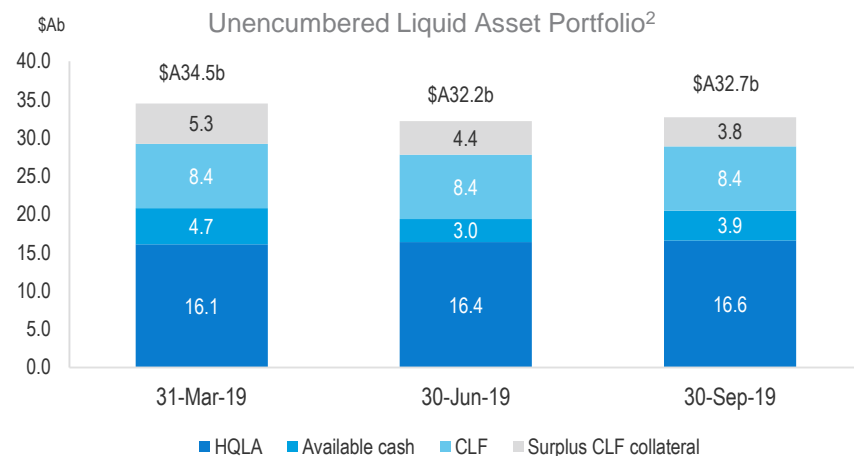


1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Sep 19: 13.3%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Sep 19: 16.0%. 3. Based on materiality, the countercyclical capital buffer (CCyB) of ~13bps has not been included. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 4. Includes current half P&L, movement in the foreign currency translation reserve and other movements in capital supply. 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. Differences include the treatment of mortgages 1.4%; capitalised expenses 0.5%; equity investments 0.3%; investment into deconsolidated subsidiaries 0.1%; DTAs and other impacts 0.3%.



Strong liquidity position maintained

- 172% average LCR for Sep 19 quarter, based on daily observations
 - Maintained well above regulatory minimum
 - Includes APRA approved AUD CLF¹ allocation of \$A8.4b for 2019 calendar year
- Reflects longstanding conservative approach to liquidity management
- \$A32.7b of unencumbered liquid assets and cash on average over the quarter to Sep 19 (post applicable haircuts)





Capital management update

Capital Issuance

- On 28 August 2019 Macquarie announced a \$A1.0b non-underwritten institutional placement, in addition to an associated Share Purchase Plan (SPP)
 - On 29 August 2019 Macquarie completed the institutional placement, conducted via book-build. Accordingly Macquarie issued approximately 8.3 million new fully-paid ordinary shares, raising \$A1.0b of ordinary equity at a price of \$A120 per new share
 - On 20 September 2019 Macquarie closed the SPP, with more than 53,000 applications received from eligible shareholders. Accordingly Macquarie issued approximately 5.7 million new fully-paid ordinary shares, raising \$A679m of ordinary equity at \$A120 per new share
 - As at 30 September 2019, Macquarie had a total of 354 million shares outstanding
- Across FY18, FY19 and 1H20, Macquarie's businesses have deployed \$A3.9b of incremental capital, including \$A1.4b in 1H20, as compared to organic capital generation in that period of \$A2.4b¹
- Additional capital provides flexibility to invest in new opportunities, provided the projected risk adjusted returns are attractive for shareholders, and to maintain appropriate capital levels in light of ongoing regulatory change

Dividend

- Macquarie is endeavouring to more closely align interim and final DPS with the timing of earnings which, based on the current FY20 outlook, is likely to lead to a lower gap between interim and final DPS for FY20 than in recent prior years. Macquarie's dividend policy remains a 60-80% annual payout ratio
- Dividend franking is set at 40%, which is a reduction from the previous franking rate of 45%. The ability for MGL to frank dividends is driven by the proportion of taxable Australian income compared to international income

