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## **ASX/Media Release**

### **Investor presentation and outlook update**

**SYDNEY, 4 April 2016** – As part of its regular investor communications program, Macquarie Group (Macquarie) (ASX: MQG; ADR: MQBKY) will be presenting at the Credit Suisse 19th Annual Asian Investment Conference in Hong Kong on 5-8 April 2016.

Contained within the presentation (see attached) Macquarie reiterates the short term outlook statement that it provided at the Group's Operational Briefing on 4 February 2016.

Macquarie continues to expect the FY16 result to be up on FY15:

- As previously foreshadowed, the 2H16 result is expected to be lower than 1H16 but higher than the prior corresponding period (2H15), subject to the conduct of period end reviews.

Over the medium term, Macquarie remains well positioned to deliver superior performance. The Group has deep expertise in major markets and we continue to build on our strength in diversity and adapt our portfolio mix to changing market conditions. We are seeing the ongoing benefits of continued cost initiatives, our balance sheet is strong and conservative, and we have a proven risk management framework and culture.

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# Credit Suisse 19th Annual Asian Investment Conference Conrad Hotel, Hong Kong

Presentation to Investors and Analysts  
5-8 April 2016

**Patrick Upfold**  
Chief Financial Officer

**Karen Khadi**  
Head of Investor Relations



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Unless otherwise specified all information is as at 31 December 2015.

Certain financial information in this presentation is prepared on a different basis to the Macquarie Group Limited Financial Report, 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 Group Limited's financial performance and financial position. It also provides an analysis of the funding profile of the Group because maintaining the structural integrity of the Group's balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables the Group to strengthen its liquidity and funding position.

This presentation may contain forward looking statements including 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, specific provisions 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 to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Macquarie's control. Past performance is not a reliable indication of future performance.

Any additional financial information in this presentation which is not included in the Macquarie Group Limited Financial Report was not subject to independent audit or review by PricewaterhouseCoopers.

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# Agenda



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- |    |                              |
|----|------------------------------|
| 01 | Overview of Macquarie        |
| 02 | Macquarie's Operating Groups |
| 03 | 3Q16 Update                  |
| 04 | Outlook                      |
| 05 | Appendices                   |

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01

# Overview of Macquarie

# About Macquarie



Macquarie has built a uniquely diversified business since its inception in 1969. It is a global business built upon a range of products and sectors in which it has world-leading expertise

- Global provider of banking, financial, advisory, investment and funds management services
- Main business focus is providing products and services to clients
- Listed on Australian Securities Exchange (ASX: MQG; ADR: MQBKY)
- Regulated by APRA, Australian banking regulator, as non-operating holding company of a licensed Australian bank
- Assets under management \$A489 billion<sup>1</sup>
- Founded in 1969, currently employs 13,791 people and operates in over 28 countries<sup>1</sup>

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# Why Macquarie?



**46 yrs** of profitability

Profitable every year since inception



**Strong earnings growth** over the **last 4 years**, expected to continue for **FY16**



**Predictable earnings**  
74% of income from annuity-style businesses<sup>1</sup>

**Geographically diverse**



71% of income<sup>2</sup> generated outside of Australia

**Strong shareholder returns**



Consistently **outperformed** ASX 200 since listing

**Dividend yield**



FY15: **4.0%**  
Payout ratio: **68%**<sup>3</sup>

**Long term ratings stability**



A/A2/A credit rating

**Well capitalised and strong funded balance sheet**

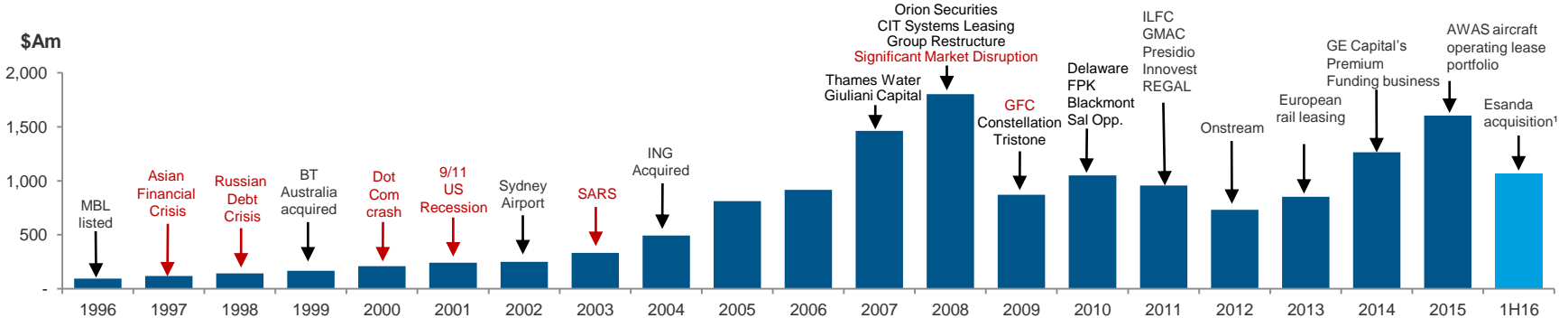
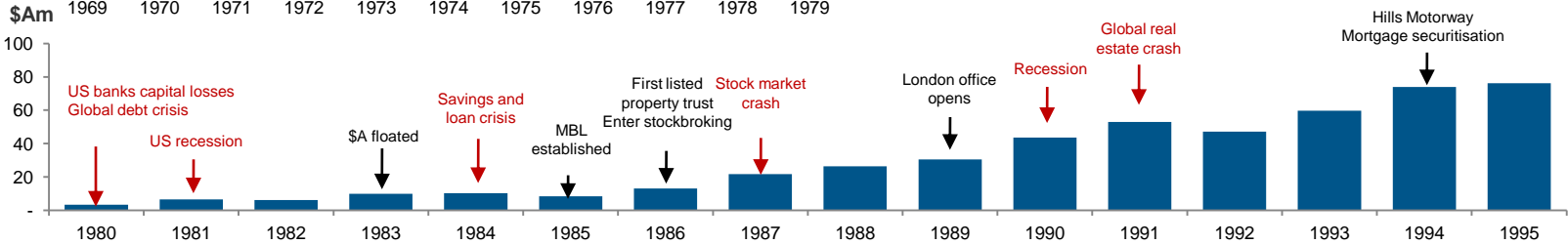
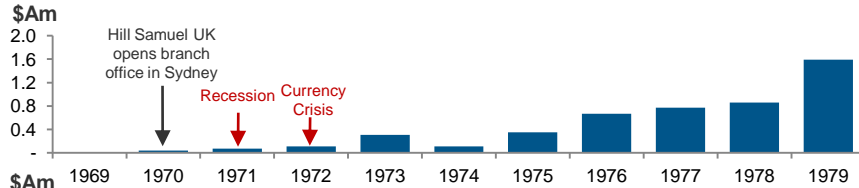
**Long standing conservative risk management framework**

1. Based on 1H16 net profit contribution (calculated as management accounting profit before unallocated corporate costs, profit share and income tax). 2. Based on 1H16 net operating income excluding earnings on capital and other corporate items. 3. For the full year ended 31 Mar 15.

# 46 years of profitability



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1. Esanda acquisition has been included above in 1H16, although it was not closed until 2H16.

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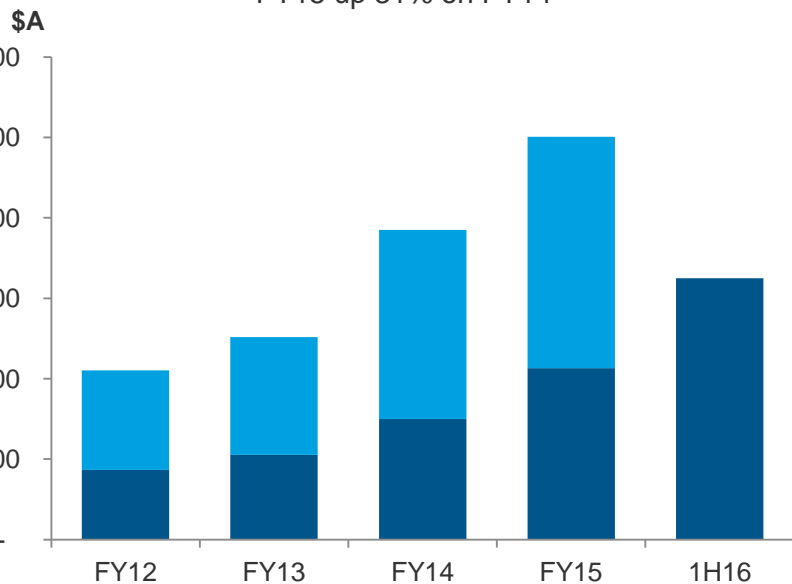
# Strong earnings growth



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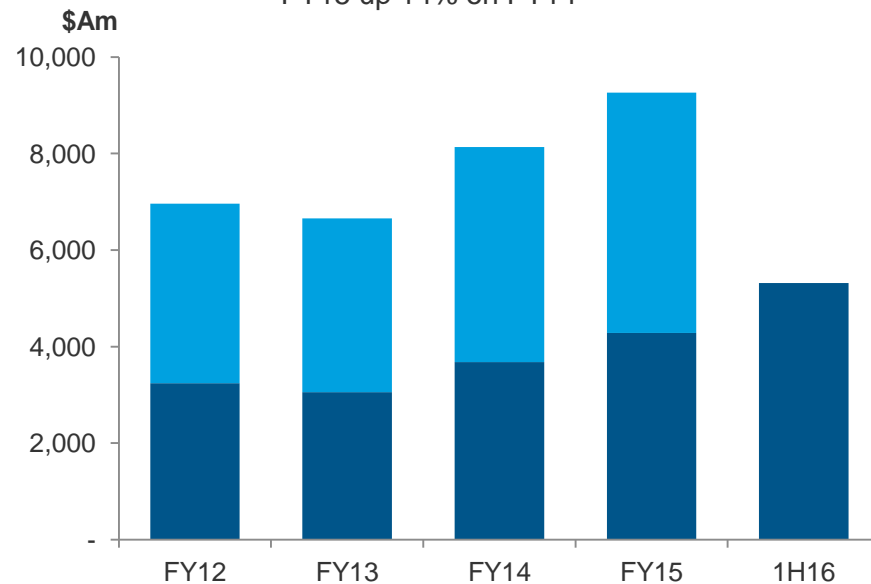
## FY15 EPS of \$A5.02

FY15 up 31% on FY14



## FY15 Operating income of \$A9,262m

FY15 up 14% on FY14



■ 1H ■ 2H

# Geographic footprint

13,791 staff in over 28 countries

## Europe, Middle East & Africa

**Staff:** 1,376

**Europe**  
Amsterdam  
Dublin  
Frankfurt  
Geneva  
Glasgow  
London  
Luxembourg  
Madrid  
Munich  
Paris  
Vienna  
Zurich

**Middle East**  
Abu Dhabi  
Dubai

**South Africa**  
Cape Town  
Johannesburg

## Asia

**Staff:** 3,530

**Asia**

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

**Australia**

Adelaide  
Albury  
Brisbane  
Canberra  
Gold Coast  
Manly  
Melbourne  
Newcastle  
Perth  
Sydney

