22nd Annual Credit Suisse Asian Investment Conference

Hong Kong

Presentation to Investors and Analysts
27-28 March 2019

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Chief Financial Officer

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MACQUARIE

Disclaimer

MACQUARIE

Agenda

1 Overview of Macquarie

2 Operating groups

3 3Q19 update

4 Outlook

5 Appendix

01 Overview of Macquarie

Macquarie overview

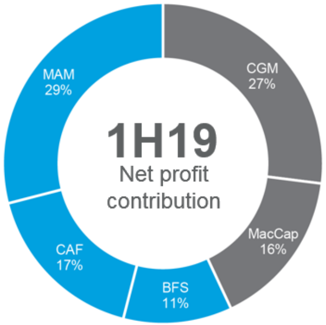
MACQUARIE

Diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities

Macquarie Group overview[1]

Annuity-style businesses approx. 60%

Markets-facing businesses approx. 40%



Global locations

Listed on Australian Securities Exchange (ASX: **MQG**)[2]
Level I ADR: **MQBKY**

$A551.0b assets under management as at 30 Sep 18

MBL A/A2/A credit rating

APRA primary regulator for MBL & MGL

15,110 employees, operating in over **25** countries

Employees and global locations as at 31 Dec 18. 1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups as reported on 2 Nov 18 and has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018. 2. On 29 Jul 96, MBL listed its fully paid ordinary shares on the ASX.

Why Macquarie?

Unbroken profitability

1H19 net profit:
$A1,310m
up 5% on 1H18
FY18 net profit: **$A2,557m**
up 15% on FY17

Predictable earnings

Annuity-style businesses represent
~60%[1]
of the operating groups' performance in 1H19
~70%[1] in FY18

Geographically diverse

67% **international income in 1H19**
67% in FY18; two-thirds of income generated outside of Australia

Strong return on equity

1H19:
16.3%
16.8% in FY18
up from 15.2% in FY17

Earnings growth

25%
5yr EPS CAGR[2]

Strong financial position

Group capital surplus
$A4.0b[3]
at December 2018

Consistent dividend growth

21%
5yr CAGR[2]

Strong shareholder returns

Consistently outperformed major indices since listing
ASX 20[4] – 2nd highest returns since listing
Diversified Financials[4] – 1st
MSCI World Capital Markets[4] – 1st
MSCI World Banks[4] – 1st

Underpinned by a long standing conservative risk management framework

1. Based on net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Compound annual growth rate based on the period FY14 – FY18. 3. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. The APRA Basel III Group capital surplus is $A5.2b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. Based on materiality, the 8.5% used to calculate Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~11bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. In Nov 18 the CCyB in the United Kingdom increased from 0.5% to 1.0% increasing the Bank Group's CCyB to ~11bps. 4. As at 28 Feb 19. Based on companies that have been continuously listed since Macquarie's date of listing (29 Jul 96).

Macquarie's evolution is driven by our people

MACQUARIE

Our people are closest to client needs and markets

We seek to identify **opportunity** and realise it for our clients, community, shareholders and our people

From positions of **deep expertise**, we pursue opportunities **adjacent** to existing businesses, largely via organic growth

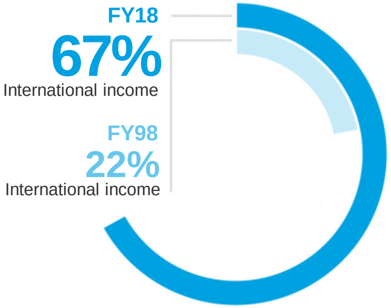
We are **accountable** for all our actions to our clients, our community, our shareholders and each other

We act with **integrity** and earn the trust of our clients, colleagues, community and shareholders through the quality of our work and our high ethical standards

We pursue opportunities that deliver real outcomes to achieve an appropriate and resilient **long-term return on capital**

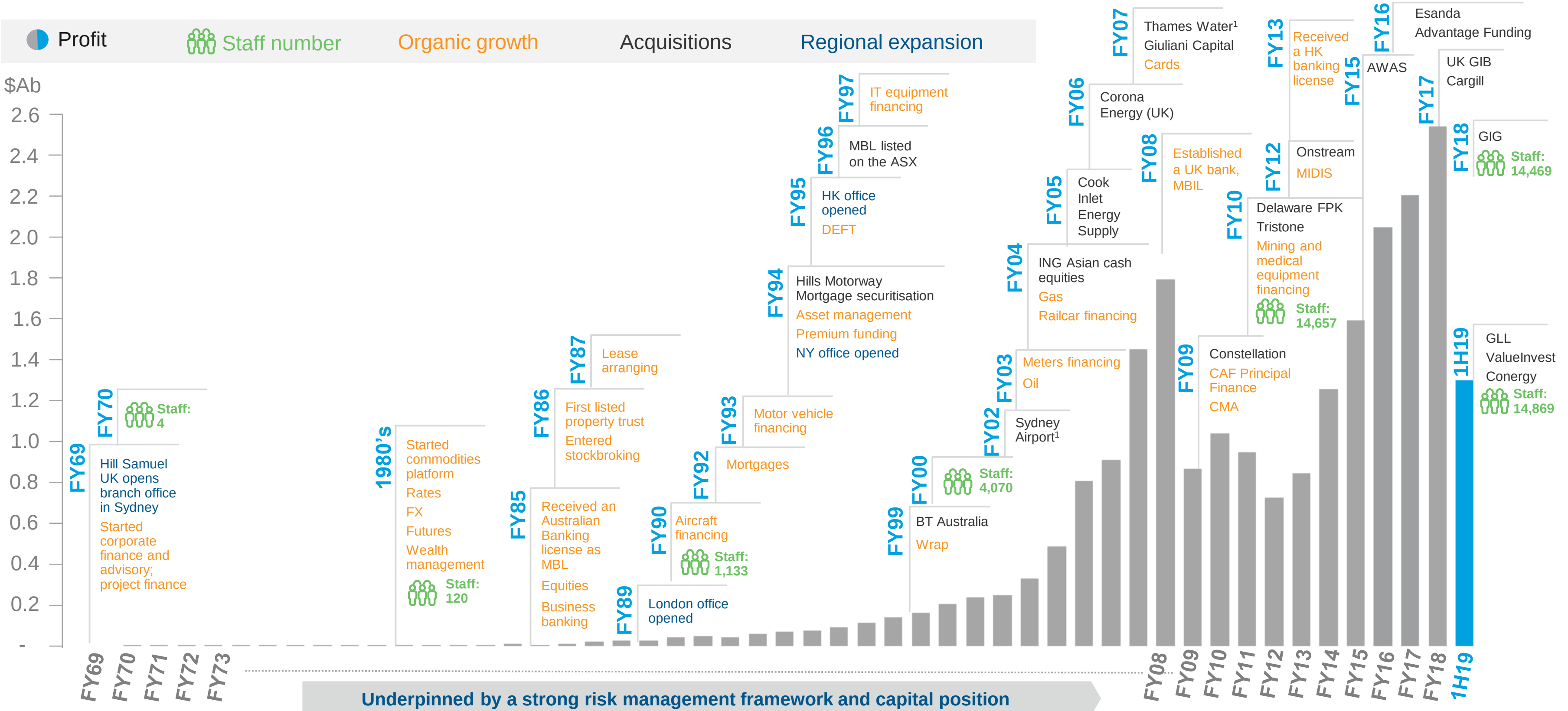
Evolution in the business

Macquarie has a **global presence** across operating groups



Share of total income

Unbroken profitability through adjacent growth



Underpinned by a strong risk management framework and capital position

Note: the above list is not exhaustive. 1. Acquired on behalf of managed funds and accounts.

Strong earnings growth

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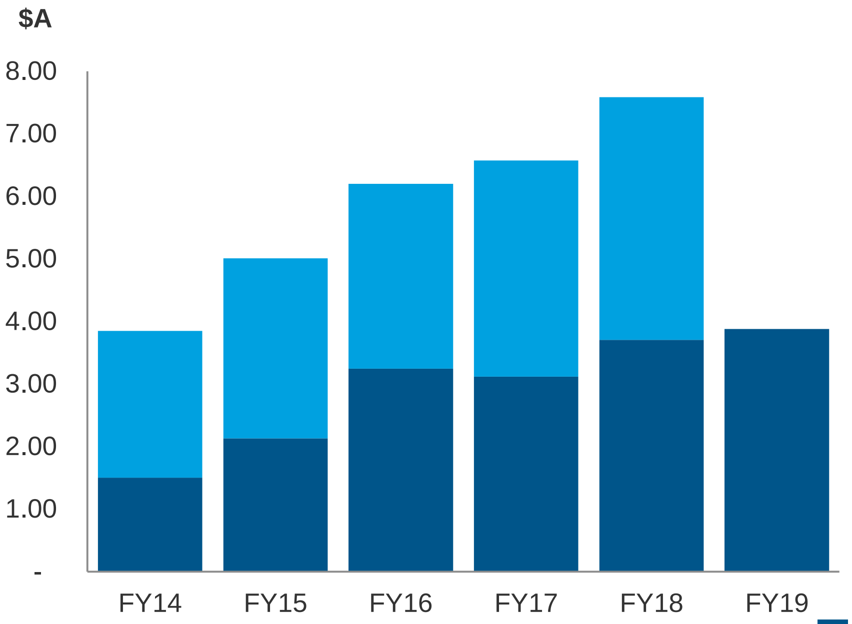
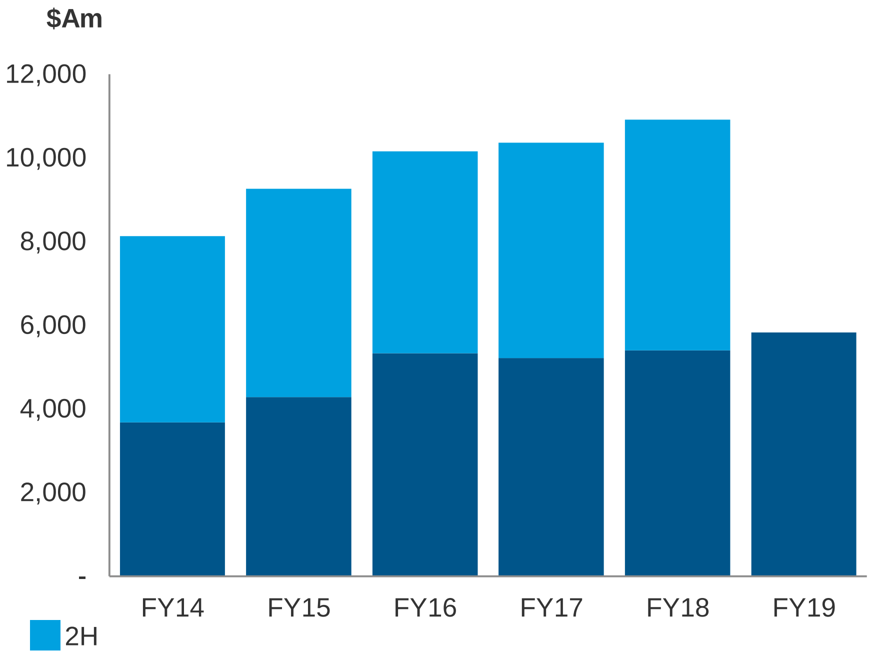
FY18 EPS of $A7.58

FY18 up 15% on FY17



FY18 Operating income of $A10,920m

FY18 up 5% on FY17



Macquarie's global footprint

MACQUARIE

Total staff[1]
15,110

56%
International staff

Americas
Staff
2,758

CANADA
Calgary
Montreal
Toronto
Vancouver

LATIN AMERICA
Mexico City
Sao Paulo
Santiago

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

EMEA
Staff
2,019

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

MIDDLE EAST
Abu Dhabi
Dubai

SOUTH AFRICA
Cape Town
Johannesburg

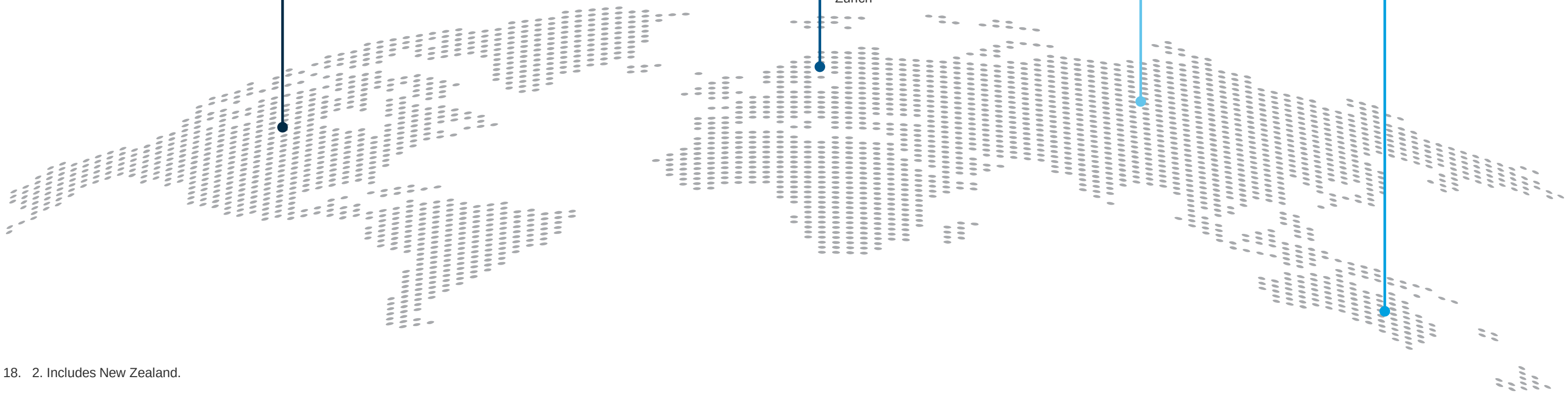
Asia
Staff
3,630

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

Australia[2]
Staff
6,703

AUSTRALIA
Adelaide
Brisbane
Canberra
Gold Coast
Manly
Melbourne
Newcastle
Parramatta
Perth
Sydney

NEW ZEALAND
Auckland

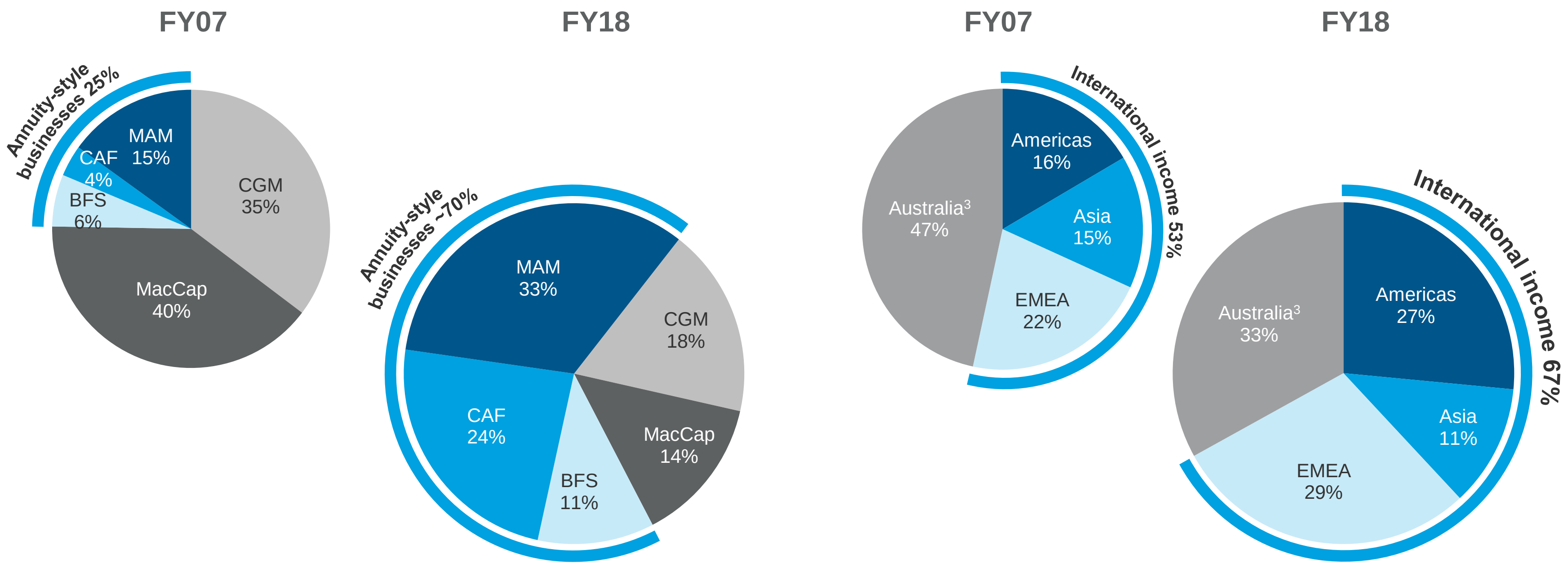


1. As at 31 Dec 18. 2. Includes New Zealand.

Predictable earnings and geographically diverse

Annuity-style vs Markets-facing[1]

Regional split of income[2]

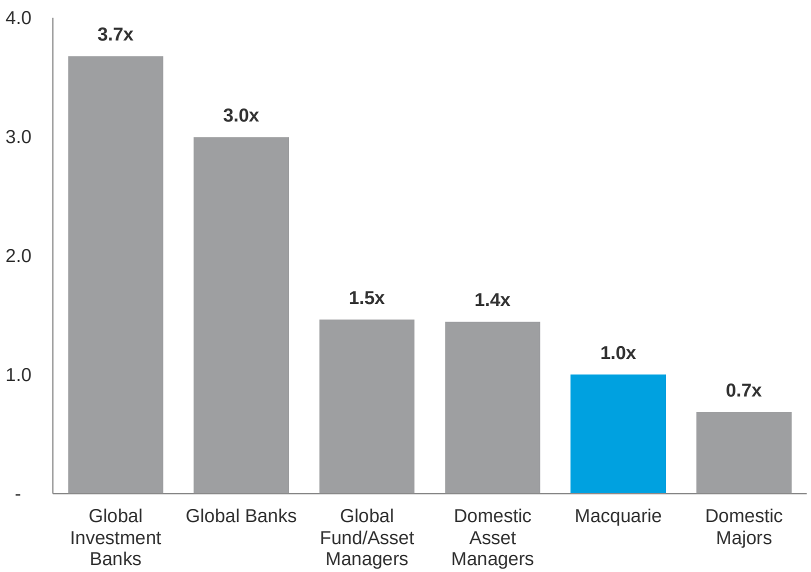


Data restated to reflect current business splits. 1. Annuity-style based on net profit contribution (calculated as management accounting profit before unallocated corporate costs, profit share and income tax) for MAM, CAF and BFS. Markets-facing based on net profit contribution for CGM and MacCap. Data has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018. 2. Based on net operating income excluding earnings on capital and other corporate items. 3. Includes New Zealand.