1. Includes retained earnings, movement in reserves, MEREP and dividends paid in this period.



04

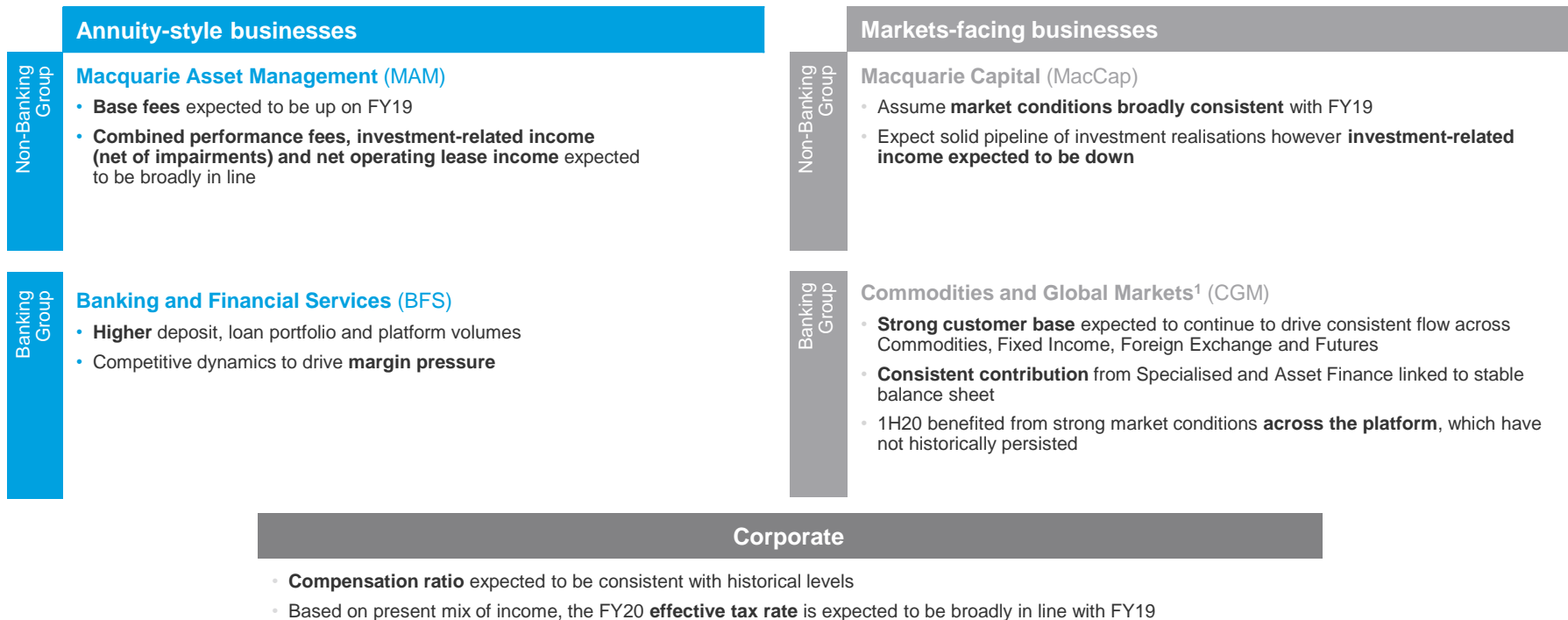
Outlook

Shemara Wikramanayake

Managing Director and Chief Executive Officer



Factors impacting short-term outlook





Short-term outlook

- While the impact of future market conditions makes forecasting difficult, we continue to expect the Group's result for FY20 to be slightly down on FY19
- Our short-term outlook remains subject to a range of factors including:
 - The completion rate of transactions and period-end reviews
 - 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 business and geographic diversity and continue to adapt our portfolio mix to changing market conditions
 - Annuity-style income is primarily provided by two Operating Groups' businesses which are delivering superior returns following years of investment and acquisitions
 - Macquarie Asset Management and Banking and Financial Services
 - Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
 - Commodities and Global Markets and Macquarie Capital
- Ongoing program to identify cost saving initiatives and efficiency
- Strong and conservative balance sheet
 - Well-matched funding profile with minimal reliance on short-term wholesale funding
 - Surplus funding and capital available to support growth
- Proven risk management framework and culture



Approximate business Basel III Capital and ROE

30 Sep 19

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. 1H20 Return on Ordinary Equity ²	Approx. 13-year Average Return on Ordinary Equity ³
Annuity-style businesses	7.9		
Macquarie Asset Management	3.7		
Banking and Financial Services	4.2	24%	22%
Markets-facing businesses	8.7		
Commodities and Global Markets	5.0		
Macquarie Capital	3.7	18%	16%
Corporate	0.4		
Total regulatory capital requirement @ 8.5%	17.1		
Group surplus	6.7		
Total APRA Basel III capital supply	23.8⁴	16.4%	14%

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 30 Jun 19 allocations adjusted for material movements over the Sep 19 quarter. 2. NPAT used in the calculation of approx. 1H20 ROE is based on Operating Groups' annualised 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 FY07 to 1H20, inclusive. 3. 13-year average covers FY07 to FY19, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of \$A19.7b of ordinary equity and \$A4.1b of hybrids.