**New Zealand**

Auckland  
Christchurch  
Wellington

## Australia<sup>1</sup>

**Staff:** 6,368

## Americas

**Staff:** 2,517

**Canada**  
Calgary  
Montreal  
Toronto  
Vancouver

**USA**

Austin  
Boston  
Chicago  
Denver  
Houston  
Los Angeles  
Miami

Nashville  
New York  
Philadelphia  
San Diego  
San Francisco  
San Jose

**Latin America**

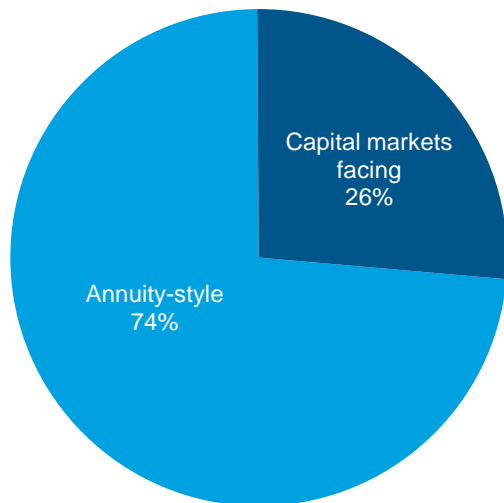
Mexico City  
Ribeirao Preto  
Sao Paulo

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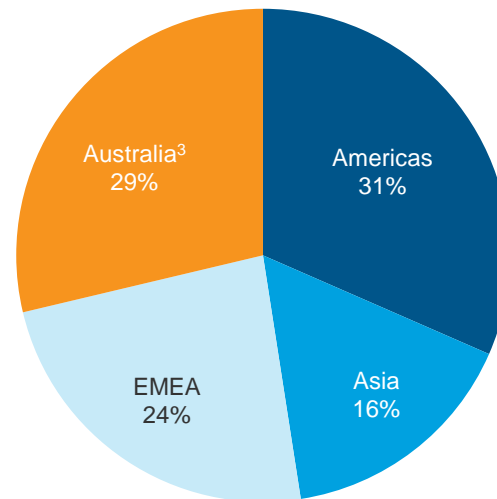
# Predictable earnings and geographically diverse



Annuity-style vs Capital markets facing<sup>1</sup>  
1H16



Geographical split of income<sup>2</sup>  
1H16

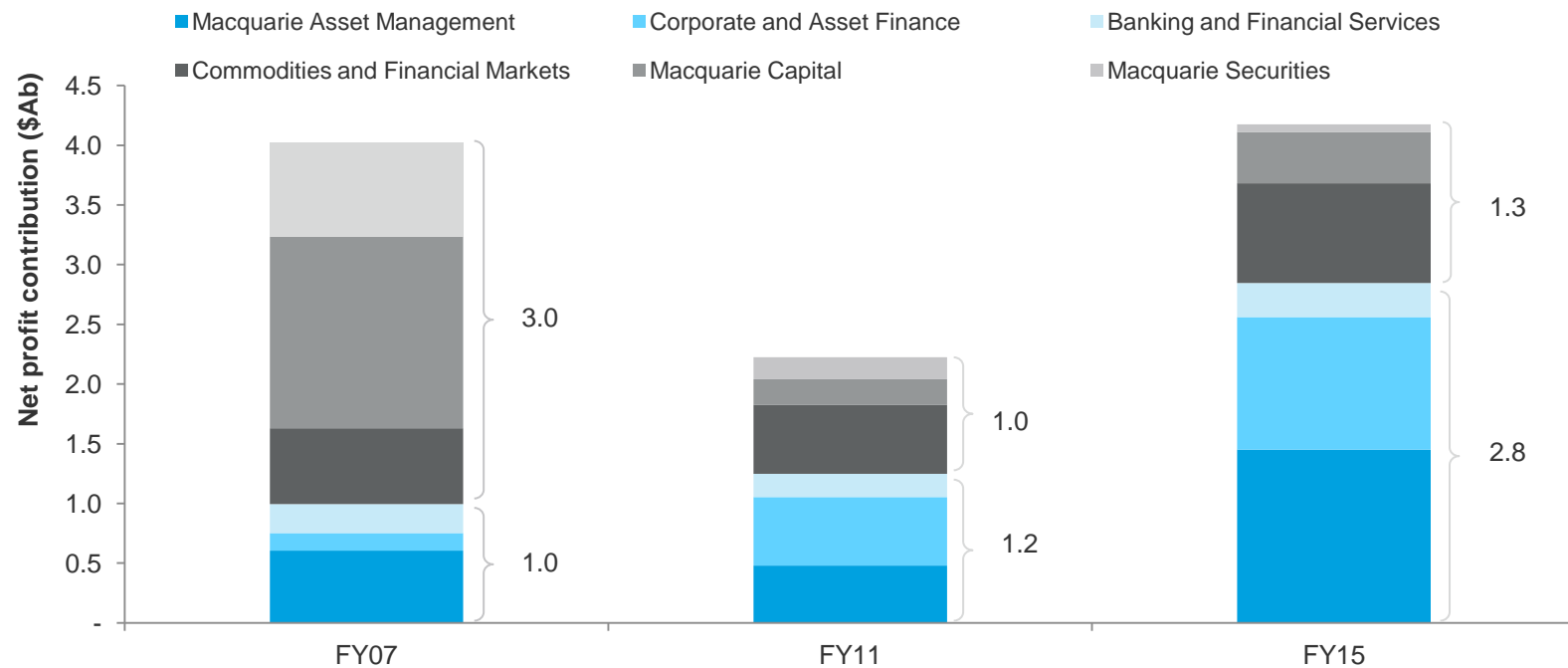


1. Annuity-style based on 1H16 net profit contribution (calculated as management accounting profit before unallocated corporate costs, profit share and income tax) for MAM, CAF and BFS. Capital markets facing based on 1H16 net profit contribution for MSG, MacCap and CFM. 2. Based on 1H16 net operating income excluding earnings on capital and other corporate items. 3. Includes New Zealand.

# Business mix



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Comparative figures have been restated to conform to changes in current year financial presentation and group restructures, where necessary.

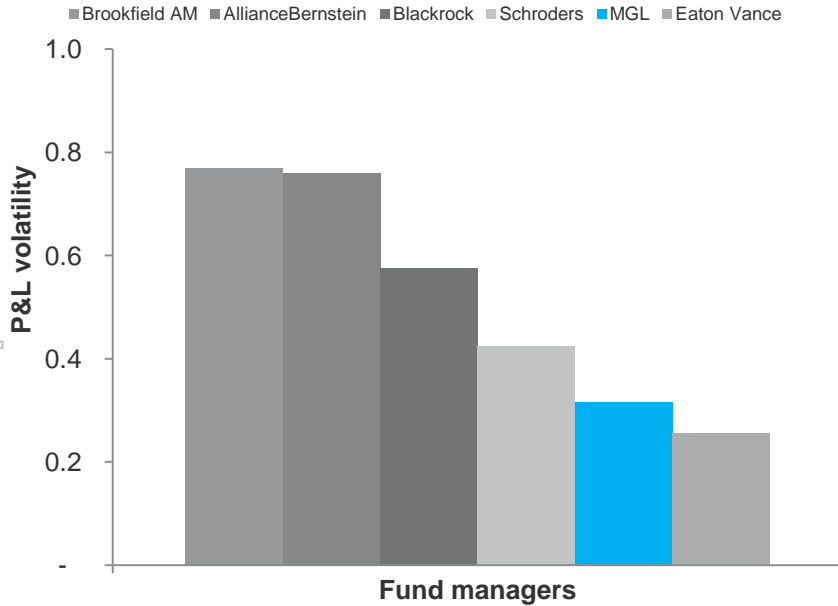
# Stable earnings



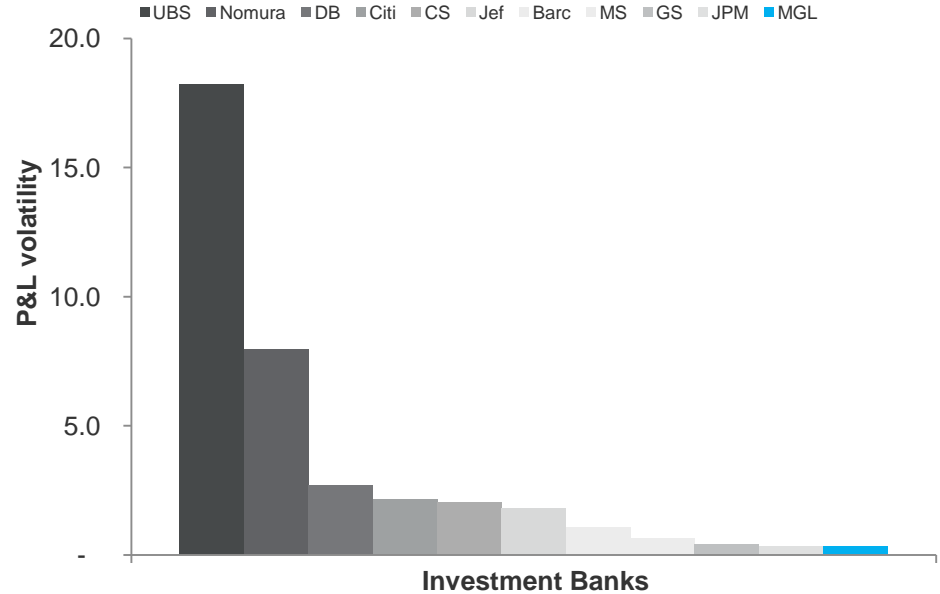
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Macquarie Group 10-year earnings CAGR: 8%<sup>1</sup>

10 year earnings volatility<sup>2</sup>  
(MQG vs fund managers)



10 year earnings volatility<sup>2</sup>  
(MQG vs investment banks)



This page compares the historical earnings volatility among certain firms, and is not intended to represent that Macquarie has a comparable business model, risks or prospects to any other firm mentioned.

1. As at 30 Sep 15. 2. Volatility of P&L is defined as standard deviation of P&L divided by average P&L (coefficient of variation), based on most recent annual disclosures. Source: Bloomberg.

