MACQUARIE

Esanda Dealer Finance Portfolio Acquisition and Capital Raising

Presentation to Investors and Analysts

8 October 2015

Nicholas Moore, Managing Director and Chief Executive Officer

Patrick Upfold, Chief Financial Officer

Disclaimer

The material in this presentation has been prepared by Macquarie Group Limited (ABN 94 122 169 279) ("Company") and includes information about an institutional private placement ("Offer") of ordinary shares in the Company ("Securities").

This presentation is not a prospectus under Australian law and does not constitute an invitation to subscribe for or buy any Securities or an offer for subscription or purchase of any Securities, including in any jurisdiction in which it would be unlawful, or a solicitation to engage in or refrain from engaging in any transaction. In particular, this presentation may not be distributed or released to any person, and the Securities may not be offered or sold, in any country outside Australia (including, but not limited to, the United States) except to institutional and professional investors (or in the case of the United States, only to "qualified institutional buyers" as defined in the U.S. Securities Act of 1933, as amended (the "Securities Act")), and to the extent permitted pursuant to applicable exemptions from any prospectus or registration requirements, in certain countries as contemplated in the International Offer Restrictions set out in the message on Bloomberg regarding the Offer.

Each of Macquarie Capital (Australia) Limited, Merrill Lynch Equities (Australia) Limited and J.P. Morgan Australia Limited (the "Joint Lead Managers") and its affiliates, directors, partners, officers, employees and advisers (together with the Joint Lead Managers, the "Lead Manager Group") accepts no responsibility or liability for the contents of this presentation, makes no warranty or representation as to the accuracy of the information in this presentation and to the maximum extent permitted by law, excludes and disclaims all liability for losses incurred as the result of any information being inaccurate or incomplete. The Company and the members of the Lead Manager Group make no recommendation as to whether a reader of this presentation should participate in the Offer and makes no warranties concerning the Offer.

The Offer is only available in Australia to certain persons who are professional investors or wholesale investors or other persons specified in section 708 of the Corporations Act 2001 (Cth) to whom a disclosure document is not required to be given under Chapter 6D of the Corporations Act 2001 (Cth). The information in this presentation is provided for general purposes only and does not take into account the investment objectives, financial situation and particular needs of investors. Before making an investment in the Company, including a decision whether or not to participate in the Offer, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment objectives, financial situation and particular needs and consult a financial adviser if necessary.

This presentation is based on information available to the Company. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of the Company, its affiliates, directors, partners, officers, employees or agents, and advisers, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of the Company or its affiliates, directors, partners, officers, employees and advisers. The information in this presentation is subject to change without notice and the Company may in its absolute discretion, but without being under any obligation to do so, update or supplement this presentation.

This presentation may contain forward looking statements, forecasts, estimates and projections including on the Company's future financial performance and outlook ("Forward Statements").

Neither any member of the Lead Manager Group nor any independent third party has reviewed the reasonableness of any Forward Statements or the underlying assumptions. None of the Company, any of its related bodies corporate or any member of the Lead Manager Group represents or warrants that any Forward Statements will be achieved or will prove to be correct. Actual results could vary materially from any Forward Statements. Similarly, no representation or warranty is made that the assumptions on which the Forward Statements are based are reasonable.

The reader acknowledges that neither it nor members of the Lead Manager Group intend that any member of the Lead Manager Group act or be responsible as a fiduciary to the reader, its officers, employees, consultants, agents, security holders, creditors or any other person. Each of the reader and the Lead Managers (on behalf of each other member of the Lead Manager Group), by accepting and providing this presentation respectively, expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgments with respect to the Offer, any other transaction and any other matters arising in connection with this presentation. Members of the Lead Manager Group may have interests in the securities of the Company, including being directors of, or providing investment banking services to, the Company. Further, they may act as a market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Managers may receive fees for acting in their capacities as lead managers and/or bookrunners, as applicable, to the Offer.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Neither this presentation nor any copy hereof may be transmitted in the United States or distributed, directly or indirectly, in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, persons in the United States, unless the Securities have been registered under the Securities Act (which the Company has no obligation to do or to procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. By accessing this presentation, you agree to be bound by these limitations.

Investors should be aware that certain financial data and ratios included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although the Company believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.

Investors should also note that the pro forma financial information for the Company does not purport to be in compliance with Article 11 of Regulation S-X.

None of the entities noted in this presentation is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

Acquisition of Esanda dealer finance portfolio

- Macquarie has entered into an agreement to acquire the Esanda dealer finance portfolio (the Portfolio) from Australia and New Zealand Banking Group Limited (ANZ) for approx. $A8.2 billion
- The Portfolio has net lending assets with a book value of $A7.8 billion[1] (net of provisions and excluding capitalised origination fees and unearned income), comprising:
  - $A6.2 billion of retail receivables; and
  - $A1.6 billion of bailment and other finance offered to the motor vehicle dealers
- The Portfolio will become part of Macquarie Leasing, the automotive and equipment financing division of Macquarie's Corporate and Asset Finance Group
- Upon completion of the acquisition, the total motor vehicle finance portfolio managed by Macquarie Leasing would increase from $A9 billion[1] to approx. $A17 billion
- Benefits of the acquisition include:
  - Represents a continuation of Macquarie's growth in annuity-style businesses;
  - Portfolio is in a market in which Macquarie has significant expertise and has successfully integrated similar acquisitions such as the GMAC and Ford portfolios;
  - Potential for scale benefits over time through the doubling in size of Macquarie Leasing; and
  - Greater penetration in the Australian motor vehicle financing market

1. As at 31 August 2015.

Acquisition of Esanda dealer finance portfolio

- The purchase price of the transaction is approx. $A8.2 billion reflecting the fair value of the loan and lease assets acquired
- Macquarie expects to fund the acquisition from existing funding sources, third-party financing arrangements and a capital raising
- The initial capital requirement for the acquisition is expected to be approx. $A0.8 billion which will be met from:
  - a $A400 million Institutional Placement;
  - an associated Share Purchase Plan (SPP) for eligible shareholders[1]; and
  - existing capital
- The acquisition is expected to be 10 cents per share earnings accretive in its first full year. In addition, the acquisition is expected to be accretive to Macquarie Leasing's return on equity following the integration of the Portfolio[2]
- The Australian Competition and Consumer Commission has announced that it will not oppose the acquisition
- The financial close for the acquisition is expected to occur by 31 October 2015

1. Further details of the SPP will be provided in a separate announcement following the 1H16 result announcement on 30 October 2015
2. These estimates are subject to assumptions and risks in relation to future financial performance and our actual results may differ from these estimates.