Medium term

Annuity-style businesses

Non-Banking
Group

Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

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 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
- Continued investment in asset finance portfolio

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

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2019

1 November 2019





A

Appendix

Detailed Result Commentary



Macquarie Asset Management

Result

	1H20 \$Am	2H19 \$Am	1H19 \$Am
Base fees	950	899	879
Performance fees	546	483	282
Net operating lease income	303	335	327
Investment-related and other income ¹	85	163	64
Credit and Other impairment charges	(5)	(87)	(18)
Net operating income	1,879	1,793	1,534
Brokerage, commission and trading-related expenses	(127)	(120)	(128)
Other operating expenses	(628)	(650)	(555)
Total operating expenses	(755)	(770)	(683)
Non-controlling interests	(2)	(1)	(1)
Net profit contribution²	1,122	1,022	850
AUM (\$Ab)	562.0	550.0	548.7
MIRA EUM (\$Ab)	134.4	127.9	115.6
Headcount	1,789	1,900	1,886

- Base fees of \$A950m, up on 1H19
 - Foreign exchange movements and investments made by MIRA-managed funds and mandates
 - Partially offset by asset realisations in MIRA-managed funds and net flows in MIM
- Performance fees of \$A546m, up on 1H19
 - 1H20 included performance fees from a broad range of MIRA-managed funds, managed accounts and co-investors including MEIF1, MEIF3, MIP I, MIP II, GIF II and GIF III
 - 1H19 included performance fees from MEIF1, MEIF3, ALX and other MIRA-managed funds, managed accounts and co-investors
- Net operating lease income of \$A303m, down on 1H19, primarily driven by the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM, partially offset by the acquisition of rotorcraft assets during the prior period
- Investment-related and other income of \$A85m, up on 1H19, includes gains on sale and reclassification of investments
- Total operating expenses of \$A755m, up 11% on 1H19 driven mainly by foreign exchange movements and the full period impact of the GLL and ValueInvest acquisitions completed in the prior corresponding period

1. Investment-related income includes net income on equity and debt investments and share of net profits of associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. Management accounting profit before unallocated corporate costs, profit share and income tax.



Banking and Financial Services

Result

	1H20 \$Am	2H19 \$Am	1H19 \$Am
Net interest and trading income ¹	838	844	834
Fee and commission income	226	232	244
<i>Wealth management fee income</i>	<i>144</i>	<i>147</i>	<i>168</i>
<i>Banking and leasing fee income</i>	<i>82</i>	<i>85</i>	<i>76</i>
Credit and Other impairment charges	(42)	(54)	(28)
Other (expenses)/income ²	(1)	30	1
Net operating income	1,021	1,052	1,051
Total operating expenses	(636)	(674)	(673)
Net profit contribution³	385	378	378
Funds on platform ⁴ (\$Ab)	91.5	86.0	88.1
Australian loan and lease portfolio ⁵ (\$Ab)	67.4	62.5	60.0
BFS deposits ⁶ (\$Ab)	56.2	53.4	49.4
Headcount	2,651	2,772	2,950

- Net interest and trading income of \$A838m, in line with 1H19
 - 14% growth in the average BFS deposit balance and 9% growth in average Australian loan and lease portfolio volumes
 - Partially offset by the sale of an investment in Macquarie Pacific Funding business
- Fee and commission income of \$A226m, down 7% on 1H19 driven by lower wealth management fee income associated with realigning the advice business to focus on the high net worth segment
- Credit and Other impairment charges of \$A42m, up 50% on 1H19 driven by business banking loans and leasing
- Total operating expenses of \$A636m, down 5% on 1H19 driven by lower staff numbers in Wealth Management with the advice business realigned to focus on the high net worth segment and lower Brokerage, commission and trading-related expenses due to the sale of an investment in Macquarie Pacific Funding business, partially offset by additional investment in technology to support business growth and to meet regulatory requirements

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 share of net (losses)/profits of associates and joint ventures, internal management revenue and other income. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle finance, insurance premium funding and credit cards. 6. BFS deposits excludes corporate/wholesale deposits.



Commodities and Global Markets

Result

	1H20 \$Am	2H19 \$Am	1H19 \$Am
Commodities	1,049	1,177	806
<i>Risk management products</i>	<i>632</i>	<i>621</i>	<i>457</i>
<i>Lending and financing</i>	<i>115</i>	<i>122</i>	<i>128</i>
<i>Inventory management and trading</i>	<i>302</i>	<i>434</i>	<i>221</i>
Foreign exchange, interest rates and credit	345	273	291
Equities	216	79	163
Specialised and Asset Finance	78	54	97
Net interest and trading income¹	1,688	1,583	1,357
Fee and commission income	606	611	611
Net operating lease income ²	157	153	132
Investment and other income ³	60	83	69
Credit and Other impairment charges	(35)	(147)	(18)
Net operating income	2,476	2,283	2,151
Brokerage, commission and trading-related expenses	(257)	(316)	(320)
Other operating expenses	(1,081)	(1,087)	(966)
Total operating expenses	(1,338)	(1,403)	(1,286)
Non-controlling interests	-	(1)	(1)
Net profit contribution⁴	1,138	879	864
Headcount	2,816	2,866	2,786

