



# Macquarie Group Limited

## 2016 Annual General Meeting

28 July 2016



# Disclaimer



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Unless otherwise specified all information is for the full year ended 31 March 2016.

Certain financial information in this presentation is prepared on a different basis to the Macquarie Group Limited Financial Report, 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 report provides further detail in relation to key elements of Macquarie Group Limited's financial performance and financial position. It also provides an analysis of the funding profile of the Group because maintaining the structural integrity of the Group's balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables the Group to strengthen its liquidity and funding position.

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



# FY16 Overview

Peter Warne  
Chairman

# Performance reflects mix and quality of Macquarie's businesses



- In FY15, we saw trading conditions across most markets continue to improve resulting in a significant increase to Macquarie's operating income and profit
- In FY16, operating income and profit continued to grow in challenging market conditions. Together with the return on many years of investment across the business, the result highlighted the mix and quality of Macquarie's businesses

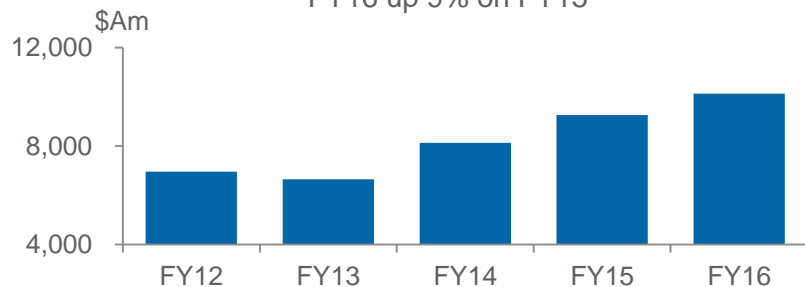
# Financial performance

## FY16 profit up on pcg



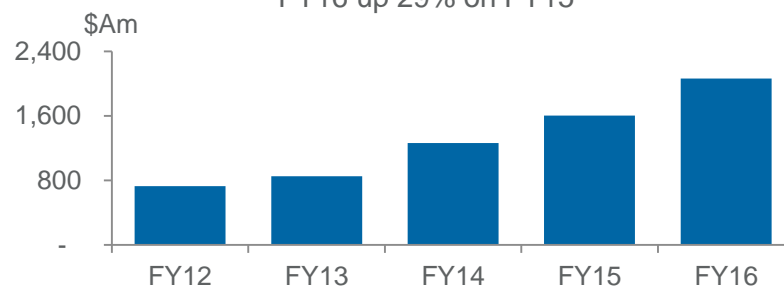
### FY16 Operating income of \$A10,135m

FY16 up 9% on FY15



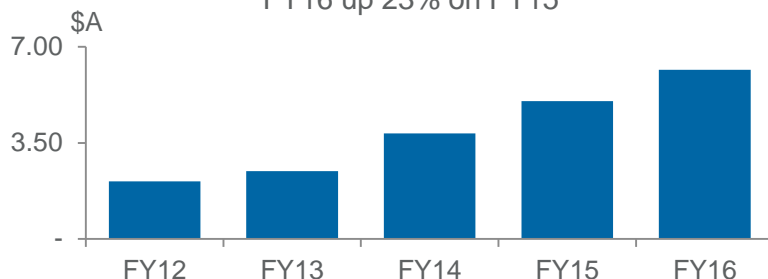
### FY16 Profit of \$A2,063m

FY16 up 29% on FY15



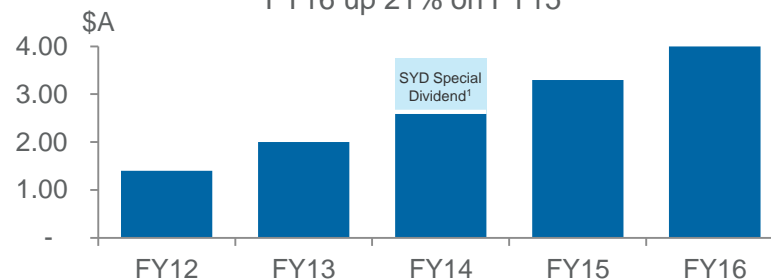
### FY16 EPS of \$A6.19

FY16 up 23% on FY15



### FY16 DPS of \$A4.00

FY16 up 21% on FY15



1. In 2H14 eligible shareholders also benefited from the SYD distribution in Jan 14 which comprised a special dividend of \$A1.16 (40% franked) and a return of capital of \$A2.57 per share.

