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Unless otherwise specified all information is at 30 September 2019.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Annual Report (“the Financial Report”) for the half year ended 30 September 2019, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

This presentation provides further detail in relation to key elements of Macquarie’s financial performance and financial position. It also provides an analysis of the funding profile of Macquarie because maintaining the structural integrity of Macquarie’s balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables Macquarie to strengthen its liquidity and funding position.

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This document is not investment advice and does not constitute ‘investment research’ as defined in article 36(1) of Commission Delegated Regulation 2017/565 supplementing Directive 2014/65/EU, as amended. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.
Agenda

Overview 01
MGL results for the half year ended 30 Sep 2019 02
3Q20 Update 03
Outlook 04
Capital and Funding 05
Appendices 06
Macquarie overview

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

Macquarie Group overview¹

Global presence²

<table>
<thead>
<tr>
<th>ANNUITY-STYLE</th>
<th>MARKETS-FACING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Asset Management</td>
<td>~60%</td>
</tr>
<tr>
<td>Banking and Financial Services</td>
<td>~39%</td>
</tr>
<tr>
<td>Commodities and Global Markets</td>
<td>~8%</td>
</tr>
<tr>
<td>Macquarie Capital</td>
<td>~13%</td>
</tr>
</tbody>
</table>

1H20 net profit $A1,457m
FY19 net profit $A2,982m

$A563.4b assets under management as at 30 Sep 19

MBL A/A2/A+ credit rating

APRA primary regulator for MBL & MGL

15,704 employees², operating in 31 markets

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Bar chart is based on 1H20 net profit contribution from operating groups as reported at the results announcement on 1 Nov 2019. 2. Employees and global locations as at 30 Sep 19. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation
50 years of profitability

Above dates refer to Macquarie financial years.
Macquarie funding structure

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

The Bank Group comprises BFS and CGM (excluding certain assets of the Credit Markets business, certain activities of the Cash Equities business and the Commodity Markets and Finance business and some other less financially significant activities which are undertaken from within the Non-Bank Group). The Non-Bank Group comprises MacCap, MAM and certain assets of the Credit Markets business, certain activities of the Cash Equities business and the Commodity Markets and Finance business and some other less financially significant activities of CGM.
Macquarie Asset Management

**Actively manages money** for investors across multiple asset classes

- **$587.5 billion** assets under management³
- **39%** Net profit contribution FY19¹ $A1,872 million
- **32%** on 1H19

<table>
<thead>
<tr>
<th>Equity Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
</tr>
<tr>
<td>Fixed Income</td>
</tr>
<tr>
<td>Multi-asset</td>
</tr>
<tr>
<td>Infrastructure</td>
</tr>
<tr>
<td>Renewables</td>
</tr>
</tbody>
</table>

- **150+** infrastructure and real assets used by ~100 million people every day
- **No.1 infrastructure manager globally⁴**
- **Top 50 global asset manager⁵**
- **Top 50 US active mutual fund manager⁶**
- **$5.5b of new equity raised including significant new commitments for funds and co-investments in Real Estate, Transportation Finance and Private Credit**

**MIM AUM $A384.2b³**

**MIRA AUM $A203.3b³**

- **$1,872 million** net profit contribution FY19¹
- **$1,122 million** 1H20²

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on 1H20 net profit contribution from operating groups.
7. As at 31 Dec 2019.
8. For more information and disclosures about these awards, visit: [https://www.macquarieim.com/mimdisclosures](https://www.macquarieim.com/mimdisclosures).


**Banking and Financial Services**

A technology-driven Australian retail bank and wealth manager

**Net profit contribution**
- FY19: $A756 million (13%)
- 1H20: $A385 million (~2% on FY19)

**Personal banking**
- Credit cards
- Home loans
- Bank accounts

**Wealth management**
- Investments
- Financial advice
- Wrap

**Business banking**
- Property services
- Professional services

**Overview**
- MGL results for the half year ended 30 September 2019
- 3Q20 Update
- Outlook
- Capital and funding
- Appendices

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A leading Australian vehicle financier

- $A14.2 billion (3% on Sep 19)
- Business banking loan portfolio

- $A8.9 billion (4% on Sep 19)
- Australia’s 1st open banking platform gives customers control over their data

- $A57.7 billion (3% on Sep 19)
- total BFS deposits

- $A48.6 billion (11% on Sep 19)
- home loans

- $A91.6 billion (0% on Sep 19)
- Funds on platform

---

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on 1H20 net profit contribution from operating groups.
3. As at 31 Dec 2019.
4. As at 31 Dec 2019. Funds on platform includes Macquarie Wrap and Vision.
5. As at 31 Dec 2019. BFS deposits exclude corporate/wholesale deposits.

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More than 1.5 million Australian clients

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Macquarie I Presentation to Debt Investors I macquarie.com
Commodities and Global Markets

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

Net profit contribution
FY19¹ $A1,743 million
1H20² $A1,138 million
40% on 1H19

30+ years in metals, agriculture, equities, futures and FX
20+ years in technology, media and telecoms (TMT)
15 years in energy, renewables and sustainability

200+ products across 25+ market segments

No.2 physical gas marketer in North America³

Differentiated insights on 1200+ Listed companies globally

Integrated end-to-end offering across global markets, including equities, fixed income, foreign exchange and commodities

Natural Gas/LNG House of the Year⁶

$A8.0 billion asset finance portfolio⁴

10 million+ meters provided to homes and businesses⁵

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on 1H20 net profit contribution from operating groups.
3. Platts Q2 CY19.
4. At 30 September 2019 in the Specialised and Asset Finance division.
5. At 30 September 2019, largest independent meter funder in UK, not part of a distribution network or vertically integrated utility.
Macquarie Capital

Advises and invests alongside clients and partners to realise opportunity

8% Net profit contribution
FY19¹ $A1,774 million
1H20² $A223 million

11% on 1H19

Energy
Infrastructure and utilities
Real estate
Technology
Telecommunications, media and entertainment
Resources
Industrials
Financial institutions