- Net interest and trading income of \$A1,688m, up 24% on 1H19
 - Commodities income of \$A1,049m, up 30% on 1H19
 - Risk management products up 38% on 1H19 reflecting strong results across the commodities platform particularly in Global Oil, North American Gas and Power and EMEA Gas and Power from increased client hedging activity as a result of commodity price volatility. Solid contribution from Agriculture, Metals and Mining
 - Lending and financing reduced 10% driven by a reduction in agricultural loans and reduced activity in gas and power sectors
 - Inventory management and trading up 37% on 1H19 primarily driven by the timing of income recognition on storage and transport for Oil and Gas contract agreements partially offset by reduced contributions from North American Gas following a strong prior corresponding period driven by demand and supply factors in specific American regions
 - Foreign exchange, interest rates and credit income of \$A345m, up 19% on 1H19 driven by increased client activity across the platform in all regions
 - Equities up 33% on 1H19 reflecting increased opportunities in China and improved conditions for retail products across Asia
 - Specialised and Asset Finance interest and trading income down 20% on 1H19 driven by lower secondary income from equipment finance lease portfolio within Technology, Media and Telecoms (TMT), increased funding costs from growth in the TMT operating lease portfolio and a decline in the non-core legacy retail portfolio which is partially offset by favourable foreign exchange movement
- Fee and commission income of \$A606m, down 1% on 1H19 due to a reduction in brokerage due to reduced Cash Equities turnover offset by increased contribution from Index products and retail products in the technology sector
- Net operating lease income of \$A157m, up 19% on 1H19 driven by higher secondary income from Technology, Media and Telecoms portfolio. The Energy portfolio contributes the majority of operating lease income and was stable over the period
- Credit and Other impairment charges of \$A35m, up 94% on 1H19 mostly due to the write-downs on specific underperforming financing facilities and impairment charges related to a small number of commodity equity positions
- Brokerage, commission and trading-related expenses of \$A257m, down 20% on 1H19 due to a reduction in the equities sector
- Total other operating expenses of \$A1,081m, up 12% on 1H19, driven by expenditure on upgrading technology infrastructure and increased compliance costs as well as an increase in average headcount in comparison to prior corresponding period

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



Macquarie Capital

Result

	1H20 \$Am	2H19 \$Am	1H19 \$Am
Fee and commission income	415	497	526
Investment-related income (ex non-controlling interests)	421	1,467	478
<i>Investment and other income¹</i>	<i>439</i>	<i>1,441</i>	<i>417</i>
<i>Net interest and trading expense²</i>	<i>(18)</i>	<i>26</i>	<i>61</i>
Credit and Other impairment charges	(59)	(179)	4
Internal management revenue ³	38	26	15
Net operating income	815	1,811	1,023
Total operating expenses	(593)	(569)	(504)
Non-controlling interests	1	23	(10)
Net profit contribution⁴	223	1,265	509
Capital markets activity ⁵ :			
Number of transactions	181	169	250
Transactions value (\$Ab)	154	205	273
Headcount	1,459	1,369	1,282

- Fee and commission income of \$A415m, down 21% on 1H19 due to lower debt capital markets fee income, down on a strong 1H19, partially offset by higher mergers and acquisitions fee income
- Investment-related income of \$A421m, down 12% on 1H19
 - Lower interest income from the debt portfolio
 - Higher share of net losses of associates and joint ventures, primarily in green energy projects in the development and construction phases, including a small number of underperforming assets
 - A change in the composition of investments in the portfolio including increased expenditure in relation to green energy projects
 - Partially offset by higher revenue from asset realisations in Europe particularly in green energy
- Credit and other impairment charges of \$A59m, up on 1H19 due to a small number of underperforming investments
- Total operating expenses of \$A593m, up 18% on 1H19 due primarily driven by additional headcount and the impact of foreign exchange movements

1. Includes net income on equity and debt investments, share of net losses of associates and joint ventures and other (expenses)/income. 2. 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. 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, investments, ECM and DCM transactions converted as at the relevant reporting date. Deal values reflect the full transaction value and not an attributed value.



