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Unless otherwise specified all information is as at 31 December 2015.
Overview of Corporate and Asset Finance

Corporate and Asset Finance
- Global provider of specialist finance and asset management solutions, with $A39.7b of loans and leases
- Global capability in corporate and real estate credit investing and lending
- Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment

Asset Finance
Head: Garry Farrell

$A29.6b
Asset and Loan portfolio

Lending
Head: Ben Brazil

$A10.1b
Loan portfolio

1. As at 31 Dec 15. CAF Lending portfolio includes Real Estate Structured Finance legacy run-off portfolio.
# Corporate and Asset Finance

## Asset Finance

### Asset and loan portfolio ($Ab)

<table>
<thead>
<tr>
<th></th>
<th>Mar 12</th>
<th>Mar 13</th>
<th>Mar 14</th>
<th>Mar 15</th>
<th>Dec 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWAS</td>
<td>12.6</td>
<td>14.5</td>
<td>16.5</td>
<td>17.5</td>
<td>29.6</td>
</tr>
<tr>
<td>ESANDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## CORPORATE AND ASSET FINANCE

### Net profit contribution¹ ($Am)

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>698</td>
<td>694</td>
<td>826</td>
<td>1,112</td>
<td>611</td>
</tr>
</tbody>
</table>

1H16 net profit contribution growth of 31% on pcp

## Lending

### Loan portfolio² ($Ab)

<table>
<thead>
<tr>
<th></th>
<th>Mar 12</th>
<th>Mar 13</th>
<th>Mar 14</th>
<th>Mar 15</th>
<th>Dec 15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.0</td>
<td>7.9</td>
<td>9.0</td>
<td>11.2</td>
<td>10.1</td>
</tr>
</tbody>
</table>

---

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
2. Includes Real Estate Structured Finance legacy run-off portfolio.
Corporate Asset Finance

Garry Farrell, Group Co-Head
Jon Moodie and Stephen Cook, Division Heads
CAF Asset Finance

A global provider of tailored finance and asset management solutions to clients across specialised assets through the cycles

$A29.6b\textsuperscript{1} loans and assets under finance

Asset finance expertise: aviation, rail, motor vehicles, technology, healthcare, energy and mining equipment

Portfolio diversified by geography, assets, industries, product types, exposures and clients

Incubates, develops and grows business platforms in selected jurisdictions

1. As at 31 Dec 15.
Global presence in specialised assets

~900 staff • 17 countries • 20+ years of experience

- **London**
  - EMEA 14% of staff
  - 74% of total income

- **ANZ/ASIA**
  - 78% of staff
  - 22% of total income
  - Sydney

- **AMERICAS**
  - 8% of staff
  - 4% of total income
  - New York

Total income reflects net operating income excluding internal management revenue/(charge) for 1H16. Staff numbers as at 31 Dec 15.
Experience and technical skills underpin performance and growth

Average tenure of CAF Asset Finance senior leaders is **13 years**

- Long Macquarie tenure of leadership group
- Expertise built up in key asset classes and jurisdictions
- Strong risk management culture across all businesses
- Recruitment of industry veterans when entering new markets

Staff numbers as at 31 Dec 15. Permanent staff only.
**Strategic focus**

**Significant markets**
Deep markets present niche opportunities for growth
Opportunities where large capital expenditure and increasing GDP exist
Building scalable platforms
Organic and selective acquisitive growth

**Stable earnings**
Contract terms provide significant locked-in income on leases and loans
Focus on operational efficiency and active portfolio management

**Attractive assets**
Specialised assets where significant industry expertise exists
Deep secondary markets enable residual value realisation
Ability to raise non-recourse funding through the cycle

**Appropriate return on capital**
Relatively low cost-to-income ratio
Specialised service, expertise and long established client and partner relationships provide acceptable returns
Strategic focus
Business evolution

Dec 11
$A12.6b

Dec 15
$A29.6b

1. Original Equipment Manufacturer.
Strategic focus
Other businesses

<table>
<thead>
<tr>
<th>Energy Leasing</th>
<th>Technology</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments of over $A1b for the roll out of smart meters in the UK</td>
<td>Ongoing opportunities in mobile telephony</td>
<td>Continue to develop opportunities in adverse market conditions</td>
</tr>
<tr>
<td>Funding renewable energy assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portfolio Dec 11</th>
<th>Portfolio Dec 11</th>
<th>Portfolio Dec 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>$A0.6b</td>
<td>$A1.7b</td>
<td>$A0.1b</td>
</tr>
<tr>
<td>Portfolio Dec 15</td>
<td>Portfolio Dec 15</td>
<td>Portfolio Dec 15</td>
</tr>
<tr>
<td>$A0.9b</td>
<td>$A1.7b</td>
<td>$A0.5b</td>
</tr>
</tbody>
</table>
Strategic focus
External funding

SMART securitisation program
Continued access to securitisation market through the cycle
No.1 Australian auto and equipment ABS issuer
Total of $A22b raised in 29 deals since 2007

SMART securitisation program

Motor vehicles
Aviation
Technology
Energy

Internal funding
External funding

SMART securitisation program and warehouses
AWAS portfolio funded with non-recourse facility
Funding, asset and counterparty risk managed through selective sell-downs of receivables
Non-recourse debt to manage exposure with a large single counterparty

$Ab

FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 YTD
0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0

AUD USD EUR GBP

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Broad use of external funding

Motor vehicles
Aviation
Technology
Energy

Internal funding
External funding

SMART program issuance

YTD
AUD USD EUR GBP
$Ab

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
Strategic focus
Consistently high-quality portfolio

Strong credit discipline

Low levels of credit losses
- Experienced executives and strong underwriting processes
- Strict and regular monitoring of clients leads to active portfolio management
- Conservative provisioning

Strong asset discipline

High levels of asset utilisation
- High utilisation rates across asset classes
- Close monitoring of portfolio, clients and pricing conditions
- Maximise residual value realisation via global sales channels, logistics management expertise and remarketing arrangements

Annualised credit losses as % of portfolio¹

Utilisation of transportation assets²

1. Includes Motor Vehicle (excluding Esanda portfolio), Technology and Resources portfolios as at 31 Dec 15. 2. Includes Aviation, Rotorcraft and Rail portfolios.
Key risks

Rigorous risk management framework and strong risk culture

**Credit**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non performance by consumer or commercial counterparties could result in credit losses</td>
<td>Strong credit risk framework, with active management/oversight of a spread of exposures to sectors and individual counterparties, including seildowns of concentrations</td>
</tr>
</tbody>
</table>

**Asset**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remarketing of ex-lease or repossessed assets realises less than written down book value</td>
<td>Conservative residual value policies, regular impairment reviews, strong remarketing expertise within and across markets and expertise to forecast demand-supply cycles</td>
</tr>
</tbody>
</table>

**Operational**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss or damage to assets results in lower secondary realisations/increased costs. Reliance on third party intermediaries and key suppliers</td>
<td>Robust operational processes, and independent operational risk oversight</td>
</tr>
</tbody>
</table>

**Compliance**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breach of regulations, or fraud by customers, employees or agents that could create significant costs to businesses</td>
<td>Multi-layered operational and compliance oversight, with hindsighting reviews of approved transactions</td>
</tr>
</tbody>
</table>

**Interest rates**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mismatch between floating rate funding and fixed rate income causes profit squeeze in rising rate environment</td>
<td>Swap new originations on monthly (or less) basis and acquisitions at completion</td>
</tr>
</tbody>
</table>
Transportation
Specialist financier of commercial aircraft, rail assets and rotorcraft

Business and strategy

• Leading lessor of commercial aircraft worldwide with 217 aircraft on lease to 94 airlines in 50 countries

• Continues to target a core portfolio of current generation narrowbody aircraft, predominately Airbus A320 and Boeing 737NG aircraft

• Opportunistic trading focussed on older and non-core assets as markets permit

• Portfolio of 979 rail assets across UK and Europe

• Portfolio of 23 helicopter assets servicing industrial end user contracts globally

Market

• Aircraft yields remain satisfactory, with strong underlying passenger growth

• Longer term effect of new aircraft types an important strategic consideration

• Helicopter market impacted by oil price decline and weaker offshore oil and gas production

• UK rail passenger demand continues to grow. The UK Government is supporting further investment in rail transport which is providing financing opportunities for passenger rolling stock

• The supply and demand of European freight rolling stock is roughly in balance. GDP is a key driver of rail freight transportation and the Eurozone has experienced modest growth in 2015

Portfolio Dec 11
$A4.1b

Portfolio Dec 15
$A9.8b

1. Includes remaining 13 AWAS aircraft to be acquired, expected by Mar 16. As at 31 Dec 15, Macquarie has 204 aircraft on lease to 88 airlines in 49 countries.
Transportation
Business evolution over 25 years

- Arranger of aircraft financing
- First principal aircraft transaction
- Acquired European Rail business
- Established Rotorcraft
- Acquired 51 aircraft from ILFC and stepped up to 100% of MAF
- Established Macquarie AirFinance (MAF)
- US Rail leasing business. Sold in 2015
- Aircraft Engine leasing business. Sold in 2011
- 2010
- 2000
- 2002
- 2004
- 2006
- 2008
- 2010
- 2012
- 2014
- 2016
Transportation
AWAS portfolio acquisition

In Mar 15, Macquarie signed an agreement to purchase up to 90\(^1\) aircraft from AWAS for $US4b

High quality portfolio of predominately young, narrowbody aircraft with long contracted leases attached providing significant annuity income while refreshing existing fleet

Portfolio currently funded with a three-year external non-recourse debt facility and internal Macquarie funding

---

1. AWAS deal now expected to be up to 87 aircraft, down from 90 due to conditions precedent not met on 3 aircraft. 2. Assumes remaining 13 AWAS aircraft are completed as expected by Mar 16. Existing portfolio excludes the impact of any Bombardier CS300 purchases in the future.

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**Combined Portfolio by Geography**

- Asia-Pacific: 41%
- Europe: 27%
- North America: 9%
- Central/South America: 12%
- Middle East: 6%
- Africa: 5%

**Combined portfolio by type**

- A320 Family: 54%
- 737 NG: 32%
- A330: 11%
- Other: 2%
- 777: 1%

**Portfolio metrics (as at 31 Dec 15)\(^2\)**

<table>
<thead>
<tr>
<th></th>
<th>AWAS portfolio</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of aircraft</td>
<td>87</td>
<td>217</td>
</tr>
<tr>
<td>Average aircraft age (years)</td>
<td>2.8</td>
<td>6.1 \downarrow</td>
</tr>
<tr>
<td>Average remaining lease term (years)</td>
<td>5.7</td>
<td>4.8 \uparrow</td>
</tr>
<tr>
<td>Number of airlines</td>
<td>38</td>
<td>94</td>
</tr>
<tr>
<td>Jurisdictions of airlines</td>
<td>24</td>
<td>50</td>
</tr>
</tbody>
</table>
## Motor Vehicles
Leading provider of auto finance in Australia

### Business and strategy
- A leading provider of auto finance in Australia
- Direct and indirect origination of auto leases/loans for SMEs and consumer clients
- Strong IT systems enable market-leading service levels and collections efficiency
- Diversification of funding and focus on costs
- Focus on distribution through multiple channels including digital initiatives
- Opportunistic purchases in Australia and internationally

### Market
- Competitive market with domestic banks, manufacturers’ captives and other players
- Australian new auto sales consistently over 1m per annum
- Regulatory environment strengthening
- Interest rates at historical lows
- New fintech players entering

<table>
<thead>
<tr>
<th>Portfolio Dec 11</th>
<th>Portfolio Dec 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>$A6.1b</td>
<td>$A16.7b</td>
</tr>
</tbody>
</table>
Motor Vehicles
Business evolution over 20+ years

- Acquired Ford Credit portfolio
- Acquired GMAC portfolio
- Commenced white label programs
- Commenced floorplan financing
- Commenced business in the UK
- Acq. Advantage Funding
- Acq. Esanda portfolio

Commenced motor vehicle finance in Australia

Timeline:
- 1993
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
Motor Vehicles
Esanda portfolio acquisition

Step-change in dealer and retail auto finance segments

- In Oct 15, Macquarie announced the acquisition of the Esanda dealer auto finance portfolio from ANZ Banking Group
- Funded through combination of existing funding sources, new capital raising and 3rd party sources
- Macquarie became a top 3 provider of auto finance to Australian consumers and car dealers
- Retail portfolio acquisition completed 2 Nov 15
- Incremental monthly retail volume of ~$A200m
- Dealer facility novations commenced in Dec 15
- Anticipate completing novation process and retail portfolio migration in 1Q17
- Staffing and systems to support enlarged customer base

<table>
<thead>
<tr>
<th>Portfolio metrics</th>
<th>Esanda portfolio</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>310,600</td>
<td>625,000</td>
</tr>
<tr>
<td>Retail portfolio ($Ab)</td>
<td>6.6</td>
<td>15.3</td>
</tr>
<tr>
<td>Financed dealerships</td>
<td>126</td>
<td>267</td>
</tr>
<tr>
<td>Floorplan portfolio ($Ab)</td>
<td>1.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Other dealer loans ($Ab)</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

1. Includes dealer facilities still subject to novation. 2. As at 31 Dec 15, by value.
Business description

- Deployment of capital and funding, primarily into the credit space
- For ‘direct’ return for risk purposes with a hold to maturity horizon
- Flexible/diverse in relation to:
  - Origination source – primary/secondary, direct/intermediated, bespoke/flow
  - Geography (predominately Western Europe, North America, and Australasia)
  - Instrument – loans/bonds/mezzanine/other
  - Corporate/Real estate
  - Return level (required returns adjust for risk, subject to a minimum)
- Weighted towards bespoke situations underpinned/secured by high quality businesses and collateral
Business positioning – geography

- **EMEA**
  - 38 staff
  - Portfolio size: $A10.1b¹ (DEC 15)

- **AUSTRALIA**
  - 32 staff
  - Corporate: 3.0
  - Real estate: 1.6

- **AMERICAS**
  - 44 staff
  - Corporate: 3.0
  - Real estate: 1.6

1. Funded loan portfolio shown which excludes current committed but unfunded balances, and includes Real Estate Structured Finance legacy run-off portfolio. Total committed (funded and unfunded) capital $A11.1b.
Evolution of business

1. Book size is total committed (funded and unfunded) capital as at financial year end.

- Capability at inception focused on primary and secondary loans
- "Unitranche" primary
- Expansion of US / Europe real estate
- Real estate equity
- Residential mortgages
- Defaulted debt (as at acquisition)
- Infrastructure equity
- Credit spreads
- Book Size
- Infrastructure equity

1. $Am (RHS)
Portfolio composition since inception

1. Includes residential mortgages and student loans. Comprising 558 individual exposures since Jan 09. Portfolio composition based on total committed capital (funded and unfunded) since inception.
Primary senior

Example Borrowers

- **Education**
  - NORD ANGLIA

- **Airport Services**
  - smartecarte

- **Hotels**
  - MANTRA GROUP

- **Software**
  - MYOB

- **Healthcare**
  - VERTEX

- **Cable Infrastructure**
  - telecolumbus

- **Healthcare**
  - GenesisCare

- **Chemicals Manufacturing**
  - IXOM

- **Rental Cars**
  - GOLDCAR

- **Rental Cars**
  - GOLDCAR

Current portfolio shows currently funded balance (excludes committed but unfunded balances). Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The borrowers represented on this slide include both current relationships and those whereby CAF Lending is no longer a lender. The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.
Secondary senior

Current portfolio shows currently funded balance (excludes committed but unfunded balances); Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The borrowers represented on this slide include both current relationships and those whereby CAF Lending is no longer a lender. The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.

Example Borrowers

- Industrial Cold Storage
- Transport Infrastructure
- Waste Management
- Utilities
- Motorway Services
- Motorway Services
- Sydney Airport
- WELCOME BREAK
- Roadchef

Deployed Since Inception

- $A12.7b
- Average realised spread of 8.6%

Current Portfolio

- $A3.8b
Junior

Current portfolio shows currently funded balance (excludes committed but unfunded balances); Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The borrowers represented on this slide include both current relationships and those whereby CAF Lending is no longer a lender. The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.

Example Borrowers

- **Motorway Services**
- **Infrastructure**
- **Bulk Liquids Terminal**
- **Multifamily Housing**
- **Marine Chassis Leasing**
- **General Aviation FBO**

Current portfolio shows currently funded balance (excludes committed but unfunded balances); Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The borrowers represented on this slide include both current relationships and those whereby CAF Lending is no longer a lender. The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.
1. Includes debt which was in default at acquisition

**Infrastructure Sector**

<table>
<thead>
<tr>
<th>Date</th>
<th>Region</th>
<th>Invested ($Am)</th>
<th>Realised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 12, Sep 14</td>
<td>Australia</td>
<td>251</td>
<td>24% average realised spread$3</td>
</tr>
<tr>
<td>Mar 14</td>
<td>US</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td>Aug 13, Jun 15</td>
<td>Europe</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Jun 14 – Jun 15</td>
<td>Europe</td>
<td>15</td>
<td>Unrealised</td>
</tr>
<tr>
<td>Jun 15</td>
<td>Europe</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Aug 15</td>
<td>US</td>
<td>176</td>
<td></td>
</tr>
</tbody>
</table>

**Real Estate Sector**

<table>
<thead>
<tr>
<th>Date</th>
<th>Region</th>
<th>Invested ($Am)</th>
<th>Realised</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 10</td>
<td>US, Industrial</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Oct 12</td>
<td>Australia, Apartments</td>
<td>90</td>
<td>25% average realised spread</td>
</tr>
<tr>
<td>Jun 14</td>
<td>US, Office</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Mar 14</td>
<td>UK, Office</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Sep 14 – Oct 15</td>
<td>US, Apartments</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

1. Defaulted debt (at acquisition) is generally in substance a blend of credit and equity components and this is reflected in the regulatory capital treatment. In contrast, performing exposures are generally explicitly separated between equity and credit instruments. 2. The amount included for legal form equity investments is only the relevant equity instrument. CAF Lending may have additional credit exposures to the same asset/borrower which are not included in this table. For defaulted debt (at acquisition), the entire debt instrument has been included as an investment in this table. 3. Australia infrastructure sector realisations reflect projected capital return and spread from recently committed asset sale.

Current portfolio shows currently funded balance (excludes committed but unfunded balances). Realised capital represents total committed capital returned since inception (funded and unfunded commitments). The realised spread represents the internal rate of return, incorporating interest payable, purchase discount, facility fees expressed as a spread to the relevant interbank floating interest rate.
Case Studies

**Energetics UK**

- Between 2013 and 2015, CAF Lending provided financing to, and ultimately acquired a controlling interest in Energetics, the UK “last mile” electricity and gas utility connections provider, at a combined valuation of £46m.
- To date Energetics has completed 111,000 electricity and gas connections linking utility trunk lines to residential properties and 175MW of industrial and commercial connections.
- It has an order book of 83,000 connections and continues to grow with 47,000 orders having been won in the last year.

**Tank & Rast Germany**

- In Jun 09 and Mar 11, CAF Lending acquired €143m of senior loans in Tank & Rast, the landlord of c. 90% of Germany’s motorway service stations (390 individual sites).
- Loans were acquired, in blocks, in the secondary market at a material discount to par.
- In Dec 13, Tank & Rast refinanced all of its debt facilities, realising significant profit for CAF.
- CAF Lending supported the re-financing as the largest senior lender and a cornerstone investor in the new PIK Notes.
- Tank & Rast was recently acquired and the senior loans refinanced. CAF remains invested in the PIK notes which benefit from early repayment penalties.
Risk management and risk culture

- Risk, fully compensated by return, is our only business
- Conducted within the disciplines of a risk management framework and according to the limits of risk acceptance
  - Risk is “owned” and managed by the business, independent review by RMG

Credit Risk
- The predominant risk borne by CAF Lending, present across all performing credit exposures
- Managed through
  - Intensive fundamental analysis and risk assessment, name by name;
  - Stress testing and concentration analysis at the portfolio level, with all positions sized to worst case outcomes; and
  - Ongoing monitoring of all positions and pro-active management (exits, covenant breaches etc)

Equity Risk
- Present in equity and de-facto equity exposures

Operational risk
- Particularly present in operationally complex investments, especially controlled assets and residential mortgages
- Managed through specific due diligence and management focus, engagement of specialist third party vendors, and comprehensive ongoing monitoring
Risk management and risk culture

Alignment and culture are the foundations of our risk management strategy

Alignment
‘In place’ portfolio has inherent profits
Team/business is aligned with capital in both upside and downside scenarios

Culture
Senior team members average 8 years with Macquarie, 85% with business from its inception
Culture has been deeply embedded

Risk performance has been very sound
Profits and impairments since inception

Respect for capital is our mantra

Average realised annual losses / provisions equivalent to 0.2% of loan assets

Impairments
Realised Profits