Stable earnings

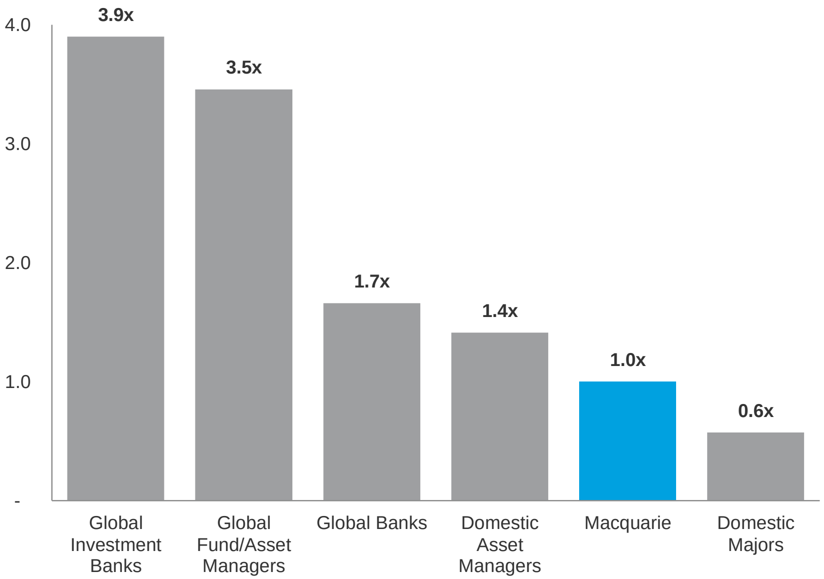
5 year earnings volatility relative to Macquarie

(since GFC)



10 year earnings volatility relative to Macquarie

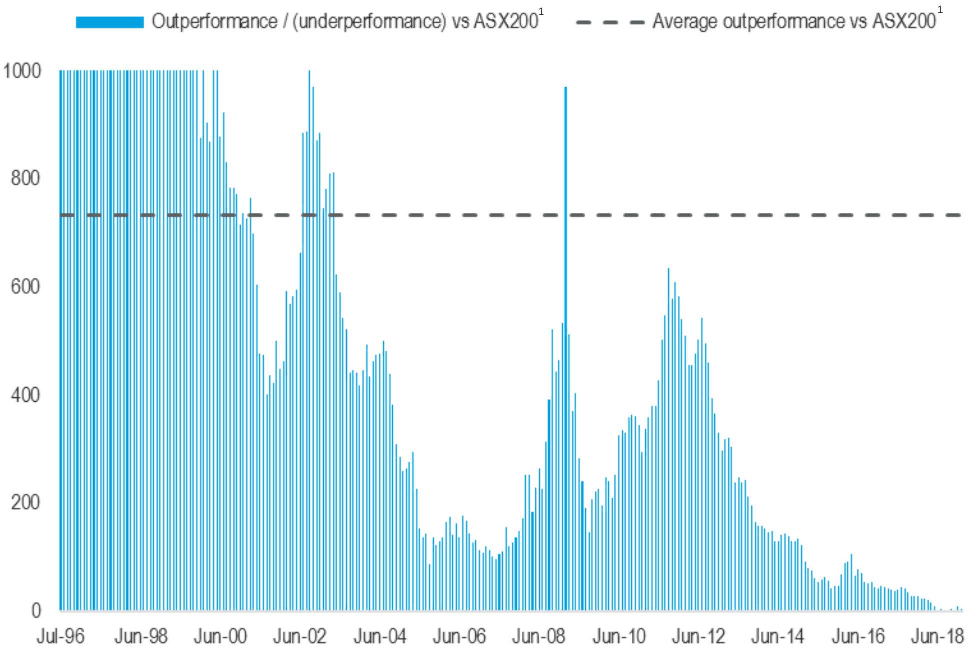
(includes GFC)



This page compares the historical earnings volatility among certain firms, and is not intended to represent that Macquarie has a comparable business model, risks or prospects to any other firm mentioned.
Volatility of P&L is defined as standard deviation of P&L divided by average P&L (coefficient of variation), based on most recent annual disclosures. Source: Bloomberg as at 21 March 2019.

Strong shareholder returns

For purchases made and held to sale Macquarie has consistently outperformed the ASX 200, Diversified Financials and MSCI World Capital Markets Index

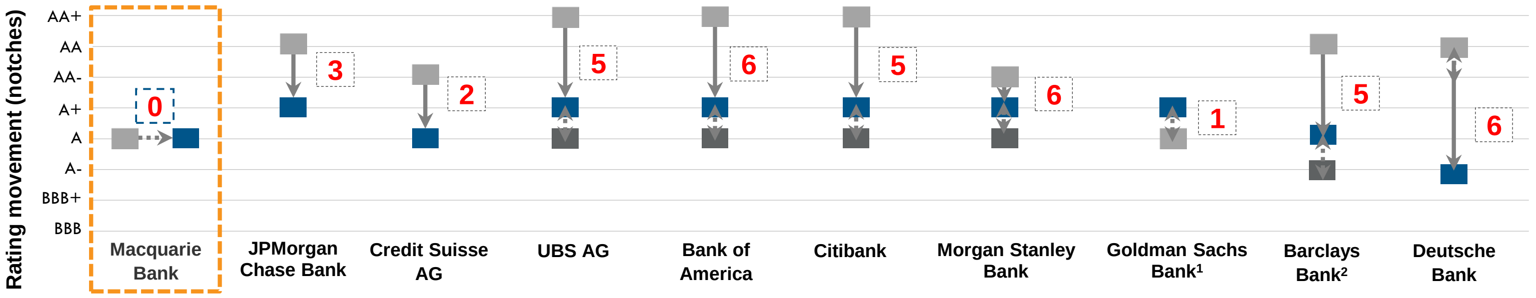


	Outperformance vs ASX 200[1]	Outperformance vs ASX 200 Diversified Financials[1]	Outperformance vs MSCI World Capital Markets Index[1]
Since listing	6,406%	n/a[2]	n/a[2]
10 years	972%	669%	1,043%
5 years	153%	116%	188%
3 years	91%	84%	95%

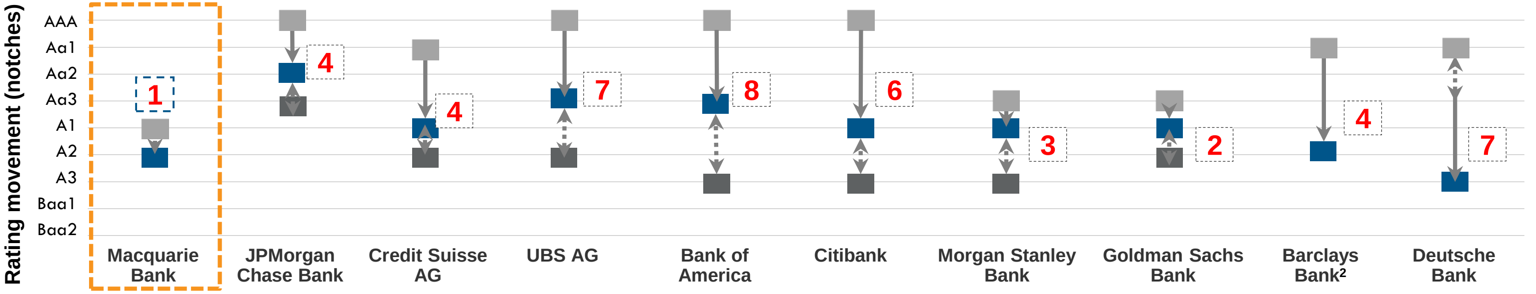
Data to 28 Feb for purchases made at different purchase points on a monthly basis. Source: Bloomberg. 1. Total shareholder returns. 2. Macquarie was listed prior to the formation of the MSCI World Capital Markets Index and ASX 200 Diversified Financials Index.

Long term ratings stability
Macquarie Bank Limited

Standard & Poor's Ratings Movements from 2007



Moody's Ratings Movements from 2007



2007

2019

Intra-period ratings movement

#

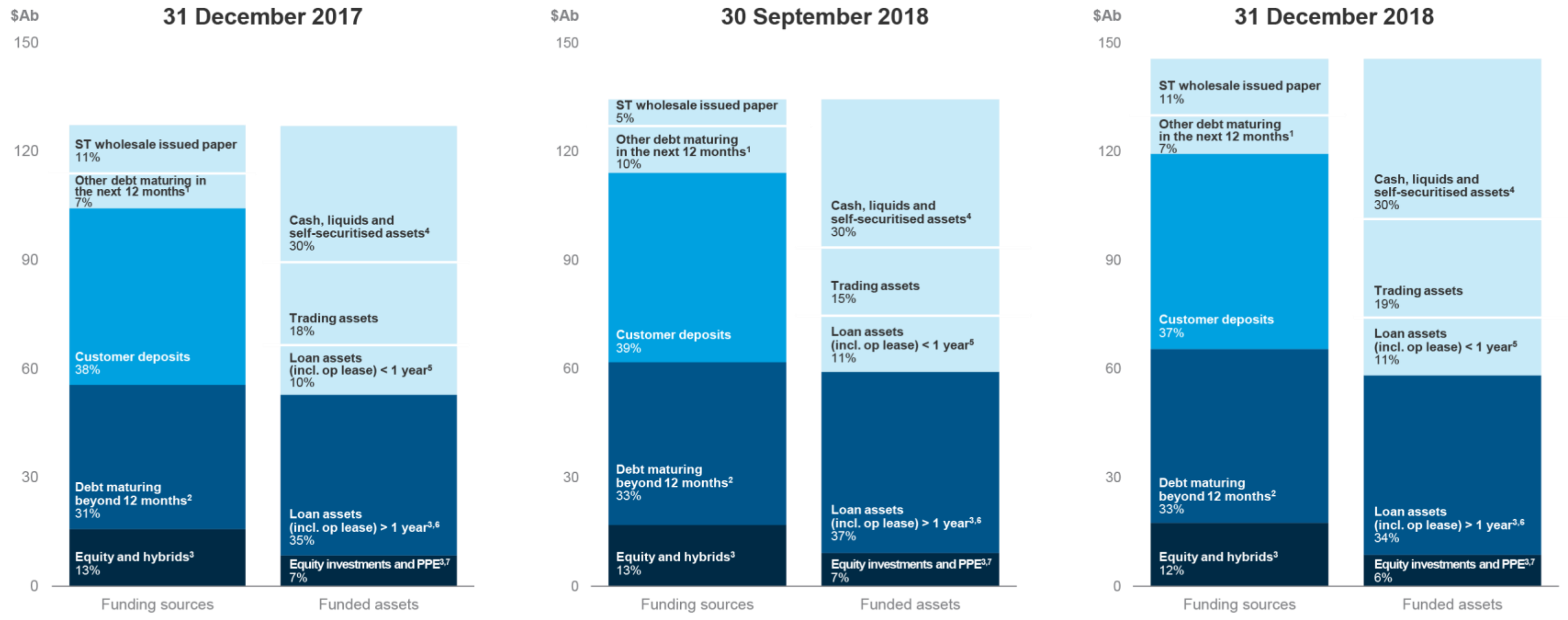
No. ratings movements

MBL has maintained its S&P 'A' rating for 27 YEARS

1. Goldman Sachs bank only rated by Standard & Poor's from 2012. 2.Barclays Bank PLC. As at 2 February 2019.

Funded balance sheet remains strong

Term liabilities cover term assets

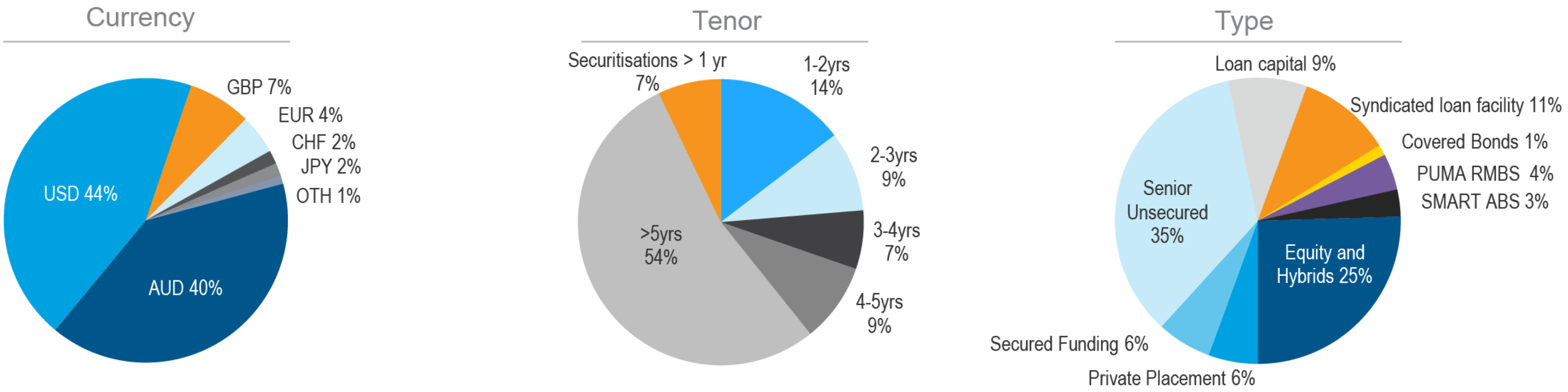


These charts represent Macquarie's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Loan Capital not maturing within next 12 months. 3. Non-controlling interests netted down in 'Equity and hybrids', 'Equity Investments and PPE' and 'Loan assets (Incl. op leases) >1 year'. 4. 'Cash, liquids and self-securitised assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie. 5. 'Loan Assets (incl. op lease) < 1 year' includes Net Trade Debtors. 6. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 7. 'Equity Investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments.

Diversified issuance strategy

MACQUARIE

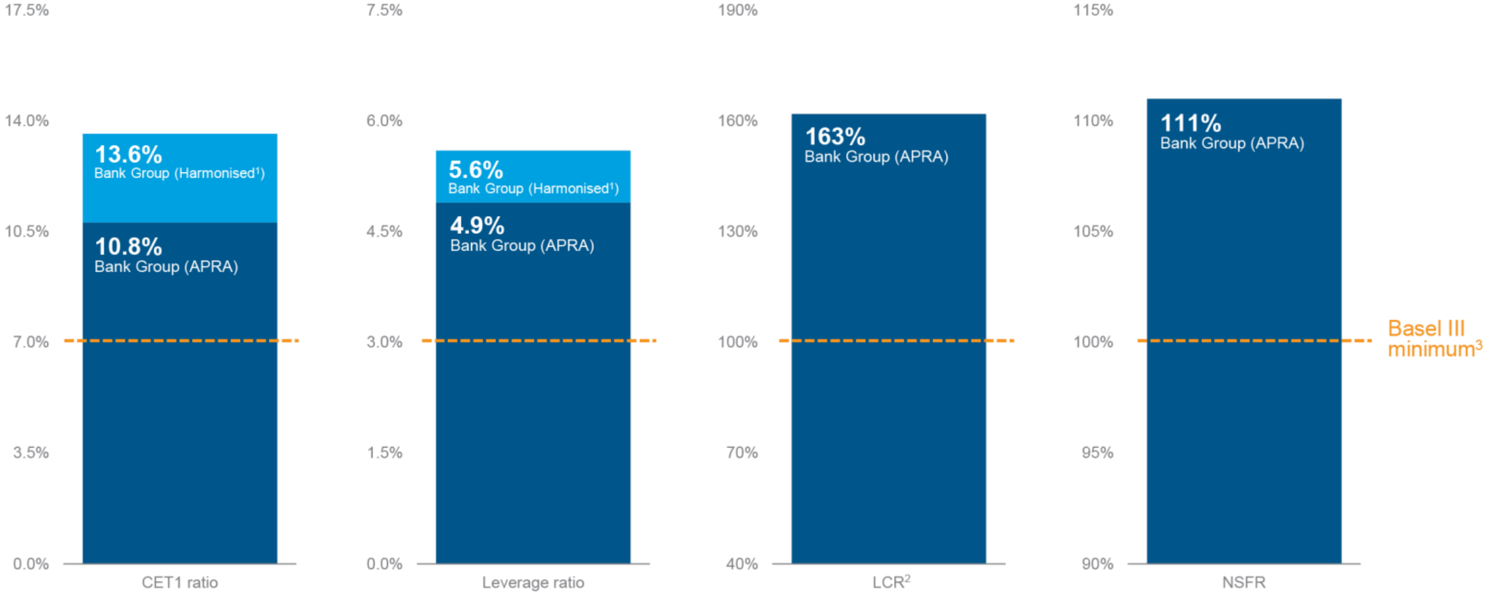
Term funding as at 30 Sep 18 diversified by currency[1], tenor[2] and type



Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr.

Strong regulatory ratios

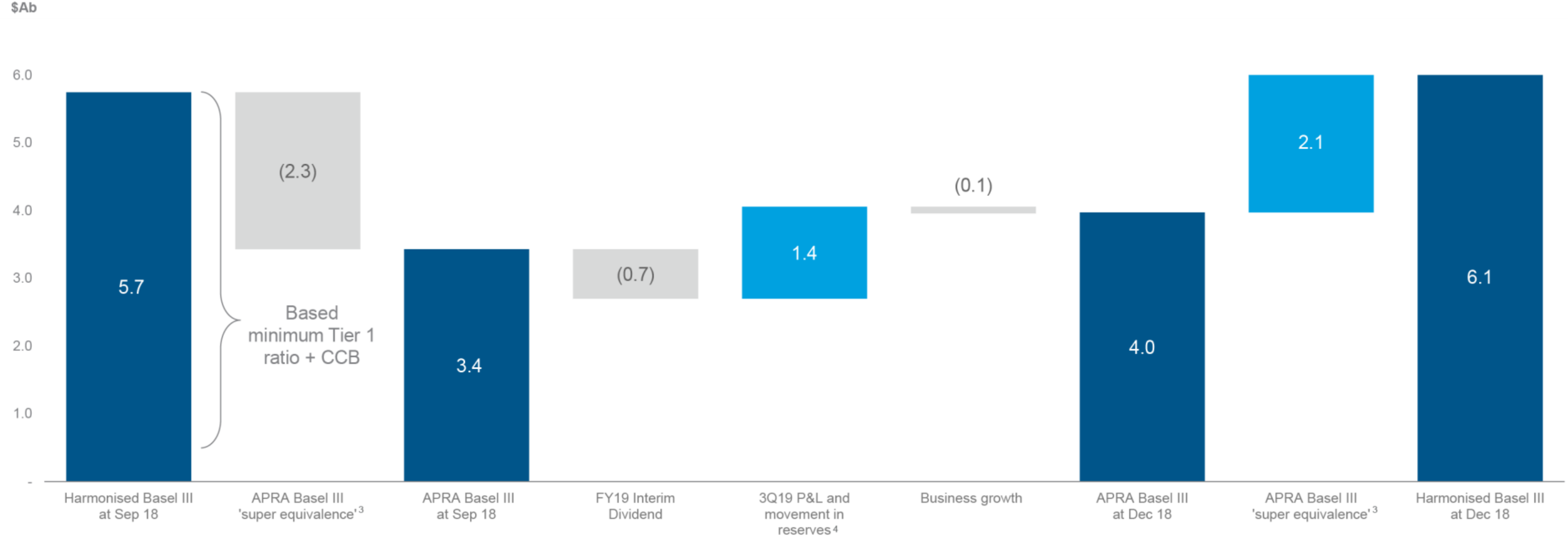
Bank Group
December 2018



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 2. Average LCR for Dec 18 quarter is based on an average of daily observations.
3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5%, effective Jan 22.

Basel III capital position

APRA Basel III Group capital at December 2018 of $A20.4b, Group capital surplus of $A4.0b[1,2]



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. The APRA Basel III Group capital surplus is $A5.2b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. Based on materiality, the 8.5% used to calculate Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~11bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. In Nov 18 the CCyB in the United Kingdom increased from 0.5% to 1.0% increasing the Bank Group's CCyB to ~11bps. 3. 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 for equity investments $A0.4b; differences in mortgages treatment $A0.7b; capitalised expenses $A0.4b; investment into deconsolidated subsidiaries $A0.2b; DTAs and other impacts $A0.4b. 4. Includes Foreign Currency Translation Reserve movement.

Regulatory update

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- Regulatory capital[1]
  - APRA is yet to release final standards for Australian banks to ensure that their capital levels can be considered ‘unquestionably strong’. Based on existing guidance, Macquarie’s surplus capital position remains sufficient to accommodate likely additional requirements
  - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold[2]
  - In Nov 18, APRA released a draft update to APS 110 proposing a minimum requirement for the leverage ratio of 3.5%, effective Jan 22[3] (MBL’s leverage ratio is 4.9% at Dec 18)
  - In Nov 18 APRA released a discussion paper[4] outlining their approach for loss-absorbing capacity to support orderly resolution of Australian ADIs
    - The framework would require the Big Four to increase Tier 2 capital by 4-5% of RWAs
    - For other ADIs, including MBL, the need for additional loss-absorbing capacity will be considered by APRA as part of resolution planning, and will be no greater than that required for the Big Four

- Royal Commission
  - Macquarie notes the publication of the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the recommendations contained within it
  - Macquarie is closely monitoring the implementation of the Report’s recommendations and will participate in industry and public consultation as appropriate

1. The APRA Capital Framework applies to the Bank Group only. 2. ‘Improving the transparency, comparability and flexibility of the ADI capital framework’; 14 Aug 18. 3. ‘Draft Prudential Standard APS 110 Capital Adequacy’; 27 Nov 18. 4. ‘Increasing the loss-absorbing capacity of ADIs to support orderly resolution’; 08 Nov 18.