Key details of Institutional Placement and SPP

Institutional Placement	• $A400 million institutional placement (Offer) • Approx. 5.1 million New Shares representing 1.5% of market capitalisation[1] • All New Shares will rank pari-passu with existing shares
Offer Price	• Determined via a bookbuild
Purpose	• Provide capital for the acquisition of Esanda portfolio
Share Purchase Plan (SPP)	• Share purchase plan to eligible Australian and New Zealand shareholders • Further details on the SPP will be provided in a separate announcement following the 1H16 result announcement on 30 October 2015 • SPP Record Date – 7pm 7 October 2015
Placement Timing	• 1 day trading halt – Thursday, 8 October 2015 • Shares recommence trading – Friday, 9 October 2015 • Placement settlement date – Wednesday,14 October 2015

1. Based on closing price on 7 October 2015 of $A77.84.

Refer to Appendix B of this presentation for a non-exhaustive summary of the key risks of investment in Macquarie and the Offer.

Outlook update

Short term outlook

- Summarised below are the outlook statements for each Operating Group
- FY16 results will vary with market conditions, particularly the capital markets facing businesses

	Net profit contribution				
Operating Group	FY08–FY15 historical range	FY08–FY15 average	FY15	FY16 outlook as announced at CLSA Investors' Forum September 2015	Update to FY16 outlook
Macquarie Asset Management	\$A0.3b – \$A1.4b	\$A0.8b	\$A1.4b	Up on FY15	No change
Corporate and Asset Finance	\$A0.1b – \$A1.1b[1]	\$A0.5b	\$A1.1b	Broadly in line with FY15	No change
Banking and Financial Services	\$A0.1b – \$A0.3b[2,3]	\$A0.2b[3]	\$A0.3b	Up on FY15	No change
Macquarie Securities Group	\$A(0.2)b – \$A1.2b	\$A0.3b	\$A0.1b	Up on FY15	No change
Macquarie Capital	\$A(0.1)b – \$A1.2b	\$A0.3b	\$A0.4b	Up on FY15	No change
Commodities and Financial Markets	\$A0.5b – \$A0.8b	\$A0.7b	\$A0.8b	Broadly in line with FY15	No change
Corporate	• Compensation ratio to be consistent with historical levels • Based on present mix of income, currently expect FY16 tax rate to be broadly in line with 2H15 and down on FY15				No change

1. Range excludes FY09 provisions for loan losses of \$A135m related to Real Estate Structured Finance loans as this is a restructured business. 2. Range excludes FY09 loss on sale of Italian mortgages of \$A248m as this is a discontinued business. 3. 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, Macquarie currently expects the FY16 combined net profit contribution[1] from operating groups to be up on FY15
- The FY16 tax rate is currently expected to be broadly in line with 2H15 and down on FY15
- Macquarie continues to expect the FY16 result to be up on FY15:
  - An earlier than anticipated transaction has led to the recognition of additional performance fees in 1H16, which together with stronger than expected trading conditions means Macquarie now expects the 1H16 result to be up approx. 55% on 1H15, subject to the completion of period end reviews
  - Given the earlier than expected recognition of the above performance fee, the 2H16 result is now expected to be lower than 1H16 but higher than the prior corresponding period (2H15)
- Macquarie also notes that it expects the interim (1H16) dividend to be approx. $A1.60 per ordinary share franked at 40%, up from $A1.30 per ordinary share in 1H15, reflecting a payout ratio of approx. 50%. Notwithstanding this, Macquarie's dividend policy remains unchanged with all future dividend payments expected to be within the 60-80% payout range, franked at 40%

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

Short term outlook

- 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; and
  - Potential regulatory changes and tax uncertainties

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

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 any improvement in market conditions and return of investor confidence • 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

MACQUARIE

Appendix A

Select slides from the Annual General Meeting

Held on 23 July 2015

1Q16 overview

- Both Annuity-style businesses' and Capital markets facing businesses' contributions[1] up significantly on pcp and broadly in line with the prior quarter (4Q15):
  - Annuity-style businesses[2] – driven by the underlying growth of the businesses, a weaker AUD, as well as increased performance fees and asset disposals in MAM
  - Capital markets facing businesses[3] – reflecting a weaker AUD and the continued improvement in trading conditions across most of the businesses
- No significant one-off items

1. Net profit contribution represents management accounting profit before unallocated corporate costs, profit share, income tax and period end reviews. 2. Annuity-style businesses is made up of Macquarie Asset Management, Corporate and Asset Finance, and Banking and Financial Services. 3. Capital markets facing businesses is made up of Macquarie Securities, Macquarie Capital, and Commodities and Financial Markets.

Annuity-Style Businesses
1Q16 Update

Macquarie Asset Management

- AUM of $A477.4b, broadly in line with Mar 15 - positive net flows in MIM offset by FX, market movements and net divestments in MIRA
- Performance fees of $A208m, predominantly from Macquarie Infrastructure Company and Macquarie Atlas Roads
- MIRA completed 6 acquisitions and 3 follow-on investments in 5 countries totalling $A1.4b of EUM
- MIM awarded over $A2b in new institutional mandates across 10 strategies in 6 countries
- MSIS raised over $A900m for Australian principal protected investments and specialist funds

Corporate and Asset Finance

- Asset and loan portfolio of $A29.2b, up $A0.5b on Mar 15, due to new acquisitions and financings, partially offset by early repayments and disposals
- Portfolio additions of $A1.2b in corporate and real estate lending
- Strong securitisation activity continued with a further $A0.9b of motor vehicle leases and loans securitised during 1Q16
- In July, settled on 37 of the 90 aircraft committed from AWAS Aviation Capital in FY15

Banking and Financial Services

- Retail deposits of $A38.0b, up 2% on Mar 15
- Australian mortgage portfolio of $A27.0b, up 10% on Mar 15
- Business lending of $A5.7b, up 10% on Mar 15
- Wrap platforms FUA $A47.4b
- Enforceable undertaking completed, Macquarie Equities Limited client remediation progress to date[1]:
  - Macquarie-initiated review: 648 cases assessed; 74 eligible for $A5.6m compensation to date
  - Client-initiated review: 830 complaints received and assessed; 62 eligible for $A5.4m compensation to date

