MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2016

6 May 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.

Agenda

1	**Introduction** – Karen Khadi
2	**Overview of Result** – Nicholas Moore
3	**Result Analysis and Financial Management** – Patrick Upfold
4	**Outlook** – Nicholas Moore
5	**Appendices**

1

Introduction

Karen Khadi – Head of Investor Relations

2

Overview of Result

Nicholas Moore – Managing Director and Chief Executive Officer

About Macquarie

Building for the long-term

Macquarie Asset Management	• Top 50 global asset manager with $A476.9b[1] of assets under management • Provides clients with access to a diverse range of capabilities and products, including infrastructure and real asset management, securities investment management and tailored investment solutions over funds and listed equities
Corporate and Asset Finance	• Global provider of specialist finance and asset management solutions, with a $A39.4b[1] asset and loan portfolio • Global capability in corporate and real estate credit investing and lending • Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment
Banking and Financial Services	• Macquarie's retail banking and financial services business • Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients
Macquarie Securities Group	• Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities • Full-service cash equities in Australia, Asia, South Africa and Canada with specialised offerings in the US and Europe. Specialised derivatives and trading offerings in key locations globally • Key specialities: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Resources (mining and energy); Small-Mid Caps; and Telecommunications, Media, Entertainment and Technology (TMET)
Macquarie Capital	• Global corporate finance capability, including M&A, debt and equity capital markets, and principal investments • Key specialities in six industry groups: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Real Estate; Resources (mining and energy); and TMET
Commodities and Financial Markets	• Provides clients with risk and capital solutions across physical and financial markets • Diverse platform covering more than 25 market segments, with more than 140 products • Expertise in providing clients with access to markets, financing, financial hedging, and physical execution • Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)

1. As at 31 Mar 16.

2H16 Result
$A993m

- Net profit $A993m, up 7% on 2H15 albeit down 7% on a strong 1H16 result
- Operating income $A4,817m, broadly in line with 2H15 and down 9% on 1H16
- As foreshadowed:
  - Macquarie's annuity-style businesses (Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services), which represent more than 70% of the Groups' performance[1], continued to perform well against comparative periods which benefited from strong performance fees in MAM (1H16 and 2H15) and gains on sales of businesses in CAF (2H15)
    - Combined net profit contribution[2] of $A1,204m down 17% on 2H15 and down 37% on 1H16
  - Macquarie's capital markets facing businesses (Macquarie Securities Group, Macquarie Capital and Commodities and Financial Markets) overall experienced lower trading activity and higher impairments
    - Combined net profit contribution[2] of $A603m down 34% on 2H15 and down 13% on 1H16
- Effective tax rate 28.6% (1H16: 33.1%) reflecting the nature and geographic mix of income and tax uncertainties
- Earnings per share $A2.95, up 2% on 2H15 and down 9% on 1H16
- Return on equity 13.7%, down from 15.4% in 2H15 and 15.8% in 1H16
- 2H16 ordinary dividend of $A2.40 (40% franked), up on 2H15 ordinary dividend of $A2.00 (40% franked) and 1H16 ordinary dividend of $A1.60 (40% franked)

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.

FY16 Result
$A2,063m

- Net profit $A2,063m, up 29% on FY15
- Operating income $A10,135m, up 9% on FY15
- As foreshadowed:
  - Macquarie's annuity-style businesses (Macquarie Asset Management, Corporate and Asset Finance, and Banking and Financial Services) FY16 combined net profit contribution[1] up $A277m or 10% on FY15
  - Macquarie's capital markets facing businesses (Macquarie Securities Group, Macquarie Capital and Commodities and Financial Markets) FY16 combined net profit contribution[1] down $A34m or 3% on FY15
- Operating expenses $A7,120m, up 6% on FY15
  - Employment expenses[2] $A4,244m, up 2% on FY15
- Effective tax rate 31.0% (FY15: 35.9%)
- Earnings per share $A6.19, up 23% on FY15
- Return on equity 14.7%, up from 14.0% in FY15
- Full year ordinary dividend of $A4.00 (40% franked), up on FY15 full year ordinary dividend of $A3.30 (40% franked)

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Incorporates non-compensation employment expenses including on-costs, staff procurement and staff training.

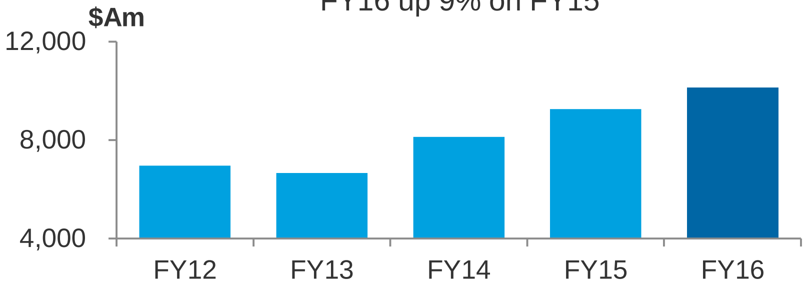
FY16 Result

	2H16 $Am	1H16 $Am	FY16 $Am	FY15 $Am	FY16 v FY15
Net operating income	4,817	5,318	10,135	9,262	9%
Total operating expenses	(3,421)	(3,699)	(7,120)	(6,740)	6%
Operating profit before income tax	**1,396**	**1,619**	**3,015**	**2,522**	20%
Income tax expense	(397)	(530)	(927)	(899)	3%
Profit attributable to non-controlling interests	(6)	(19)	(25)	(19)	
Profit attributable to MGL shareholders	**993**	**1,070**	**2,063**	**1,604**	29%
Earnings per share	**$A2.95**	**$A3.25**	**$A6.19**	**$A5.02**	23%
Return on equity (%)	**13.7**	**15.8**	**14.7**	**14.0**	5%

Financial performance

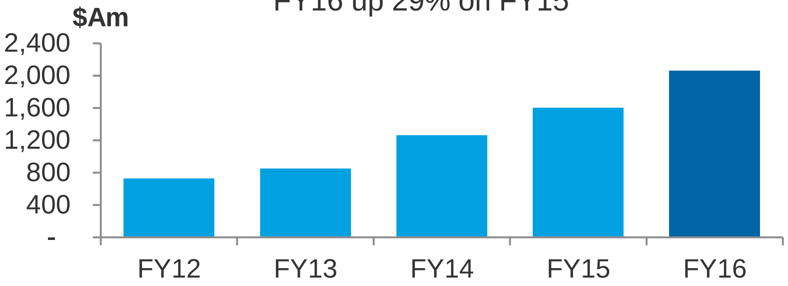
FY16 Operating income of $A10,135m

FY16 up 9% on FY15



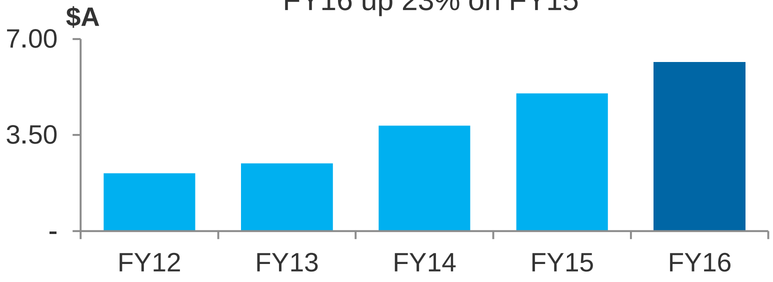
FY16 Profit of $A2,063m

FY16 up 29% on FY15



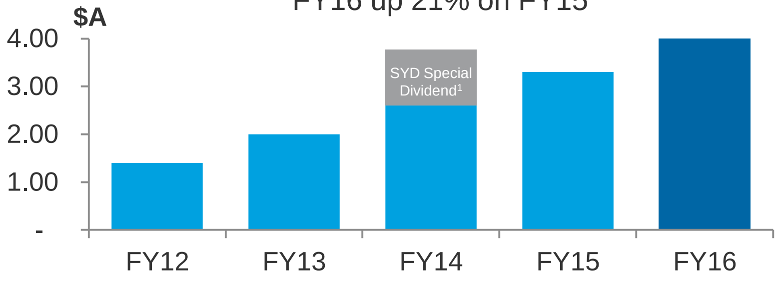
FY16 EPS of $A6.19

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.

Annuity-style vs Capital markets facing businesses

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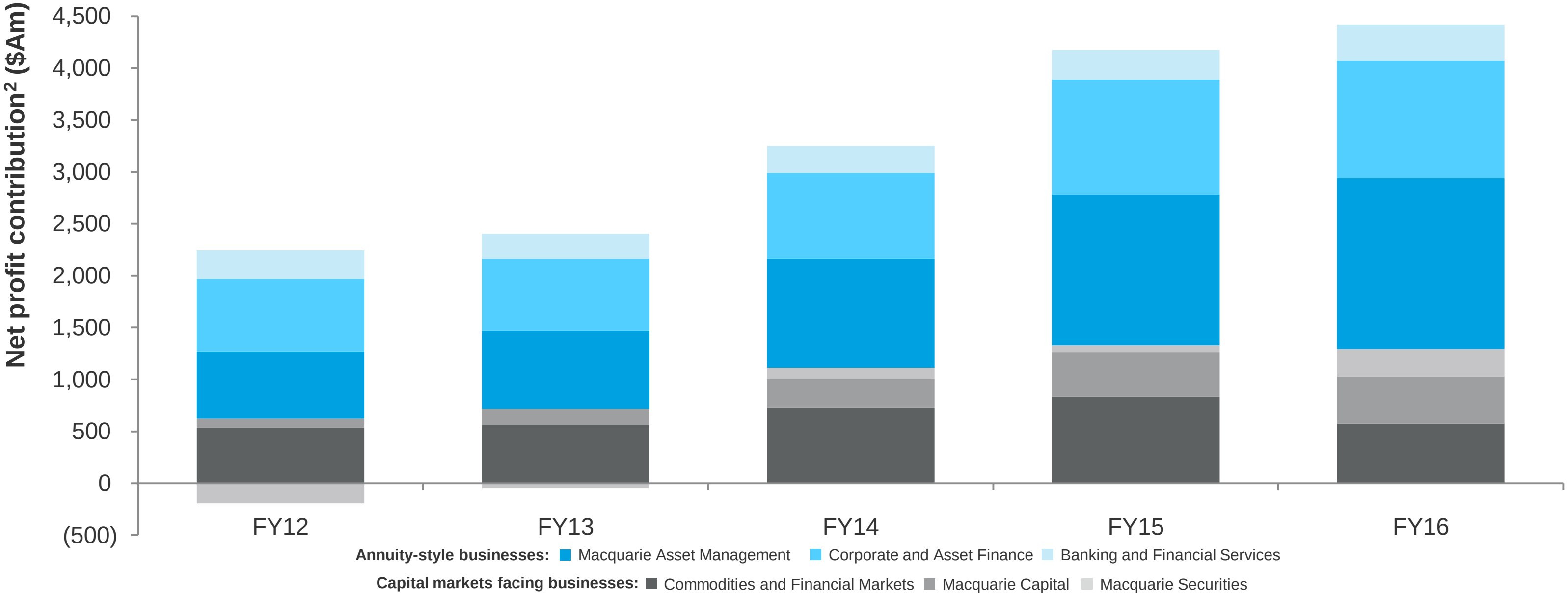
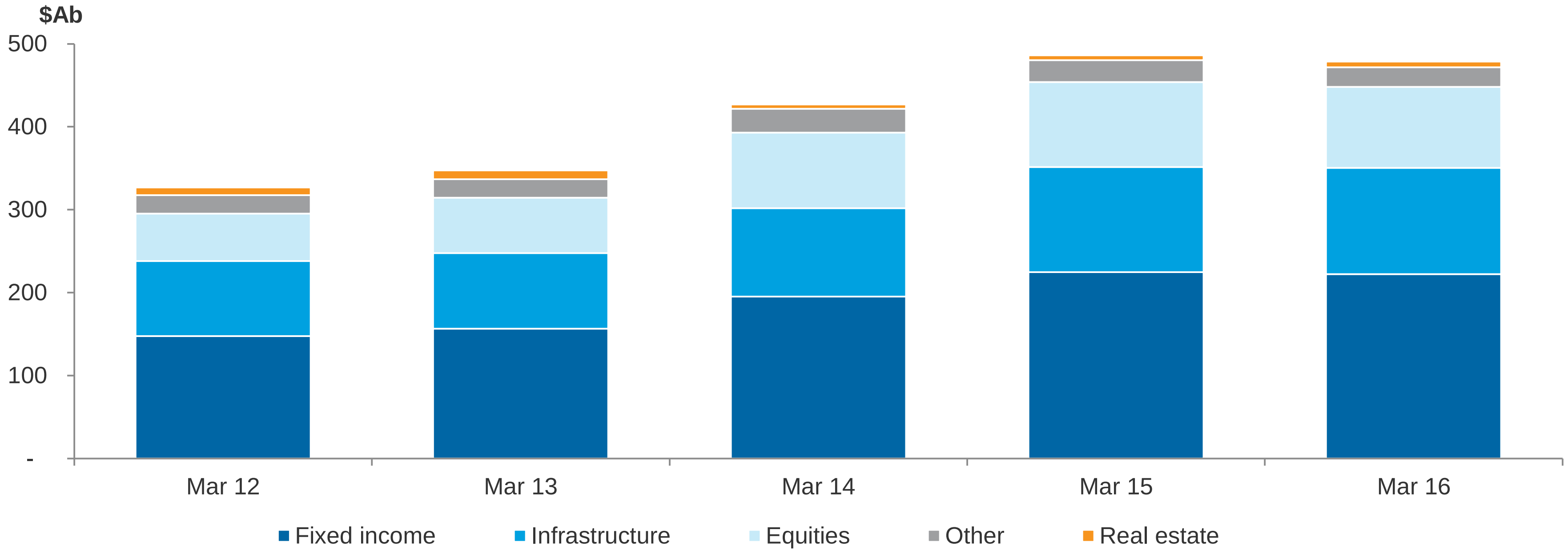
Annuity-style businesses represent more than 70% of the Groups' performance[1]



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.