# FY16 dividend

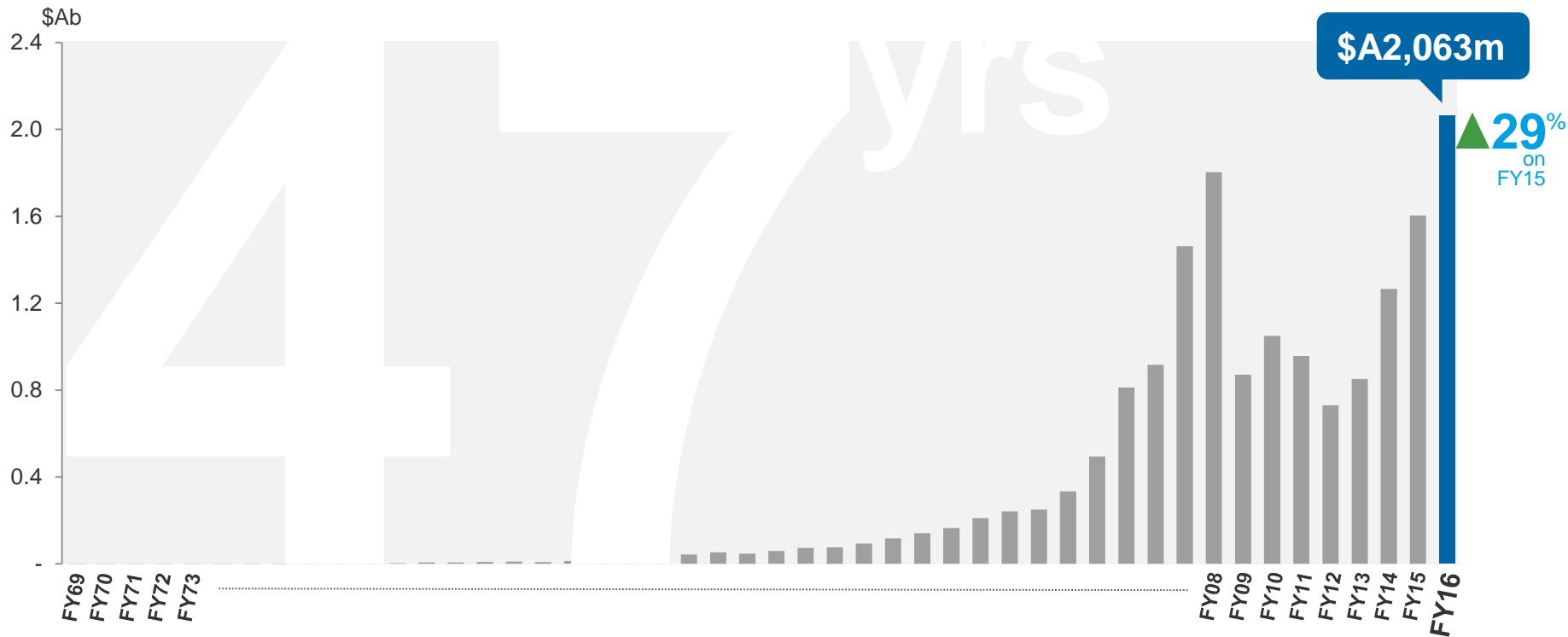


- FY16 ordinary dividend of \$A4.00, 66% payout ratio, up on FY15 ordinary dividend of \$A3.30
  - 2H16 ordinary dividend of \$A2.40, 40% franked
  - 1H16 ordinary dividend of \$A1.60, 40% franked
- Dividend policy remains 60 – 80% annual payout ratio

# 47 years of profitability



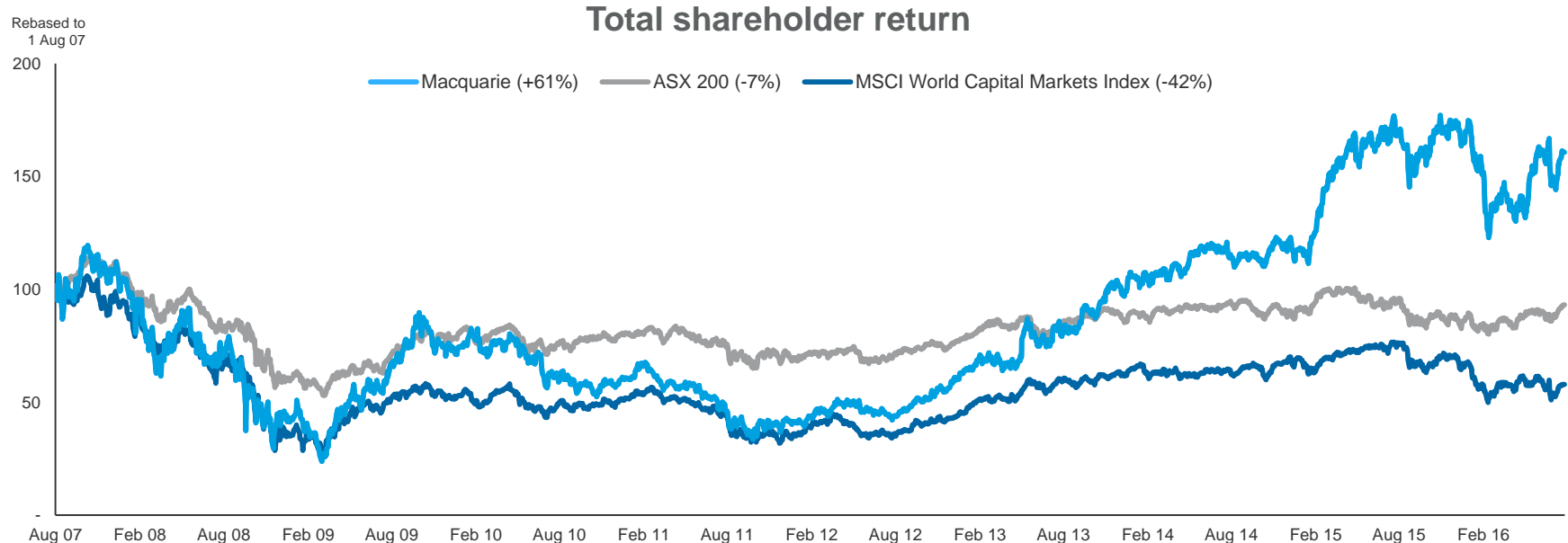
MACQUARIE



# Macquarie's total shareholder return continues to outperform



- Since 2007, Macquarie's TSR of 61% outperformed the ASX 200 by 68% and the MSCI World Capital Markets Index by 103%





# Risk culture and conduct



- Macquarie's unbroken profitability is underpinned by our long-standing risk culture. This is reflected in our principles of Opportunity, Accountability and Integrity
- An appropriate risk culture drives good conduct
- Macquarie's risk culture and our management of conduct risk is well established and embedded across all parts of the organisation
  - Primary responsibility at the individual and business level
  - Strong independent oversight by the Risk Management Group
  - Effective consequence management
- Macquarie is regulated by approximately 209 authorities in 28 jurisdictions
- We continue to monitor and enhance our risk culture and management of conduct risk

# Macquarie Group Foundation

Providing support to hundreds of community organisations globally each year



FY16 **\$A29.7m**  
donated by staff and Foundation

**46,000+** HOURS  
**1,500+** CHARITIES SUPPORTED

**\$A270m+**  
contributed since inception





# Overview of the result for the year ended 31 March 2016

Nicholas Moore  
Managing Director and Chief Executive Officer

## FY16 result



	FY15	FY16	FY16 v FY15
Operating income	\$A9.3b	<b>\$A10.1b</b>	↑ 9%
Operating profit before tax	\$A2.5b	<b>\$A3.0b</b>	↑ 20%
Profit	\$A1.6b	<b>\$A2.1b</b>	↑ 29%
Earnings per share	\$A5.02	<b>\$A6.19</b>	↑ 23%
Dividends per share	\$A3.30	<b>\$A4.00</b>	↑ 21%
Return on Equity	14.0%	<b>14.7%</b>	↑ 5%

# Where we make our income

International income 68% of total income<sup>1</sup>

Total staff 14,372; International staff 54% of total



## Europe, Middle East & Africa

**Income:** \$A2,376m (24% of total)

**Staff:** 1,508

### Europe

Amsterdam  
Dublin  
Frankfurt  
Geneva  
Glasgow  
London  
Luxembourg  
Madrid  
Munich  
Paris  
Vienna  
Zurich