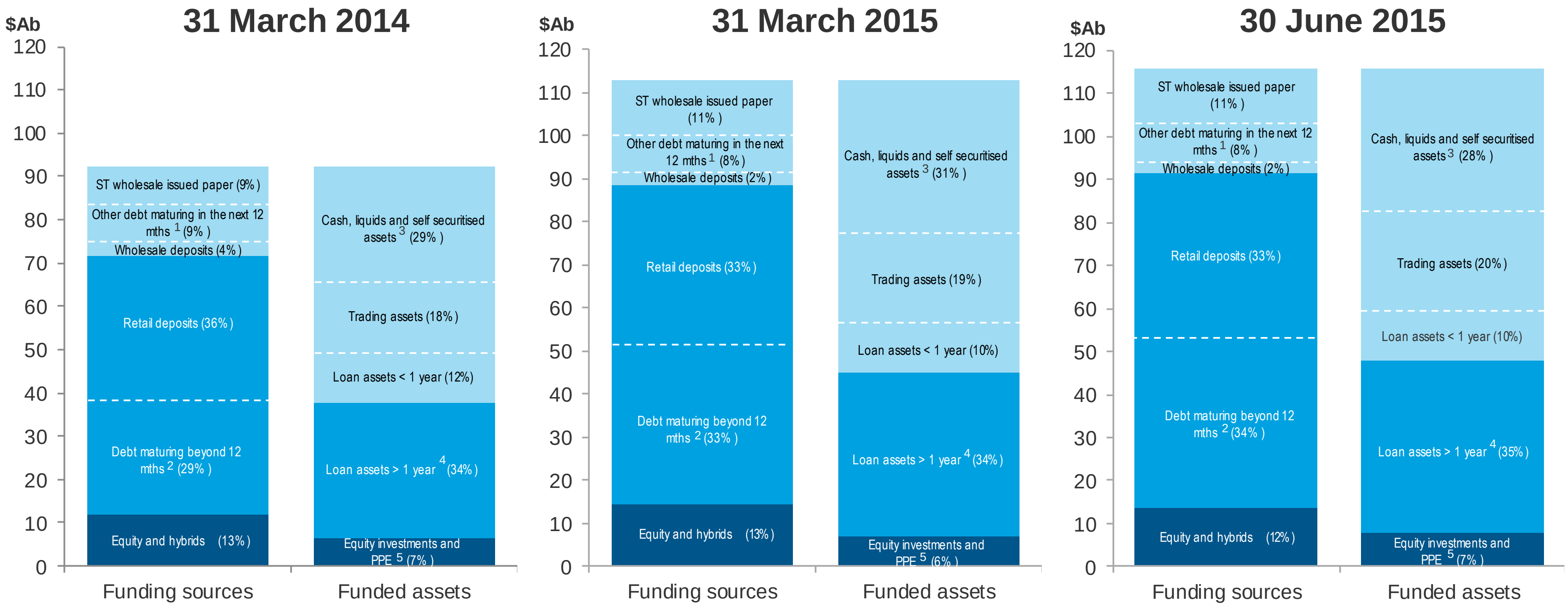
1. As at 30 June 2015. These numbers are subject to change through the remediation process.

Capital Markets Facing Businesses
1Q16 Update

Macquarie Securities Group	• Market conditions characterised by increased volumes and volatility, particularly in Asia where the liberalisation of China's capital markets and credit easing resulted in significant increases in client activity in the region • Strong Australian ECM activity; No.1 for completed ECM deals[1] in ANZ during the quarter • The derivatives and trading business also benefited significantly from favourable market conditions
Macquarie Capital	• Global M&A and ECM activity continues to strengthen • 119 deals completed at $A82b, up significantly on pcp and prior period (by value) mainly due to the timing of large advisory transactions • Maintained ranking of No.1 for announced and completed M&A deals[2] and No.1 for completed ECM deals[3] in ANZ • Best Domestic Equity House Australia 2015[4]
Commodities and Financial Markets	• Continued volatility in energy markets led to increased customer business, primarily in Global Oil and North American Gas • Metals activity remained steady while agriculture experienced increased volatility and client volumes • Client volumes were stable in FX and interest rate markets while US credit markets remained mixed due to global geopolitical uncertainty • Maintained ranking of No.3 US physical gas marketer in North America[5]

1. Dealogic, 1Q FY16. 2. Dealogic, 1Q FY16 (by number). 3. Dealogic, 1Q FY16. 4. Asiamoney . 5. Platts Q1 CY15.

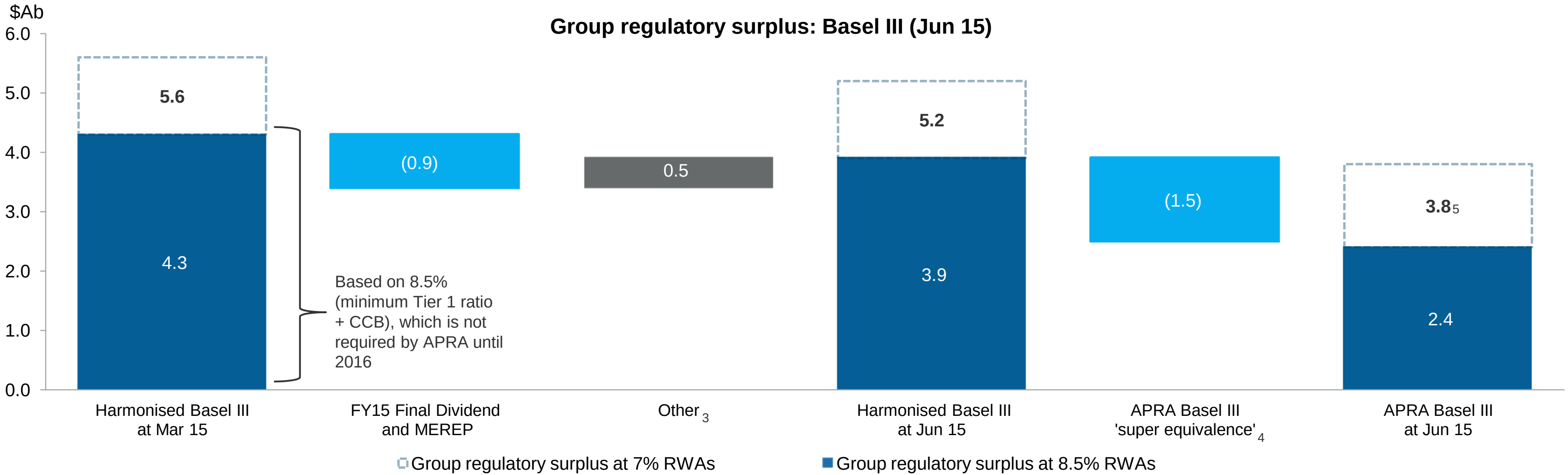
Funded balance sheet remains strong



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 56. 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 > 1 yr' includes Debt Investment Securities and Operating Lease Assets. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