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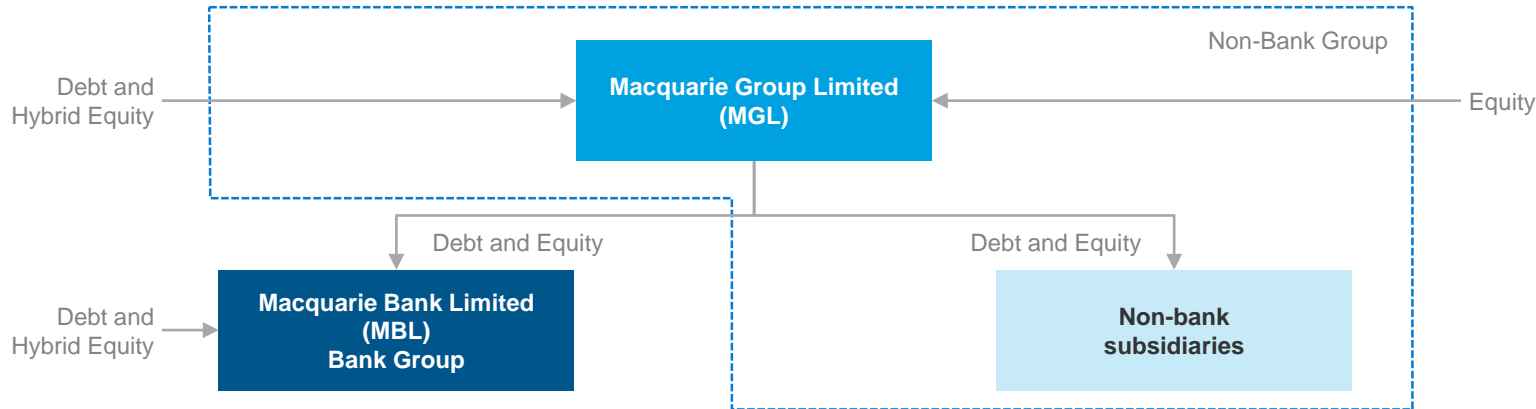
Appendix

Additional information – Funding



Macquarie funding structure

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





Funded balance sheet reconciliation

- Macquarie's statement of financial position is prepared based on generally accepted accounting principles which do not represent actual funding requirements
- A funded balance sheet reconciliation has been prepared to reconcile the reported assets of Macquarie to the assets that require funding

	Sep 19 \$Ab	Mar 19 \$Ab	Sep 18 \$Ab
Total assets per Statement of Financial Position	219.5	203.2	205.6
Accounting deductions:			
Self-funded trading assets	(19.1)	(16.6)	(18.2)
Derivative revaluation accounting gross-ups	(14.3)	(12.5)	(18.0)
Segregated funds	(11.1)	(10.0)	(10.5)
Outstanding trade settlement balances	(8.2)	(7.4)	(9.3)
Short-term working capital assets	(9.7)	(8.8)	(7.5)
Non-controlling interests	(0.3)	(0.2)	(0.2)
Non-recourse funded assets:			
Securitised assets and other non-recourse funding	(10.4)	(7.2)	(7.5)
Net funded assets per Funded balance sheet	146.4	140.5	134.4

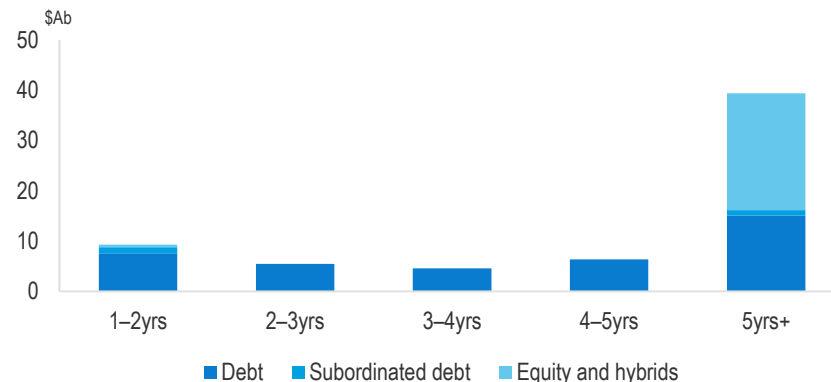


Funding for Macquarie

	Sep 19 \$Ab	Mar 19 \$Ab	Sep 18 \$Ab
Funding sources			
Certificates of deposit	1.0	1.0	0.8
Commercial paper	7.8	6.3	5.9
Net trade creditors	0.6	2.1	1.4
Structured notes	2.4	2.5	2.2
Secured funding	3.6	5.8	6.2
Bonds	34.8	32.2	34.8
Other loans	1.5	1.2	1.0
Syndicated loan facilities	8.7	8.3	7.0
Customer deposits	58.8	56.0	52.3
Subordinated debt	3.1	3.0	2.9
Equity and hybrids ¹	24.1	22.1	19.9
Total funding sources	146.4	140.5	134.4
Funded assets			
Cash and liquid assets	23.7	26.3	23.5
Self-securitisation	23.6	21.1	17.2
Net trading assets	27.9	20.6	19.3
Loan assets including operating lease assets less than one year	13.6	14.3	15.2
Loan assets including operating lease assets greater than one year	44.0	47.6	48.2
Debt investment securities	1.7	1.7	1.8
Co-investment in Macquarie-managed funds and other equity investments	8.4	5.9	6.3
Property, plant and equipment and intangibles	3.5	3.0	2.9
Total funded assets	146.4	140.5	134.4

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 40%² of total funding sources
- Term funding beyond one year (excluding equity³ and securitisations) has a weighted average term to maturity of 5.1 years²

Macquarie's term funding maturing beyond one year
(includes Equity and hybrids)⁴



1. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 2. As at 30 Sep 19. 3. Equity includes Macquarie Income Securities of \$A0.4b which does not have a maturity date. 4. Includes drawn term funding facilities only.