Assets under management of $A478.6 billion[1]

AUM decreased 2% since 31 Mar 15, due to a decrease in insurance assets and asset realisations, partially offset by higher asset valuations, additional investments and positive flows



1. As at 31 Mar 16.

Diversification by region

International income 68% of total income[1]
Total staff 14,372; International staff 54% of total

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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

Australia[2]

Income: $A3,157m (32% of total)
Staff: 6,676

Americas

Income: $A2,926m (30% of total)
Staff: 2,589

Canada
Calgary
Montreal
Toronto
Vancouver

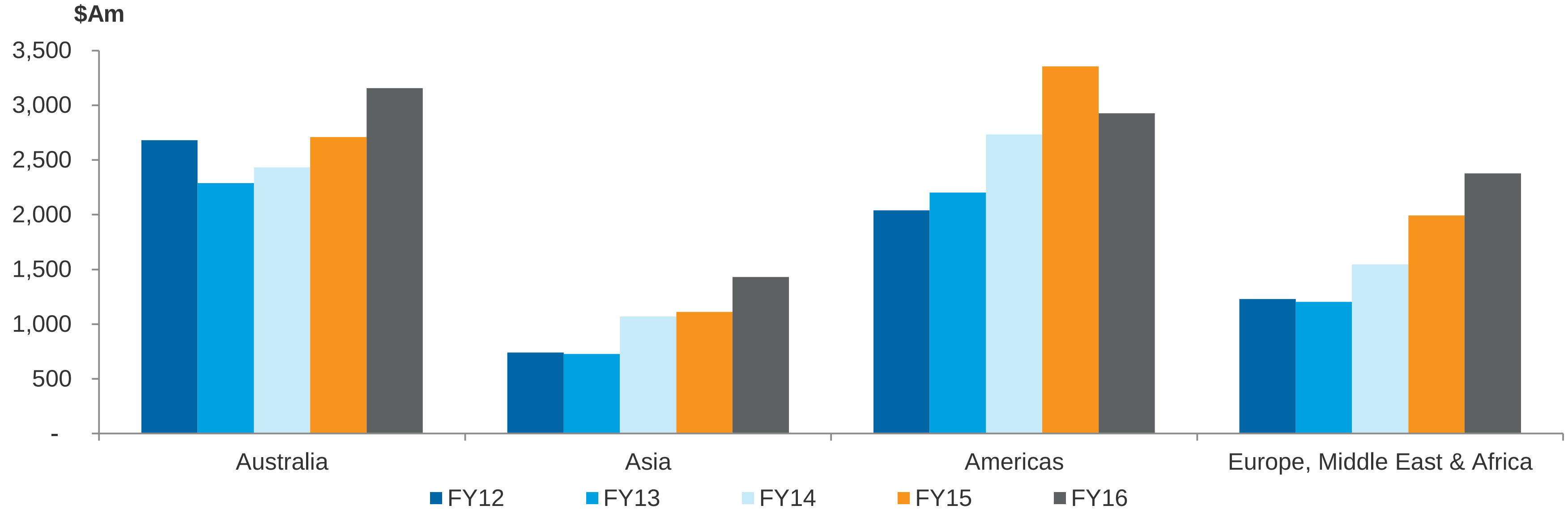
USA
Austin
Boca Raton
Boston
Chicago
Denver
Houston
Jacksonville
Los Angeles
Nashville
New York
Philadelphia
San Diego
San Francisco
San Jose

Latin America
Mexico City
Ribeirao Preto
Sao Paulo

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes New Zealand.

Diversification by region

- 68% of income[1] in FY16 was generated offshore
- A 10% movement[2] in AUD is estimated to have approx. 7% impact on full year NPAT
  – The impact of the movement in average FX rates is estimated to be approx. 9% of FY16 NPAT[3]



1. Net operating income excluding earnings on capital and other corporate items. 2. This represents an average annual movement against all major currencies. 3. Calculation reflects the movement in NPAT based on the conversion of FY15 NPAT using FY16 average FX rates.

Macquarie Asset Management

Operating income of $A2,710m, up 12% on prior year
Net profit contribution of $A1,644m, up 13% on prior year

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AUM of $A476.9b[1] broadly in line with prior year

Macquarie Infrastructure and Real Assets

- **$A66.5b in equity under management**, broadly in line with Mar 15
- **Raised $A3.7b in new equity,** including commitments for pan-Asia infrastructure investment, Australian infrastructure, separately managed accounts and capital raised on market by Macquarie Infrastructure Corporation (MIC)
- **Invested equity of $A4.9b** across 23 acquisitions and 12 follow-on investments in 11 countries, into:
  - Infrastructure in Australia, the US, Philippines, India, Korea, Italy, Austria, Singapore, Canada and Mexico
  - Real estate in Mexico and Korea; and
  - Agriculture in Brazil and Australia
- **Asset divestments of over $A2.5b**, including a MIRA-managed UK infrastructure asset, Macquarie European Infrastructure Fund 1 (MEIF1) assets, US and Chinese toll roads, an Australian agricultural asset and a Korean infrastructure asset
- **Strong performance fees of $A660m**, predominately from MEIF1, MIC, Macquarie Atlas Roads, Macquarie Korea Infrastructure Fund, Macquarie International Infrastructure Fund and from co-investors in respect to a UK infrastructure asset
- **$A8.6b of equity to deploy** as at 31 Mar 16
- Ranked first in equity raised for infrastructure over the past five years by Infrastructure Investor Magazine
- Named 'Infrastructure Manager of the Year' in Institutional Investor's 2016 European Money Management Awards

Macquarie Investment Management

- **AUM of $A337.1b**, slightly down on Mar 15
- **Base fees up 11% on Mar 15** driven by foreign exchange impacts and the impact of positive fund flows in the prior year
- **Strong performance** across a range of asset classes including Australian equities, as well as affiliated managers
- **Strong net flows** in Australian fixed income and US equities
- **Continued to expand global distribution** network with recruitment in the US, the UK, Switzerland, Austria, Italy, the Nordics, Japan, Hong Kong and Australia
- Distribution highlights include:
  - Australia: $A1.4b wholesale net inflows, $A6.3b new institutional mandates and contributions funded
  - Asia: $A2.7b new institutional mandates and contributions funded
  - North America: $US0.1b net mutual fund inflows, $US4.4b new institutional mandates and contributions funded
  - EMEA: $US0.8b new institutional mandates and contributions funded
- Acquired two investment teams in the US managing US small and mid-cap growth, international small-cap, and emerging markets equities strategies
- Launched Asian equities mutual fund product in the US
- Launched two new quant hedge fund strategies
- Received nine Lipper awards[2]

Macquarie Specialised Investment Solutions

- Continued to grow the Macquarie Infrastructure Debt Investment Solutions (MIDIS) business:
  - total third party investor commitments on **MIDIS platform of over $A5.5b**
  - closed a number of investments bringing total **AUM to over $A3.0b**
- Raised over $A0.9b for Australian retail principal protected investments and specialist funds

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
As at 31 Mar 16. 2. For more information about these awards, the issuers of these awards, their methodologies, and other important information about these awards, visit: http://www.macquarie.com.au/mgl/au/mfg/mim/about-us/awards.

Corporate and Asset Finance

Operating income of $A1,723m, up 8% on prior year[1]
Net profit contribution of $A1,130m, up 2% on prior year[1]

Asset Finance and Lending portfolio of $A39.4b up 37% on prior year

Lending	Asset Finance
• **Lending's funded loan portfolio of $A9.5b[2]**, down 15% on Mar 15 due to net repayments and realisations • $A2.8b of portfolio additions for FY16 comprising: - $A1.4b of new primary financings across corporate and real estate, weighted towards bespoke originations - $A1.3b of corporate loans and similar assets acquired in the secondary market - $A0.1b of commercial real estate loans acquired in the secondary market • Notable transactions included: - Acquisition of a controlling interest in Energetics, a UK gas and electricity connectors business - Acquisition of the debt and equity of an 8.8 mile toll road in Virginia in the US - Acquisition of two residential mortgage portfolios in the UK totalling £146.9m • Asset quality remained sound and the portfolio continued to generate strong overall returns	• **Asset Finance portfolio of $A29.9b**, up 71% on Mar 15 due to acquisitions which continue to transition and organic growth • Continued to finance throughout the customer value chain – from manufacturer to end user: aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment • **Motor vehicle portfolio of $A17.4b**, up 93% on Mar 15 - In Nov 15, acquired the **Esanda dealer finance portfolio** from ANZ Banking Group for $A8.2b, comprising retail and wholesale dealer finance on motor vehicles across Australia, of which $A7.5b has been acquired as at Mar 16 - In Jul 15, acquired **Advantage Funding**, a specialty vehicle financier based in the US, with a portfolio of $A446m at Mar 16 - Growth of the UK portfolio, to $A385m up 81% on Mar 15 - Underlying growth of existing portfolio • **Aircraft leasing portfolio of $A8.9b**, up 94% on Mar 15, following the full transition of 83 aircraft committed to purchase from AWAS Aviation Capital in Mar 15[3] • Energy, European Rail and Technology portfolios continue to perform well **Funding activity** • Strong securitisation activity of $A2.6b of motor vehicle and equipment leases and loans securitised during FY16

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
1. 2H15 included gains on sales of businesses including the North American railcar operating lease portfolio and US equipment leasing business. 2. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio of $A0.3b. 3. Out of the original 90 aircraft committed to, the remaining aircraft did not meet conditions precedent to purchase.

Update on CAF Acquisitions AWAS and Esanda

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Both portfolios successfully integrated and performing in line with expectations

AWAS

- In Mar 15, Macquarie agreed to purchase up to 90 aircraft from AWAS for $US4.0b
- 83 aircraft were acquired in total – 7 remaining aircraft did not meet condition requirements in agreed timeframe. This resulted in $US3.5b of assets acquired
- High-quality portfolio of predominately young, narrowbody aircraft with long contracted leases
- Raised larger than anticipated $US1.8b limited-recourse 7- year debt facility in Apr 16[1]
- Adjusting for the lower number of aircraft, portfolio performing in line with expectations

ESANDA

- In Oct 15, Macquarie announced the acquisition of the Esanda dealer auto finance portfolio from ANZ Banking Group
- Funded through a combination of existing funding sources, capital raising and 3rd party sources
- Resulted in Macquarie becoming a top 3 provider of auto finance to Australian car dealers
- Retail portfolio acquisition completed in Nov 15 with successful migration completed in Apr 16
- Majority of wholesale portfolio novated by Apr 16[2]
- Incremental monthly retail volume in line with expectations
- Staffing and systems in place to support enlarged customer base
- $A6.0b Esanda acquisition debt facility, $A3.0b repaid in Apr 16

1. The original AWAS acquisition debt facility of $A4.0b was downsized to $A2.4b during FY16. 2. 106 of 118 acquired dealers novated at 30 Apr 16.

Banking and Financial Services

Operating income of $A1,464m, up 9% on prior year
Net profit contribution of $A350m, up 23% on prior year

Australian client numbers 1.1 million

Personal Banking

- Provides retail financial products such as mortgages, credit cards and deposits. It serves Personal Banking customers through strong mortgage intermediary relationships, a white-label personal banking platform and Macquarie branded offerings

Activity

- **Australian mortgage portfolio of $A28.5b**, up 16% on Mar 15, representing approximately 2% of the Australian market
  - Includes $A1.2b in residential mortgage portfolios acquired during FY16
- Macquarie awarded iSelect's Partner of the Year and Home Loans Partner of the Year 2015[1]
- For the third year, Macquarie ranked No.1 in the Brokers on Non-Majors 2015 survey by Australian Broker[2]
- Launched intuitive new digital banking offering, including the first Macquarie savings and transaction accounts, and new Macquarie Black credit card with premium rewards

Wealth Management

- Provides superannuation and insurance products, as well as financial advice, private banking, stockbroking, cash management and wrap platform services. It delivers products and services through institutional relationships, adviser networks and dedicated direct relationships with its clients

Activity

- **Funds on platform[3] of $A58.4b, up 22%** on Mar 15, due to strong net inflows and the migration of full service broking accounts to the Vision platform
- **Macquarie Life inforce risk premiums $A250m, up 12%** on Mar 15
  - Announced in Mar 16 the sale of Macquarie Life to Zurich Australia Limited which is expected to be completed in the second half of 2016 calendar year
- Entered into an agreement to provide administration services and develop a new private labelled wrap offering for ANZ Banking Group's wealth administration platform
- Launched OwnersAdvisory by Macquarie to provide custom online portfolio advice
- In Apr 16, **ASIC advised that the enforceable undertaking programme of work had been satisfactorily completed**. Macquarie Equities Limited client remediation progress to date[4]:
  - Macquarie-initiated review: 1,736 cases assessed; 92 eligible for $A8.1m compensation
  - Client-initiated review: 2,496 complaints and file reviews assessed; 132 eligible for $A9.0m compensation

Business Banking

- Provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients, ranging from sole practitioners to corporate professional firms, who we engage with through a variety of channels including dedicated relationship managers

Activity

- Average business banking **deposit volumes up 26%** on Mar 15[5]
- Average business banking **loan portfolio of $A6.0b up 15%** on Mar 15[5]
- Total business banking **SME clients up 6%** on Mar 15

Deposits

- **Total BFS deposits[6] of $A40.4b** at Mar 16 up 8% on Mar 15
  - **CMA deposits of $A23.0b** at Mar 16 up 6% on Mar 15

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
1. iSelect Partner Awards 2015. 2. Brokers on Non Majors Survey by Australian Broker 2015. 3. Funds on platform includes Macquarie Wrap, Vision, Equity Portfolio Services and Industry Super Funds. 4. As at 31 Mar 16. These numbers are subject to change through the remediation process. 5. Average balance for the month of March. 6. BFS deposits exclude any Corporate/Wholesale deposit balances.

Macquarie Securities

Operating income of $A1,220m, up 33% on prior year
Net profit contribution of $A268m, up from $A64m in the prior year

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Cash

- Increased client activity across the Asia-Pacific region in 1H16 driven by macroeconomic and geopolitical events that generated uncertainty and market volatility
- Significantly lower market activity in 2H16 as macroeconomic concerns resulted in lower client volumes
- ECM activity continued to be strong in Australia in FY16
- Ranked No.2 globally (No.1 Asia-Pacific) for client satisfaction in the CIO 2015 Transition Management Survey[1]

Australia and New Zealand

- **Commissions up 9%** on FY15
- **ECM market share of 18.3%** in 2015, up from 14.5% in 2014[2]
- Ranked **No.1 for IPOs** in Australia and No.2 for equity and equity-linked ECM deals[3]
- Maintained **equal 1st overall** in the 2015 Peter Lee Survey of Australian Investors

Asia

- **Commissions up 15%** on FY15
- Ranked 3rd overall (up from 12th) in the Institutional Investor 2015 Rankings - All India Survey

Americas

- **Commissions down 2%** on FY15

Europe

- **Commissions up 6%** on FY15
- Completed the 100% acquisition of the Macquarie First South joint venture in South Africa

Derivatives and Trading

- 1H16 benefited from increased client activity and favourable trading conditions driven by macroeconomic factors particularly in China
- 2H16 characterised by low levels of client activity and subdued trading conditions driven by the challenging macroeconomic environment
- Investor demand for warrant products in 2H16 was significantly lower compared to 1H16
- **No.1** market share in listed warrants in **Singapore, No.2** in **Malaysia**, **No.4** in **Thailand** and **No.5** in **Hong Kong**[4]

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

1. Chief Investment Officer Magazine Survey – September 2015, ranked No.2 for client satisfaction globally on a weighted basis and No.1 in Asia-Pacific. 2. Dealogic. 3. Dealogic, Thomson CY15 (by value). 4. Net outstanding notional on local exchanges.