No.1 Global Infrastructure Financial adviser⁴

No.1 M&A for completed deals in ANZ⁵

$A0.4b Green investments realised in FY20⁶

$A0.8b New Green investments in FY20⁶

Global Finance Best Investment Bank Award 2019 Infrastructure sector⁷

Global leader in green energy

250+ green energy projects under development or construction

Best Education and Higher Education Project – Grangegorman Campus PPP⁸

Partnerships Bulletin Special Award – Acquisition of John Laing Infrastructure Fund⁸

Financial Advisor of the Year⁸

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on 1H20 net profit contribution from operating groups.
3. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value.
4. Inspiratia (1H CY19, by deal count).
5. Refinitiv (CY19 to 31 December, M&A Announced and Completed by deal count).
6. Regulatory capital realised and invested during 1H20
Environmental, Social and Governance (ESG)

Macquarie’s ESG commitment reflects our responsibility to clients, shareholders, communities, our people and the environment in which we operate

ESG Scope

Building on our principles of opportunity, accountability and integrity, Macquarie’s ESG approach is structured around focus areas which reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders

**Environment**
- Investing in sustainability solutions and supporting the global energy transition
- Actively managing environmental risks including climate change risks
- Engaging in climate leadership initiatives such as GCA, CFLI\(^1\) and RE100
- Supporting TCFD, UN PRI and other external ESG standards\(^2\)
- Promoting sustainable workplaces

**Social**
- Investing in social infrastructure
- Actively managing social risks including human rights and modern slavery risk
- Providing a diverse, inclusive workplace
- Improving work health and safety performance across Macquarie and Macquarie-managed assets
- Engaging Macquarie and its staff in the wider community

**Governance**
- Strong corporate governance
- Ethical conduct by staff
- Customer advocacy
- Whistleblowing
- Anti bribery and anti corruption
- Anti money laundering
- Managing conflicts of interest
- Cyber security and data privacy
- Dealing with 3rd parties and suppliers
- Reporting transparently

**ESG Scope**

Environmental and Social Risk policy

**FY19 Highlights**

- 22GW+ of renewable energy assets in operation and under development or construction
- Inaugural £500m green loan to finance renewable energy, energy efficiency, waste management, green buildings and clean transportation projects
- ~100m people utilise Macquarie-managed essential services daily
- 50/50 representation of males and females in Macquarie’s Intern and Graduate programs
- Over 4,000 classroom events and 300,000 online courses and knowledge tests delivered to our staff
- 450+ transactions and relationships assessed under our Environmental and Social Risk Policy
- Top 3 rating for Australian ESG research by Australian Institutional Investors

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1. GCA: Global Commission on Adaptation; CFLI: Climate Finance Leadership Initiative. 2. TCFD: Taskforce on Climate-related Financial Disclosures; UN PRI: United Nations Principles for Responsible Investment.
Macquarie’s approach to risk management

Strong focus on business accountability and risk ownership

**Stable and robust core risk management principles**
Supported by our longstanding approach to establishing and maintaining an appropriate risk culture

**Our approach is consistent with the ‘three lines of defence’ model with clear accountability for risk management**
The three lines of defence model, which is a widely adopted standard across the industry, sets risk ownership responsibilities functionally independent from oversight and assurance.

| Line 1 | Primary responsibility for risk management lies with the business. |
| Line 2 | The Risk Management Group (RMG) forms the second line of defence and independently assesses material risks. |
| Line 3 | Internal Audit provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie’s financial and risk management framework. |

**Ownership of risk at the business level**
Understanding worst case outcomes

**Independent sign-off by Risk Management Group**

Principles stable for 30+ years
Trading businesses are client driven
Consistent profits and low volatility of returns

*FY20 results extrapolated based on data up to 30 September 2019
Stable earnings

5 year earnings volatility relative to Macquarie

<table>
<thead>
<tr>
<th></th>
<th>Multiple to Macquarie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Investment</td>
<td>7.6x</td>
</tr>
<tr>
<td>Banks</td>
<td></td>
</tr>
<tr>
<td>Global Fund/Asset</td>
<td>5.4x</td>
</tr>
<tr>
<td>Managers</td>
<td></td>
</tr>
<tr>
<td>Domestic Asset</td>
<td>2.1x</td>
</tr>
<tr>
<td>Managers</td>
<td></td>
</tr>
<tr>
<td>Global Banks</td>
<td>1.6x</td>
</tr>
<tr>
<td>Macquarie</td>
<td>1.0x</td>
</tr>
<tr>
<td>Domestic Majors</td>
<td>0.6x</td>
</tr>
</tbody>
</table>

12 year earnings volatility relative to Macquarie (includes GFC)

<table>
<thead>
<tr>
<th></th>
<th>Multiple to Macquarie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Investment</td>
<td>7.2x</td>
</tr>
<tr>
<td>Banks</td>
<td></td>
</tr>
<tr>
<td>Global Fund/Asset</td>
<td>5.6x</td>
</tr>
<tr>
<td>Managers</td>
<td></td>
</tr>
<tr>
<td>Domestic Asset</td>
<td>2.7x</td>
</tr>
<tr>
<td>Managers</td>
<td></td>
</tr>
<tr>
<td>Global Banks</td>
<td>2.0x</td>
</tr>
<tr>
<td>Macquarie</td>
<td>1.0x</td>
</tr>
<tr>
<td>Domestic Majors</td>
<td>0.8x</td>
</tr>
</tbody>
</table>

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 as at 18 Feb 2020 (Bloomberg).
MGL results for the half year ended 30 September 2019

Presentation to Debt Investors

February 2020
1H20 result: $A1,457m up 11% on 1H19; down 13% on 2H19

### Overview
- **Net operating income**: $6,320m (1H20), $6,924m (2H19), $5,830m (1H19)
- **Total operating expenses**: ($4,480m), ($4,762m), ($4,125m)
- **Operating profit before income tax**: $1,840m (1H20), $2,162m (2H19), $1,705m (1H19)
- **Income tax expense**: ($376m), ($505m), ($374m)
- **Effective tax rate** (%): 20.5 (1H20), 23.2 (2H19), 22.2 (1H19)
- **(Profit)/loss attributable to non-controlling interests**: (7), 15, (21)
- **Profit attributable to MGL shareholders**: $1,457m (1H20), $1,672m (2H19), $1,310m (1H19)