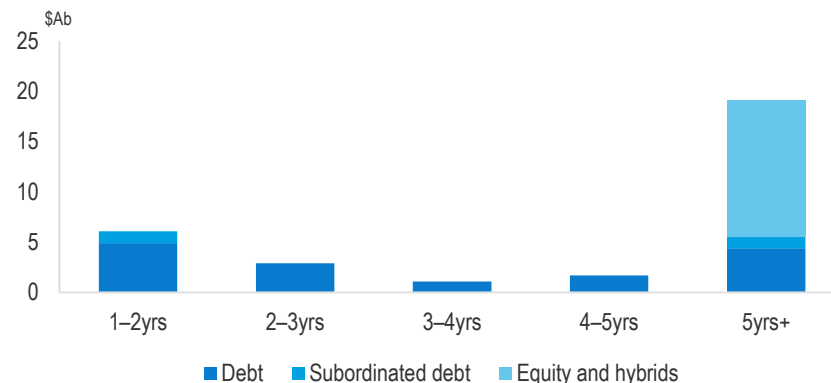


Funding for the Bank Group

	Sep 19 \$Ab	Mar 19 \$Ab	Sep 18 \$Ab
Funding sources			
Certificates of deposit	1.0	1.0	0.8
Commercial paper	7.8	6.3	5.9
Net trade creditors	1.1	1.1	1.4
Structured notes	2.0	2.2	2.0
Secured funding	2.5	1.4	5.9
Bonds	18.9	16.1	20.0
Other loans	1.0	0.7	0.9
Syndicated loan facilities	-	-	1.2
Customer deposits	58.8	56.0	52.3
Subordinated debt	3.1	3.0	2.9
Equity and hybrids ¹	14.0	12.8	14.5
Total funding sources	110.2	100.6	107.8
Funded assets			
Cash and liquid assets	21.9	24.3	21.4
Self-securitisation	23.6	21.1	17.2
Net trading assets	25.8	19.6	18.8
Loan assets including operating lease assets less than one year	12.7	13.0	15.0
Loan assets including operating lease assets greater than one year	38.3	35.3	46.8
Debt investment securities	1.1	1.1	1.3
Non-Bank Group deposit with MBL	(14.2)	(14.8)	(14.1)
Co-investment in Macquarie-managed funds and other equity investments	0.4	0.4	0.8
Property, plant and equipment and intangibles	0.6	0.6	0.6
Total funded assets	110.2	100.6	107.8

- Bank balance sheet remains liquid and well capitalised, with a diverse range of funding sources
- Deposit base represents 53%² of total funding sources
- Term funding beyond one year (excluding equity³ and securitisations) has a weighted average term to maturity of 4.1 years²
- Accessed term funding across a variety of products and jurisdictions

Bank Group term funding maturing beyond one year
(includes Equity and hybrids)⁴



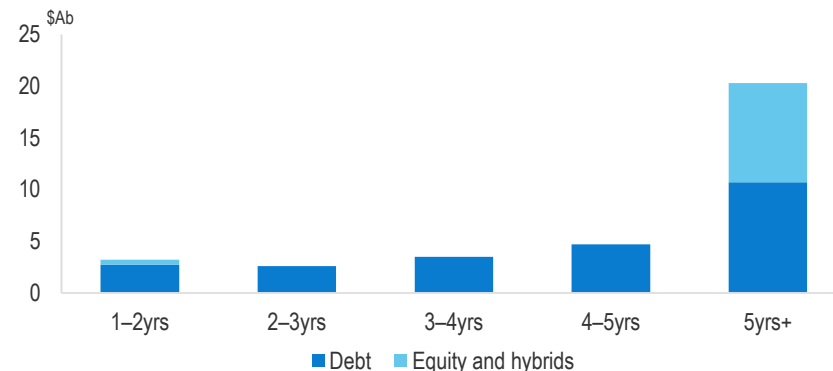


Funding for the Non-Bank Group

	Sep 19 \$Ab	Mar 19 \$Ab	Sep 18 \$Ab
Funding sources			
Net trade (debtors)/creditors	(0.5)	1.0	-
Structured notes	0.4	0.3	0.2
Secured funding	1.1	4.4	0.3
Bonds	15.9	16.1	14.8
Other loans	0.5	0.5	0.1
Syndicated loan facilities	8.7	8.3	5.8
Equity and hybrids ¹	10.1	9.3	5.4
Total funding sources	36.2	39.9	26.6
Funded assets			
Cash and liquid assets	1.8	2.0	2.1
Non-Bank Group deposit with MBL	14.2	14.8	14.1
Net trading assets	2.1	1.0	0.5
Loan assets including operating lease assets less than one year	0.9	1.3	0.2
Loan assets including operating lease assets greater than one year	5.7	12.3	1.4
Debt investment securities	0.6	0.6	0.5
Co-investment in Macquarie-managed funds and other equity investments	8.0	5.5	5.5
Property, plant and equipment and intangibles	2.9	2.4	2.3
Total funded assets	36.2	39.9	26.6