Basel III capital position

- APRA Basel III Group capital at Jun 15 of $A15.8b, Group surplus of $A2.4b (1 Jan 16 requirements[1])
- Bank Group APRA Basel III CET1 ratio: 9.9%; Tier 1 ratio: 11.2%
- Bank Group Harmonised Basel III CET1 ratio: 11.5%; Tier 1 ratio: 12.7%[2]
- As previously announced, APRA released its changes to the level of capital required to be held against residential mortgages. The proposed changes do not come into effect until 1 Jul 2016, however, based on our current mortgage portfolio, the impact on Macquarie's APRA Basel III capital surplus would be approx. $A150m (at 8.5% RWAs), equivalent to a 20 basis point reduction in the Bank Group's CET1 ratio



1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per the 1 Jan 16 minimum requirements in APRA Prudential Standard 110. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes current quarter P&L net of business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital supply & deductions. 4. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments ($A0.5b); deconsolidated subsidiaries ($A0.4b); DTAs and other impacts ($A0.6b). 5. The APRA Basel III Group surplus is $A3.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group.

Approximate business Basel III Capital & ROE

As at 31 Mar 15

Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. FY15 Return on Ordinary Equity[2]	Approx. 9-Year average Return on Ordinary Equity[2]
Annuity-style businesses	**7.5**		
Macquarie Asset Management	2.0		
Corporate and Asset Finance	3.6	23%	20%[3]
Banking and Financial Services	1.9		
Capital markets facing businesses	**4.7**		
Macquarie Securities Group	0.5		
Macquarie Capital	1.6	13%	15% – 20%
Commodities and Financial Markets	2.6		
Corporate and Other	**1.2**		
Legacy Assets	0.2		
Corporate	1.0		
Total regulatory capital requirement @ 8.5%	13.4		
Comprising: Ordinary Equity *Hybrid*	*11.2* *2.2*		
Add: Surplus Ordinary Equity	2.7		
Total APRA Basel III capital supply	**16.1**		

1. Business Group capital allocations are indicative and are based on allocations as at 31 Dec 14 adjusted for material movements over the Mar 15 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. 9-year average covers FY07 to FY15, inclusively.
3. CAF returns prior to FY11 excluded from 9-year average as not meaningful given the significant increase in scale of CAF's platform over this period.

Appendix B

Key risks

Appendix B: Key risks

Risks

Investors should be aware that there are risks associated with an investment in Macquarie.

Some of the principal factors which may, either individually or in combination, affect the future operating performance of Macquarie are set out below. Some are specific to an investment in Macquarie, the New Shares and the proposed acquisition of the Portfolio, whilst others are of a more general nature.

The summary of risks below is not exhaustive, and this presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Macquarie is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of Macquarie, the New Shares and/or the Portfolio.

It is important for investors, before investing in Macquarie, to read and understand the entire presentation and to carefully consider these risks and uncertainties. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

Appendix B: Key risks

1. Risks associated with participating in the Offer

Risk	Description of risk
Offer is not underwritten	The Joint Lead Managers have entered into an Offer Management Agreement with Macquarie to provide settlement support for the Offer but the Offer is not underwritten. Accordingly, if and to the extent that not all New Shares that are offered under the Offer are sold, those New Shares will not be issued. In this circumstance, Macquarie would not receive the Offer Price in respect of any New Shares not sold and the total amount raised by Macquarie under the Offer would be less than the $A400 million that Macquarie intends to raise. This would mean that Macquarie's regulatory capital would be less than is expected in the scenario where all New Shares are taken up and other capital initiatives are not undertaken. Macquarie would nevertheless have sufficient funding and capital available to complete the acquisition.

2. Risks associated with the proposed Portfolio acquisition

The future operating performance of Macquarie and the value of the New Shares may also be affected by risks relating to Macquarie's proposed acquisition of the Portfolio. Some of these risks are specific to the Portfolio while others relate to economic conditions and the industry in which Macquarie and the Portfolio operate.

Risk	Description of risk
Incorrect acquisition assumptions	There is a risk that the Portfolio will fail to perform in line with the acquisition assumptions. In particular, statements in this Presentation regarding the impact of the proposed acquisition on Macquarie's earnings per share and more generally are based on certain assumptions including: • The financial close occurs prior to 31 October 2015; • The acquisition consists of $A6.2bn of net retail lease receivables and $1.6bn of vehicle dealer loans; • Macquarie's credit assessment of the vehicle dealer loans and the acquired retail lease receivables. This includes assumptions relating to customer arrears, loan loss provisions and expected loss rates; • The weighted average life of the acquired retail lease receivables and any new business that is originated through the vehicle dealer network; • Volumes and contractual terms of any new business originated through the vehicle dealer network including customer lease payments / interest rates, fees, average contract sizes and commission payments. It is assumed that volumes and contractual terms will not be materially different to the current experience of the Portfolio and Macquarie Leasing; • Operating expenses to service the acquired receivables, vehicle dealer relationships and future new business. This includes incremental staff costs, IT costs and corporate functions; • Transfer of the acquired receivables and vehicle dealer relationships onto Macquarie's leasing platform. A Transition Services Agreement is in place and transition is expected to occur over a six month period; • Acquisition to be funded with existing funding sources and third-party financing arrangements, and go-forward funding costs and availability including warehouse facilities and asset backed funding and cross-currency swaps; • Regulatory capital treatment of the retail lease receivables, vehicle dealer loans and other exposures such as prepaid expenses and intangible assets. The initial capital requirement for the acquisition is estimated to be $A0.8b and will be met from a range of capital initiatives; and • Consensus estimates of Macquarie's pre-acquisition earnings per share. If the above assumptions are not met then the impact of the Portfolio acquisition on Macquarie's returns may differ from that shown in this presentation, potentially adversely. Some of the information regarding the Portfolio has been derived from information made available by or on behalf of ANZ. Macquarie has not verified the accuracy and completeness of all information provided to it. To the extent that any of this information is incomplete, inaccurate or misleading, there is a risk that the future financial performance of the Portfolio may differ from Macquarie's expectations, potentially adversely. Further, if the Portfolio purchase agreement or other Portfolio material contracts are determined not to operate consistently with Macquarie's understanding, there is a risk that the future financial performance of Macquarie may differ from Macquarie's expectations, potentially adversely including writing down the carrying value of assets.