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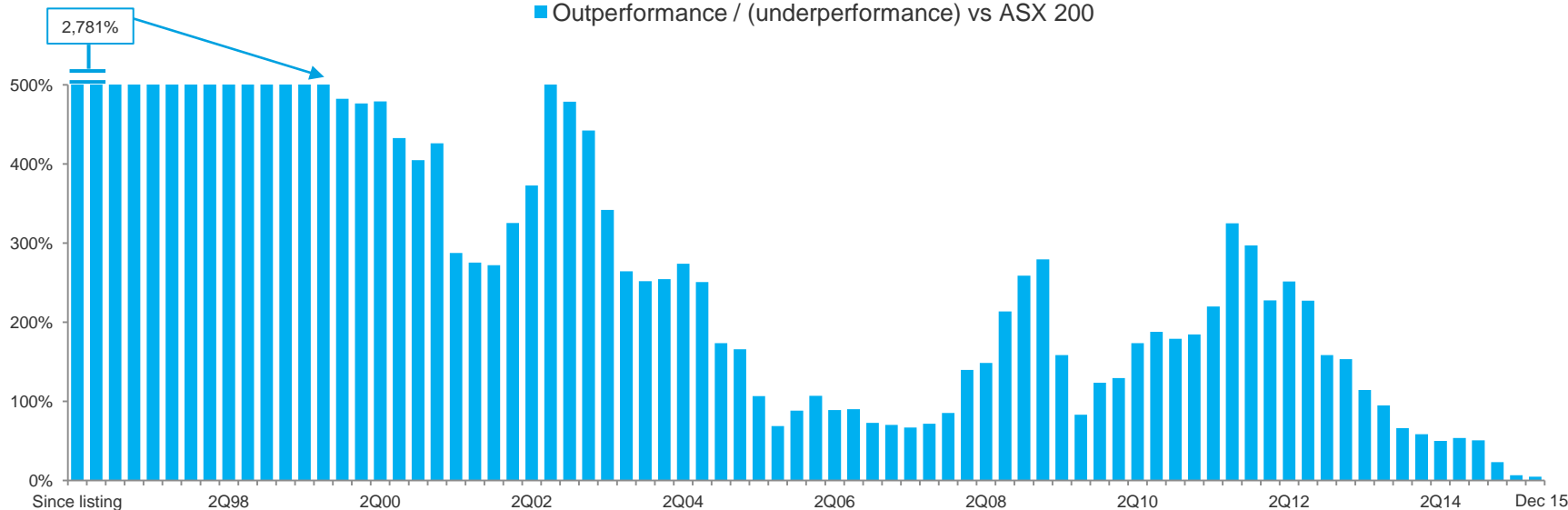
# Strong shareholder returns



Macquarie's total shareholder return has consistently outperformed the ASX 200 for purchases since listing and held to date<sup>1</sup>

## Quarterly purchases

■ Outperformance / (underperformance) vs ASX 200



1. As at 31 Dec 15.

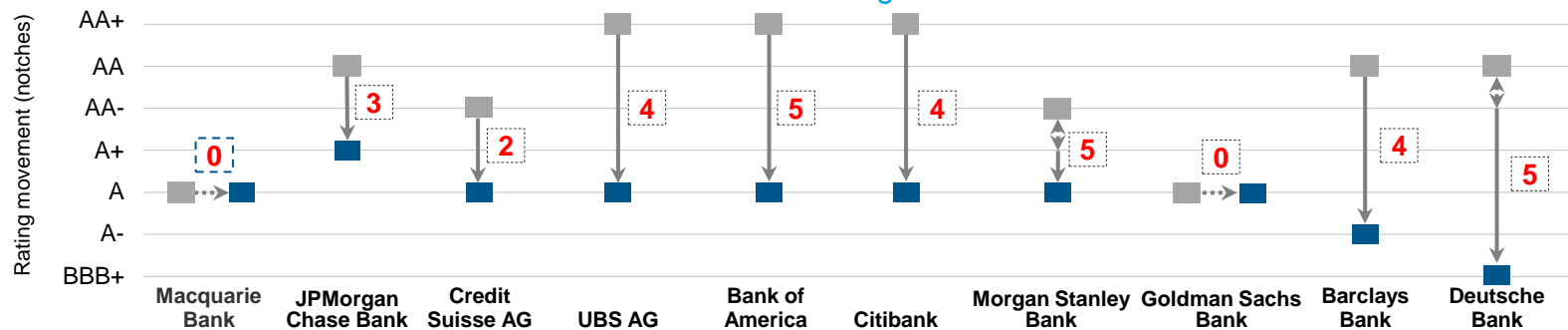
# Long term ratings stability

Macquarie Bank Limited

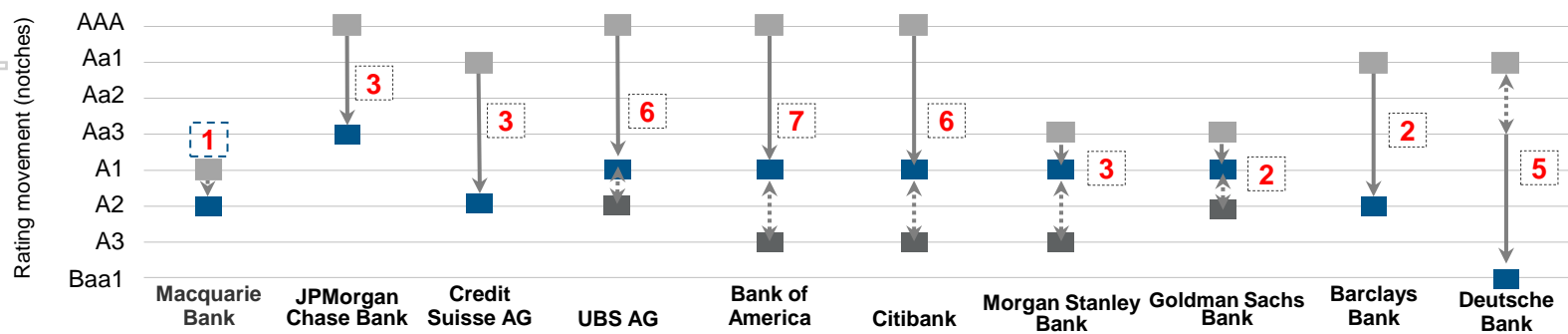


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### Standard & Poor's Ratings Movements from 2007



### Moody's Ratings Movements from 2007



2007  
 2016  
 Intra-period ratings movement  
# No. ratings movements

MBL has maintained its S&P 'A' rating for **24 YEARS**

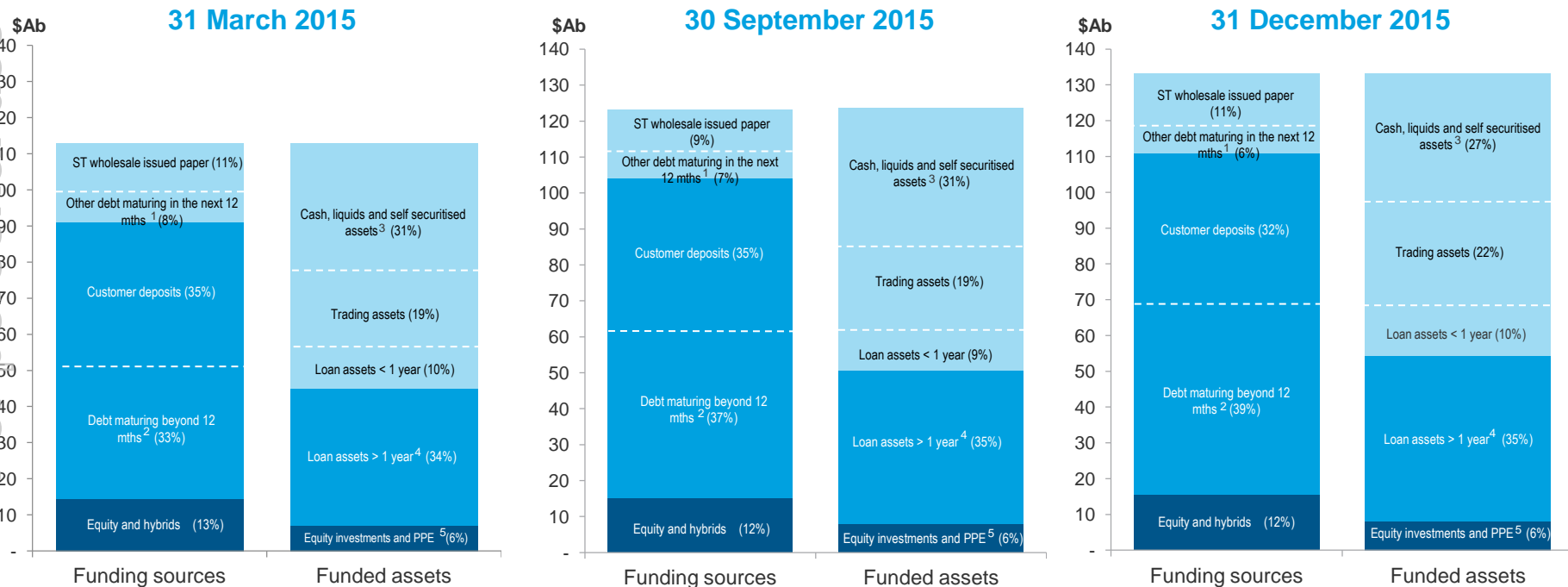
Goldman Sachs bank only rated by Standard & Poor's from 2012. Data as at 31 Mar 16.

# Funded balance sheet remains strong



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Increase in funded assets during the Dec 15 quarter largely due to the continued transitioning of AWAS and Esanda portfolios



These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans and Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital not maturing within next 12 months. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Loan Assets > 1 yr' includes Debt Investment Securities and Operating Lease Assets. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.





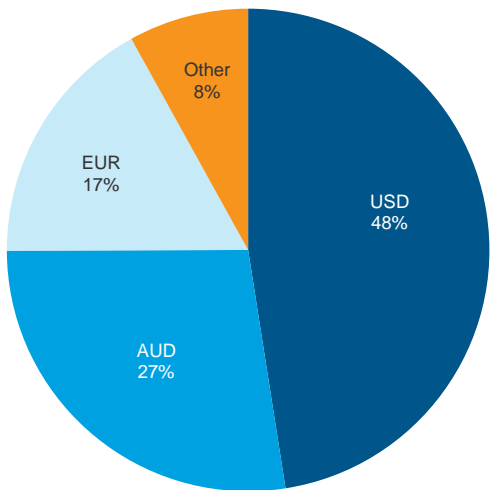
MACQUARIE

# Term funding issuances

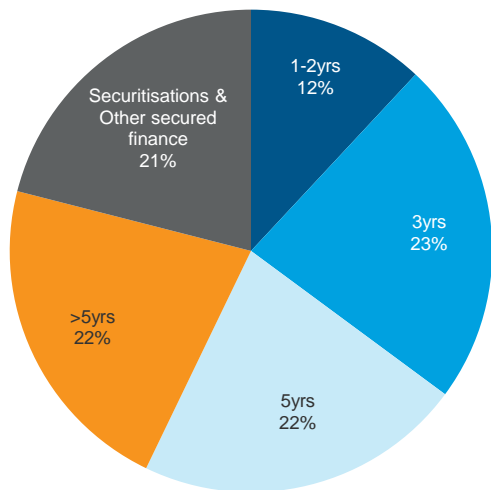
\$A20.9b of term funding raised in FY16 to date<sup>1</sup>