Macquarie Capital

Operating income of $A1,155m, up 10% on prior year
Net profit contribution of $A451m, up 5% on prior year

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395 transactions valued at $A176b in FY16 (480 transactions valued at $A143b in FY15)

Market Conditions[1]	Australia and New Zealand	Asia	Americas	EMEA
ANZ • M&A deal values up ~9% on FY15 • ECM down ~5% on FY15 **Asia ex Japan** • M&A deal values up ~90% on FY15 **EMEA** • M&A deal values flat on FY15 **US** • M&A deal values up 29% on FY15 **Canada** • M&A deal values down 22% on FY15	**Activity** • Strong performance across all sectors and product groups • Increased contribution from principal investments including Australian Energy Consortium (Quadrant) **Awards/Rankings** • No.1 M&A for announced and completed deals in ANZ[2] • No.1 for IPOs in ANZ[3] • Best Domestic Equity House Australia 2015[4] **Notable deals** • NAB's $A5.5b accelerated renounceable entitlement offer • Acquired Apache's Australian oil and gas portfolio in partnership with Brookfield ($US2.1b) • Advised Veda Group Limited on its $A2.6b acquisition by Equifax Inc • Origin Energy's $A2.5b pro-rata accelerated renounceable entitlement offer	**Activity** • Overall subdued M&A fee related activity • Increased deal activity in Infrastructure development (e.g. solar and waste) • Realisation of certain principal investments including Sino-Australian International Trust, offset by impairments of non-related underperforming investments **Awards/Rankings** • Best FIG deal - Haitong Securities' $US4.3b H-share private placement[5] **Notable deals** • $US4.3b H-share placement of Haitong Securities Co. Ltd • Sold a 19.99% interest in Sino-Australian International Trust Co. Ltd • Advised the Light Rail Manila Corporation for the Manila LRT1 extension	**Activity** • Continued focus on niche sectors • Subdued M&A activity particularly in Industrials • Principal contribution impacted by impairments relating to non-related underperforming investments **Awards/Rankings** • No.2 North America Financial Advisers[6] • No.2 Americas Project Finance[7] • No.8 US Buyouts[8] • Americas Power Deal of the Year - Salem Harbor[9] **Notable deals** • Developer, equity sponsor and financial adviser on KentuckyWired, the first fibre optic PPP in the US • Adviser, bookrunner and principal investor on Permira and CPPIB's $US5.3b take-private of Informatica • Advised Kelso & Company on its acquisition of stake in Risk Strategies Company • Advised Surge Energy Inc. on the disposition of SE Saskatchewan and Manitoba assets	**Activity** • Focus on key sector strengths delivering increased revenue • Increased principal contribution led by Infrastructure and renewable energy (e.g. wind farms and solar) offset by impairments of non-related underperforming investments **Awards/Rankings** • No.1 European Project Finance Sponsor[10] • No. 1 in EMEA for Financial Advisors[11] • Best Waste/Energy/Water Project, Gold: Dublin Waste-to-Energy PPP, Ireland[12] **Notable deals** • Advised NAB on the demerger of 75% of Clydesdale & Yorkshire Banking Group and simultaneous IPO on LSE and ASX • Advised CPPIB and Hermes Infrastructure on the £1.6b acquisition of a 33.3% stake in Associated British Ports • Advised Equistone on the disposal of Sunrise Medical to Nordic Capital

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

1. Dealogic, based on estimates of deal values in USD, using Macquarie regions and Macquarie financial year ended 31 March 2016. 2. Dealogic, Thomson CY15 (by number of deals). 3. Dealogic, Thomson CY15 (by value). 4. Asiamoney (Jun 15). 5. FinanceAsia (Nov 15). 6. IJGlobal CY15 (by value). 7. Dealogic – All Financial Adviser CY15 (by value). 8. Mergermarket CY15 (by value). 9. Project Finance International ("PFI", Dec 15). 10. Dealogic CY15 (by deal value). 11. InfraDeals 1Q16 (by value). 12. Partnership Awards.

Commodities and Financial Markets

Operating income of $A1,695m, down 7% on prior year
Net profit contribution of $A576m, down 31% on prior year

Commodity Markets (Physical & Financial) 65% of operating income[1]		Financial Markets (Primary & Secondary) 23% of operating income[1]		12% of operating income[1]
Energy Markets	**Metals, Mining & Agriculture**	**Fixed Income & Currencies**	**Credit Markets**	**Futures**
• **Strong results across the energy platform**, particularly from Global Oil and North American Gas and Power despite reduced activity in 4Q16 as anticipated • Continued volatility in global commodity prices underpinned increased customer activity • Provisions for impairment were taken on certain underperforming commodity-related loans in the MEC portfolio • **Ranked No.3 US physical gas marketer in North America**[2]	• **Improved results across Agriculture and Base Metals** from increased client hedging activity • Improved trading conditions across the platform driven by commodity price volatility • Further provisions for impairment were taken on certain underperforming commodity-related loans in the MEC portfolio • **Ranked No.1 in Agriculture & Softs Markets** for the 6th consecutive year[3]	• **Strong client flows** in foreign exchange and interest rate markets due to ongoing market volatility • Subdued credit markets in the Northern Hemisphere impacted trading conditions and fee income in asset backed securities • **Ranked No.1 Australian bank for distributing European securitisations**[4]	• **US credit markets were impacted** by challenging market conditions and subdued client risk appetite in secondary markets, particularly in 4Q16 • Lower DCM volumes and fees due to concerns about global growth	• **Strong result** driven by increased volumes and client activity, particularly in Australia and Europe, as volatility continued in commodity and energy markets • Growth in market share from changing competitive landscape, particularly in ASX and major US markets

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
1. Percentages are based on operating income before impairment charges. 2. Platts Q4 CY15. 3. 2015 Commodity Business Awards, presented by Commodities Now Magazine. 4. Concept ABS 2015 European league table.

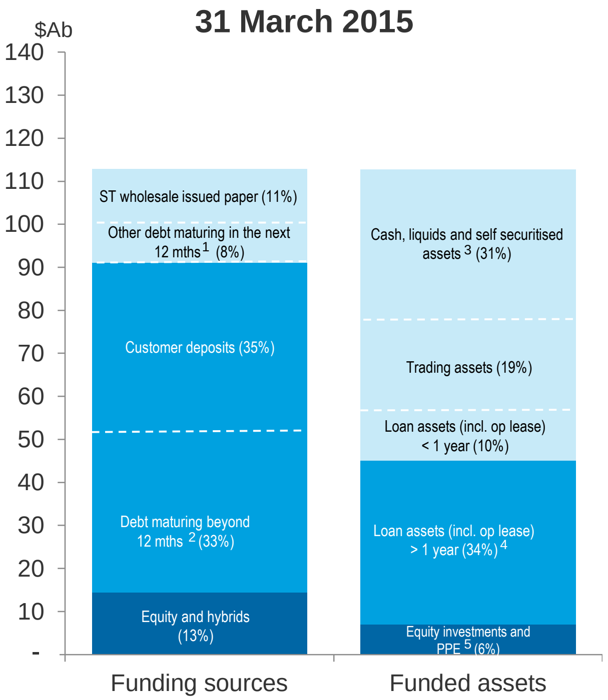
Strong funding and balance sheet position

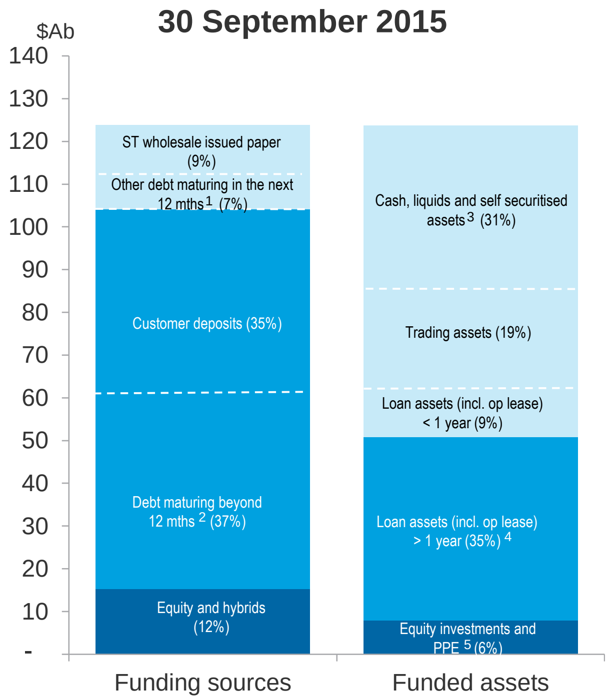
MACQUARIE

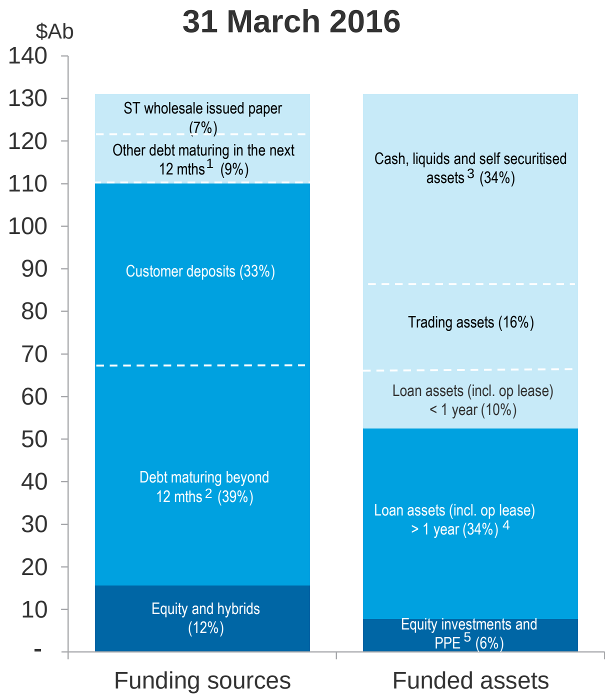
- Macquarie remains well funded with a solid and conservative balance sheet, while pursuing its strategy of diversifying funding sources by continuing to grow its deposit base and accessing a variety of funding markets
- Total customer deposits[1] increased by 9.8% to $A43.6b at Mar 16 from $A39.7b at Mar 15
- During FY16, $A22.5b of new term funding[2] was raised covering a range of sources, tenors, currencies and product types
- $A0.5b of capital raised through an institutional placement (Oct 15) and share purchase plan (Nov 15)

1. Total customer deposits as per the funded balance sheet ($A43.6b) differs from total deposits as per the statutory balance sheet ($A52.2b). The funded balance sheet excludes any deposits which do not represent a funding source for the Group. 2. Issuances are AUD equivalent based on FX rates at the time of issuance.

Funded balance sheet remains strong



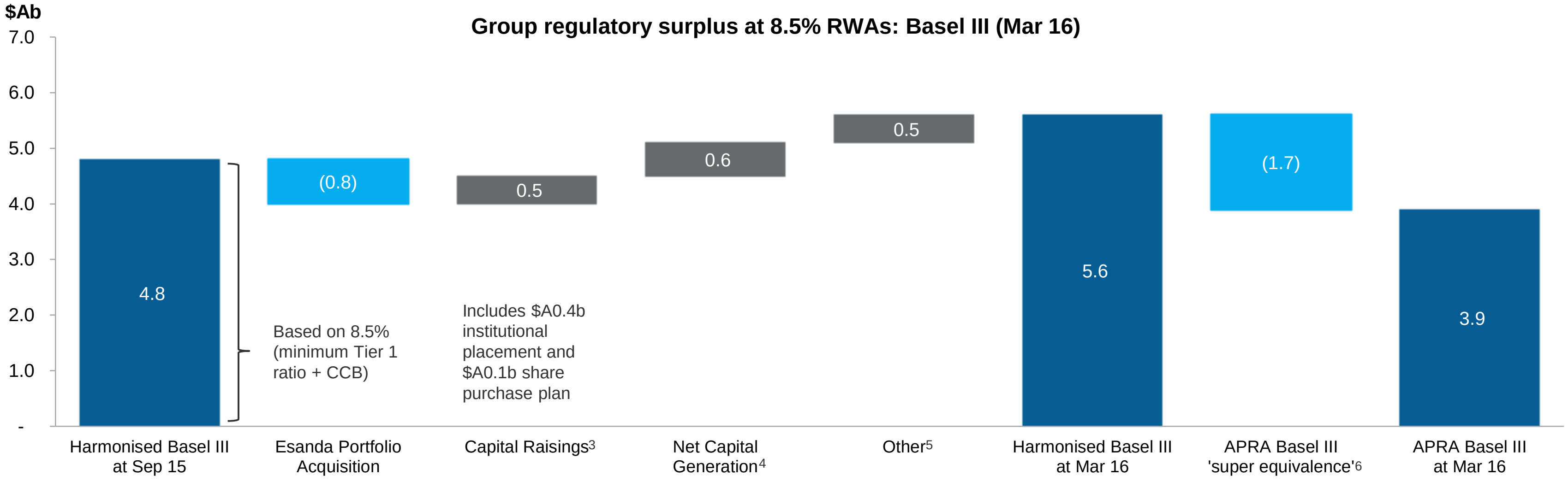




These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to the Group's statutory balance sheet refer to slide 58. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans and 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