Regulatory update

- Germany
  - Macquarie continues to cooperate with German authorities in relation to a historical German lending transaction in 2011. The total amount at issue is not material and MGL has provided for the matter
  - Macquarie was one of over 100 financial institutions involved in this market, from which it withdrew in 2012. Consistent with our standard practice, Macquarie received extensive external legal advice in relation to the transaction
  - Although no current staff members have been interviewed to date, as expected as part of their ongoing investigation, the German authorities have formally classified 22 current and former staff members as persons of interest or suspects under German law, including the Group CEO and the former Group CEO

- Brexit
  - As previously stated, Macquarie does not believe that the UK’s withdrawal from the European Union (EU) will be a material event for the Group
  - Progress on license applications to supplement existing EU licenses is well advanced, Macquarie Capital (Ireland) DAC was approved for an Irish Investment Firm License by the Central Bank of Ireland on 27 February 2019
  - Macquarie is subject to other application processes that may cause one or more licenses to be issued in the second quarter of the calendar year 2019. Contingency arrangements are being put in place for a small number of clients who could be affected by this if the UK leaves the EU without a withdrawal or transition agreement by the agreed date
  - Macquarie has a longstanding and deep commitment to the UK as the hub for the EMEA region’s operations and this will continue to be the case. Macquarie has been in the UK for 30 years with over 1,500 staff based there as at December 2018

Capital management update

MACQUARIE

- Impact of changes to CAF business structure:
  - As previously foreshadowed, the transfer of the CAF Principal Finance and CAF Transportation businesses from the Bank Group to the Non-Bank Group occurred on 10 December 2018 following a meeting of MBL shareholders (which includes holders of Macquarie Income Securities) which approved the transaction
  - In connection with the transfer, MBL returned $A2.04b of capital to MGL. Additionally, the transfer resulted in a post-tax increase in ordinary equity for MBL of approximately $A0.3b which was paid as a dividend to MGL[1]
- MSIS has been transferred into CAF Asset Finance in the Bank Group while its fiduciary businesses, such as the infrastructure debt business (MIDIS), will move into MAM in the Non-Bank Group on receipt of the required approvals
- On 25 February 2019, MGL announced the offer of Macquarie Group Capital Notes 4 (MCN4)[2] (the “Offer”) and subsequently announced the results of the Bookbuild on 27 February 2019
  - Offer size of $A750 million with the ability to raise more or less
  - Full details of this Offer and the terms and conditions of MCN4 are set out in the Prospectus lodged with the Australian Securities and Investments Commission and Australian Securities Exchange on 25 February 2019
  - The Closing Date for the Offer is 22 March 2019 and Issue Date is 27 March 2019

1. Via the intermediate holding company, Macquarie B.H. Pty Ltd. 2. This announcement does not constitute an offer of any securities (including the MCN4) for sale or issue. No action has been taken to register or qualify MCN4 or the Offer or to otherwise permit a public offering of MCN4 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the MCN4 nor the Ordinary Shares have been or will be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), or the securities laws of any state or other jurisdiction of the United States, and they may not be offered, sold or resold in the United States or to, or for the account or benefit of, any U.S. person (as defined in Rule 902(k) of Regulation S under the US Securities Act) except pursuant to an exemption from the registration requirements of the US Securities Act and applicable US State Securities laws.

Long standing conservative risk management framework

- Macquarie's core risk management principles have remained stable and continue to be effective
- The key aspects of Macquarie's risk management approach are:

Ownership of risk at the business level	Understanding worst-case outcomes	Requirement for independent sign-off by Risk Management
Business heads responsible for identifying risks within their businesses and ensuring these are managed appropriately Seek a clear analysis of the risks before taking decisions	Risk management approach based on examining the consequences of worst case outcomes and determining whether risks can be tolerated Adopted for all material risk types and often achieved by stress testing	Risk Management Group (RMG) signs off all material risk acceptance decisions For material proposals, RMG opinion is sought at an early stage in the decision-making process. The approval document submitted to senior management includes independent input from RMG on risk and return

- Macquarie's approach to risk is supported by the Risk Management Group
- Macquarie determines aggregate risk appetite by assessing risk relative to earnings, with allowance made for the loss-absorbing ability of the current regulatory capital surplus

02 Operating groups

About Macquarie

MACQUARIE

Annuity-style businesses

Macquarie Asset Management (MAM)

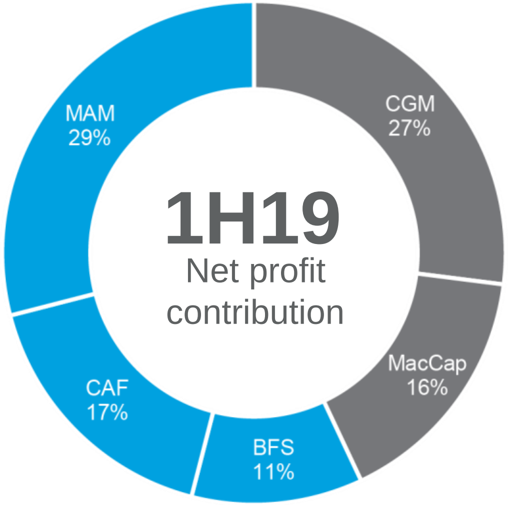
- Top 50[1] global asset manager with $A532.1b[2,3] of assets under management[4], diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure, real estate, agriculture, equities, fixed income, private credit, liquid alternatives and multi-asset solutions

Corporate and Asset Finance (CAF)

- Global provider of specialist finance and asset management solutions, with a $A21.6b[2,5] asset and loan portfolio
- Asset Finance delivers a range of tailored finance solutions globally across a variety of industries and asset classes
- Principal Finance provides flexible primary financing solutions and engages in secondary market investing, across the capital structure. It operates globally in the corporate, transport and real estate sectors

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits[6] of $A51.0b[2], Australian loan and lease portfolio[7] of $A61.3b[2,8] and funds on platform[9] of $A82.6b[2]
- Provides a diverse range of personal banking, wealth management, business banking and vehicle asset finance products and services to retail clients, advisers, brokers and business clients



Markets-facing businesses

Commodities and Global Markets (CGM)

- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities
- Provides clients with risk and capital solutions across physical and financial markets
- Diverse platform covering more than 25 market segments, with more than 160 products
- Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)
- Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities

Macquarie Capital (MacCap)

- Global capability in advisory, capital raising services and investing activities
- Provides clients with specialist expertise, innovative advice and flexible capital solutions across a range of sectors and products
- Invests own capital by utilising its balance sheet, investing alongside partners to develop assets, build businesses and create platforms, focusing on green energy, infrastructure, technology sectors and private equity clients

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups as reported on 2 Nov 18 and has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018. 1. P&I Largest Money Managers 2018. 2. As at 31 Dec 18. 3. Including MSIS, total AUM $A540.0b as at 31 Dec 18. MSIS transferred from MAM to CAF on 1 Dec 18. 4. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. The infrastructure debt business (MIDIS) within MSIS will transfer to MAM subject to regulatory approvals. 5. Compared to $A21.3b restated as at 30 Sep 18. 6. BFS deposits exclude corporate/wholesale deposits. 7. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle asset finance, insurance premium funding and credit cards. 8. Compared to $A60.0b restated as at 30 Sep 18. 9. Funds on platform includes Macquarie Wrap and Vision.

Macquarie Asset Management

Actively manages money for investors across multiple asset classes

FY18 Net profit contribution*
$A1,685 million

▲10% on FY17

Equities
Fixed income
Infrastructure
Real Estate
Energy
Agriculture
Multi-asset
Specialist investments

33%*

$A532.1 billion assets under management[1]

MACQUARIE

No.1 infrastructure manager globally[2]

Top 50 **global** asset manager[4]

140+ infrastructure and real assets used by **~100 million** people every day[3]

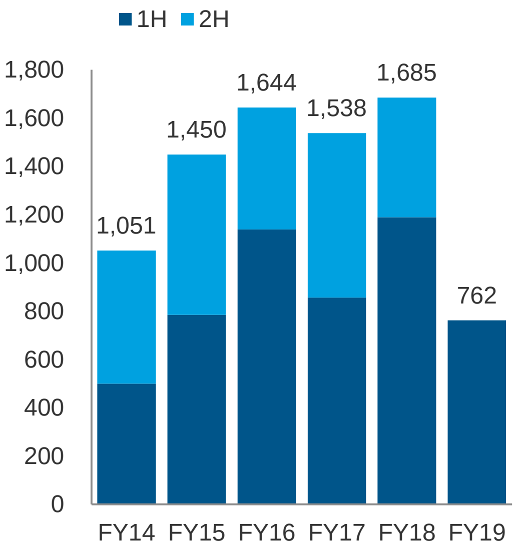
$A346.2 billion MIM investment funds[5] **building retirement savings** of people all over the world

*Based on FY18 net profit contribution from operating groups.
1. Macquarie Asset Management AUM as at 31 December 2018. Including MSIS, total AUM $A540.0b as at 31 December 2018. MSIS transferred from MAM to CAF on 1 December 2018.
2. Based on AUM. Willis Towers Watson Global Alternatives Survey 2017 (published July 2017).
3. MIRA Credentials, 31 March 2018.
4. P&I Largest Money Managers.
5. As at 31 Dec 18.

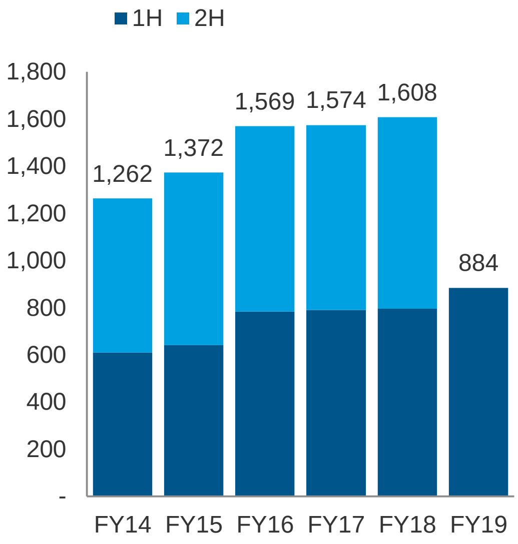
Macquarie Asset Management

Growth in base fees

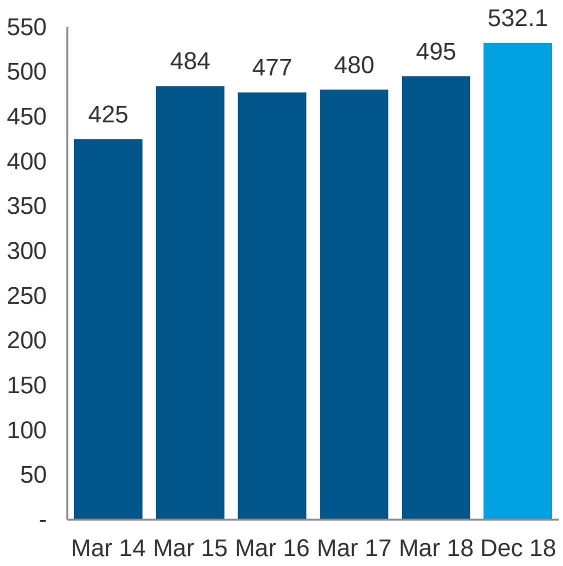
Net Profit Contribution[1] ($Am)



Base Fees ($Am)

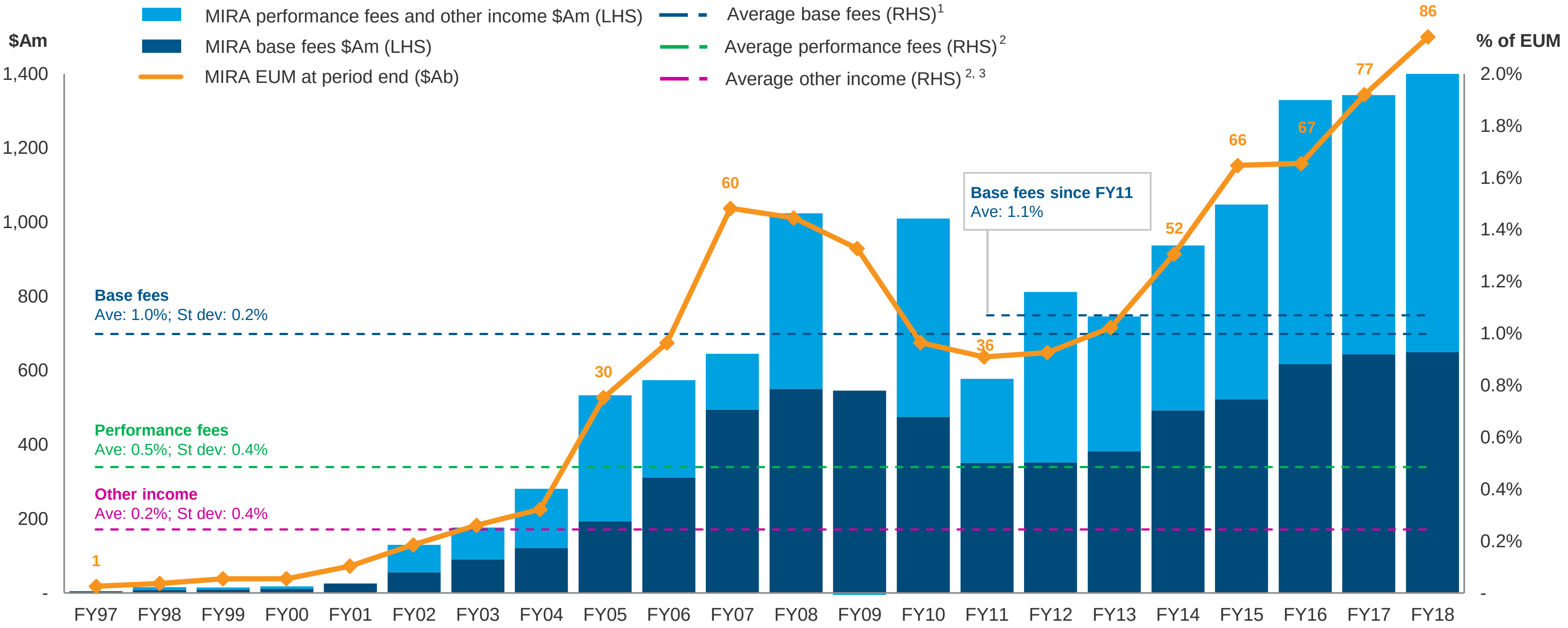


AUM ($Ab)[2]



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. As at 31 December 2018. Including MSIS, total AUM $A540.0b as at 31 December 2018. MSIS transferred to CAF on 1 December 2018.

MIRA: Historical Income



1.. Average base fees (%) calculated as base fees per financial year / average EUM (Invested). 2. Average performance fees and other income (%) calculated as performance fees and other income per financial year / period end EUM. 3. Other income represents net operating income less base and performance fees for each financial year and includes other income relating to certain MIRA fund assets historically included in the Corporate segment. Base fees and performance fees for real estate funds included from FY05 onwards.

Corporate and Asset Finance

Finances the assets **people use every day**

FY18 Net profit contribution
$A1,206 million

▲1% on FY17

Aircraft
Energy
Technology
Mining equipment
Healthcare
Multi-family
Infrastructure
Specialist investments

$A21.6 billion
asset and loan portfolio[1]

MACQUARIE

1,000,000+
smartphones leased to customers worldwide

Largest independent meter funder in UK

9 million+
meters provided to homes and businesses

260+ planes[2]
A leading global aircraft lessor

$A37 billion+
invested across more than **590+** Principal Finance deals in 9 years[3]

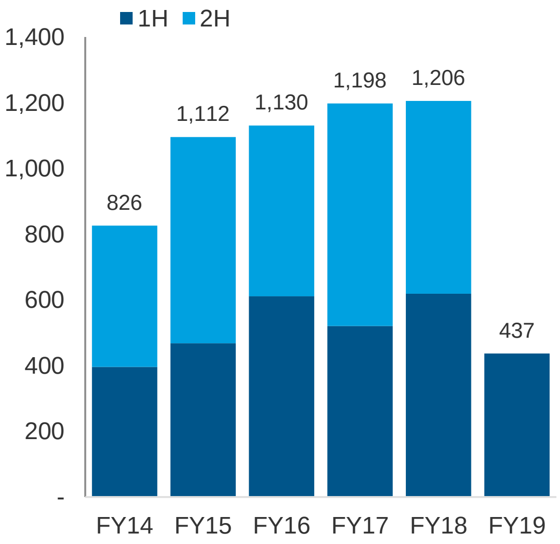
Largest specialist infrastructure debt asset manager[4]

* Based on FY18 net profit contribution from operating groups.
1. At 31 December 2018, not part of a distribution network or vertically integrated utility.
2. Including orders.
3. At 30 September 2018.
4. PDI Top 50, 2017. MIDIS AUM of $A7.8 billion as at 31 December 2018.

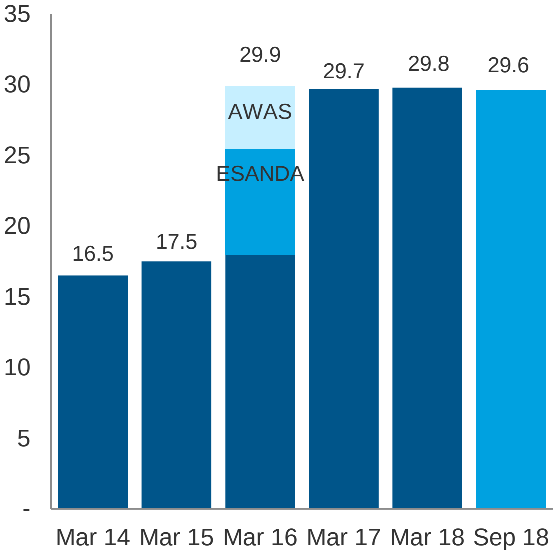
Corporate and Asset Finance

Asset and loan portfolios

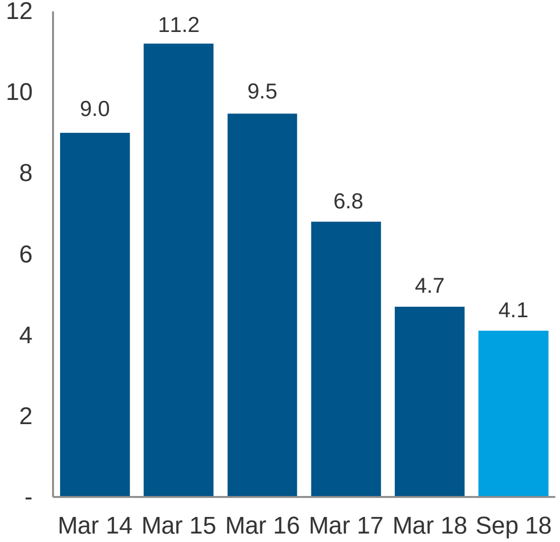
Net Profit Contribution[1] ($Am)



Asset Finance Portfolio[2] ($Ab)



Principal Finance Portfolio[3] ($Ab)



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Excludes the impact of the transfer of the Vehicles portfolio from CAF to BFS in December 2018. 3. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio.

Banking and Financial Services

A technology-driven Australian retail bank and wealth manager

FY18 Net profit contribution*
$A560 million

▲9% on FY17

Personal banking	Wealth management	Business banking	Vehicle finance
Credit cards Home loans Bank accounts	Investments Financial advice Wrap	Property services Professional services	Vehicle loans and leasing

11%*

More than
1 million
Australian clients

MACQUARIE

Award winning
digital banking offering[1]

Australia's 1st
open banking platform gives customers control over their data

A leading Australian vehicle financier
600,000+
vehicles

$A51.0 billion
total deposits[2]

Australian loan and lease portfolio of
$A61.3 billion[3]

30+ years bringing innovation and competition to **Australian consumers**

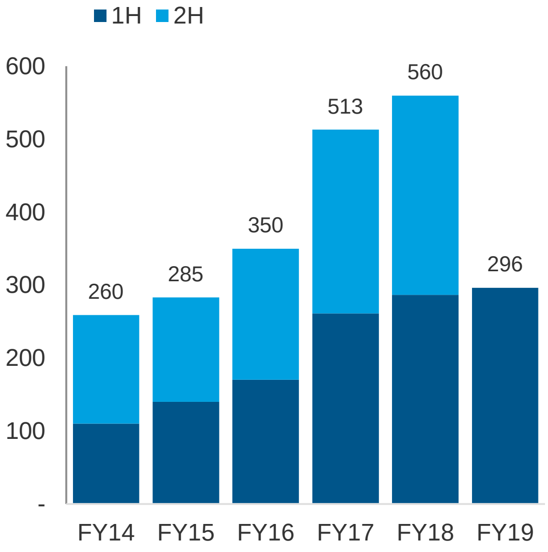
Rebuilt our tech stack and are the first to offer lending and retail deposits on **one core banking system**

* Based on FY18 net profit contribution from operating groups.
1. Best Digital Banking Offering & Most Innovative Card Offering at 2017 Australian Retail Banking awards / Winner in the 2018 Mozo Experts Choice Awards in the Travel Money/ International Money Transfer category.
2. At 31 December 2018. BFS deposits exclude corporate/wholesale deposits.
3. At 31 December 2018.