- Non-Bank Group is predominantly term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 5.8 years²
- Accessed term funding across a variety of products and jurisdictions

Non-Bank Group term funding maturing beyond one year (includes Equity and hybrids)³



1. Hybrid instruments include Macquarie Capital Notes 2, 3 & 4. 2. As at 30 Sep 19. 3. Includes drawn term funding facilities only.



Explanation of funded balance sheet reconciling items

- **Self-funded trading assets:** Macquarie enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties. Also as part of its trading activities, Macquarie pays and receives margin collateral on its outstanding derivative positions. These trading-related asset and liability positions are presented gross on the statement of financial position but are viewed as being self-funded to the extent that they offset one another and, therefore, are netted as part of this adjustment
- **Derivative revaluation accounting gross-ups:** Macquarie's derivative activities are mostly client driven with client positions hedged by offsetting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding
- **Segregated funds:** These represent the assets and liabilities that are recognised where Macquarie provides products such as investment-linked policy contracts or where Macquarie holds segregated client monies. The policy (contract) liability and client monies will be matched by assets held to the same amount and hence do not require funding
- **Outstanding trade settlement balances:** At any particular time Macquarie will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed on other trades (receivables)
- **Short-term working capital assets:** As with the outstanding trade settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that either requires or provides funding
- **Non-controlling interests:** These represent the portion of equity ownership in subsidiaries not attributable to Macquarie. As this is not a position that Macquarie is required to fund it is netted against the consolidated assets and liabilities in preparing the funded balance sheet
- **Securitised assets and other non-recourse funding:** These represent assets that are funded by third parties with no recourse to Macquarie including lending assets (mortgages and leasing) sold down into external securitisation entities



Conservative long standing liquidity risk management framework

Liquidity Policy

- The key requirement of MGL and MBL's liquidity policy is that the entities are able to meet all liquidity obligations during a period of liquidity stress:
 - A twelve month period with constrained access to funding markets for MBL, no access to funding markets for MGL and with only a limited reduction in franchise businesses
- Term assets are funded by term funding, stable deposits, hybrids and equity

Liquidity Framework

- A robust liquidity risk management framework is designed to ensure that both MGL and MBL are able to meet their funding requirements as they fall due under a range of market conditions. Key tools include:
 - Liability driven approach to balance sheet management
 - Scenario analysis
 - Maintenance of unencumbered liquid asset holdings
- Liquidity management is performed centrally by Group Treasury, with oversight from the Asset and Liability Committee and the Risk Management Group
- The MGL and MBL Boards approve the liquidity policy and are provided with liquidity reporting on a regular basis



C

Appendix

Additional information – Capital



Macquarie Basel III regulatory capital

Surplus calculation

30 Sep 19	Harmonised Basel III \$Am	APRA Basel III \$Am	
Macquarie eligible capital			
Bank Group Gross Tier 1 capital	13,649	13,649	
Non-Bank Group eligible capital	10,127	10,127	
Eligible capital	23,776	23,776	(a)
Macquarie capital requirement			
Bank Group capital requirement			
Risk-Weighted Assets (RWA) ¹	81,070	87,076	
Capital required to cover RWA ²	6,891	7,401	
Tier 1 deductions	508	1,933	
Total Bank Group capital requirement	7,399	9,334	
Total Non-Bank Group capital requirement	7,790	7,790	
Total Macquarie capital requirement (at 8.5% ² of the Bank Group RWA)	15,189	17,124	(b)
Macquarie regulatory capital surplus (at 8.5%² of the Bank Group RWA)	8,587	6,652	(a)-(b)

1. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (30 September 2019: \$A1,016 million; 31 March 2019: \$A335 million). 2. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the countercyclical capital buffer (CCyB) of ~13bps has not been included. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions.



Macquarie APRA Basel III regulatory capital

Bank Group contribution

30 Sep 19	Risk-weighted assets \$Am	Tier 1 Deductions \$Am	Capital Requirement ¹ \$Am
Credit risk			
On balance sheet	44,855		3,813
Off balance sheet	26,901		2,286
Credit risk total²	71,756		6,099
Market risk	4,934		419
Operational risk	10,386		883
Interest rate risk in the banking book	-		-
Tier 1 deductions	-	1,933	1,933
Contribution to Group capital calculation²	87,076	1,933	9,334

1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the countercyclical capital buffer (CCyB) of ~13bps has not been included. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 2. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (30 September 2019: \$A1,016 million; 31 March 2019: \$A335 million).