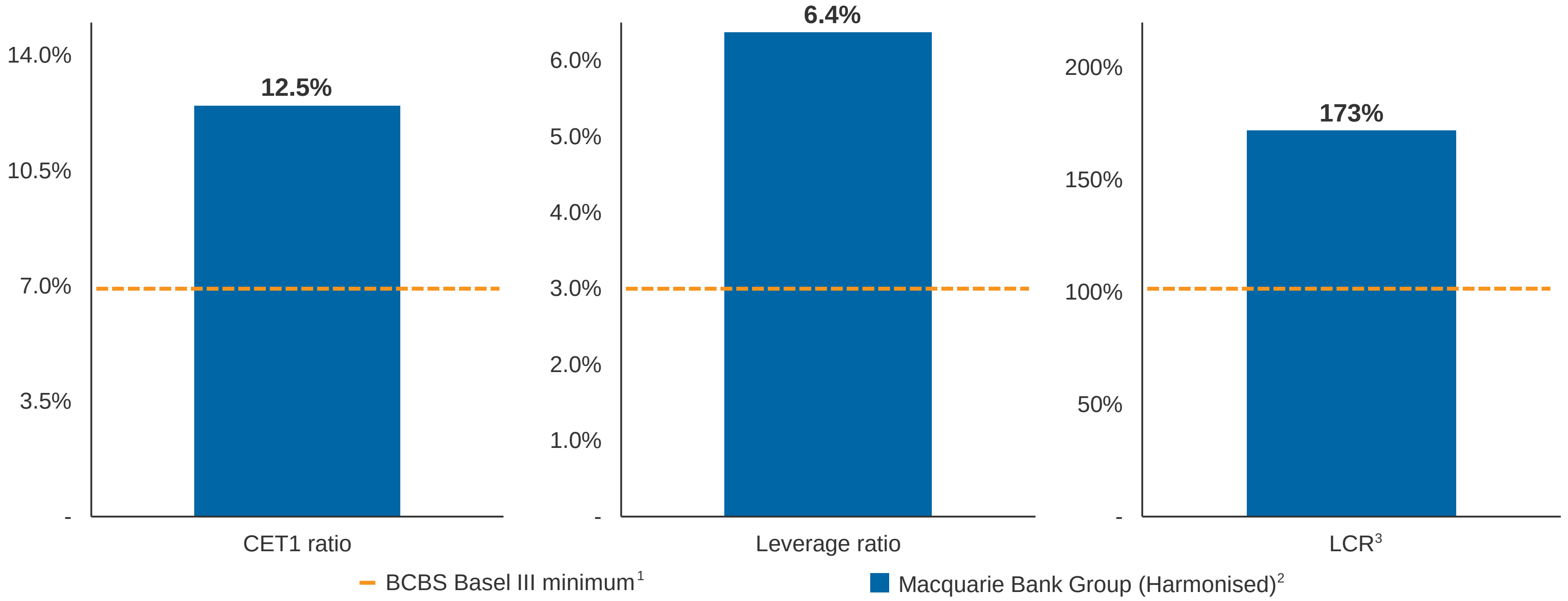
- APRA Basel III Group capital at Mar 16 of $A17.2b, Group surplus of $A3.9b[1]
- Bank Group APRA Basel III CET1 ratio: 10.7%; Tier 1 ratio: 11.8%; Leverage ratio: 5.5%
- Bank Group Harmonised[2] Basel III CET1 ratio: 12.5%; Tier 1 ratio: 13.6%; Leverage ratio: 6.4%



1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110. The APRA Basel III Group surplus is $A5.3b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes redemption of Preferred Membership Interests offset by Macquarie Capital Notes 2 issuance. 4. Includes 2H16 P&L net of 1H16 dividend and other movements in capital supply (excluding foreign currency translation reserve). 5. Includes business growth offset by the impact of reduced trading activity in CFM and MSG, capital release from the sale of equity investments, the net foreign exchange impact and other movements in capital requirements. 6. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments ($A0.6b); deconsolidated subsidiaries ($A0.4b); DTAs and other impacts ($A0.7b).

Strong regulatory ratios

Macquarie Bank Group (Mar 16)
Harmonised ratios



1. 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. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Average LCR for Mar 16 quarter includes Jan, Feb & Mar month-end observations.

Final dividend

- FY16 ordinary dividend set at $A4.00, 66% payout ratio, up on FY15 ordinary dividend of $A3.30
  - 2H16 ordinary dividend $A2.40 (40% franked) up on 1H16 ordinary dividend of $A1.60 (40% franked)
  - Record date for 2H16 ordinary dividend is 18 May 16 and payment date is 4 Jul 16
- Dividend policy remains 60-80% annual payout ratio

MACQUARIE

3

Result Analysis and Financial Management

Patrick Upfold – Chief Financial Officer

Income Statement key drivers

	2H16 $Am	1H16 $Am	FY16 $Am	FY15 $Am
Net interest and trading income	2,073	2,273	4,346	3,819
Fee and commission income	2,068	2,794	4,862	4,739
Share of net (losses)/gains of associates	67	(63)	4	5
Impairments of investments and non-financial assets	(114)	(108)	(222)	(356)
Loan impairments and provisions	(238)	(336)	(574)	(467)
Other income	961	758	1,719	1,522
Net operating income	**4,817**	**5,318**	**10,135**	**9,262**
Employment expenses	(1,981)	(2,263)	(4,244)	(4,143)
Brokerage, commissions and trading-related expenses	(448)	(444)	(892)	(824)
Other operating expenses	(992)	(992)	(1,984)	(1,773)
Total operating expenses	**(3,421)**	**(3,699)**	**(7,120)**	**(6,740)**
Net profit before tax and non-controlling interests	**1,396**	**1,619**	**3,015**	**2,522**
Income tax expense	(397)	(530)	(927)	(899)
Non-controlling interests	(6)	(19)	(25)	(19)
Net profit after tax	**993**	**1,070**	**2,063**	**1,604**

- Net foreign exchange movements impacting all income statement key drivers – impact of movement in average FX estimated to be approx. 9% of FY16 NPAT[1]
- Net interest and trading income of $A4,346m, up 14% on FY15
  - Increased lending activity in BFS; income from loans purchased at a discount in CAF
  - Improved trading results for MSG and CFM
- Fee and commission income of $A4,862m, up 3% on FY15
  - Higher base and performance fees in MAM
  - Increased fee income across M&A and ECM in MacCap
  - Partly offset by non-recurrence of fee income from the Freeport LNG Terminal transaction in FY15
- Impairment of investments and non-financial assets of $A222m, down 38% on FY15
  - Lower equity impairment levels in CFM partially offset by higher level of equity impairments in MacCap
  - Prior year included impairment of intangibles
- Loan impairments and provisions of $A574m, up 23% on FY15
  - Specific provisions largely in CFM, MacCap and CAF
- Other income of $A1,719m, up 13% on FY15
  - Increase in net operating lease income due to AWAS acquisition
  - Partly offset by the non-recurrence of gains in FY15 from business and asset sales in CAF
- Employment expenses of $A4,244m, up 2% on FY15
  - lower average headcount offset by foreign exchange movements
- Other operating expenses of $A1,984m, up 12% on FY15
  - Increased technology spend in BFS
- Effective tax rate of 31.0%, down from 35.9% in FY15 reflecting nature and geographic mix of income and tax uncertainties

1. Calculation reflects the movement in NPAT based on the conversion of FY15 NPAT using FY16 average FX rates.

Macquarie Asset Management
Result

	FY16 $Am	FY15 $Am
Base fees	1,569	1,372
Performance fees	693	667
Other fee and commission income	242	233
Investment and other income[1]	206	144
Net operating income	**2,710**	**2,416**
Brokerage, commission and trading-related expenses	(219)	(188)
Other operating expenses	(834)	(778)
Total operating expenses	**(1,053)**	**(966)**
Non-controlling interests	**(13)**	-
Net profit contribution[2]	**1,644**	**1,450**
AUM ($Ab)	476.9	484.0
Headcount	1,498	1,488

- Base fees of $A1,569m, up 14% on FY15
  - MIM – favourable foreign exchange and positive prior year flows, partially offset by lower fee revenue from insurance assets
  - MIRA – favourable foreign exchange and market movements, fund raisings, deployment of capital
- Performance fees of $A693m, up 4% on FY15
  - Includes fees from MEIF1, MIC, MKIF, MIIF, MQA, Listed Equities, Delaware, Hedge Funds and MIRA co-investors in respect of a UK asset
- Other fee and commission income of $A242m, up 4% on FY15
  - Reflects foreign exchange impact and higher income from True Index products
- Investment and other income of $A206m, up 43% on FY15
  - Increased gains from partial sale of holding in MIC and the sales of management rights in a fund manager and the almond orchard, partially offset by lower equity accounted income on MIRA investments
- Total operating expenses of $A1,053m, up 9% on FY15
  - Largely reflecting foreign exchange impact

1. Includes gains on disposal of equity investments and share of net gains of associates. 2. Management accounting profit before unallocated corporate costs, profit share and income tax.

Corporate and Asset Finance
Result

	FY16 $Am	FY15 $Am
Net interest and trading income[1]	848	737
Net operating lease income	879	603
Gain on disposal of operating lease assets	8	231
Gain on disposal of businesses	6	141
Impairments and provisions[2]	(167)	(153)
Fee and commission income	43	33
Other income[3]	106	2
Net operating income	**1,723**	**1,594**
Total operating expenses	**(594)**	**(482)**
Non-controlling interests	1	-
Net profit contribution[4]	**1,130**	**1,112**
Loan and finance lease portfolio[5] ($Ab)	28.8	22.5
Operating lease portfolio ($Ab)	10.6	6.3
Headcount[6]	1,353	1,033

- Net interest and trading income of $A848m, up 15% on FY15
  - Lending book benefiting from foreign exchange impact and higher levels of interest income arising from loans purchased at a discount
  - Asset finance portfolio – underlying increased as a result of Esanda acquisition, partially offset by a reduction in MEF leasing following sale of US business in March 2015
  - Increased funding costs associated with the growth in the Aircraft portfolio as a result of the AWAS acquisition and foreign exchange
- Net operating lease income of $A879m, up 46% on FY15
  - Foreign exchange impact, growth in operating lease portfolio including aircraft (AWAS)
- Impairments and provisions of $A167m, up 9% on FY15
  - Increase in provisions in Motor Vehicle leasing (growth in book), Aviation (Rotorcraft) and Mining Leasing
- Other income of $A106m, up significantly on FY15
  - Includes ancillary financing and servicing income on assets acquired during the year and internal management charges
- Total operating expenses of $A594m, up 23% on FY15
  - Increased costs associated with acquisitions (Esanda) partially offset by reduced costs as a result of prior year disposals
  - Foreign exchange impact

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Includes equity portfolio of $A0.3b (FY15: $A0.1b). 6. FY15 included headcount of 149 transferred with the sale of the Macquarie Equipment Finance US operations on 31 March 2015.

Banking and Financial Services
Result

	FY16 $Am	FY15 $Am
Net interest and trading income[1]	941	825
Platform and other fee and commission income	437	410
Brokerage and commissions	89	122
Impairments and provisions[2]	(43)	(35)
Other income	40	23
Net operating income	**1,464**	**1,345**
Total operating expenses	**(1,114)**	**(1,060)**
Net profit contribution[3]	**350**	**285**
Funds on Platform ($Ab)	58.4	48.0
Australian loan portfolio[4] ($Ab)	35.1	30.4
Legacy loan portfolio[5] ($Ab)	1.6	3.8
BFS Deposits ($Ab)	40.4	37.3
Headcount	2,182	2,505

- Net interest and trading income of $A941m, up 14% on FY15
  - Growth in Australian residential mortgages, business lending and deposits volumes
  - partially offset by reduced Business Banking deposit margin largely as a result of decreases in RBA cash rate
- Platform and other fee and commission income of $A437m, up 7% on FY15
  - Increase in fee income from growth across a number of products (mortgages, business lending, credit cards) and platforms (FUM up as a result of net inflows)
  - Performance fee income from co-investors on the disposal of a UK asset
- Brokerage and commissions of $A89m, down 27% on FY15
  - Lower levels of activity and reduced adviser headcount
- Impairments and provisions of $A43m, up 23% on FY15
  - Australian Mortgages, Credit Cards and Business Banking continue to experience low levels of losses
- Total operating expenses of $A1,114m, up 5% on FY15
  - Increased technology spend, particularly in relation to the Core Banking program
  - Higher commissions expense as a result of portfolio growth
  - Lower employment costs due to reduced headcount

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

Macquarie Securities
Result

	FY16 $Am	FY15 $Am
Brokerage and commissions	595	542
Net interest and trading income[1]	540	289
Underwriting fee income	107	92
Other fee and commission (expense)/income	(8)	18
Impairments, provisions and other income	(9)	(13)
Internal management charge[2]	(5)	(10)
Net operating income	**1,220**	**918**
Brokerage, commission and trading-related expenses	(208)	(158)
Other operating expenses	(744)	(696)
Total operating expenses	**(952)**	**(854)**
Net profit contribution[3]	**268**	**64**
Headcount	1,054	998

- Brokerage and commissions of $A595m, up 10% on FY15
  - Favourable foreign exchange impact
  - Higher brokerage and commissions in Australia, Asia and EMEA offset by lower brokerage and commissions in the Americas
- Net interest and trading income of $A540m, up 87% on FY15
  - Improved trading opportunities in Asia and Europe in 1H16 driven by increased market volatility, particularly in China, as well as increased demand for Asian retail derivatives
- Underwriting fee income of $A107m, up 16% on FY15
  - Strong ECM activity in Australia
- Total operating expenses of $A952m, up 11% on FY15
  - Increase in revenue driven expenses associated with trading activities
  - Increase in other operating expenses largely impacted by foreign exchange
- Increase in headcount reflects consolidation of Macquarie First South joint venture

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. Internal charge allocations are eliminated on consolidation in the Group's statutory P&L. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

Macquarie Capital
Result

	FY16 $Am	FY15 $Am
Fee and commission income	870	860
Investment and other income	441	271
Net interest and trading income/(expense)[1]	16	(24)
Impairments and provisions[2]	(187)	(58)
Internal management revenue[3]	15	5
Net operating income	**1,155**	**1,054**
Total operating expenses	**(709)**	**(629)**
Non-controlling interests	5	5
Net profit contribution[4]	**451**	**430**
Advisory and capital markets activity:		
Number of transactions	395	480
Transactions value ($Ab)	176	143
Headcount	1,213	1,202

- Fee and commission income of $A870m broadly in line with FY15
  - Increased fee income across M&A and ECM, with Australia experiencing particularly strong growth in M&A
  - Favourable foreign exchange impact
  - Offset by reduced fee income in the US
- Investment and other income of $A441m, up 63% on FY15
  - Improved disposal opportunities, particularly in relation to infrastructure and renewable energy investments
  - Higher dividend income
- Net interest and trading income of $A16m, up from a loss of $24m in FY15
  - Increased interest income from debt investments offsetting interest expense associated with principal investments
- Impairments and provisions of $A187m, up significantly on FY15
  - write down of non-related underperforming principal investments
- Total operating expenses of $A709m, up 13% on FY15
  - Foreign exchange impact