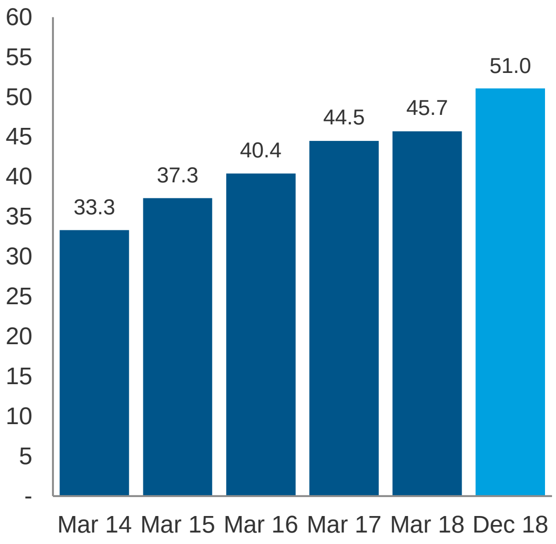
Banking and Financial Services

Growth in BFS deposits and loans

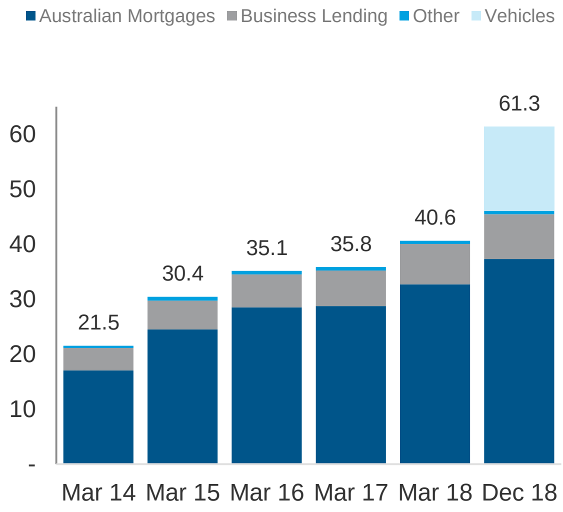
Net Profit Contribution[1] ($Am)



BFS Deposits[2] ($Ab)



Australian loan and lease portfolio[3] ($Ab)



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY13 comparatives have been restated to reflect the current methodology. 2. BFS deposits exclude any Corporate/Wholesale deposit balances. 3. The Australian loan and lease portfolio comprises residential mortgages, loans to Australian businesses, vehicle asset finance, and other includes insurance premium funding and credit cards. Vehicles portfolio moved from CAF Asset Finance to BFS effective 1 Dec 2018.

Commodities and Global Markets

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

FY18 Net profit contribution
$A910 million

▼**6%** on FY17

30+ years in metals, equities, futures and FX markets

20+ years in agricultural markets

15 years in energy markets

18%* Market trading across **160+** products in **25+** market segments

MACQUARIE

No.2 **physical gas** marketer in North America[1]

Derivatives **House of the Year[2]** Energy

Differentiated insights on **2,000+ stocks** **globally**

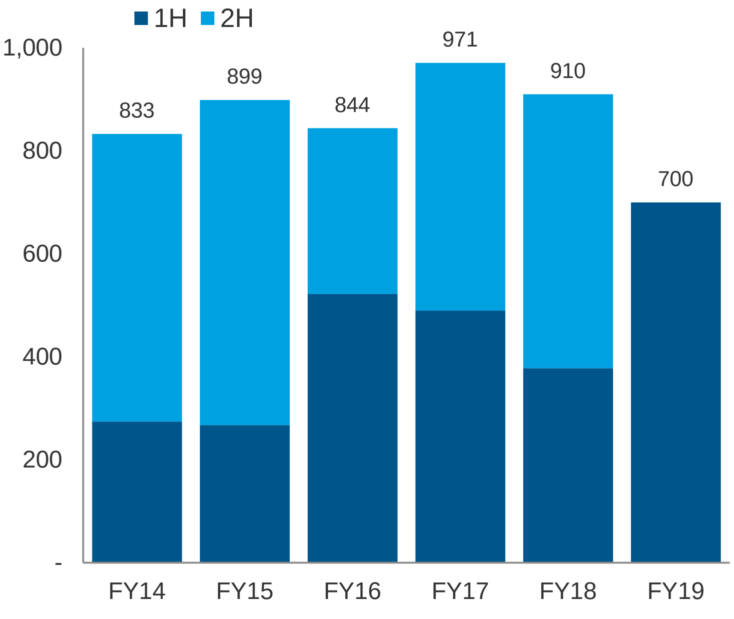
Direct access to **50+** equity exchanges and liquidity venues

* Based on FY18 net profit contribution from operating groups.
1. Platts 3Q CY18.
2. 2018 Energy Risk Awards.

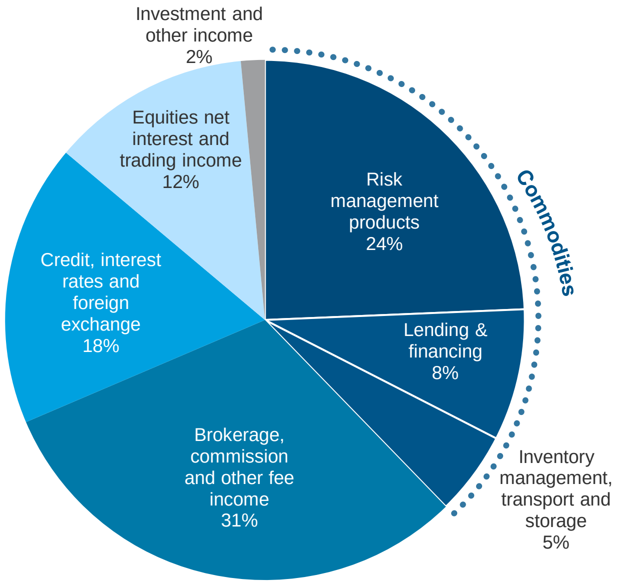
Commodities and Global Markets

Integrated, end-to-end offering across global markets

Net Profit Contribution[1] ($Am)



Net Operating Income[2]



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. For the full year ended 31 Mar 18, excluding impairment charges, provisions, net gains on sale and internal management (charge)/revenue, based on the Management Discussion & Analysis income classifications.

Macquarie Capital

Advises and invests alongside clients and partners to **realise opportunity**

FY18 Net profit contribution*
$A700 million

▲45% on FY17

Energy

Infrastructure and utilities

Real estate

Technology

Telecommunications, media and entertainment

Resources

Industrials

Financial institutions

14%*

$A352 billion completed deals in FY18[7]

MACQUARIE

No.1 global infrastructure finance adviser[1]

No.1 completed **M&A deals** in ANZ[2]

Most Innovative Investment Bank for Infrastructure and Project Finance[3]

Australian Renewable Energy Deal of the Year – Wind – Coopers Gap Wind Farm[4]

Best Financial Structure – Transport (Silver) D4/R7 Highway PPP, Slovak Republic[5]

Global leader in green energy

60+ green energy projects under development or construction

Project & Infrastructure Finance Award Best Project Sponsor[6]

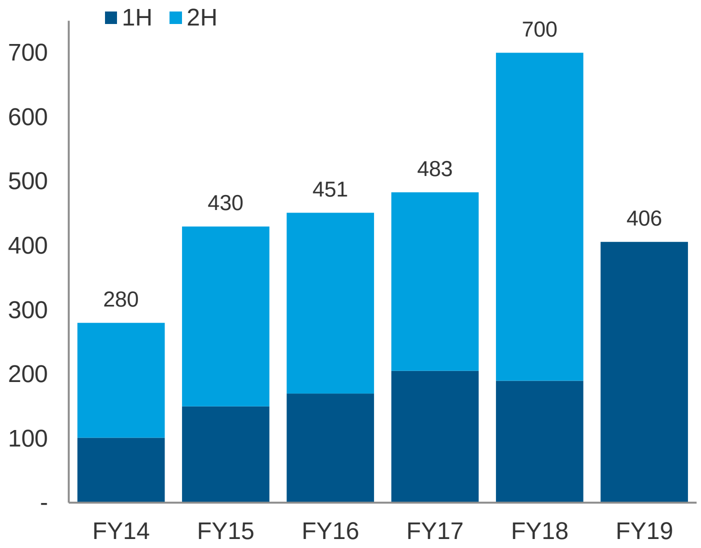
Project & Infrastructure Finance Award Best Power Financing – Norte III[6]

* Based on FY18 net profit contribution from operating groups.
1. Inframation (CY18, by volume). 2. Dealogic (CY18, by volume). 3. The Banker (2018). 4. The Asset (2018). 5. Partnerships Awards (2018). 6. LatinFinance (2018). 7. Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions converted as at 31 Mar 2018. Deal values reflect the full transaction value and not an attributed value.

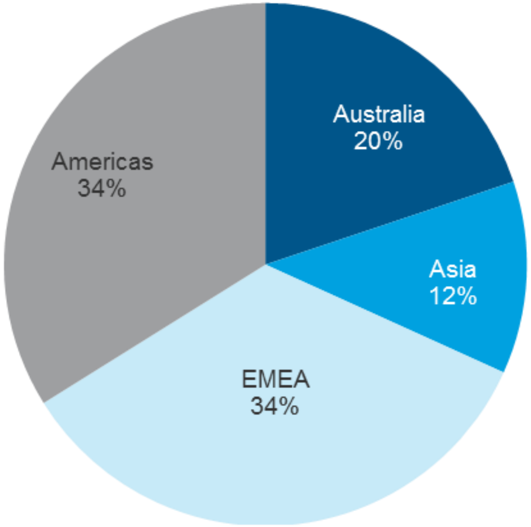
Macquarie Capital

Globally diversified with a core strength in real assets

Net Profit Contribution[1] ($Am)



Income by region[2]



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Income by region reflects FY18 net operating income excluding internal management revenue/(charge).

03 | 3Q19 update

3Q19 overview

- Satisfactory trading conditions with significant realisations in 3Q19 across the Group
- Macquarie's annuity-style businesses' (MAM, CAF and BFS) combined 3Q19 net profit contribution[1] slightly up on pcp (3Q18)
  - FY19 YTD[2] net profit contribution[1] down on FY18 YTD[2] mainly due to: lower performance fees in MAM; offset by timing of transactions in CAF Principal Finance; and continued growth in BFS
- Macquarie's markets-facing businesses' (CGM and MacCap) combined 3Q19 net profit contribution[1] significantly up on pcp
  - FY19 YTD[2] net profit contribution[1] significantly up on FY18 YTD[2] primarily due to: higher principal revenue in MacCap; and the strong performance of the commodities platform in CGM

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. YTD refers to the nine months to 31 Dec for the relevant year.

MACQUARIE

3Q19 Overview

Annuity-style businesses

Macquarie Asset Management

29%

1H19 contribution[1]

- AUM of $A532.1b[2] at Dec 18, down 2% on Sep 18 predominately driven by market movements
- MIRA: $A116.8b in EUM[3], up 10% on Sep 18; $A8.7b in new equity raised in 3Q19 including $A7.4b in Europe; $A1.0b of equity invested; $A1.2b of asset divestments; and $A24.3b of equity to deploy at Dec 18
- MIRA: Appointed as investment manager of The Infrastructure Fund (TIF), a $A2.5b unlisted infrastructure fund in Australia
- MIM: $A346.2b in AUM, down 5% on Sep 18, predominately driven by market movements and net flows; awarded $A8.4b[4] in new, funded institutional mandates and contributions

Corporate and Asset Finance

17%

1H19 contribution[1]

- Asset Finance and Principal Finance portfolio of $A21.6b at Dec 18, broadly in line with Sep 18
- Asset Finance originations in line with expectations
- Notable transactions include Asset Finance being awarded the next two years of funding for the rollout of second generation smart meters in the UK for one of the largest energy suppliers following a competitive tender process
- Principal Finance portfolio additions of $A0.6b in 3Q19
- Notable transactions include completion of Principal Finance's acquisition of a 50% interest in a leading UK car park management and solutions company, and completion of the acquisition of a 50% interest in a portfolio of multifamily rental properties and development pipeline in the US
- Notable realisations included the sale of Principal Finance's majority stake in Energetics, a leading UK multi-utility network provider, to a European infrastructure investor
- MIDIS' total third party investor commitments increased to $A11.0b; closed a number of investments bringing total AUM to $A7.8b[5]

Banking and Financial Services

11%

1H19 contribution[1]

- Total BFS deposits[6] of $A51.0b at Dec 18, up 3% on Sep 18
- Australian mortgage portfolio of $A37.3b at Dec 18, up 3% on Sep 18
- Funds on platform[7] of $A82.6b at Dec 18, down 6% on Sep 18, mainly due to market movements
- Business banking loan portfolio of $A8.1b at Dec 18, up 4% on Sep 18
- Australian vehicle asset finance portfolio[8] of $A15.3b at Dec 18, down 1% on Sep 18

1. Based on 1H19 net profit contribution from operating groups as reported on 2 Nov 18 and has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Compared to $A542.5b restated as at 30 Sep 18. 3. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. 4. For the nine months to 31 Dec 18. 5. MIDIS AUM includes undrawn commitments of $A0.6b. 6. BFS deposits exclude corporate/wholesale deposits. 7. Funds on platform includes Macquarie Wrap and Vision.
8. Portfolio moved from CAF Asset Finance to BFS effective 1 Dec 2018.

3Q19
Overview

Markets-facing businesses

Commodities and Global Markets

27%

1H19 contribution[1]

- Strong performance continued in North American Gas and Power, albeit with fewer opportunities from storage and management of transport positions in the latter part of the quarter
  - Maintained ranking as No.2 physical gas marketer in North America[2]
- Continued strong performance in Fixed Income & Currencies with increased client activity in structured FX in EMEA and Asia-Pacific
- Cash Equities impacted by challenging market conditions
- Improved results across the Futures platform driven by increased client activity and volumes

Macquarie Capital

16%

1H19 contribution[1]

- 78 transactions valued at $A155b[3] completed globally, up on pcp and prior period (by value), driven primarily by advisory activity in Europe, Australia and Americas, however Americas DCM activity down on a strong 2Q19
- Financial adviser to members of the supervisory board of Linde AG on its combined enterprise value of ~€80b merger with Praxair, Inc
- Financial adviser to Wesfarmers Limited in relation to the ~$A19b demerger of Coles Group Limited, the largest spin off in ASX history[4]
- Financial adviser to KKR on its acquisition of BMC Software and joint bookrunner and joint lead arranger on the $US6.6b financing to support the acquisition
- Realisation of Macquarie's 21.8% interest in Quadrant Energy through the sale of 100% of the business to Santos Limited for $US2.2b, plus the realisation of Macquarie's 23.9% interest in PEXA, through a trade sale process valuing 100% of the business at $A1.6b
- Green Investment Group alongside Covanta invested in a 50% stake in Earls Gate Energy Centre, a waste to energy plant to be constructed in Scotland
- Green energy realisations included Markbygden ETT (Swedish onshore wind), Westermost Rough (UK offshore wind) and Lincs (UK offshore wind)
- No. 1 in ANZ for completed M&A[5] and No. 2 in ANZ for ECM deals[6]
- No. 1 Global Infrastructure Financial Advisor[7] and No. 1 US LBO Loans Bookrunner – Software & Services[8]

1. Based on 1H19 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Platts Q3 CY18.
3. Dealogic and IJGlobal for Macquarie Group 3Q19 completed M&A, principal investments, ECM and DCM transactions, converted at 31 Dec 18 FX rate. Deal values reflect the full transaction value and not an attributed value.
4. Refinitiv (1 Apr 87 – 14 Jan 19, by 'spin off'). 5. Dealogic CY18 (by volume). 6. Dealogic CY18 (by value). 7. Inframation CY18 (by volume and value). 8. Bloomberg CY18.

04 Outlook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• 1788 •
NEW SOUTH WALES
1813
NEW SOUTH WALES
1813

Factors impacting short-term outlook

MACQUARIE

Annuity-style businesses

Macquarie Asset Management (MAM)

Base fees expected to be up, benefiting from strong capital raising and deployment in MIRA and platform acquisitions

Performance fees and investment-related income (net of impairments) expected to be down[1]

Corporate and Asset Finance (CAF)

Asset Finance portfolio broadly in line

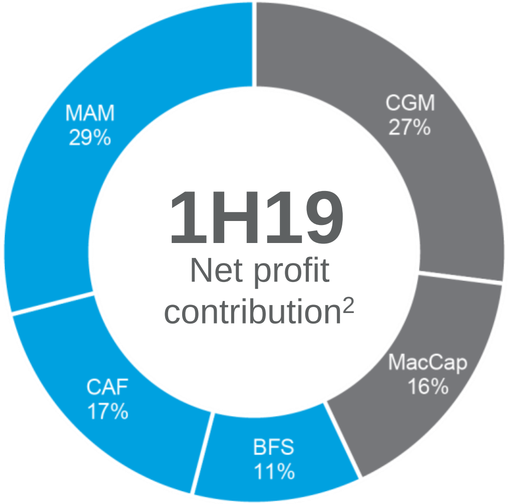
Timing and level of **early prepayments and realisations** in Principal Finance

Reduced loan volumes in Principal Finance

Banking and Financial Services (BFS)

Higher deposit, loan portfolio and platform volumes

NIM pressure due to higher costs and competitive pressures



Markets-facing businesses

Commodities and Global Markets (CGM)

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

Business benefited from **strong market conditions** in 1H19

Macquarie Capital (MacCap)

Assume **market conditions broadly consistent** with 1H19

Fewer investment realisations expected given strong first three quarters of FY19

Corporate

Compensation ratio to be consistent with historical levels

Based on present mix of income, along with the favourable impacts of US tax reform, the FY19 **effective tax rate** is expected to be down on FY18

1. Excludes Macquarie Real Estate Investments 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups as reported on 2 Nov 18 and has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018.

Short-term outlook

MACQUARIE

- While the impact of future market conditions makes forecasting difficult, we currently expect an increase of up to 15 per cent in the FY19 result compared with the FY18 result
- Our short-term outlook remains subject to:
  - The conduct of period-end reviews and the completion rate of transactions
  - Market conditions
  - The impact of foreign exchange
  - Potential regulatory changes and tax uncertainties
  - Geographic composition of income

Medium-term

MACQUARIE

- 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 acquisitions
    - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
  - Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Commodities and Global Markets and Macquarie Capital
- Ongoing 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

30 September 2018

Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. 1H19 Return on Ordinary Equity[2]	Approx. 12-Year Average Return on Ordinary Equity[2]
Annuity-style businesses	**9.0**		
Macquarie Asset Management	2.2	19%	20%[3]
Corporate and Asset Finance	4.2		
Banking and Financial Services	2.6		
Markets-facing businesses	**7.0**		
Commodities and Global Markets	3.7	19%	15% - 20%
Macquarie Capital	3.3		
Corporate	**0.4**		
Total regulatory capital requirement @ 8.5%	16.4		
Group surplus	3.4		
Total APRA Basel III capital supply	**19.8**[4]		

1. Business Group capital allocations are based on 30 Jun 18 allocations adjusted for material movements over the Sep 18 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on operating group's forecast 1H19 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. Equity is based on the quarterly average equity usage from FY18 to 1H19 inclusive. 1H19 equity is based on 30 Jun 18 allocations adjusted for forecast material movements over the Sep 18 quarter. 12-year average covers FY07 to FY18, inclusively. 3. CAF returns prior to FY11 excluded from 12-year average as not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of $A16.6b of ordinary equity and $A3.2b of hybrids.

Medium-term

Annuity-style businesses

Macquarie Asset Management (MAM)

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

Well positioned for organic growth

Corporate and Asset Finance (CAF)

Leverage deep industry expertise to maximise growth potential in asset and loan portfolios

Positioned for further asset acquisitions and realisations, subject to market conditions

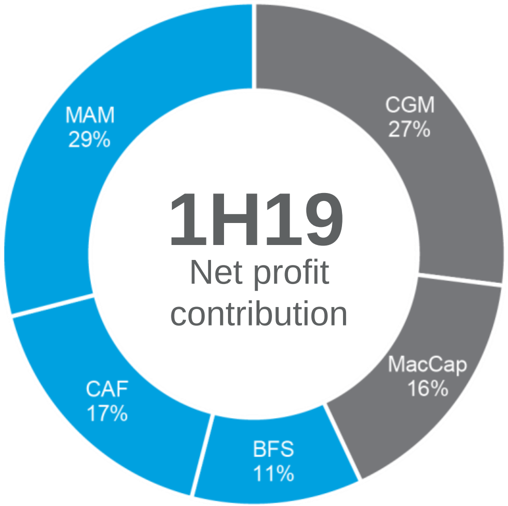
Targeting tailored finance and asset management solutions to clients across specialised assets through the cycles

Banking and Financial Services (BFS)

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

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

Modernising technology to improve client experience and support growth



Markets-facing businesses

Commodities and Global Markets (CGM)

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

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

Increase financing activities

Growing the client base across all regions

Leveraging a strong market position in Asia-Pacific through investment in the equities platform and further integration of the business across CGM

Macquarie Capital (MacCap)

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

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

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups as reported on 2 Nov 18 and has not been restated for business reorganisations affecting MAM, CAF and BFS that occurred during Dec 2018.