Appendix B: Key risks

3. Risks associated with Macquarie's business that may affect ordinary shares of Macquarie (Ordinary Shares)

The factors described below represent the key risks relating to an investment in Macquarie Group Limited (MGL) and each of its subsidiaries (together with MGL, the Macquarie Group).

Risk	Description of risk
Impact of risks associated with the Macquarie Group on an investment in MGL ordinary shares	Risks associated with the Macquarie Group are relevant to an investment in MGL ordinary shares because they may affect MGL's financial performance and position and the market value of, and any dividends paid on, MGL ordinary shares. There are a number of risks faced by the Macquarie Group, including those that encompass a broad range of economic and commercial risks, many of which are not within its control. The performance of all of the Macquarie Group's major businesses can be influenced by external market and regulatory conditions. If all or most of the Macquarie Group's businesses were affected by adverse circumstances at or about the same time, overall earnings would suffer significantly.
Market conditions, including funding	Global market conditions are subject to periods of volatility and change which can negatively impact market liquidity, increase credit spreads and reduce funding availability. In recent years global equity and debt markets have experienced difficult conditions. These challenging market conditions have resulted in periods of reduced liquidity, extreme volatility and declining asset prices, as well as greater counterparty credit risk, widening of credit spreads and lack of price transparency in credit and other markets. Market conditions have also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Global economic conditions remain uncertain. More recently, these challenging market conditions have resulted primarily from the on-going sovereign debt concerns in Europe and concerns about Chinese and global economic growth. If the economic climate worsens in the future, Macquarie Group's performance, business or strategy may be adversely affected. The Macquarie Group relies on equity and debt markets for funding its businesses. Further instability in these markets may affect the Macquarie Group's ability to access funding, particularly the ability to issue long-term debt securities, to replace maturing liabilities in a timely manner and to access the funding necessary to grow its businesses. In addition, an increase in credit spreads may increase the Macquarie Group's cost of funding. Further, volatile and deteriorating markets may reduce activity and the flow of transactions, which may adversely impact the Macquarie Group's financial performance. Other risks associated with funding that the Macquarie Group may face are overreliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, any listed and unlisted investment assets, property and other investments, as well as adverse economic conditions, will affect the financial performance of the Macquarie Group, for instance, through its ability to earn base and performance fees and other advisory and client facilitation fees. Further, the Macquarie Group's trading income may be adversely impacted during times of subdued market conditions and client activity. In addition, the Macquarie Group may be indirectly adversely affected by the negative performance of any fund managed by the Macquarie Group, as investors and lenders may associate the Macquarie Group managed-funds with the Macquarie Group brand. In poor market conditions, the Macquarie Group may be required to hold its investment assets for longer, or sell these assets at a lower price than historically expected and this may impact the Macquarie Group's rate of return on these assets and require funding for longer periods than anticipated. This may include situations where potential buyers of the Macquarie Group's investment assets are unable to obtain financing to purchase assets that the Macquarie Group currently holds or purchases. Capital market volatility may require the Macquarie Group to make writedowns of its funds management assets and other investments as well as make loan impairment provisions. This would impact the Macquarie Group's financial performance.

Appendix B: Key risks

Risk	Description of risk
Liquidity risk	The Macquarie Group is exposed to the risk that it may become unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to the Macquarie Group's businesses. Liquidity could be impaired by an inability to access credit and debt markets, an inability to sell assets or unforeseen outflows of cash or collateral. In difficult credit and debt markets the Macquarie Group may be forced to find alternative funding sources or fund its operations at a higher cost. Since 2008, governments and central banks around the globe have taken steps to increase liquidity, restore confidence in financial systems and bolster economic growth. There can be no assurance, however, that such measures will result in a sustained long-term stabilisation of financial markets. In addition, governments have begun to withdraw or alter their support of such relief measures and it is not clear what long term effect these actions, or the consequential impacts of substantial fiscal stimulus on the budgets of sovereigns, will have on global economic conditions or the Macquarie Group's financial condition. If access to public bond markets over the medium term worsens, and other existing avenues of term funding become unavailable, the Macquarie Group may need to consider selling liquid assets. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among the financial institutions. As a result, concerns, whether well-founded or not, about default by any large financial institution, or by a sovereign that guarantees the indebtedness or other commercial transactions of such an institution, could cause further market-wide liquidity problems which may adversely affect financial institutions such as the Macquarie Group.
Legal, regulatory, compliance and documentation risk	Many of the Macquarie Group's businesses are highly regulated, including regulation relating to prudential and liquidity requirements. Failure to comply with legal and regulatory requirements, including tax laws and regulations, and rules relating to conflicts of interest, corrupt and illegal payments and money laundering, or government policies, may have an adverse effect on the Macquarie Group and its reputation among customers and regulators in the market. The Macquarie Group is supervised by a number of different regulators. In Australia, the Macquarie Group's key regulators include the Australian Prudential Regulation Authority (APRA), the Reserve Bank of Australia, the Australian Securities & Investments Commission (ASIC), ASX Limited (ASX), the Australian Securities Exchange Limited (as operator of the ASX24 market formerly known as the Sydney Futures Exchange), the Australian Competition Consumer Commission and the Australian Transaction Reports and Analysis Centre. Outside Australia, the Macquarie Group's key regulators include the United States Securities and Exchange Commission, the United States Commodity Futures Trading Commission, the United States Financial Industry Regulatory Authority, the United Kingdom Financial Conduct Authority and Prudential Regulation Authority, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the Korean Financial Supervisory Service and the Bank of Korea. Many of these regulators have broad administrative powers to regulate and intervene in the operations of the businesses of the Macquarie Group. In particular, APRA has the power under the Banking Act 1959 of Australia (a) to investigate the Macquarie Group's affairs and/or issue a direction to it (such as a direction to comply with an APRA requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions), and (b) if Macquarie Bank Limited (MBL) becomes unable to meet its obligations or suspends payment (and in certain other limited circumstances), to appoint a third party to take control of MBL's business. The exercise of these broad administrative powers by one or more regulators could have a material adverse effect on the Macquarie Group and its business, reputation, prospects, financial performance or financial condition. Regulation is becoming more extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which the Macquarie Group operates and, in addition, such changes may be inconsistently introduced across jurisdictions. The Macquarie Group could also be adversely affected by future changes in legal, regulatory and compliance requirements (including requirements relating to licensing). In particular, any change in regulation of the Macquarie Group to increase the requirements for capital adequacy or liquidity, or a change in accounting standards could have an adverse effect on the Macquarie Group's businesses. Legal and regulatory requirements may also restrict the ability of subsidiaries of MGL to make dividend and other payments to MGL. A number of regulatory changes have been implemented or proposed in various jurisdictions as a result of the global economic crisis, which may significantly alter the regulatory framework and may adversely affect the Macquarie Group's competitive position and profitability. It is not possible to predict what future regulatory or related changes may result from the global economic crisis or the effect any such changes would have on the Macquarie Group and its businesses. The Macquarie Group is also exposed to the risk of inappropriate or inadequate documentation of contractual relationships.