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

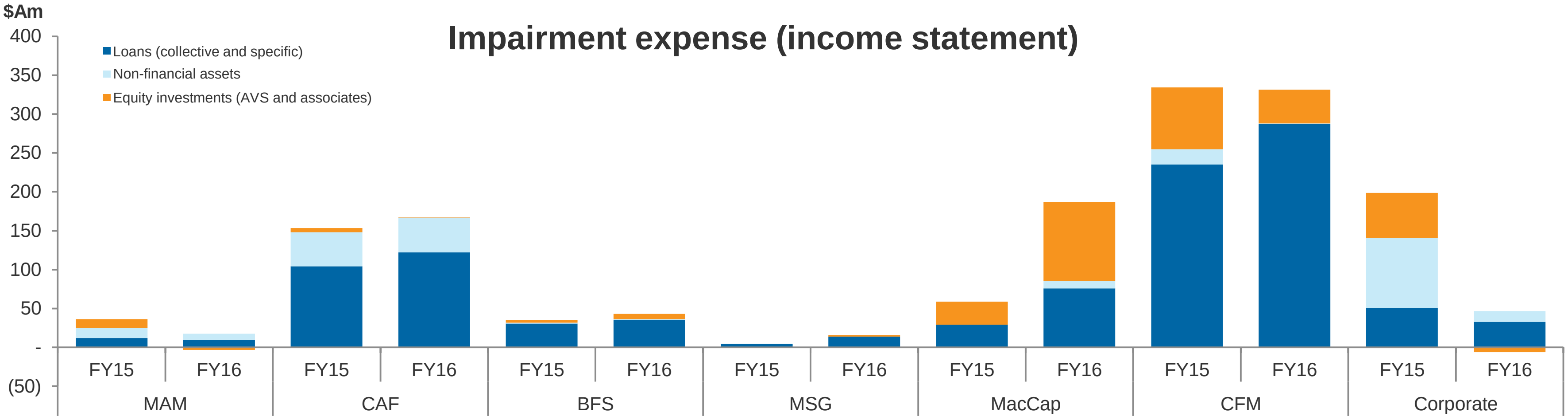
Commodities and Financial Markets
Result

	FY16 $Am	FY15 $Am
Commodities[1]	1,315	1,125
Risk management products	*819*	*594*
Lending and financing	*292*	*318*
Inventory management, transport and storage	*204*	*213*
Credit, interest rates and foreign exchange[1]	430	568
Fee and commission income	228	418
Impairments and provisions[2]	(330)	(334)
Investment and other income	52	54
Net operating income	**1,695**	**1,831**
Brokerage, commission and trading-related expenses	(235)	(258)
Other operating expenses	(884)	(738)
Total operating expenses	**(1,119)**	**(996)**
Net profit contribution[3]	**576**	**835**
Headcount	958	984

- Commodities income of $A1,315m, up 17% on FY15
  - Foreign exchange impact
  - Increased client demand for risk management product as a result of market volatility across a range of commodity types and regions
  - Volatility also providing improved trading opportunities
  - Lower lending activity as a result of reduced customer appetite
- Credit, interest rates and foreign exchange income of $A430m, down 24% on FY15
  - Market volatility leading to difficult trading conditions, particularly in high yield credit markets and asset backed securitisations
- Fee and commission income of $A228m, down 45% on FY15
  - FY15 included Freeport LNG Terminal fee income
  - Partly offset by increased trading volumes in offshore commodity futures markets
- Impairments and provisions of $A330m, down slightly on FY15
  - Largely driven by underperforming MEC book
- Total operating expenses of $A1,119m, up 12% on FY15
  - Foreign exchange impact

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

Impairment expense[1]



FY16 includes provisions for impairment relating to Lending (~20%) and Leasing (~80%) portfolios

FY16 increase in specific provisions for impairment relate to growth in business lending. Australian Mortgages, Credit Cards and Business Banking continue to experience low levels of losses

Provisions for impairment reflects the underperformance of a number of non-related principal investments and loans

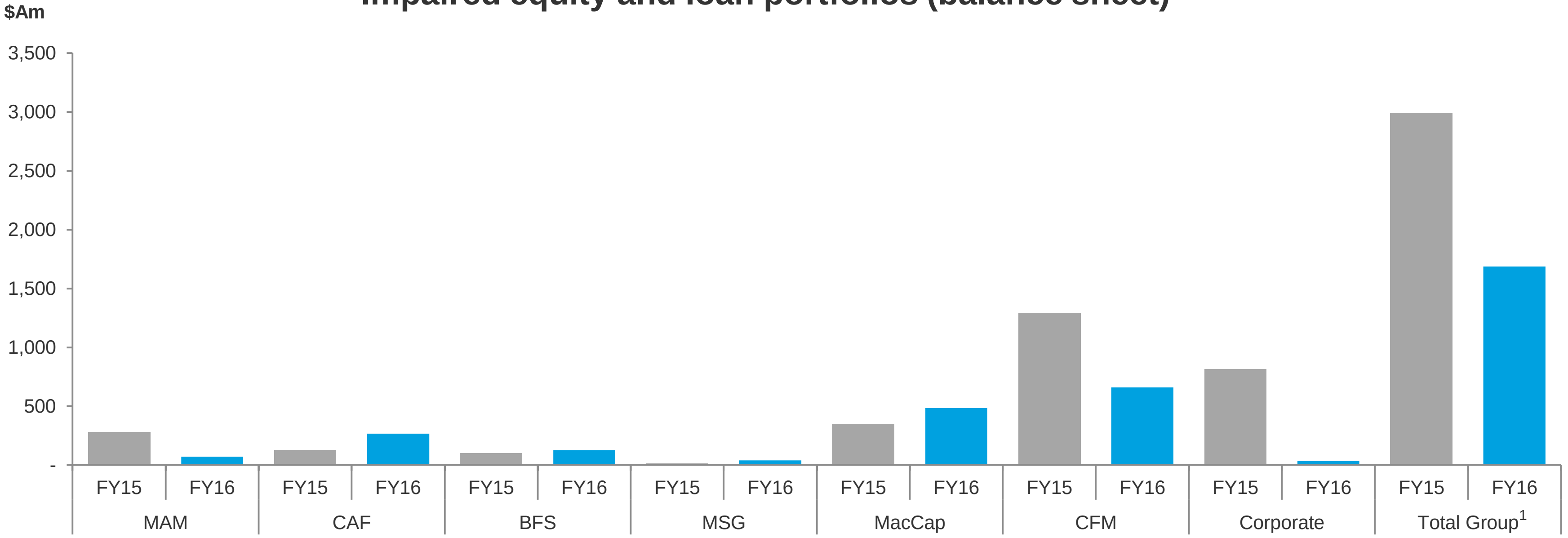
Includes provisions for impairment on certain underperforming positions in the MEC portfolio. Level of impaired loans, as well as loans newly impaired during the year, significantly declined

Prior year includes provisions for impairment in respect of legacy goodwill and equity positions

1. Includes collective allowance for credit losses, specific provisions and write-offs, impairment charges on non-financial assets, and impairment charge on investment securities available for sale, interest in associates and joint ventures and subsidiaries.

Impaired portfolios

Impaired equity and loan portfolios (balance sheet)



1. As at 31 Mar 16, total Group impaired assets as a proportion of total Group loans and equity investments was 176bps.

Costs of compliance

- The industry is seeing a continuing increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Macquarie is regulated by approx. 209 authorities in 28 jurisdictions
- Direct cost of compliance approx. $A406m in FY16 (excluding indirect costs), broadly in line with FY15
- Whilst project spend reduced during the year, business as usual spend continued to increase

Regulatory project spend	FY16 $Am	FY15 $Am	Business as usual compliance spend	FY16 $Am	FY15 $Am
Basel III and liquidity	20	58	Financial, Regulatory & Tax reporting and Compliance	94	81
FOFA	1	4	Compliance policy and oversight	87	75
OTC reform	12	11	AML Compliance	30	22
FATCA	2	3	Regulatory Capital Management	20	17
Other Regulatory Projects (e.g. Privacy, Managed Investment Schemes, Super)	64	88	Other Compliance functions (e.g. OTC Reform, Super, Consumer Protection)	76	54
Sub-total	**99**	**164**	**Sub-total**	**307**	**249**

Total compliance spend $A406m (FY15: $A413m)

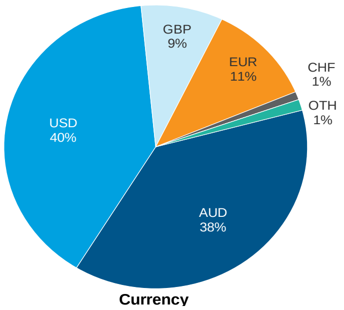
Balance sheet highlights

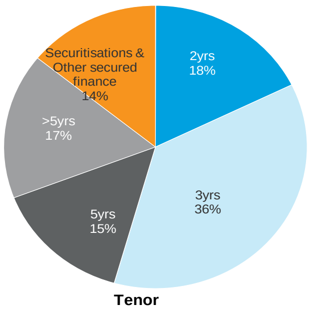
- Balance sheet remains solid and conservative
  - Term assets covered by term funding, stable deposits and equity
  - Minimal reliance on short term wholesale funding markets
- Total customer deposits[1] continuing to grow, up 9.8% to $A43.6b at Mar 16 from $A39.7b at Mar 15
- $A22.5b[2] of term funding raised during FY16 includes:
  - $A7.1b senior unsecured debt issuance
  - $A4.8b private placements and structured note issuance
  - $A4.4b mortgage and motor vehicle/equipment secured funding
  - $A2.7b MBL syndicated loan facility
  - $A1.2b MGL syndicated loan facility
  - $A1.0b public subordinated debt
  - $A0.8b MBL covered Bonds
  - $A0.5b MCN2 hybrid
- $A2.4b[2] AWAS acquisition debt facility[3]. The facility was refinanced in Apr 16 with a term loan
- $A6.0b Esanda acquisition debt facility, $A3.0b repaid in Apr 16
- $A0.5b of capital raised through an institutional placement (Oct 15) and share purchase plan (Nov 15)

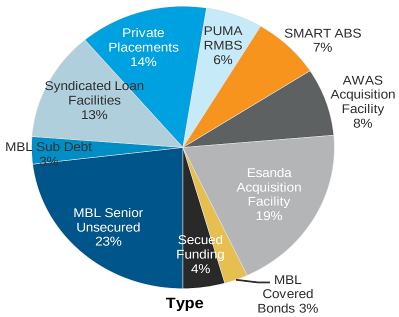
1. Total customer deposits as per the funded balance sheet ($A43.6b) differs from total deposits as per the statutory balance sheet ($A52.2b). The funded balance sheet excludes any deposits which do not represent a funding source for the Group. 2. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 3. The original AWAS acquisition debt facility of $A4.0b was downsized to $A2.4b during FY16.

Diversified issuance strategy[1]

FY16 Term funding – diversified by currency, tenor and type

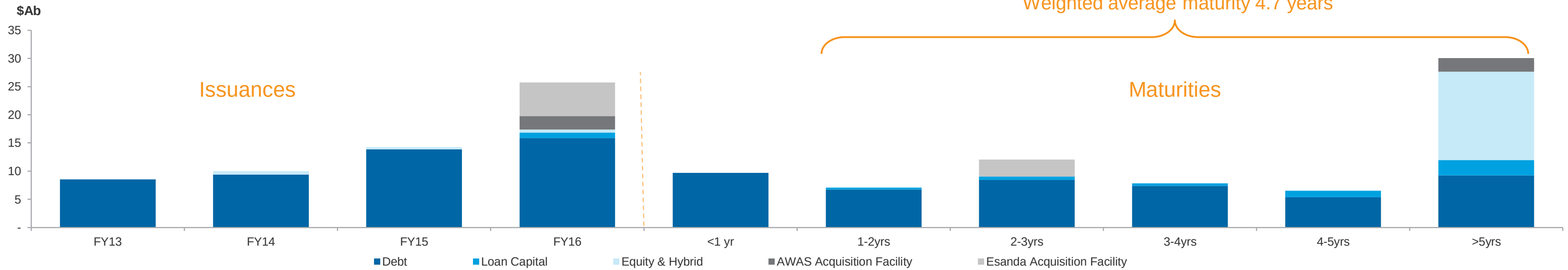






- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity) has a weighted average maturity of 4.7 years[4]

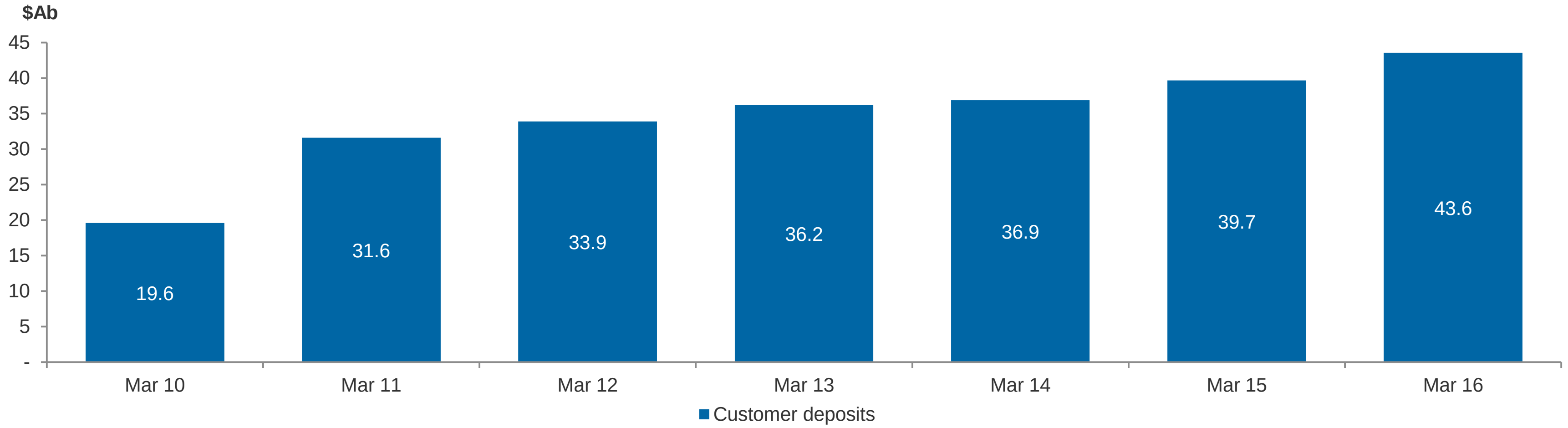
Term Issuance and Maturity Profile[2, 3, 4]



1. All data presented in these charts includes drawn and undrawn facilities. 2. Issuances and Maturities exclude securitisations and other secured finance. Balances are converted to AUD at the 31 Mar 16 spot rate. 3. Maturities shown are as at 31 Mar 16. 4. Weighted average maturity has been adjusted to reflect the AWAS acquisition debt facility which was refinanced in full during Apr 16; the new profile is 5yrs+. $A3.0b of the Esanda acquisition debt facility was repaid during Apr 16.