05 Appendix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A | Select slides from result announcement for the half-year ended 30 September 2018

MACQUARIE

Income Statement key drivers

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income	2,229	2,051	1,892
Fee and commission income	2,661	2,102	2,568
Net operating lease income	461	466	469
Share of net profits of associates and joint ventures	7	138	103
Credit and Other impairment charges	(76)	(224)	(142)
Investment income	485	787	446
Other income	63	203	61
Net operating income	**5,830**	**5,523**	**5,397**
Employment expenses	(2,454)	(2,232)	(2,261)
Brokerage, commissions and trading-related expenses	(579)	(408)	(422)
Other operating expenses	(1,092)	(1,123)	(1,010)
Total operating expenses	**(4,125)**	**(3,763)**	**(3,693)**
Operating profit before tax and non-controlling interests	**1,705**	**1,760**	**1,704**
Income tax expense	(374)	(435)	(448)
Non-controlling interests	(21)	(16)	(8)
Profit attributable to MGL shareholders	**1,310**	**1,309**	**1,248**

- Net interest and trading income of $A2,229m, up 18% on 1H18
  - Increased contribution across CGM's commodities platform driven by client activity and improved trading opportunities
  - Growth in deposit and Australian loan portfolio in BFS
  - Changes in fair value on economic hedges and higher earnings on capital in Corporate
  - Partially offset by reduced income from early repayments, realisations and the reduction in the size of CAF's Principal Finance portfolio
- Fee and commission income of $A2,661m, up 4% on 1H18
  - Increase in Futures and Cash equity markets commission income from increased market turnover and activity in Asia, and an increase in ECM fee income from Asia-Pacific in CGM
  - Higher fee income from M&A, DCM and ECM in Macquarie Capital
  - Increase in income following the adoption of AASB 15 ($A141m), offset in brokerage, commissions and trading-related expenses
  - Partially offset by lower performance fees from a strong 1H18 in MAM
- Share of net profits of associates and joint ventures of $A7m, down on 1H18
  - Losses from associates and joint ventures reflecting underlying investing activity including expenditure on green energy and other projects in the development phase in Macquarie Capital
  - Partially offset by the sale and revaluation of certain underlying assets within equity accounted investments in MAM
- Lower credit and other impairment charges compared to 1H18, which included impairments on legacy assets in Corporate and underperforming financing facilities in CGM
- Investment income of $A485m, up 9% on 1H18 due to gains in the green energy and technology sectors in Macquarie Capital, partially offset by non-recurring gains on reclassification of certain investments in 1H18 in MAM and CAF
- Employment expenses of $A2,454m, up 9% on 1H18 driven by higher average headcount, increased share-based payments expense and unfavourable foreign exchange movements
- Other operating expenses of $A1,092m, up 8% on 1H18 driven by increased business activity in the majority of operating groups, unfavourable foreign exchange movements and investments in technology in BFS and CGM
- Income tax expense of $A374m decreased 17% due to reduced US tax rates, and the geographic composition and nature of earnings

Operating income

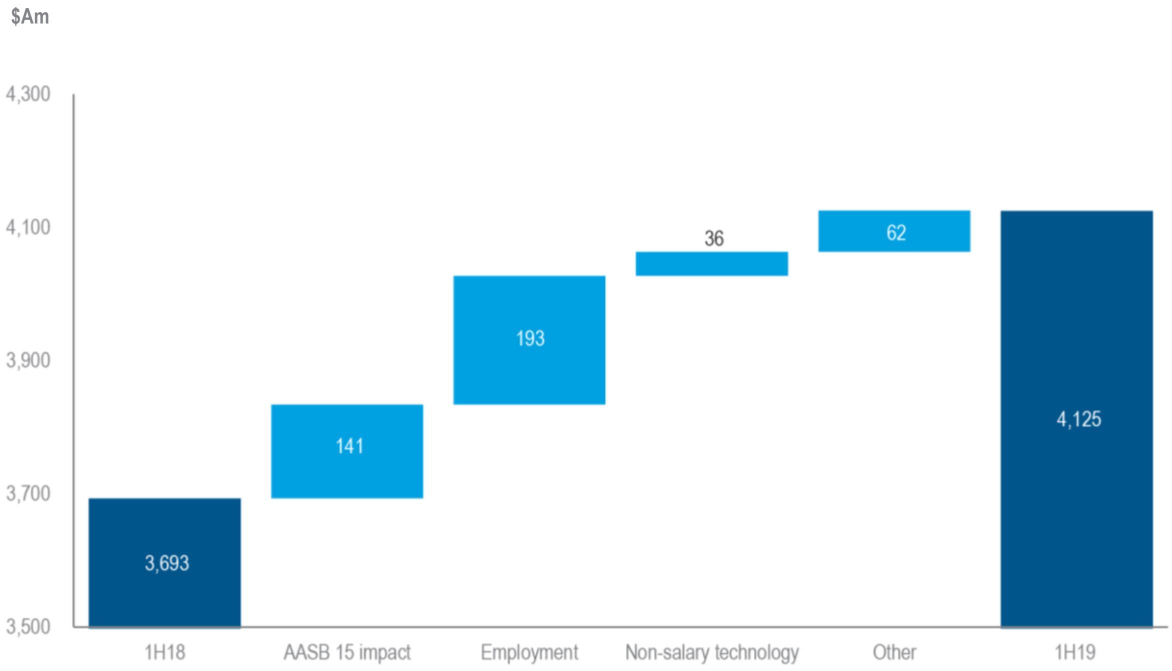
Operating income excluding AASB 15 up 5%

KEY DRIVERS

- Following the adoption of AASB 15, $A141m of fee expenses relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified as Operating expenses
- Other operating income driven by underlying growth in the business

Operating expenses

Operating expenses excluding the impact of AASB 15 are up 8%

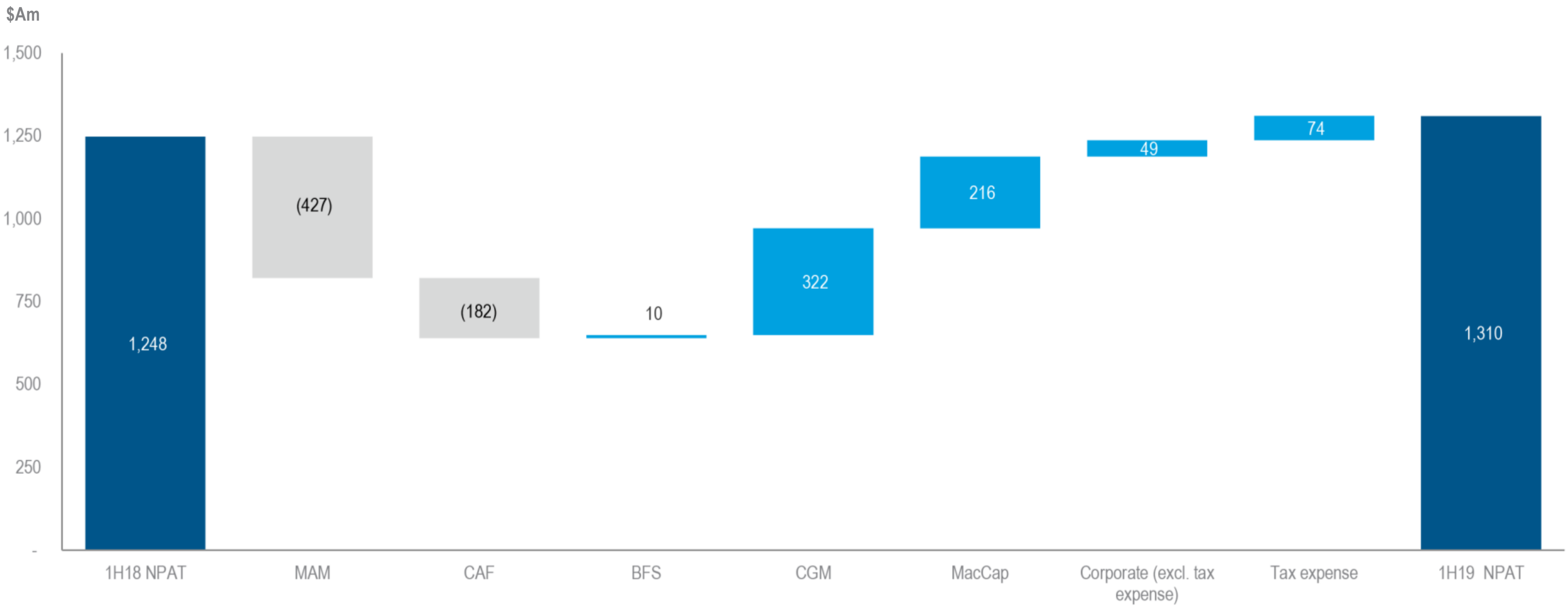


KEY DRIVERS

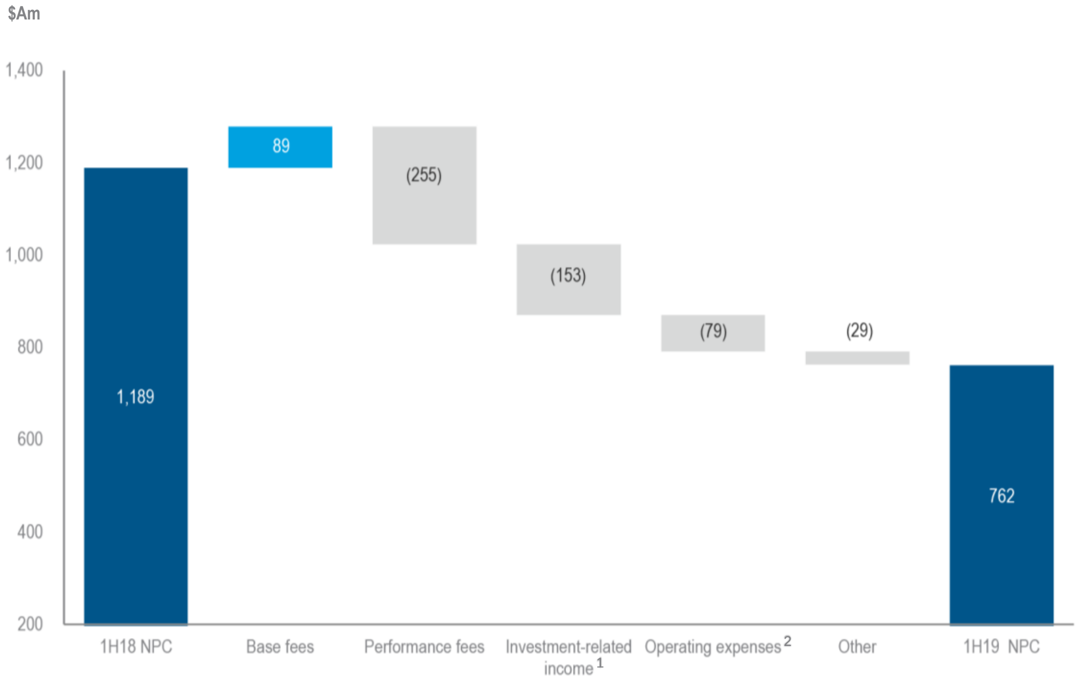
- Following the adoption of AASB 15, $A141m of fee expenses relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified to Brokerage, commission and trading-related expenses
- Employment expenses mainly reflecting increased activity

Income Statement by operating group

Net profit contribution



Macquarie Asset Management

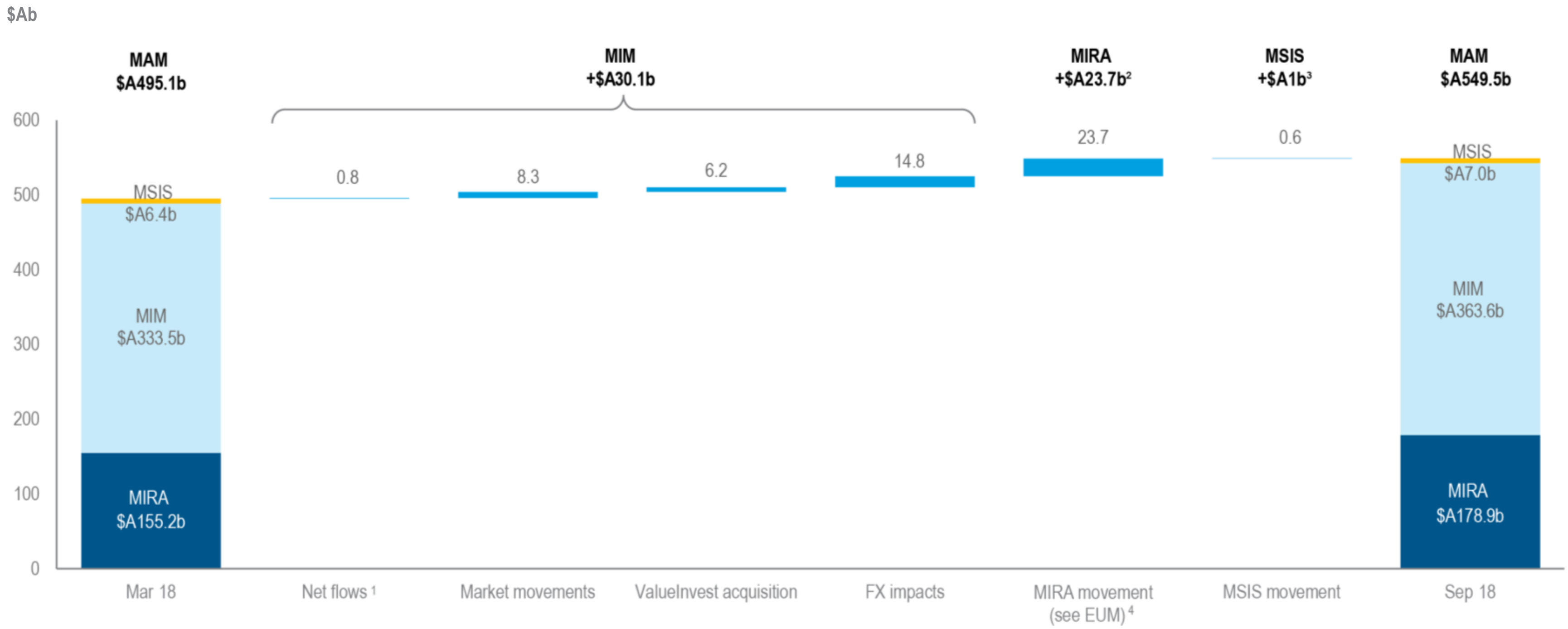


KEY DRIVERS

- Base fees up due to:
  - Investments made by MIRA-managed funds, increases in AUM primarily driven by foreign exchange impacts and positive market movements, and contributions from businesses acquired during the period (GLL Real Estate Partners and ValueInvest)
  - Partially offset by asset realisations in MIRA-managed funds
- Lower performance fees compared to a strong 1H18 which included MEIF3, ALX (formerly MQA) and other MIRA-managed funds and co-investors. The current period included performance fees from a broad range of funds and co-investors with respect to infrastructure and real estate assets including ALX
- Lower investment-related income compared to a strong 1H18 which included gains on reclassification of certain investments
- Higher operating expenses which were mainly driven by business growth during the period, the impact of acquisitions of GLL Real Estate Partners and ValueInvest and foreign exchange movements

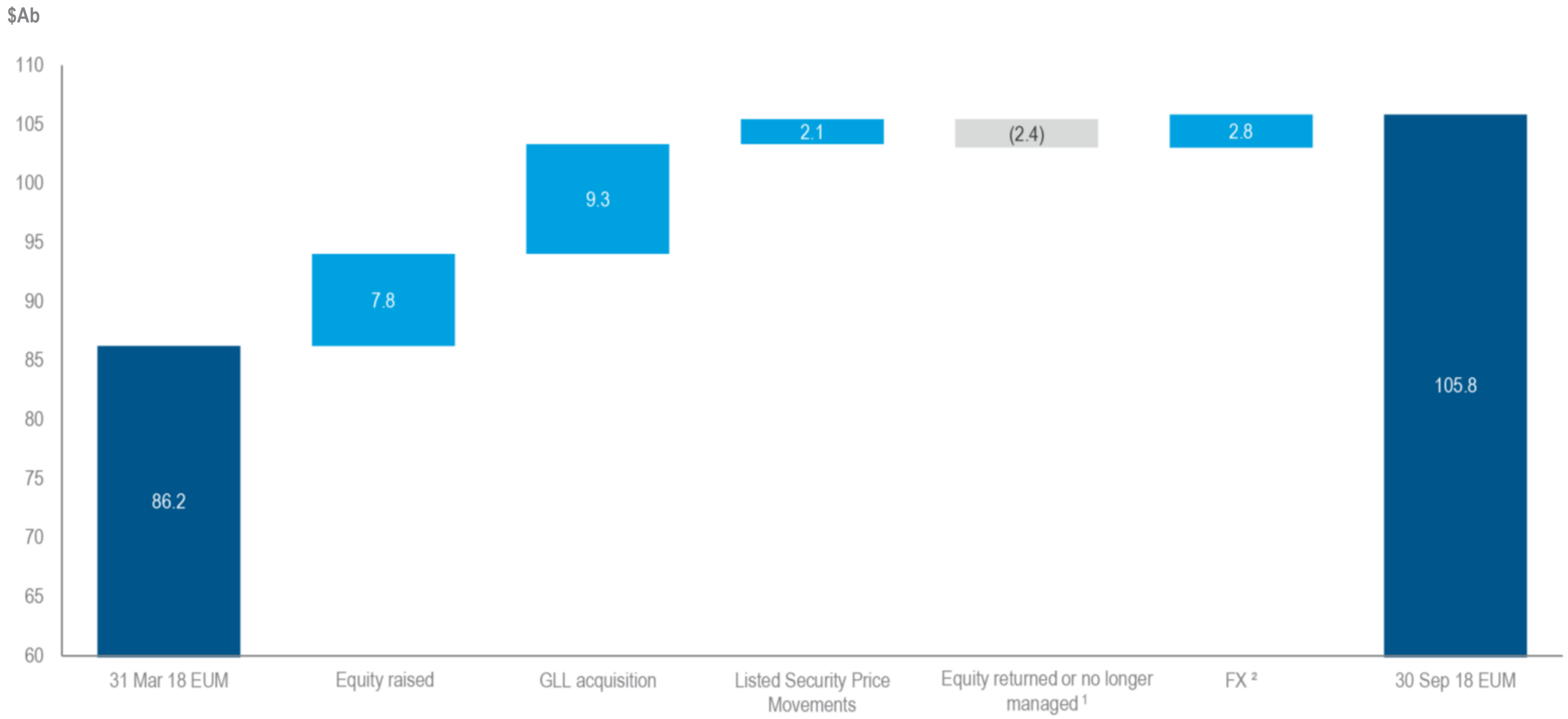
1. Represents movement in net income on equity and debt investments and share of net profits of associates and joint ventures. 2. Movement excludes certain costs which net with associated revenues including the impacts of AASB 15 as well as expenses reclassified relating to an asset previously held for sale.