### Middle East

Abu Dhabi  
Dubai

### South Africa

Cape Town  
Johannesburg

## Asia

**Income:** \$A1,432m (14% of total)

**Staff:** 3,599

### Asia

Bangkok  
Beijing  
Gurgaon  
Hong Kong  
Hsin-Chu  
Jakarta  
Kuala Lumpur  
Manila  
Mumbai  
Seoul  
Shanghai  
Singapore  
Taipei  
Tokyo

### Australia

Adelaide  
Albury  
Brisbane  
Canberra  
Gold Coast  
Manly  
Melbourne  
Newcastle  
Perth  
Sydney

### New Zealand

Auckland  
Christchurch  
Wellington

## Americas

**Income:** \$A2,926m (30% of total)

**Staff:** 2,589

### Canada

Calgary  
Montreal  
Toronto  
Vancouver

### USA

Austin  
Boca Raton  
Boston  
Chicago  
Denver  
Houston  
Jacksonville  
Los Angeles  
Nashville  
New York  
Philadelphia  
San Diego  
San Francisco  
San Jose

### Latin America

Mexico City  
Ribeirao Preto  
Sao Paulo

## Australia<sup>2</sup>

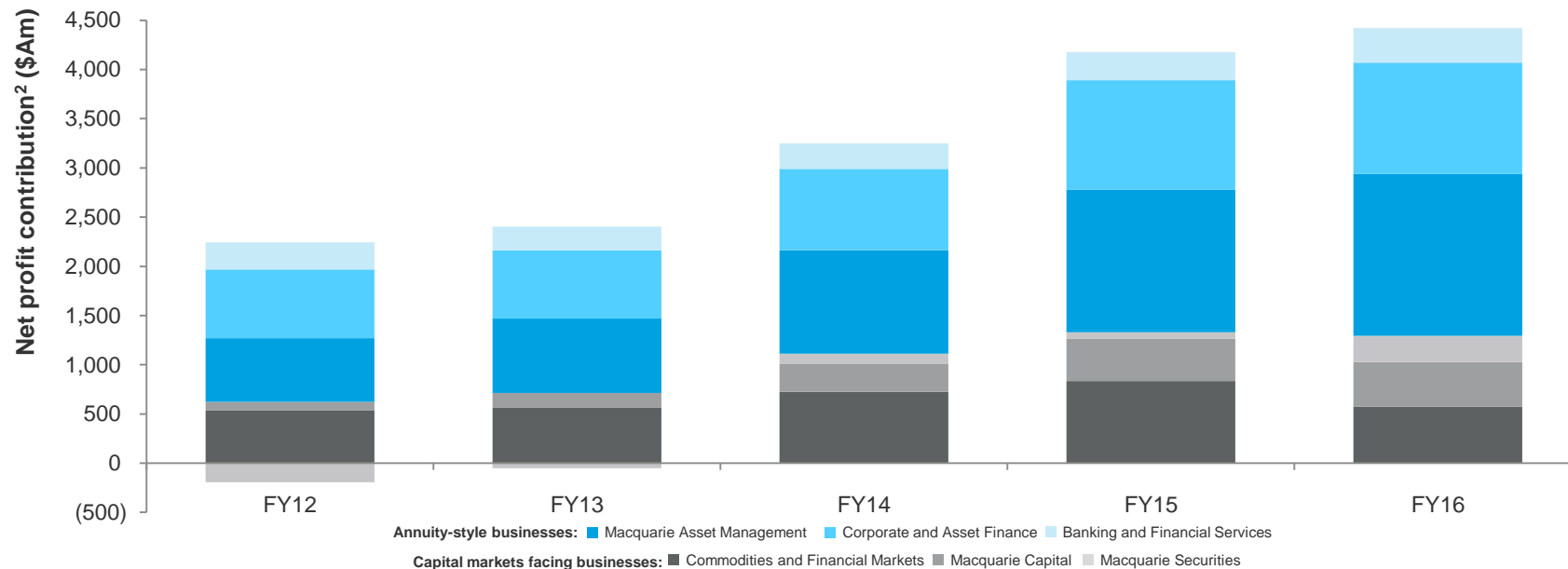
**Income:** \$A3,157m (32% of total)

**Staff:** 6,676

# Growth of Annuity-style and Capital markets facing businesses since FY12



Annuity-style businesses represent more than 70% of the Groups' performance<sup>1</sup>



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

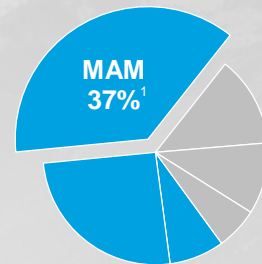
1. Based on FY16 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.



ANNUITY-STYLE BUSINESS

# Macquarie Asset Management

\$A477b assets under management



Net profit  
**\$A1.6b** ▲ 13%

Operating income **\$A2.7b** ▲ 12%

**MIRA**  
**\$A66.5b**  
Equity Under Management

**MIM**  
**\$A337.1b**  
Assets Under Management

**MSIS**  
**\$A5.5b**  
Investor funds on MIDIS platform



Note: References relate to the full year ended 31 Mar 16.  
All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups.

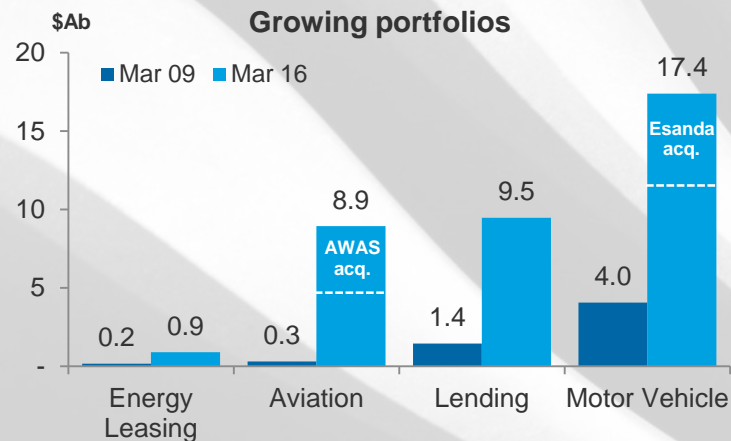
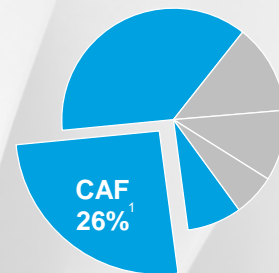
ANNUITY-STYLE BUSINESS

# Corporate Asset Finance

\$A39b asset and loan portfolio

Net profit **\$A1.1b** ▲ 2%<sup>2</sup>

Operating income **\$A1.7b** ▲ 8%<sup>2</sup>



**Motor vehicle portfolio**

No. of customers	
<b>310,000</b>	<b>625,000</b>
ESANDA	TOTAL



**Aircraft leasing portfolio**

No. of aircraft		No. of airlines	
<b>83</b>	<b>212</b>	<b>34</b>	<b>87</b>
AWAS	TOTAL	AWAS	TOTAL

Note: References relate to the full year ended 31 Mar 16.