### 1H20 v 1H19
- **Net operating income**: 8% up, 9% down
- **Total operating expenses**: 9% up, 6% down
- **Operating profit before income tax**: 8% up, 15% down
- **Income tax expense**: 1% up, 26% down
- **Profit attributable to MGL shareholders**: 11% up, 13% down

### Annualised return on equity (%)
- 1H20: 16.4%, 2H19: 19.5%, 1H19: 16.3%

### Basic earnings per share
- 1H20: $A4.30, 2H19: $A4.95, 1H19: $A3.88

### Dividend per ordinary share
- 1H20: $A2.50, 2H19: $A3.60, 1H19: $A2.15

---

1. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.
1H20 net profit contribution from Operating Groups
$A2,868m up 10% on 1H19; down 19% on 2H19

**ANNUITY-STYLE ACTIVITIES**

<table>
<thead>
<tr>
<th>Activity</th>
<th>1H19</th>
<th>2H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Asset Management (MAM)</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Banking and Financial Services (BFS)</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Commodities and Global Markets¹ (CGM)</td>
<td>▼</td>
<td>▼</td>
</tr>
</tbody>
</table>

**MARKETS-FACING ACTIVITIES**

<table>
<thead>
<tr>
<th>Activity</th>
<th>1H19</th>
<th>2H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Capital (MacCap)</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Commodities and Global Markets¹ (CGM)</td>
<td>▲</td>
<td>▲</td>
</tr>
</tbody>
</table>

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

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**1H20 Net Profit Contribution**

<table>
<thead>
<tr>
<th>Group</th>
<th>Contribution</th>
<th>1H19</th>
<th>2H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAM</td>
<td>~39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BFS</td>
<td>~13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CGM</td>
<td>~8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**1H20 Net Profit Contribution**

<table>
<thead>
<tr>
<th>Group</th>
<th>Contribution</th>
<th>1H19</th>
<th>2H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGM</td>
<td>~32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MacCap</td>
<td>~8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial performance

Operating income

1H20 OPERATING INCOME
$A6,320m

\[\text{1H}20 \text{ OPERATING INCOME} = \text{A6,320m}\]

\[\text{\% increase on 1H}19 = 8\%\]

\[\text{\% decrease on 2H}19 = 9\%\]

Profit

1H20 PROFIT
$A1,457m

\[\text{1H}20 \text{ PROFIT} = \text{A1,457m}\]

\[\text{\% increase on 1H}19 = 11\%\]

\[\text{\% decrease on 2H}19 = 13\%\]

EPS

1H20 EPS
$A4.30

\[\text{1H}20 \text{ EPS} = \text{A4.30}\]

\[\text{\% increase on 1H}19 = 11\%\]

\[\text{\% decrease on 2H}19 = 13\%\]

DPS

1H20 DPS
$A2.50

\[\text{1H}20 \text{ DPS} = \text{A2.50}\]

\[\text{\% increase on 1H}19 = 16\%\]

\[\text{\% decrease on 2H}19 = 31\%\]
Diversification by region

International income 69% of total income
Total staff 2 15,704; international staff 58% of total

Americas
- 30% of total income
- TOTAL INCOME: $A1,857m
- Assets under management: $A270.5b
- Employing 21,000+ people

EMEA
- 31% of total income
- TOTAL INCOME: $A1,891m
- Assets under management: $A122.1b
- Employing 50,000+ people

Asia
- 8% of total income
- TOTAL INCOME: $A488m
- Assets under management: $A61.1b
- Employing 41,000+ people

Australia
- 31% of total income
- TOTAL INCOME: $A1,913m
- Assets under management: $A109.7b
- Employing 10,000+ people

All information as at 30 Sep 2019. 1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed by certain operationally segregated subsidiaries. 3. Includes New Zealand. 4. Includes staff employed by MIRA-managed fund assets and investments where Macquarie Capital has a significant influence.
Approximate business Basel III Capital and ROE

As at 30 Sep 2019

<table>
<thead>
<tr>
<th>Operating Group</th>
<th>APRA Basel III Capital&lt;sup&gt;1&lt;/sup&gt; @ 8.5% ($Ab)</th>
<th>Approx. 1H20 Return on Ordinary Equity&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Approx. 13-year Average Return on Ordinary Equity&lt;sup&gt;3&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity-style businesses</td>
<td>7.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macquarie Asset Management</td>
<td>3.7</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Banking and Financial Services</td>
<td>4.2</td>
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<td></td>
</tr>
<tr>
<td>Markets-facing businesses</td>
<td>8.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities and Global Markets</td>
<td>5.0</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Macquarie Capital</td>
<td>3.7</td>
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<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>0.4</td>
<td></td>
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</tr>
<tr>
<td>Total regulatory capital requirement @ 8.5%</td>
<td>17.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group surplus</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total APRA Basel III capital supply</td>
<td>23.8&lt;sup&gt;4&lt;/sup&gt;</td>
<td>16.4%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 30 Jun 19 allocations adjusted for material movements over the Sep 19 quarter. 2. NPAT used in the calculation of approx. 1H20 ROE is based on Operating Groups’ annualised net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements which are based on the quarterly average capital usage from FY07 to 1H20, inclusive. 3. 13-year average covers FY07 to FY19, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of $A19.7b of ordinary equity and $A4.1b of hybrids.
Overview

• Satisfactory trading conditions in 3Q20 across the Group
• Macquarie's annuity-style businesses' (MAM and BFS) combined 3Q20 net profit contribution¹ up on prior corresponding period (pcp) (3Q19)
  - FY20 year to date (YTD)² net profit contribution up on FY19 YTD² mainly due to: higher base and performance fees in MAM; and continued volume growth partially offset by margin pressure in BFS.
• Macquarie's market-facing businesses' (CGM and MacCap) combined 3Q20 net profit contribution significantly down on pcp
  - FY20 YTD² net profit contribution down on FY19 YTD² primarily due to: significantly lower investment-related income in MacCap compared to a strong pcp that benefited from large asset realisations; partially offset by stronger activity across most of the businesses in CGM.

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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.
Overview

Annuity-style businesses

Macquarie Asset Management

39%

1H20 contribution1

- AUM of $A587.5b at Dec 19, up 5% on Sep 19
- MIM: $A384.2b in AUM, up 6% on Sep 19, primarily driven by the acquisition of the assets related to the mutual fund management business of Foresters Investment Management Company Inc. and market movements, partially offset by foreign exchange
- MIRA: $A137.5b in EUM2, up 2% on Sep 19. In 3Q20, $A5.5b in new equity raised, $A7.2b of equity invested and $A5.5b of asset divestments. $A21.1b of equity to deploy at Dec 19
- Macquarie entered into a sales agreement with Sunsuper to sell a 25% stake of Macquarie AirFinance in Dec 19

Banking and Financial Services

13%

1H20 contribution1

- Total BFS deposits3 of $A57.7b at Dec 19, up 3% on Sep 19
- Australian mortgage portfolio of $A48.6b at Dec 19, up 11% on Sep 19
- Funds on platform4 of $A91.6b at Dec 19, flat on Sep 19
- Business banking loan portfolio of $A8.9b at Dec 19, up 4% on Sep 19
- Australian vehicle finance portfolio of $A14.2b at Dec 19, down 3% on Sep 19

1. Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 19. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax
2. 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
3. BFS deposits exclude corporate/wholesale deposits
4. Funds on platform include Macquarie Wrap and Vision
Overview

Markets-facing businesses

Commodities and Global Markets

40%

1H20 contribution¹

- Strong contribution from client hedging and trading opportunities across the commodities platform, particularly from Global Oil, North American Gas & Power, EMEA Gas & Power, Metals and Agriculture businesses
- Continued strong customer activity in FX across all regions
- Ongoing strength in ANZ and US Futures driven by customer activity
- Consistent performance from asset finance portfolio on pcp, primarily from the Technology, Media and Telecoms (TMT) leasing business and continued strong performance from the UK energy meters business
- Maintained ranking as No. 2 physical gas marketer in North America
- No 1 Futures Broker on the ASX²
- Awarded 2019 Natural Gas/LNG House of the Year³

Macquarie Capital

8%

1H20 contribution¹

- 109 transactions valued at $A76.4b⁴ completed globally, up on prior period and down on a strong pcp
- Maintained No. 1 in ANZ for Completed and Announced M&A⁵
- Fee revenue up on pcp across advisory, DCM and ECM
- Investment-related income significantly down on a particularly strong pcp that benefited from large asset realisations including Quadrant, PEXA and Energetics

Transaction Highlights

- Sole financial advisor to Alaska National Insurance Company, a leading specialty insurer focused on workers compensation, on its sale to CopperPoint Insurance Companies
- Strong principal finance lending activity in Q3 with $A1b committed in new primary debt financings, weighted towards bespoke originations, provided to clients globally
- Sole financial advisor and lead equity sponsor for the Europe Transport Deal of the Year⁶, the £1bn Silvertown Tunnel PPP project. The project will be the first new road crossing of the River Thames in the last 30 years and the largest UK transport PPP in the past 10 years
- Formosa 2, a ~US$2bn offshore wind project reached Financial Close which, once complete, will generate 376MW to support approximately 380,000 Taiwanese households while displacing around 18,750kt CO2e over its lifetime
- No. 1 Global New Energy Finance Sponsor⁷

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¹ Based on 1H20 net profit contribution from operating groups as reported on 1 Nov 2019. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
Australia

- APRA is currently undertaking regulatory reviews in a number of areas, including:
  - Finalisation of Basel III - APRA is still finalising rules for Australian banks to ensure that their capital levels can be considered ‘unquestionably strong’.
    - In Dec 19, APRA noted that it is giving consideration to the introduction of a non-zero default level for the countercyclical capital buffer (CCyB), as part of its broader reforms to the ADI capital framework.
    - In Dec 19, APRA released final standards on Operational Risk (APS 115), with the key update to the Jun 19 draft standards being confirmation of a 1 Jan 21 implementation date.
    - In Oct 19, APRA released its draft standards relating to APS 111, including changes to the capital treatment of investments in banking and insurance subsidiaries, with implementation from 1 Jan 21.
    - In Sep 19, APRA commenced a second consultation on capital calculation and risk management requirements relating to Interest Rate Risk in the Banking Book.
    - Loss-absorbing capacity (LAC) - APRA released a ‘response to submissions’ paper in Jul 19 outlining its approach for LAC to support the orderly resolution of Australian ADIs.
      - APRA has confirmed that MBL will be subject to additional LAC requirements, consistent with the approach for the major banks.
      - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework, with implementation from 1 Jan 22. APRA is yet to release draft standards.
      - In Nov 18, APRA released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from 1 Jan 22. MBL’s APRA leverage ratio was 5.3% at 31 Dec 19.
      - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold.
    - As previously noted, APRA is in discussions with Macquarie on resolution planning and intragroup funding. These discussions are progressing and Macquarie will continue working on these initiatives in consultation with APRA.
    - Based on the current information available, it is Macquarie’s expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the above changes, noting that some of them are at an early stage of review and hence the final impact is uncertain.
    - In Jul 19, APRA released a draft prudential standard CPS 511 aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. A three-month consultation period closed 23 Oct 2019 during which Macquarie lodged its submission. APRA is yet to release final prudential standards.
      - In Jan 20, consistent with the Royal Commission recommendations, Federal Treasury released a proposals paper outlining its plan to extend BEAR to a new regime, FAR (Financial Accountability Regime) to include all APRA regulated entities. In a similar way to BEAR impacting ADIs, FAR will add a personal accountability regime to insurers and responsible superannuation entities. Treasury has commenced the consultation process and called for submissions by 14 Feb 2020. Macquarie is participating in the process and will make a submission.

Regulatory update

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
• Macquarie now has all its required licences to carry on regulated activity in Europe
• 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 approximately 2,000 staff based there as at 31 Dec 2019
• Many of Macquarie’s EMEA business lines have successfully built out from a strong UK hub to create a meaningful presence across continental Europe

Germany
• Macquarie continues to cooperate with German authorities in relation to an historical German lending transaction in 2011
• As indicated previously, the industry-wide investigation relating to dividend trading continues and Macquarie has been responding to requests for information about its activities
• As part of their industry-wide investigation, the authorities have recently designated as suspects approximately 60 current and former Macquarie staff in relation to historical short selling-related activities, most of whom are no longer at Macquarie and some of whom were already named in relation to the 2011 lending matter, including the MGL CEO
• The total amount at issue is not material and MGL has provided for the matter. We note that no current staff members have been interviewed to date
Short-term outlook

• While the impact of future market conditions makes forecasting difficult, we continue to expect the Group’s result for FY20 to be slightly down on FY19.
• Our short-term outlook remains subject to a range of factors including:
  – The completion rate of transactions and period-end reviews
  – Market conditions and the impact of geopolitical events
  – The impact of foreign exchange
  – Potential regulatory changes and tax uncertainties
  – Geographic composition of income
Factors impacting short-term outlook

**Annuity-style businesses**

**Macquarie Asset Management (MAM)**
- **Base fees** expected to be up on FY19
- Combined performance fees, investment-related income (net of impairments) and net operating lease income expected to be broadly in line

**Banking and Financial Services (BFS)**
- **Higher** deposit, loan portfolio and platform volumes
- Competitive dynamics to drive **margin pressure**

**Markets-facing businesses**

**Macquarie Capital (MacCap)**
- Assume **market conditions broadly consistent** with FY19
- **Investment-related income will be down** on a particularly strong FY19

**Commodities and Global Markets**
- **Strong customer base** expected to continue to drive consistent flow across Commodities, Fixed Income, Foreign Exchange and Futures
- **Consistent contribution** from Specialised and Asset Finance linked to stable balance sheet
- Business benefitted from strong market conditions **across the commodities platform** YTD, which have not historically persisted

**Corporate**

- **Compensation ratio** expected to be consistent with historical levels
- Based on present mix of income, the FY20 **effective tax rate** is expected to be broadly in line with FY19

---

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

- Macquarie remains well-positioned to deliver superior performance in the medium term
- Deep expertise in major markets
- Build on our strength in business and geographic diversity and continue to adapt our portfolio mix to changing market conditions
  - Annuity-style income is primarily provided by two Operating Groups’ businesses which are delivering superior returns following years of investment and acquisitions
    - Macquarie Asset Management and Banking and Financial Services
  - Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Commodities and Global Markets and Macquarie Capital
- Ongoing program to identify cost saving initiatives and efficiency
- Strong and conservative balance sheet
  - Well-matched funding profile with minimal reliance on short-term wholesale funding
  - Surplus funding and capital available to support growth
- Proven risk management framework and culture
Medium term

**Annuity-style businesses**

**Macquarie Asset Management (MAM)**
- Leading specialist global asset manager, well-placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

**Banking 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**

**Macquarie Capital (MacCap)**
- Positioned to benefit from any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each sector and region
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

**Commodities and Global Markets¹ (CGM)**
- Opportunities to grow commodities business, both organically and through acquisition
- Development of institutional and corporate coverage for specialised credit, rates and foreign exchange products
- Tailored finance solutions globally across a variety of industries and asset classes
- Growing the client base across all regions
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform
- Continued investment in asset finance portfolio

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

Bank Group (Dec 19)

1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Dec 19 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to ‘Prudential Standard APS 110 Capital Adequacy’ proposing a minimum requirement for the leverage ratio of 3.5% effective 1 Jan 22.
Basel III capital position

APRA Basel III Group capital at Dec 19 of $A23.6b; Group capital surplus of $A5.8b

Group regulatory surplus: Basel III (Dec 19)

- Harmonised Basel III at Sep-19: $A8.6b
- APRA Basel III 'super equivalence': $A6.7b
- 1H20 Interim Dividend: ($A0.9b)
- 3Q20 P&L and movement in reserves: $A0.7b
- Business growth: ($A0.6b)
- APRA Basel III at Dec-19: $A5.8b
- APRA Basel III 'super equivalence': $A2.1b
- Harmonised Basel III at Dec-19: $A7.9b

1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~13bps. The individual CCyB varies by jurisdiction and the Bank Group’s CCyB is calculated as a weighted average based on exposures in different jurisdictions.
2. Includes current quarter P&L, movement in the foreign currency translation reserve and other movements in capital.
3. Business growth includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework. Differences include the treatment of mortgages $A0.9b; capitalised expenses $A0.4b; equity investments $A0.3b; investment into deconsolidated subsidiaries $A0.1b; DTAs and other impacts $A0.4b.
Business capital requirements

$A2.0b growth

3Q20 KEY DRIVERS

MAM
• Increased requirements driven by short-term underwriting activity

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

CGM
• Increased requirements driven by lending and trading activity

MacCap
• Includes asset realisations, partially offset by lending activity

1. Regulatory capital requirements are calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110.
Balance sheet highlights

- Balance sheet remains solid and conservative
  - Term assets covered by term funding, stable deposits and equity
  - Minimal reliance on short-term wholesale funding markets
- Total customer deposits\(^1\) continuing to grow, up 5% to $A58.8b as at Sep 19 from $A56.0b as at Mar 19
- $A1.7b of equity capital raised through $A1.0b institutional placement and $A0.7b share purchase plan
- $A10.8b\(^2\) of term funding raised during 1H20:
  - $A5.3b of term wholesale paper issued
  - $A2.8b of PUMA RMBS securitisation issuances
  - $A2.3b of secured trade finance facilities
  - $A0.4b of USD syndicated loan facility

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

**Liquidity Policy**

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

**Liquidity Framework**

- A robust liquidity risk management framework is designed to ensure that both MGL and MBL are able to meet their funding requirements as they fall due under a range of market conditions. Key tools include:
  - Liability driven approach to balance sheet management
  - Scenario analysis
  - Maintenance of unencumbered liquid asset holdings
- Liquidity management is performed centrally by Group Treasury, with oversight from the Asset and Liability Committee and the Risk Management Group
- The MGL and MBL Boards approve the liquidity policy and are provided with liquidity reporting on a regular basis
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Overview | MGL results for the half year ended 30 September 2019 | 3Q20 Update | Outlook | Capital and funding | Appendices

3Q20 Update

Overview

MGL results for the half year ended 30 September 2019

3Q20 Update

Outlook

Capital and funding

Appendices

Funded balance sheet remains strong

Term liabilities exceed term assets

31 Dec 2018

30 Sep 2019

31 Dec 2019

These charts represent Macquarie’s funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet at Sep 30 to Macquarie’s statutory balance sheet at Sep 30 refer to slide 49. 1. ‘Other debt maturing in the next 12 months’ includes Subordinated debt maturing within the next 12 months and Net Trade Creditors. 2. ‘Debt maturing beyond 12 months’ includes Subordinated debt not maturing within 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. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 5. Cash, liquids and self-securitised assets’ includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the Reserve Bank of Australia’s Committed Liquidity Facility. 6. ‘Loan Assets (incl. op lease) > 1 year’ includes Net Trade Debtors. 7. ‘Loan Assets (incl. op lease) < 1 year’ includes Debt Investment Securities. 8. Equity investments and PPE includes Macquarie’s co-investments in Macquarie-managed funds and equity investments.
Diversified issuance strategy

Term funding as at 30 Sep 19 – diversified by currency\(^1\), tenor\(^2\) and type

**Currency**

- USD 36%
- EUR 7%
- GBP 6%
- AUD 47%
- JPY 2%
- CHF 2%
- OTH 1%

**Tenor**

- Securitisations >1yr 8%
- 1-2 yrs 14%
- 2-3 yrs 7%
- 3-4 yrs 6%
- 4-5 yrs 9%
- >5 yrs 58%

**Type**

- Subordinated debt 3%
- Covered bonds 1%
- PUMA RMBS 6%
- SMART ABS 3%
- Equity and hybids 34%
- Secured funding 1%
- Private placement 8%

- Well-diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 5.1 years\(^3\)

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Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Macquarie Income Securities of $A0.4b are excluded as they do not have a maturity date. 4. Issuances exclude securitisations. Issuances are converted to AUD at the 30 Sep 19 spot rate. Macquarie AirFinance Term Loan is included in FY18 line with the signing of commitment letters. 5. Maturities excludes securitisations. Maturities shown are as at 30 Sep 19.
Continued customer deposit growth

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

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

Note: Total customer deposits include total BFS deposits of $A56.2b and $A2.6b of Corporate/Wholesale deposits.
## Current credit ratings

<table>
<thead>
<tr>
<th></th>
<th>Macquarie Bank Limited</th>
<th>Macquarie Group Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long-term rating</td>
<td>Long-term rating</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A2</td>
<td>Stable</td>
</tr>
<tr>
<td>Fitch</td>
<td>A</td>
<td>Stable</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A+</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Appendices

Presentation to Debt Investors
February 2020
Appendix: General Appendices

Presentation to Debt Investors
February 2020
Operating groups update

- **Effective 1 July 2019**
  - Certain fiduciary businesses, such as the infrastructure debt business (MIDIS), moved from CAF Asset Finance in the Banking Group to MAM in the Non-Banking Group following receipt of required approvals.

- **Effective 1 September 2019**
  - Each of CAF’s divisions will be aligned to other businesses, where they have the greatest opportunities in terms of shared clients and complementary offerings:
    - CAF Principal Finance, excluding Transportation Finance, will join Macquarie Capital to bring together all principal investing activity and enhance our ability to invest directly and alongside clients and partners.
    - CAF Transportation Finance will join Macquarie Asset Management, reflecting its evolution towards a fiduciary business following the recent sale of a stake in the portfolio to PGGM.
    - CAF Asset Finance will move to Commodities and Global Markets, reflecting a longstanding, shared focus on innovative financing solutions for corporates, some of which are already shared clients.
  - 1H20 results will be reported under the new Group structure with rebased prior periods.
Risk culture and conduct

Increased engagement with regulators around the world during FY19 with specific focus on conduct through the Banking Royal Commission in Australia

• Macquarie’s long-established risk culture and our management of conduct risk is well entrenched across all parts of the organisation. Key aspects include:
  – Primary responsibility resides at the individual and business unit level
  – Strong independent oversight by the Risk Management Group
  – Independent and objective risk-based assurance by Internal Audit

• Macquarie’s unbroken profitability is underpinned by our approach to risk culture as reflected in our principles of Opportunity, Accountability and Integrity

• The Board, supported by monitoring of detailed metrics, plays a key oversight role in ensuring that the Macquarie culture supports our risk appetite

• APRA’s request to review governance, culture and accountability was completed:
  – Review confirmed these factors remain critical to our success and are well embedded
  – Identified opportunities to further improve our non-financial risk management

• Macquarie’s remuneration framework and consequence management process is designed to promote accountability, encourage and reward appropriate behaviours and discourage inappropriate behaviours

  – In 2019, there were 163 matters involving conduct/policy breaches which resulted in formal consequences. Of these, for 23 matters termination of employment was the outcome and, for 140 matters, a formal warning was issued. Where a formal warning was issued, additional consequences were applied as appropriate including additional training, removal of delegated authorities or permissions, adjustments to performance-based remuneration and/or impact to promotion. Of the 140 matters, 34 resulted in individuals subsequently leaving Macquarie. These matters were considered to be isolated incidents or pockets of behaviour and there was no evidence of broader systemic conduct issues.
Risk culture and conduct in practice

Operating and Support Groups, Risk Management Group (RMG), Integrity Office and Human Resources work together to maintain our strong risk culture and conduct.

Recent risk culture and conduct specific initiatives

- Continued roll out of the Executive Director Leadership Program to our Senior Leaders; content includes emphasis on the importance of creating inclusive working environments and their positive impact on risk culture.

- Refreshed our Macquarie-wide Conduct Risk Management Framework, including an enhanced Conduct Risk definition and refreshed appetite.

- Global training program rolled out to over 5500 Supervisors (Directors and Non-director People Managers) to strengthen capability in identifying and responding to conduct risks and issues. To date, >60% of staff have been trained across 21 offices.

- RMG’s Behavioural Risk Division continuing to enhance oversight of risk culture, group-wide conduct risk program, work health and safety, and environmental and social risk.

- Enhanced oversight of the Board Governance and Compliance Committee to include specific oversight of the Macquarie-wide Conduct Risk Program and its deliverables.

The Integrity Office

- Established in 1998 as an internally independent function to allow staff to speak up safely about misconduct, illegal or unethical behaviour or breaches of the Code of Conduct.

- Runs the Whistleblower Program and conducts or oversees impartial investigations into concerns that are raised.

- In the 12 months to 30 September 2019, the Integrity Office refreshed the Code of Conduct and continued to roll out its awareness program, engaging 5,700 staff across 24 offices globally on:
  - What We Stand For
  - sound decision making principles
  - inclusive working environments and leadership
  - maintaining a speak-up culture; and
  - whistleblowing.
Appendix: Funding

Presentation to Debt Investors

February 2020
Funded balance sheet reconciliation

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

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

Net funded assets per Funded balance sheet | 146.4      | 140.5      | 134.4      |

For an explanation of the above deductions refer to slide 53.
Funding for Macquarie

<table>
<thead>
<tr>
<th>Funding sources</th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Sep 18 $Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>1.0</td>
<td>1.0</td>
<td>6.8</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>7.8</td>
<td>8.3</td>
<td>5.9</td>
</tr>
<tr>
<td>Net trade creditors</td>
<td>0.6</td>
<td>2.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Structured notes</td>
<td>2.4</td>
<td>2.5</td>
<td>2.2</td>
</tr>
<tr>
<td>Secured funding</td>
<td>3.6</td>
<td>5.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Bonds</td>
<td>34.8</td>
<td>32.2</td>
<td>34.8</td>
</tr>
<tr>
<td>Other loans</td>
<td>1.5</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Syndicated loan facilities</td>
<td>8.7</td>
<td>9.3</td>
<td>7.0</td>
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<tr>
<td>Customer deposits</td>
<td>58.8</td>
<td>56.0</td>
<td>52.3</td>
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<tr>
<td>Subordinated debt</td>
<td>3.1</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Equity and hybrids</td>
<td>24.1</td>
<td>22.1</td>
<td>19.9</td>
</tr>
<tr>
<td><strong>Total funding sources</strong></td>
<td><strong>146.4</strong></td>
<td><strong>140.5</strong></td>
<td><strong>134.4</strong></td>
</tr>
</tbody>
</table>

| Funded assets                                        |            |            |            |
| Cash and liquid assets                                | 23.7       | 26.3       | 23.5       |
| Self-securitisation                                  | 23.6       | 21.1       | 17.2       |
| Net trading assets                                   | 27.9       | 26.6       | 19.3       |
| Loan assets including operating lease assets less than one year | 13.6   | 14.3       | 15.2       |
| Loan assets including operating lease assets greater than one year | 44.0   | 47.6       | 48.2       |
| Debt investment securities                            | 1.7        | 1.7        | 1.8        |
| Co-investment in Macquarie-managed funds and other equity investments | 8.4 | 5.9     | 6.3  |
| Property, plant and equipment and intangibles        | 3.5        | 3.0        | 2.9        |
| **Total funded assets**                              | **146.4**  | **140.5**  | **134.4**  |

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 40%\(^2\) of total funding sources
- Term funding beyond one year (excluding equity\(^3\) and securitisations) has a weighted average term to maturity of 5.1 years\(^2\)

Macquarie’s term funding maturing beyond one year (includes Equity and hybrids)\(^4\)

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

<table>
<thead>
<tr>
<th>Funding sources</th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Sep 18 $Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>1.0</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>7.8</td>
<td>6.3</td>
<td>5.9</td>
</tr>
<tr>
<td>Net trade creditors</td>
<td>1.1</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Structured notes</td>
<td>2.0</td>
<td>2.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Secured funding</td>
<td>2.5</td>
<td>1.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Bonds</td>
<td>18.9</td>
<td>16.1</td>
<td>20.0</td>
</tr>
<tr>
<td>Other loans</td>
<td>1.0</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Syndicated loan facilities</td>
<td>-</td>
<td>-</td>
<td>1.2</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>58.8</td>
<td>58.0</td>
<td>52.3</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>3.1</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Equity and hybrids</td>
<td>14.0</td>
<td>12.8</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total funding sources</strong></td>
<td><strong>110.2</strong></td>
<td><strong>100.6</strong></td>
<td><strong>107.8</strong></td>
</tr>
</tbody>
</table>

**Funded assets**

<table>
<thead>
<tr>
<th></th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Sep 18 $Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and liquid assets</td>
<td>21.9</td>
<td>24.3</td>
<td>21.4</td>
</tr>
<tr>
<td>Self-securitisation</td>
<td>23.6</td>
<td>21.1</td>
<td>17.2</td>
</tr>
<tr>
<td>Net trading assets</td>
<td>25.8</td>
<td>19.6</td>
<td>18.8</td>
</tr>
<tr>
<td>Loan assets including operating lease assets less than one year</td>
<td>12.7</td>
<td>13.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Loan assets including operating lease assets greater than one year</td>
<td>38.3</td>
<td>35.3</td>
<td>46.8</td>
</tr>
<tr>
<td>Debt investment securities</td>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Non-Bank Group deposit with MBL</td>
<td>(14.2)</td>
<td>(14.8)</td>
<td>(14.1)</td>
</tr>
<tr>
<td>Co-investment in Macquarie-managed funds and other equity investments</td>
<td>0.4</td>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Property, plant and equipment and intangibles</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total funded assets</strong></td>
<td><strong>110.2</strong></td>
<td><strong>100.6</strong></td>
<td><strong>107.8</strong></td>
</tr>
</tbody>
</table>

- Bank balance sheet remains liquid and well capitalised, with a diverse range of funding sources
- Deposit base represents 53%\(^2\) of total funding sources
- Term funding beyond one year (excluding equity\(^3\) and securitisations) has a weighted average term to maturity of 4.1 years\(^2\)
- Accessed term funding across a variety of products and jurisdictions

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

---

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

Funding for the Non-Bank Group

<table>
<thead>
<tr>
<th>Funding sources</th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Sep 18 $Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net trade (debtors)/creditors</td>
<td>(0.5)</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>Structured notes</td>
<td>0.4</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Secured funding</td>
<td>1.1</td>
<td>4.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Bonds</td>
<td>15.9</td>
<td>16.1</td>
<td>14.8</td>
</tr>
<tr>
<td>Other loans</td>
<td>0.5</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Syndicated loan facilities</td>
<td>8.7</td>
<td>8.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Equity and hybrids1</td>
<td>10.1</td>
<td>9.3</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Total funding sources</strong></td>
<td><strong>36.2</strong></td>
<td><strong>39.9</strong></td>
<td><strong>26.6</strong></td>
</tr>
</tbody>
</table>

Funded assets

<table>
<thead>
<tr>
<th>Funded assets</th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Sep 18 $Ab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and liquid assets</td>
<td>1.8</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Non Bank Group deposit with MBL</td>
<td>14.2</td>
<td>14.8</td>
<td>14.1</td>
</tr>
<tr>
<td>Net trading assets</td>
<td>2.1</td>
<td>1.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Loan assets including operating lease assets less than one year</td>
<td>0.9</td>
<td>1.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Loan assets including operating lease assets greater than one year</td>
<td>5.7</td>
<td>12.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Debt investment securities</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Co-investment in Macquarie-managed funds and other equity investments</td>
<td>8.0</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Property, plant and equipment and intangibles</td>
<td>2.9</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total funded assets</strong></td>
<td><strong>36.2</strong></td>
<td><strong>39.9</strong></td>
<td><strong>26.6</strong></td>
</tr>
</tbody>
</table>

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

Non-Bank Group term funding maturing beyond one year (includes Equity and hybrids)
Explanation of funded balance sheet reconciling items

• **Self-funded trading assets:** Macquarie enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties. Also as part of its trading activities, Macquarie pays and receives margin collateral on its outstanding derivative positions. These trading-related asset and liability positions are presented gross on the statement of financial position but are viewed as being self-funded to the extent that they offset one another and, therefore, are netted as part of this adjustment.

• **Derivative revaluation accounting gross-ups:** Macquarie’s derivative activities are mostly client driven with client positions hedged by offsetting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding.

• **Segregated funds:** These represent the assets and liabilities that are recognised where Macquarie provides products such as investment-linked policy contracts or where Macquarie holds segregated client monies. The policy (contract) liability and client monies will be matched by assets held to the same amount and hence do not require funding.

• **Outstanding trade settlement balances:** At any particular time Macquarie will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed on other trades (receivables).

• **Short-term working capital assets:** As with the outstanding trade settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a ‘net balance’ that either requires or provides funding.

• **Non-controlling interests:** These represent the portion of equity ownership in subsidiaries not attributable to Macquarie. As this is not a position that Macquarie is required to fund it is netted against the consolidated assets and liabilities in preparing the funded balance sheet.

• **Securitised assets and other non-recourse funding:** These represent assets that are funded by third parties with no recourse to Macquarie including lending assets (mortgages and leasing) sold down into external securitisation entities.
Costs of compliance

Total compliance spend\(^1\) approximately $A270m in 1H20, up 15% on 1H19

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

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

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

\(^1\) Excluding indirect costs.
Loan and lease portfolios\(^1\) – funded balance sheet

<table>
<thead>
<tr>
<th>Operating Group</th>
<th>Category</th>
<th>Sep 19 $Ab</th>
<th>Mar 19 $Ab</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFS</td>
<td>Retail mortgages(^2)</td>
<td>38.8</td>
<td>35.6</td>
<td>Secured by Australian residential property</td>
</tr>
<tr>
<td></td>
<td>Business banking</td>
<td>9.0</td>
<td>8.7</td>
<td>Secured relationship managed loan portfolio secured largely by working capital, business cash flows and real property</td>
</tr>
<tr>
<td></td>
<td>Vehicle finance</td>
<td>11.9</td>
<td>11.5</td>
<td>Secured by Australian motor vehicles</td>
</tr>
<tr>
<td></td>
<td><strong>Total BFS</strong></td>
<td><strong>59.7</strong></td>
<td><strong>55.8</strong></td>
<td></td>
</tr>
<tr>
<td>CGM</td>
<td>Asset Finance</td>
<td>8.0</td>
<td>7.9</td>
<td>Predominantly secured by underlying financed assets</td>
</tr>
<tr>
<td></td>
<td>Finance lease assets</td>
<td>5.7</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operating lease assets</strong></td>
<td><strong>2.3</strong></td>
<td><strong>2.3</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resource and commodities</td>
<td>4.5</td>
<td>3.3</td>
<td>Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2.6</td>
<td>2.5</td>
<td>Predominantly relates to recourse loans to financial institutions, as well as financing for other sectors</td>
</tr>
<tr>
<td></td>
<td><strong>Total CGM</strong></td>
<td><strong>15.1</strong></td>
<td><strong>13.7</strong></td>
<td></td>
</tr>
<tr>
<td>MAM</td>
<td>Operating lease assets(^3)</td>
<td>1.6</td>
<td>8.9</td>
<td>Secured by underlying financed assets including transportation assets</td>
</tr>
<tr>
<td></td>
<td>Structured investments</td>
<td>0.2</td>
<td>0.2</td>
<td>Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash or are protected by capital guarantees at maturity</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>0.4</td>
<td>0.3</td>
<td>Secured by underlying financed assets</td>
</tr>
<tr>
<td></td>
<td><strong>Total MAM</strong></td>
<td><strong>2.2</strong></td>
<td><strong>9.4</strong></td>
<td></td>
</tr>
<tr>
<td>MacCap</td>
<td>Principal finance loans</td>
<td>3.6</td>
<td>3.4</td>
<td>Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, well collateralized and with a hold to maturity horizon</td>
</tr>
<tr>
<td></td>
<td>Corporate and other lending</td>
<td>0.6</td>
<td>0.7</td>
<td>Includes diversified secured corporate lending</td>
</tr>
<tr>
<td></td>
<td><strong>Total MacCap</strong></td>
<td><strong>4.2</strong></td>
<td><strong>4.1</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total loan and lease assets per funded balance sheet(^4)</strong></td>
<td><strong>81.2</strong></td>
<td><strong>83.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet of $A85.1b at 30 Sep 19 ($A78.5b at 31 Mar 19) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet).  
2. Retail mortgages per the funded balance sheet of $A38.8b differs from the figure disclosed on slide 13 of $A43.6b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles (PUMA RMBS and SMART auto ABS) to show the net funding requirement.  
3. Movement includes the disposal of Macquarie AirFinance to a newly-formed joint venture with PGGM in 1H20.  
4. Total loan assets per funded balance sheet includes self-secured assets.
### Equity investments of $A8.5b\(^1\)

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

| Total                       | 8.5                             | 5.9                             |

---

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

## Surplus calculation

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

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