Weighted average life of debt issued: 4.9 years

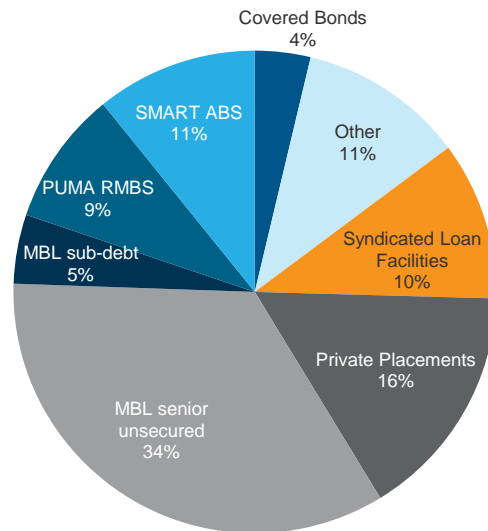
### Currency



### Tenor



### Type



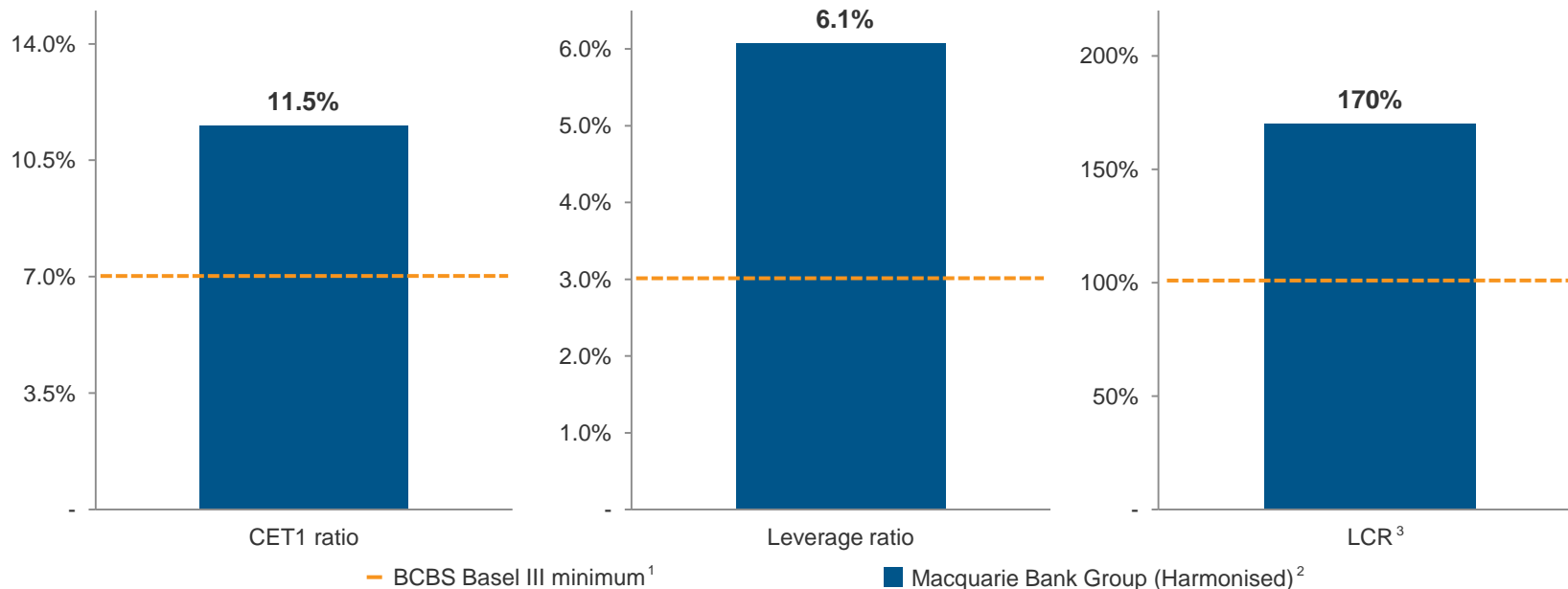
1. 1 Apr 15 - 29 Feb 16. Excludes acquisition finance for Esanda and AWAS.

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# Strong regulatory ratios



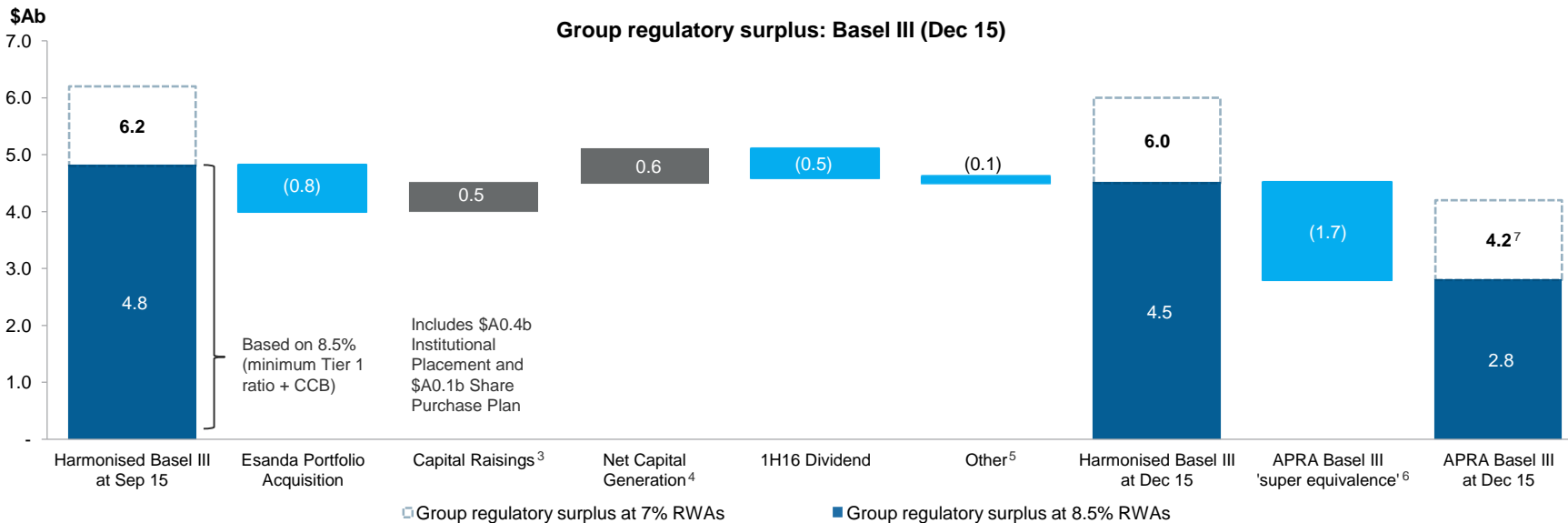
## Macquarie Bank Group (Dec 15) Harmonised ratios



1. Includes the capital conservation buffer in the minimum CET1 ratio requirement. Current BCBS proposed minimum leverage ratio is 3%, to be implemented from 1 Jan 18. Final calibration of the leverage ratio is due to be completed by 2017. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Average LCR for Dec 15 quarter includes Oct, Nov and Dec month-end observations.

# Basel III capital position

- APRA Basel III Group capital at Dec 15 of \$A17.3b, Group surplus of \$A2.8b<sup>1</sup>
- Bank Group APRA Basel III CET1 ratio: 9.9%; Tier 1 ratio: 11.0%; Leverage ratio: 5.2%
- Bank Group Harmonised Basel III CET1 ratio: 11.5%; Tier 1 ratio: 12.6%; Leverage ratio: 6.1%<sup>2</sup>



1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA Prudential Standard 110. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Includes redemption of Preferred Membership Interests offset by Macquarie Capital Notes 2 issuance. 4. Includes 3Q16 P&L and other movements in capital supply. 5. Includes business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital requirements. 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 and includes full CET1 deductions of equity investments (\$A0.6b); deconsolidated subsidiaries (\$A0.4b); DTAs and other impacts (\$A0.7b). 7. The APRA Basel III Group surplus is \$A4.2b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group.

# Regulatory update



- Conglomerates
  - In Aug 14, APRA issued its final rules for Conglomerates with implementation timing yet to be announced. We continue to work through the application of the rules with APRA and our current assessment remains that Macquarie has sufficient capital to meet the minimum APRA capital requirements for Conglomerates
- Financial System Inquiry
  - The government released its response to the Financial System Inquiry on 20 Oct 15, agreeing with the majority of the recommendations and setting a timetable for their implementation. The government endorsed APRA to implement most of the resilience recommendations and so the final design of any policy changes has yet to be determined

# Long standing conservative risk management framework



- Macquarie's risk management principles have remained largely stable over 30 years and served the Group well over the past few years
- The key aspects of Macquarie's risk management approach are:

## Ownership of risk at the business level

Business heads responsible for identifying risks within their businesses and ensuring these are managed appropriately.

Seek a clear analysis of the risks before taking decisions.

## Understanding worst case outcomes

Risk management approach based on examining the consequences of worst case outcomes and determining whether risks can be tolerated.

Adopted for all material risk types and often achieved by stress testing.

## Requirement for independent sign-off by Risk Management

Risk Management Group (RMG) signs off all material risk acceptance decisions.

For material proposals, RMG opinion sought at the early stage in decision making process, and independent input from RMG on risk and return is included in the approval document submitted to senior management.

- Macquarie's approach to risk is supported by the Risk Management Group
- Macquarie determines aggregate risk appetite by assessing risk relative to earnings, more than by reference to capital

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02

# Macquarie's Operating Groups

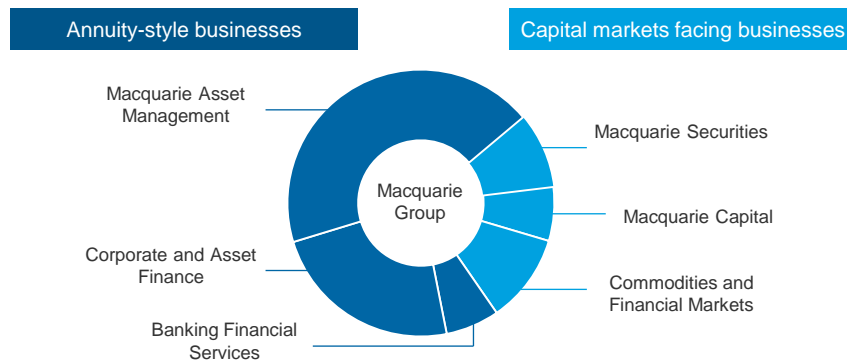
# Macquarie overview

Global provider of banking, financial advisory, investment and funds management services



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## Macquarie Group overview<sup>1</sup>



## Global locations



## Macquarie Group in numbers

Market Capitalisation  
of **\$A22b+**  
as at 31 Mar 16

**13,791**  
employees, operating  
in **28** countries<sup>2</sup>

**~\$A489b**  
assets under  
management as at 31  
Dec 15

1H16 net profit **\$A1,070m**  
FY15 net profit **\$A1,604m**

**MBL**  
**A/A2/A**  
credit rating

**APRA** primary  
regulator for MBL  
& MGL

1. Split based on 1H16 net profit contribution, calculated as management accounting profit before unallocated corporate costs, profit share and income tax. 2. Staff numbers as at 31 Dec 15.