Appendix B: Key risks

Risk	Description of risk
Increased governmental and regulatory scrutiny	Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and the Macquarie Group's business operations, capital, liquidity and risk management, compensation and other matters, has increased dramatically over the past several years. The financial crisis and the subsequent political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, investigations and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming and expensive and can divert the time and effort of the Macquarie Group's senior management from its business. Penalties and fines sought by regulatory authorities have increased substantially over the last several years, and regulators have become aggressive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the Macquarie Group's reputation with clients and on the morale and performance of its employees, which could adversely affect the Macquarie Group's businesses and the results of their operations.
Risks of strategic opportunities and exiting or restructuring existing businesses	Future growth of the Macquarie Group, including through acquisitions, mergers and other corporate transactions, as well as planned business initiatives and expansions of existing businesses into new jurisdictions may place significant demands on the Macquarie Group's risk management and operational infrastructure. This activity may also bring the Macquarie Group into contact, directly or indirectly, with individuals and entities that are new clients, with new asset classes and other new products or new markets. These business activities expose the Macquarie Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties and investors, along with these activities being exposed to the range of risks described in this Presentation. The Macquarie Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses. The Macquarie Group continually assesses the appropriateness of its business mix and the viability of individual businesses in light of regulatory, market and economic conditions and developments. With respect to acquisitions, the Macquarie Group may over-value an acquisition, may become subject to unknown liabilities of an acquired business, may not achieve expected synergies, cost savings or may otherwise incur losses. The Macquarie Group may lose market share or customers, or may face disruptions to operations and the Macquarie Group's management time may be diverted to facilitate the integration of acquired businesses or the acquisition may have negative impacts on the Macquarie Group's results, financial condition or operations. From time to time, the Macquarie Group may evaluate other strategic opportunities, the outcome of which is dependent upon the quality of their strategic planning process, the implications of the strategy on risk appetite and their ability to evaluate and, if determined to be worthwhile, implement such strategic opportunities.
Exchange rate risk	The Macquarie Group's financial statements are presented in Australian dollars. However a significant portion of the Macquarie Group's operating income is derived, and operating expenses are incurred, from offshore business activities, which are conducted in a broad range of currencies and with counterparties around the world. As such, changes in currency exchange rates may adversely impact the Macquarie Group's financial results, its operations and its regulatory capital and funding position. Further, where the Macquarie Group conducts business activities offshore, capital and funding are generally deployed locally and thus the Macquarie Group's capital is held in, and funding is sourced from, a broad range of currencies. Although the Macquarie Group seeks to carefully manage its exposure to foreign currencies through matching of assets and liabilities in local currencies and through the use of foreign exchange swaps and forward contracts to hedge its exposure, the Macquarie Group is still exposed to exchange risk. Insofar as any member of the Macquarie Group is unable to hedge or has not completely hedged its exposure to non-Australian currencies, the Macquarie Group's reported profit or foreign currency translation reserve would be affected. Investors should be aware that exchange rate movements may adversely impact the Macquarie Group's future financial results. The Macquarie Group's regulatory capital position may be adversely impacted by exchange rate movements. For example, a depreciating Australian dollar increases the capital requirement for assets denominated in currencies other than Australian dollars.
Market and asset risk	Market risk is the exposure to adverse changes in the value of the Macquarie Group's trading portfolios or other assets or investments as a result of changes in market prices or volatility, including risks arising from exchange rates, interest rates, equities, commodities, derivatives (which are subject to settlement and other risks) and the correlation of market prices and rates within and across markets. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors. Any decline in global asset markets, including equity, property, and other asset markets, or in market liquidity, could adversely impact the Macquarie Group's results of operations and financial condition. In addition, a decline in asset prices could negatively impact the fees the Macquarie Group receives from funds that it manages and that it invests in such assets.

Appendix B: Key risks

Risk	Description of risk
Market and asset risk (cont.)	Certain financial instruments that members of the Macquarie Group hold and contracts to which they are a party are increasingly complex, as the Macquarie Group employs structured products to benefit its clients and itself, and these complex structured products often do not have readily available markets to access in times of liquidity stress. Furthermore, declining asset prices could adversely impact the Macquarie Group's customers and the security the Macquarie Group holds against loans, which may impact the Macquarie Group's results and operations due to default. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value.
Credit ratings risk	Various rating agencies assign credit ratings based on an evaluation of a number of factors, including an entity's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources and disciplined liquidity monitoring procedures. If any credit ratings assigned to the Macquarie Group entities were downgraded this could have the effect of increasing the cost of funds raised by the Macquarie Group from financial markets, reducing the Macquarie Group's ability to access certain capital markets, triggering the Macquarie Group's obligations under certain of its contracts, and/or adversely impacting the willingness of counterparties to deal with the Macquarie Group. A credit rating downgrade could be driven by the occurrence of one or more of the risk factors described in this presentation or by other events.
Competition risk	The Macquarie Group faces significant competition from local and international competitors, which compete vigorously for participation in the various markets and sectors across which the Macquarie Group operates. In particular, the Macquarie Group competes, both in Australia and internationally, with asset managers, retail and commercial banks, investment banking firms, and other investment and service firms. Any trend toward consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. The effect of competitive market conditions may adversely impact the earnings and assets of the Macquarie Group.
Interest rate risk	Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the Macquarie Group.
Credit and counterparty risk	The Macquarie Group is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations. The Macquarie Group assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to the Macquarie Group on a timely basis. The resultant credit exposure will depend on a number of factors, including the financial condition of the counterparty, the value of property the Macquarie Group holds as collateral and the market value of the counterparty instruments and obligations the Macquarie Group holds, as well as the extent to which the Macquarie Group hedges such credit exposures.
Operational risk	The daily operations of the Macquarie Group may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including failure of the Macquarie Group's business systems or those of its counterparties and service providers), fraud (including fraud or other misconduct by employees), compliance with legal and regulatory obligations, client monies, counterparty performance, business continuity planning, legal and litigation risk, environmental obligations, data integrity, data security and processing risk, managing conflicts of interests and key person risk. There is increasing regulatory and public scrutiny concerning outsourced and off-shored activities and their associated risks, including, for example, the appropriate management and control of confidential data. The failure to appropriately manage this risk, including where external service providers are used, may adversely impact the Macquarie Group's reputation, financial performance and position. While the Macquarie Group has adopted policies and procedures to control exposure to, and limit the extent of, these risks, there are inherent limitations in any risk management control system and control breakdowns and system failures can occur. The Macquarie Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the Macquarie Group's third party insurance carriers fail to perform their obligations and/or its third party insurance cover is insufficient for a particular matter or group of related matters, its net loss could adversely impact its results and operations.
Custodian risk	Certain funds that the Macquarie Group manages depend upon the services of custodians to carry out certain securities transactions. In the event of the insolvency of a custodian, the funds might not be able to recover equivalent assets in full (including any cash held on its behalf) as they will rank among the custodian's unsecured creditors in relation to assets which the custodian borrows, lends or otherwise uses.