All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups. 2. 2H15 included gains on sales of businesses including the North American railcar operating lease portfolio and US equipment leasing business.



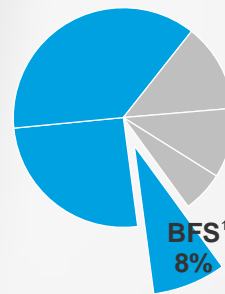
ANNUITY-STYLE BUSINESS

# Banking and Financial Services

1.1 million Australian customers

Net profit **\$A350m** ▲ 23%

Operating income **\$A1.5b** ▲ 9%



Personal Banking  
**\$A28.5b**

MORTGAGE  
PORTFOLIO ▲ 16%

Wealth Management  
**\$A58.4b**

FUNDS ON  
PLATFORM² ▲ 22%

Business Banking  
**\$A5.9b**

BUSINESS BANKING  
LOAN PORTFOLIO ▲ 13%

FY16  
AWARDS



CASH AND TERM DEPOSITS  
WINNER  
SMSF ADVISER CATEGORY  
CORE DATA



CASH AND TERM DEPOSITS  
WINNER  
SMSF MEMBER CATEGORY  
CORE DATA



COMMERCIAL PROPERTY  
WINNER  
SMSF ADVISER CATEGORY  
CORE DATA



2015 iSelect  
PARTNER OF THE  
YEAR AWARDS



2015 iSelect  
HOME LOANS  
PARTNER OF THE YEAR



Note: References relate to the full year ended 31 Mar 16.

All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups. 2. Funds on platform includes Macquarie Wrap, Vision, Equity Portfolio Services and Industry Super Funds.

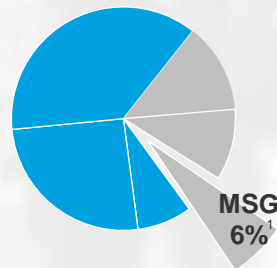
CAPITAL MARKETS FACING BUSINESS

# Macquarie Securities Group

Global securities house with strong Asia-Pacific foundations

Net profit **\$A268m** ▲ from FY15 **\$A64m**

Operating income **\$A1.2b** ▲ **33%**



**no. 1** by value  
for IPOs  
in **Australia**<sup>2</sup>

**no. 1** Equity research  
house in  
**Australia**<sup>3</sup>

**no. 1** market share in listed  
warrants in **Singapore**,  
No.2 in **Malaysia**<sup>4</sup>

**FY16  
AWARDS**



**no. 1**

Research; Sales Trading & Execution;  
Quality of Underwritings; Conference;  
Listed Company Access

**chief  
investment  
officer**

**no. 1**

Transition  
management  
in Asia-Pacific

**chief  
investment  
officer**

**no. 2**

Transition  
management  
globally

Note: References relate to the full year ended 31 Mar 16.

All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups. 2. Dealogic, Thomson CY15. 3. 2015 Peter Lee Survey of Australian Investors. 4. Net outstanding notional on local exchanges.

CAPITAL MARKETS FACING BUSINESS

# Macquarie Capital

Advised on 395 transactions in FY16

Net profit

**\$A451m** ▲ 5%

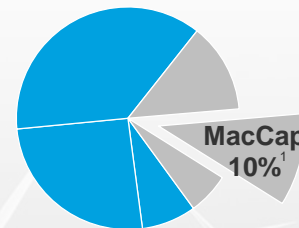
Operating income **\$A1.2b** ▲ 10%

Impacted by impairments of non-related underperforming investments

Transaction value

**\$A 176b** ▲ 23%

**£1** in Australia  
M&A for announced and completed deals<sup>2</sup>  
IPOs by value<sup>3</sup>



**FY16**  
AWARDS  
& DEALS

## FinanceAsia

**Best FIG Deal (FinanceAsia)**  
Haitong Securities \$US4.3b  
H-share private placement<sup>4</sup>

## Partnerships Awards

**Best Waste/Energy/Water  
Project (Partnership Awards)**  
Dublin Waste-to-Energy PPP<sup>5</sup>

## PFI

PROJECT FINANCE INTERNATIONAL

**Americas Power Deal of the Year  
(PFI) - Salem Harbor power plant  
redevelopment<sup>6</sup>**



**NAB's demerger and partial IPO of  
Clydesdale & Yorkshire Banking  
Group Adviser to NAB**



**KentuckyWired - first fibre optic PPP  
in the US; developer, equity sponsor  
and financial adviser**

Note: References relate to the full year ended 31 Mar 16.

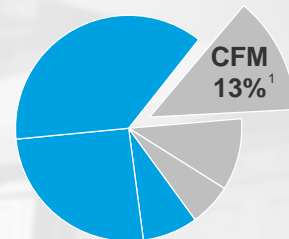
All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups. 2. Dealogic, Thomson CY15 (by number of deals).

3. Dealogic, Thomson CY15 (by value). 4. FinanceAsia (Nov 15). 5. Partnership Awards. 6. Project Finance International ("PFI", Dec 15).