# Annuity-style businesses

## 1. Macquarie Asset Management



Top 50 global asset manager with \$A487b of assets under management

- Provides clients with access to a diverse range of capabilities and products, including:
  - Infrastructure and real asset management
  - Securities investment management
  - Tailored investment solutions over funds and listed equities

**No.1 infrastructure investor** globally<sup>1</sup>

**No.3 alternative asset manager** for pension funds globally<sup>1</sup>

**6 Lipper Awards** in 2015 across the US and Asia<sup>2</sup>

**Macquarie Infrastructure and Real Assets**

**AUM \$A138b**

**Macquarie Investment Management**

**AUM \$A345b**

**Macquarie Specialised Investment Solutions**

**AUM \$A4b**

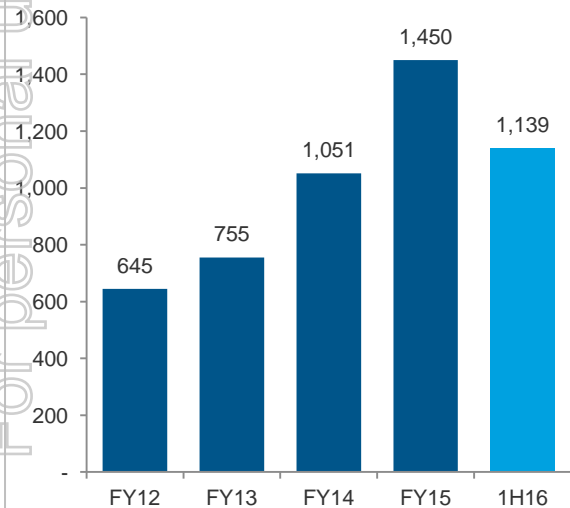


# Macquarie Asset Management

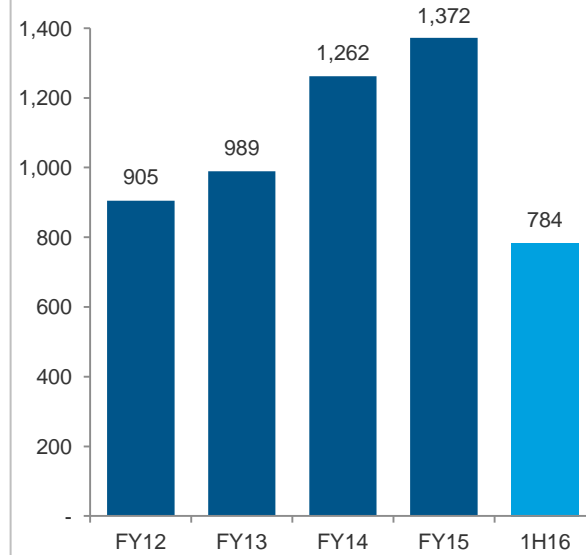
## Growth in base fees



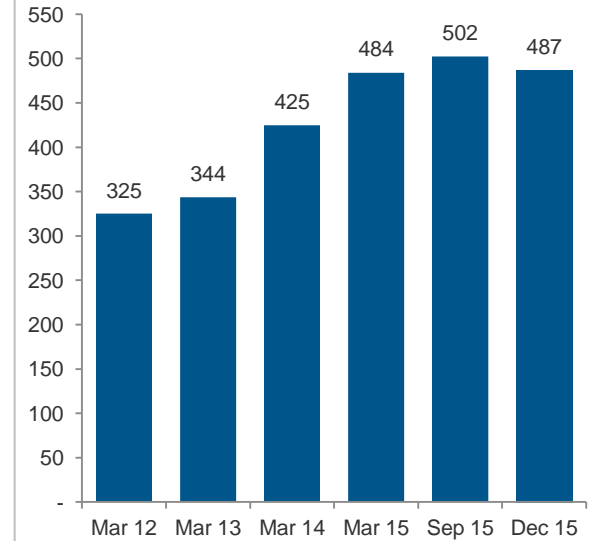
Net Profit Contribution<sup>1</sup> (\$Am)



Base Fees (\$Am)



AUM (\$Ab)



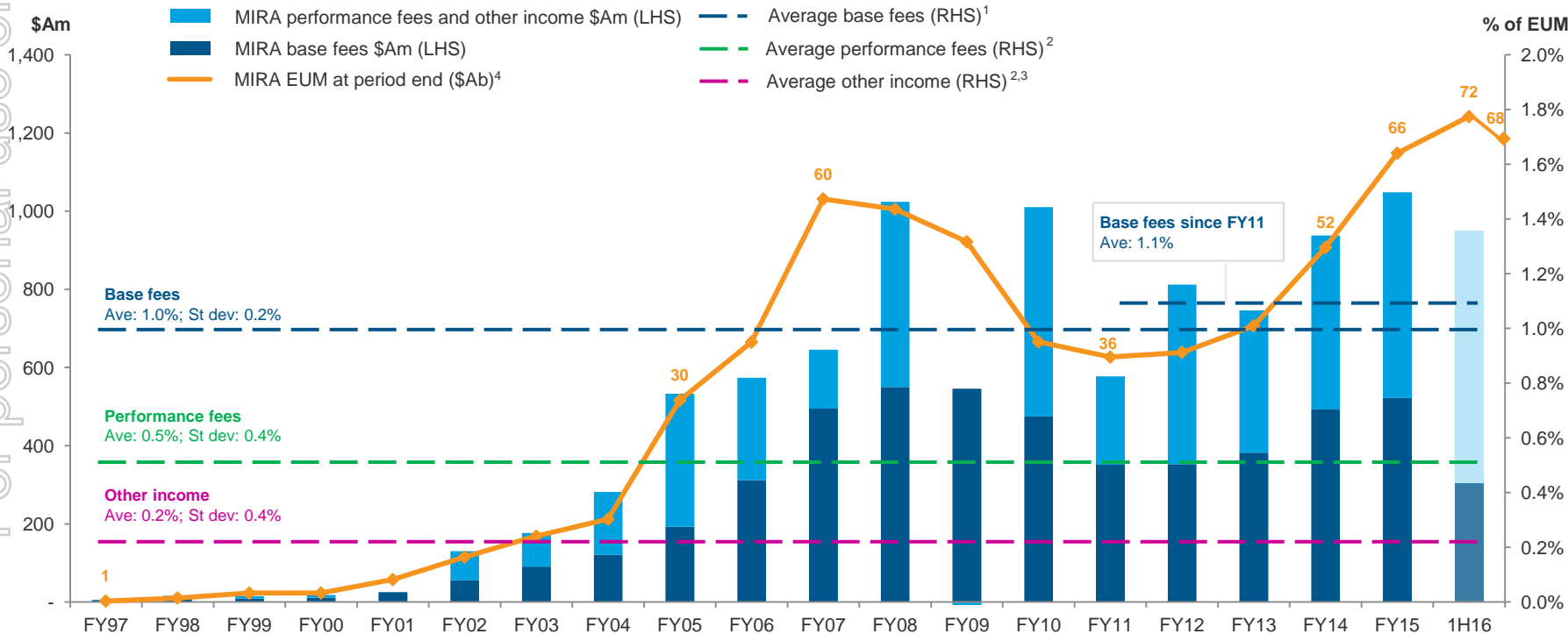
1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

# MIRA: Income includes more than base fees



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1. Average base fees (%) calculated as base fees per financial year / average EUM (Invested). 1H16 base fees annualised for purposes of average. 2. Average performance fees and other income (%) calculated as performance fees and other income per financial year / period end EUM. 1H16 performance fees and other income not annualised for purposes of average. 3. Other income represents net operating income less base and performance fees for each financial year and includes other income relating to certain MIRA fund assets historically included in the Corporate segment. Base fees and performance fees for real estate funds included from FY05 onwards.

# Annuity-style businesses

## 2. Corporate and Asset Finance



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### \$A39.7b of loans and assets under finance

- Delivers tailored finance and asset management solutions to clients through the cycles
- Specialists in corporate and real estate lending – provides primary financing to clients and invests in credit assets in secondary markets
- Expertise in asset finance including aircraft, motor vehicles, rail, technology, healthcare, manufacturing, energy and mining equipment
- Supports annuity-style businesses through different growth phases
- Selectively invests in specialised asset classes

**Leading** market participant in bespoke primary lending;  
**niche** acquirer of secondary loans

One of the **largest** providers of motor vehicle finance in Australia

The **largest** deregulated traditional and smart meter provider in the UK

Lending	Aircraft
<b>Portfolio</b> \$A10.1b <sup>1</sup>	<b>Portfolio</b> \$A9.0b <sup>2</sup>
Motor vehicles	Rail
<b>Portfolio</b> \$A16.7b	<b>Portfolio</b> \$A0.8b
Resources	Equipment Finance
<b>Portfolio</b> \$A0.5b	<b>Portfolio</b> \$A1.7b
	Energy
	<b>Portfolio</b> \$A0.9b

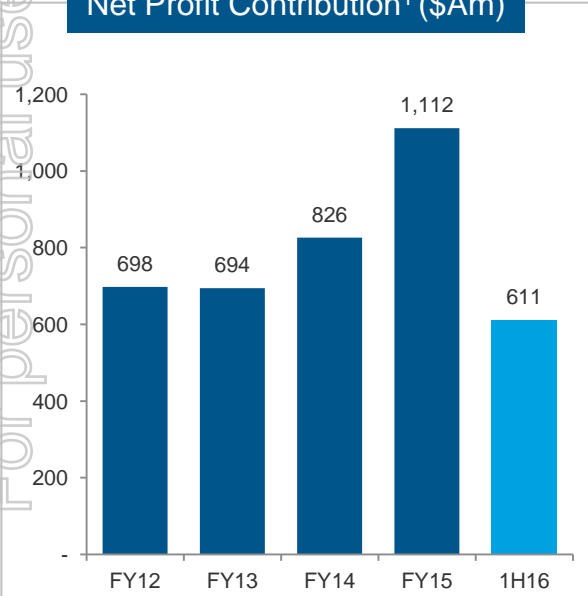
# Corporate and Asset Finance Group

## Asset finance and lending portfolios

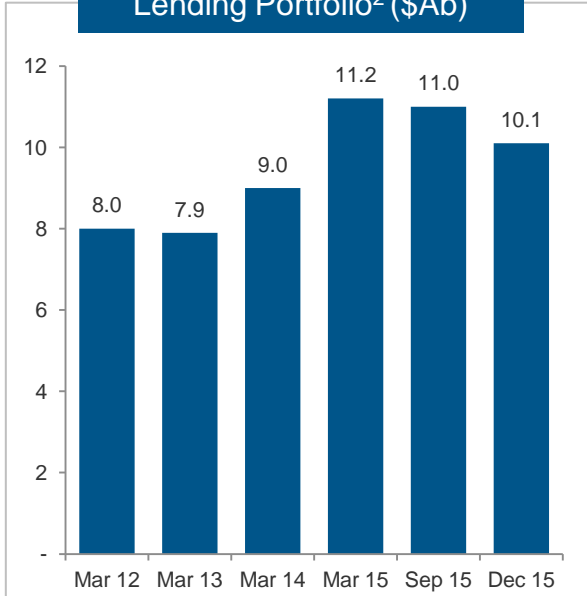


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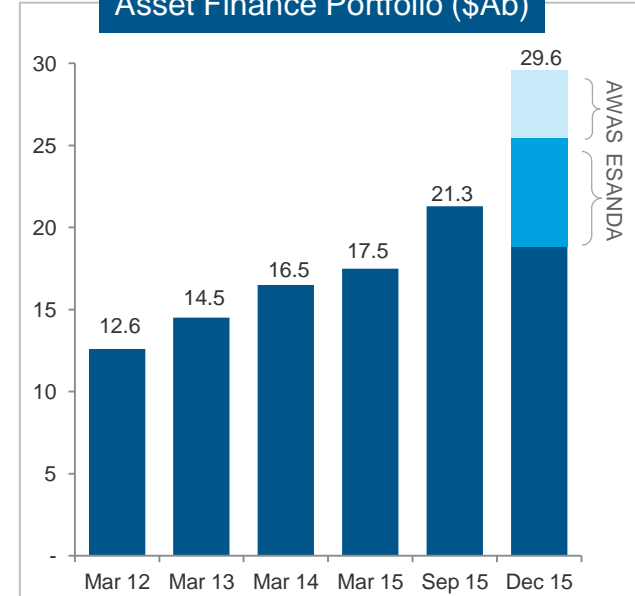
### Net Profit Contribution<sup>1</sup> (\$Am)



### Lending Portfolio<sup>2</sup> (\$Ab)



### Asset Finance Portfolio (\$Ab)



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.