Appendix B: Key risks

Risk	Description of risk
Capital adequacy risk	The Macquarie Group seeks to maintain capital levels to ensure it can achieve strategic plans and objectives, manage the risks to which it is exposed, absorb unexpected losses and meet market expectations of capital levels. The Macquarie Group is required to maintain minimum levels determined by the risk profile of its operations and within the frameworks by which it is regulated. If the Macquarie Group fails to hold sufficient capital, there may be an adverse impact on MGL's ordinary share price, an increased risk of regulatory intervention in the operation of the business, and ultimately a greater risk of non-viability and insolvency. The Macquarie Group gives no assurance as to what its capital level may be at any time as it may be significantly impacted by unexpected events affecting its business, operations and financial condition. Many of the capital frameworks that the Macquarie Group operates under have been recently reviewed or are currently under review. The Basel Committee on Banking Supervision is still undertaking further work as part of its regulatory reform agenda that may result in additional capital requirements. APRA has proposed prudential rules to apply to financial conglomerates such as the Macquarie Group, but the implementation of these rules have been deferred at least until the Government's response to the Financial System Inquiry is known. Changes to these frameworks can require the Macquarie Group to hold more capital and have an adverse impact on the Macquarie Group's financial performance and position and to the market price of MGL ordinary shares and other securities.
Staff recruitment and retention	The Macquarie Group is reliant on the ability to hire and retain appropriately qualified staff. In order to do this, the Macquarie Group must compensate employees at or above market levels. Current or future laws or regulatory or public scrutiny may restrict the Macquarie Group's ability to move its staff from one jurisdiction to another or change the way the Macquarie Group remunerates its employees. If the Macquarie Group is unable to continue to attract and retain qualified employees, its performance, including its competitive position, could be materially adversely affected. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed.
Reputation risk	The Macquarie Group is substantially dependent on its brand and reputation. If the Macquarie Group suffers damage to its reputation, including damage to the brands used by the Macquarie Group and the funds it manages, this could reduce business volume as clients might be reluctant to do business with the Macquarie Group due to their negative perceptions. Reputation issues can arise for many reasons, including actual or alleged breaches of regulation or conflicts of interest. This would adversely impact the Macquarie Group's earnings. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by the Macquarie Group use the Macquarie name. The Macquarie Group's reputation and, as a result, its businesses and business prospects could be adversely affected if any of the entities using the Macquarie name take actions, or are publicly accused of such actions, that bring negative publicity to the Macquarie Group.
Tax risk	Future tax developments or changes to tax laws or their interpretation may also have a material adverse effect on the Macquarie Group. The Macquarie Group operates in a range of jurisdictions with different tax regimes which are subject to change. The Macquarie Group's after tax earnings may be impacted by changes to the tax treatment of MGL or any of its controlled entities. While the Macquarie Group believes that it has in place controls and procedures that are designed to ensure that transactions involving third parties comply with applicable tax laws and regulations, any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect its reputation and affected business areas, significantly increase its own tax liability and expose it to legal, regulatory and other actions.
Information security risks	The Macquarie Group businesses are highly dependent on its information technology systems. The Macquarie Group devotes significant effort to protecting the confidentiality, integrity and availability of its computer systems, software and networks, including maintaining the confidentiality of information that may reside on those systems. However, there can be no assurances that the Macquarie Group's security measures will provide absolute security. Information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. The Macquarie Group's computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events that could have a security impact. Information security threats may also occur as a result of the Macquarie Group's plans to continue to implement internet banking and mobile banking channel strategies and develop additional remote connectivity solutions, the outsourcing of some of the Macquarie Group's business operations and the threat of cyber terrorism. Third parties with which the Macquarie Group does business, as well as other third parties with which the Macquarie Group's clients do business, can also be sources of operational risk to it, including with respect to security breaches affecting such parties, breakdowns or failures of the systems or misconduct by the employees of such parties and cyber-attacks. Such incidents may require the Macquarie Group to take steps to protect the integrity of its own operational systems or to safeguard its confidential information and that of its clients, thereby increasing its operational costs and potentially diminishing customer satisfaction.