CAPITAL MARKETS FACING BUSINESS

# Commodities and Financial Markets

Covering 25+ market segments, with 140+ products



Net profit  
**\$A576m** ▼ 31%

Operating income **\$A1.7b** ▼ 7%

Impacted by impairments on certain underperforming commodity-related loans

**No. 3** US physical gas marketer in North America<sup>2</sup>

**No. 1** Australian bank for distributing European securitisations<sup>3</sup>

**FY16**  
AWARDS<sup>4</sup>



**No. 1** Commodity House of the Year  
2nd consecutive year



**No. 1** Excellence in Agriculture & Softs Markets  
6th consecutive year

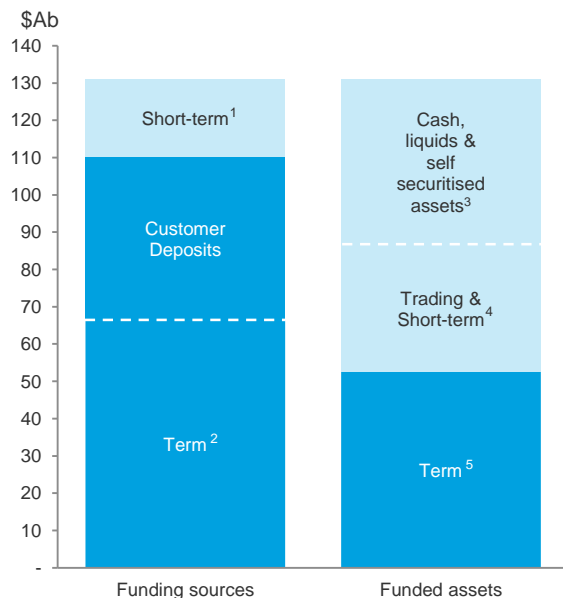
Note: References relate to the full year ended 31 Mar 16.

All references to net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Based on FY16 net profit contribution from operating groups. 2. Platts Q4 CY15. 3. Concept ABS 2015 European league table. 4. 2015 Commodity Business Awards, presented by Commodities Now Magazine.

# Business backed by strong funding and capital



## MGL funded balance sheet 31 March 2016



## APRA Basel III surplus capital<sup>6</sup> 31 March 2016

**\$A3.9b**

## Credit ratings



STANDARD  
& POOR'S  
25 years

MOODY'S  
20 years

FitchRatings  
24 years

**'A' RATED**

1. 'Short-term' funding includes short-term wholesale issued paper and other debt maturing in the next 12 months. 2. 'Term' funding sources includes debt maturing beyond 12 months plus equity and hybrids. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Trading & short-term' funded assets includes net trading assets and loan assets (incl. op lease) maturing in the next 12 months. 5. 'Term' funded assets includes debt investment securities, equity investments, PPE and loan assets (incl. op lease) maturing beyond 12 months. 6. Calculated at 8.5% RWA including capital conservation buffer (CCB), as per APRA Prudential Standard 110.



# 1Q17 Update

Nicholas Moore  
Managing Director and Chief Executive Officer

# 1Q17 Macquarie Update



- Operating groups performing in line with expectations
- 1Q17 operating group contribution<sup>1</sup> down on a strong pcg and up on prior quarter

	1Q17 contribution <sup>1</sup> vs 1Q16
<b>Annuity-style businesses &gt;70%<sup>2</sup></b>	<p>Continued to perform well:</p> <ul style="list-style-type: none"><li>• Higher base fees in MAM. Performance fees and asset disposals lower compared to a strong pcg</li><li>• AWAS and Esanda acquisitions in CAF successfully integrated and performing in line with expectations, partially offsetting strong loan repayment income in pcg</li><li>• Continued growth in mortgages, business banking and deposit books in BFS</li></ul>
<b>Capital markets facing businesses &lt;30%<sup>2</sup></b>	<p>Experienced mixed trading conditions:</p> <ul style="list-style-type: none"><li>• Subdued market conditions in MacCap and MSG as previously foreshadowed, particularly compared to a strong pcg</li><li>• Stronger activity in CFM reflecting resilient trading across most of its businesses</li></ul>

- No significant one-off items

1. Represents management accounting profit before unallocated corporate costs, profit share, income tax and period end reviews. 2. Annuity-style businesses consists of Macquarie Asset Management, Corporate and Asset Finance, and Banking and Financial Services. Capital markets facing businesses consists of Macquarie Securities, Macquarie Capital, and Commodities and Financial Markets. Percentage split is based on FY16 net profit contribution from operating groups.



# Annuity-Style Businesses

## 1Q17 Update



	FY16 contribution <sup>1</sup>	Activity during the quarter
<b>Macquarie Asset Management</b>	37%	<ul style="list-style-type: none"> <li>AUM of \$A496.9b, up 4% on Mar 16 due to market movements and FX</li> <li>Performance fees from several funds including Macquarie Atlas Roads and Macquarie Korea Infrastructure Fund</li> <li>MIRA invested equity of \$A2.8b across 7 acquisitions and 5 follow-on investments in Infrastructure, Real Estate and Agriculture in 8 countries</li> <li>MIM awarded over \$A600m in new institutional mandates across 7 strategies in 3 countries</li> <li>MSIS raised over \$A1b for Australian principal protected investments and specialist funds</li> </ul>
<b>Corporate and Asset Finance</b>	26%	<ul style="list-style-type: none"> <li>Asset and loan portfolio of \$A39.0b, broadly in line with Mar 16</li> <li>Esanda dealer finance portfolio consisting of over 300,000 contracts successfully migrated during the quarter</li> <li>\$A0.9b of motor vehicle and equipment leases and loans securitised</li> </ul>
<b>Banking and Financial Services</b>	8%	<ul style="list-style-type: none"> <li>Total BFS deposits<sup>2</sup> of \$A41.4b, up 2% on Mar 16</li> <li>Australian mortgage portfolio of \$A28.8b, up 1% on Mar 16</li> <li>Funds on platform<sup>3</sup> of \$A59.9b, up 3% on Mar 16</li> <li>Business banking loan portfolio of \$A6.1b, up 3% on Mar 16</li> </ul>

1. Based on FY16 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. BFS deposits exclude any Corporate/Wholesale deposit balances. 3. Funds on platform includes Macquarie Wrap, Vision, Equity Portfolio Services and Industry Super Funds.