MAM AUM movement



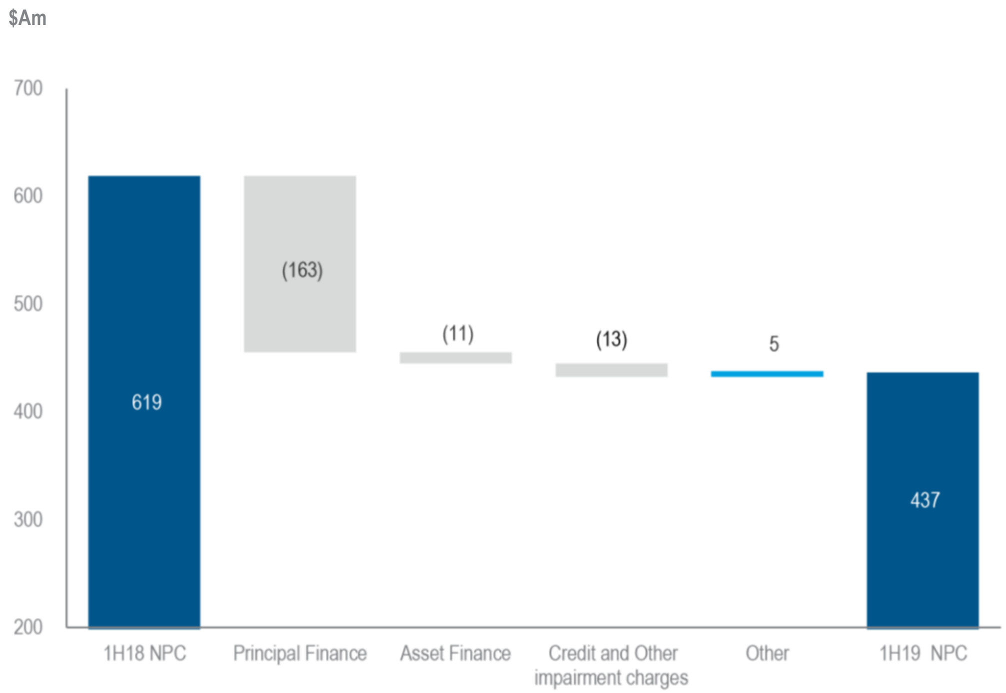
1. Includes movement in contractual insurance assets. 2. Includes acquisition of GLL Real Estate Partners. 3. MIDIS increase offset by maturing Australian retail products. 4. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes – refer to MIRA EUM movement on slide 32. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. Refer MD&A s7.1 & 7.2 for further information with respect to EUM and AUM measures.

MIRA EUM movement



1. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. 2. FX reflects the movement in EUM driven by changes in FX rates. EUM is calculated using capital commitments translated at period end FX rates. Spot FX rates are used for capital raised and returned and average FX rates are used for security price movements.

Corporate and Asset Finance



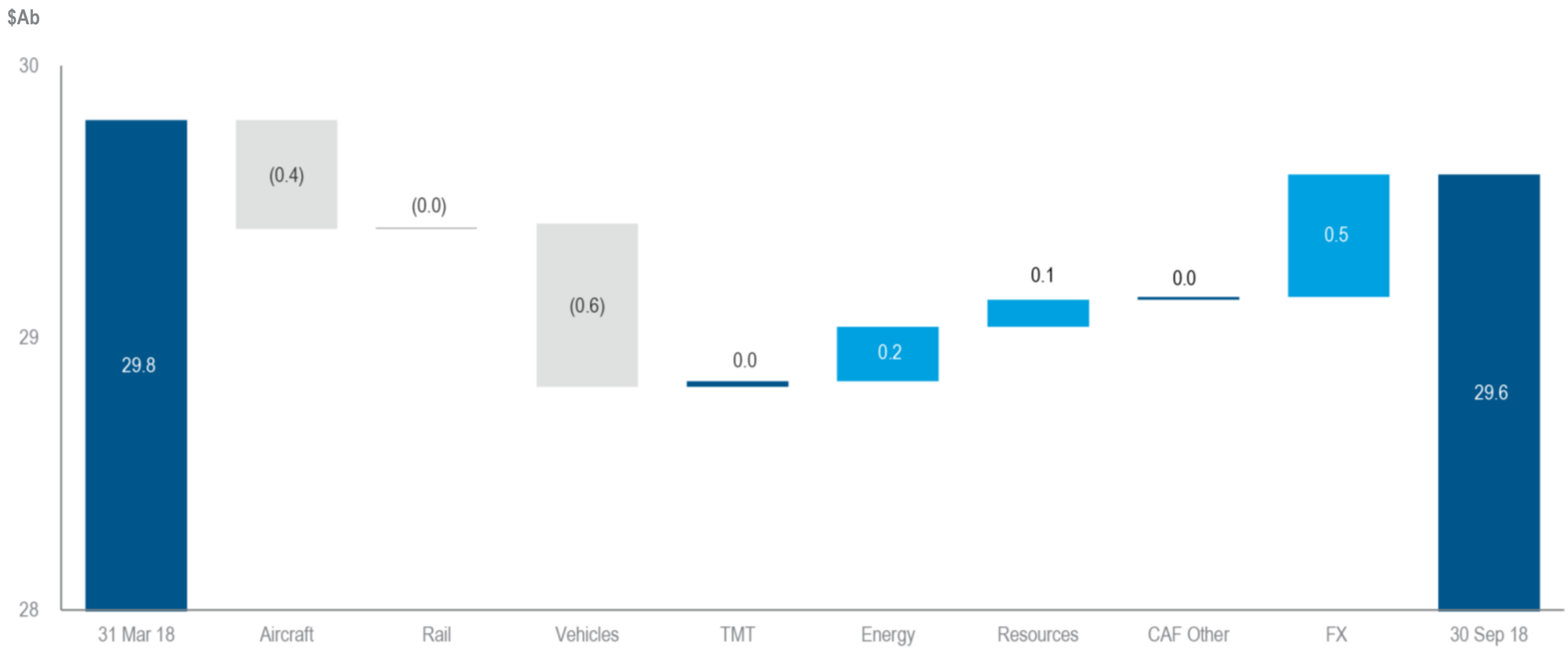
KEY DRIVERS

- Lower Principal Finance contribution driven by decreased income from early repayments, realisations and investment-related income and lower interest income as a result of the reduction in the size of the portfolio
- Asset Finance contribution was slightly down from the prior corresponding period driven by lower underlying net operating lease income in Aviation, partially offset by improved income from the Energy and Technology portfolios and favourable foreign exchange movements
- Higher credit and other impairment charges largely reflecting a partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios in the prior corresponding period

Corporate and Asset Finance

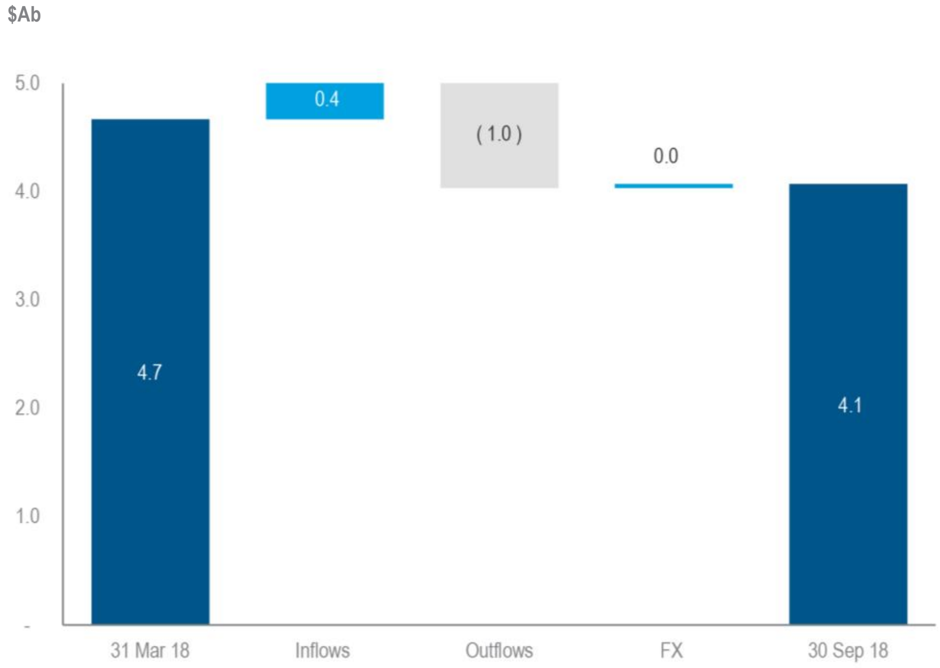
MACQUARIE

Asset Finance movement in the portfolio

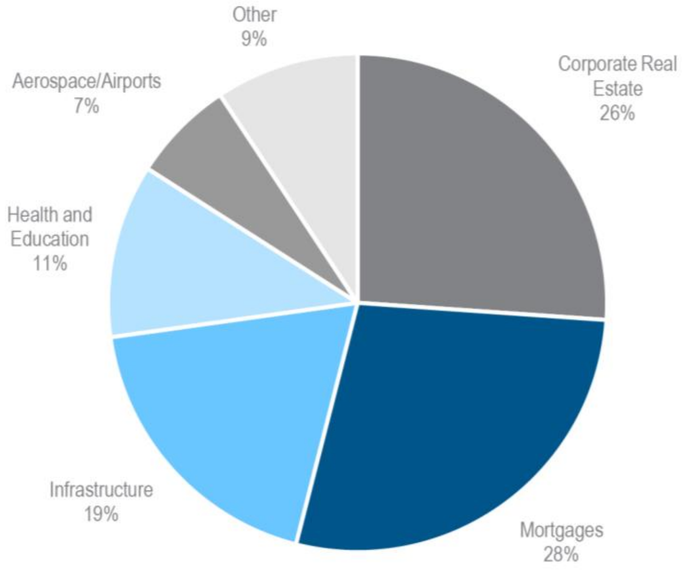


Corporate and Asset Finance

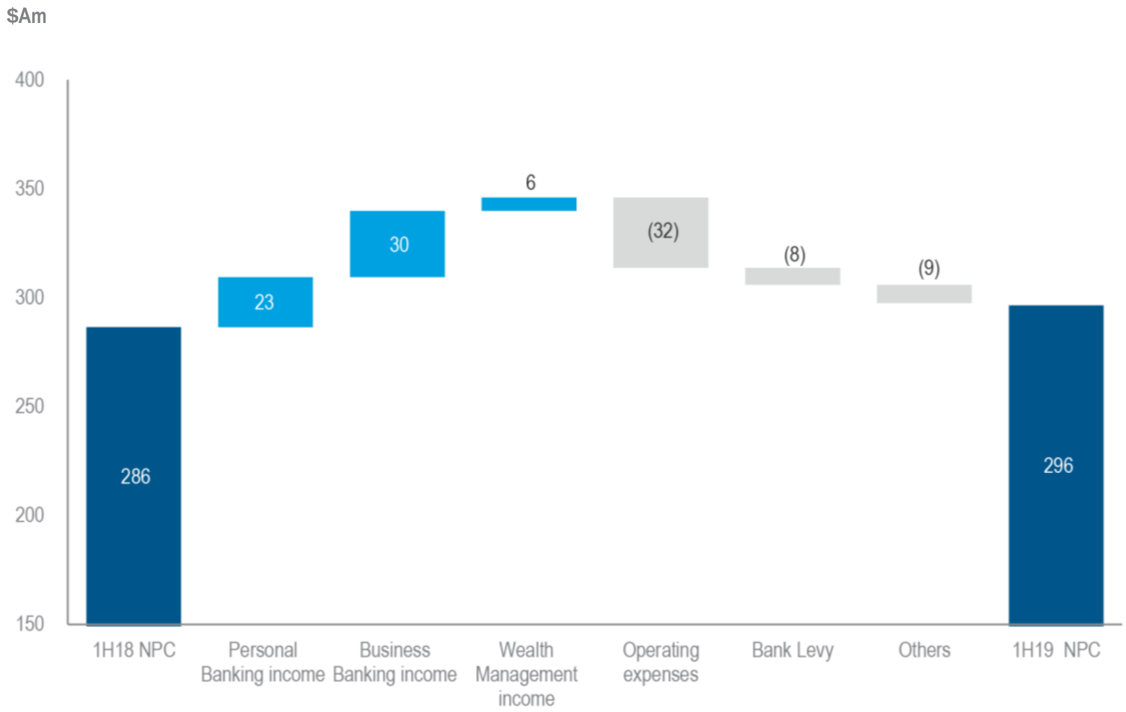
Principal Finance movement in the portfolio



Principal Finance exposure by category



Banking and Financial Services

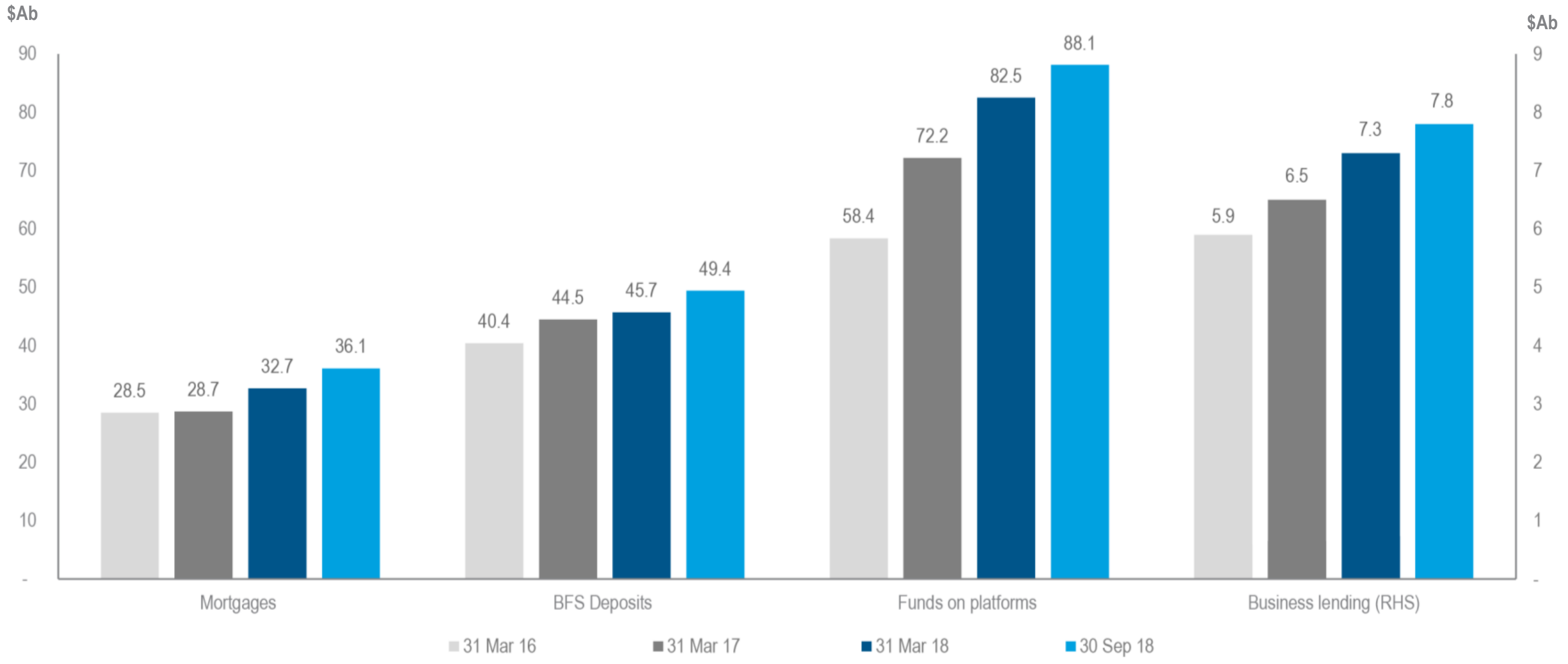


KEY DRIVERS

- Higher Personal Banking income driven by an 18% growth in average mortgage volumes
- Higher Business Banking income driven by a 12% growth in average business lending volumes and 6% growth in average business deposit volumes
- Higher Wealth Management income driven by an 11% increase in average funds on platform, net positive client inflows and market movements, partially offset by platform margin fee compression
- Higher operating expenses associated with investment in technology and headcount in key areas to support business growth
- Bank Levy incurred for 6 months vs 3 months in the prior corresponding period (effective 1 Jul 2017)

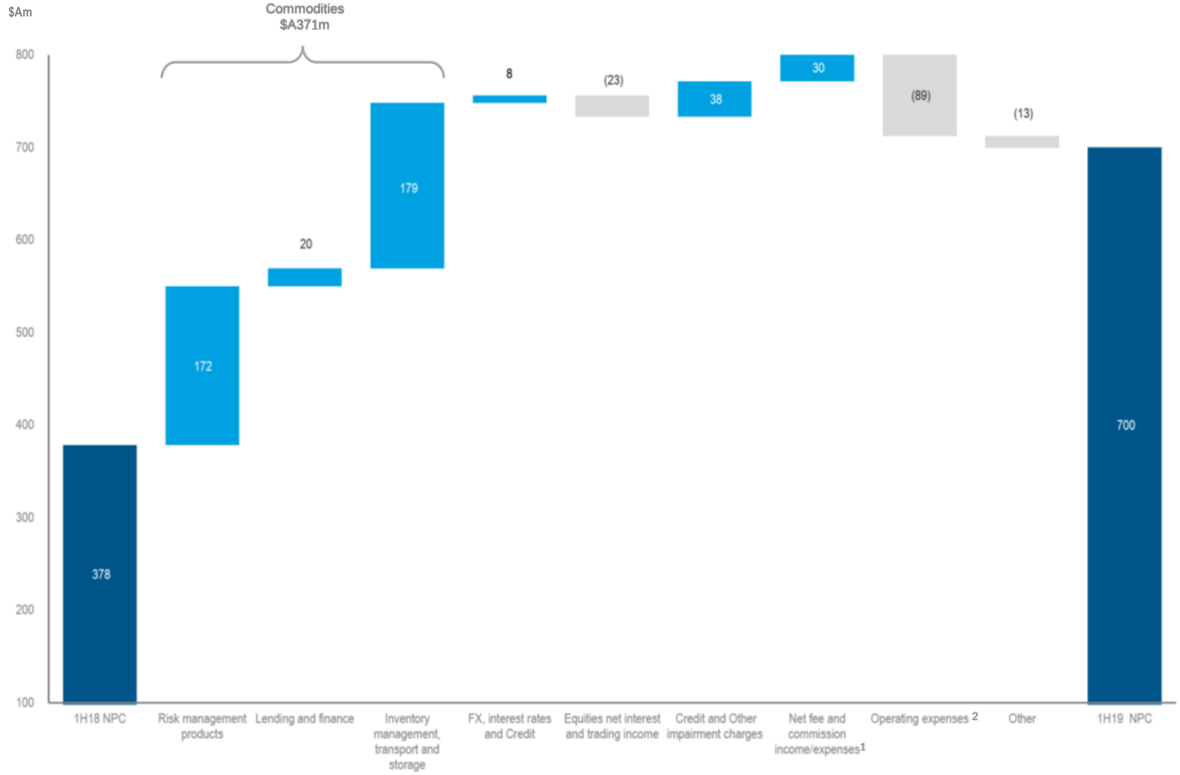
Banking and Financial Services

Strong balance sheet growth across the portfolios



Data based on spot volumes at period end.

Commodities and Global Markets



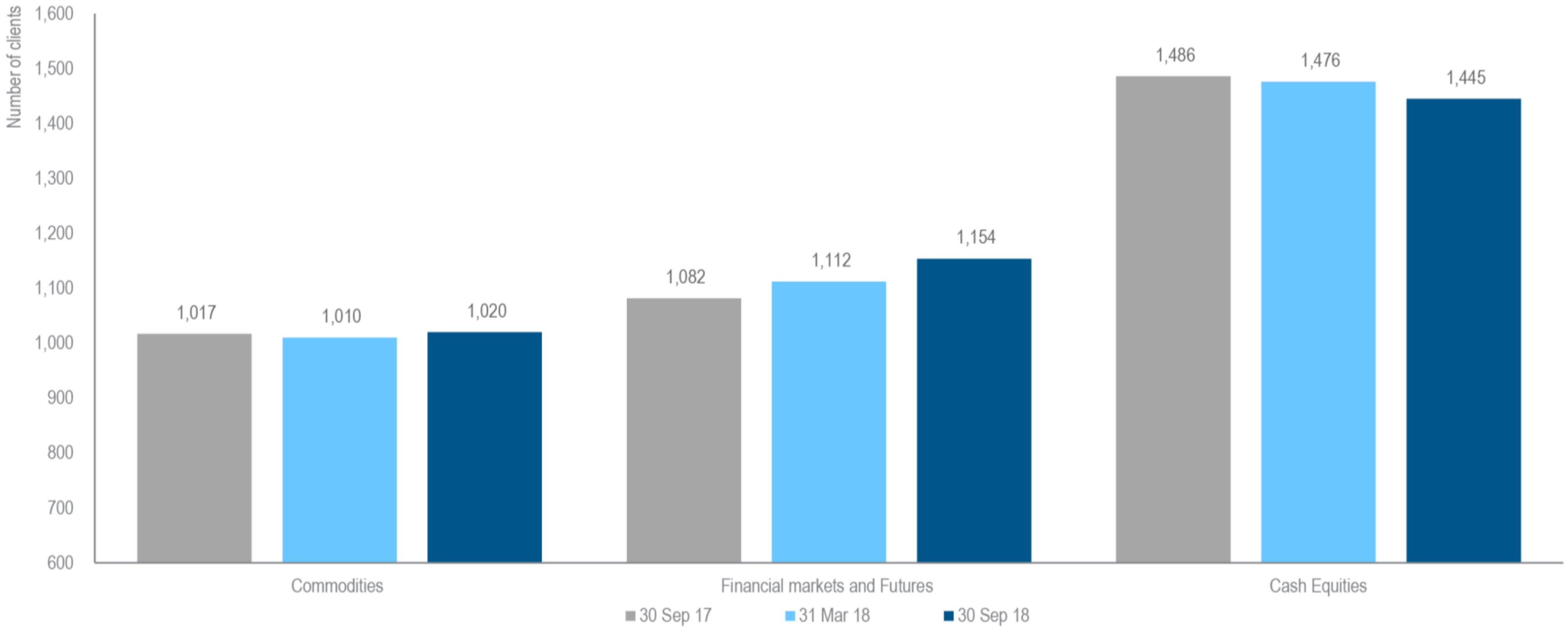
KEY DRIVERS

- Net interest and trading income (net of associated expenses)
  - Commodities
    - Strong results across the commodities platform particularly Global Oil, Gas and Agriculture from increased client hedging activity and trading opportunities
    - Increased contribution from commodity financing activities in the Americas and Asia-Pacific
    - Significant contribution from the North American Gas and Power business driven by opportunities across regional US centres as a result of supply-demand imbalance, partially offset by the timing of income recognition in relation to transport agreements and capacity contracts
  - Marginally higher foreign exchange, interest rates and credit income on a strong 1H18 driven by client contributions from foreign exchange structured products in North America and Asia-Pacific
  - Lower equity trading income reflecting challenging conditions and reduced opportunities, particularly in China and Taiwan
- Lower credit and other impairment charges with 1H18 impacted by write-downs recognised on underperforming financing facilities and impairment on certain commodity positions
- Increased net fee and commission income driven by Futures and Cash equity markets from an increase in client activity, increased market turnover in Asia, and an increase in equity capital markets fee income from Asia-Pacific
- Higher operating expenses largely driven by the full period impact of acquisitions completed in the prior year and an increase in investment in technology platforms

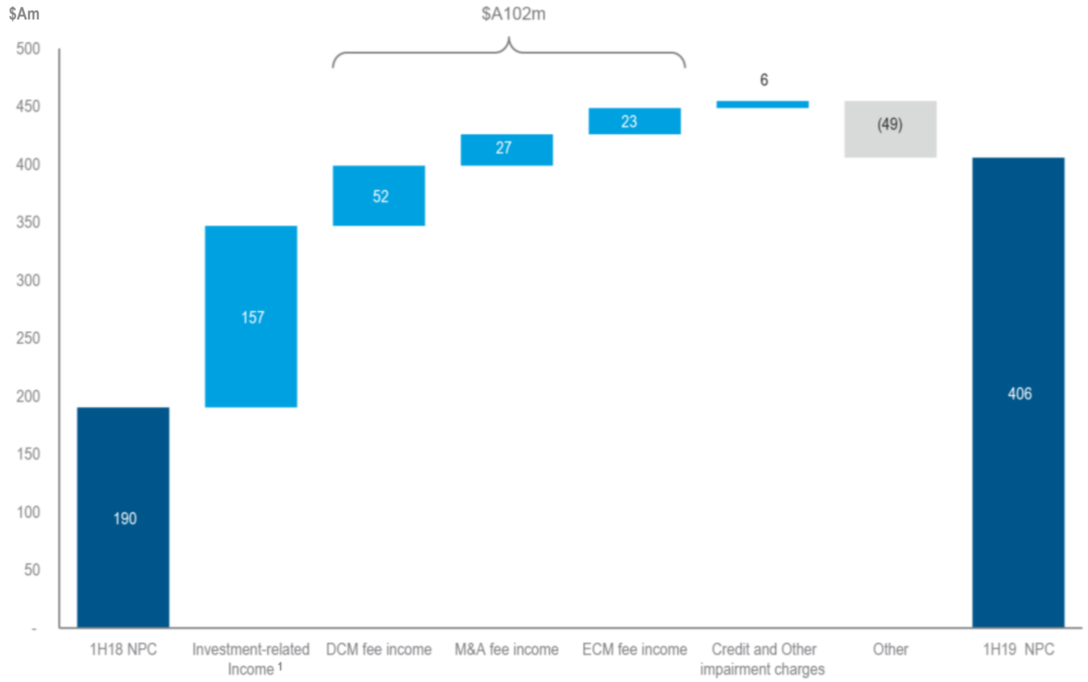
1. Includes fee and commission income as well as brokerage, commission and trading-related expenses. 2. Excludes brokerage, commission and trading-related expenses.

Commodities and Global Markets

Stable client base



Macquarie Capital



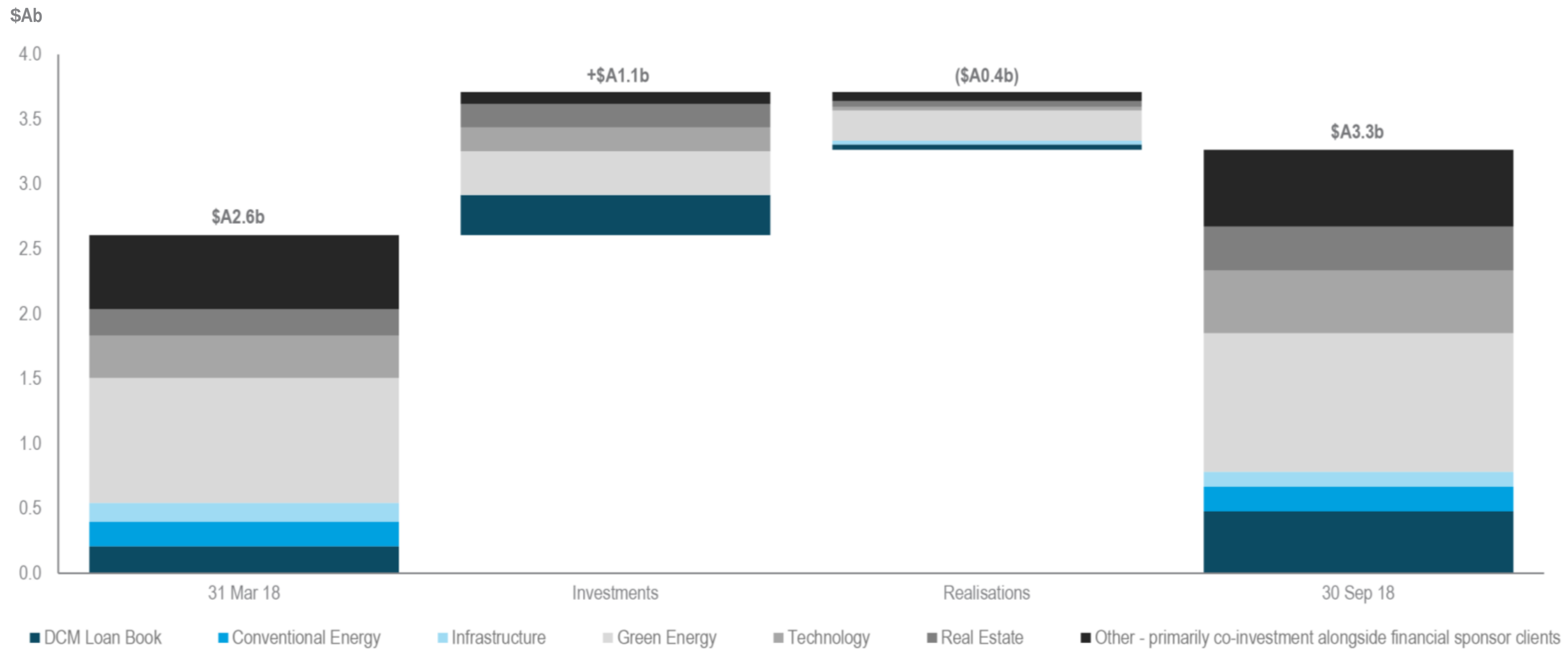
KEY DRIVERS

- Higher investment-related income:
  - Higher revenue from asset realisations and reclassifications in Europe, the US and Australia, particularly in green energy and technology
  - Higher interest income from the debt investment portfolio
  - Partially offset by higher share of losses of associates and joint ventures and other expenses reflecting expenditure on green energy and other projects in the development phase and higher funding costs for balance sheet positions
- Increased fee and commission income:
  - DCM: higher fee income in the US
  - M&A: higher fee income across Europe and the US partially offset by lower fee income in Australia
  - ECM: higher fee income in Australia
  - Includes the impact of adopting AASB 15
- Lower net credit and other impairment charges
- Other primarily reflects higher operating expenses from additional headcount, the impacts of adopting AASB 15 and unfavourable foreign exchange movements, and increased investing activity

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

Macquarie Capital

Movement in regulatory capital



Costs of compliance

Regulatory project spend	1H19 $Am	2H18 $Am	1H18 $Am
IFRS 9	7	8	6
MiFID II	6	14	10
OTC Reform	4	4	5
Royal Commission	3	1	-
Other Regulatory Projects (e.g. Broker Trading Commission Ceilings, Enterprise Data Management, Counterparty Data Master)	44	28	34
Sub-total	**64**	**55**	**55**

Business as usual compliance spend	1H19 $Am	2H18 $Am	1H18 $Am
Financial, Regulatory & Tax Reporting and Compliance	51	49	54
Compliance Policy and Oversight	43	45	42
AML Compliance	17	14	16
Regulatory Capital Management	10	9	9
National Consumer Credit Protection (NCCP)	8	4	3
Regulator Levies	7	2	8
Other Compliance functions (e.g. Business Resilience, APRA Resilience)	35	37	33
Sub-total	**171**	**160**	**165**
Total compliance spend	**235**	**215**	**220**

- The industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Direct cost of compliance approx. $A235m in 1H19 (excluding indirect costs), up on 1H18 and 2H18
- Projects and business as usual spend increased during 1H19, as a result of new projects (e.g. Royal Commission, Broker Trading Commission Ceilings) and continuing spend on activities (e.g. National Consumer Credit Protection, AML Compliance)

Balance sheet highlights

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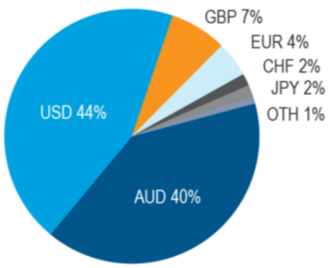
- Balance sheet remains solid and conservative
  - Term assets covered by term funding, stable deposits and equity
  - Minimal reliance on short-term wholesale funding markets
- Total customer deposits[1] continuing to grow, up 9% to $A52.3b as at Sep 18 from $A48.1b as at Mar 18
- $A5.9b[2] of term funding raised during 1H19:
  - $A3.7b MGL loan facilities[3]
  - $A1.0b Macquarie capital notes issuance
  - $A0.7b MGL refinance of secured trade finance facility
  - $A0.5b of term wholesale paper issued

1. Total customer deposits as per the funded balance sheet ($A52.3b) differs from total deposits as per the statutory balance sheet ($A52.6b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 2. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 3. Includes $A0.9b green financing.

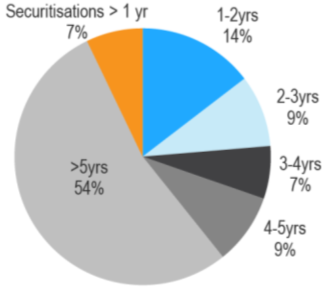
Diversified issuance strategy

Term funding as at 30 Sep 18 – diversified by currency[1], tenor[2] and type

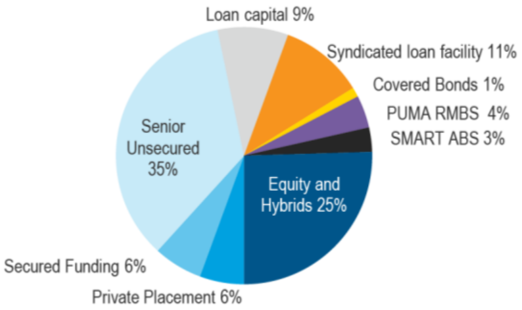
Currency



Tenor

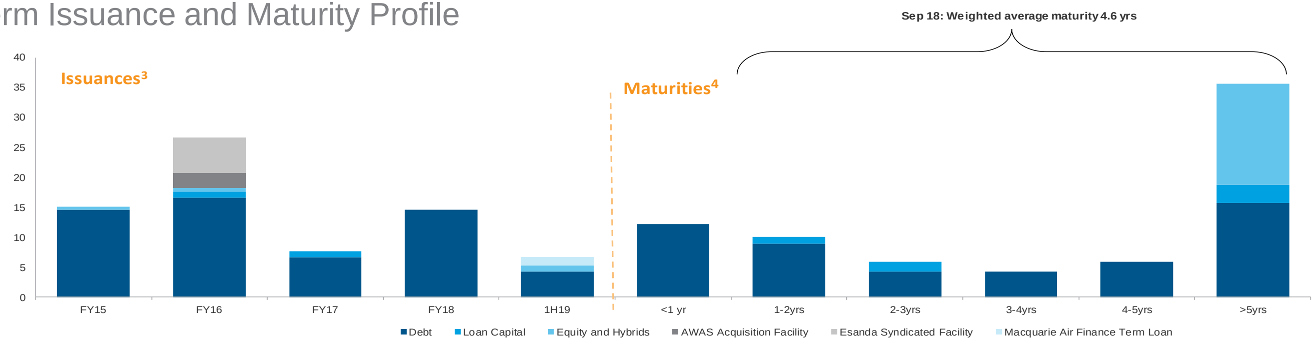


Type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.6 years

Term Issuance and Maturity Profile



Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances exclude securitisations and other secured finance. Issuances are converted to AUD at the 30 Sep 18 spot rate. 4. Maturities excludes securitisations. Maturities shown are as at 30 Sep 18.

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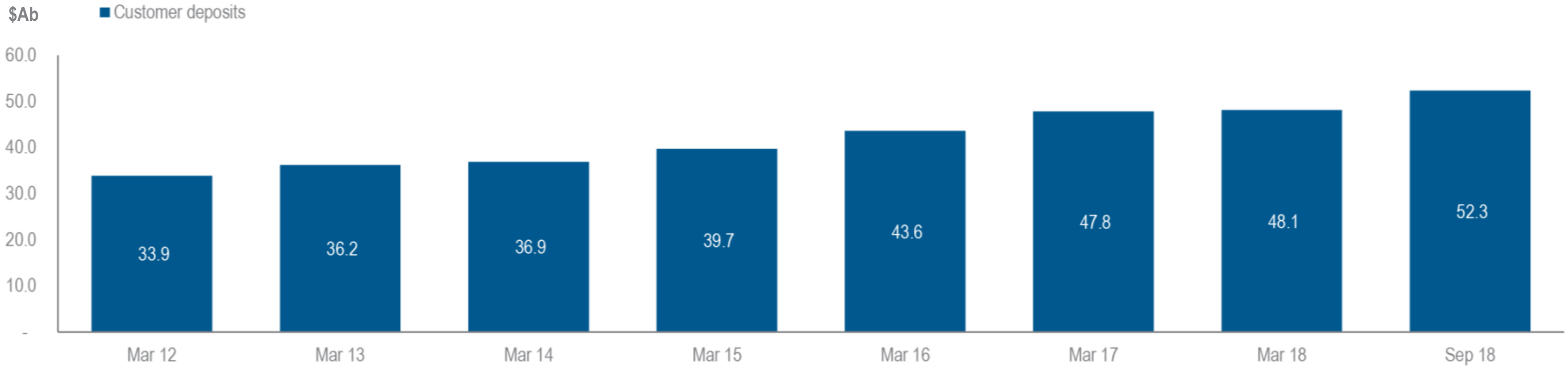
Continued customer deposit growth

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

- In excess of 1 million BFS clients, of which approximately 600,000 are depositors
- Focus on the quality and composition of the deposit base
- Continue to grow deposits, CMA product has an average account balance of approx. $A41,000

Deposit trend



Note: Total customer deposits include total BFS deposits of $A49.4b and $A2.9b of Corporate/Wholesale deposits.

Loan and lease portfolios[1] – Funded Balance Sheet

Operating Group	Category	Sep 18 $Ab	Mar 18 $Ab	Description
CAF	Asset Finance[2]	25.7	25.1	Secured by underlying financed assets
	Finance lease assets	*15.1*	*14.9*	
	Operating lease assets	*10.6*	*10.2*	
	Principal Finance[3]	4.0	4.8	Diversified corporate and real estate lending portfolio, predominately consisting of loans which are senior, secured, well covenanted and with a hold to maturity horizon
	Total CAF	29.7	29.9	
BFS	Retail Mortgages[2]	32.7	28.7	Secured by Australian residential property
	Business Banking	8.4	7.9	Secured relationship managed loan portfolio secured largely by working capital, business cash flows and real property
	Total BFS	41.1	36.6	
CGM	Resources and commodities	3.3	3.1	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.5	2.4	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CGM	5.8	5.5	
MAM	Structured investments	2.8	2.7	Loans to retail and wholesale counterparties that are secured against equities, real estate, investment funds or cash, or are protected by capital guarantees at maturity
MacCap	Corporate and other lending	1.2	0.6	Includes diversified secured corporate lending
Total loan and lease assets per funded balance sheet[4]		**80.6**	**75.3**	

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 per the statutory balance sheet of $A77.0b at 30 Sep 18 ($A73.5b at 31 Mar 18) 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 $A32.7b differs from the figure disclosed on slide 15 of $A36.1b and Asset Finance per the funded balance sheet of $A25.7b differs from the figure disclosed on slide 14 of $A29.6b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Principal Finance per the funded balance sheet of $A4.0b includes property and related assets and differs from the figure disclosed on slide 14 of $A4.1b. 4. Total loan assets per funded balance sheet includes self-securitised assets.

Equity investments of $A6.3b[1]

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Category	Carrying value[2] Sep 18 $Ab	Carrying value[2] Mar 18 $Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.9	1.5	Includes Macquarie Infrastructure Corporation, Macquarie SBI Infrastructure Fund, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4
Investments acquired to seed new MIRA products and mandates	0.1	0.8	Includes held for sale investments acquired to seed new MIRA products and mandates. During the period the majority of Macquarie's investment in Cadent Gas (gas distribution network in the UK) was sold down into Macquarie Super Core Infrastructure Fund
Other Macquarie managed funds	0.4	0.4	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	0.7	0.6	Over 20 separate investments
Telcos, IT, media and entertainment	0.6	0.7	Over 40 separate investments
Green energy	1.2	1.4	Over 25 separate investments
Conventional energy, resources and commodities	0.6	0.6	Over 50 separate investments
Real estate investment, property and funds management	0.3	0.3	Over 10 separate investments.
Finance, wealth management and exchanges	0.5	0.5	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	6.3	**6.8**	

1. Equity investments per the statutory balance sheet of $A6.5b (Mar 18: $A8.5b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of $A6.3b (Mar 18: $A6.8b).

Regulatory update

- Regulatory capital[1]
  - APRA is yet to release final standards for Australian banks to ensure that their capital levels can be considered 'unquestionably strong'. Based on existing guidance, Macquarie's surplus capital position remains sufficient to accommodate likely additional requirements
  - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold[2]
  - In addition, APRA released a discussion paper on their implementation of a minimum requirement for the leverage ratio of 4% from Jul 19[3]. MBL's leverage ratio is 5.6% at Sep 18
- Brexit
  - We are progressing additional licence applications in Ireland and Luxembourg, where we have existing business operations
  - In other countries, where we have significant staff numbers and business interests, we are establishing and expect to have all necessary regulatory approvals to operate following the UK's departure from the EU
  - We have a longstanding and deep commitment to the UK as the hub for our EMEA operations and this will continue to be the case. We have been in the UK for 29 years and have over 1,400 staff based there
- Macquarie continues to cooperate with German authorities in relation to a historical German lending transaction in 2011. The total amount at issue is not material and, as previously notified, MGL has provided for the matter. Macquarie was one of over 100 financial institutions involved in this market, from which it withdrew in 2012. Consistent with our standard practice, Macquarie received extensive external legal advice in relation to the transaction. Although no current staff members have been interviewed to date, we understand the German authorities will want to interview the individuals involved in the transaction, which may number up to 30 people. Macquarie is constructively engaged with the German authorities, having settled all but one outstanding matter

1. The APRA Capital Framework applies to the Bank Group only. 2. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18. 3. 'Leverage ratio requirement for authorised deposit-taking institutions'; 14 Feb 18.

