MACQUARIE

Macquarie Group Limited

Presentation to Debt Investors

May 2020

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Unless otherwise specified all information is at 31 March 2020.

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

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Agenda

01

Overview

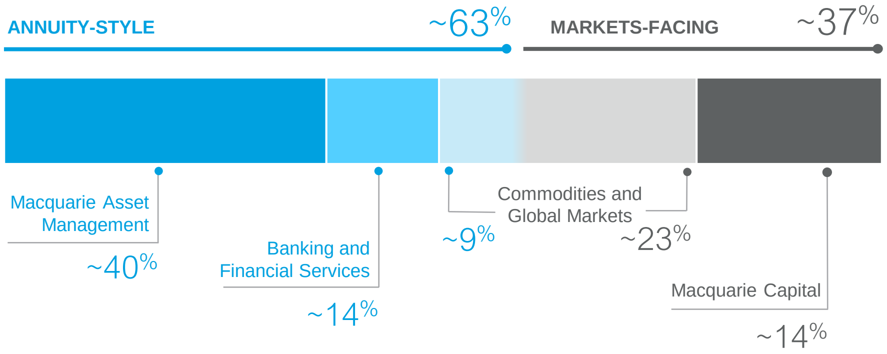
Presentation to Debt Investors

May 2020

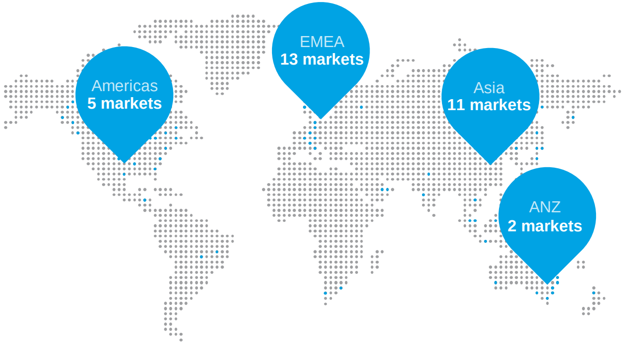
Macquarie overview

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 overview[1]



Global presence[2]



FY20 net profit **$A2,731m**
FY19 net profit **$A2,982m**

$A606.9b
assets under management
as at 31 Mar 20

MBL
A/A2/A+
credit rating

APRA primary regulator
for MBL & MGL

15,849 employees[2],
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 FY20 net profit contribution from operating groups as reported at the results announcement on 8 May 2020. 2. Employees and global locations as at 31 Mar 20. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation

Diversification by region

International income 67% of total income[1]
Total staff[2] 15,849, International staff 58% of total

Americas

2,756

TOTAL INCOME[1]
$A3,018m

Assets under management
$A291.6b

Employing **27,000+** people[4]

CANADA
Calgary
Montreal
Toronto
Vancouver

LATIN AMERICA
Mexico City
Sao Paulo
Santiago

USA
Austin
Boise
Boston
Chicago
Dallas
Houston
Jacksonville
Los Angeles
Minneapolis
Nashville
New York
Orlando
Philadelphia
San Diego
San Francisco
San Jose
Seattle
Walnut Creek

EMEA

2,409

TOTAL INCOME[1]
$A3,470m

Assets under management
$A132.0b

Employing **57,000+** people[4]

EUROPE
Amsterdam
Braintree
Coventry
Dublin
Dusseldorf
Edinburgh
Frankfurt
Geneva
Limerick
London
Luxembourg
Madrid
Munich
Paris
Reading
Solihull
Vienna
Watford
Zurich

MIDDLE-EAST
Dubai

SOUTH AFRICA
Cape Town
Johannesburg

Asia

4,014

TOTAL INCOME[1]
$A1,573m

Assets under management
$A66.9b

Employing **50,000+** people[4]

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

Australia[3]

6,670

TOTAL INCOME[1]
$A3,892m

Assets under management
$A116.4b

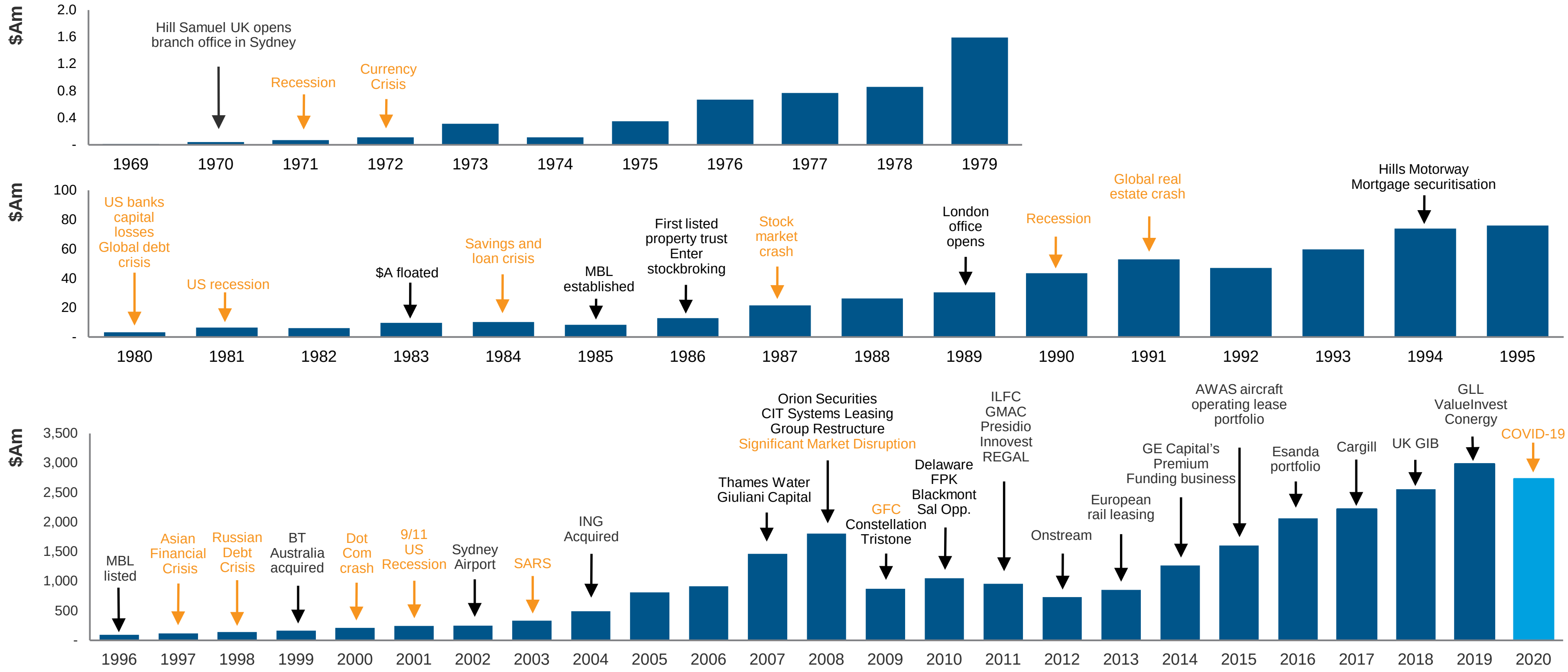
Employing **7,000+** people[4]

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

NEW ZEALAND
Auckland

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation. 3. Includes New Zealand. 4. Includes people employed through MIRA-managed fund assets and investments where Macquarie Capital holds a significant influence.

50 years of profitability



Above dates refer to Macquarie financial years.

Macquarie's response to COVID-19

Employees

- Globally consistent and coordinated move to working remotely, supported by ongoing commitment to flexible working
- Over 98% of staff working remotely with no notable interruption to client service
- Existing systems have been resilient to large-scale remote working, reflecting long-term investment in technology
- Candidate engagement, selection, onboarding and training of new hires (including graduates and interns) has continued without interruption through virtual communications
- Flexible leave options available to staff to ensure remote working can be balanced with family and carer responsibilities
- Enhanced wellbeing, communications and training programs to support staff

Staff working remotely

>98%

Clients

- Personal Banking clients able to defer mortgage, overdraft, credit card or vehicle loan repayments for up to six months without penalty or negative impact to their credit score
- Business Banking clients able to defer loan repayments for up to six months for all loans up to $A10m
- 3-6-month payment deferrals available to vehicle lease customers
- Enhanced approaches to support vulnerable customers
- Specialised and Asset Finance (SAF) extended lending relief to SME clients to help support business cash flows
- Providing expertise, advice and capital solutions to assist clients and partners in navigating COVID-19 and related market disruption

Clients accessing assistance[1]

~12%

Portfolio Companies

- Working with MIRA and Macquarie Capital portfolio companies to ensure robustness of business continuity planning, financial resilience & employee wellbeing, including projects under construction
- Maximising remote working while maintaining essential community services and connecting best practice across assets, industries and regions
- Capacity upgrades to MIRA-managed digital infrastructure assets have left them able to handle significant activity increases resulting from widespread remote working
- Examples of portfolio company initiatives: AGS Airport's carparks repurposed as COVID-19 testing centres in the UK; Spain's healthcare workers receiving Personal Protective Equipment from CLH and free parking from Empark; Penn Foster training nurses in COVID-19 testing, and Dovel Technologies using analytics to review antiviral clinical trials

Daily users of essential services

~100m

Community

- $A20m allocation to Macquarie Group Foundation to help combat COVID-19 and provide relief for its impacts
- $A2m donation to The Global FoodBanking Network to address food security needs; $A1m to the Burnett Institute for its study into the preventative benefits of isolation and physical distancing; $A3.75m to nine non-profits focused on direct relief efforts globally
- Foundation continues to match staff giving and fundraising to maintain support to existing non-profit partners
- BFS engaging and hiring workers furloughed by other employers to meet increased short-term customer service demand
- CGM sourcing computer equipment for North American educators
- Macquarie portfolio companies: Achieve3000 offering 2m low income students in the US with free access to its education platform; INEA providing free internet to teachers in Poland

COVID-19 donation

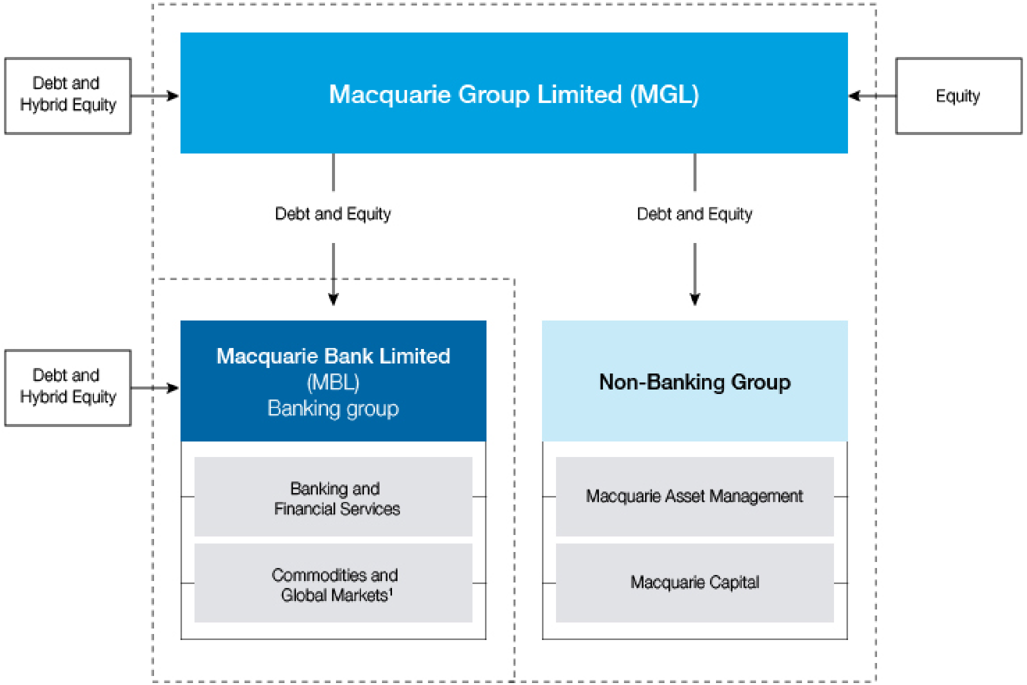
$A20m

1. BFS, by loan balance as at 30 Apr 20.

MACQUARIE

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 Banking Group
- MGL provides funding predominantly 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

40%[2]

Net profit contribution

FY19[1] **$A1,872 million**

FY20[2] **$A2,177 million**

▲16% on FY19

Equities | Fixed income | Multi-asset | Infrastructure | Renewables

Agriculture | Real Estate | Transportation Finance | Private Credit

$A605.7 billion assets under management[3]

MACQUARIE

MIM AUM $A382.6b[3]

MIRA AUM $A223.1b[3]

No.1 infrastructure manager globally[4]

150+ infrastructure and real assets used by **~100 million** people every day

Top 50 global asset manager[5]

MIRA grew equity under management[7] to **$A149.3b** ▲17% on Mar 19

$A20.1b of new equity raised (including $A8.9b in 4Q20) for a diverse range of funds, products and solutions across the platform

MIRA invested over **$A21.3b** of equity

Top 50 US active mutual fund manager[6]

$A25.1b of equity to deploy in MIRA[7]

69% of AUM outperforming their relative benchmarks on a three-year basis[7]

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on FY20 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
3. Macquarie Asset Management AUM at 31 March 2020.
4. Based on AUM. IPE Real Assets Top 75 Infrastructure Investment Managers 2019, published in July/August 2019.
5. P&I Largest Money Managers 2019.
6. At 31 March 2020. Simfund Fund Family AUM (excludes passive/index funds)..
7. As at 31 March 2020.

Banking and Financial Services

A technology-driven Australian retail bank and wealth manager

14%[2]

Net profit contribution

FY19[1] **$A756 million**

FY20[2] **$A770 million**

▲2% on FY19

Personal banking

Credit cards
Home loans
Bank accounts

Wealth management

Investments
Financial advice
Wrap

Business banking

Property services
Professional services

More than

1.6 million

Australian clients[3]

MACQUARIE

A leading Australian vehicle financier[3]

475,000+

$A13.7 billion ▼10% on Mar 19

Australian vehicle finance portfolio[6]

$A79.1 billion ▼8% on Mar 19

Funds on platform[4]

$A9.0 billion ▲8% on Mar 19

Business banking loan portfolio[3]

$A63.9 billion ▲20% on Mar 19

total BFS deposits[5]

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

$A52.1 billion ▲35% on Mar 19

home loans[3]

Award winning **digital banking offering**[7]

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on FY20 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
3. As at 31 March 2020
4. As at 31 March 2020. Funds on platform includes Macquarie Wrap and Vision.
5. As at 31 March 2020. BFS deposits exclude corporate/wholesale deposits.
6. As at 31 March 2020. Includes general plant and equipment.
7. Winner in 2020 Mozo Experts Choice Awards for Exceptional Everyday Account, Excellent Banking App and Internet Banking / Macquarie Transaction account awarded a Canstar 5 star rating for outstanding value travel debit card / Winner in the 2019 Mozo Experts Choice Awards for Internet Banking and Exceptional Everyday Account / Winner in the 2018 Mozo Experts Choice Awards in the Travel Money/International Money Transfer category

Commodities and Global Markets

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

32%[2] Net profit contribution

FY19[1] **$A1,743 million**

FY20[2] **$A1,746 million**

0% on FY19

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

20+ years in technology, media and telecoms (TMT)

15 years in energy, renewables and sustainability

Market trading across **200+** products in **25+** market segments

No.2 physical gas marketer in North America[3]

~5,000 Unique client relationships

2 million+ smartphones leased worldwide to telcos[4]

Natural Gas/LNG House of the Year[5]

Research House of the Year[5]

$A8.5 billion asset finance portfolio[6]

10 million+ meters provided to homes and businesses[7]

65% Of the portfolio represents recurring income

60-70% Of businesses have low correlation with each other

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on FY20 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
3. Platts Q4 – March 2020.
4. At 31 March 2020. SAF TMT origination data
5. 2019 Energy Risk Awards.
6. At 31 March 2020 in the Specialised and Asset Finance division.
7. At 31 March 2020, 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**

14%[2]

Net profit contribution

FY19[1] **$A1,774 million**

FY20[2] **$A755 million**

▼**57%** on FY19

Infrastructure | Green Energy | Technology | Telecoms & Media
Resources | Real estate | Industrials | Healthcare
Financial institutions | Consumer, Gaming & Leisure | Services | Aerospace, Defence & Gov. Services

$A319 billion
completed deals in FY20[3]

No.1 M&A for completed deals in ANZ[4]

No.1 Global Infrastructure and Renewables Financial adviser[5]

No.1 Global Power Financial adviser[6]

$A0.7b
Green investments realised in FY20[7]

$A1.5b
New Green investments in FY20[7]

Global leader
in green energy

250+ green energy projects under development or construction

European Renewables Deal of the Year East Anglia ONE[8]

Project of the Year and Financial Excellence Award WestConnex[9]

Asia Pacific Transport Deal of the Year Cross River Rail[10]

1. Based on reclassified FY19 net profit contribution from operating groups.
2. Based on FY20 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
3. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet investments, ECM and DCM transactions converted at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 4. Refinitiv (FY20, No.1 for completed deals in ANZ by deal count)
5. Inspiratia (CY19, by deal count and transaction volume). 6. Inframation (CY19 by deal value).
7. Carrying value of balance sheet investments as at 31 Mar 20.
8. Infrastructure Investor Awards 2019
9. Infrastructure Partnerships Australia (IPA) 2019 National Infrastructure Awards.
10. PFI Awards 2019.

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

Environmental and Social Risk policy

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

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.

Environmental, Social and Governance (ESG)

MACQUARIE

FY20 Key Highlights

Environmental and social risk management

391
transactions assessed under our Environmental and Social Risk (ESR) Policy in FY2020

Environmental and social financing

$A9.0b
invested or arranged in renewable energy and energy efficiency projects in FY2020

12,800 MW
of renewable energy assets in operation or under management as at 31 March 2020[1]

$A20.4b
renewable energy assets under management at 31 March 2020

Climate change

13.6%
of total funded loan equity investments exposed to renewable energy at 31 March 2020[2]

2.2%
of total funded equity investments exposed to conventional energy at 31 March 2020[2]

Sustainability in direct operations

100%
renewable electricity by 2025

FY2020 emissions per capita reduced by
45%
from FY2010 baseline (18% reduction from FY2019)

Customer and client experience

Partnerships Gold Award 2019 for Financial Advisor of the Year

Mozo Experts Choice Awards 2020 for Excellent banking app, Internet banking and Exceptional everyday account

Canstar Outstanding Value Transaction Account (2018 and 2019)

People and workplace

3,000
classroom events and
350,000
online courses and knowledge tests delivered to our staff in FY2020

Women represent
41%
of Macquarie's workforce and
36%
of Board Directors at 31 March 2020

Business conduct and ethics

Tailored training, workshops and leadership-led sessions provided to over
8,700
staff[3]

Macquarie Group Foundation

$A50m+
donated by Macquarie staff and the Foundation in FY2020 ($A410m since inception in 1985)[4]

1,600
non-profit organisations supported in FY2020

46,000
Hours volunteered in FY2020

More information is also available at macquarie.com/ESG 1. MW of renewable energy assets in operation or under management reflect 100% generating capacity of each asset, not the proportion owned/managed by Macquarie. 2. Equity investments are reported on a funded balance sheet basis and therefore exclude equity hedge positions and non controlling interests. Macquarie's carrying value of its interest in East Anglia ONE Limited is $A2.8 billion, which has been partially funded with asset-specific borrowings of $A2.3 billion at 31 March 2020. Total funded equity investments amount to $A7.4 billion as at 31 March 2020 ($A5.9 billion at 31 March 2019). 3. Content includes conduct and conduct risk, psychological safety (aimed at staff and supervisors) and ethical decision-making. Macquarie also requires staff to undertake mandatory online Code of Conduct training. 4. Contribution comprises Macquarie Group Foundation matching support for staff donations and fundraising; Foundation donations to commemorate staff attaining 10-year and 25-year anniversaries at Macquarie; Foundation grants to non-profit organisations to recognise 12 months of board service by a Macquarie employee; and Macquarie and Foundation grants to community organisations (including Year 1 donations for the 50th Anniversary Award).

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

Ownership of risk at the business level

Understanding worst case outcomes

Independent sign-off by Risk Management Group

Principles stable for **30+ years**

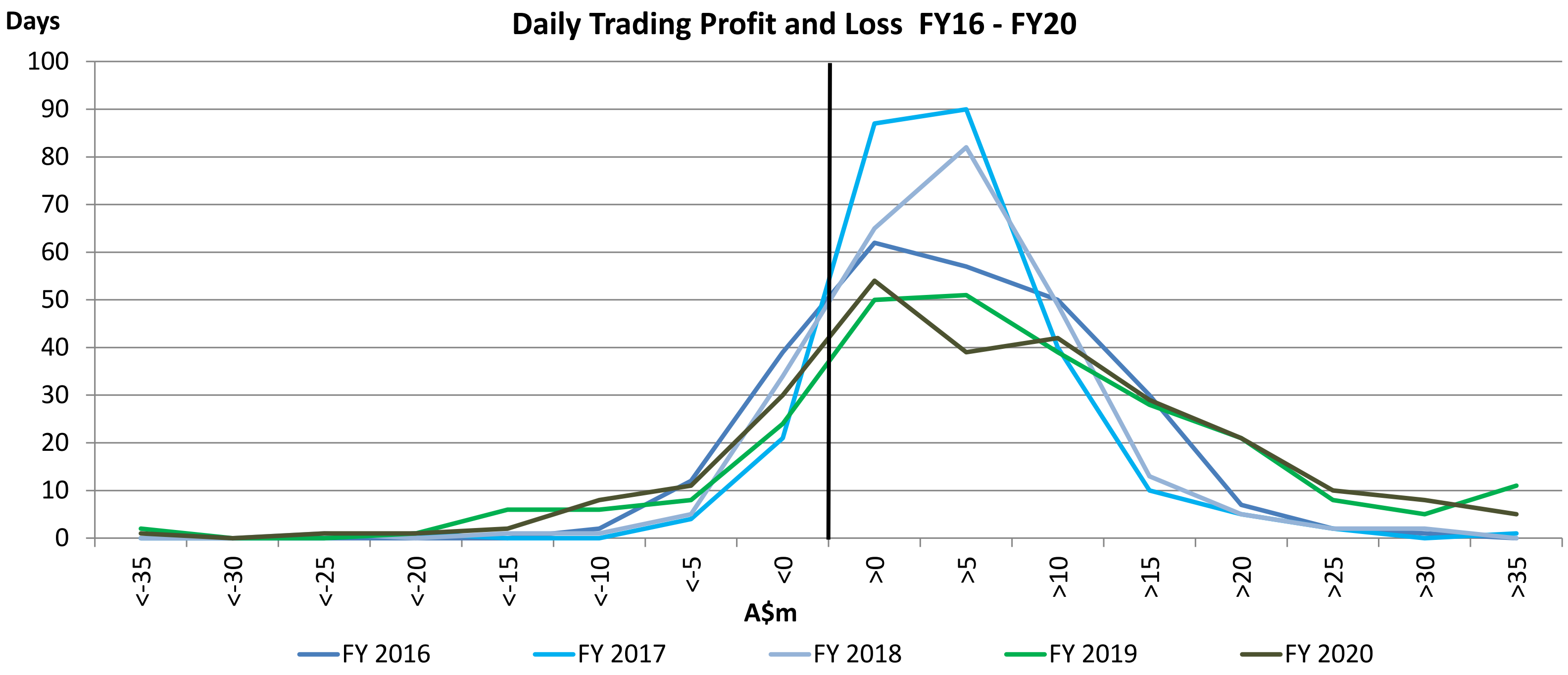
Our approach is consistent with the 'three lines of defence' model with clear accountability for risk management

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.

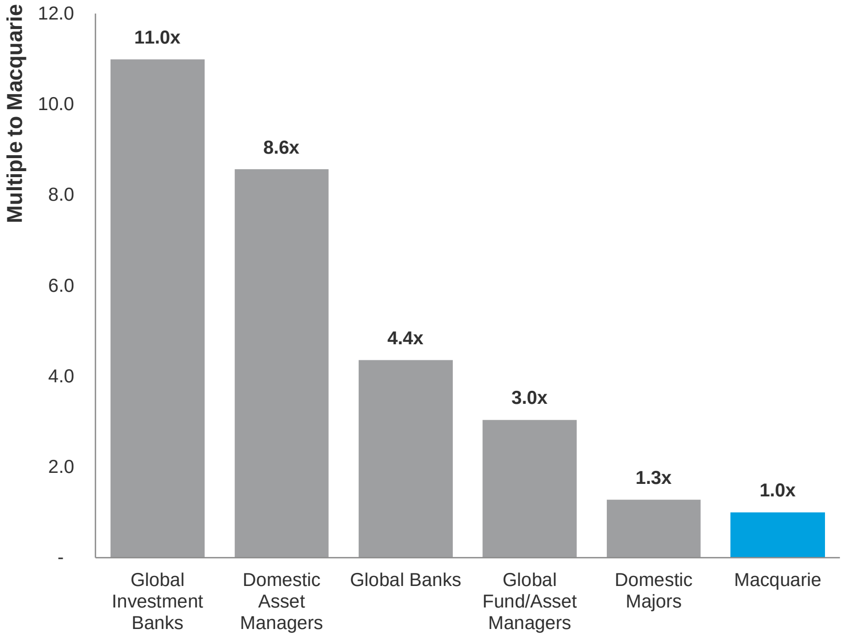
Trading businesses are client driven

Consistent profits and low volatility of returns



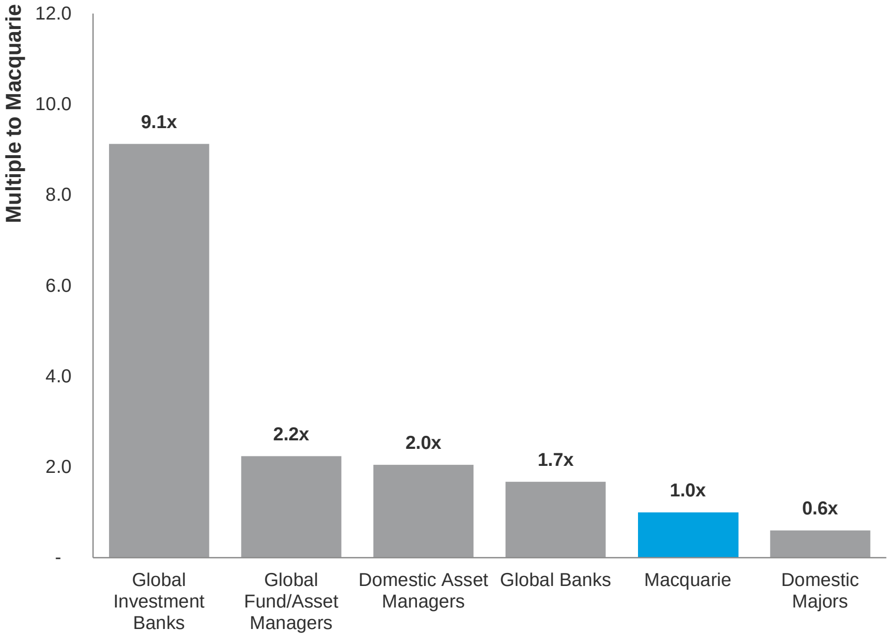
Stable earnings

5 year earnings volatility relative to Macquarie



13 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 as at 18 May 2020 (Bloomberg).

02

MGL results for the full year ended 31 March 2020

Presentation to Debt Investors

May 2020

FY20 result: $A2,731m down 8% on FY19

	2H20 $Am	1H20 $Am	2H20 v 1H20	FY20 $Am	FY19 $Am	FY20 v FY19
Net operating income (excl. Credit and Other impairment charges)	6,906	6,459	7%	13,365	13,306	-
Net credit impairment charges	(661)	(144)	359%	(805)	(320)	152%
Other impairment (charges)/reversals	(240)	5	*	(235)	(232)	1%
Total operating expenses	(4,391)	(4,480)	2%	(8,871)	(8,887)	-
Operating profit before income tax	**1,614**	**1,840**	**12%**	**3,454**	**3,867**	**11%**
Income tax expense	(352)	(376)	6%	(728)	(879)	17%
Effective tax rate[1] (%)	*21.6*	*20.5*		*21.0*	*22.8*	
Loss/(profit) attributable to non-controlling interests	12	(7)		5	(6)	
Profit attributable to MGL shareholders	**1,274**	**1,457**	**13%**	**2,731**	**2,982**	**8%**
Annualised return on equity (%)	**12.7**	**16.4**	**23%**	**14.5**	**18.0**	**19%**
Basic earnings per share	**$A3.62**	**$A4.30**	**16%**	**$A7.91**	**$A8.83**	**10%**
Dividend per ordinary share	**$A1.80**	**$A2.50**	**28%**	**$A4.30**	**$A5.75**	**25%**

1. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

FY20 net profit contribution from Operating Groups $A5,448m down 11% on FY19

ANNUITY-STYLE ACTIVITIES

$A3,439m

▲ **13%** ON FY19

Non-Banking Group

Macquarie Asset Management (MAM) ▲ on FY19

Increased base fees, performance fees, investment-related & other income, partially offset by lower net operating lease income, higher operating expenses and higher credit and other impairment charges

Banking Group

Banking and Financial Services (BFS) ▲ on FY19

Growth in average volumes for BFS deposits, loan portfolio, funds on platform and the impact of realigning the wealth advice business to focus on the high net worth segment, offset by margin compression on deposits and higher credit provisions

Commodities and Global Markets[1] (CGM) ▲ on FY19

Higher revenue from Specialised and Asset Finance and Commodities' lending and financing activities

MARKETS-FACING ACTIVITIES

$A2,009m

▼ **35%** ON FY19

Non-Banking Group

Macquarie Capital (MacCap) ▼ on FY19

DCM fee revenue down, partially offset by higher M&A fee revenue. Investment-related income down given strong asset realisations in FY19. Higher operating expenses, funding costs and increased credit and other impairment charges

Banking Group

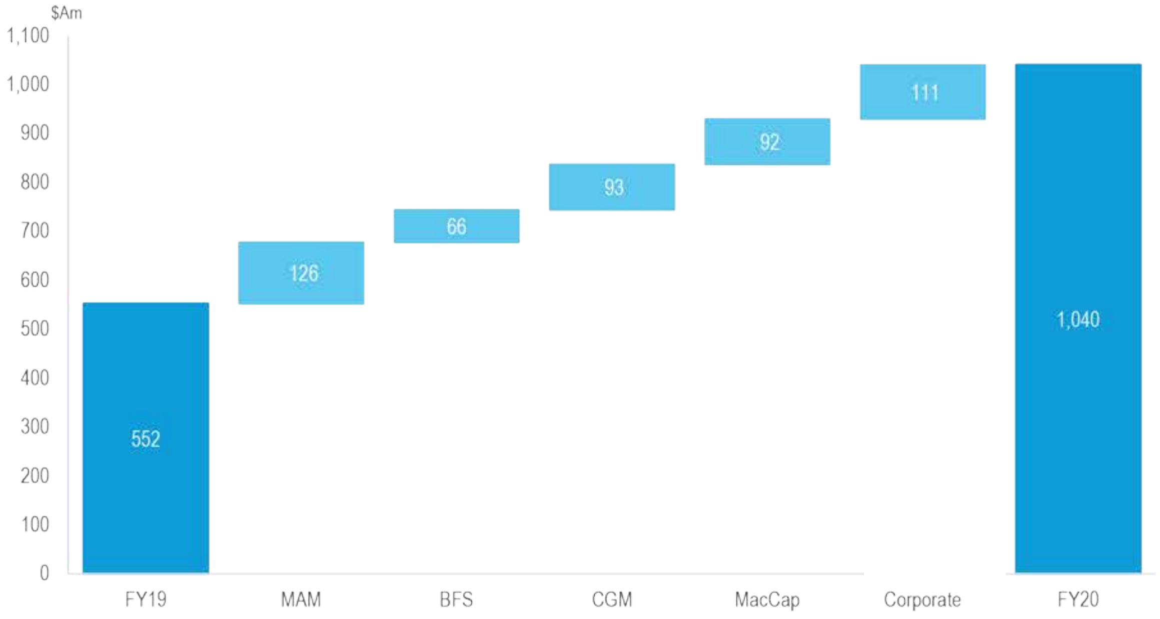
Commodities and Global Markets[1] (CGM) ▼ on FY19

Reduction in inventory management and trading revenues and an increase in credit provisions mostly offset by strong global client contributions across all products and sectors demonstrating benefits of portfolio diversity

MAM	BFS	CGM	CGM	MacCap
~40%	~14%	~9%	~23%	~14%

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.

Credit and Other impairment charges

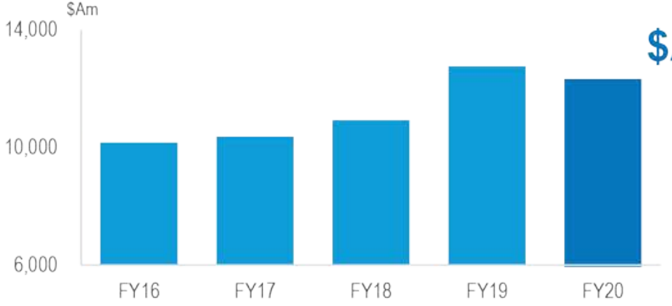


KEY DRIVERS

- **MAM:** Higher credit and other impairment charges mainly due to a deterioration in current and expected macroeconomic conditions as a result of COVID-19, including an impairment charge on the investment in Macquarie Infrastructure Corporation (MIC) and a small number of other investments
- **BFS:** Increased specific provisions in Business banking and Vehicle finance together with increased credit impairment charges on the performing portfolios related to a deterioration in current and expected macroeconomic conditions as a result of COVID-19
- **CGM:** Driven by increased impairment charges on a small number of counterparties in Futures and FI&C, together with increased credit impairment charges on the performing loan and lease portfolio related to a deterioration in current and expected macroeconomic conditions as a result of COVID-19
- **Macquarie Capital:** Increased credit impairment charges primarily related to a small number of loan facilities in the debt portfolio and a deterioration in current and expected macroeconomic conditions as a result of COVID-19 impacting the performing loan portfolio
- **Corporate:** Higher central overlay provisions for expected credit losses on the performing portfolio due to a higher weighting to the ECL downside scenario

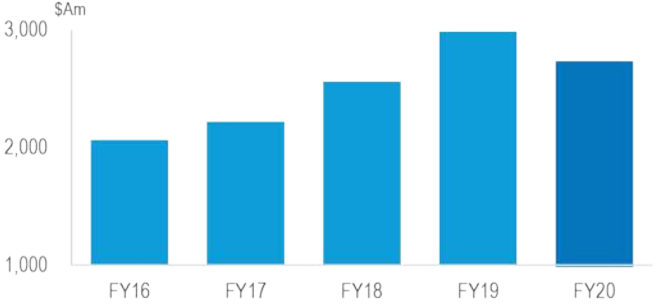
Financial performance

Operating income



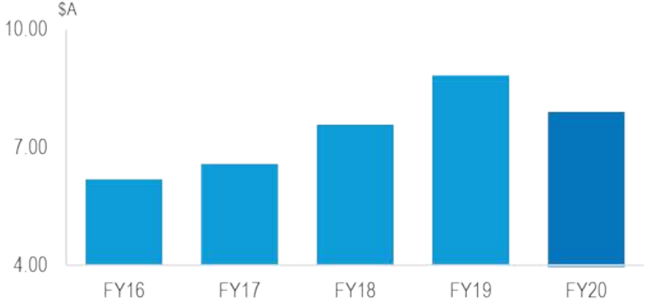
FY20
$A12,325m
▼3% ON FY19

Profit



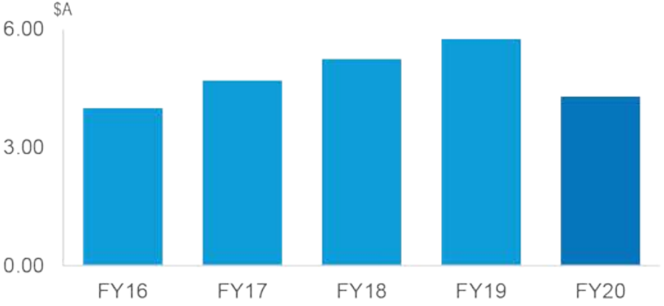
FY20
$A2,731m
▼8% ON FY19

EPS

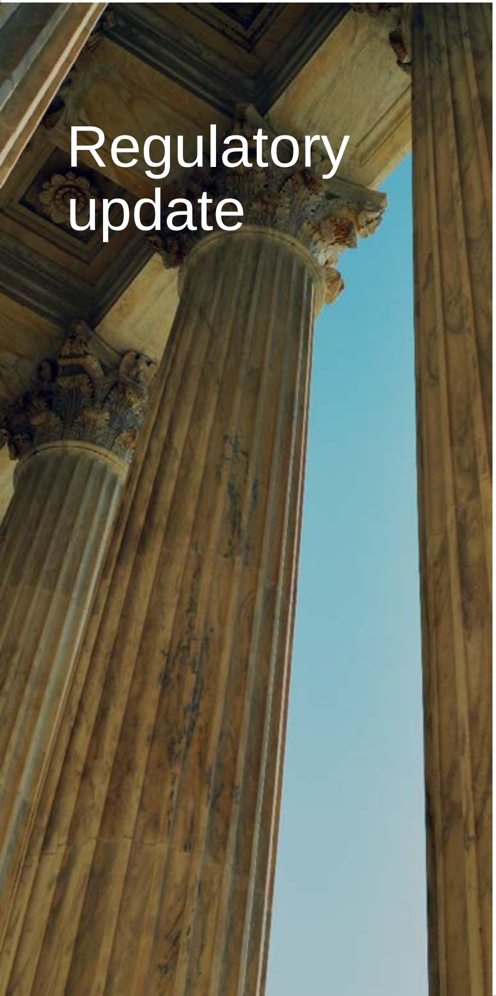


FY20
$A7.91
▼10% ON FY19

DPS



FY20
$A4.30
▼25% ON FY19



Regulatory update

Australia

- In light of the COVID-19 pandemic, APRA announced (on 19 Mar 20) temporary changes to its expectations regarding bank capital ratios, to ensure banks are well positioned to continue to provide credit to the economy in the current challenging environment[1]
- On 30 Mar 20, APRA announced the deferral of its scheduled implementation of the Basel III reforms in Australia by one year to allow ADIs to focus on maintaining operations and providing credit to the Australian economy[2]
- The status of the relevant regulatory changes is shown in the table below:

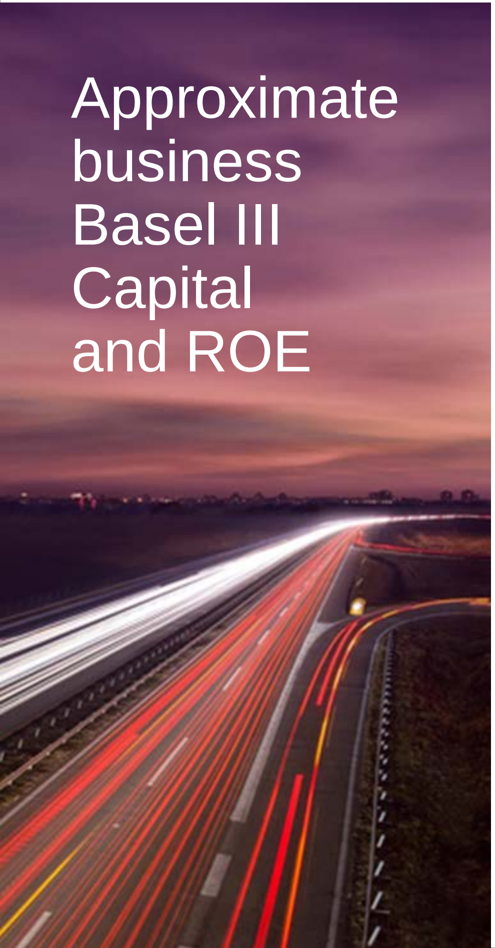
Regulatory Change	Status	Original compliance date	Revised compliance date
APS 110 (Leverage ratio)	Draft standard released 21 Nov 19	2022	2023
APS 111 (Capital treatment of subsidiaries)	Draft standard released 15 Oct 19	2021	No change
APS 112 (Standardised credit risk)	Draft standard released 12 Jun 19	2022	2023
APS 113 (IRB credit risk)	Draft mortgages standard 12 Jun 19	2022	2023
APS 115 (Operational Risk)	Standard finalised 11 Dec 19	2021	2023
APS 116 (FRTB)	Waiting for draft standard to be released	2023	2024
APS 117 (IRRBB)	Draft standard released 4 Sep 19	2022	2023
APS 222 (Associations with related Entities)[3]	Standard finalised 20 Aug 19	2021	2022
Transparency, comparability and flexibility	Waiting for draft standard to be released	2022	2023

- 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

Germany

- Macquarie continues to respond to requests for information about its historical activities as part of the ongoing, industry-wide investigation in Germany relating to dividend trading
- In total, the German authorities have designated as suspects approximately 100 current and former Macquarie staff, most of whom are no longer at Macquarie
- The total amount at issue is not material and MGL has provided for the matter

1. 'APRA adjusts bank capital expectations'; 19 Mar 20. 2. 'APRA announces deferral of capital reform implementation'; 30 Mar 20. 3. 'APRA announces new commencement dates for prudential and reporting standards'; 16 Apr 20.



Approximate business Basel III Capital and ROE

As at 31 Mar 2020

Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. FY20 Return on Ordinary Equity[2]	Approx. 13-year Average Return on Ordinary Equity[3]
Annuity-style businesses	**7.1**		
Macquarie Asset Management	2.8	24%	22%
Banking and Financial Services	4.3		
Markets-facing businesses	**10.0**		
Commodities and Global Markets	5.9	14%	16%
Macquarie Capital	4.2		
Corporate	**0.6**		
Total regulatory capital requirement @ 8.5%	17.7		
Group surplus	7.1		
Total APRA Basel III capital supply	**24.8[4]**	14.5%	14%

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 31 Dec 20 allocations adjusted for material movements over the Mar 20 quarter. 2. NPAT used in the calculation of approx. FY20 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 FY20, inclusive. 3. 14-year average covers FY07 to FY20, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of $A21.0b of ordinary equity and $A3.7b of hybrids.

MACQUARIE

Business activity since 31 March 2020

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

- Continued MIRA investment and divestment activity (AirTrunk, Cincinnati Bell, Viesgo and LG CNS acquisitions in MIRA funds and Macquarie European Rail sale from balance sheet)
- Well-positioned in the current environment to capitalise on investment opportunities, with continued fundraising activity across the MIRA platform and significant equity to deploy
- Macquarie AirFinance investment (50% owned by MQG) actively working with airlines to provide temporary relief to reflect their near-term revenue challenges
- MIM's solid investment performance from Mar 20 continued into Apr 20 across key strategies in both the Fixed Income and Equity Fund

Banking Group

Banking and Financial Services (BFS)

- Continued strong growth in deposits driven by existing and new-to-bank deposit clients
- Continued extension of credit in line within prudent lending standards
- Digitised payment pause applications to enable the timely processing of requests for clients in need of support: Approximately 75% of payment pause requests were processed for BFS clients within the first week of Macquarie's COVID-19 support package being launched

Markets-facing businesses

Non-Banking Group

Macquarie Capital (MacCap)

- Significant client engagement and evaluation of opportunities in the current environment
- Supported clients in raising more than $A6.8b of equity[2]. Since 1 Mar 20, the ASX has been the most active exchange in the world[3], with more than $A18.8b equity raised[4]
- Continued to support clients with bespoke financing solutions and focused on investing in credit markets
- Development & construction activity in some jurisdictions has slowed with some projects proceeding under significantly tightened health and safety measures. As the pandemic passes, we expect a swift recovery in activity levels given the essential nature of many of our infrastructure and energy projects

Banking Group

Commodities and Global Markets[1] (CGM)

- Product and client sector diversity continues to be an area of strength
- Increased activity as clients seek to rebalance their portfolios to manage risk
- Renewed Commodity Markets and Financing borrowing facility
- Funding education technology infrastructure in Australia and healthcare assets, including robotics, in UK

Support Groups

- With most staff working remotely globally, provided a stable technology experience for staff; completed year-end reporting; continued to raise funding; maintained effective risk management and supervision.

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. 2. Dealogic Macquarie Group completed ASX raisings, 1 Mar 20 to 1 May 20. Deal values reflect the full transaction value and not an attributed value. 3. Dealogic all exchange raisings completed, 1 Mar 20 to 1 May 20. 4. Dealogic completed ASX raisings, 1 Mar 20 to 1 May 20.

MACQUARIE

03

Outlook

Presentation to Debt Investors

May 2020

Short-term outlook

- Market conditions are likely to remain challenging, especially given the significant uncertainty caused by the worldwide impact of COVID-19 and the uncertain speed of the global economic recovery
- The extent to which these conditions will impact our overall FY21 profitability is uncertain, making short-term forecasting extremely difficult. Accordingly we are currently unable to provide meaningful guidance for the year ahead
- In addition to the impact of COVID-19 mentioned above, the range of other factors that will influence our short-term outlook are:
  - 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
- We continue to maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions us well to respond to the current environment

Factors impacting short-term outlook

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

- Base fees expected to be broadly in line
- Net Other Operating Income[1] expected to be significantly down, due to expected delays in timing of asset sales

Banking Group

Banking and Financial Services (BFS)

- Higher deposit and loan portfolio volumes
- Platform volumes subject to market movements
- Competitive dynamics to drive margin pressure

Markets-facing businesses

Non-Banking Group

Macquarie Capital (MacCap)

- Transaction activity continues, with challenging markets expected to reduce the number of successful transactions and increase the time to completion
- Investment-related income expected to be down on FY20 driven by lower asset realisations considering market conditions, but positioned to benefit from market recovery

Banking Group

Commodities and Global Markets[2] (CGM)

- Subdued customer activity anticipated, particularly in the commodities sector in 1H21, albeit volatility may create opportunities
- Consistent contribution from Specialised and Asset Finance linked to stable balance sheet and annuity flows
- Product and client sector diversity expected to provide some support through uncertain economic conditions in 1H21

Corporate

- Compensation ratio expected to be within the range of historical levels
- Based on FY20 mix of income, the FY21 effective tax rate is expected to be within the range of recent outcomes

1. Net Other Operating Income includes all operating income excluding base fees 2. 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

MACQUARIE

Medium term

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-positioned to respond to current market conditions. Strongly placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

Banking Group

Banking and Financial Services (BFS)

- 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

Non-Banking Group

Macquarie Capital (MacCap)

- Positioned to benefit from recovery in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

Banking Group

Commodities and Global Markets[1] (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
- Continued investment in asset finance portfolio
- Growing client base across all regions

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.

04

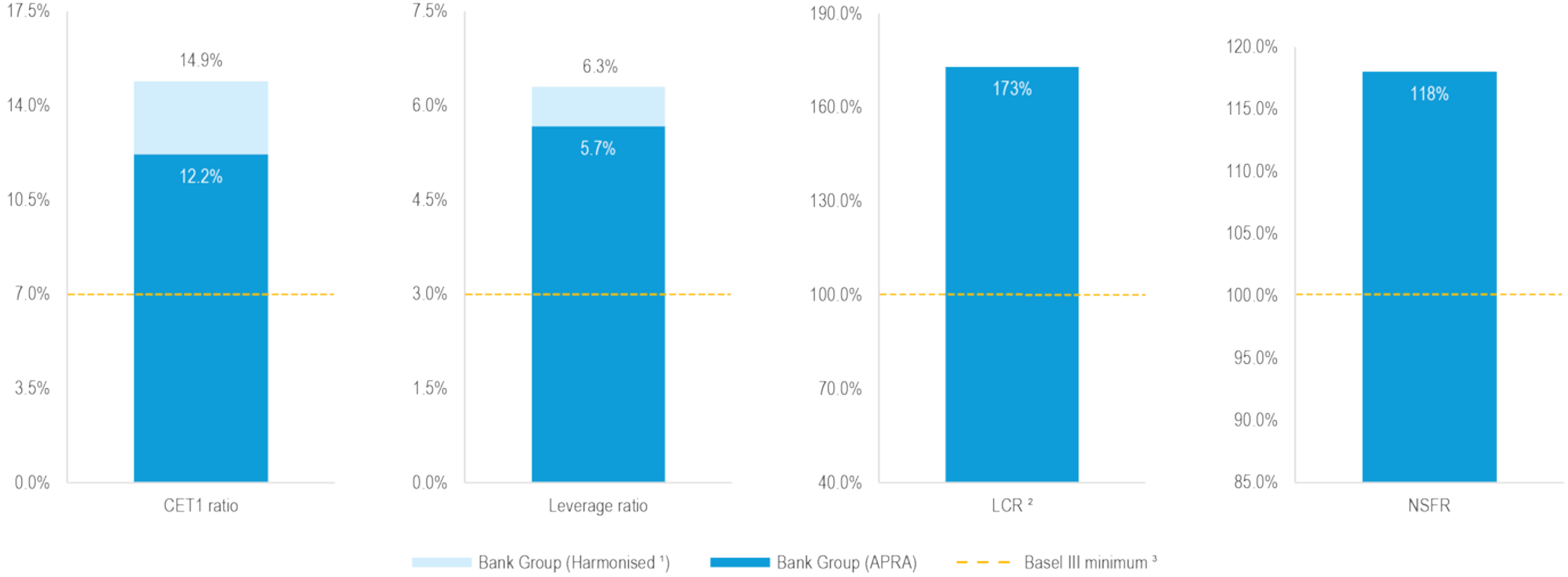
Capital and Funding

Presentation to Debt Investors

May 2020

Strong regulatory ratios

Bank Group (Mar 20)

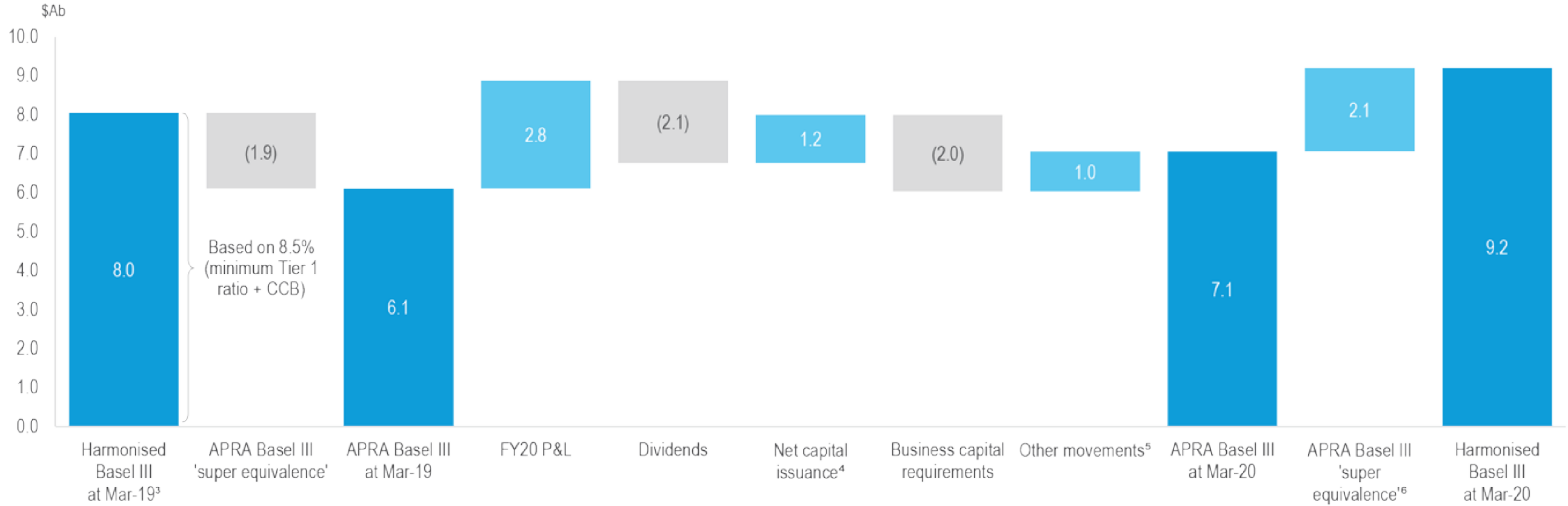


1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Mar 20 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. APRA has released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5% effective Jan 23.

Basel III capital position

- APRA Basel III Group capital at Mar 20 of $A24.8b; Group capital surplus of $A7.1b[1,2]
- APRA Basel III CET1 ratio: 12.2%; Harmonised Basel III CET1 ratio: 14.9%

Group regulatory surplus: Basel III (Mar 20)



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. 2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~3bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as a weighted average based on exposures in different jurisdictions. 3. Basel III applies only to the Bank Group and not the Non-Bank Group. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. Includes Sep-19 $A1.7b capital raising, partially offset by Bank Capital Notes redemption. 5. Includes movement in foreign currency translation reserve, share based payment reserve, MEREP and other movements. 6. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework. Differences include the treatment of mortgages $A0.9b; capitalised expenses $A0.5b; equity investments $A0.3b; investment into deconsolidated subsidiaries $A0.1b; DTAs and other impacts $A0.3b.

Business capital requirements[1]

FY20 KEY DRIVERS

MAM

- Primarily driven by asset realisations including the sale of Macquarie AirFinance to a joint venture[2] and MIRA performance fees receipt partially offset by FX movements

BFS

- Sustained growth in the home loans book, partially offset by decrease in the vehicle finance portfolio

CGM

- Increase primarily due to additional requirements for the introduction of SA-CCR[3] (1 Jul 19), derivatives book and FX movements

Macquarie Capital

- Investments net of asset realisations including FX movements

1. Regulatory capital requirements are calculated at 8.5% RWA. 2. Macquarie held a 50% interest at 31 Mar 20. 3. Standardised approach to counterparty credit risk.

Balance sheet highlights and initiatives

- 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 20% to $A67.1b as at Mar 20 from $A56.0b as at Mar 19
- **$A1.7b of equity capital raised in 1H20** through $A1.0b institutional placement and $A0.7b share purchase plan
- **$A26.0b[2] of term funding raised during FY20** with $A7.7b in Q4 FY20 with weighted average life 4.9 years[3] including:
  – $A13.4b of term wholesale paper issued
  – $A9.5b of PUMA RMBS and SMART ABS public and warehouse securitisation issuance
  – $A2.3b of secured trade finance facilities
  – $A0.8b of MGL USD syndicated loan facilities[4]

JANUARY

$A2.6b

- $US1.25b 5yr MBL USD Public
- €0.5b 7yr MGL EUR Public

FEBRUARY

$A4.4b

- $A1.8b 5yr MBL AUD Public
- $A1.0b SMART ABS
- $A0.9b PUMA RMBS
- €0.4b 2yr MBL EUR Public

MARCH

$A0.7b

- $US0.3b 5yr MGL Samurai Loan Facility
- $Ae0.2b Islamic Finance / Structured Note

1. Total customer deposits as per the funded balance sheet ($A67.1b) differs from total deposits as per the statutory balance sheet ($A67.3b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 2. Issuances cover a range of tenors, currencies, product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities. 3. Excludes securitisations 4. Includes $A0.2b green financing.

Conservative long standing liquidity risk management framework

Liquidity Policy

- The key requirement of the MGL and MBL liquidity policies 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

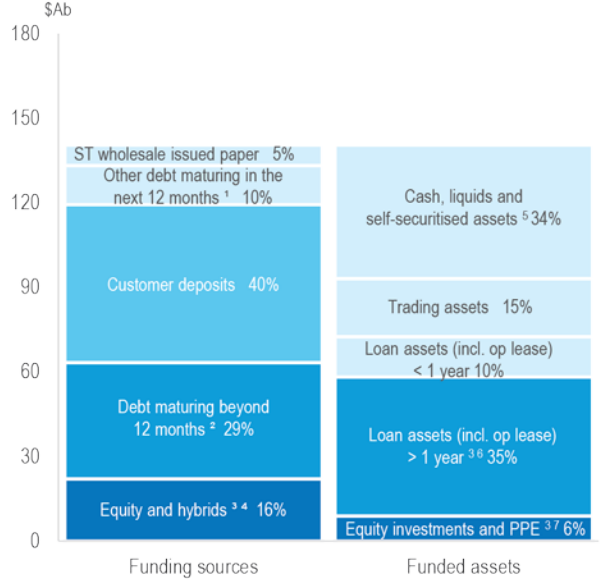
- A robust liquidity risk management framework is designed to ensure that both MGL and MBL are able to meet their funding requirements as they fall due under a range of market conditions. Key tools include:
  - Liability driven approach to balance sheet management
  - Scenario analysis
  - Maintenance 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 policies and are provided with liquidity reporting on a regular basis

MACQUARIE

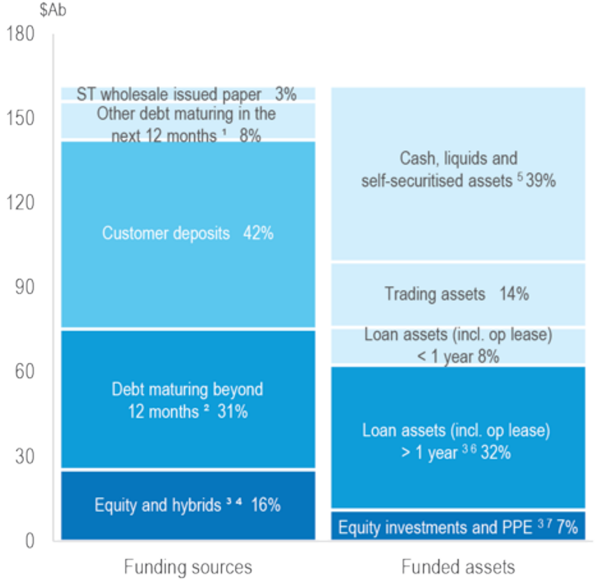
Funded balance sheet remains strong

Term liabilities exceed term assets

31 Mar 19



31 Mar 20



TOTAL CUSTOMER DEPOSITS[8]

$A67.1b

▲20% FROM MAR 19

NEW TERM FUNDING[9]

$A26.0b

RAISED SINCE MAR 19

NEW CAPITAL ISSUANCES

$A1.7b

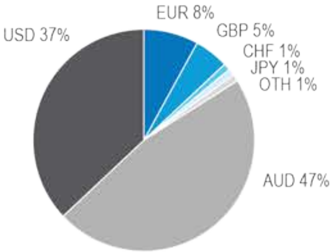
THROUGH INSTITUTIONAL PLACEMENT & SPP[10]

These charts represent Macquarie's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to Macquarie's statutory balance sheet refer to slide 49. 1. 'Other debt maturing in the next 12 months' includes Structured notes, Secured funding, Bonds, Other loans, Subordinated debt and Net trade creditors. 2. 'Debt maturing beyond 12 months' includes Subordinated debt. 3. Non-controlling interests are netted down in 'Equity and hybrids' and 'Equity investments and PPE' and 'Loan assets (incl. op lease) > 1 year'. 4. Hybrid instruments include Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4, Macquarie Bank Capital Notes (BCN) (BCN were redeemed in Mar 20) and Macquarie Income Securities (MIS) (MIS were redeemed in Apr 20). 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 Debt investment securities. 7. 'Equity investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments. 8. Total customer deposits as per the funded balance sheet ($A67.1b) differs from total deposits as per the statutory balance sheet ($A67.3b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 9. 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. 10. Share Purchase Plan (SPP) was offered to existing shareholders post completion of the Institutional Placement.

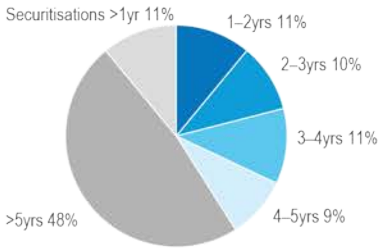
Diversified issuance strategy

Term funding as at 31 Mar 20 – diversified by currency[1], tenor[2] and type

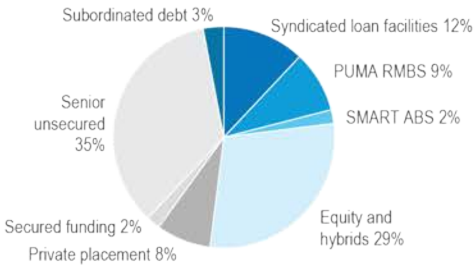
Currency



Tenor

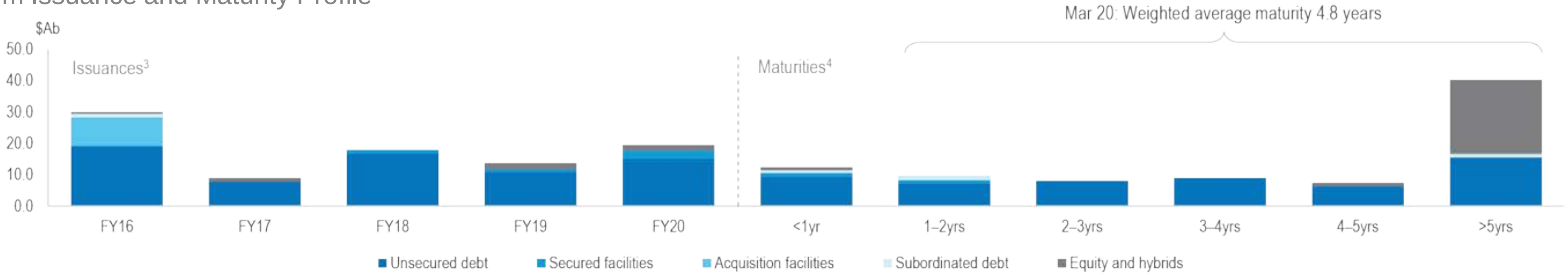


Type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.8 years

Term Issuance and Maturity Profile



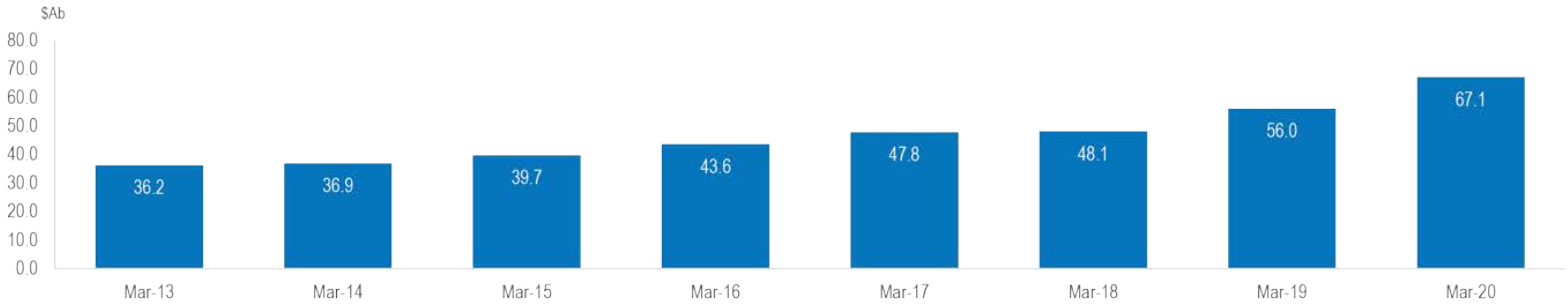
1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances exclude securitisations. Issuances are converted to AUD at the 31 Mar 20 spot rate and include undrawn facilities. 4. Maturities excludes securitisations. Maturities shown are as at 31 Mar 20.

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 1.6 million BFS clients, circa 660,000 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 $A45,000

Deposits



Note: Total customer deposits include total BFS deposits of $A63.9b and $A3.2b of Corporate/Wholesale deposits.

Current credit ratings

MACQUARIE

	Macquarie Bank Limited			Macquarie Group Limited		
	Long-term rating	**Long-term rating outlook**	**Short-term rating**	**Long-term rating**	**Long-term rating outlook**	**Short-term rating**
Moody's	A2	Stable	P-1	A3	Stable	P-2
Fitch	A	Stable	F-1	A-	Stable	F-2
S&P	A+	Negative	A-1	BBB+	Stable	A-2

05

Appendices

Presentation to Debt Investors

May 2020

MACQUARIE

A

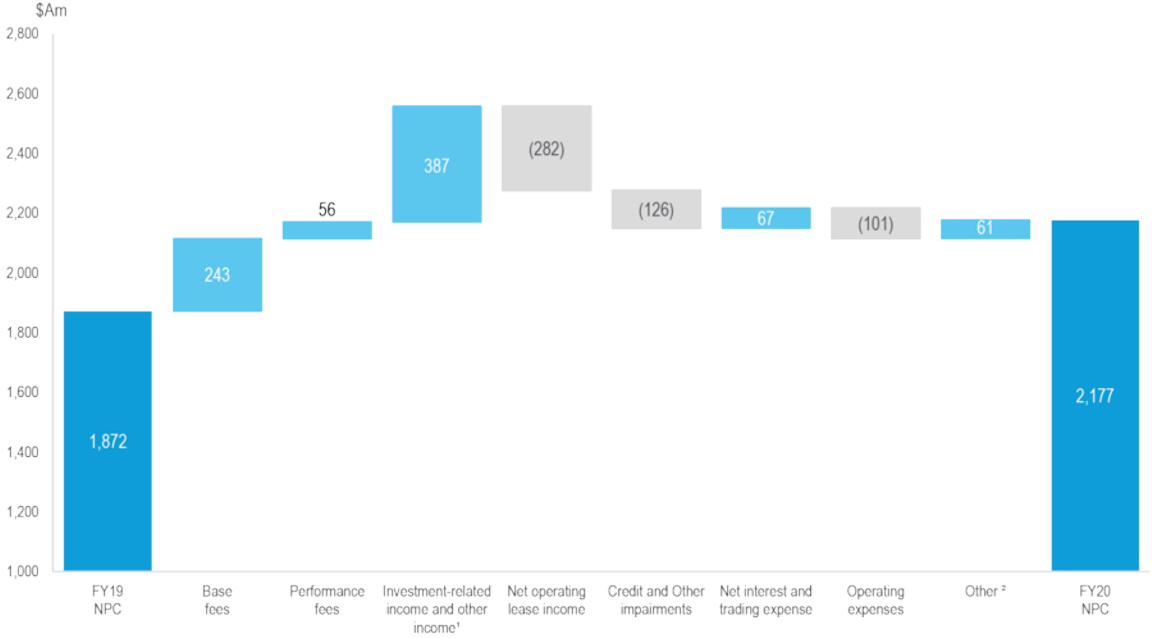
Appendix: General Appendices

Presentation to Debt Investors

May 2020

Macquarie Asset Management

Increased base fees, investment-related and other income, partially offset by lower net operating lease income and higher impairments



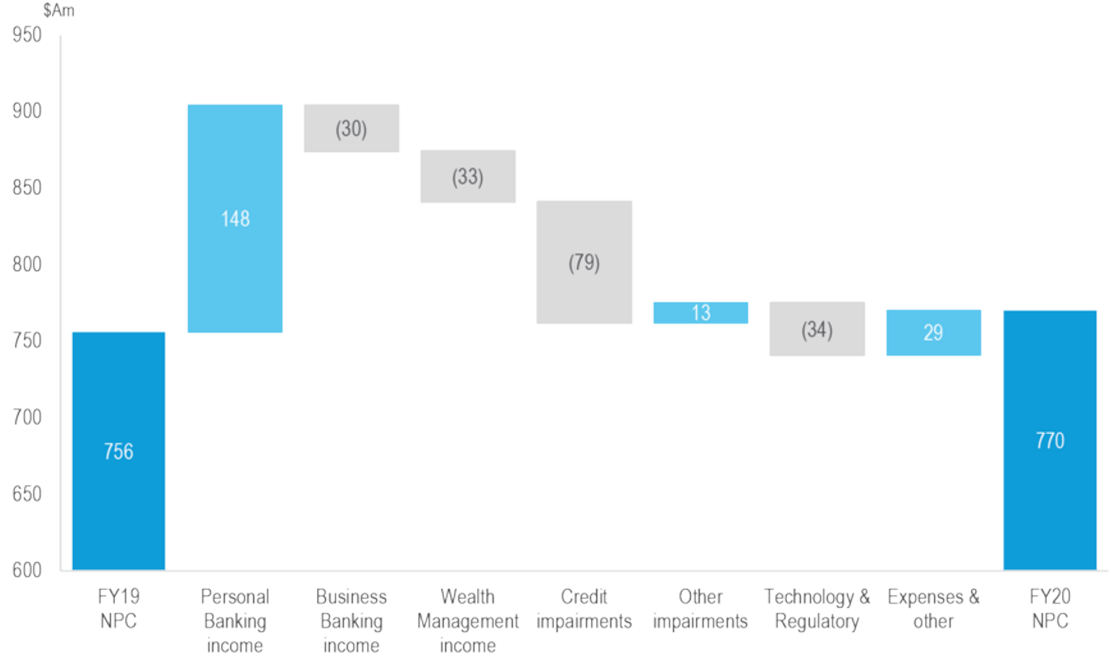
KEY DRIVERS

- Base fees up due to:
  - Foreign exchange movements, fees earned on the MAF joint venture, investments made by MIRA-managed funds and mandates as well as contributions as a result of assets acquired from Foresters during the year
  - partially offset by the internalisation of ALX and asset realisations in MIRA-managed funds
- Higher performance fees with FY20 benefiting from a broad range of funds including MEIF, MEIF3, MEIF4, MIP, MIP II, GIF II, GIF III, MSCIF and other MIRA-managed funds, managed accounts and co-investors
- Higher investment-related and other income driven by gains on sale of investments, higher equity accounted income from the sale of a number of underlying assets and income from the MAF joint venture during the year, as well as a one-off payment from ALX for the termination of management rights related to APRR
- Lower net operating lease income driven by the sale of MAF to a joint venture during the first half, partially offset by the acquisition of rotorcraft assets during the prior year
- Higher credit and other impairment charges mainly due to a deterioration in current and expected macroeconomic conditions as a result of COVID-19, including an impairment charge on the investment in MIC and a small number of other investments
- Lower net interest and trading expense driven by sale of MAF to a joint venture during the year, partially offset by an increase in investments
- Higher operating expenses mainly driven by foreign exchange movements, the impact of new business acquired during the year (Foresters) and the full year impact of the GLL and ValueInvest acquisitions completed in the prior year, partially offset by cost savings initiatives
- Other includes higher income from private capital markets, transaction fees and True Index Products

1. Includes net income on equity and debt investments, share of net profits of associates and joint ventures and other income. 2. Other includes other fee and commission income, internal management revenue and non-controlling interests.

Banking and Financial Services

Increase in Personal Banking income and lower expenses partially offset by Credit impairment charges and margin compression on deposits

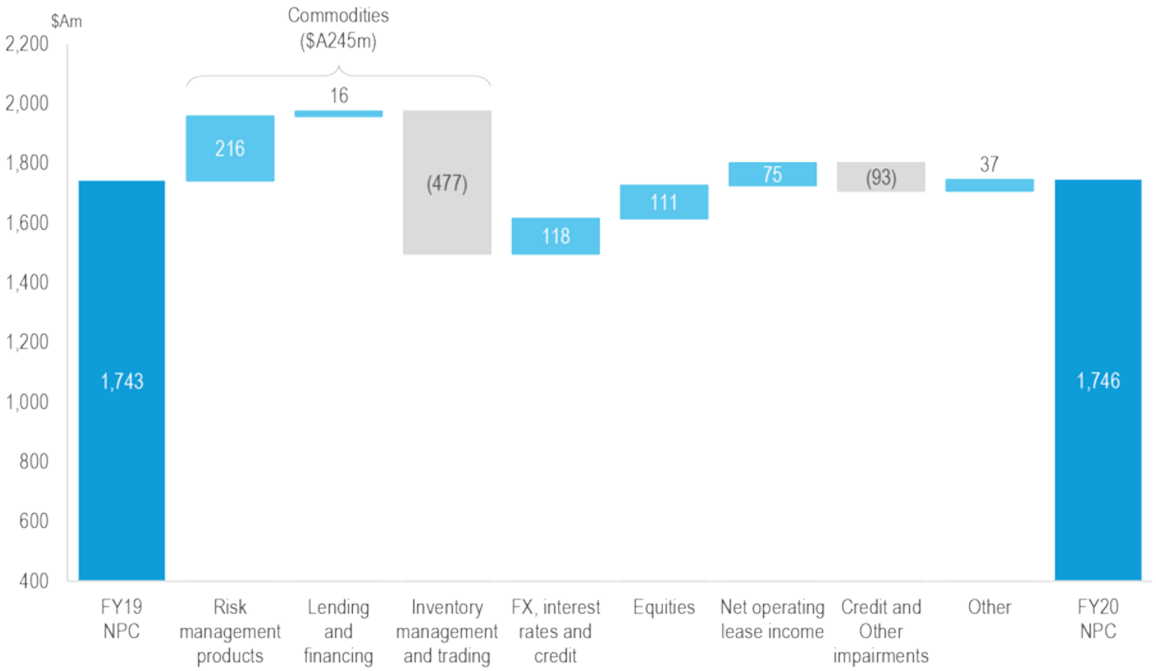


KEY DRIVERS

- Higher Personal Banking income driven by 20% growth in average home loan volumes
- Lower Business Banking income driven by margin compression on Business deposits, partially offset by 14% growth in average business banking loan volumes and a 2% growth in average business deposit volumes
- Lower Wealth Management income as the wealth advice business realigned to focus on the high net worth segment, and margin compression partially offset by 10% average platform volume growth
- Increased specific provisions in Business banking and Vehicle finance together with increased credit impairment charges on the performing portfolios related to a deterioration in current and expected macroeconomic conditions as a result of COVID-19
- Higher Technology and Regulatory expenses driven by investment to support business growth and to meet regulatory requirements
- Lower Expenses and Other due to lower headcount in Wealth Management as the wealth advice business realigned to focus on the high net-worth segment and the net impact of sale of investment in MPF

Commodities and Global Markets

Consistent performance driven by strong client activity

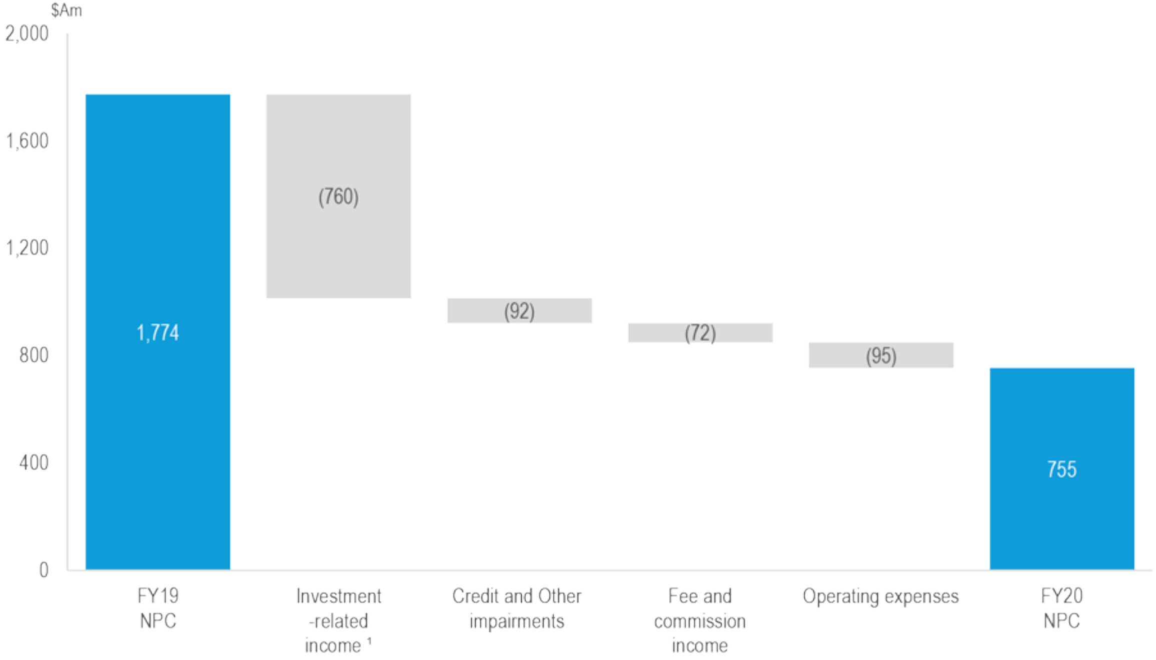


KEY DRIVERS

- Commodities
  - Strong results across the commodities platform from increased client hedging activity particularly in Global Oil, EMEA Gas and Power, Agriculture, and Metals & Mining partially offset by the impact of fair value adjustments
  - Higher Lending and financing income driven by increased physical oil financing activity
  - Inventory management and trading driven by reduced opportunities in North American Gas markets following a strong FY19 partially offset by the timing of income recognition on transport agreements. 1H20 benefited from opportunities across a range of energy sectors which were partially offset by more challenging markets in Fuel oil (related to changing regulations) and North American gas markets in 2H20
- Higher foreign exchange, interest rates and credit result driven by increased client activity in structured foreign exchange and interest rate products across all regions
- Improved Equities income due to increased opportunities in Asian markets and reduced trading losses following the structural change announced in 2H20 to refocus equities on the Asia-Pacific region
- Higher net operating lease income driven by higher secondary income from the Technology, Media and Telecoms portfolio in addition to favourable foreign exchange movements
- Increased impairment charges on a small number of counterparties in Futures and FI&C, together with increased credit impairment charges on the performing loan and lease portfolio related to a deterioration in current and expected macroeconomic conditions as a result of COVID-19
- Other includes an increase in fee and commission income from commodity related fees partially offset by a reduction in brokerage income following the structural change announced in 2H20 to refocus equities on the Asia-Pacific region

Macquarie Capital

Results driven by lower investment-related income, lower fee and commission income, higher credit and other impairment charges and higher operating expenses



KEY DRIVERS

- Lower investment-related income predominantly due to:
  - Lower revenue from asset realisations compared to a strong prior year
  - Lower interest and trading income primarily due to higher funding costs for balance sheet positions reflecting increased activity
  - A change in the composition of investments in the portfolio including increased development expenditure in relation to green energy projects
- Increased Credit impairment charges primarily related to a small number of loan facilities in the debt portfolio and a deterioration in current and expected macroeconomic conditions as a result of COVID-19 impacting the performing loan portfolio
- Lower fee and commission income due to lower debt capital markets fee income and other fee income, partially offset by higher mergers and acquisitions fee income
- Higher operating expenses relating to additional headcount in the US and Europe to support future business growth and unfavourable foreign exchange movements

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

MACQUARIE

B

Appendix: Funding

Presentation to Debt Investors

May 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

	Mar 20 $Ab	Mar 19 $Ab
Total assets per Statement of Financial Position	**255.8**	**197.8**
Accounting deductions:		
Self-funded trading assets	(17.7)	(16.6)
Derivative revaluation accounting gross-ups	(38.0)	(12.5)
Segregated funds	(7.0)	(4.6)
Outstanding trade settlement balances	(6.8)	(7.4)
Short-term working capital assets	(8.4)	(8.8)
Non-controlling interests	(0.3)	(0.2)
Non-recourse funded assets:		
Securitised assets and other non-recourse funding	(16.0)	(7.2)
Net funded assets per funded balance sheet	**161.6**	**140.5**

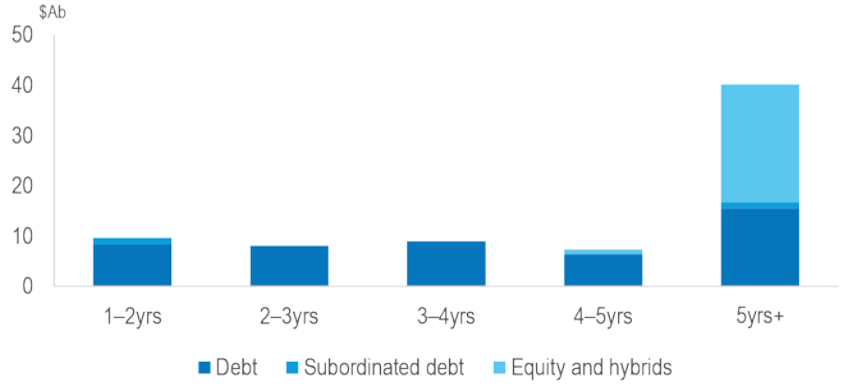
For an explanation of the above deductions refer to slide 53.

Funding for Macquarie

	Mar 20 $Ab	Mar 19 $Ab
Funding sources		
Certificates of deposit	0.6	1.0
Commercial paper	5.0	6.3
Net trade creditors	2.0	2.1
Structured notes	2.0	2.5
Secured funding	3.8	5.8
Bonds	40.9	32.2
Other loans	1.2	1.2
Syndicated loan facilities	10.1	8.3
Customer deposits	67.1	56.0
Subordinated debt	3.5	3.0
Equity and hybrids[1]	25.4	22.1
Total funding sources	**161.6**	**140.5**
Funded assets		
Cash and liquid assets	38.9	26.3
Self-securitisation	23.5	21.1
Net trading assets	23.2	21.3
Loan assets including operating lease assets less than one year	13.4	13.9
Loan assets including operating lease assets greater than one year	49.6	47.3
Debt investment securities	1.9	1.7
Co-investment in Macquarie-managed funds and other equity investments	7.4	5.9
Property, plant and equipment and intangibles	3.7	3.0
Total funded assets	**161.6**	**140.5**

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 42%[2] of total funding sources
- Term funding beyond one year (excluding equity and securitisations) has a weighted average term to maturity of 4.8 years[2]

Macquarie's term funding maturing beyond one year (includes Equity and hybrids)[3]



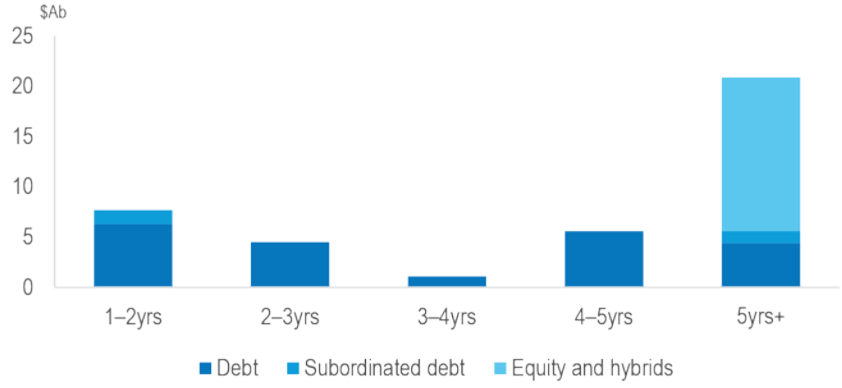
1. Hybrid instruments include Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4, Macquarie Bank Capital Notes (BCN were redeemed in Mar 20) and Macquarie Income Securities (MIS were redeemed in Apr 20). 2. As at 31 Mar 20. 3. Includes drawn term funding facilities only.

Funding for the Bank Group

	Mar 20 $Ab	Mar 19 $Ab
Funding sources		
Certificates of deposit	0.6	1.0
Commercial paper	5.0	6.3
Net trade creditors	1.1	1.1
Structured notes	1.9	2.2
Secured funding	3.2	1.4
Bonds	24.4	16.1
Other loans	0.9	0.7
Customer deposits	67.1	56.0
Subordinated debt	3.5	3.0
Equity and hybrids[1]	15.8	12.8
Total funding sources	**123.5**	**100.6**
Funded assets		
Cash and liquid assets	33.6	24.3
Self-securitisation	23.5	21.1
Net trading assets	22.0	20.3
Loan assets including operating lease assets less than one year	12.2	12.6
Loan assets including operating lease assets greater than one year	41.7	35.0
Debt investment securities	1.7	1.1
Non-Bank Group deposit with MBL	(12.2)	(14.8)
Co-investment in Macquarie-managed funds and other equity investments	0.4	0.4
Property, plant and equipment and intangibles	0.6	0.6
Total funded assets	**123.5**	**100.6**

- Bank balance sheet remains liquid and well capitalised, with a diverse range of funding sources
- Term funding beyond one year (excluding equity and securitisations) has a weighted average term to maturity of 3.8 years[2]
- Accessed term funding across a variety of products and jurisdictions

Bank Group term funding maturing beyond one year (includes Equity and hybrids)[3]



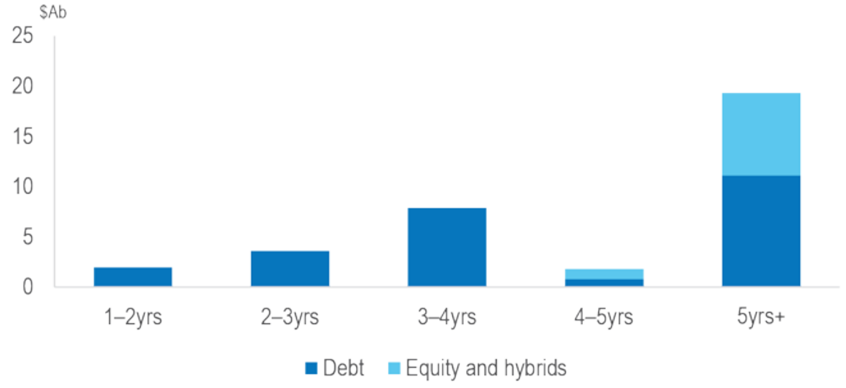
1. Hybrid instruments include Macquarie Additional Capital Securities, Macquarie Bank Capital Notes (BCN were redeemed in Mar 20) and Macquarie Income Securities (MIS were redeemed in Apr 20). 2. As at 31 Mar 20. 3. Includes drawn term funding facilities only.

Funding for the Non-Bank Group

	Mar 20 $Ab	Mar 19 $Ab
Funding sources		
Net trade creditors	0.9	1.0
Structured notes	0.1	0.3
Secured funding	0.6	4.4
Bonds	16.5	16.1
Other loans	0.3	0.5
Syndicated loan facilities	10.1	8.3
Equity and hybrids[1]	9.6	9.3
Total funding sources	**38.1**	**39.9**
Funded assets		
Cash and liquid assets	5.3	2.0
Non-Bank Group deposit with MBL	12.2	14.8
Net trading assets	1.2	1.0
Loan assets including operating lease assets less than one year	1.2	1.3
Loan assets including operating lease assets greater than one year	7.9	12.3
Debt investment securities	0.2	0.6
Co-investment in Macquarie-managed funds and other equity investments	7.0	5.5
Property, plant and equipment and intangibles	3.1	2.4
Total funded assets	**38.1**	**39.9**

- Non-Bank Group is predominantly term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 5.6 years[2]
- Accessed term funding across a variety of products and jurisdictions

Non-Bank Group term funding maturing beyond one year (includes Equity and hybrids)[3]



1. Hybrid instruments include Macquarie Capital Notes 2, 3 & 4. 2. As at 31 Mar 20. 3. Includes drawn term funding facilities only.

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.

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 include assets funded by third party debt with no recourse to Macquarie beyond the borrowing entity and lending assets (mortgages and leasing) sold down into external securitisation entities.

C

Appendix: Other Financial Information

Presentation to Debt Investors

May 2020

Costs of compliance

Regulatory project spend	FY20 $Am	FY19 $Am
IFRS 9	1	10
MiFID II	5	10
OTC Reform	5	7
IBOR reforms	5	1
Brexit	16	11
Transaction Reporting & Data related Projects for CGM Trading Portfolio	20	12
Other Regulatory Projects (e.g. Enterprise Data Management, Code of Banking Practice, APRA Reviews)	95	92
Total	**147**	**142**

Business as usual compliance spend	FY20 $Am	FY19 $Am
Financial, Regulatory & Tax Reporting and Compliance	113	104
Compliance Oversight	94	86
AML Compliance	35	35
Regulatory Capital Management	24	21
National Consumer Credit Protection (NCCP)	8	15
Regulator Levies	14	12
Other Compliance functions (e.g. Monitoring & Surveillance, Privacy & Data Management, APRA resilience, Advice Licensee standards compliance)	108	79
Total	**398**	**354**
Total compliance spend	**545**	**496**

- The finance industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Total compliance spend (excluding indirect costs) approximately $A545m in FY20, up 10% on FY19
- Regulatory project spend increased 3% from FY19 as a result of a number of technology projects and the impact of Brexit
- Business as usual spend increased 12% from FY19 from continuing spend on a range of compliance functions

Loan and lease portfolios[1] – funded balance sheet

Operating Group	Category	Mar 20 $Ab	Sep 19 $Ab	Mar 19 $Ab	Description
BFS	Home loans[2]	43.2	38.8	35.6	Secured by Australian residential property
	Business banking	9.4	9.0	8.7	Loan portfolio secured largely by working capital, business cash flows and real property
	Vehicle finance	10.6	11.9	11.5	Secured by Australian motor vehicles
	Total BFS	**63.2**	**59.7**	**55.8**	
CGM	Asset Finance	8.4	8.0	7.9	Predominantly secured by underlying financed assets
	Loans and finance lease assets	6.2	5.7	5.6	
	Operating lease assets	2.2	2.3	2.3	
	Resources and commodities	3.0	3.6	2.6	Diversified loan portfolio primarily to the resources sector that is secured by the underlying assets with associated price hedging to mitigate risk
	Other	3.2	2.6	2.5	Predominantly relates to recourse loans to financial institutions, as well as financing for other sectors
	Total CGM	**14.6**	**14.2**	**13.0**	
MAM	Operating lease assets[3]	1.7	1.6	8.9	Secured by underlying financed assets including transportation assets
	Structured investments	-	0.2	0.2	Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash or are protected by capital guarantees at maturity
	Other	0.3	0.4	0.3	Secured by underlying financed assets
	Total MAM	**2.0**	**2.2**	**9.4**	
Macquarie Capital	Corporate and other lending	6.7	4.2	4.1	Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, covenanted and with a hold to maturity horizon. Includes diversified secured corporate lending
	Total Macquarie Capital	**6.7**	**4.2**	**4.1**	
Total loan and lease assets per funded balance sheet[4]		**86.5**	**80.3**	**82.3**	

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third party debt with no recourse to Macquarie beyond the borrowing entity. In addition, loan assets per the statutory balance sheet of $A94.1b at 31 Mar 20 ($A84.2b at 30 Sep 19 and $A77.8b 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. Home loans per the funded balance sheet of $A43.2b differs from the figure disclosed on slide 11 of $A52.1b. 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 sale of Macquarie AirFinance to a joint venture. 4. Total loan assets per funded balance sheet includes self-securitised assets.

Equity investments of $A7.5b[1]

Category	Carrying value[2] Mar 20 $Ab	Carrying value[2] Mar 19 $Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.8	1.9	Includes Macquarie Infrastructure Corporation, Macquarie Asia Infrastructure Fund, Macquarie SBI Infrastructure Fund, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 5, Macquarie Infrastructure Partners III
Investments held to seed new MIRA products and mandates	-	-	
Other Macquarie-managed funds	0.3	0.3	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	1.3	0.6	Includes a 50% interest in Macquarie AirFinance investment following the sale of MAF to a joint venture of which Macquarie held a 75% interest in 1H20 and the sale of 25% of the joint venture in 2H20.
Telcos, IT, media and entertainment	1.2	0.5	Over 50 separate investments
Green energy[3]	1.0	1.0	Over 30 separate investments
Conventional energy, resources and commodities	0.4	0.4	Over 45 separate investments
Real estate investment, property and funds management	1.0	0.7	Over 15 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
	7.5	**5.9**	

1. Equity investments per the statutory balance sheet of $A9.7b (Mar 19: $A6.1b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of $A7.4b (Mar 19: $A5.9b). 3. Green energy includes Macquarie's investment in East Anglia ONE Limited. The investment was partially funded with asset-specific borrowings of $A2.3b as at 31 Mar 20.

MACQUARIE

Macquarie Basel III regulatory capital

31 Mar 20	Harmonised Basel III $Am	APRA Basel III $Am	
Macquarie eligible capital			
Bank Group Gross Tier 1 capital	15,163	15,163	
Non-Bank Group eligible capital	9,589	9,589	
Eligible capital	**24,752**	**24,752**	**(a)**
Macquarie capital requirement			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)[1]	87,996	94,976	
Capital required to cover RWA[2]	7,480	8,073	
Tier 1 deductions	659	2,195	
Total Bank Group capital requirement	8,139	10,268	
Total Non-Bank Group capital requirement	7,431	7,431	
Total Macquarie capital requirement (at 8.5%[2] of the Bank Group RWA)	15,570	17,699	(b)
Macquarie regulatory capital surplus (at 8.5%[2] of the Bank Group RWA)	**9,182**	**7,053**	**(a)-(b)**

1. In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (31 Mar 20: $A642m). 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 ~3bps 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.

Credit and other impairment charge considerations

In assessing Macquarie's expected credit loss provisioning on the loan portfolio, current and future macroeconomic conditions are taken into account

Under the AASB 9 credit impairment model, losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate Forward-Looking Information (FLI), reflecting Macquarie's view of potential future economic scenarios including a weighted baseline, downside case and upside case

Baseline: Updated for impact of COVID-19 through key indicators used in modelling: gross domestic product (GDP), the unemployment rate and the level of house prices, interest rates and commodity prices. Our expectations for Australia and the US are as follows:

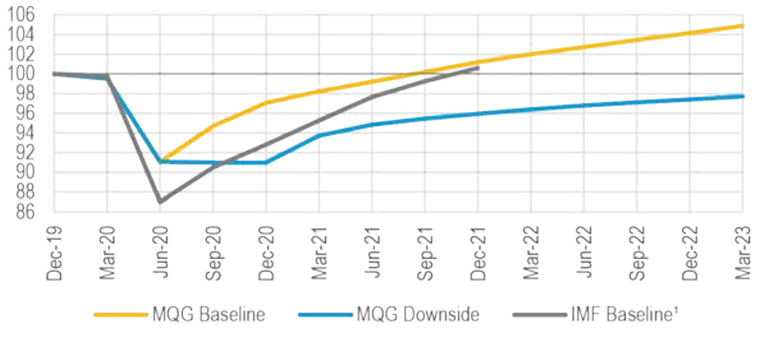
- Australia – unemployment to rise to ~9% in mid-2020, GDP contracts ~9% year on year to mid-2020 and house prices decline ~15% by mid-2020 with a recovery in 2H 2020
- US – unemployment to rise to ~14% by mid-2020, GDP contracts ~9% year on year by mid-2020

Downside: a more severe and protracted COVID-19 scenario resulting from the virus taking longer to be contained. Our expectations for Australia and the US are as follows:

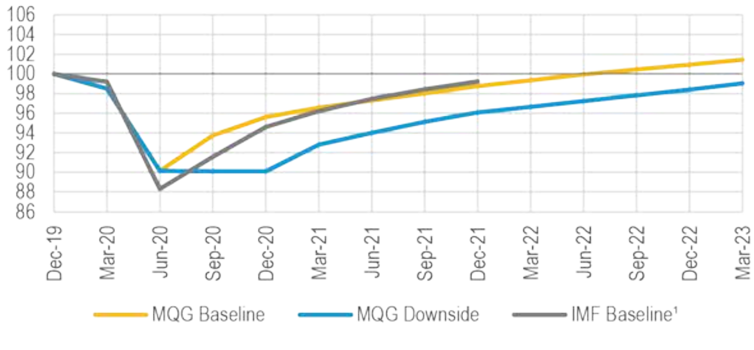
- Australia – unemployment rate to rise to ~11% in early 2021, GDP contracts ~9% year on year by the end of 2020 and house prices decline ~29% by Mar 2021
- US – unemployment to rise to ~17% by mid-2020 and GDP contracts by ~10% year on year by late 2020

The total ECL provision on balance sheet at 31 Mar 20 is $A1,541m. A 100% weighting to the baseline scenario would result in a ECL provision on balance sheet of ~$A1,400m. A 100% weighting to the downside scenario would result in a ECL provision on balance sheet of ~$A1,900m and a 100% weighting to the upside scenario would result in a ECL provision on balance sheet of ~$A1,200m

Australia – Real GDP Indexed Dec 19



US – Real GDP Indexed Dec 19



Further detail on the scenarios used for the Expected Credit Loss are contained in note 12 of the financial statements. Australia and Americas cover 77% of Macquarie's total credit risk exposures. 1. IMF GDP profiles are implied/estimated based on IMF year-ended and year-average GDP forecasts.

Expected Credit Loss – key indicators

- Under the AASB 9 credit impairment model, losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate Forward-Looking Information (FLI), reflecting Macquarie's view of potential future economic scenarios including a weighted baseline, upside case, and downside case
- Baseline – Updated for impact of COVID-19 through key indicators used in modelling: gross domestic product (GDP), the unemployment rate and the level of house prices, interest rates and commodity prices
- Downside – a more severe and protracted COVID-19 scenario resulting from the virus taking longer to be contained

Snapshot of key indicator variables	Current (31 Mar - 1Q20)	30 Jun - 2Q20	30 Sep - 3Q20	31 Dec - 4Q20	31 Mar - 1Q21	31 Mar - 1Q22	31 Mar - 1Q23
Baseline							
Australia Real GDP Growth (indexed at 100 = Dec 19)	100	91	95	97	98	102	105
Australia Unemployment Rate	5.4%	8.5%	8.8%	8.3%	7.5%	6.1%	5.5%
Australia Property Prices (indexed at 100 = Dec 19)	100	85	87	97	101	108	113
US Real GDP Growth (indexed at 100 = Dec 19)	99	90	94	96	97	99	101
US Unemployment Rate	3.8%	14.0%	11.0%	10.0%	9.8%	8.8%	7.7%
Euro Area Real GDP (indexed at 100 = Dec 19)	96	87	91	93	95	97	98
Euro Area Unemployment Rate	7.5%	12.0%	11.5%	10.6%	9.8%	8.0%	7.0%
Downside							
Australia Real GDP Growth (indexed at 100 = Dec 19)	100	91	91	91	94	96	98
Australia Unemployment Rate	5.4%	8.5%	10.0%	10.4%	10.9%	10.1%	7.1%
Australia Property Prices (indexed at 100 = Dec 19)	100	85	77	74	71	98	109
US Real GDP Growth (indexed at 100 = Dec 19)	99	90	90	90	93	97	99
US Unemployment Rate	3.8%	14.0%	17.2%	15.1%	13.2%	10.5%	8.0%
Euro Area Real GDP (indexed at 100 = Dec 19)	96	87	87	87	90	94	95
Euro Area Unemployment Rate	7.5%	12.0%	14.5%	15.5%	14.1%	9.3%	8.2%

Further detail on the scenarios used for the Expected Credit Loss are contained in note 12 of the financial statements.

Macquarie Group Limited

Presentation to Debt Investors

May 2020