Macquarie regulatory capital

Non-Bank Group contribution

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

Risk ¹	Basel III	ECAM
Credit	<ul style="list-style-type: none"> • Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default) 	<ul style="list-style-type: none"> • Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters
Equity	<ul style="list-style-type: none"> • Harmonised Basel III: 250%, 300% or 400% risk weight, depending on the type of investment². Deduction from Common Equity Tier 1 above a threshold • APRA Basel III: 100% Common Equity Tier 1 deduction 	<ul style="list-style-type: none"> • Extension of Basel III credit model to cover equity exposures. Capital requirement between 36% and 82% of face value; average 51%
Market	<ul style="list-style-type: none"> • 3 times 10 day 99% Value at Risk (VaR) plus 3 times 10-day 99% Stressed VaR plus a specific risk charge 	<ul style="list-style-type: none"> • Scenario-based approach
Operational	<ul style="list-style-type: none"> • Advanced Measurement Approach 	<ul style="list-style-type: none"> • Advanced Measurement Approach

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



Macquarie regulatory capital

Non-Bank Group contribution

30 Sep 19	Assets \$Ab	Capital Requirement \$Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	1.8	57	39%
Loan assets ¹	6.6	567	107%
Debt investment securities	0.6	102	213%
Co-investment in Macquarie-managed funds and other equity investments	7.5	4,043	671%
Co-investment in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.5		
Property, plant & equipment and intangibles	2.9	1,001	431%
Non-Bank Group deposit with MBL	14.2		
Net trading assets	2.1		
Total funded assets	36.2	5,769	
Self-funded and non-recourse assets			
Self funded trading assets	0.7		
Outstanding trade settlement balances	4.4		
Derivative revaluation accounting gross ups	0.4		
Short-term working capital assets	7.6		
Assets funded non-recourse	1.8		
Non-controlling interests	0.3		
Total self-funded and non-recourse assets	15.2		
Total Non-Bank Group assets	51.4		
Equity commitments		842	
Other off-balance sheet items (including Market risk and Operational risk net of offsets) ²		1,179	
Non-Bank Group capital requirement		7,790	

1. Includes leases. 2. Capital associated with net trading assets / underwriting activities (including market risk capital) and net trade debtors has been included here.



D | Appendix

Glossary



Glossary

\$A / AUD	Australian Dollar
\$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H19	Half-Year ended 30 September 2018
1H20	Half-Year ended 30 September 2019
2H19	Half-Year ended 31 March 2019
2H20	Half-Year ended 31 March 2020
ABN	Australian Business Number
ADI	Authorised Deposit-Taking Institution
ALX	Atlas Arteria
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASX	Australian Stock Exchange
AUM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
Capex	Capital Expenditure
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1

CGM	Commodities and Global Markets
CLF	Committed Liquid Facility
CMA	Cash Management Account
CRM	Customer Relationship Management
CY18	Calendar Year ended 31 December 2018
CY19	Calendar Year ending 31 December 2019
DCM	Debt Capital Markets
DPS	Dividends Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
ECS	Exchangeable Capital Securities
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUM	Equity Under Management
FX	Foreign Exchange
FY17	Full Year ended 31 March 2017
FY18	Full Year ended 31 March 2018
FY19	Full Year ended 31 March 2019
FY20	Full Year ended 31 March 2020
GIF II	Macquarie Global Infrastructure Fund 2
GIF III	Macquarie Global Infrastructure Fund 3



Glossary

GIG	Green Investment Group
GLL	GLL Real Estate Partners
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IFRS	International Financial Reporting Standards
IT	Information Technology
KMGF	Korea Macquarie Growth Fund
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MD&A	Management Discussion & Analysis
MEIF1	Macquarie European Infrastructure Fund 1
MEIF3	Macquarie European Infrastructure Fund 3
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MiFID	Markets in Financial Instruments Directive
MIM	Macquarie Investment Management
MIP I	Macquarie Infrastructure Partners Fund 1
MIP II	Macquarie Infrastructure Partners Fund 2

MIRA	Macquarie Infrastructure and Real Assets
MREI	Macquarie Real Estate Investments
MSIS	Macquarie Specialised Investment Solutions
MW	Mega Watt
MWDC	Mega Watt direct current
MW hr	Mega Watt hour
NGLs	Natural gas liquids
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
OTC	Over-The-Counter
P&L	Profit and Loss Statement
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
RHS	Right Hand Side
ROE	Return on Equity
RWA	Risk Weighted Assets
SBI	State Bank of India
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
UK	United Kingdom
US	United States of America
VaR	Value at Risk

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2019

1 November 2019