# Annuity-style businesses

## 3. Banking and Financial Services



MACQUARIE

\$A39.5b total BFS deposits<sup>1</sup>

- 1.1 million Australian clients
- Provides a diverse range of personal banking, wealth management and business banking products and services
- Strong intermediary relationships, a white label personal banking platform and Macquarie branded offerings

Deposits	Mortgages and credit cards
Financial advice and private banking	Business banking
Wrap	Insurance

Mortgages business awarded **Partner of the Year** in iSelect 2015 Partner Awards

Australian mortgage portfolio  
\$A27.8b

Macquarie platform assets under administration  
\$A59.8b<sup>2</sup>

**Macquarie Wrap ranked 1st and 2nd** in 2015 Wealth Insights Platform Service Level Reports<sup>3</sup>

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# Banking and Financial Services group

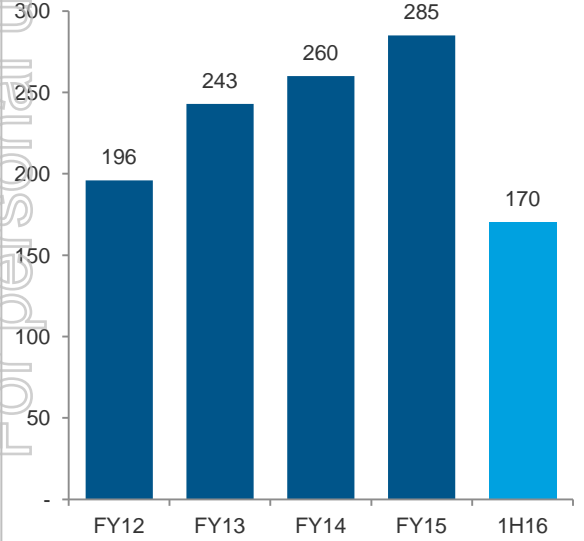
## Growth in BFS deposits and mortgages



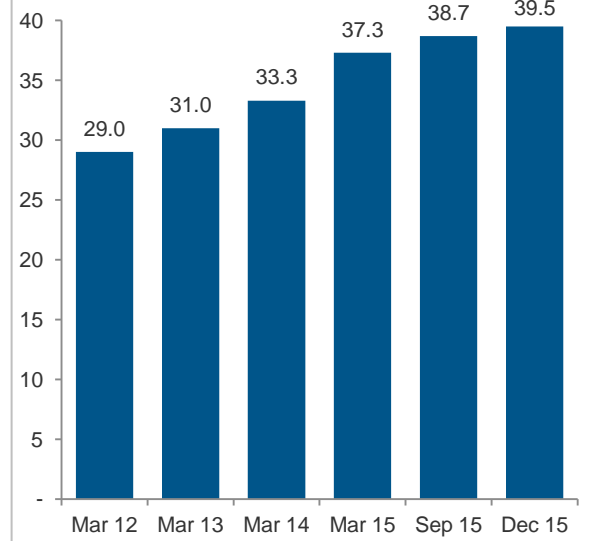
MACQUARIE

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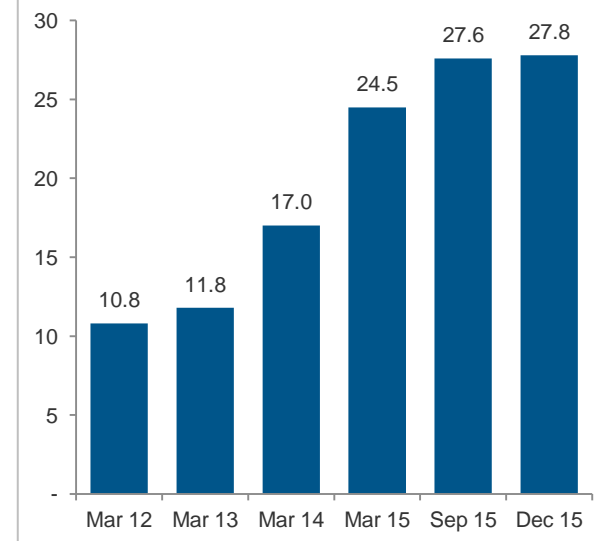
### Net Profit Contribution<sup>1</sup> (\$Am)



### BFS Deposits<sup>2</sup> (\$Ab)



### Australian Mortgage Book (\$Ab)



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY12-FY13 comparatives have been restated to reflect the current methodology. 2. BFS deposits exclude any Corporate/Wholesale deposit balances.

# Capital markets facing businesses

## 1. Macquarie Securities



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Innovative specialists leveraging Asia-Pacific insights to the world

- Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities
- Full-service cash equities in Australia, Asia, South Africa and Canada with offerings in US and Europe. Specialised derivatives and trading offerings in key locations globally
- Key specialities: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Resources (mining and energy); Small-Mid Caps; and Telecommunications, Media, Entertainment and Technology (TMET)

Research	Corporate Access
Derivatives	Equity finance
Trading	Execution
	Equity capital markets

**Equal 1<sup>st</sup> overall** in the 2015 Peter Lee Survey of Australian Investors

**No.1** in Australia for IPO deals<sup>1</sup>

**Top 10** equities research house globally<sup>2</sup>

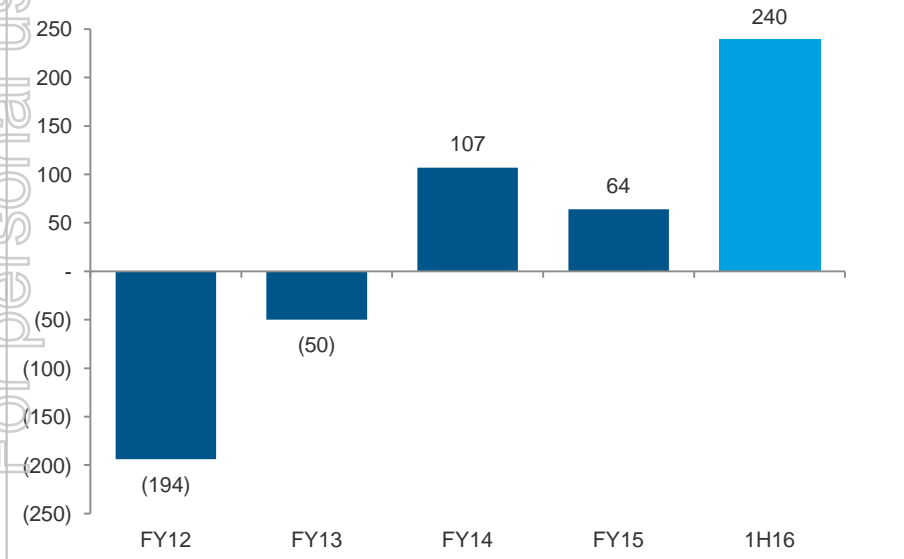
# Macquarie Securities

## Strong franchise – ECM and Cash equities

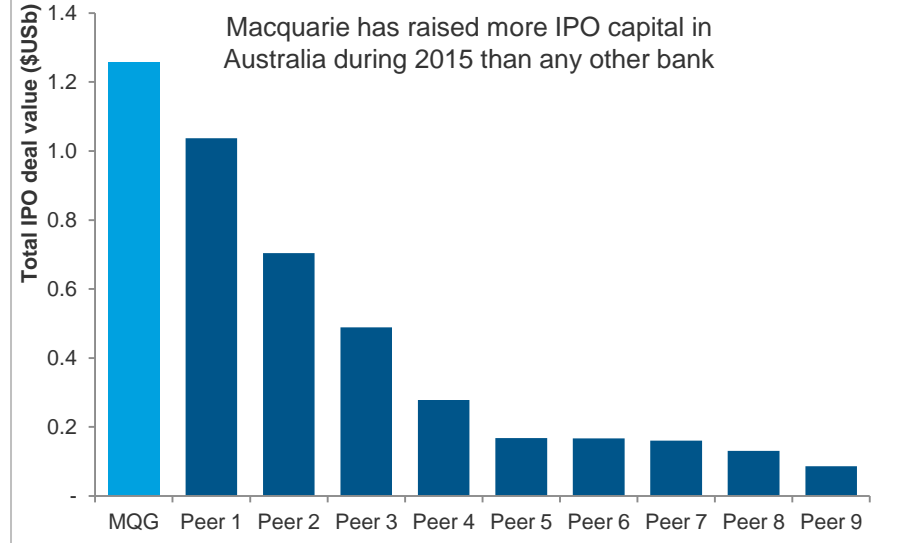


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### Net Profit Contribution<sup>1</sup> (\$Am)



### No.1 house for IPOs in 2015<sup>2</sup>



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Dealogic, Thomson CY15 (by value; IPOs in 2015 > \$US50m).



# Capital markets facing businesses

## 2. Macquarie Capital



MACQUARIE

- Global corporate finance capability, including M&A, debt and equity capital markets, and principal investments
- Key specialities: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Real Estate; Resources (mining and energy); Telecommunications, Media, Entertainment & Technology (TMET)
- Winner of over 16 awards globally in the 12 months to 31 December 2015

Financial Institutions	MERGERS & ACQUISITIONS
Industrials	
Infrastructure, Utilities & Renewables	
Real Estate	
Resources	
Telecommunications, Media, Entertainment & Technology	
	PROJECT FINANCE
	EQUITY CAPITAL MARKETS
	DEBT CAPITAL MARKETS
	PRIVATE CAPITAL MARKETS
	PRINCIPAL INVESTMENTS

Completed **98** transactions valued at **\$A43b<sup>1</sup>** during Dec 15 qtr

**No.1** announced and completed M&A deals<sup>2</sup> in Australia

**No.2** in Australia for ECM deals<sup>3</sup>

**Best IPO** – Link Administration<sup>4</sup>

**No.1** European Project Finance Sponsor<sup>5</sup>

1. 1 Oct 15 – 31 Dec 15. 2. Dealogic, Thomson CY15 (by number of deals). 3. Dealogic, Thomson CY15 (by deal value and number of deals). 4. FinanceAsia (Dec 15). 5. Dealogic CY15 (by deal value).