# Capital Markets Facing Businesses

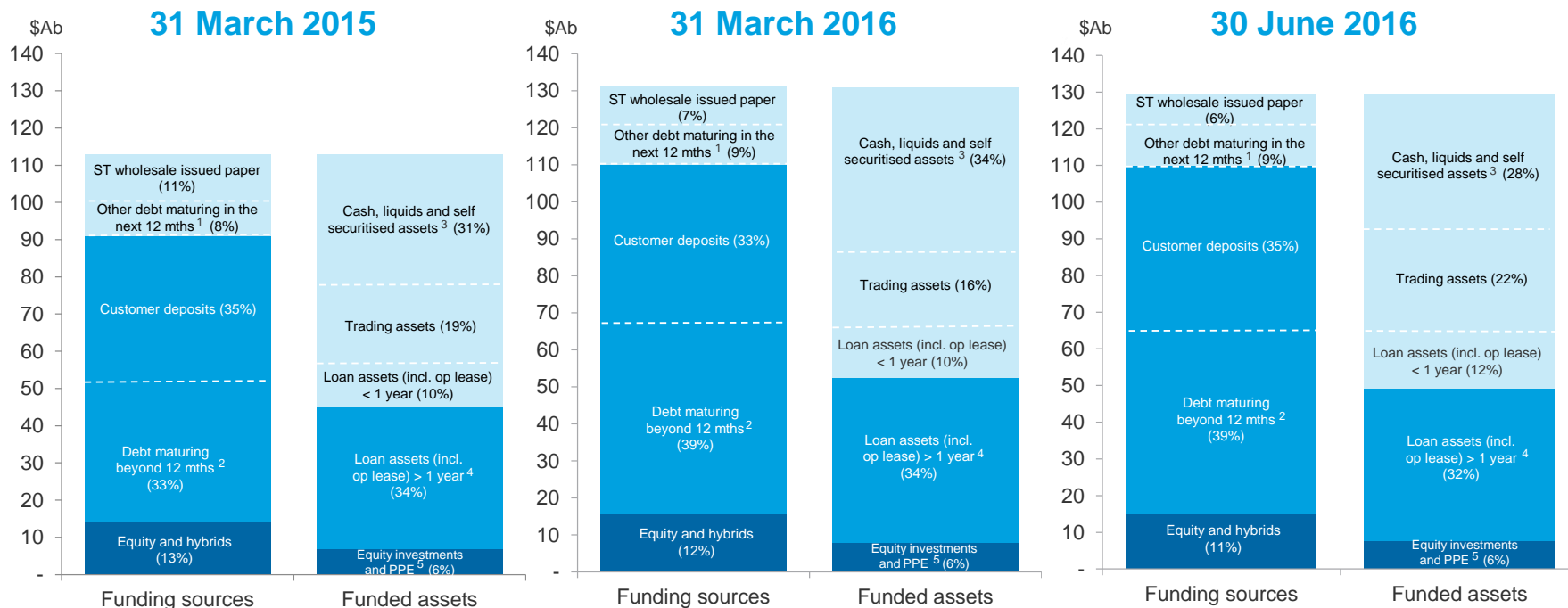
## 1Q17 Update



	FY16 contribution <sup>1</sup>	Activity during the quarter
<b>Macquarie Securities Group</b>	6%	<ul style="list-style-type: none"> <li>• Lower client volumes, particularly in Asia; ECM and Derivatives trading also lower</li> <li>• Asian trading opportunities in pcp not repeated</li> </ul>
<b>Macquarie Capital</b>	10%	<ul style="list-style-type: none"> <li>• Market conditions subdued during the quarter impacting client activity</li> <li>• 108 deals completed at \$A28b, down on pcp and up on prior period (by number and value)</li> <li>• Principal realisations in line with expectations</li> <li>• No.1 for announced and completed M&amp;A deals<sup>2</sup> and No.1 for completed ECM deals<sup>2</sup> in ANZ</li> </ul>
<b>Commodities and Financial Markets</b>	13%	<ul style="list-style-type: none"> <li>• Solid customer and trading activity in energy markets, primarily in Global Oil and North American Gas</li> <li>• Client hedging and trading opportunities remained steady across the metals and agriculture platforms</li> <li>• Increased customer activity in foreign exchange, interest rates and futures markets</li> <li>• Maintained ranking of No.3 US physical gas marketer in North America<sup>3</sup>; Winner, Oil &amp; Products House of the Year<sup>4</sup></li> </ul>

1. Based on FY16 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Dealogic, 1H CY16 (by value and number). 3. Platts Q1 CY16. 4. Energy Risk Awards 2016.

# Funded balance sheet remains strong

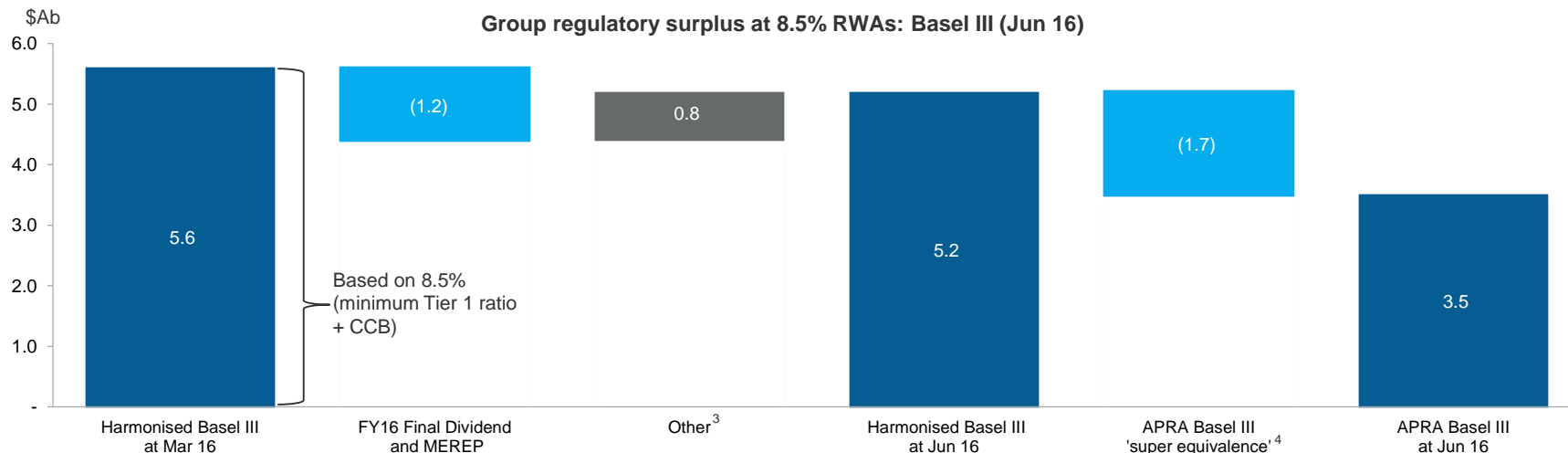


These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital not maturing within next 12 months. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Loan Assets (incl. op lease) > 1 yr' also includes Debt Investment Securities. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

# Basel III capital position



- APRA Basel III Group capital at Jun 16 of \$A16.6b, Group surplus of \$A3.5b<sup>1</sup>
- Bank Group APRA Basel III CET1 ratio: 10.3%; Tier 1 ratio: 11.4%; Leverage ratio: 5.3%
- Bank Group Harmonised Basel III CET1 ratio: 12.1%; Tier 1 ratio: 13.2%; Leverage ratio: 6.2%<sup>2</sup>