Continued customer deposit growth

- Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
  - In excess of 1.1 million BFS clients, of which approx. 600,000 are depositors
  - Focus on the composition and quality of the deposit base
  - Continue to grow deposits in the CMA product, which has an average account balance of approx. $A44,000



Note: Total customer deposits include BFS deposits of $A40.4b and $A3.2b of Corporate/Wholesale deposits.

Loan portfolio[1] growth – Funded Balance Sheet

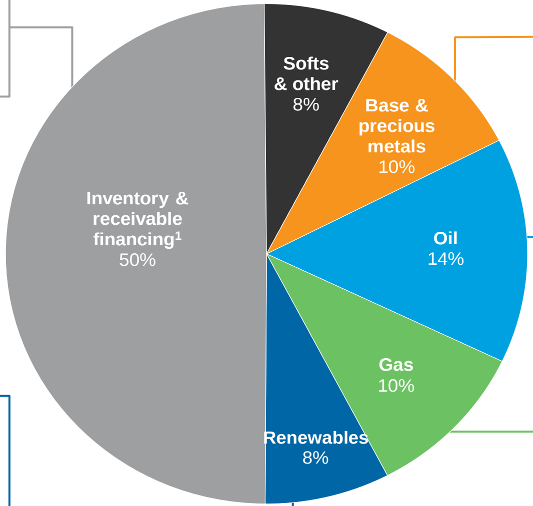
Operating Group	Category	Mar 16 $Ab	Mar 15 $Ab	Description
CAF	Asset Finance[2]	23.3	11.2	Secured by underlying financed assets
	Finance lease assets	*12.7*	*4.9*	
	Operating lease assets	*10.6*	*6.3*	
	Lending[3]	9.0	9.7	Diversified corporate and real estate lending portfolio, consisting predominately of loans which are senior, secured, well covenanted and with a hold to maturity horizon
	Total CAF	32.3	20.9	
BFS	Retail Mortgages[2]:	23.1	20.9	Secured by residential property and supported by mortgage insurance: • Australia: most loans are fully mortgage insured • US: majority of loans where LVR > 80% are mortgage insured • Canada: most loans are fully insured with underlying government support
	Australia	*21.6*	*16.4*	
	Canada, US and Other	*1.5*	*4.5*	
	Business Banking	5.8	5.2	Secured relationship managed loan portfolio to professional and financial services firms, real estate industry clients, insurance premium funding, mortgages to Business Banking clients and other small business clients. Secured largely by real estate, working capital, business cash flows and credit insurance. The portfolio also includes other retail lending including credit cards
	Total BFS	28.9	26.1	
CFM	Resources and commodities	3.0	3.0	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets. Refer to slide 42 for additional detail
	Other	1.8	2.0	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CFM	4.8	5.0	
MAM	Structured investments	1.6	2.1	Loans to retail and wholesale counterparties that are secured against equities, investment funds or other assets, or are protected by capital guarantees at maturity
Other Op Groups	Corporate and other lending	1.5	1.2	Includes deposits with financial institutions held as collateral for trading positions, as well as diversified secured corporate lending within MacCap
Total loan assets per funded balance sheet[4]		**69.1**	**55.3**	

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 $A80.4b at 31 Mar 16 ($A72.8b at 31 Mar 15) 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. Australian Retail Mortgages per the funded balance sheet of $A21.6b differs from the figure disclosed on slide 18 of $A28.5b and Asset Finance per the funded balance sheet of $A23.3b differs from the figure disclosed on slide 16 of $A29.9b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Lending per the funded balance sheet of $A9.0b differs from the figure disclosed on slide 16 of $A9.5b. The statutory balance sheet includes AVS debt investments which are reported in the funded balance sheet as debt investment securities. 4. Total loan assets per funded balance sheet includes self securitisation assets.

Resources and commodities – loans

Well-collateralised and short-dated inventory financing positions for consumers. Commodities include power, agriculture and transport

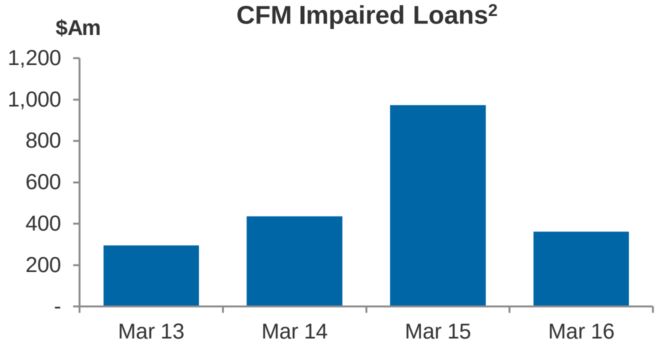
Financing renewables energy (including solar and waste recovery) producers in the US and UK. Well-secured positions supported by off-take contracts

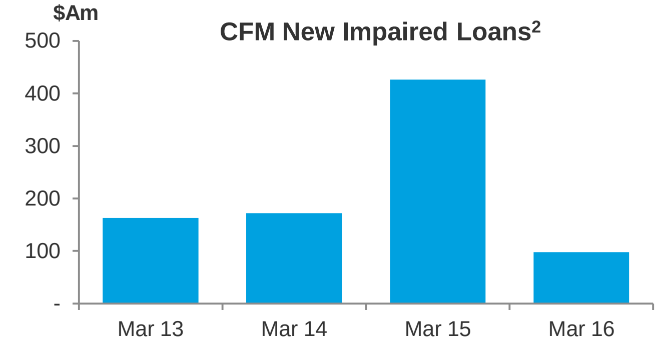


Balance predominately relates to the financing of gold producers. Positions well secured and counterparties generally hedge their commodity price risk. Portfolio consists of 17 positions

Predominately financing oil producers. Positions well secured; counterparties largely hedge their commodity price risk

Predominately financing gas producers mainly in the US and Canada and to a lesser extent Australia. Positions well secured; counterparties largely hedge their commodity price risk

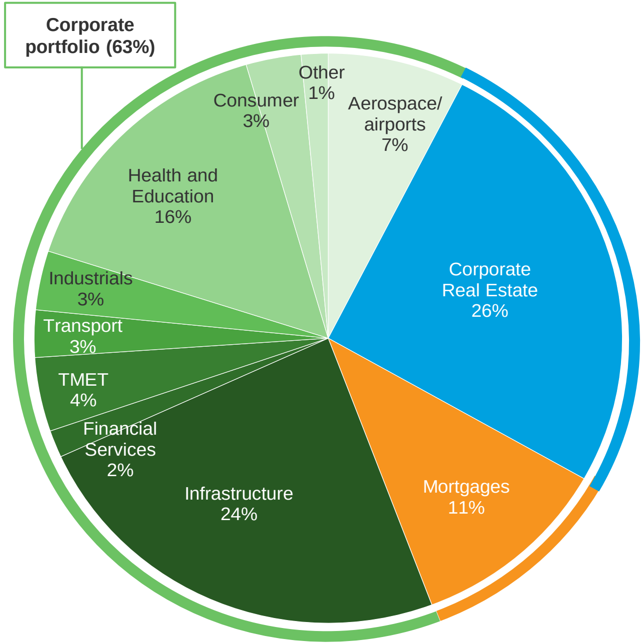




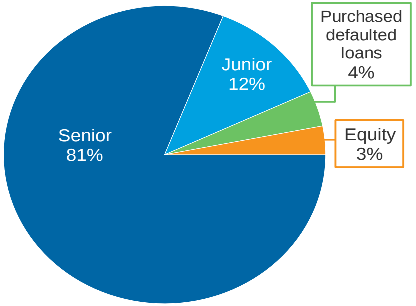
1. 20% of the Inventory & receivable financing category relates to counterparties exposed to oil and gas. 2. Impaired loans comprised of loan assets held at amortised cost, debt investment securities AVS and other financial assets

CAF Lending Portfolio – $A9.5b[1]

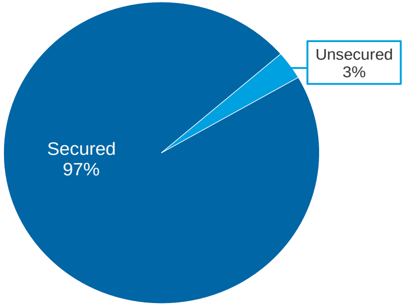
Sector exposure



Facility type



Security on loan portfolio



- While mostly sub investment grade, CAF Lending's portfolio is predominately loans which are:
  - Senior
  - Secured; and
  - Well covenanted
- Assets are originated through new primary lending as well as selective investments in the secondary market, with a hold to maturity horizon
  - Approx. 85% of realisations since inception[2] relate to repayments
- Business is conducted within the disciplines of a strong risk management framework
  - active selection of each asset based on intensive analysis, name by name
  - stress testing and concentration analysis with all positions sized to worst case outcomes
  - on-going monitoring and management of each position
  - very sound impairment track record – average realised annual losses since inception equivalent to 0.2% of loan assets

1. Funded portfolio shown which excludes current committed but unfunded balances. Total committed (funded and unfunded) capital was $A10.2b at 31 Mar 16. 2. Jan 09.

Equity investments of $A5.2b[1]

Category	Carrying value[2] Mar 16 $Am	Carrying value[2] Mar 15 $Am	Description
Macquarie Asset Management (MIRA) managed funds	1,611	1,505	Includes Macquarie Infrastructure Company, Macquarie SBI Infrastructure Fund, Macquarie Atlas Roads, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 3 LP, Macquarie European Infrastructure Fund 4 LP, Macquarie Mexican REIT
Other Macquarie managed funds	657	554	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	1,181	381	Over 35 separate investments predominately in MacCap including Navigator Terminals, Wala 2, Malaga Metro, Galloper Wind Farm
Telcos, IT, media and entertainment	724	759	Over 40 separate investments with investment in Axicom largely offset by divestment of Southern Cross Media
Energy, resources and commodities	471	346	Over 50 separate investments. Balance increased largely due to Australian Energy Consortium (Quadrant) partly offset by a reduction in the MEC portfolio
Real estate investment, property and funds management	133	300	Decrease due to a number of divestments including MGPA Shenton and Retirement Villages Group
Finance, wealth management and exchanges	433	537	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	5,210	**4,382**	

1. Equity investments per the statutory balance sheet of $A6,834m (Mar 15: $A5,848m) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of $A6,046m (Mar 15: $A5,061m), less available for sale reserves of $A762m (Mar 15: $A688m) and associate reserves of $A2m (Mar 15: nil), plus other assets of nil (Mar 15: $A9m).

Regulatory update

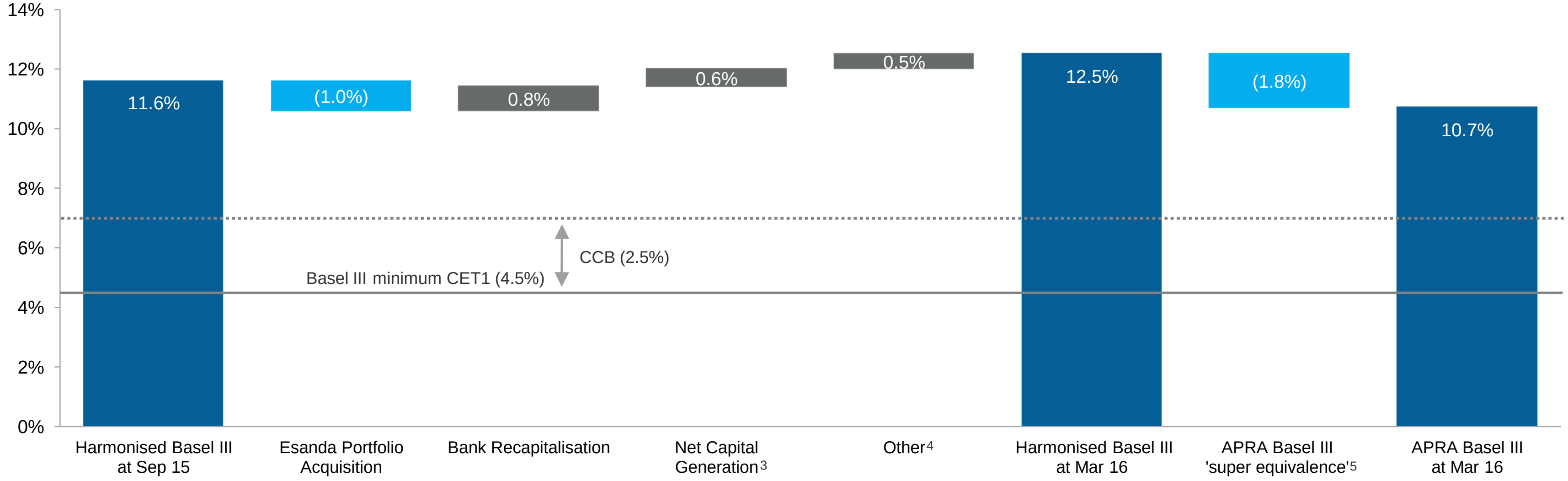
- Conglomerates
  - APRA announced on 29 Mar 16 that it has deferred finalising the capital components of the Level 3 framework for Conglomerates. APRA will consult on any new Level 3 capital requirements, but does not anticipate doing so earlier than mid-2017, with implementation being no earlier than 2019. An update will be provided following the publication of any proposed rules
- Basel Capital Framework
  - The Basel Committee has recently proposed a number of changes to the calculation of risk weighted assets, most of which are under consultation. Any impact on capital[1] will depend upon the final form of the proposals and local implementation by APRA
- Net Stable Funding Ratio
  - APRA have released a discussion paper on the NSFR which is yet to be incorporated into local standards. While the impact remains uncertain, Macquarie expects to meet the overall requirements of the NSFR

1. Applies to the Bank Group only.

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

- APRA Basel III CET1 ratio: 10.7%[1]
- Harmonised Basel III CET1 ratio: 12.5%[2]