Adoption of new accounting standards

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- AASB 9 *Financial Instruments* adopted on 1 April 2018
  - Comparative financial statements have not been restated
  - The adoption of AASB 9 resulted in the following changes:
    - Change from an incurred credit loss model to a forward-looking expected credit loss model
    - Changes in the classification and measurement of certain financial assets and liabilities
    - Changes in the presentation of financial assets and liabilities in the statement of financial position[1]
  - Transition adjustment following adoption of AASB 9 - gains/(losses):

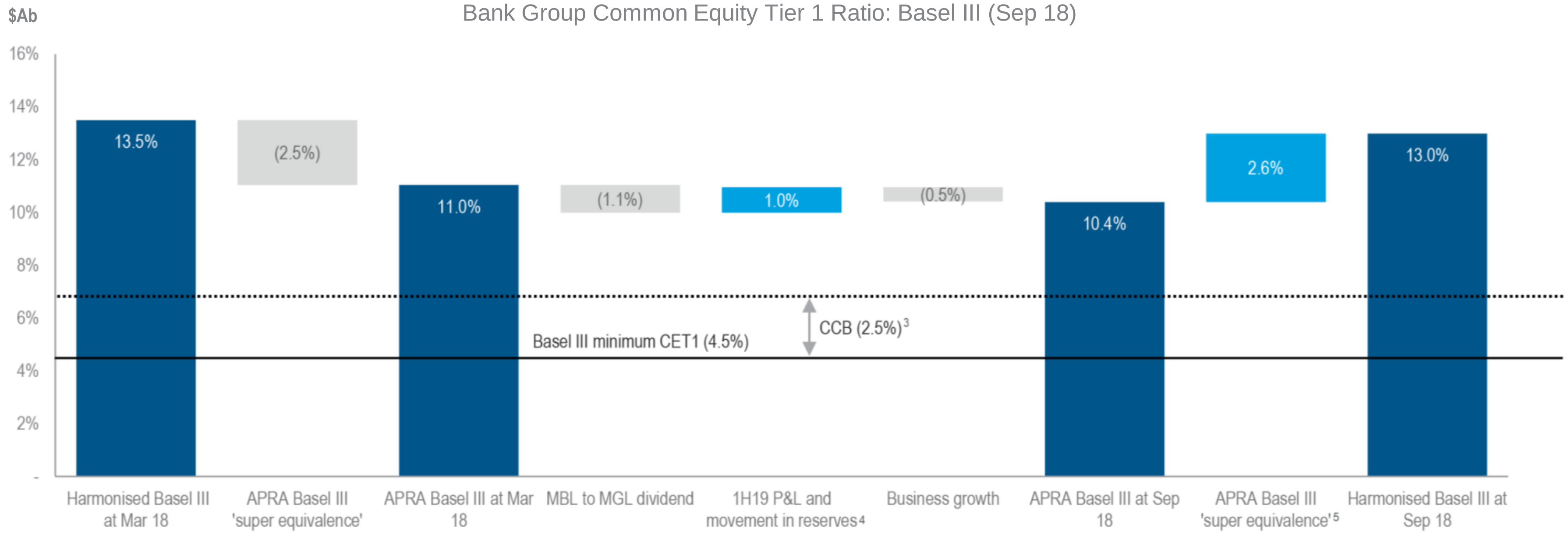
Reported in opening retained earnings and reserves at 1 April 2018	Classification and measurement $Am	Expected credit loss impairment $Am	Tax $Am	Total $Am[2]
Shareholder's equity	40	(270)	64	(166)
Total equity	(45)	(133)	50	(128)

- AASB 15 *Revenue from Contracts with Customers* adopted on 1 April 2018
  - Comparative financial statements have not been restated
  - No transition adjustment reported following the adoption of AASB 15
  - $A141m of fee expense relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified to Brokerage, commission and trading-related expenses in 1H19

1. Comparative financial statements have been re-presented to align with the current period. 2. Difference relates to expected credit loss impairments that are, in terms of AASB 9, recognised in other comprehensive income on certain financial assets.

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

- APRA Basel III CET1 ratio: 10.4%[1]
- Harmonised Basel III CET1 ratio: 13.0%[2]

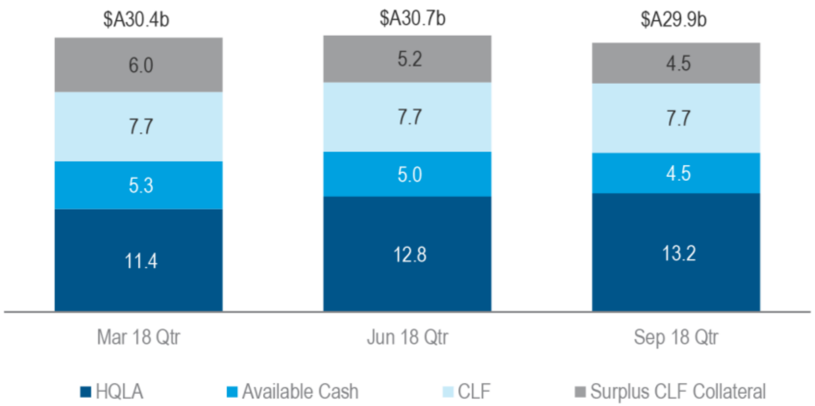


1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Sep 18: 12.1%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Sep 18: 14.8%. 3. Based on materiality, the countercyclical capital buffer (CCyB) of ~6bps has not been included. 4. Includes foreign currency translation reserve. 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 differences in the treatment of mortgages (1.0%); equity investments (0.6%); capitalised expenses (0.6%); investment into deconsolidated subsidiaries (0.2%); DTAs and other impacts (0.2%).

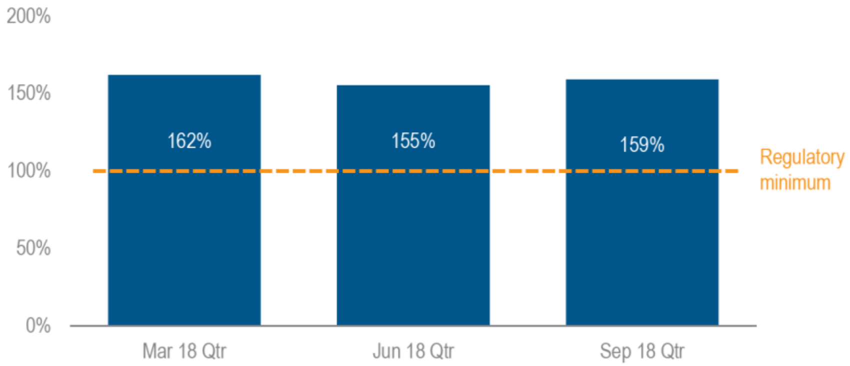
Strong liquidity position maintained

- 159% average LCR for Sep 18 quarter, based on daily observations
  - Maintained well above regulatory minimums
  - Includes APRA approved AUD CLF allocation of $A7.7b[1] for calendar year 2018
- Reflects long-standing conservative approach to liquidity management
- $A29.9b of unencumbered liquid assets and cash on average over the quarter to Sep 18 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio[2]



MBL LCR position



1.Macquarie has been approved a CLF allocation for calendar year 2019 of $A8.4b. 2. Unencumbered Liquid Asset Portfolio is based on quarterly average balances.

Capital management update

MACQUARIE

- Share buyback
  - Given significant business growth in 1H19, Macquarie did not purchase any shares under the share buyback program announced at the 1H18 result announcement
  - There is currently no prospect of buying any shares under the share buyback program announced at the 1H18 result announcement and so the program has ended
- Impact of changes to CAF business structure:
  - The transfer of the CAF Principal Finance and CAF Transportation businesses from the Bank Group to the Non-Bank Group will reflect fair value consideration expected to be approximately $7.4b[1]. The transaction will result in a post-tax increase in ordinary equity for MBL of approximately $0.3b[1] which will be paid as a dividend to MGL[2]
  - In connection with the transfer, it is proposed to return up to $2.04b capital from MBL. A meeting of MBL shareholders (which includes holders of Macquarie Income Securities) will be held to approve this resolution
  - Net of the transfer, capital return and dividend, MBL's CET1 ratio is expected to increase by approximately 0.7% to 11.1% on a pro-forma basis[3]
  - The expected impact on the Group capital requirement on a Harmonised Basel III basis is negligible
- Share purchases since 31 March 18
  - FY18 MEREP $A454m was purchased – $A361m off-market under the staff sale arrangements and $A93m on-market, with a combined weighted average price of $A113.76
- Dividend Reinvestment Plan (DRP)
  - The Board has resolved that no discount will apply for the 1H19 DRP and the shares are to be acquired on-market[4]
- Macquarie Group Capital Notes 3 (MCN3)
  - On 7 June 18, Macquarie announced that it had issued 10,000,000 MCN3 at an issue price of $A100 each, raising $A1b. The MCN3 offer facilitated the redemption of $A600m Macquarie Group Capital Notes (MCN)

1. Estimated valuation position in Australian dollars. The valuation will be updated to reflect the business position and exchange rates at the time of transfer. Accordingly, the dividend will be adjusted to reflect the value at the effective date, expected to be 10 December 2018.
2. Via the intermediate holding company, Macquarie B.H. Pty Ltd. 3. Estimated Level 2 capital impact based on the current business position. The ultimate impact will reflect changes to the business position and exchange rates at the effective date, expected to be 10 December 2018.
4. Shares will be issued if purchasing becomes impractical or inadvisable.

B | Detailed result commentary

MACQUARIE

Macquarie Asset Management

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Base fees	884	813	795
Performance fees	282	58	537
Investment-related and other income[1]	251	367	399
Credit and Other impairment charges[2]	(7)	(176)	(1)
Net operating income	**1,410**	**1,062**	**1,730**
Brokerage, commission and trading-related expenses	(128)	(86)	(123)
Other operating expenses	(519)	(478)	(420)
Total operating expenses	**(647)**	**(564)**	**(543)**
Non-controlling interests	(1)	(2)	2
Net profit contribution[3]	**762**	**496**	**1,189**
AUM ($Ab)	549.5	495.1	471.9
Headcount	1,795	1,608	1,581

- Base fees of $A884m, up on 1H18
  - Increased fees from investments made by MIRA-managed funds, increases in AUM primarily driven by foreign exchange impacts and positive market movements, and contributions from businesses acquired during the period (GLL Real Estate Partners and ValueInvest)
  - Partially offset by asset realisations in MIRA-managed funds
- Performance fees of $A282m, down compared to a strong 1H18
  - 1H19 included performance fees from a broad range of funds and co-investors with respect to infrastructure and real estate assets including ALX (formerly MQA)
  - 1H18 included performance fees from MEIF3, ALX and other MIRA-managed funds and co-investors
- Investment-related and other income of $A251m, down compared to a strong 1H18
  - Investment-related income in 1H19 included gains from sale of MIRA's holdings in a number of listed and unlisted investments while 1H18 benefited from gains on reclassification of certain investments
- Credit and other impairment charges of $A7m, were slightly higher than 1H18. 2H18 included the write-down of MIRA's investment in MIC
- Total operating expenses of $A647m, up 19% on 1H18 mainly driven by business growth, the impact of acquisitions of GLL Real Estate Partners and ValueInvest and foreign exchange movements

1. Investment-related income includes net income on equity and debt investments and share of net profits of associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

Corporate and Asset Finance

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income[1]	200	246	336
Net operating lease income	458	464	465
Credit and Other impairment (charges)/reversal[2]	(12)	(16)	1
Fee and commission income	20	19	22
Other income[3]	92	245	107
Net operating income	**758**	**958**	**931**
Total operating expenses	**(318)**	**(367)**	**(312)**
Non-controlling interests	(3)	(4)	-
Net profit contribution[4]	**437**	**587**	**619**
Loan and finance lease portfolio[5] ($Ab)	23.1	24.3	25.6
Operating lease portfolio ($Ab)	10.6	10.2	9.9
Headcount	1,325	1,312	1,263

- Net interest and trading income of $A200m, down 40% on 1H18 mainly as a result of reduced income from early repayments, realisations and the reduction in the size of the Principal Finance portfolio
- Net operating lease income of $A458m, slightly down 2% on 1H18 mainly driven by reduction in underlying Aviation income partially offset by improved income from the Energy and Technology portfolios and favourable foreign exchange movements
- Credit and other impairment charges up on 1H18 which included a partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios
- Other income of $A92m down 14% on 1H18 which included a gain on reclassification of an asset held in the Principal Finance business, partially offset by asset sales in Technology and Principal Finance in 1H19
- Total operating expenses of $A318m, broadly in line with 1H18

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Other income includes investment-related income, gain on disposal of operating lease assets, internal management revenue and other income 4.Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Includes equity portfolio of $A0.4b (March 2018: $A0.4b, September 2018: $A0.4b).

MACQUARIE

Banking and Financial Services

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income[1]	634	598	584
Fee and commission income	237	232	234
Wealth management fee income	*168*	*168*	*168*
Banking fee income	*69*	*64*	*66*
Credit and Other impairment charges[2]	(9)	(18)	(8)
Other income	2	12	12
Net operating income	**864**	**824**	**822**
Total operating expenses	**(568)**	**(550)**	**(536)**
Net profit contribution[3]	**296**	**274**	**286**
Funds on platform[4] ($Ab)	88.1	82.5	78.9
Australian loan portfolio[5] ($Ab)	44.5	40.6	37.6
Total BFS deposits[6] ($Ab)	49.4	45.7	46.4
Headcount	2,157	2,323	2,077

- Net interest and trading income of $A634m, up 9% on 1H18
  - 17% growth in average Australian loan portfolio volumes and 3% growth in the average BFS deposit balance
  - Bank Levy of $A12m, up 200% on 1H18 incurred for 6 months vs 3 months in the prior corresponding period (effective 1 July 2017)
- Fee and commission income of $A237m, broadly in line with 1H18
- Credit and other impairment charges broadly in line with 1H18
- Total operating expenses of $A568m, up 6% on 1H18 driven by investment in technology and headcount in key areas to support business growth

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 6. Total BFS deposits excludes corporate/wholesale deposits.

MACQUARIE

Commodities and Global Markets

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Commodities[1]	806	658	435
Risk management products	*457*	*420*	*285*
Lending and financing	*128*	*129*	*108*
Inventory management, transport and storage	*221*	*109*	*42*
Foreign exchange, interest rates and credit[1]	291	225	283
Equities	163	173	186
Fee and commission income	594	457	436
Investment and other income	24	105	37
Credit and Other impairment charges[2]	(18)	(32)	(56)
Net operating income	**1,860**	**1,586**	**1,321**
Brokerage, commission and trading-related expenses	(318)	(208)	(190)
Other operating expenses	(842)	(846)	(753)
Total operating expenses	**(1,160)**	**(1,054)**	**(943)**
Net profit contribution[3]	**700**	**532**	**378**
Headcount	2,040	2,053	1,986

- Commodities income of $A806m, significantly up on 1H18
  - Risk management products up 60% on 1H18 reflecting strong results across the commodities platform particularly Global Oil, Gas and Agriculture from increased client hedging activity and trading opportunities
  - Lending and financing up 19% on 1H18 largely due to an increased contribution from commodity financing activities in the Americas and Asia-Pacific
  - Inventory management, transport and storage up significantly on 1H18 mainly driven by significant contribution from the North American Gas and Power business driven by opportunities across regional US centres as a result of supply-demand imbalance. This was partially offset by the timing of income recognition in relation to transport agreements and capacity contracts
- Foreign exchange, interest rates and credit income of $A291m, up 3% on strong 1H18 driven by client contributions from foreign exchange structured products in North America and the Asia-Pacific
- Equities trading income down 12% on 1H18 reflecting challenging conditions and reduced opportunities, particularly in China and Taiwan
- Fee and commission income of $A594m up 36% on 1H18
  - Includes a $A77m reclassification relating to stock borrowing expenses following the adoption of AASB 15, which were previously presented net of associated revenues
  - Increase in brokerage commission in Futures and Cash equity markets from increased market turnover and client activity in Asia, and an increase in equity capital markets fee income from Asia-Pacific
- Investment and other income broadly in line with 1H18
- Credit and other impairment charges of $A18m, down 68% on 1H18 with write-downs recognised on underperforming financing facilities and impairment on certain commodity positions in 1H18
- Total operating expenses of $A1,160m, up 23% on 1H18 driven by the full period impact of acquisitions completed in the prior year, and increase in investment in technology platforms and the impacts of adopting AASB 15 ($A77m)

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

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Macquarie Capital

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Fee and commission income	538	442	436
Investment-related income (ex non-controlling interests)	328	487	165
Investment and other income[1]	*373*	*502*	*222*
Net interest and trading income[2]	*(45)*	*(15)*	*(57)*
Credit and Other impairment charges	(14)	(40)	(20)
Internal management revenue[3]	15	20	1
Net operating income	**867**	**909**	**582**
Total operating expenses	**(453)**	**(395)**	**(390)**
Non-controlling interests	(8)	(4)	(2)
Net profit contribution[4]	**406**	**510**	**190**
Capital markets activity[5]:			
Number of transactions	228	199	203
Transactions value ($Ab)	267	134	218
Headcount	1,235	1,192	1,177

- Increased fee and commission income:
  - DCM: higher fee income in the US
  - M&A: higher fee income across Europe and the US partially offset by lower fee income in Australia
  - ECM: higher fee income in Australia
  - Certain recoverable costs, which were previously presented net of associated revenues, have been reclassified to operating expenses following the adoption of AASB 15
- Higher investment-related income (excluding non-controlling interests):
  - Higher revenue from asset realisations and reclassifications in Europe, the US and Australia, particularly in green energy and technology
  - Higher interest income from the debt investment portfolio
  - Partially offset by higher share of losses of associates and joint ventures and other expenses reflecting expenditure on green energy and other projects in the development phase and higher funding costs for balance sheet positions
- Lower net credit and other impairment charges
- Higher operating expenses reflects additional headcount, the impacts of adopting AASB 15 and unfavourable foreign exchange movements, and increased investing activity

1. Includes net income on equity and debt investments, share of net losses or profits of associates and joint ventures and other income. 2. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions converted as at the relevant reporting date. Deal values reflect the full transaction value and not an attributed value.

C Glossary


CAROLUS·III·DEI·GRATIA
1788
NEW SOUTH WALES
1813
NEW SOUTH WALES
1813

Glossary

$A / AUD	Australian Dollar
$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H18	Half-Year ended 30 September 2017
1H19	Half-Year ended 30 September 2018
2H18	Half-Year ended 31 March 2018
2H19	Half-Year ended 31 March 2019
ABN	Australian Business Number
ADI	Authorised Deposit-Taking Institution
ALX	Atlas Arteria
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASX	Australian Stock Exchange
AUM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
Capex	Capital Expenditure
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
CGM	Commodities and Global Markets
CLF	Committed Liquid Facility
CMA	Cash Management Account
CRM	Customer Relationship Management
CY17	Calendar Year ended 31 December 2017
CY18	Calendar Year ended 31 December 2018
DCM	Debt Capital Markets
DPS	Dividends Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
ECS	Exchangeable Capital Securities
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUM	Equity Under Management
FX	Foreign Exchange
FY14	Full Year ended 31 March 2014
FY15	Full Year ended 31 March 2015
FY16	Full Year ended 31 March 2016
FY17	Full Year ended 31 March 2017
FY18	Full Year ended 31 March 2018
FY19	Full Year ended 31 March 2019

Glossary

GIG	Green Investment Group
GLL	GLL Real Estate Partners
GW	Gigawatt
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IFRS	International Financial Reporting Standards
IT	Information Technology
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MD&A	Management Discussion & Analysis
MEIF3	Macquarie European Infrastructure Fund 3
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MiFID	Markets in Financial Instruments Directive
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MQA	Macquarie Atlas Roads
MSIS	Macquarie Specialised Investment Solutions
MW	Megawatt
NGLs	Natural gas liquids
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
OTC	Over-The-Counter
P&L	Profit and Loss Statement
PCM	Private capital markets
PCP	Prior corresponding period
PE	Private equity
PF	Principal Finance
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
ROE	Return on Equity
RWA	Risk Weighted Assets
SBI	State Bank of India
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
TW	Terawatt
UK	United Kingdom
US	United States of America
VaR	Value at Risk

MACQUARIE

22nd Annual Credit Suisse Asian Investment Conference

Hong Kong

Presentation to Investors and Analysts
27-28 March 2019

Alex Harvey
Chief Financial Officer

Sam Dobson
Head of Investor Relations