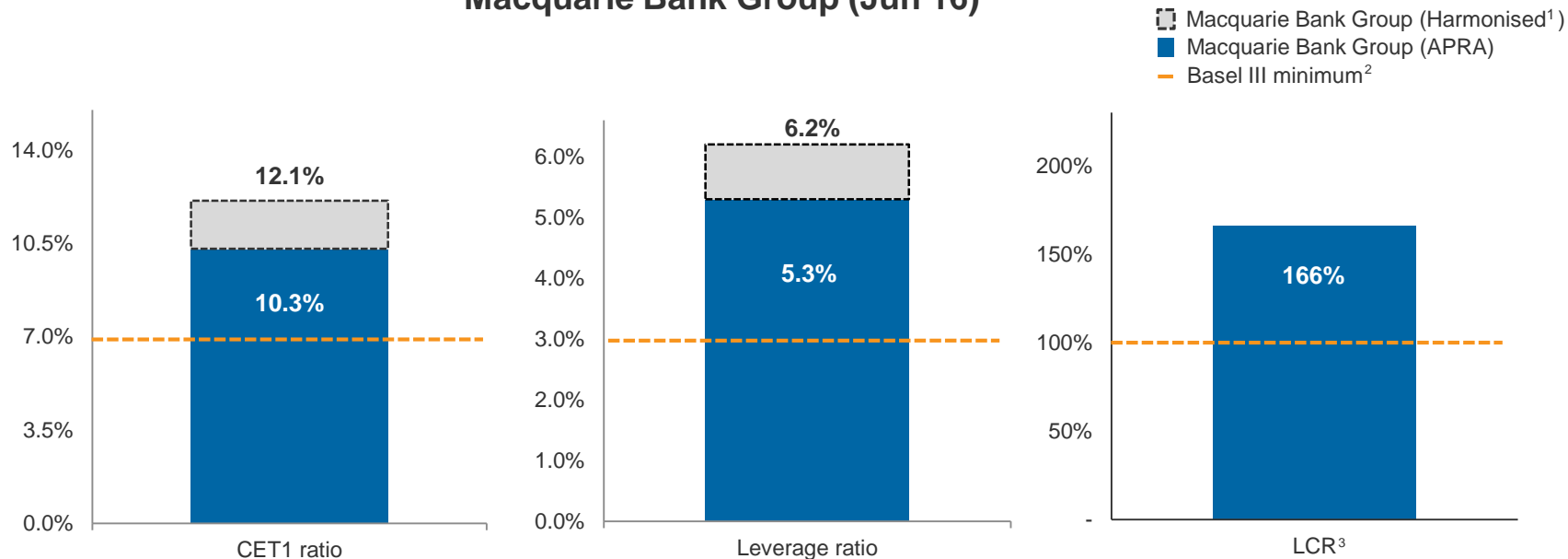


1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110. The APRA Basel III Group surplus is \$A4.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes current quarter P&L, the net foreign exchange impact and other movements in capital supply, deductions and requirements. 4. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments (\$A0.6b); capitalised expenses (\$A0.4b); deconsolidated subsidiaries (\$A0.3b); DTAs and other impacts (\$A0.2b), as well as differences in mortgages treatment (\$A0.2b).

# Strong regulatory ratios



## Macquarie Bank Group (Jun 16)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 2. Includes the capital conservation buffer in the minimum CET1 ratio requirement. The minimum Basel III leverage ratio requirement of 3% is effective from 1 Jan 18. 3. Average LCR for Jun 16 quarter includes Apr, May & Jun month-end observations.



# FY17 Outlook

Nicholas Moore  
Managing Director and Chief Executive Officer

# Factors impacting short-term outlook

**FY17 combined net profit contribution<sup>1</sup> from operating groups expected to be broadly in line with FY16**

## Annuity-style businesses

### Macquarie Asset Management

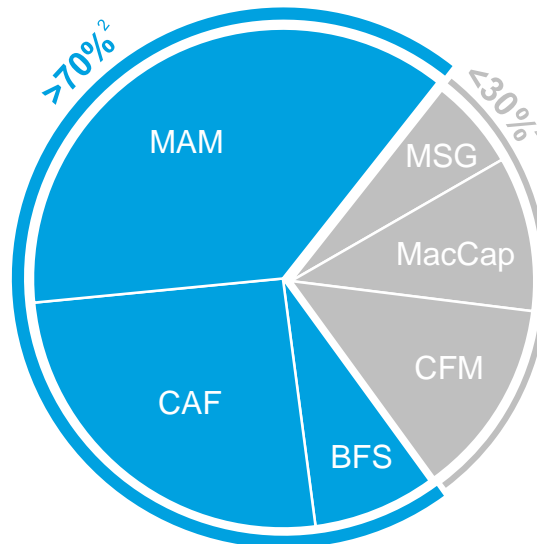
- Historical range: \$A0.3b-\$A1.6b, Avg: \$A0.9b
- Lower performance fees expected
- Increased investment-related income expected
- Higher base fees expected

### Corporate and Asset Finance<sup>3</sup>

- Historical range: \$A0.1b-\$A1.1b, Avg: \$A0.6b
- First full year contribution from AWAS and Esanda

### Banking Financial Services<sup>4</sup>

- Historical range: \$A0.1b-\$A0.4b, Avg: \$A0.2b
- Growth in mortgage, business banking and deposit books
- Gain on sale of life business partially offset by increased project-related expenses (e.g. Core Banking)



## Corporate

- Compensation ratio to be consistent with historical levels
- Based on present mix of income, currently expect FY17 tax rate to be broadly in line with FY16

## Capital markets facing businesses

### Macquarie Securities Group

- Historical range: \$A(0.2)b-\$A1.2b, Avg: \$A0.3b
- Market conditions currently subdued, particularly in Asia

### Macquarie Capital

- Historical range: \$A(0.1)b-\$A1.2b, Avg: \$A0.3b
- Market conditions currently subdued
- Solid principal realisation pipeline expected
- Level of impairments expected to fall

### Commodities and Financial Markets

- Historical range: \$A0.5b-\$A0.8b, Avg: \$A0.6b
- Resilient trading expected across Commodities, FI&C and Futures
- Level of impairments expected to fall

# Short-term outlook



- We currently expect the FY17 combined net profit contribution<sup>1</sup> from operating groups to be broadly in line with FY16
- The FY17 tax rate is currently expected to be broadly in line with FY16
- Accordingly, the Group's result for FY17 is currently expected to be broadly in line with FY16
- Our short-term outlook remains subject to a range of challenges including:
  - Market conditions
  - The impact of foreign exchange
  - Potential regulatory changes and tax uncertainties

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

## Medium-term



- Macquarie remains well positioned to deliver superior performance in the medium-term
- Deep expertise in major markets
- Build on our strength in diversity and continue to adapt our portfolio mix to changing market conditions
  - Annuity-style income is provided by three significant businesses which are delivering superior returns following years of investment and recent acquisitions
    - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
  - Three capital markets facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Macquarie Securities, Macquarie Capital and Commodities and Financial Markets
- Ongoing benefits of continued cost initiatives
- Strong and conservative balance sheet
  - Well matched funding profile with minimal reliance on short-term wholesale funding
  - Surplus funding and capital available to support growth
- Proven risk management framework and culture



# Approximate business Basel III Capital & ROE



As at 31 Mar 16

Operating Group	APRA Basel III Capital <sup>1</sup> @ 8.5% (\$Ab)	Approx. FY16 Return on Ordinary Equity <sup>2</sup>	Approx. 10-Year Average Return on Ordinary Equity <sup>2</sup>
<b>Annuity-style businesses</b>	<b>8.1</b>		
Macquarie Asset Management	1.4	23%	20% <sup>3</sup>
Corporate and Asset Finance	4.6		
Banking and Financial Services	2.1		
<b>Capital markets facing businesses</b>	<b>4.6</b>		
Macquarie Securities	0.4	13%	15% – 20%
Macquarie Capital	1.6		
Commodities and Financial Markets	2.6		
<b>Corporate and Other</b>	<b>0.6</b>		
Legacy Assets	0.1		
Corporate	0.5		
Total regulatory capital requirement @ 8.5%	13.3		
Comprising: Ordinary Equity	11.1		
Hybrid	2.2		
Add: Surplus Ordinary Equity	3.9		
<b>Total APRA Basel III capital supply</b>	<b>17.2</b>		

1. Business Group capital allocations are indicative and are based on allocations as at 31 Dec 15 adjusted for material movements over the Mar 16 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on operating group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements. 10-year average covers FY07 to FY16, inclusively. 3. CAF returns prior to FY11 excluded from 10-year average as not meaningful given the significant increase in scale of CAF's platform over this period.

# Medium-term



<b>MAM</b>	<ul style="list-style-type: none"><li>• Annuity-style business that is diversified across regions, products, asset classes and investor types</li><li>• Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions</li><li>• Well positioned for organic growth with several strongly performing products and an efficient operating platform</li></ul>
<b>CAF</b>	<ul style="list-style-type: none"><li>• Leverage deep industry expertise to maximise growth potential in loan and lease portfolios</li><li>• Anticipate further asset acquisitions and realisations at attractive return levels</li><li>• Funding from asset securitisation throughout the cycle</li></ul>
<b>BFS</b>	<ul style="list-style-type: none"><li>• Strong growth opportunities through intermediary distribution, white labelling, platforms and client service</li><li>• Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments</li><li>• Modernising technology to improve client experience and support growth</li></ul>
<b>MSG</b>	<ul style="list-style-type: none"><li>• Highly leveraged to market conditions and investor confidence, particularly in the Asia-Pacific region</li><li>• Well positioned for recovery in Asian retail derivatives, cash equities and ECM</li><li>• Monetise existing strong research platform</li></ul>
<b>MacCap</b>	<ul style="list-style-type: none"><li>• Can expect to benefit from any improvement in M&amp;A and ECM market activity</li><li>• Continues to align the business offering to current opportunities and market conditions in each region</li></ul>
<b>CFM</b>	<ul style="list-style-type: none"><li>• Opportunities to grow commodities business, both organically and through acquisition</li><li>• Development of institutional coverage for specialised credit, rates and foreign exchange products</li><li>• Increase financing activities</li><li>• Growing the client base across all regions</li></ul>



# Glossary

# Glossary



\$A/AUD	Australian Dollar
\$US/USD	United States Dollar
1H16	Half Year ended 30 September 2015
2H16	Half Year ended 31 March 2016
2H14	Half Year ended 31 March 2014
1Q17	Quarter ended 30 June 2016
1Q16	Quarter ended 30 June 2015
4Q16	Quarter ended 31 March 2016
ABN	Australian Business Number
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUM	Assets Under Management
B	Billion
BCBS	Basel Committee on Banking Supervision

BCN	Bank Capital Notes
BFS	Banking and Financial Services
Bps	Basis Points
CAF	Corporate and Asset Finance
CAGR	Compound Annual Growth Rate
CCB	Capital Conservation Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFM	Commodities and Financial Markets
CY15	Calendar Year ended 31 December 2015
DPS	Dividend Per Share
DTA	Deferred Tax Asset
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUM	Equity Under Management
FI&C	Fixed Income and Commodities

# Glossary



FUA	Funds Under Administration
FX	Foreign Exchange
FY	Full Year ended 31 March
FY12	Full Year ended 31 March 2012
FY13	Full Year ended 31 March 2013
FY14	Full Year ended 31 March 2014
FY15	Full Year ended 31 March 2015
FY16	Full Year ended 31 March 2016
FY17	Full Year ended 31 March 2017
GFC	Global Financial Crisis
IPO	Initial Public Offering
LCR	Liquidity Coverage Ratio
M	Million
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited

MEREP	Macquarie Group Employee Retained Equity Plan
MGL	Macquarie Group Limited
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MPW	Macquarie Private Wealth
MSCI	Morgan Stanley Capital International
MSIS	Macquarie Specialised Investment Solutions
MSG	Macquarie Securities Group
Mths	Months
No.	Number
NPAT	Net Profit After Tax
P&L	Profit and Loss Statement
PCP	Prior Corresponding Period
PPE	Property, Plant and Equipment
Q1 CY16	Quarter ended 31 March 2016
Q4 CY15	Quarter ended 31 December 2015
ROE	Return on Equity

# Glossary



RWA	Risk Weighted Assets
S&P	Standard and Poor's Financial Services LLC
SYD	Sydney Airport
TSR	Total Shareholder Return
UK	United Kingdom
US	United States of America
VaR	Value at Risk
VS	Versus
yr	Year



# Macquarie Group Limited

## 2016 Annual General Meeting

28 July 2016