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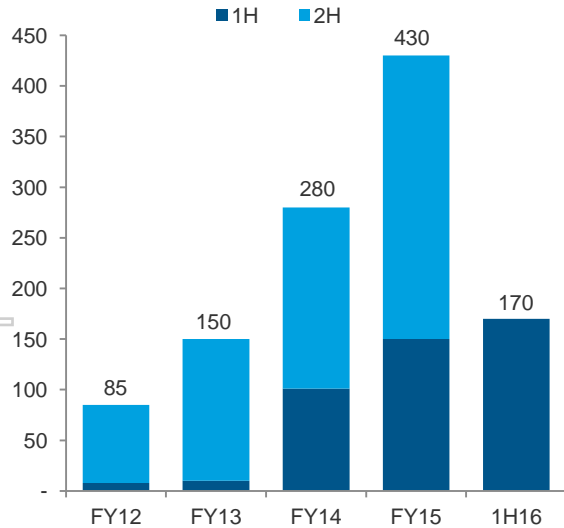
# Macquarie Capital

Geographically diversified and market leading position

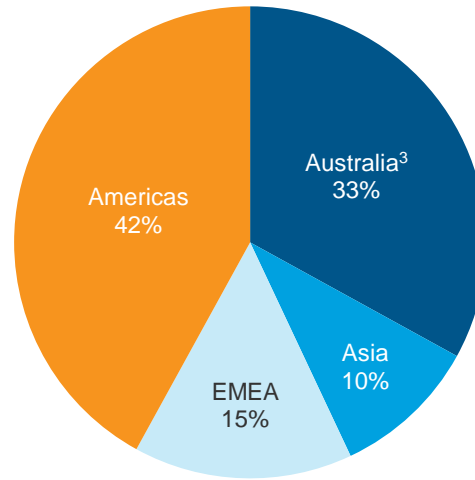


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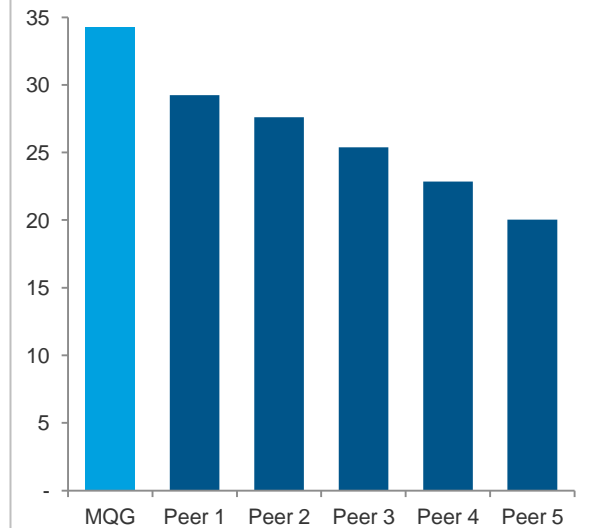
Net Profit Contribution<sup>1</sup> (\$Am)



Geographical split of Income<sup>2</sup> (\$Am)



Australian M&A Completed Deal Value 2015<sup>4</sup> (\$USb)



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. For the year ended 31 Mar 15. Income reflects net operating income excluding internal management revenue/(charge). 3. Includes New Zealand. 4. Source: Dealogic, CY15 (by deal value).

# Capital markets facing businesses

## 3. Commodities and Financial Markets



MACQUARIE

Provides clients with risk and capital solutions across physical and financial markets

- Diverse platform covering more than 25 market segments, with more than 140 products
- Expertise in providing clients with access to markets, financing, financial hedging, and physical execution
- Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)

Energy markets	Metals markets
Agricultural markets	Fixed income and currency markets
Credit markets	Futures markets

**30+ years**  
in Metals and  
Futures markets

**20+ years**  
in Agricultural  
and FX markets

**10+ years**  
in Energy markets

**Commodity  
House of the Year**  
2015<sup>1</sup> for the 2<sup>nd</sup>  
consecutive year

**No.3** US physical  
gas marketer in  
North America -  
the highest ranked  
non-producer<sup>2</sup>

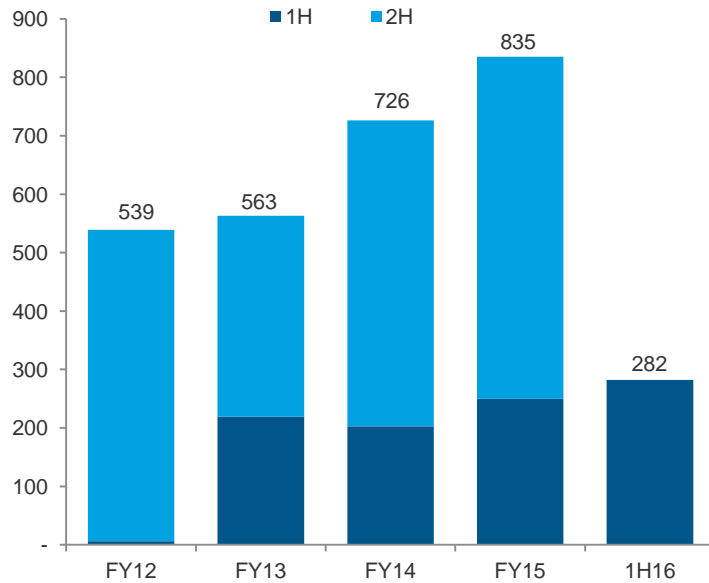
# Commodities and Financial Markets

Stable earnings through diverse platform

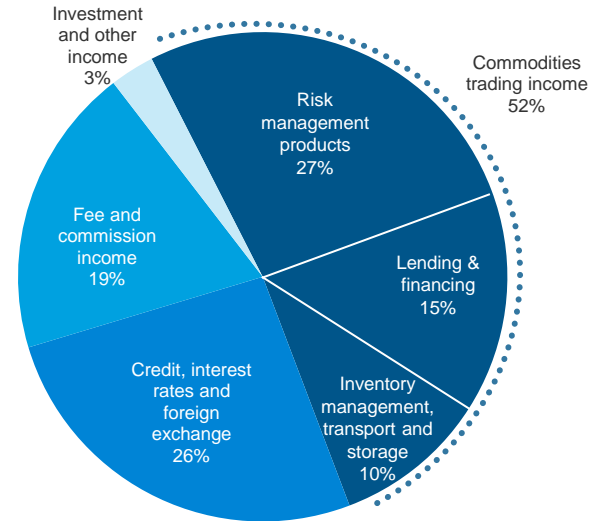


MACQUARIE

### Net Profit Contribution<sup>1</sup> (\$Am)



### Net Operating Income<sup>2</sup>



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. For the year ended 31 Mar 15, excluding impairment charges and internal management (charge)/revenue.

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03

3Q16 Update

# 3Q16 Overview



- Satisfactory trading conditions in 3Q16 across the Group
- Macquarie's annuity-style businesses' (Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services) combined 3Q16 net profit contribution<sup>1</sup> up on pcp (3Q15) but down on prior period (2Q16) which benefited from strong performance fees in Macquarie Asset Management
- Macquarie's capital markets facing businesses' (Macquarie Securities, Macquarie Capital and Commodities and Financial Markets) combined 3Q16 net profit contribution<sup>1</sup> down on pcp, which benefited from fee income from the Freeport LNG transaction in CFM and Macquarie Capital, and up on prior period
  - Recent trading conditions reflect current market uncertainty

# 3Q16 Overview

## Annuity-style businesses



Operating Group	Market positions	Developments since 1H16
Macquarie Asset Management	<ul style="list-style-type: none"> <li>Top 50 global asset manager, <b>Australia's largest global asset manager</b></li> <li>Recognised as <b>world's largest manager of infrastructure</b> and third largest manager of pension fund assets invested in alternatives<sup>1</sup></li> <li>Awarded <b>6 Lipper Awards in 2015</b><sup>2</sup></li> <li>Mercer ranked Macquarie Alpha Opportunities as the top performing long-short Australian equities fund and Macquarie High Conviction as the third best performing long-only Australian equities fund for 2015</li> </ul>	<ul style="list-style-type: none"> <li><b>AUM \$A487.2b</b> at Dec 15 down 3% on Sep 15 predominately driven by unfavourable spot exchange rate movements partly offset by positive market movements</li> <li>Macquarie Infrastructure and Real Assets:               <ul style="list-style-type: none"> <li><b>Raised over \$A1.4b</b> in new equity, largely in Asian and Australian infrastructure</li> <li><b>Invested \$A1.2b</b> of equity including infrastructure in Singapore, Austria and India</li> <li><b>\$A8.8b of equity to deploy</b> at Dec 15</li> <li>Divested management rights in African Infrastructure funds and Singapore listed APTT<sup>3</sup></li> </ul> </li> <li>Macquarie Investment Management:               <ul style="list-style-type: none"> <li><b>Awarded \$A3.2b</b> in new, funded institutional mandates across 4 strategies</li> <li>Acquired Bennett Lawrence Management, LLC, a New York-based small and mid-cap growth team</li> <li>Launched Asian Equities mutual fund to the US market</li> <li>Asian Alpha and European Alpha Funds remain at capacity; launch of Global and Americas Alpha Funds planned for 2016</li> </ul> </li> <li>Macquarie Specialised Investment Solutions:               <ul style="list-style-type: none"> <li>Continued to grow the Macquarie Infrastructure Debt Investment Solutions (MIDIS) business; total third party investor commitments on MIDIS over \$A3.7b; closed a number of investments bringing <b>total AUM to \$A2.6b</b></li> </ul> </li> </ul>
Corporate and Asset Finance	<ul style="list-style-type: none"> <li><b>Leading market participant in bespoke primary lending</b> across the US, EMEA and Australia; niche acquirer of loans and other credit assets in the secondary market</li> <li><b>One of the largest providers of motor vehicle finance in Australia</b></li> <li>Top 10 global aircraft lessor</li> <li>The largest deregulated traditional and smart meter provider in the UK with more than 7 million meters</li> </ul>	<ul style="list-style-type: none"> <li><b>Asset and loan portfolio of \$A39.7b at Dec 15 up 23% on Sep 15</b></li> <li><b>Continued growth in the asset finance portfolio to \$A29.6b at Dec 15</b> up 39% on Sep 15, due to acquisitions which continue to transition, including AWAS Aviation Capital and the Esanda dealer finance portfolio</li> <li>As at 31 Dec 15, settled on 74 of the 87 aircraft committed from AWAS Aviation Capital in FY15</li> <li>In Oct 15, entered into an agreement to acquire the Esanda dealer finance portfolio from ANZ Banking Group for \$A8.2b comprising of retail and wholesale dealer finance on motor vehicles across Australia, of which \$A6.6b has been acquired to date</li> <li>Strong securitisation activity of \$A1.7b during 3Q16</li> <li><b>Lending's funded loan portfolio of \$A10.1b<sup>4</sup> at Dec 15</b> down 8% on Sep 15 driven by higher net repayments and unfavourable spot exchange rate movements</li> <li>Lending portfolio additions of \$A0.6b in 3Q16 comprised of \$A0.3b new primary financings across corporate and real estate, weighted towards bespoke originations, and \$A0.3b of corporate loans and similar assets acquired in the secondary market</li> </ul>
Banking and Financial Services	<ul style="list-style-type: none"> <li>iSelect's Partner of the Year and Home Loans Partner of the Year 2015<sup>5</sup></li> <li>Macquarie Wrap investment platforms 1st and 2nd in the Wealth Insights Platform Service Level Report 2015<sup>6</sup></li> <li>No. 1 in the Brokers on Non-Majors 2015 survey by Australian Broker for the 3rd consecutive year<sup>7</sup></li> <li><b>No.1 Cash and Term Deposits</b> in the Core Data SMSF Service Provider Awards 2015 for the 2nd consecutive year<sup>8</sup></li> </ul>	<ul style="list-style-type: none"> <li><b>Australian mortgage portfolio \$A27.8b</b> at Dec 15 up 1% on Sep 15, representing approx. 1.9% of the Australian market</li> <li>Macquarie platform <b>assets under administration \$A59.8b</b> at Dec 15 up 28% on Sep 15<sup>9</sup></li> <li><b>Total BFS deposits<sup>10</sup> of \$A39.5b</b> at Dec 15 up 2% on Sep 15</li> <li>Average business banking deposit volumes at Dec 15 up 7% on Sep 15</li> <li>Macquarie Life inforce risk premiums \$A246m at Dec 15 up 3% on Sep 15</li> <li>Launched first Macquarie savings and transaction accounts, and new Macquarie Black credit card with premium rewards</li> <li>In Feb 16, signed agreement to provide administration services and develop a new wrap offering for ANZ's wealth administration platform</li> </ul>