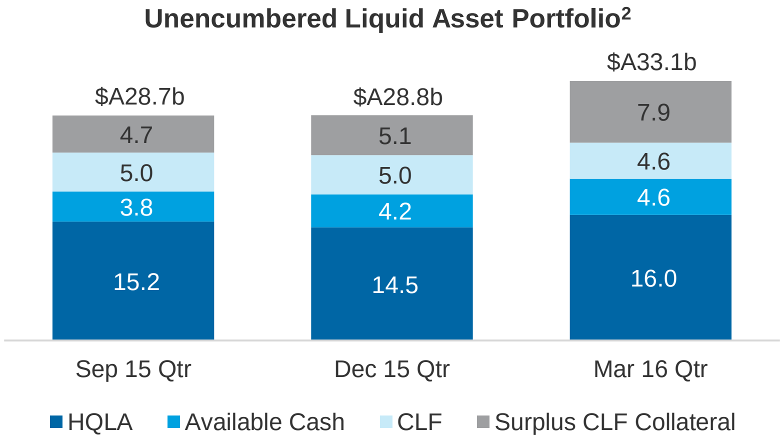
Bank Group Common Equity Tier 1 (CET1) Ratio: Basel III (Mar 16)

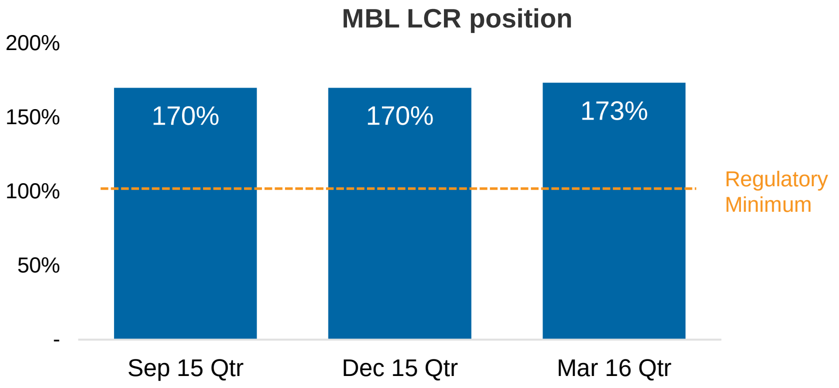


1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 16: 11.8%. APRA Basel III CET1 ratio at Sep 15: 9.9%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 16: 13.6%. 3. Includes MBL 2H16 P&L and reserve movements (excluding foreign currency translation reserve). 4. Includes business growth offset by the impact of reduced trading activity in CFM and MSG, the net foreign exchange impact and other movements in capital requirements. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments (0.5%); deconsolidated subsidiaries (0.3%); DTAs and other impacts (1.0%).

Strong liquidity position maintained

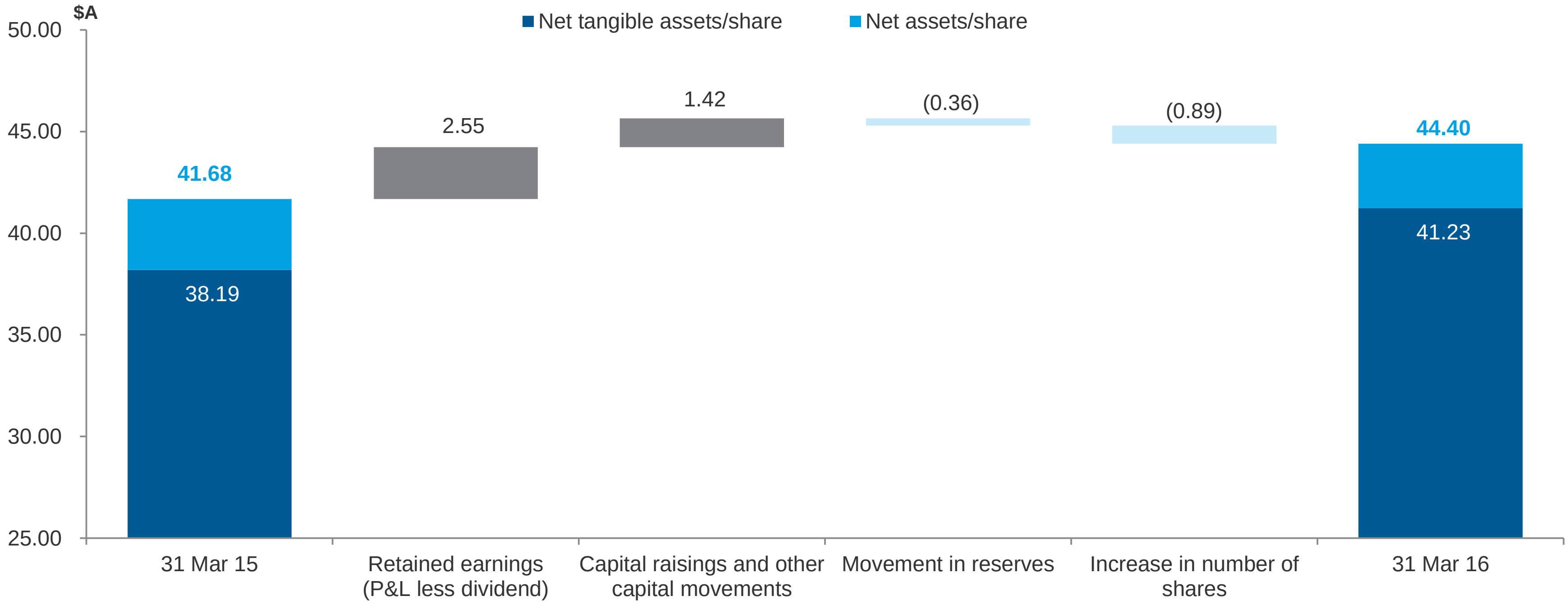
- 173% average LCR for Mar 16 quarter[1], based on month-end observations
  - Maintained well above regulatory minimums
  - Includes APRA approved AUD CLF allocation of $A4.6b for 2016 calendar year
- Reflects long-standing conservative approach to liquidity management
- $A33.1b of unencumbered liquid assets and cash on average over the quarter to Mar 16 (post applicable haircuts)





1. Average LCR for Mar 16 quarter includes Jan, Feb and Mar month-end observations. 2. Unencumbered Liquid Asset Portfolio represents the quarterly average of applicable month-end observations.

Net assets per share



Capital management update

- The Board has resolved:
  - To purchase shares[1,2] to satisfy the MEREP requirements of approx. $A440m, subject to the New Arrangements noted below. The buying period for the MEREP will commence on 17 May 2016 and is expected to be completed by 8 July 2016[3]
  - No discount will apply for the 2H16 DRP and the shares are to be acquired on-market[2]

New Arrangements for the MEREP:

- Macquarie has made changes to align the buying and selling of shares in relation to the MEREP:
  - Awards previously due to vest on 29 July 2016 will now vest on 17 May 2016
  - Future awards due to vest in July of a specified year will now vest in May of that year
- MQG shares sold by staff between 17 May 2016 and 10 June 2016[4] are expected to be acquired by the MEREP Trustee to meet the MEREP buying requirements
  - Shares sold by staff during this window are to be acquired off-market at the daily VWAP[5]
- The net effect of this will reduce the number of shares acquired on-market for the new MEREP awards

1. Shares may be purchased on-market and off-market. 2. Shares may be issued if purchasing becomes impractical or inadvisable. 3. Actual buying may be completed sooner or later. On-market buying for the MEREP will be suspended during the DRP pricing period (25 May 16 to 2 Jun 16). 4. This date subject to change. 5. Trades will be crossed off-market by Macquarie Securities and reported to ASX and Chi-X accordingly.

4

Outlook

Nicholas Moore – Managing Director and Chief Executive Officer

Short-term outlook

MACQUARIE

- Summarised below are the factors impacting the short-term performance for each Operating Group
- FY17 results will vary with market conditions, particularly the capital markets facing businesses. Annuity-style businesses represent more than 70% of the Groups' performance[1]

	Net profit contribution				
Operating Group	**FY08–FY16 historical range**	**FY08–FY16 average**	**FY16**	**Factors impacting FY17 performance for each Operating Group**	**FY17 net profit contribution outlook**
Macquarie Asset Management	\$A0.3b – \$A1.6b	\$A0.9b	\$A1.6b	• Lower performance fees expected • Higher base fees	FY17 combined net profit contribution from operating groups to be broadly in line with FY16
Corporate and Asset Finance	\$A0.1b – \$A1.1b[2]	\$A0.6b[2]	\$A1.1b	• Organic growth of leasing books • First full year contribution from AWAS and Esanda	
Banking and Financial Services	\$A0.1b – \$A0.4b[3,4]	\$A0.2b[3,4]	\$A0.4b	• 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)	
Macquarie Securities Group	\$A(0.2)b – \$A1.2b	\$A0.3b	\$A0.3b	• Market conditions currently subdued, particularly in Asia	
Macquarie Capital	\$A(0.1)b – \$A1.2b	\$A0.3b	\$A0.5b	• Market conditions currently subdued • Solid principal realisation pipeline expected • Level of impairments expected to fall	
Commodities and Financial Markets	\$A0.5b – \$A0.8b	\$A0.6b	\$A0.6b	• Market conditions currently subdued • Resilient trading expected across Commodities, FI&C and Futures • Level of impairments expected to fall	
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				

1. Based on FY16 net profit contribution from Operating Groups. 2. Range and average exclude FY09 provisions for loan losses of \$A135m related to Real Estate Structured Finance loans as this is a restructured business. 3. Range and average exclude FY09 loss on sale of Italian mortgages of \$A248m as this is a discontinued business. 4. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY13 comparatives only have been restated to reflect the current methodology.

Short-term outlook

- While the impact of future market conditions makes forecasting difficult, we currently expect the FY17 combined net profit contribution[1] 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
  - The cost of our continued conservative approach to funding and capital
  - 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

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

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.

MACQUARIE

Medium-term

MAM	• Annuity-style business that is diversified across regions, products, asset classes and investor types • Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions • Well positioned for organic growth with several strongly performing products and an efficient operating platform
CAF	• Leverage deep industry expertise to maximise growth potential in loan and lease portfolios • Anticipate further asset acquisitions and realisations at attractive return levels • Funding from asset securitisation throughout the cycle
BFS	• Strong growth opportunities through intermediary distribution, white labelling, platforms and client service • Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments • Modernising technology to improve client experience and support growth
MSG	• Highly leveraged to market conditions and investor confidence, particularly in the Asia-Pacific region • Well positioned for recovery in Asian retail derivatives, cash equities and ECM • Monetise existing strong research platform
MacCap	• Can expect to benefit from any improvement in M&A and ECM market activity • Continues to align the business offering to current opportunities and market conditions in each region
CFM	• Opportunities to grow commodities business, both organically and through acquisition • Development of institutional coverage for specialised credit, rates and foreign exchange products • Increase financing activities • Growing the client base across all regions

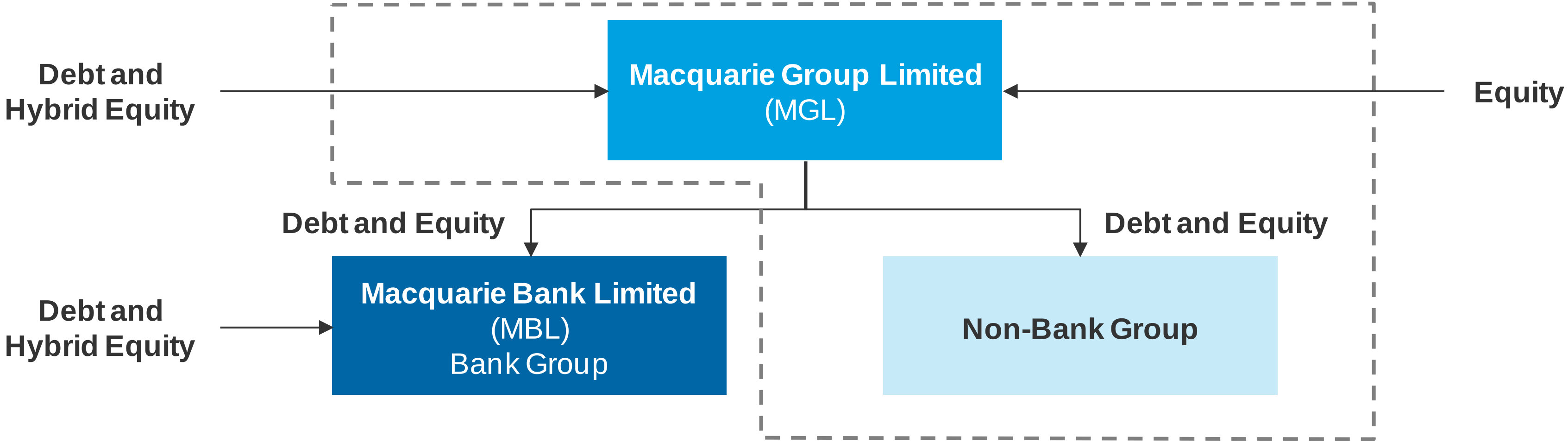
A

Additional information

Funding

Group funding structure

- MGL and MBL are the Group'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

- The Group'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 the consolidated Group to the assets that require funding

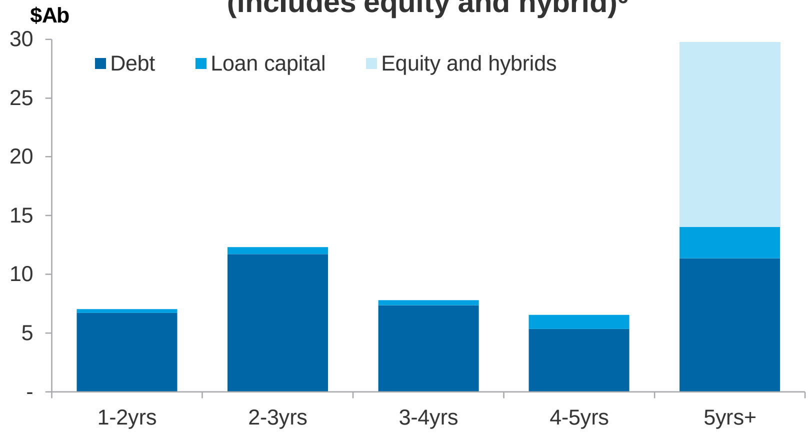
	Mar 16 $Ab	Mar 15 $Ab
Total assets per Statement of Financial Position	**196.8**	**188.0**
Deductions:		
Self funded trading assets	(16.6)	(19.3)
Derivative revaluation accounting gross ups	(14.4)	(17.9)
Life investment contracts and other segregated assets	(8.4)	(7.5)
Outstanding trade settlement balances	(5.8)	(7.7)
Short-term working capital assets	(5.6)	(6.2)
Less non-recourse funded assets:		
Securitised assets and non-recourse warehouses	(15.0)	(16.2)
Total assets per Funded Balance Sheet	**131.0**	**113.2**