Appendix B: Key risks

Risk	Description of risk
Information security risks (cont.)	It is possible that the Macquarie Group may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated and can evolve rapidly, and those that would perpetrate attacks can be well resourced. An information security failure could have serious consequences for the Macquarie Group including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have a material impact on the Macquarie Group.
Risk of unforeseen, hostile or potential catastrophic events and environmental risks	The Macquarie Group's businesses (including commodities businesses and particularly physical commodities financing businesses) are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts) leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events. Additionally, rising climate change concerns may lead to additional regulation that could increase the operating costs and/or reduce the profitability of the Macquarie Group's investments. In addition, the Macquarie Group relies on third party suppliers or service providers to perform their contractual obligations, and any failure on their part could adversely affect the Macquarie Group's business. The Macquarie Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses. The occurrence of any such events may prevent MGL and the Macquarie Group from performing under their agreements with clients, may impair their operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm.
Conflicts of Interest	As the Macquarie Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Macquarie Group. While the Macquarie Group believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients to enter into transactions may be adversely affected if the Macquarie Group fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could materially adversely affect the Macquarie Group's reputation or business, including give rise to claims by and liabilities to clients, litigation or enforcement actions or discourage clients or counterparties to do business with the Macquarie Group.
Litigation risk	The Macquarie Group may, from time to time, be subject to material litigation, regulatory actions which may generate contingent liabilities which may adversely impact on its financial condition or its reputation. While provisions are made in the Macquarie Group's accounts for litigation and regulatory actions, where deemed necessary, there is a risk that any losses incurred may be larger than anticipated or provided for in those accounts or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm the Macquarie Group's reputation or brand, thereby adversely affecting their businesses.
Risks relating to funds management	The Macquarie Group's financial condition and results of operation are directly and indirectly affected by the results of the funds or the assets it manages. As such, poor performance of funds may cause a decline in the Macquarie Group's revenue and results of operations may adversely affect the Macquarie Group's ability to raise capital for future funds and may also affect the Macquarie Group's brand and reputation. In addition, the Macquarie Group's funds model exposes it to such risks as: • Equity at risk: the Macquarie Group maintains an equity interest in a number of the funds that it manages. The market value of the Macquarie Group's assets is directly affected by the value of the funds managed by the Macquarie Group to the extent of its equity interest in those funds. • Reputation risk: The Macquarie name is attached to many of the funds managed by the Macquarie Group. Any adverse developments in relation to any of the funds the Macquarie Group manages or the assets managed by those funds could have an adverse impact on the Macquarie Group's reputation and public image which could adversely affect its business and financial condition. • Contingent liabilities: In some instances, entities in the Macquarie Group have sold assets to funds managed by the Macquarie Group mostly in circumstances when the Macquarie Group is seeding a newly-formed fund with assets, or the Macquarie Group has sold its interest in such assets to third parties. Under the terms of some of the agreements pursuant to which those assets have been sold the Macquarie Group may have contingent liabilities as a result of the representations and warranties, covenants, indemnities or other provisions of those agreements.

Appendix B: Key risks

Risk	Description of risk
Risks relating to funds management (cont.)	• Conflicts of interest: the Macquarie Group manages and advises a large number of funds, many of which compete for assets and investors. The Macquarie Group has policies in place designed to manage conflicts of interest within the Macquarie Group but no assurance can be given that those policies will be adequate to prevent actual or perceived conflicts of interest. If the Macquarie Group is unable to effectively manage these risks, its funds management business and reputation could be materially harmed or it could be exposed to claims or other liabilities to investors in the funds.
Other risks	The Macquarie Group's profitability is also subject to a number of other risks including political risk (including economic sanctions and other restrictive government actions), risks from external events (including geopolitical instability and conflicts), strategic risks (including corporate transactions and internal restructures), litigation, regulatory actions and any associated contingent liabilities.

4. Risks associated with Ordinary Shares specifically

Risk	Description of risk
The market price of Ordinary Shares will fluctuate	Ordinary Shares trade on ASX. The market price of Ordinary Shares on ASX will fluctuate due to various factors, including the risk factors described in section 3 above. If Ordinary Shares trade at a market price below the amount at which you acquired them, there is a risk that, if you sell them, you may lose all or some of the money you invested. Macquarie does not guarantee the market price of Ordinary Shares.
Dividends may fluctuate or not be paid	Dividends are entirely discretionary. The rate and value of dividends may fluctuate. There is a risk that dividends may become less attractive compared to returns on comparable securities or investments. Macquarie does not guarantee any return on Ordinary Shares. Macquarie may not pay dividends at all. Dividends are discretionary and do not accrue. Further, under the terms of some other securities issued by Macquarie, Macquarie may not be able to pay dividends if it does not pay distributions on those other securities.
Macquarie may raise more debt and issue other securities	Macquarie has the right in its absolute discretion to issue additional Ordinary Shares, debt or other securities, which may rank ahead of or equally with Ordinary Shares, whether or not secured. Any issue of other securities may dilute the relative value of existing Ordinary Shares and affect your ability to recover any value in a winding up. There are no restrictions on Macquarie raising more debt or issuing other securities, requiring Macquarie to refrain from certain business changes, or requiring Macquarie to operate within certain ratio limits. A holding of Ordinary Shares does not confer any right to participate in further issues of securities by Macquarie, other than future pro rata issues. It is difficult to anticipate the effect such debt or other issues of securities may have on the market price or liquidity of Ordinary Shares.
Shareholders are subordinated and unsecured investors	In a winding up of Macquarie, Shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors. Shareholders' claims will rank equally with claims of holders of all other Ordinary Shares. If Macquarie were to be wound up and, after the claims of creditors preferred by law, secured creditors and general creditors are satisfied, there are insufficient assets remaining, there is a risk that you may lose some or all of the money you invested in Ordinary Shares.
Investments in Ordinary Shares are not deposit liabilities or protected accounts under the Banking Act	Investments in Ordinary Shares are an investment in Macquarie and will be affected by the ongoing performance, financial position and solvency of Macquarie. They are not deposit liabilities or protected accounts under the Banking Act. Therefore, Ordinary Shares are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

Appendix B: Key risks

Risk	Description of risk
Shareholders may be subject to Foreign Account Tax Compliance Act (FATCA) withholding and information reporting	In order to comply with FATCA, it is possible that Macquarie (or, if Ordinary Shares are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the Internal Revenue Service (IRS) or otherwise under applicable law) to request certain information from holders or beneficial owners of Ordinary Shares, which information may in turn be provided to the IRS or other relevant tax authority. Macquarie may also be required to withhold US tax on some portion of payments in relation to Ordinary Shares if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirements to enter into a FATCA agreement with the IRS). If Macquarie or any other person is required to withhold amounts under, or in connection with FATCA from any payments made in relation to Ordinary Shares, Shareholders and beneficial owners of Ordinary Shares will not be entitled to receive any gross up or additional amounts to compensate them for such withholding. This information is based on guidance issued by the IRS or other relevant tax authority as at the date of the Offer announcement. Future guidance may affect the application of FATCA to Macquarie, Shareholders or beneficial owners of Ordinary Shares.

MACQUARIE

Esanda Dealer Finance Portfolio Acquisition and Capital Raising

Presentation to Investors and Analysts

8 October 2015

Nicholas Moore, Managing Director and Chief Executive Officer

Patrick Upfold, Chief Financial Officer

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES