MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2020

8 May 2020

Disclaimer

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This presentation may contain forward looking statements – that is, statements related to future, not past, events or other matters – including, without limitation, statements regarding our intent, belief or current expectations with respect to Macquarie's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, provisions for impairments and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements or to otherwise update any forward looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation. Actual results may vary in a materially positive or negative manner. Forward looking statements and hypothetical examples are subject to uncertainty and contingencies outside Macquarie's control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is for the year ended 31 March 2020.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Financial Report ("the Financial Report") for the year ended 31 March 2020, 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 the Group to strengthen its liquidity and funding position.

Any additional financial information in this presentation which is not included in the Financial Report was not subject to independent audit or review by PricewaterhouseCoopers. Numbers are subject to rounding and may not fully reconcile.

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Agenda

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MACQUARIE

01 Introduction

Sam Dobson

Head of Investor Relations

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02 Overview of Result

Shemara Wikramanayake

Managing Director and Chief Executive Officer

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Macquarie's response to COVID-19

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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

About Macquarie

Annuity-style activities

Net Profit Contribution ~63%

Markets-facing activities

Net Profit Contribution ~37%

Macquarie Asset Management (MAM)

- Top 50[1] global specialist asset manager with $A605.7b[2] of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure & renewables, real estate, agriculture, transportation finance, private credit, equities, fixed income and multi-asset solutions

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits[3] of $A63.9b[2], loan and lease portfolio[4] of $A75.3b[2] and funds on platform[5] of $A79.1b[2]
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance[6] products and services to retail clients, advisers, brokers and business clients

Commodities and Global Markets (CGM)

Diverse platform covering more than 25 market segments, with more than 200 products

- Delivers a range of tailored specialised asset finance solutions across a variety of industries and asset classes
- Commodity market lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture
- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology
- Provides clients with risk and capital solutions across physical and financial markets

Macquarie Capital (MacCap)

Global capability in:

- Advisory and capital raising services, investing alongside partners and clients across the capital structure, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors
- Development and construction of infrastructure and energy projects, and in relation to renewable energy projects, the supply of green energy solutions to corporate clients

FY20 Net Profit Contribution

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

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. All numbers have been reclassified to reflect the reorganisation between Operating Groups effective 1 Jul 19 and 1 Sep 19. Principal Finance is now classified under markets-facing activities within Macquarie Capital following the change in nature of the business and consolidating all principal investing activity. 1. P&I Largest Money Managers 2019. 2. As at 31 Mar 20. 3. BFS deposits exclude corporate/wholesale deposits. 4. The loan and lease portfolio comprises home loans in Australia, loans to Australian businesses, vehicle finance and credit cards. 5. Funds on platform includes Macquarie Wrap and Vision. 6. Includes general plant & equipment.

2H20 result: $A1,274m down 13% on 1H20; down 24% on 2H19

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	2H20 $Am	1H20 $Am	2H20 v 1H20
Net operating income (excl. Credit and Other impairment charges)	6,906	6,459	↑ 7%
Net credit impairment charges	(661)	(144)	↑ 359%
Other impairment (charges)/reversals	(240)	5	↑ *
Total operating expenses	(4,391)	(4,480)	↓ 2%
Operating profit before income tax	**1,614**	**1,840**	↓ **12%**
Income tax expense	(352)	(376)	↓ 6%
Effective tax rate[1] (%)	*21.6*	*20.5*	
Loss/(profit) attributable to non-controlling interests	12	(7)	
Profit attributable to MGL shareholders	**1,274**	**1,457**	↓ **13%**
Annualised return on equity (%)	**12.7**	**16.4**	↓ **23%**
Basic earnings per share	**$A3.62**	**$A4.30**	↓ **16%**
Dividend per ordinary share	**$A1.80**	**$A2.50**	↓ **28%**

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

2H20 net profit contribution from Operating Groups $A2,580m down 10% on 1H20; down 27% on 2H19

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ANNUITY-STYLE ACTIVITIES

$A1,722m

flat ON 1H20

▲ 11% ON 2H19

Non-Banking Group

Macquarie Asset Management (MAM)

▼ on 1H20

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

Banking Group

Banking and Financial Services (BFS)

flat on 1H20

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 1H20

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

MARKETS-FACING ACTIVITIES

$A858m

▼ 25% ON 1H20

▼ 57% ON 2H19

Non-Banking Group

Macquarie Capital (MacCap)

▲ on 1H20

Increased fee income across both M&A and DCM and increased revenue from asset realisations across the business partially offset by higher credit and other impairment charges

Banking Group

Commodities and Global Markets[1] (CGM)

▼ on 1H20

Reduction in inventory management and trading revenues and an increase in credit provisions partially offset by increased client contribution across commodities, foreign exchange and interest rates

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.

MACQUARIE

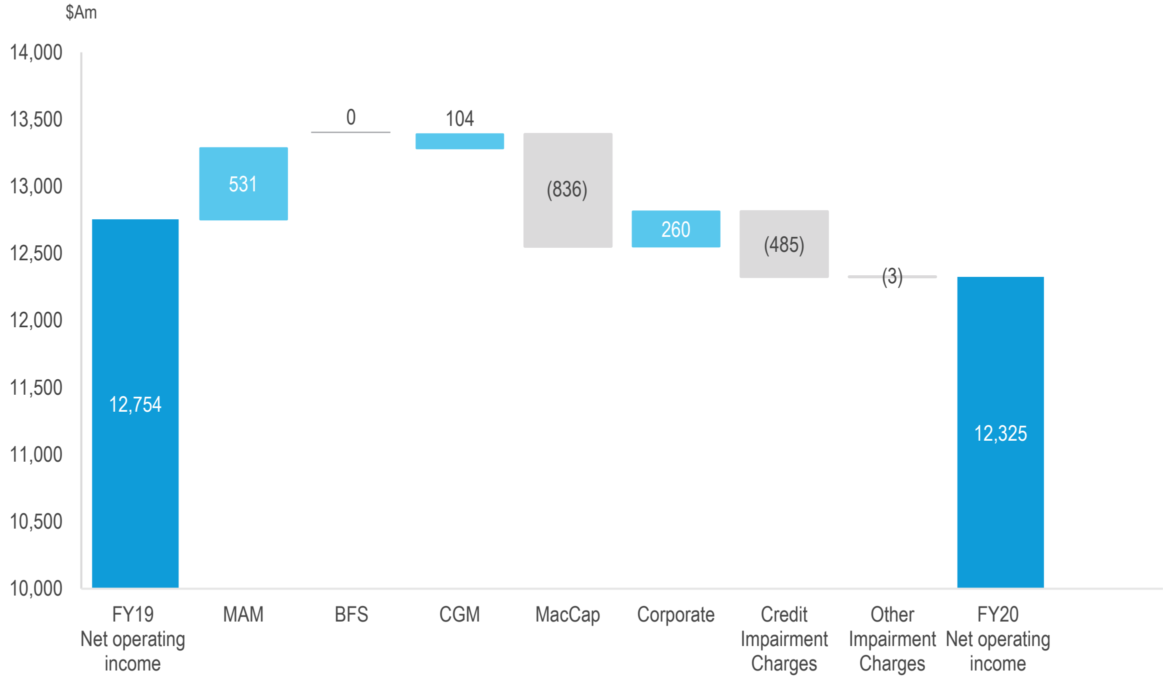
FY20 result: $A2,731m down 8% on FY19

	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.

MACQUARIE

Net operating income movement



KEY DRIVERS

- **MAM:** Increased base fees, performance fees, investment-related & other income, partially offset by lower net operating lease income
- **BFS:** Growth in average volumes for BFS deposits, loan portfolio, and funds on platform offset by margin compression on deposits and the impact of realigning the wealth advice business to focus on the high net worth segment
- **CGM:** Strong global client contribution across all products and sectors and higher revenue from Specialised and Asset Finance and Commodities' lending and financing activities, partially offset by a reduction in inventory management and trading revenues
- **Macquarie Capital:** DCM fee revenue down, partially offset by higher M&A fee revenue. Investment-related income down on strong asset realisations in FY19
- **Corporate:** Includes accounting volatility from changes in fair value on economic hedges and higher funding usage by Operating Groups driving increased interest income
- **Credit impairment charges:** Increased significantly primarily due to a deterioration in current and expected macroeconomic conditions as a result of COVID-19

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

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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

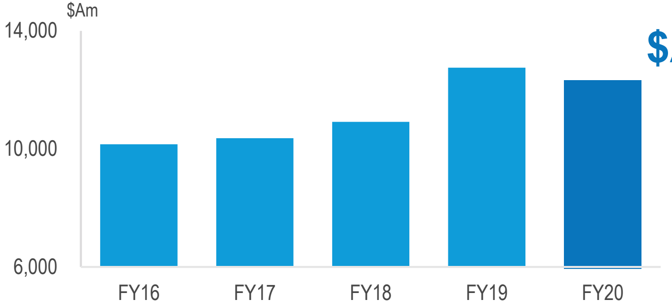
Reduction in inventory management and trading revenues and an increase in credit provisions mostly offset by strong global client contributions across all products and sectors demonstrating benefits of portfolio diversity

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.

MACQUARIE

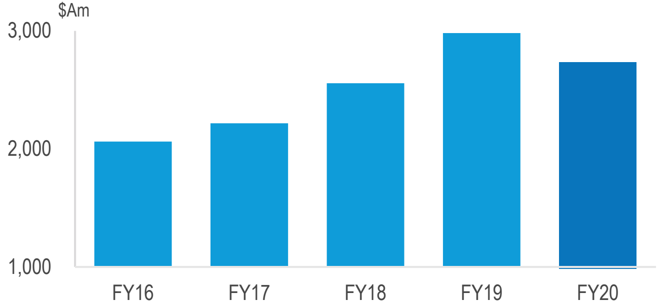
Financial performance

Operating income



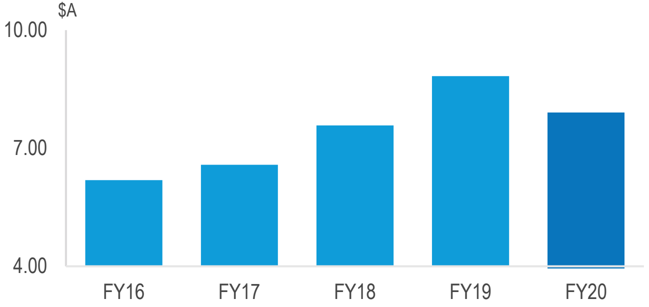
FY20
$A12,325m
▼3% ON FY19

Profit



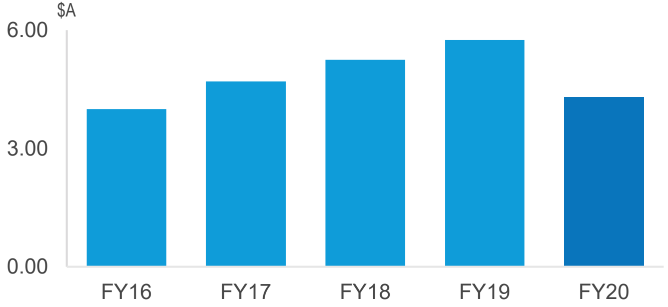
FY20
$A2,731m
▼8% ON FY19

EPS



FY20
$A7.91
▼10% ON FY19

DPS

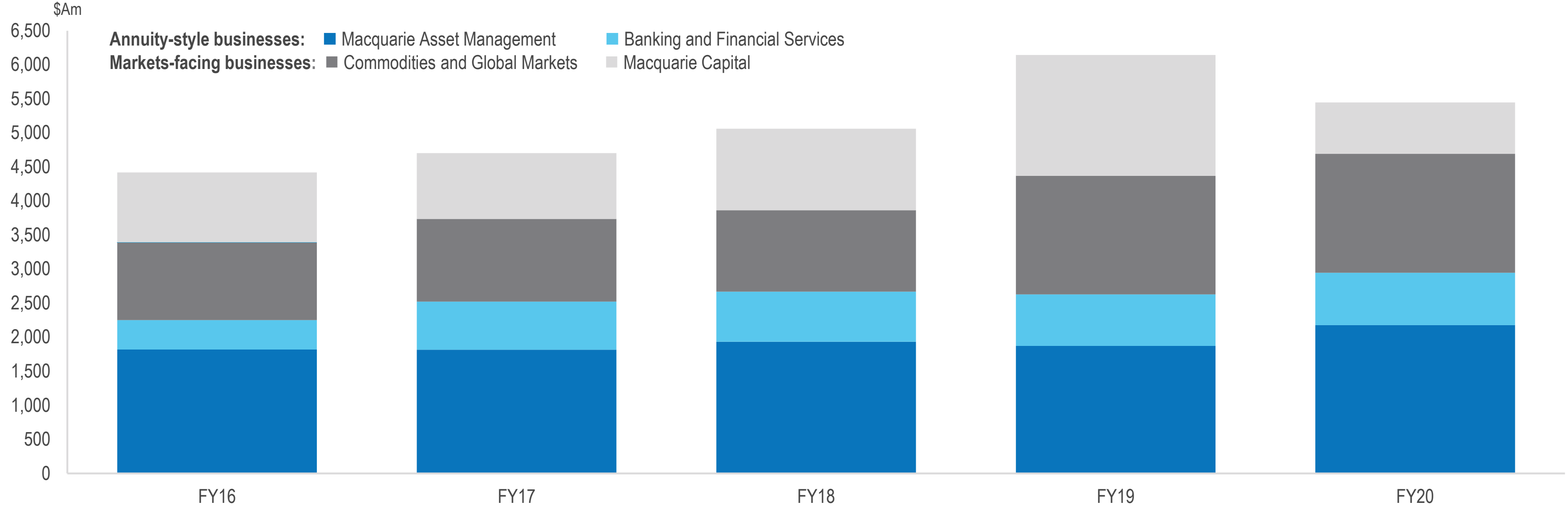


FY20
$A4.30
▼25% ON FY19

Business mix

Annuity-style activities represent approximately 63% of the Group's performance[1]

Net Profit Contribution[2]

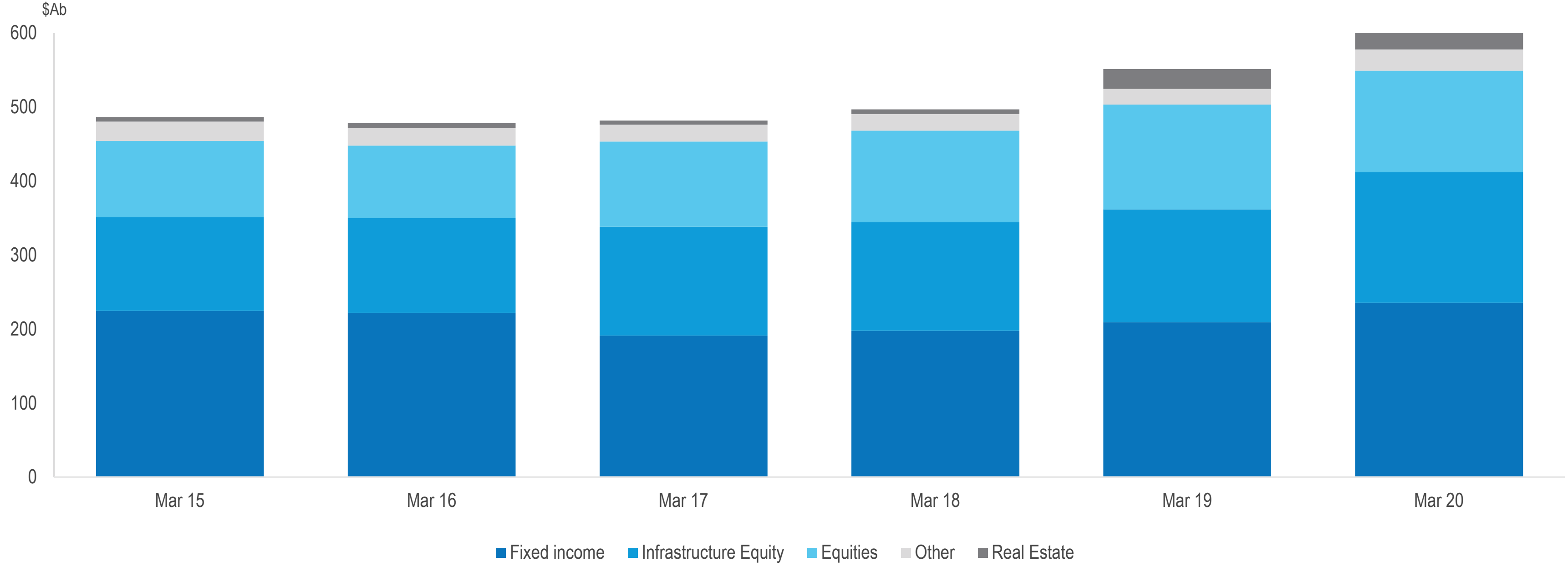


Comparative figures have been restated to conform to changes in current year financial presentation and group restructures, where necessary. 1. Based on FY20 net profit contribution from Operating Groups, annuity-style businesses represent 54% of the Group's performance. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Assets under management of $A606.9b

AUM increased 10% from $A551.3b at 31 March 2019

Increase due to investments by managed funds, an acquisition by MAM and FX movements partially offset by recent market movements, a reduction in contractual insurance assets and divestments by managed funds



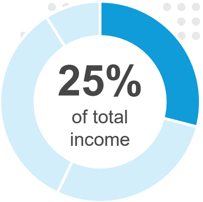
Note: Includes MAM and BFS AUM as at 31 Mar 20.

MACQUARIE

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

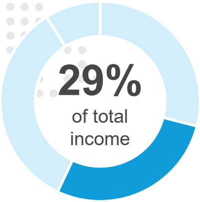
Employing **27,000+** people[4]

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

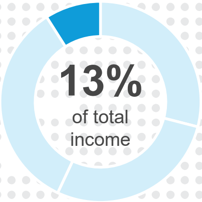
Employing **57,000+** people[4]

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

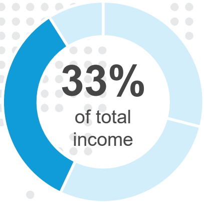
TOTAL INCOME[1]
$A1,573m

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

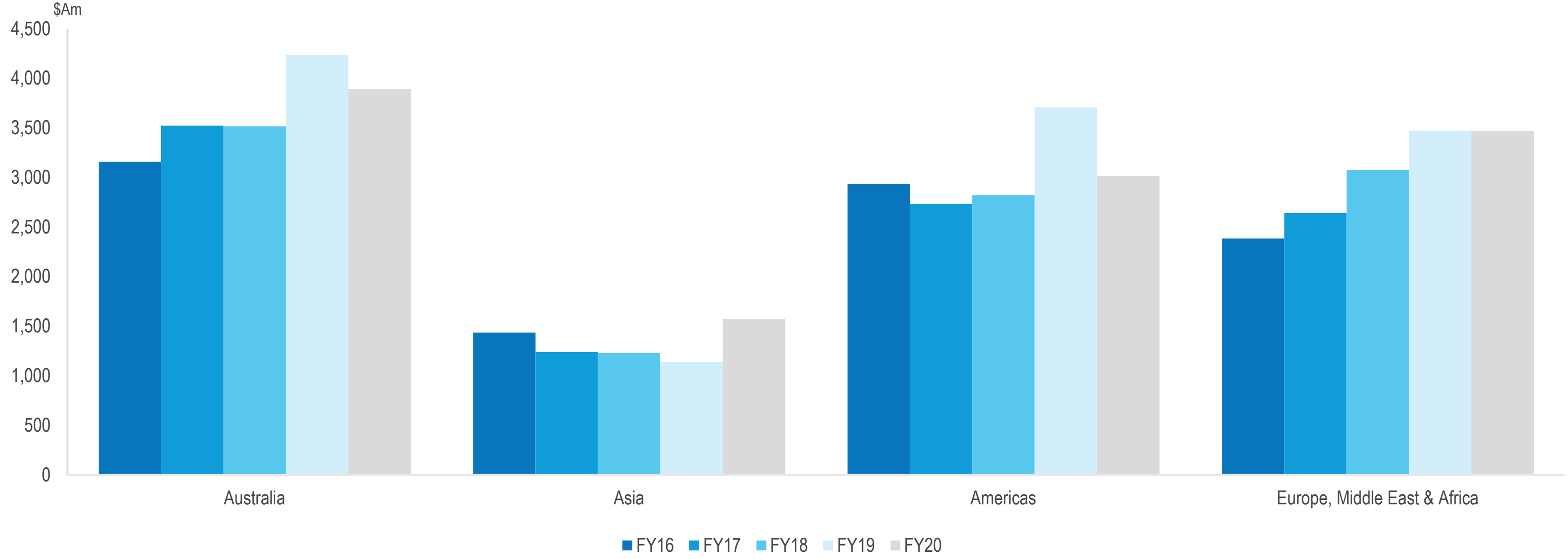
NEW ZEALAND
Auckland

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.

Diversification by region

67% of total income[1] in FY20 was generated offshore
A 10% movement[2] in AUD is estimated to have approximately a 7% impact on NPAT

Total income



1. Excluding earnings on capital and other corporate items. 2. This represents an average movement against all major currencies.

MACQUARIE

Macquarie Asset Management

OPERATING INCOME

$A3,732m

▲12% ON FY19

NET PROFIT CONTRIBUTION

$A2,177m

▲16% ON FY19

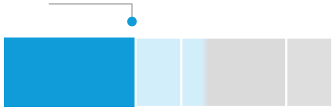
AUM[1]

$A605.7b

▲10% ON MAR19

MAM

~40%



MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA)

- **$A149.3b in equity under management,** up 17% on Mar 19 predominantly due to new equity raised and positive impacts from foreign exchange, partially offset by equity returned
- **Raised $A20.1b in new equity** (including $A8.9b in 4Q20 across all regions), for a diverse range of funds, products and solutions across the platform including:
  - **Macquarie European Infrastructure Fund 6** closed at hard cap of €6.0b;
  - **Macquarie Agriculture Fund - Crop Australia** closed at hard cap of $A1.0b;
  - **Macquarie Infrastructure Debt Investment Solutions** $A4.0b raised
  - **Real Estate** $A2.7b raised
- **Invested $A21.3b** across 62 new investments including 16 infrastructure equity investments, 22 infrastructure debt investments, 23 real estate investments and 1 transport investment
- **Equity proceeds of $A16.7b from asset divestments**[2] across a wide geographical spread
- **$A25.1b of equity to deploy** as at 31 Mar 20
- Divested remaining assets in **Macquarie European Infrastructure Fund** and **Macquarie Infrastructure Partners**, the first funds in our regional flagship series in Europe and the Americas, generating above benchmark returns for investors
- **Sale of Macquarie AirFinance (MAF)** to a joint venture and entry into an agreement to provide ongoing management support services. Macquarie held a 50% interest at 31 Mar 20
- Agreement to sell Macquarie European Rail with sale completed in Apr 20
- **No.1 infrastructure investment manager** globally[3]

MACQUARIE INVESTMENT MANAGEMENT (MIM)

- **$A382.6b in assets under management**, up 6% on Mar 19 due to foreign exchange movements and the acquisition of assets related to the mutual fund business of Foresters Investment Management Company, Inc., partially offset by recent market movements and a reduction in contractual insurance assets
- **Completed the Foresters assets acquisition**, adding ~$US11b in First Investors Funds and ~$US1b in assets transitioned to the recently launched Delaware Funds by Macquarie Premier Advisor Platform
- **69% of AUM outperforming** their relative benchmarks on a three-year basis[4]
- Launched **new capabilities** including:
  - Delaware Funds by **Macquarie Premier models**, a fee-based advisory program raising more than $US1b assets
  - Several new funds added to the ASX mFund platform: Macquarie Dynamic Bond Fund; Macquarie Australian Fixed Interest Fund; and Macquarie Professional Series funds
  - Emerging market debt with the launch of three strategies
  - **UK Global Small Cap True Index Equity Portfolio**, the first global mandate for MIM's flagship True Index strategy

CREATION OF THE MAM CLIENT SOLUTIONS GROUP

- MIRA Investor Solutions Group and MIM Distribution were merged to create the MAM Client Solutions Group – enhancing ability to deliver a full range of capabilities and investment solutions to clients

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY20 net profit contribution from Operating Groups. 1. As at 31 Mar 20 with comparatives restated for Operating Group changes previously announced. 2. Equity proceeds from asset divestments differs to the impact of divestments on reported EUM which captures a reduction of the original capital commitment at time of return of capital to investors. 3. IPE Real Assets (Jul/Aug 2019), measured by infrastructure assets under management. 4. As at 31 Mar 20.

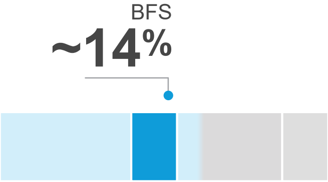
MACQUARIE

Banking and Financial Services

OPERATING INCOME
$A2,037m
▼3% ON FY19

NET PROFIT CONTRIBUTION
$A770m
▲2% ON FY19

AUSTRALIAN CLIENT NUMBERS MORE THAN
1.6 million



PERSONAL BANKING

- **Home loan portfolio of $A52.1b, up 35%** on Mar 19, representing approximately 2.65% of the Australian market
- Home loan growth being driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers
- Launched Macquarie Authenticator, a market-leading digital security app to give customers additional security for their everyday banking needs
- Macquarie Transaction Account named as a winner in the 2020 Mozo Experts Choice Awards for Exceptional Everyday Account. Macquarie also awarded a Mozo Experts Choice Awards for Excellent Banking App and Internet Banking

BUSINESS BANKING

- **Business banking loan portfolio of $A9.0b up 10% on Mar 19**, driven by strong activity in emerging health, built environment and technology segments, and existing property and professional services segments
- **Business banking deposit volumes up 8% on Mar 19**
- Completion of the sale of investment in insurance funding business, Macquarie Pacific Funding, to Steadfast Group
- Ongoing focus on third-party distribution with continued growth in SME and middle-market cash flow lending and deposits

WEALTH MANAGEMENT

- **Funds on platform[1] of $A79.1b down 8% on Mar 19**, as net sales of 3% were offset by market movements. Net sales from the Independent Financial Advisor channel continue to grow strongly, up 35% year on year
- Expanded Macquarie Wrap managed accounts offering with assets under management of $A3.0b, up from $A2.3b in Mar 19 and launched Macquarie Engage, a new low-cost investment solution for clients with less complex financial needs
- Continued implementation of cloud-based investment and portfolio management platform as part of ongoing wealth platform transformation
- Investment Platform of the Year in the SMSF Service Provider Awards 2019 and Digital Portfolio Manager recognised by Investment Trends for Best New Functionality 2020
- Named Retail Super Fund of the Year at the Roy Morgan Customer Satisfaction Awards 2019

LEASING

- **Vehicle finance portfolio[2] of $A13.7b, down 10% on Mar 19** due to declining new car sales nationally, lower dealer finance and run-off in previously acquired portfolio

DEPOSITS

- **Total BFS deposits[3] of $A63.9b, up 20%** on Mar 19 driven by existing and new-to-bank deposit clients and strong momentum in the CMA, term deposits and savings accounts
  - CMA deposits of $A32.7b, up 20% on Mar 19

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY20 net profit contribution from Operating Groups. 1. Funds on platform includes Macquarie Wrap and Vision. 2. Includes general plant and equipment. 3. BFS deposits exclude corporate/wholesale deposits.

MACQUARIE

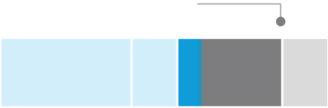
Commodities and Global Markets

OPERATING INCOME
$A4,445m
flat ON FY19

NET PROFIT CONTRIBUTION
$A1,746m
flat ON FY19

PHYSICAL GAS MARKETER IN NORTH AMERICA[2]
No.2

CGM
~32%



SPECIALISED AND ASSET FINANCE 18%[1]

- Stable portfolio, with a total value of **$A8.5b**
- Continued growth in Technology, Media and Telecoms lease income
- Strong performance in UK energy meters business, including expansion into-challenger energy suppliers

COMMODITY MARKETS 54%[1]

- Strong results across the commodities platform from increased client hedging activity particularly in Global Oil, EMEA Gas and Power, Agriculture, Metals and Mining
- Reduction in inventory management and trading from strong prior year primarily in North American Gas markets. Current year results reflected opportunities across a range of energy sectors in 1H20 which were partially offset by more challenging markets in Fuel oil (related to changing regulations) and North American gas markets in 2H20
- Completed the acquisition of Société Générale's energy commodities portfolio, comprising over-the-counter financial energy transactions, European wholesale physical gas and power contracts and carbon emission allowances – continuing growth in gas and power markets
- Named Natural Gas/LNG House of the Year[3]
- Named Electricity and Environmental Products, House of the Year [3]

- Higher lending and financing income driven by increased physical oil financing activity
- Continued lending in Metals, Agriculture and Energy sectors, secured by underlying commodities with associated hedging to mitigate risk

FINANCIAL MARKETS 19%[1]

- Increased revenue contribution across all regions driven by expansion of expertise in new markets
- Credit Markets performance driven by financing activity from private debt and Fintech clients
- **250+** counterparties globally serviced by in-country, local staff, supported by long-serving risk managers
- Fund Financier of the Year (Americas), closing **$US7b+** trades

FUTURES 6%[1]

- Client activity up, with increased commission in ANZ and the Americas partially offset by impairments on a small number of counterparties
- Provision of specialist execution and clearing capability to growing client base across global markets

EQUITY MARKETS 3%[1]

- Increase in revenue driven by favourable market conditions and client contribution, primarily from financing and retail products in Asia
- Business continues to focus on Asia Pacific client base
- Extension of Asia Pacific expertise into Europe clients retained through research distribution agreement with Kepler Cheuvreux
- Named Research House of the Year[4]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY20 net profit contribution from Operating Groups. 1. Percentages are based on net profit contribution before impairment charges. 2. Platts Q4 Mar 20. 3. 2019 Energy Risk Awards. 4. Energy Risk Asia Awards 2019.

MACQUARIE

Macquarie Capital

OPERATING INCOME

$A1,906m

▼33% ON FY19

NET PROFIT CONTRIBUTION

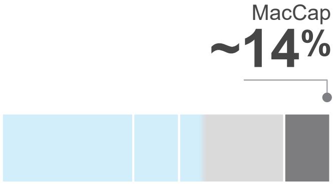
$A755m

▼57% ON FY19

376 TRANSACTIONS VALUED AT

$A319b IN FY20[1]

417 TRANSACTIONS **$A478b** IN FY19[1]



ADVISORY AND CAPITAL SOLUTIONS

Summary

- Maintained a leading market position in ANZ M&A[2], with established niches in other regions
- Continued expansion of coverage and capabilities in Europe and the US
- Strong principal finance activity in FY20 with more than $A3.5b invested in a combination of new primary debt financings and equity investments

Notable deals

- Advisor to the supervisory board of thyssenkrupp AG on the €17.2b (~$A29b) sale of its Elevator Technology business to a consortium led by Advent, Cinven and RAG
- Financial Advisor to Northern Star Resources Limited on the acquisition of 50% of the Kalgoorlie Super Pit for $US800m, and global coordinator, joint lead manager, and underwriter (80%) on the associated institutional placement of $A765m
- Financial adviser to GrainCorp Limited in relation to its Portfolio Review and the subsequent ~$A1.5b demerger of United Malt Group Limited[3]
- Provided bespoke financing solution and acted as financial advisor to World Insurance Associates LLC on its sale to Charlesbank Capital Partners and lead left arranger on the unitranche debt financing supporting the transaction
- Acted as Sole Commitment Party for $US275m Preferred Equity and as a Joint Bookrunner for $US1,185m of Senior Secured Credit Facilities to support Partners Group's acquisition of EyeCare Partners

Awards/Ranking

- No.1 in ANZ for M&A[2]
- Advisory Excellence Award – Sydney Metro Martin Place Integrated Station Development[4]

INFRASTRUCTURE AND ENERGY GROUP

Summary

- Maintained our global number one infrastructure financial advisor position[5]
- Continued focus on green energy with over 250 projects under development or construction, with a development pipeline of >25GW at 31 Mar 20
- Total investment in green energy of $A1.7b at 31 Mar 20; investments made of $A1.5b and investments realised of $A0.7b for FY20[6]

Notable deals

- Acted as sole financial advisor, lead sponsor and completed the acquisition of a c.1m building unit Fibre-to-the-Home (FttH) Network from MasMovil, a leading IBEX 35 Spanish telecoms operator, to create Spain's first independent wholesale only FttH network
- Co-developed and acted as sole equity arranger and sole financial advisor for project structuring and debt financing for Gulf Coast Ammonia LLC which, once constructed, will be the largest single train ammonia loop and largest ammonia storage tank in the world
- Supporting Taiwan's renewable energy transition and recognised as the Renewable Energy Deal of the Year[7], Macquarie Capital delivered Taiwan's first commercial scale offshore windfarm, Formosa 1. Macquarie Capital is a developer and equity investor in a second Taiwanese offshore windfarm, Formosa 2 which reached financial close and is currently under construction. Together these projects will generate 504MW of clean electricity, enough to power ~508,000 households

Awards/Ranking

- No.1 Global Infrastructure Financial Advisor[5]
- No.1 Global Renewables Financial Advisor[5]
- No.1 Global Power Financial Advisor[8]
- European Renewables Deal of the Year – East Anglia ONE[9]
- Project of the Year and Financial Excellence Award – WestConnex[4]
- Asia Pacific Transport Deal of the Year – Cross River Rail[10]

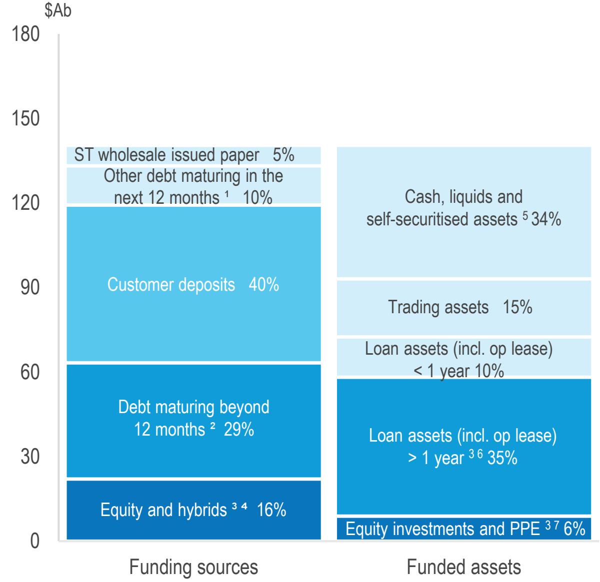
Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on FY20 net profit contribution from Operating Groups. 1. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. Comparatives are presented as previously reported. 2. Dealogic (CY19 announced and completed by deal count). 3. Value of demerger estimated as Enterprise Value at close of first day of trading, 24 Mar 20. 4. Infrastructure Partnerships Australia (IPA) 2019 National Infrastructure Awards. 5. Inspiratia (CY19 by deal count and transaction volume). 6. Carrying value of balance sheet investments as at 31 Mar 20. 7. The Asset Triple A Infrastructure Awards 2019. 8. Inframation (CY19 by deal value). 9. Infrastructure Investor Awards 2019. 10. PFI Awards 2019.

MACQUARIE

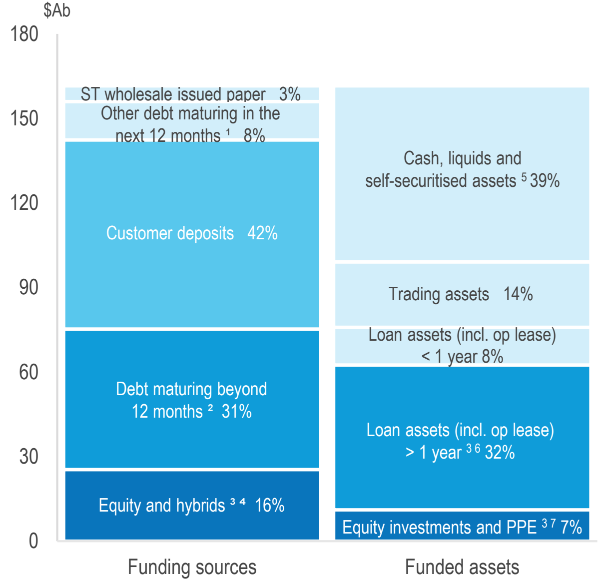
Funded balance sheet remains strong

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

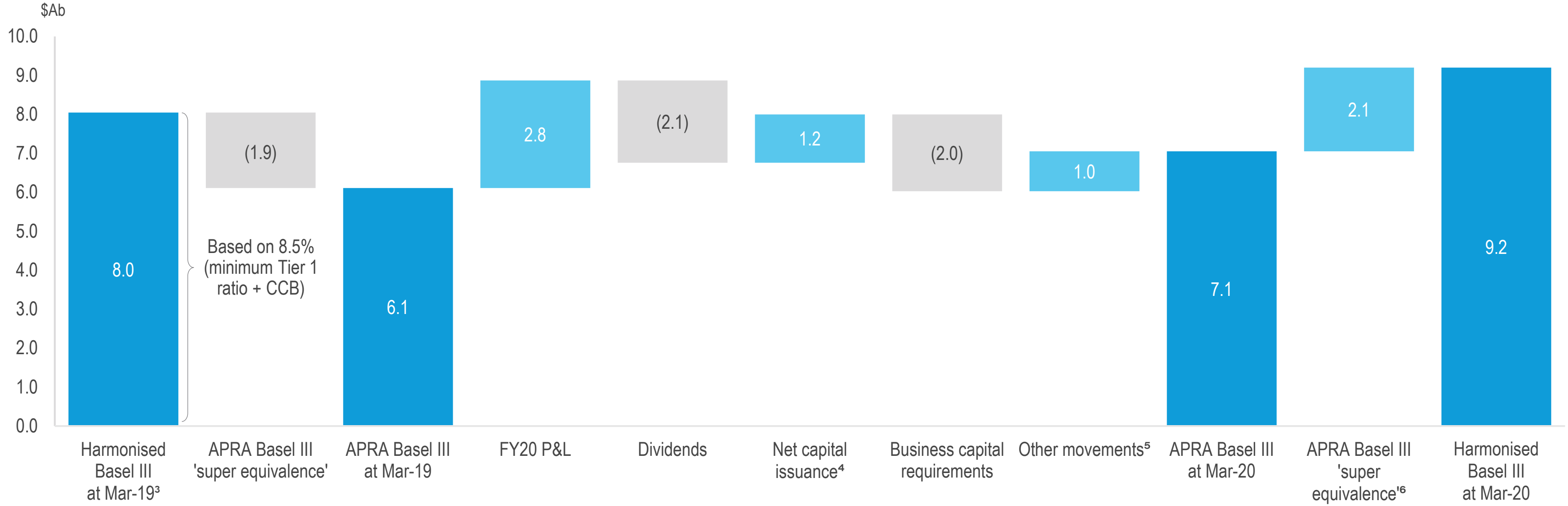
NEW CAPITAL ISSUANCES
$A1.7b
THROUGH INSTITUTIONAL PLACEMENT & SPP[10]

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 69. 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.

Basel III capital position

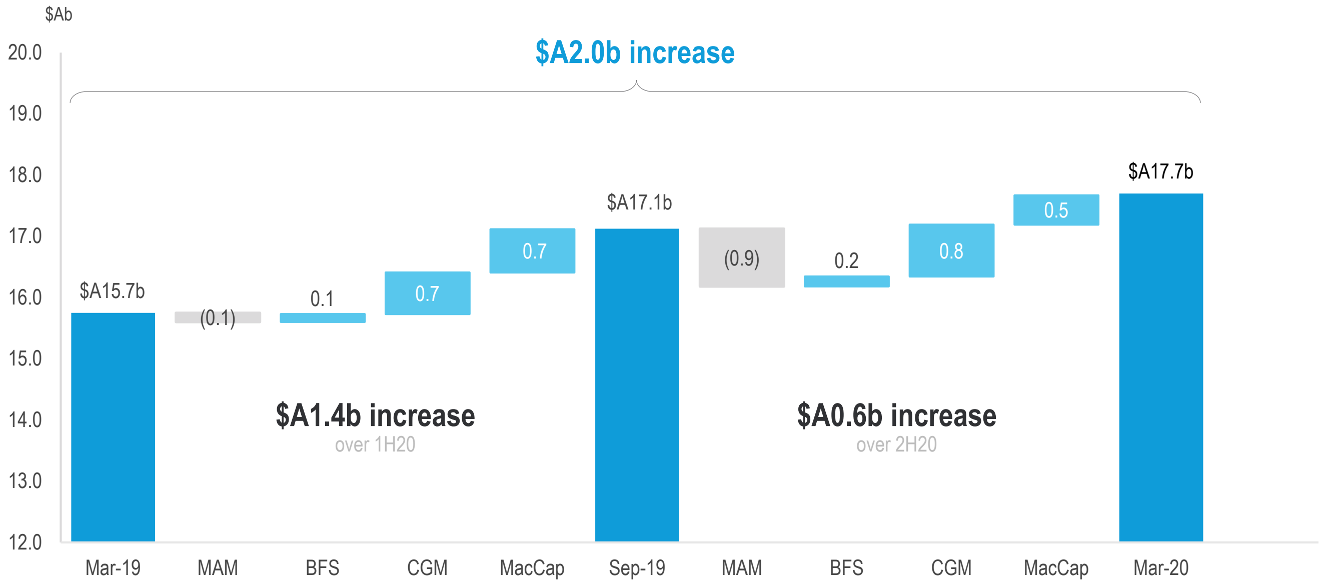
- APRA Basel III Group capital at Mar 20 of $A24.8b; Group capital surplus of $A7.1b[1,2]
- APRA Basel III CET1 ratio: 12.2%; Harmonised Basel III CET1 ratio: 14.9%

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

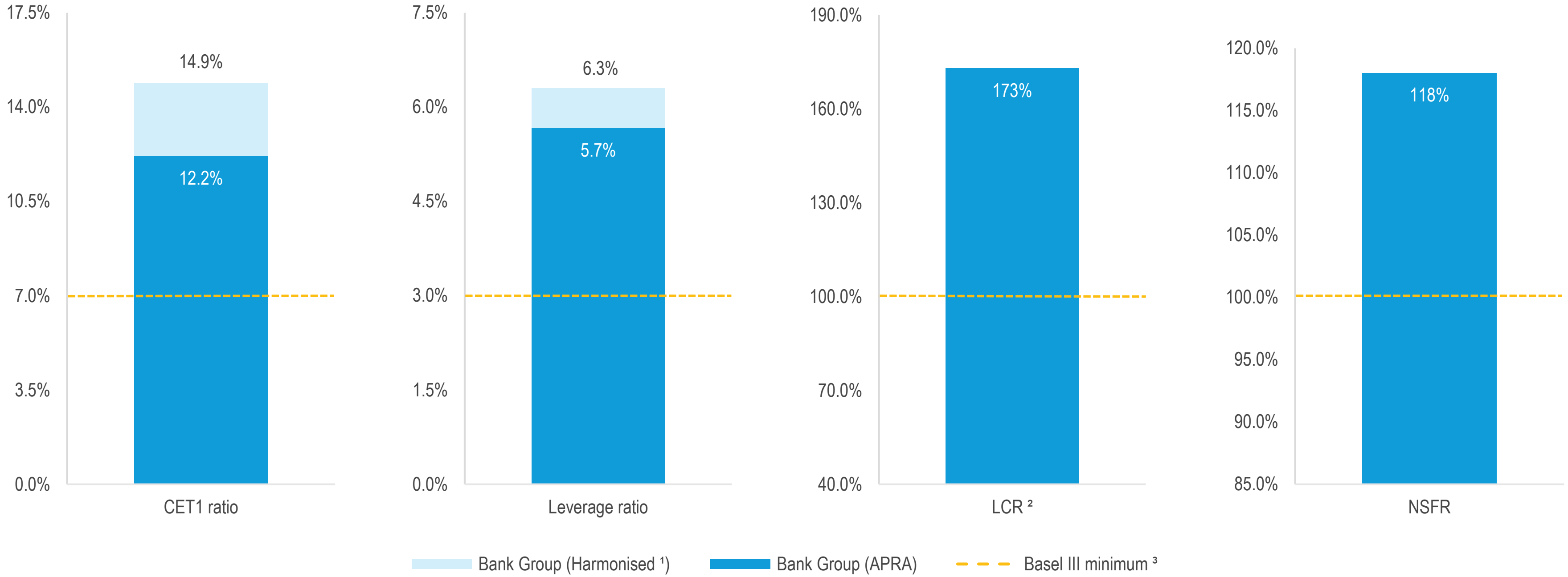
Macquarie Capital

- 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.

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.

Capital management

Macquarie notes the strength of its capital position

- Reported Level 3 surplus of $A7.1b[1] – the highest Macquarie has reported
- MBL Level 2 CET1 of 12.2% – the highest Macquarie has reported

Macquarie acknowledges APRA's guidance in relation to capital management[2]

In light of APRA's guidance, together with the continuing uncertainty as to the impacts of COVID-19, and Macquarie's strong capital position and earnings generated for FY20, the MGL Board has resolved to:

- Pay a final FY20 dividend per share (DPS) of $A1.80, materially down (50%) on the FY19 final DPS
  - In conjunction with the interim DPS of $A2.50, this represents a FY20 DPS of $A4.30, and a FY20 dividend payout ratio of 56%
  - The final dividend will be funded entirely by the 2H20 earnings of the Non-Bank Group
- Issue shares to satisfy the DRP (at a discount of 1.5%) for the 2H20 dividend, and issue shares for MEREP requirements - which together are expected to more than offset the capital impact of the dividend, by ~$A0.1b - $A0.2b[3]

Macquarie notes that MBL has not declared any dividends in FY20, nor are any being declared at this time

Macquarie notes that it has further strengthened its ordinary equity position through generating or raising ~$A3.7b of additional capital since Mar 19

- Retained earnings for FY20 of ~$A1.2b, net of dividends[4]; new equity raised in September 2019 of $A1.7b; shares to be issued for MEREP requirements of ~$A0.6b; and shares to be issued to satisfy the DRP, estimated at ~$A0.2b
- ~$A2.5b of this ordinary equity is in MBL (reflecting ~$A1.5b of FY20 retained earnings, and a $A1.0b MBL recapitalisation)

These measures, supported by stress testing analysis, provide a significant buffer for further and extended COVID-19 volatility and allow capacity for business growth where opportunities arise, including continuing to provide credit to the Australian economy

- In this regard, Macquarie notes that in FY20, MBL's Australian home loan book grew by ~35% and the Business Banking loan book grew by ~10%

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 ~3bps. 2. 7 Apr 20; 'APRA issues guidance to authorised deposit-taking institutions and insurers on capital management'. 3. Depending on DRP participation. 4. Includes FY20 interim dividend of $A2.50 per share and FY20 final dividend of $A1.80 per share.

MACQUARIE

Final dividend

2H20 ORDINARY DIVIDEND

$A1.80

(40% franked)

FROM ▼ **$A3.60** *(45% franked)* IN 2H19

FY20 ORDINARY DIVIDEND

$A4.30

(40% franked)

FROM ▼ **$A5.75** *(45% franked)* IN FY19

2H20 RECORD DATE

19 May 20

2H20 PAYMENT DATE

3 Jul 20

DRP shares for the 2H20 dividend to be issued[1]

FY20 ANNUAL PAYOUT RATIO

56%

Dividend policy remains 60-80% annual payout ratio

1. The DRP pricing period is from 25 May 20 to 5 Jun 20.

MACQUARIE

03 Result Analysis and Financial Management

Alex Harvey
Chief Financial Officer

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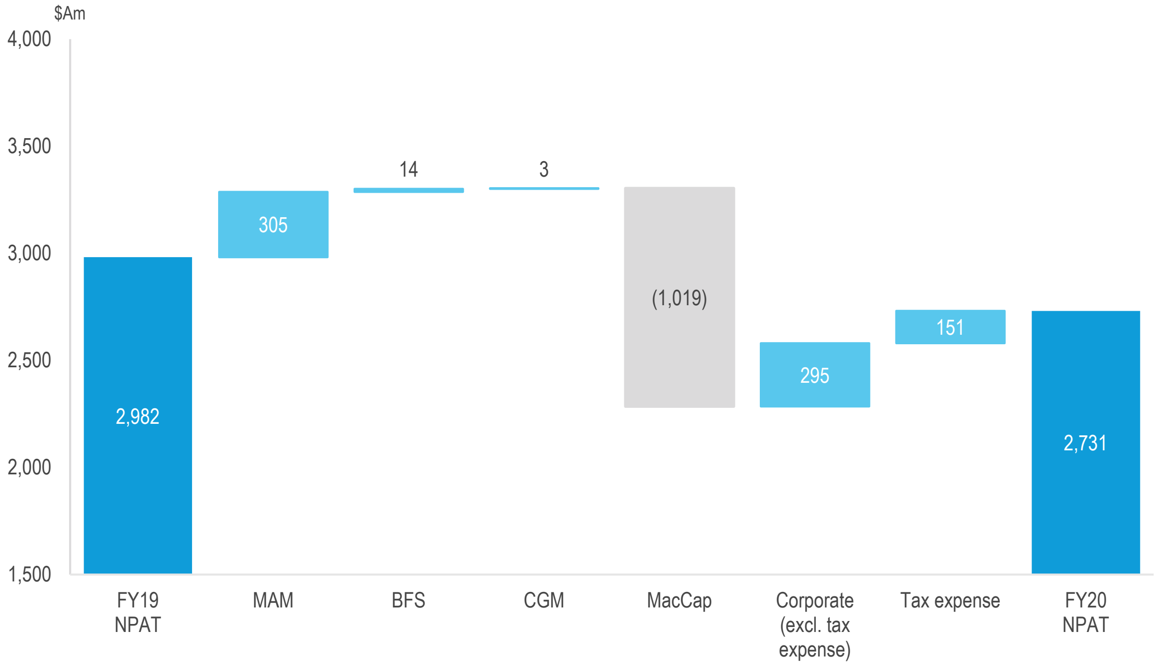
MACQUARIE

Income statement key drivers

	2H20 $Am	1H20 $Am	FY20 $Am	FY19 $Am
Net interest and trading income	2,303	2,417	4,720	4,551
Fee and commission income	2,963	2,874	5,837	5,526
Net operating lease income	284	461	745	950
Share of net profits/(losses) of associates and joint ventures	144	(49)	95	(56)
Net credit impairment charges	(661)	(144)	(805)	(320)
Other impairment (charges)/reversals	(240)	5	(235)	(232)
Investment income	1,007	670	1,677	2,102
Other income	205	86	291	233
Net operating income	**6,005**	**6,320**	**12,325**	**12,754**
Employment expenses	(2,547)	(2,776)	(5,323)	(5,217)
Brokerage, commission and trading-related expenses	(482)	(482)	(964)	(1,140)
Other operating expenses	(1,362)	(1,222)	(2,584)	(2,530)
Total operating expenses	**(4,391)**	**(4,480)**	**(8,871)**	**(8,887)**
Operating profit before tax and non-controlling interests	**1,614**	**1,840**	**3,454**	**3,867**
Income tax expense	(352)	(376)	(728)	(879)
Non-controlling interests	12	(7)	5	(6)
Profit attributable to MGL shareholders	**1,274**	**1,457**	**2,731**	**2,982**

- Net interest and trading income of $A4,720m, up 4% on FY19
  - Lower net interest and trading expenses in MAM driven by the sale of MAF to a joint venture during the first half
  - Higher interest and trading income in BFS mainly driven by growth in home loans partially offset by the sale of an investment in Macquarie Pacific Funding (MPF)
- Fee and commission income of $A5,837m, up 6% on FY19
  - Increase in base fees from foreign exchange movements, fees earned on the MAF joint venture, investments made by MIRA-managed funds and mandates and contributions as a result of assets acquired from Foresters during the year
  - Lower debt capital markets and other fee income, partially offset by higher mergers and acquisitions fee income in Macquarie Capital
- Net operating lease income of $A745m, down 22% on FY19 primarily 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 in MAM
- Share of net profits of associates and joint ventures of $A95m, significantly up on FY19, primarily driven by the sale of a number of underlying assets within equity accounted investments and income from the MAF joint venture during the year in MAM
- Higher Credit and Other impairment charges recognised across the Group compared to FY19 mainly due to a deterioration in current and expected macroeconomic conditions as a result of COVID-19
- Investment income of $A1,677m, down 20% on FY19, primarily due to strong asset realisations in the prior year in Macquarie Capital, partially offset by gains on sale of investments in MAM
- Total operating expenses of $A8,871m, in line with FY19
  - Higher Employment expenses due to foreign exchange movements, an increase in average headcount in central service groups and higher share-based payment expense from accelerated amortisation of prior years' equity awards to retiring key management personnel, partially offset by lower performance-related profit share expense as a result of lower Group performance and higher retention rates being applied, and a reduction in average headcount in the BFS wealth advice business
  - Lower Brokerage, commission and trading-related expenses primarily due to Equities structural change to refocus on the Asia-Pacific region in CGM and the sale of an investment in MPF in BFS

Income statement by Operating Group NPC



KEY DRIVERS

- **MAM:** Increased base fees, performance fees, investment-related and other income, partially offset by lower net operating lease income, higher operating expenses and higher credit and other impairment charges
- **BFS:** 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
- **CGM:** Strong global client contribution across all products and sectors and higher revenue from Specialised and Asset Finance and Commodities' lending and financing activities, offset by a reduction in inventory management and trading revenues and an increase in credit provisions
- **Macquarie Capital:** 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
- **Corporate:** Includes higher funding usage by Operating Groups driving increased interest income and lower performance-related profit share expense
- **Tax expense:** Lower tax expense mainly driven by the geographic composition and nature of earnings

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:

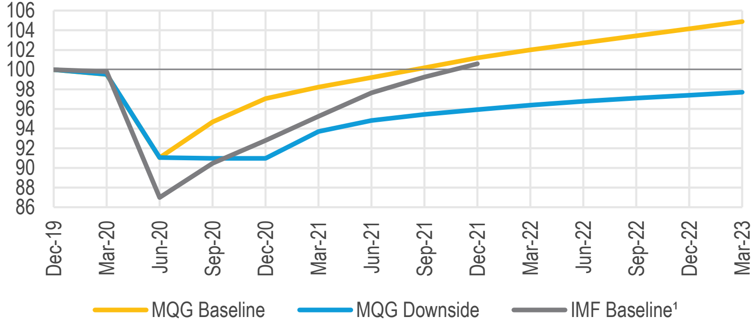
- Australia – unemployment to rise to ~9% in mid-2020, GDP contracts ~9% year on year to mid-2020 and house prices decline ~15% by mid-2020 with a recovery in 2H 2020
- US – unemployment to rise to ~14% by mid-2020, GDP contracts ~9% year on year by mid-2020

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:

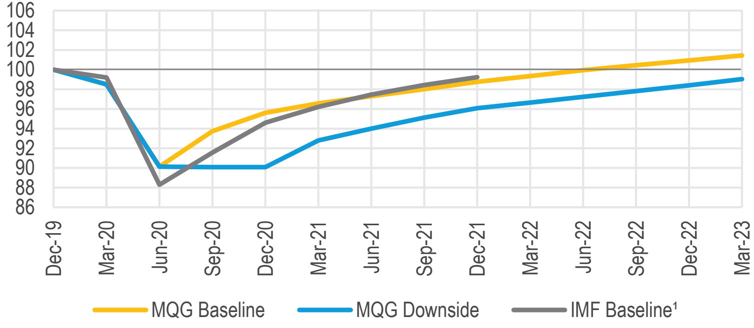
- Australia – unemployment rate to rise to ~11% in early 2021, GDP contracts ~9% year on year by the end of 2020 and house prices decline ~29% by Mar 2021
- US – unemployment to rise to ~17% by mid-2020 and GDP contracts by ~10% year on year by late 2020

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

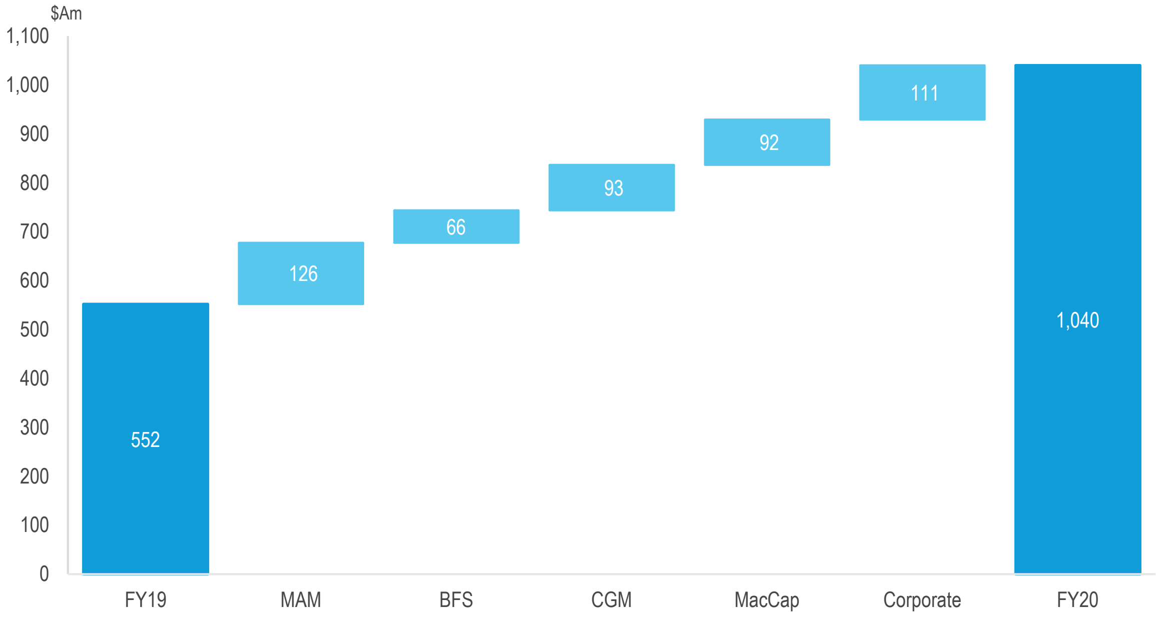


US – Real GDP Indexed Dec 19



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.

Credit and Other impairment charges

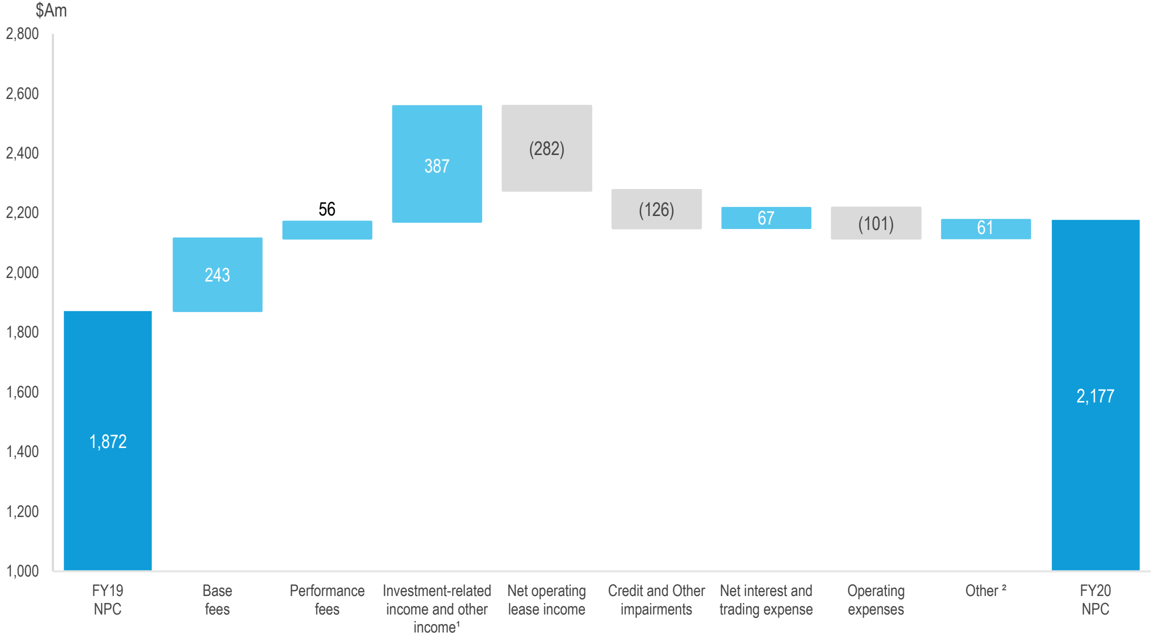


KEY DRIVERS

- **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

Macquarie Asset Management

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



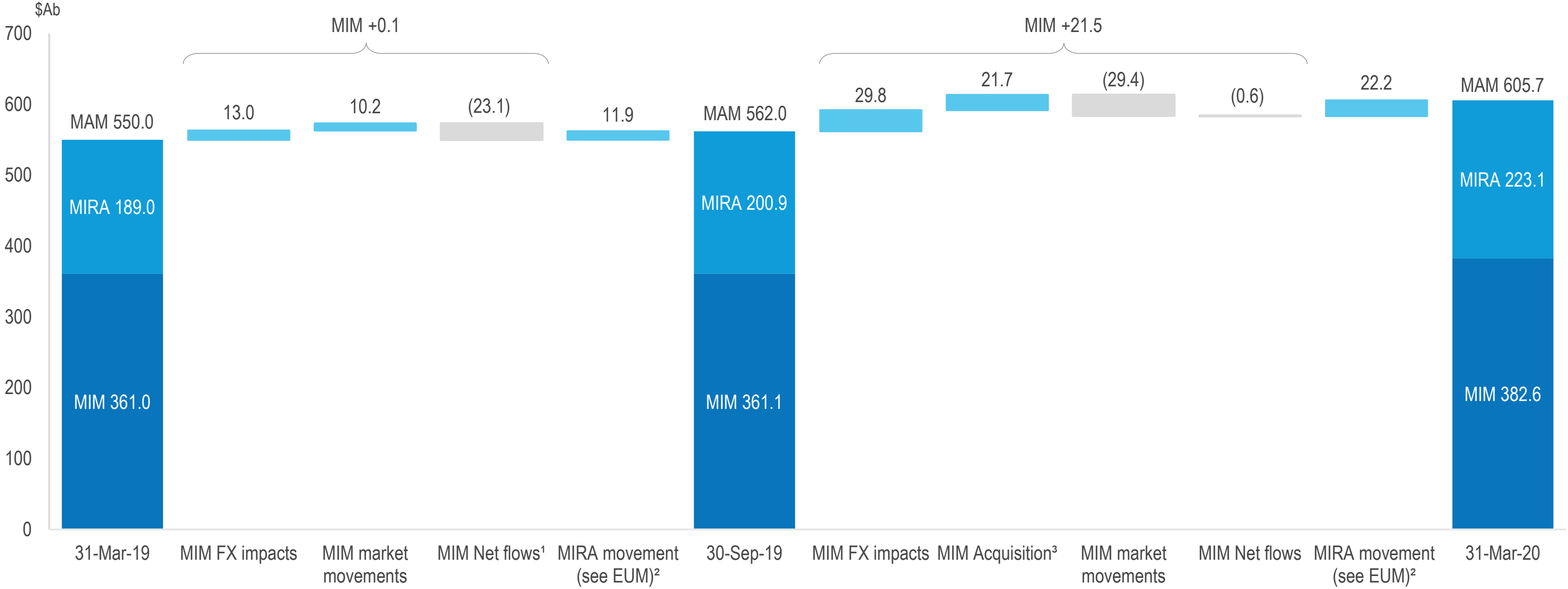
KEY DRIVERS

- 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.

MAM AUM movement

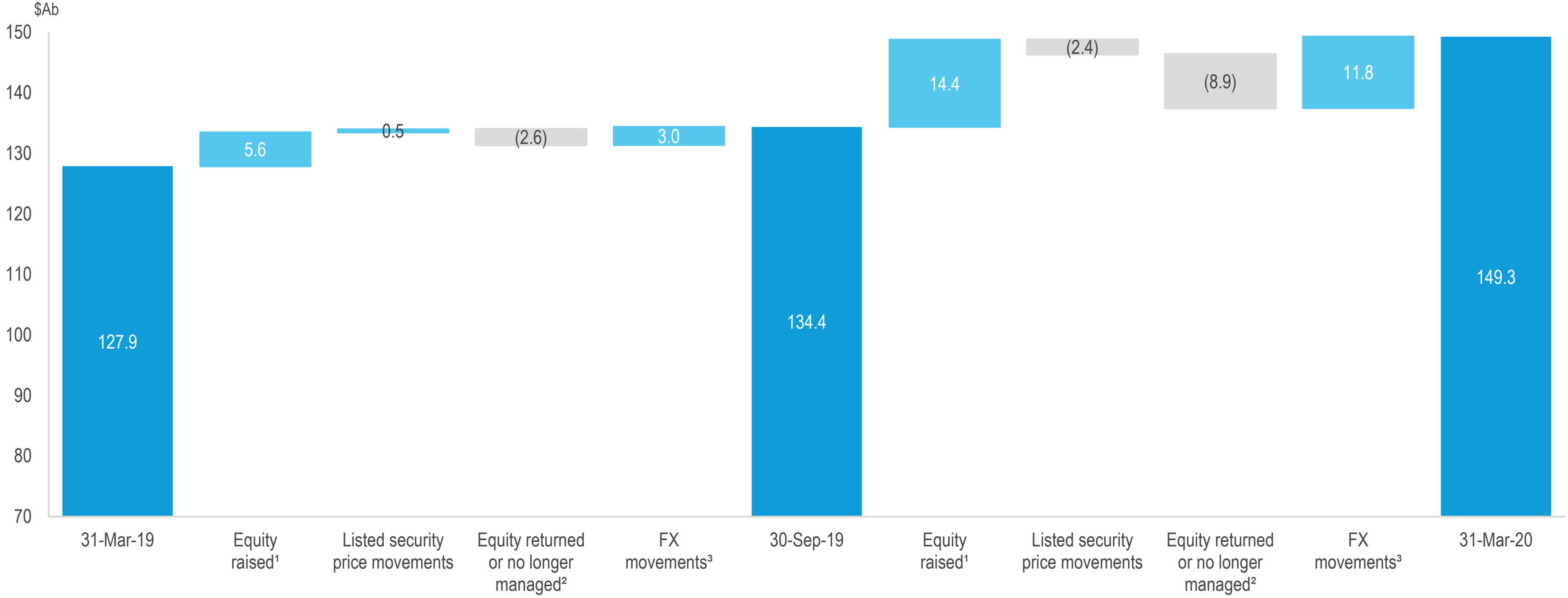
Increase due to investments by MIRA-managed funds, MIM acquisition and FX movements partially offset by recent market movements and a reduction in contractual insurance assets in MIM and divestments by MIRA-managed funds



1. $A23.1b of MIM net outflows were primarily driven by contractual fixed income insurance assets and other short-term fixed income allocations. 2. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes – refer to MIRA EUM movement on slide 34. MIRA's total EUM includes market capitalisation at measurement date plus underwritten or committed future capital raisings for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. Refer MD&A s7 for further information with respect to EUM and AUM measures. 3. Acquisition of the assets related to the mutual fund management business of Foresters Investment Management Company Inc. as well as approximately $US4b of contractual insurance assets.

MIRA EUM movement

Increase of 17% due to new equity raised and FX movements partially offset by equity returned



1. Includes equity under management in relation to 50% of the MAF 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. 2. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. Includes an offset of equity managed on behalf of ALX following internalisation. 3. FX reflects the movement in EUM driven by changes in FX rates.

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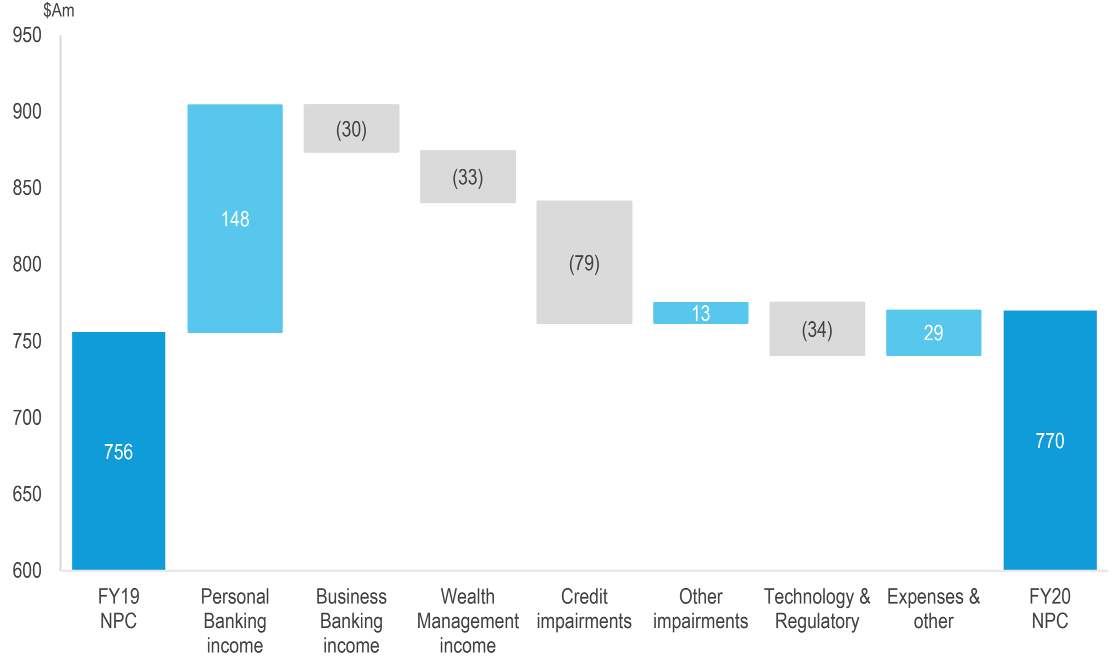
Banking and Financial Services

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

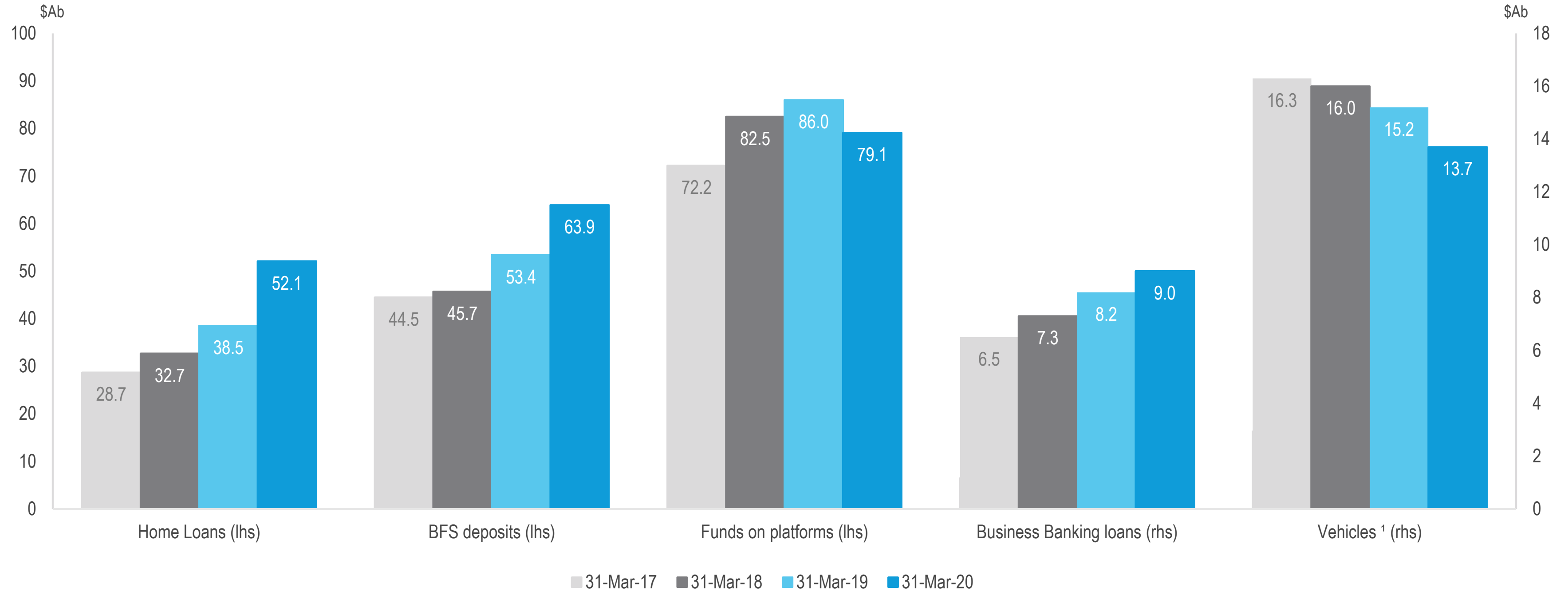


KEY DRIVERS

- 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

Banking and Financial Services

Strong growth across deposit and loan products



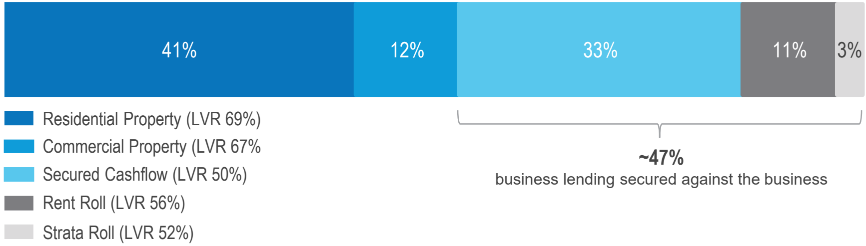
Data based on spot volumes at period end. 1. Includes dealer, wholesale, retail and general plant and equipment.

Banking and Financial Services

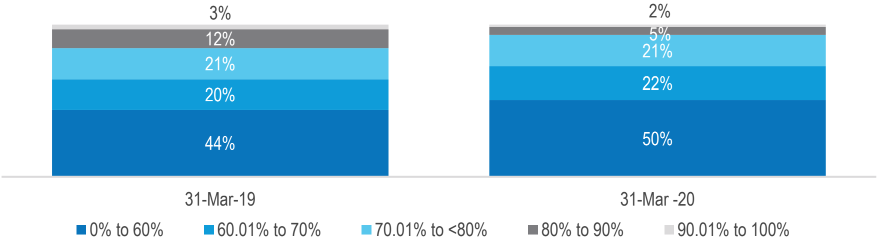
Portfolio and credit overview

Portfolio dynamic	31-Mar-20	31-Mar-19	% change
Funds Under Management/Gross Loan Assets ($Am)	75,320	62,453	21%
% Business Banking (incl. Business Bank Home Loans)	12%	13%	-8%
% Personal Banking (Home Loans + Credit Cards)	70%	63%	11%
% Asset Finance (incl Wholesale)	18%	24%	-25%
Credit Risk Weighted Assets (CRWA) ($Ab)	35.7	32.2	11%
Total provisions ($Am)[2]	470	399	18%
% ECL/CRWA (pre-COVID adjustment)	1.07%	1.24%	
% ECL/CRWA (post-COVID adjustment)	1.32%		

Business lending security type and LVR[7] (%)



Home Loan Dynamic LVR Distribution



Home Loan portfolio[1] dynamic	31-Mar-20	31-Mar-19
Average LVR at Origination (%)[3, 4]	69%	70%
Average Dynamic LVR (%)[4, 5]	57%	60%
% Owner Occupied	63%	63%
% Principal and Interest	74%	70%
90+ days delinquent (%)	0.55%	0.65%
Loss rates (bps)	1bp	0bp
% ahead of repayments[6]	73%	74%

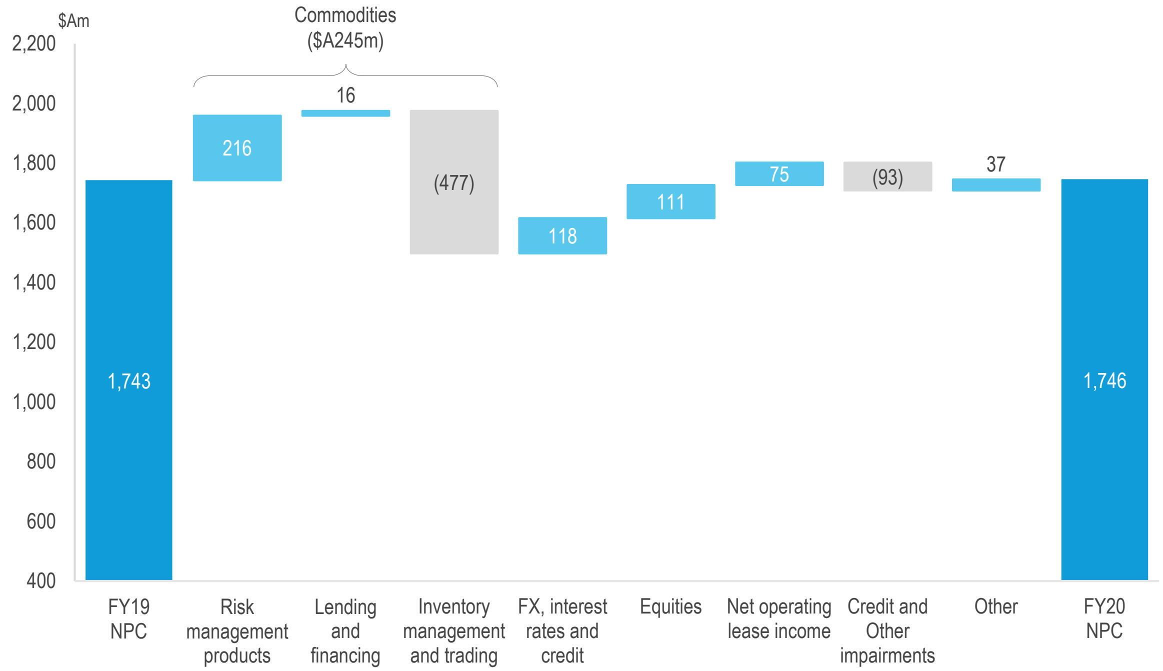
COVID-19 Payment Pause (% of balances)	30-Apr-20
Personal Banking (Home Loans + Credit Cards)	11.2%
Business Banking (incl Business Bank Home Loans)	16.2%
Vehicle Finance (incl Wholesale)	13.5%

1. Home Loans originated in Personal Banking. 2. 31 Mar 20 provision include $87m of COVID overlay. 3. Based on accounts still on book. 4. Weighted by size of loan. 5. House price index (HPI) as at Dec'19. 6. Taken as a % of loans with more than 0.5% of limit available ~ 1 monthly payment ahead net of offset and redraw balances. 7. At 31 Mar 20.

MACQUARIE

Commodities and Global Markets

Consistent performance driven by strong client activity



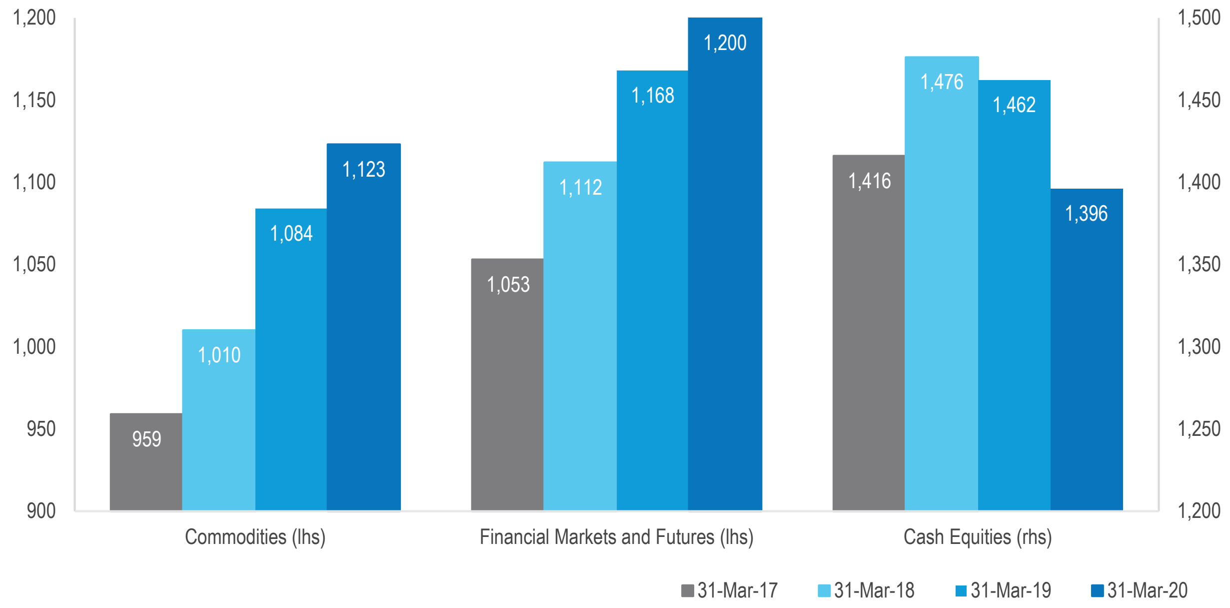
KEY DRIVERS

- 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

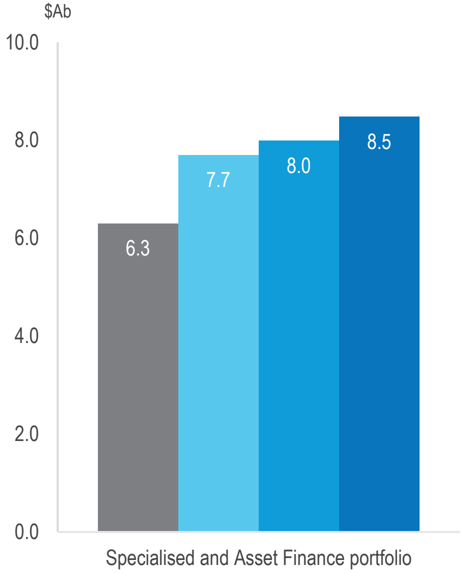
Commodities and Global Markets

Growing client base

Client numbers



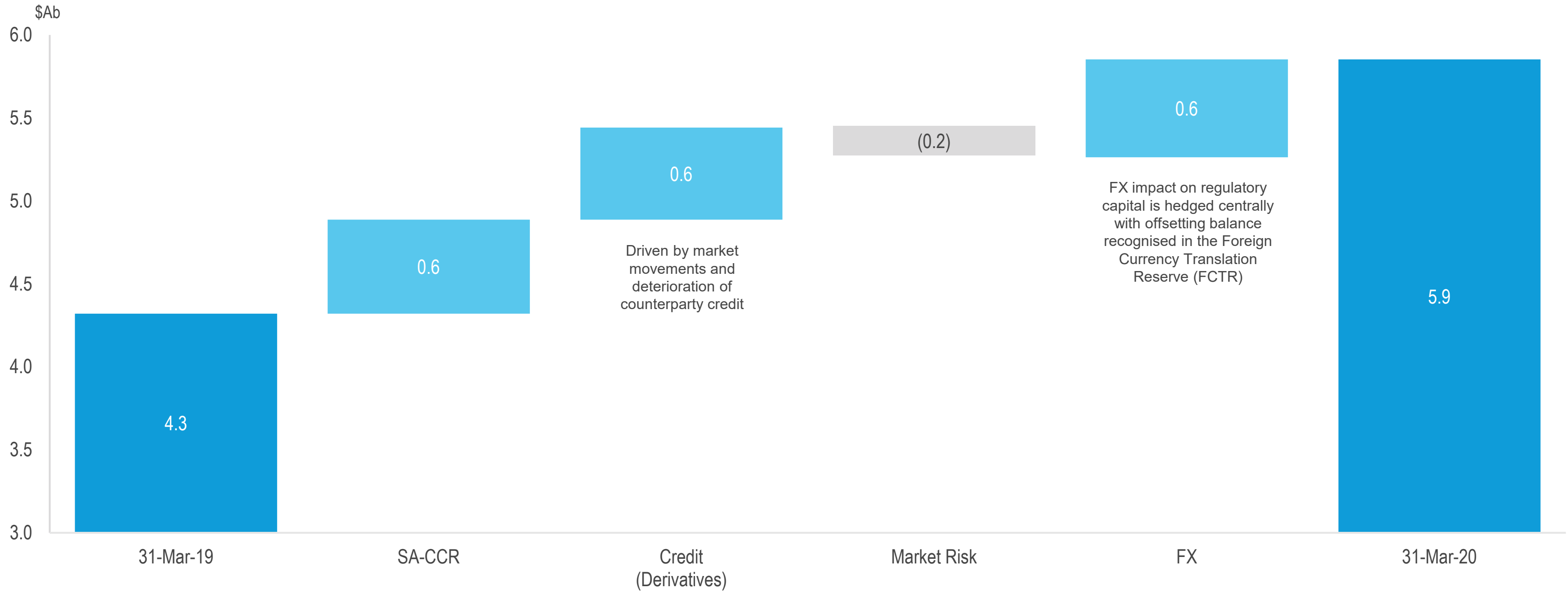
Specialised & Asset Finance portfolio[1]



1. Numbers are reported in AUD equivalent and include fluctuations in foreign exchange.

Commodities and Global Markets

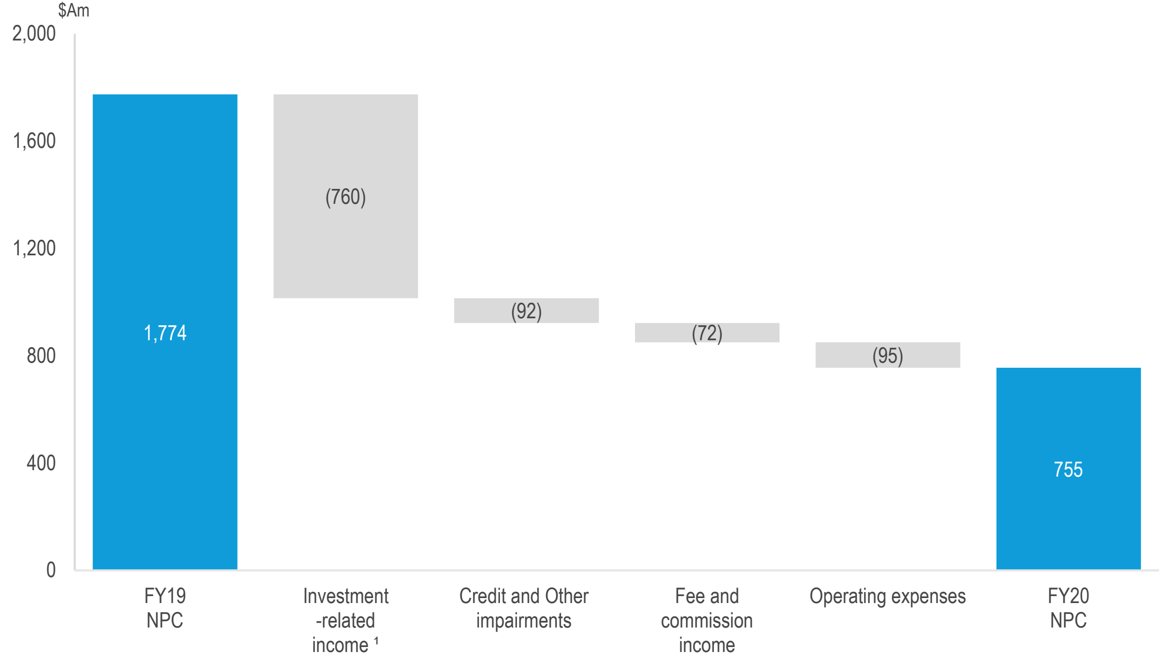
Movement in regulatory capital[1]



1. Calculated at 8.5% RWA.

Macquarie Capital

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



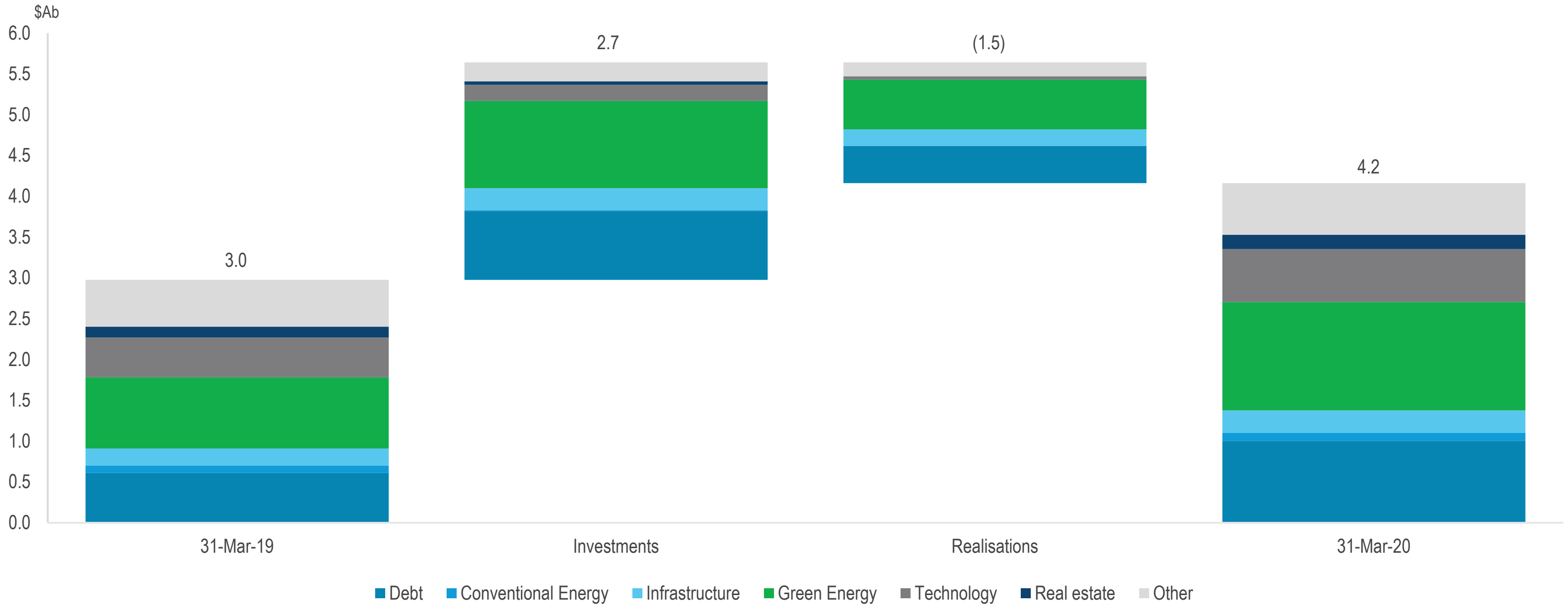
KEY DRIVERS

- 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 Capital

Movement in regulatory capital[1]



1. Calculated at 8.5% RWA.

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

MACQUARIE

FY20 funded balance sheet initiatives

- **$A1.7b of equity capital raised in 1H20** through $A1.0b institutional placement and $A0.7b share purchase plan
- **$A26.0b[1] of term funding** raised during FY20 with **$A7.7b with weighted average life 4.9 years[2] in Q4 FY20 including**:

JANUARY	FEBRUARY	MARCH
$A2.6b	**$A4.4b**	**$A0.7b**
• $US1.25b 5yr MBL USD Public • €0.5b 7yr MGL EUR Public	• $A1.8b 5yr MBL AUD Public • $A0.9b PUMA RMBS • $A1.0b SMART ABS • €0.4b 2yr MBL EUR Public	• $US0.3b 5yr MGL Samurai Loan Facility • $Ae0.2b Islamic Finance / Structured Note

Increased proportion of term funding and deposits

- Growth in term liabilities[3] as a proportion of balance sheet – 47% at Mar 20 (compared to 45% at Mar 19)
- Customer deposits[4] continue to grow – up 20% in FY20, representing 42% of sources at Mar 20 (compared to 40% at Mar 19)
- Short term wholesale issued paper and other short-term debt at 11% of sources at Mar 20 (compared to 15% at Mar 19)

Strong liquidity with Cash, liquids and self-securitised assets comprising 39% of Assets

- Bank Group LCR at 173% and NSFR at 118% at Mar 20

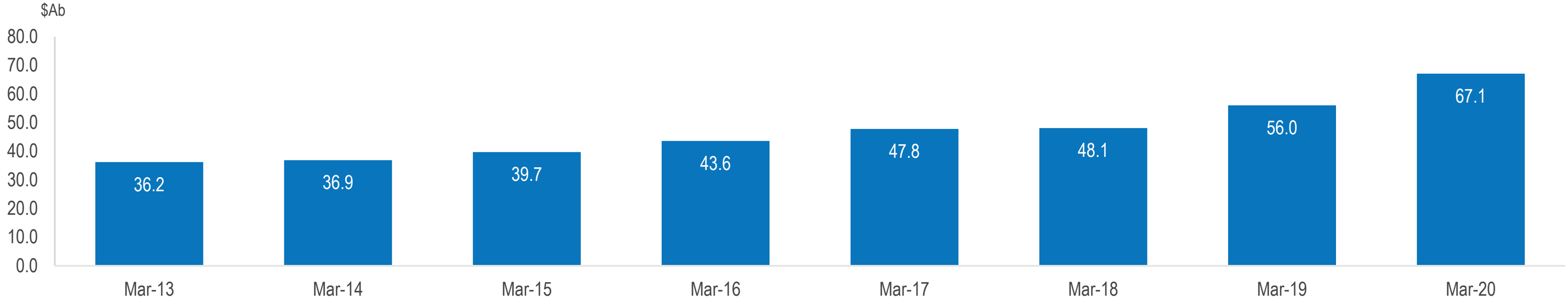
1. Issuances cover a range of tenors, currencies, product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities. 2. Excludes securitisations. 3. Includes equity 4. Total customer deposits as per the funded balance sheet ($A67.1b) differs from total deposits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

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

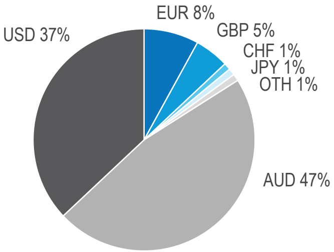


Note: Total customer deposits include total BFS deposits of $A63.9b and $A3.2b of Corporate/Wholesale deposits.

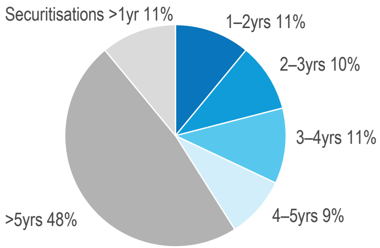
Diversified issuance strategy

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

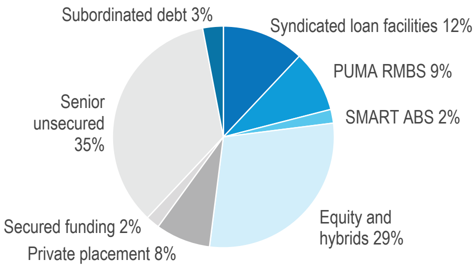
Currency



Tenor

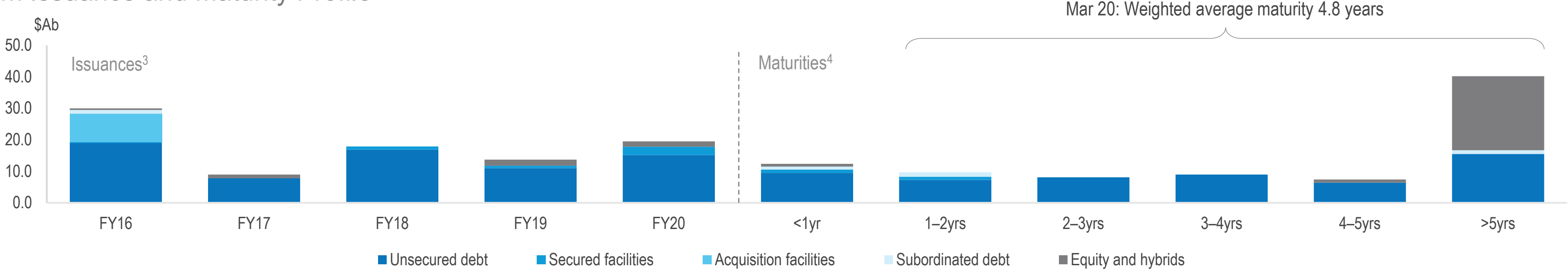


Type



- 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.

Loan and lease portfolios[1] – funded balance sheet

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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 18 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.

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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.

Regulatory update

MACQUARIE

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

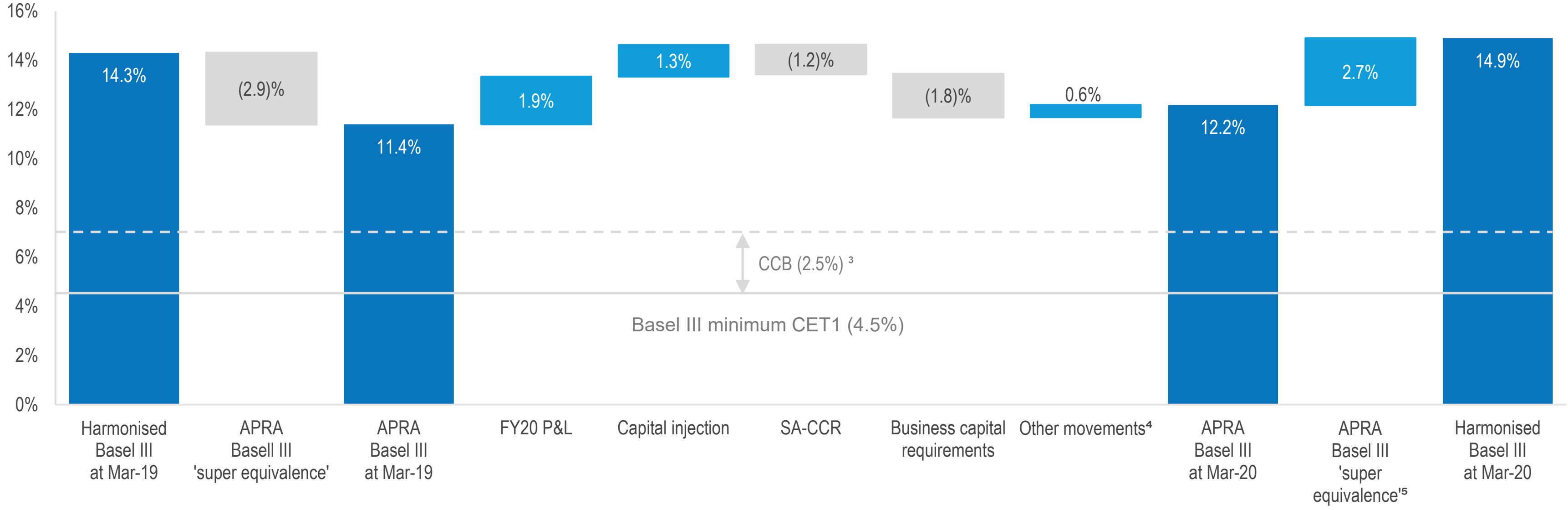
- Macquarie continues to respond to requests for information about its historical activities as part of the ongoing, industry-wide investigation in Germany relating to dividend trading
- In total, the German authorities have designated as suspects approximately 100 current and former Macquarie staff, 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.

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

- APRA Basel III CET1 ratio: 12.2%[1]
- Harmonised Basel III CET1 ratio: 14.9%[2]

Bank Group Common Equity Tier 1 Ratio: Basel III (Mar 20)

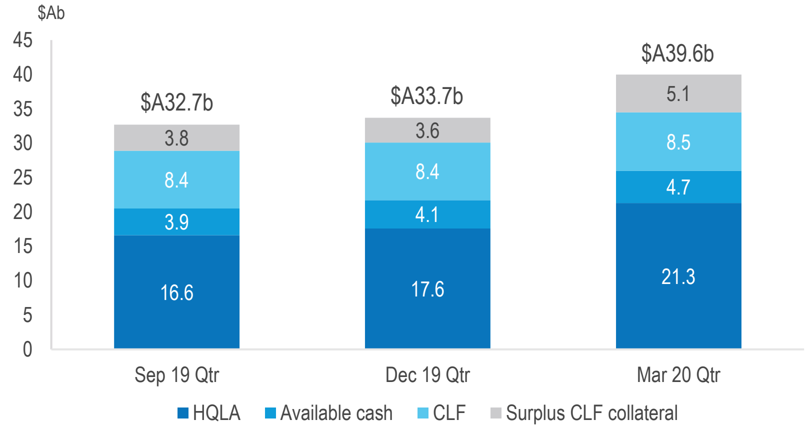


1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 20: 13.6%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 19: 16.4%. 3. Based on materiality, the countercyclical 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. 4. Includes foreign currency translation reserve. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework. Differences include the treatment of mortgages 1.5%; capitalised expenses 0.5%; equity investments 0.3%; investment into deconsolidated subsidiaries 0.1%; DTAs and other impacts 0.3%.

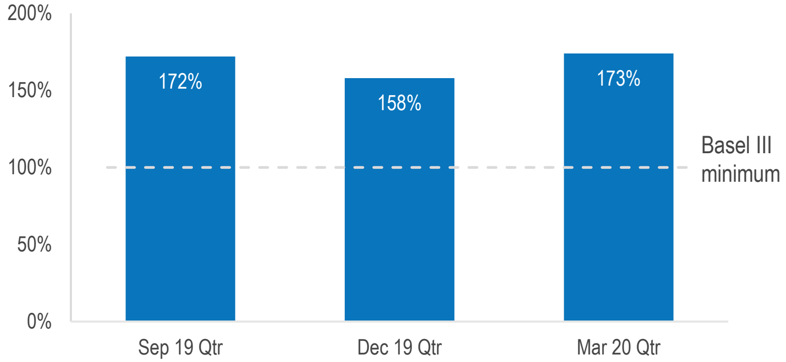
Strong liquidity position maintained

- 173% average LCR for Mar 20 quarter, based on daily observations
  - Maintained well above regulatory minimum
  - Includes APRA approved AUD CLF[1] allocation of $A8.5b for 2020 calendar year
- Reflects longstanding conservative approach to liquidity management
- $A39.6b of unencumbered liquid assets and cash on average over the quarter to Mar 20 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio[2]



MBL LCR position[2]



1. Committed Liquidity Facility. 2. Represents quarterly average balances. Available cash includes balances held with central banks and overnight lending to financial institutions.

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Capital management update

Additional Tier 1 Capital

- On 13 Mar 20, MBL announced the withdrawal of its offer of $A500m of Macquarie Bank Capital Notes 2 (BCN2), in light of significantly changed market conditions
  – Subject to market conditions, MBL is considering relaunching BCN2 in the near future[1]
- On 24 Mar 20, MBL completed the resale and redemption of all $A429m Macquarie Bank Capital Notes (BCN)
- MBL repaid $A400m of Macquarie Income Securities (MIS) on 15 Apr 20
  – MIS were issued in 1999 and receive transitional treatment under APRA's prudential standards that results in reducing capital recognition. The repayment reduced Tier 1 capital by $A93m

Macquarie Group Employee Retained Equity Plan (MEREP)

- The Board has resolved to issue shares to satisfy the MEREP requirements of approximately $A600m
  – The issue price will be the average of the daily VWAP during the period from 25 May 20 to 5 Jun 20[2]
  – Shares are expected to be issued on or around 9 Jun 20[3]
  – Staff sale arrangements will not be applicable this year; any MQG shares sold by staff will occur on market
  – FY19 MEREP requirements of $A607m were purchased – $A326m off-market under the staff sale arrangements and $A281m on-market, with a combined VWAP of $A122.37

Dividend Reinvestment Plan (DRP)

- Shares for the 2H19 and 1H20 DRP were acquired on-market
- The Board has resolved to issue shares to satisfy the DRP for the 2H20 dividend at a discount to the prevailing market price[4] of 1.5%

1. The offeror of BCN2 will be Macquarie Bank Limited (ABN 46 008 583 542) (MBL). A prospectus for the BCN2 offer will be made available at www.MBCN2Offer.com.au and on the ASX announcements platform when BCN2 are offered. Anyone wishing to acquire BCN2 will need to complete the application form attached to, or accompanying, the prospectus. 2. These dates are subject to change. 3. Issuance may be sooner or later. 4. Determined in accordance with the DRP rules as the average of the daily volume weighted average price over the ten business days from 25 May 20 to 5 Jun 20.

MACQUARIE

04 Outlook

Shemara Wikramanayake

Managing Director and Chief Executive Officer

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Business activity since 31 March 2020

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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.

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.

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

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

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Approximate business Basel III Capital and ROE

31 Mar 20

Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. FY20 Return on Ordinary Equity[2]	Approx. 14-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.

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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.

MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2020

8 May 2020

MACQUARIE

A

Appendix

Detailed Result Commentary

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Macquarie Asset Management

Result

	FY20 $Am	FY19 $Am
Base fees	2,021	1,778
Performance fees	821	765
Net operating lease income	380	662
Investment-related and other income[1]	741	227
Credit and Other impairment charges	(231)	(105)
Net operating income	**3,732**	**3,327**
Brokerage, commission and trading-related expenses	(267)	(248)
Other operating expenses	(1,287)	(1,205)
Total operating expenses	**(1,554)**	**(1,453)**
Non-controlling interests	(1)	(2)
Net profit contribution[2]	**2,177**	**1,872**
AUM ($Ab)	605.7	550.0
MIRA EUM ($Ab)	149.3	127.9
Headcount	1,899	1,900

- Base fees of $A2,021m, up on FY19
  - 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
- Performance fees of $A821m, up on FY19
  - FY20 included performance fees 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
  - FY19 included performance fees from MEIF, MEIF3, ALX, MIP, GIF II, KMGF and other MIRA-managed funds, managed accounts and co-investors
- Net operating lease income of $A380m, down on FY19 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
- Investment-related and other income[1] of $A741m, up on FY19, primarily 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
- Credit and other impairment charges of $A231m were higher 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
- Total operating expenses of $A1,554m up 7% on FY19 mainly driven by foreign exchange movements, the impact of a 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

1. Investment-related income includes net income on equity and debt investments and share of net profits of associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. Management accounting profit before unallocated corporate costs, profit share and income tax.

MACQUARIE

Banking and Financial Services

Result

	FY20 $Am	FY19 $Am
Net interest and trading income[1]	1,728	1,678
Fee and commission income	445	476
Wealth management fee income	*284*	*315*
Banking and leasing fee income	*161*	*161*
Credit impairment charges	(146)	(67)
Other impairment charges	(2)	(15)
Other income[2]	12	31
Net operating income	**2,037**	**2,103**
Total operating expenses	**(1,267)**	**(1,347)**
Net profit contribution[3]	**770**	**756**
Funds on platform[4] ($Ab)	79.1	86.0
Loan and lease portfolio[5] ($Ab)	75.3	62.5
BFS Deposits[6] ($Ab)	63.9	53.4
Headcount	2,660	2,772

- Net interest and trading income of $A1,728m, up 3% on FY19
  - 10% growth in the average BFS deposit balance and a 10% growth in average loan and lease portfolio volumes
  - partially offset by margin compression on deposits and the sale of an investment in Macquarie Pacific Funding
- Fee and commission income of $A445m, down 7% on FY19 driven by lower wealth management fee income as the wealth advice business realigned to focus on the high net worth segment
- Credit impairment charges of $A146m, up 118% on FY19 with 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
- Other income of $A12m, down 61% on FY19 driven by equity investment dividends and revaluations in the prior year
- Total operating expenses of $A1,267m, down 6% on FY19
  - reduced staff as the wealth advice business realigned to focus on the high net worth segment
  - lower brokerage, commission and trading related expenses due to the sale of Macquarie Pacific Funding

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury and deposit premium paid to BFS by Group Treasury for the generation of deposits, that are eliminated on consolidation in the Group's statutory P&L. 2. Includes share of net profits/(losses) of associates and joint ventures, internal management revenue and other income. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds on platform includes Macquarie Wrap and Vision. 5. Loan and lease portfolio comprises home loans, loans to Australian businesses, vehicle finance and credit cards. 6. BFS deposits excludes corporate/wholesale deposits.

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Commodities and Global Markets

Result

	FY20 $Am	FY19 $Am
Commodities	1,738	1,983
Risk management products	*1,294*	*1,078*
Lending and financing	*266*	*250*
Inventory management and trading	*178*	*655*
Foreign exchange, interest rates and credit	682	564
Equities	353	242
Specialised and Asset Finance	166	151
Net interest and trading income[1]	**2,939**	**2,940**
Fee and commission income	1,271	1,222
Net operating lease income[2]	360	285
Investment and other income[3]	133	152
Credit and Other impairment charges	(258)	(165)
Net operating income	**4,445**	**4,434**
Brokerage, commission and trading-related expenses	(499)	(636)
Other operating expenses	(2,200)	(2,053)
Total operating expenses	**(2,699)**	**(2,689)**
Non-controlling interests	-	**(2)**
Net profit contribution[4]	**1,746**	**1,743**
Headcount	2,636	2,866

- Commodities income of $A1,738m, down 12% on FY19
  - Risk management products up 20% on FY19 reflecting strong results across the commodities platform particularly in Global Oil, EMEA Gas and Power, Agriculture, and Metals and Mining from increased client hedging activity as a result of volatility and commodity price movements, partially offset by the impact of fair value adjustments
  - Lending and financing up 6% on FY19 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
- Foreign exchange, interest rates and credit income of $A682m, up 21% driven by increased client activity in structured foreign exchange and interest rate products across all regions
- Equities income of $A353m, up 46% on FY19 driven by increased opportunities in Asian markets and reduced trading losses following the structural changes announced in 2H20 to refocus equities on the Asia-Pacific region
- Specialised and Asset Finance interest and trading income of $A166m, up 10% on FY19 driven by net proceeds from end of lease asset sales and favourable foreign exchange movements
- Fee and commission income of $A1,271m, up 4% on FY19 driven by higher income from commodity related fees partially offset by a reduction in brokerage following the structural change announced in 2H20 to refocus equities on the Asia-Pacific region
- Net operating lease income of $A360m, up 26% on FY19 primarily driven by higher secondary income from the Technology, Media and Telecoms portfolio in addition to favourable foreign exchange movements
- Investment and other income of $A133m, down 13% on FY19 which included the gain on sale on a small number of investments in the commodities sector which were not repeated
- Credit and other impairment charges of $A258m, up 56% on FY19 with 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
- Total operating expenses of $A2,699m, broadly in line with FY19, driven by foreign exchange movements, expenditure on technology infrastructure as well as increasing compliance and regulatory requirements partially offset by a reduction in brokerage, commission and trading-related expenses due to the equities structural change to refocus on the Asia-Pacific region

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Generated from Specialised and Asset Finance. 3. Includes net income on equity and debt investments, share of net profits of associates and joint ventures, internal management revenue/(charge) and other income. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

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Macquarie Capital

Result

	FY20 $Am	FY19 $Am
Fee and commission income	951	1,023
Investment-related income (ex non-controlling interests)	1,158	1,945
Investment and other income[1]	*1,199*	*1,858*
Net interest and trading (expense)/income[2]	*(41)*	*87*
Credit and Other impairment charges	(267)	(175)
Internal management revenue[3]	64	41
Net operating income	**1,906**	**2,834**
Total operating expenses	**(1,168)**	**(1,073)**
Non-controlling interests	17	13
Net profit contribution[4]	**755**	**1,774**
Capital markets activity[5]:		
Number of transactions	376	417
Transactions value ($Ab)	319	478
Headcount	1,547	1,369

- Lower fee and commission income of $A951m, down 7% on FY19 due to lower debt capital markets fee income and other fee income, partially offset by higher mergers and acquisitions fee income
- Investment-related income of $A1,158m, down 40% on FY19 predominantly due to:
  - Lower revenue from asset realisations compared to a strong prior year
  - Lower interest and trading income 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
- Credit and other impairment charges of $A267m, up 53% on FY19 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
- Total operating expenses of $A1,168m, up 9% on FY19 primarily driven by 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 and other (expenses)/income. 2. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, investments, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value.

B Appendix

Additional information – Funding

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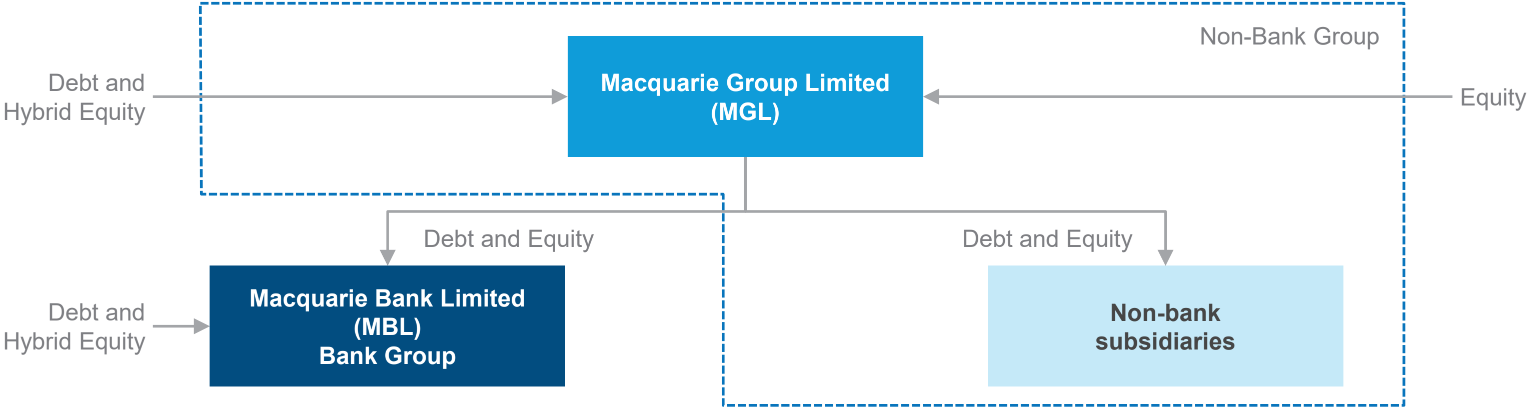
Macquarie funding structure

- 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 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 Macquarie Capital, 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.

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 20% to $A67.1b as at Mar 20 from $A56.0b as at Mar 19
- $A1.7b of equity capital raised in 1H20
- $A26.0b[2] of term funding raised during FY20:
  - $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[3]

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. Includes $A0.2b green financing.

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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**

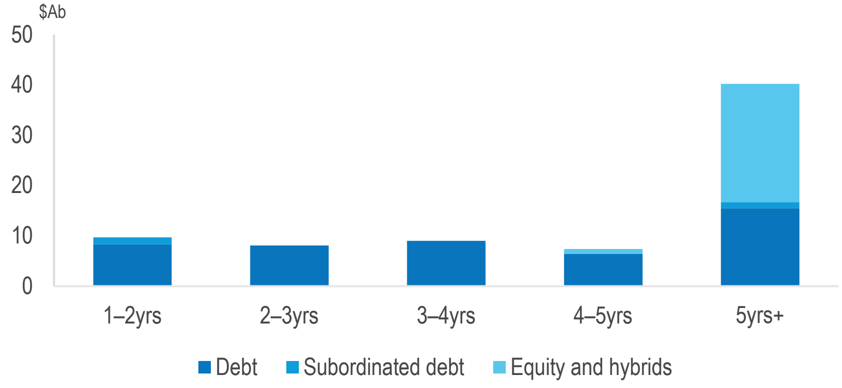
For an explanation of the above deductions refer to slide 73.

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]



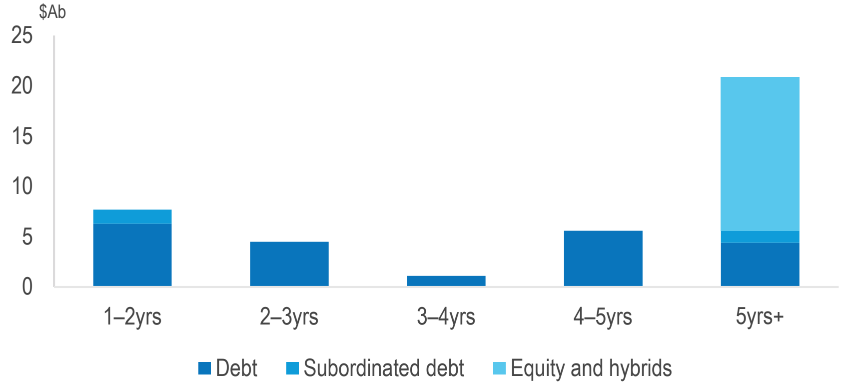
1. Hybrid instruments include Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4, Macquarie Bank Capital Notes (BCN were redeemed in Mar 20) and Macquarie Income Securities (MIS were redeemed in Apr 20). 2. As at 31 Mar 20. 3. Includes drawn term funding facilities only.

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]



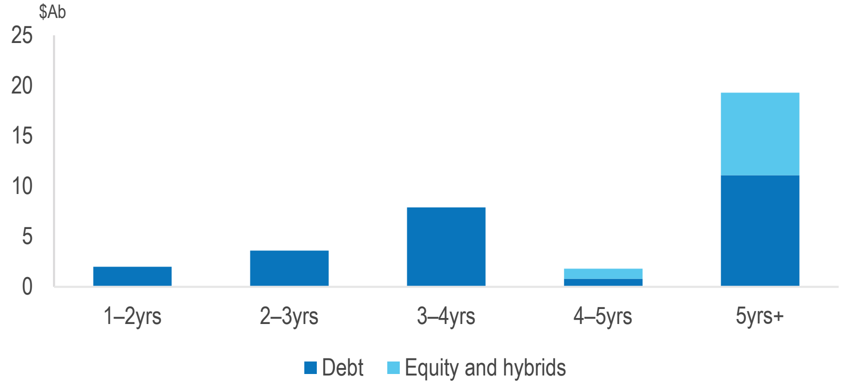
1. Hybrid instruments include Macquarie Additional Capital Securities, Macquarie Bank Capital Notes (BCN were redeemed in Mar 20) and Macquarie Income Securities (MIS were redeemed in Apr 20). 2. As at 31 Mar 20. 3. Includes drawn term funding facilities only.

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.

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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.

Conservative long standing liquidity risk management framework

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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

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C | Appendix

Additional information – Capital

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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.

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Macquarie APRA Basel III regulatory capital

Bank Group contribution

31 Mar 20	Risk-weighted assets $Am	Tier 1 Deductions $Am	Capital Requirement[1] $Am
Credit risk			
On balance sheet	48,331		4,108
Off balance sheet	32,019		2,722
Credit risk total[2]	**80,350**		**6,830**
Market risk	3,971		337
Operational risk	10,655		906
Interest rate risk in the banking book	-		-
Tier 1 deductions	-	2,195	2,195
Contribution to Group capital calculation[2]	**94,976**	**2,195**	**10,268**

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

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Macquarie regulatory capital

Non-Bank Group contribution

- APRA has specified a regulatory capital framework for Macquarie
- A dollar capital surplus is produced; no capital ratio calculation is specified
- APRA has approved Macquarie's Economic Capital Adequacy Model (ECAM) for use in calculating the regulatory capital requirement of the Non-Bank Group
- The ECAM is based on similar principles and models as the Basel III regulatory capital framework for banks, with both calculating capital at a one year 99.9% confidence level

Risk[1]	Basel III	ECAM
Credit	• Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default)	• Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters
Equity	• Harmonised Basel III: 250%, 300% or 400% risk weight, depending on the type of investment[2]. Deduction from Common Equity Tier 1 above a threshold • APRA Basel III: 100% Common Equity Tier 1 deduction	• Extension of Basel III credit model to cover equity exposures. Capital requirement between 36% and 84% of face value; average 50%
Market	• 3 times 10 day 99% Value at Risk (VaR) plus 3 times 10 day 99% Stressed VaR plus a specific risk charge	• Scenario-based approach
Operational	• Advanced Measurement Approach	• Advanced Measurement Approach

1. The ECAM also covers non-traded interest rate risk and the risk on assets held as part of business operations, including: fixed assets, goodwill, intangible assets and capitalised expenses. 2. Includes all Banking Book equity investments, plus net long Trading Book holdings in financial institutions.

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Macquarie regulatory capital

Non-Bank Group contribution

31 Mar 20	Assets $Ab	Capital Requirement $Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	5.3	51	12%
Loan assets[1]	9.1	758	104%
Debt investment securities	0.2	54	338%
Co-investment in Macquarie-managed funds and other equity investments	6.5	3,411	656%
Co-investment in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.5		
Property, plant & equipment and intangibles	3.1	1,126	454%
Non-Bank Group deposit with MBL	12.2		
Net trading assets	1.2		
Total funded assets	**38.1**	**5,400**	
Self-funded and non-recourse assets			
Self-funded trading assets	1.2		
Outstanding trade settlement balances	3.4		
Derivative revaluation accounting gross ups	0.6		
Short-term working capital assets	10.3		
Assets funded non-recourse	3.2		
Non-controlling interests	0.3		
Total self-funded and non-recourse assets	**19.0**		
Total Non-Bank Group assets	**57.1**		
Equity commitments		879	
Other off-balance sheet items (including Market risk and Operational risk net of offsets)[2]		1,152	
Non-Bank Group capital requirement		**7,431**	

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

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Appendix

Additional information – ECL Provision inputs

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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.

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Glossary

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Glossary

$A / AUD	Australian Dollar
$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H19	Half Year ended 30 September 2018
1H20	Half Year ended 30 September 2019
2H19	Half Year ended 31 March 2019
2H20	Half Year ended 31 March 2020
ABN	Australian Business Number
ADI	Authorised Deposit-Taking Institution
AGS	Aberdeen Glasgow Southampton
ALX	Atlas Arteria
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASX	Australian Stock Exchange
AUM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
Capex	Capital Expenditure
CCB	Capital Conservation Buffer

CET1	Common Equity Tier 1
CFM	Commodities and Financial Markets
CGM	Commodities and Global Markets
CLF	Committed Liquidity Facility
CLH	Compañía Logística de Hidrocarburos
CMA	Cash Management Account
CRM	Customer Relationship Management
CY19	Calendar Year ending 31 December 2019
DCM	Debt Capital Markets
DPS	Dividends Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
EUM	Equity Under Management
FX	Foreign Exchange
FY16	Full Year ended 31 March 2016
FY17	Full Year ended 31 March 2017
FY18	Full Year ended 31 March 2018
FY19	Full Year ended 31 March 2019
FY20	Full Year ended 31 March 2020

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Glossary

GIFII	Macquarie Global Infrastructure Fund 2
GIG	Green Investment Group
GLL	GLL Real Estate Partners
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IFRS	International Financial Reporting Standards
IT	Information Technology
KMGF	Korea Macquarie Growth Fund
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MD&A	Management Discussion & Analysis
MEIF	Macquarie European Infrastructure Fund 1
MEIF3	Macquarie European Infrastructure Fund 3
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MiFID	Markets in Financial Instruments Directive
MIM	Macquarie Investment Management
MIP	Macquarie Infrastructure Partners Fund 1
MIRA	Macquarie Infrastructure and Real Assets

MQA	Macquarie Atlas Roads
MREI	Macquarie Real Estate Investments
MSIS	Macquarie Specialised Investment Solutions
MW	Mega Watt
NGLs	Natural gas liquids
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
OTC	Over-The-Counter
P&L	Profit and Loss Statement
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
RHS	Right Hand Side
ROE	Return on Equity
RWA	Risk Weighted Assets
SBI	State Bank of India
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
SAF	Specialised and Asset Finance
UK	United Kingdom
US	United States of America
VaR	Value at Risk
VWAP	Volume-weighted average price
YoY	Year on Year

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Presentation to investors and analysts

Result announcement for the full year ended 31 March 2020

8 May 2020