Funding for the Group

	Mar 16 $Ab	Mar 15 $Ab
Funding sources		
Negotiable certificates of deposits	0.4	1.4
Commercial paper	8.9	11.1
Net trade creditors	1.7	2.0
Structured notes	3.4	2.5
Secured funding	4.6	4.8
Bonds	38.2	29.8
Other loans	0.4	0.5
Syndicated loan facilities[1]	5.9	2.6
Customer deposits	43.6	39.7
Loan capital[2]	5.2	4.4
Equity and hybrids[3]	15.7	14.4
Total funding sources	**128.0**	**113.2**
Funded assets		
Cash and liquid assets[1]	27.4	25.7
Self securitisation	13.9	9.5
Net trading assets	21.1	21.5
Loan assets including operating leases less than one year	13.1	11.2
Loan assets including operating leases greater than one year	42.1	34.6
Debt investment securities	2.7	3.7
Co-investment in Macquarie-managed funds and other equity investments	6.0	5.1
Property, plant & equipment and intangibles	1.7	1.9
Total funded assets	**128.0**	**113.2**

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 33%[4] of total funding sources
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.7 years[5]

Group term funding maturing beyond one year (includes equity and hybrid)[6]



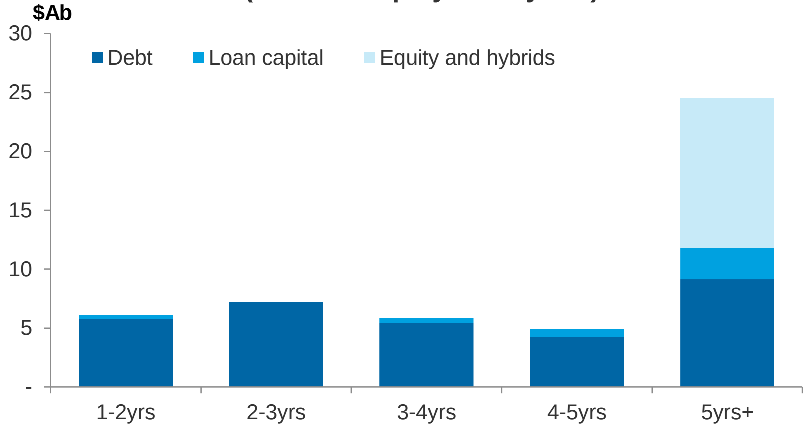
1. 31 Mar 16 numbers adjusted for partial repayment of Esanda facility of $A3.0b in Apr 16. 2. Mar 16 includes Macquarie Group Capital Notes 1 & 2 of $A1.1b, Macquarie Bank Capital Notes of $A0.4b and Exchangeable Capital Securities of $A0.3b. 3. Mar 16 Includes Ordinary capital and Macquarie Income Securities of $A0.4b. 4. As at 31 Mar 16. 5. Weighted average maturity has been adjusted to reflect the AWAS acquisition debt facility which was refinanced in full during Apr 16; the new profile is 5yrs+. $A3.0b of the Esanda acquisition debt facility was repaid during Apr 16. 6. Includes drawn term funding facilities only.

Funding for the Bank Group

	Mar 16 $Ab	Mar 15 $Ab
Funding sources		
Negotiable certificates of deposits	0.4	1.4
Commercial paper	8.9	11.1
Net trade creditors	1.4	1.9
Structured notes	3.0	2.0
Secured funding	4.5	4.7
Bonds	29.8	21.7
Other loans	0.2	0.2
Syndicated loan facilities[1]	3.0	-
Customer deposits	43.6	39.7
Loan capital[2]	4.1	3.2
Equity and hybrids[3]	12.7	11.6
Total funding sources	**111.6**	**97.5**
Funded assets		
Cash and liquid assets[1]	25.9	23.8
Self securitisation	13.9	9.5
Net trading assets	20.4	20.6
Loan assets including operating leases less than one year	12.5	11.0
Loan assets including operating leases greater than one year	41.1	33.6
Debt investment securities	2.2	3.1
Non-Bank Group deposit with MBL	(6.2)	(6.4)
Co-investment in Macquarie-managed funds and other equity investments	1.1	1.1
Property, plant & equipment and intangibles	0.7	1.2
Total funded assets	**111.6**	**97.5**

- Bank balance sheet remains liquid, well capitalised and with a diversity of funding sources
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.7 years[4]
- Term funding markets accessed include US, Europe and Australia as well as opening new markets

Bank Group term funding maturing beyond one year (includes equity and hybrid)[5]



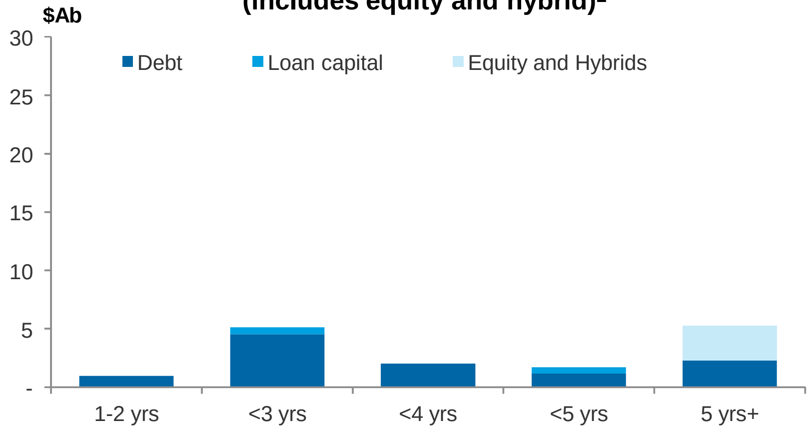
1. 31 Mar 16 numbers adjusted for partial repayment of Esanda facility of $A3.0b in Apr 16. 2. This includes Exchangeable Capital Securities of $A0.3b and Macquarie Bank Capital Notes of $A0.4b. 3. Includes Ordinary capital and Macquarie Income Securities of $A0.4b. 4. Weighted average maturity has been adjusted to reflect the AWAS acquisition debt facility which was refinanced in full during Apr 16; the new profile is 5yrs+. $A3.0b of the Esanda acquisition debt facility was repaid during Apr 16. 5. Includes drawn term funding facilities only.

Funding for the Non-Bank Group

	Mar 16 $Ab	Mar 15 $Ab
Funding sources		
Net Trade Creditors	0.3	0.1
Structured notes	0.4	0.5
Secured funding	0.1	0.1
Bonds	8.4	8.1
Other loans	0.2	0.3
Syndicated loan facilities	2.9	2.6
Loan capital[1]	1.1	1.2
Equity	3.0	2.8
Total funding sources	**16.4**	**15.7**
Funded assets		
Cash and liquid assets	1.5	1.9
Non-Bank Group deposit with MBL	6.2	6.4
Net trading assets	0.7	0.9
Loan assets less than one year	0.6	0.2
Loan assets greater than one year	1.0	1.0
Debt investment securities	0.5	0.6
Co-investment in Macquarie-managed funds and other equity investments	4.9	4.0
Property, plant & equipment and intangibles	1.0	0.7
Total funded assets	**16.4**	**15.7**

- Non-Bank Group is predominately term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.7 years

Non-Bank Group term funding maturing beyond one year (includes equity and hybrid)[2]



1. Macquarie Group Capital Notes 1 & 2 of $A1.1b. 2. Includes drawn term funding facilities only.

Explanation of Funded Balance Sheet reconciling items

MACQUARIE

- **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.
- **Life investment contracts and other segregated assets:** 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 does 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.
- **Securitised and non-recourse assets:** 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

MACQUARIE

Liquidity Policy

- The key requirement of MGL and MBL's liquidity policies is that the entities are able to meet all liquidity obligations during a period of liquidity stress:
  - a minimum 12 month period with constrained access to funding markets and with only a limited impact on franchise businesses
- Term assets are funded by term funding, stable deposits and equity

Liquidity Framework

- A robust liquidity risk management framework ensures 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 Boards of each entity approve their respective liquidity policy and are provided with liquidity reporting on a monthly basis

MACQUARIE

B

Additional information

Capital

Macquarie Group Basel III regulatory capital
Surplus calculation

31 March 2016	Harmonised Basel III $Am	APRA Basel III $Am	
Macquarie Group eligible capital:			
Bank Group Gross Tier 1 capital	13,465	13,465	
Non-Bank Group eligible capital	3,783	3,783	
Eligible capital	17,248	17,248	(a)
Macquarie Group capital requirement:			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)[1]	95,248	93,528	
Capital required to cover RWA[2]	8,096	7,950	
Tier 1 deductions	516	2,354	
Total Bank Group capital requirement	8,612	10,304	
Total Non-Bank Group capital requirement	3,016	3,016	
Total Macquarie Group capital requirement (at 8.5%[2] of the Bank Group RWA)	11,628	13,320	(b)
Macquarie Group regulatory capital surplus (at 8.5%[2] of the Bank Group RWA)	**5,620**	**3,928**	**(a)-(b)**

1. In calculating the Bank Group's contribution to MGL's capital requirement, $A296m RWA associated with exposures to the Non-Bank Group are eliminated. 2. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110.

Macquarie Group APRA Basel III regulatory capital

Bank Group contribution

31 March 2016	Risk-weighted assets $Am	Tier 1 Deductions $Am	Capital Requirement[1] $Am
Credit risk			
On balance sheet	62,591		5,320
Off balance sheet	16,811		1,429
Credit risk total[2]	79,402		6,749
Market risk	3,926		334
Operational risk	9,624		818
Interest rate risk in the banking book	576		49
Tier 1 deductions		2,354	2,354
Contribution to Group capital calculation[2]	93,528	2,354	10,304

1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110, plus Tier 1 deductions. 2. In calculating the Bank Group's contribution to MGL's capital requirement, $A296m RWA associated with exposures to the Non-Bank Group is eliminated.

Macquarie Group regulatory capital
Non-Bank Group contribution

MACQUARIE

- APRA has specified a regulatory capital framework for MGL
- 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
- Any significant changes to the ECAM must be approved by the MGL Board and notified to APRA within 14 days
- 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	Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default)	Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters
Equity	Harmonised Basel III: 250%, 300% or 400% risk weight, depending on the type of investment[2]. Deduction from Common Equity Tier 1 above a threshold APRA Basel III: 100% Common Equity Tier 1 deduction	Extension of Basel III credit model to cover equity exposures. Capital requirement between 36% and 82% of face value; average 49%
Market	3 times 10 day 99% Value at Risk (VaR) plus 3 times 10-day 99% Stressed VaR plus a specific risk charge	Scenario-based approach
Operational	Advanced Measurement Approach	Advanced Measurement Approach

1. The ECAM also covers insurance underwriting risk, non-traded interest rate risk and the risk on assets held as part of business operations, e.g. fixed assets, goodwill, intangible assets, capitalised expenses and certain minority stakes in associated companies or stakes in joint ventures. 2. Includes all Banking Book equity investments, plus net long Trading Book holdings in financial institutions.

Macquarie Group regulatory capital
Non-Bank Group contribution

31 March 2016	Assets $Ab	Capital Requirement $Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	1.5	18	15%
Loan assets[1]	1.6	120	94%
Debt investment securities	0.5	68	169%
Co-investment in Macquarie-managed funds and other equity investments	4.6	2,114	574%
Co-investment in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.3		
Property, plant & equipment and intangibles	1.0	249	312%
Non-Bank Group deposit with MBL	6.2		
Net trading assets	0.7		
Total funded assets	**16.4**	**2,569**	
Self-funded and non-recourse assets			
Self funded trading assets	0.5		
Outstanding trade settlement balances	3.7		
Short-term working capital assets	3.7		
Total self-funded and non-recourse assets	**7.9**		
Total Non-Bank Group assets	**24.3**		
Off balance sheet exposures, operational, market and other risks, and diversification offset[2]		447	
Non-Bank Group capital requirement		**3,016**	

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

C

Glossary

Glossary

$A / AUD	Australian Dollar
$C	Canadian Dollar
€ / EUR	Euro
£ / GBP	British Pound
$US / USD	United States Dollar
1H16	Half Year ended 30 September 2015
2H14	Half Year ended 31 March 2014
2H15	Half Year ended 31 March 2015
2H16	Half Year ended 31 March 2016
4Q16	Quarter ended 31 March 2016
ABN	Australian Business Number
AML	Anti Money Laundering
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
AVS	Available for Sale
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
CFM	Commodities and Financial Markets
CHESS	Australian Clearing House and Electronic Sub-Register System
CHF	Swiss Franc
CLF	Committed Liquitidy Facility
CMA	Cash Management Account
CY15	Calendar Year ending 31 December 2015
DCM	Debt Capital Markets
DPS	Dividend Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUR	Euro
FATCA	Foreign Account Tax Compliance Act
FIG	Financial Institutions Group
FOFA	The Future of Financial Advice

Glossary

FUM	Funds Under Management
FX	Foreign Exchange
FY07	Full Year ended 31 March 2007
FY09	Full Year ended 31 March 2009
FY11	Full Year ended 31 March 2011
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
HQLA	High quality liquid assets
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IT	Information Technology
JV	Joint Venture
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
LP	Limited Partner
Ltd	Limited
LVR	Loan to Valuation Ratio
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital

MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MCN	Macquarie Capital Notes
MEC	Metals and Energy Capital
MEF	Macquarie Equipment Finance
MEIF1	Macquarie European Infrastructure Fund 1
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MGPA	Macquarie Global Property Advisers
MIC	Macquarie Infrastructure Company
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MKIF	Macquarie Korea Infrastructure Fund
MPW	Macquarie Private Wealth
MQA	Macquarie Atlas Roads
MSG	Macquarie Securities Group
Mths	Months
MV	Motor Vehicle
NAB	National Australia Bank
NGLs	Natural gas liquids
No.	Number

Glossary

NPAT	Net Profit After Tax
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
REIT	Real Estate Investment Trust
RMG	Risk Management Group
ROE	Return on Equity
RWA	Risk Weighted Assets
SBI	State Bank of India
SME	Small and Medium Enterprise
ST	Short Term
SYD	Sydney Airport
Telcos	Telecommunications
TMET	Telecommunications, Media, Entertainment and Technology
UK	United Kingdom
US	United States of America
US	United States of America
VaR	Value at Risk
yr	Year

MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2016

6 May 2016