<sup>1</sup> Assets under management, Towers Watson Global Alternatives Survey. <sup>2</sup> For more information about these awards, the issuers of these awards, their methodologies, and other important information about these awards, visit: <http://www.macquarie.com.au/mgl/au/mfg/mim/about-us/awards>. <sup>3</sup> Transaction agreed in Jan 16. Completion is subject to relevant approvals. <sup>4</sup> Includes Real Estate Structured Finance legacy run-off portfolio. <sup>5</sup> iSelect Partner Awards 2015. <sup>6</sup> Macquarie Wrap Manager and Macquarie Wrap Consolidator ranked 1st and 2nd in the 2015 Wealth Insights Platform Service Level Report. <sup>7</sup> Brokers on Non-Majors Survey by Australian Broker 2015. <sup>8</sup> Core Data SMSF Service Provider Awards 2015. <sup>9</sup> Increase in part attributable to the transfer of \$A9.2b in CHESS holdings and \$A0.9b of CMA Cash holdings associated with platform ready full service broking client accounts migrating to the Vision platform. <sup>10</sup> BFS deposits exclude any Corporate/Wholesale deposit balances.



# 3Q16 Overview

## Capital markets facing businesses



MACQUARIE

Operating Group	Market positions	Developments since 1H16
Macquarie Securities	<ul style="list-style-type: none"> <li>• <b>Maintained equal 1<sup>st</sup> overall in the 2015 Peter Lee Survey of Australian Investors</b>, including 1<sup>st</sup> for Research, equal 1<sup>st</sup> for Sales Trading &amp; Execution, 1<sup>st</sup> for Quality of Underwritings, 1<sup>st</sup> for Conferences and 1<sup>st</sup> for Listed Company Access</li> <li>• <b>No.2 in Australia for ECM deals<sup>1</sup></b>; market share of 20.1% in CY15 up from 16.2% in CY14<sup>2</sup></li> <li>• Winner of two awards at the Australasian Investor Relations Association, 2015 Best Practice Investor Relations Awards - Best Domestic or Offshore Equities Conference, and Best Overall Offshore Australian Equities Sales Presence</li> <li>• Ranked 3<sup>rd</sup> overall (up from 12<sup>th</sup>) in the Institutional Investor 2015 Rankings - All India Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Market activity across Asia-Pacific was subdued during 3Q16 as macroeconomic concerns focusing on China growth and the US Federal Reserve's decision to increase interest rates created a challenging environment for clients that resulted in lower client activity and reduced volumes</li> <li>• Completed the 100% acquisition of Macquarie First South joint venture in South Africa</li> </ul>
Macquarie Capital	<ul style="list-style-type: none"> <li>• <b>No.1 in Australia for announced and completed M&amp;A<sup>3</sup></b></li> <li>• <b>No.2 in Australia for ECM deals<sup>4</sup></b></li> <li>• Best IPO - Link Administration<sup>5</sup></li> <li>• Best Secondary Offering - National Australia Bank<sup>6</sup></li> <li>• Best FIG deal - Haitong Securities' \$US4.3b H-share private placement<sup>7</sup></li> <li>• No.1 European Project Finance Sponsor<sup>8</sup></li> <li>• No.3 in UK for completed Infrastructure M&amp;A<sup>9</sup></li> <li>• Americas Power Deal of the Year - Salem Harbor<sup>10</sup></li> <li>• No.8 US Buyouts by value and No.6 by count<sup>11</sup></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Completed 98 transactions valued at \$A43b</b> globally during the quarter</li> <li>• ANZ - sole bookrunner and underwriter for Origin Energy's \$A2.5b pro rata accelerated renounceable entitlement offer with retail rights trading, <b>one of the largest fully underwritten secondary raisings with a sole bookrunner and underwriter ever on ASX</b></li> <li>• Asia - successfully sold a 19.99% interest in Sino-Australian International Trust Co. Ltd to Chongqing Casin Limited Company</li> <li>• EMEA - reached financial close on the acquisition of a 25% stake in the Galloper Offshore Wind Farm Project in the United Kingdom</li> <li>• US - sole financial advisor to Kelso &amp; Company on its acquisition of a majority stake in Risk Strategies Company and lead left bookrunner and lead arranger on \$US300m of senior secured credit facilities to support the transaction</li> <li>• Recent market volatility currently impacting client sentiment</li> </ul>
Commodities and Financial Markets	<ul style="list-style-type: none"> <li>• Commodity Business Awards<sup>12</sup> winner: <ul style="list-style-type: none"> <li>– Commodity House of the Year 2015 for the 2<sup>nd</sup> consecutive year</li> <li>– Excellence in Agriculture &amp; Softs Markets for the 6<sup>th</sup> consecutive year</li> </ul> </li> <li>• <b>No. 4 US physical gas marketer in North America</b> - the highest ranked non-producer<sup>13</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Continued market volatility and falling oil prices led to <b>increased customer activity across the energy platform</b></li> <li>• Increased opportunities in Agriculture and Base Metals as market volatility continued</li> <li>• <b>Strong client flows in foreign exchange and interest rates markets</b> due to ongoing market volatility</li> <li>• Sharp sell-off in US credit markets resulted in a reduction in debt capital markets fees and secondary market client trading revenues</li> </ul>





# 04

## Outlook

# Short term outlook



- Summarised below are the outlook statements for each Operating Group
- FY16 results will vary with market conditions, particularly the capital markets facing businesses

Operating Group	Net profit contribution			
	FY08–FY15 historical range	FY08–FY15 average	FY15	Update to FY16 outlook compared to outlook previously announced on 4 February 2016 <sup>1</sup>
<b>Macquarie Asset Management</b>	\$A0.3b – \$A1.4b	\$A0.8b	\$A1.4b	No change – Up on FY15
<b>Corporate and Asset Finance</b>	\$A0.1b – \$A1.1b <sup>2</sup>	\$A0.5b	\$A1.1b	No change – Broadly in line with FY15
<b>Banking and Financial Services</b>	\$A0.1b – \$A0.3b <sup>3,4</sup>	\$A0.2b <sup>4</sup>	\$A0.3b	No change – Up on FY15
<b>Macquarie Securities Group</b>	\$A(0.2)b – \$A1.2b	\$A0.3b	\$A0.1b	No change – Up on FY15
<b>Macquarie Capital</b>	\$A(0.1)b – \$A1.2b	\$A0.3b	\$A0.4b	No change – Up on FY15
<b>Commodities and Financial Markets</b>	\$A0.5b – \$A0.8b	\$A0.7b	\$A0.8b	No change – Down on FY15: 4Q16 trading lower than 4Q15, as previously anticipated
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Compensation ratio to be consistent with historical levels</li> <li>• Based on present mix of income, currently expect FY16 tax rate to be broadly in line with 1H16</li> </ul>			No change

1. Operational Briefing 4 February 2016. 2. Range excludes FY09 provisions for loan losses of \$A135m related to Real Estate Structured Finance loans as this is a restructured business. 3. Range excludes FY09 loss on sale of Italian mortgages of \$A248m as this is a discontinued business. 4. During FY14, Group Treasury revised internal funding transfer pricing arrangements relating to BFS's deposit and lending activities. FY13 comparatives only have been restated to reflect the current methodology.

# Short term outlook

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- Macquarie currently expects the FY16 combined net profit contribution<sup>1</sup> from operating groups to be up on FY15
- The FY16 tax rate is currently expected to be broadly in line with 1H16
- As previously foreshadowed, the 2H16 result is expected to be lower than 1H16 but higher than the prior corresponding period (2H15), subject to the conduct of period end reviews
- Accordingly, Macquarie continues to expect the FY16 result to be up on FY15

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

# Medium term

- Macquarie remains well positioned to deliver superior performance in the medium term
- Deep expertise in major markets
- Build on our strength in diversity and continue to adapt our portfolio mix to changing market conditions
  - Annuity-style income is provided by three significant businesses which are delivering superior returns following years of investment and recent acquisitions
    - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
  - Three capital markets facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Macquarie Securities, Macquarie Capital and Commodities and Financial Markets
- Ongoing benefits of continued cost initiatives
- Strong and conservative balance sheet
  - Well matched funding profile with minimal reliance on short term wholesale funding
  - Surplus funding and capital available to support growth
- Proven risk management framework and culture



# Approximate business Basel III Capital & ROE

30 September 2015



Operating Group	APRA Basel III Capital <sup>1</sup> @ 8.5% (\$Ab)	Approx. 1H16 Return on Ordinary Equity <sup>2</sup>	Approx. 9-Year Average Return on Ordinary Equity <sup>2</sup>
<b>Annuity-style businesses</b>	<b>7.7</b>		
Macquarie Asset Management	1.6	30%	20% <sup>3</sup>
Corporate and Asset Finance	4.1		
Banking and Financial Services	2.0		
<b>Capital markets facing businesses</b>	<b>5.2</b>		
Macquarie Securities	0.5	13%	15% – 20%
Macquarie Capital	1.8		
Commodities and Financial Markets	2.9		
<b>Corporate and Other</b>	<b>0.9</b>		
Legacy Assets	0.2		
Corporate	0.7		
Total regulatory capital requirement @ 8.5%	13.8		
Comprising: Ordinary Equity	11.5		
Hybrid	2.3		
Add: Surplus Ordinary Equity	3.1		
<b>Total APRA Basel III capital supply</b>	<b>16.9</b>		

1. Business Group capital allocations are indicative and are based on allocations as at 30 Jun 15 adjusted for material movements over the Sep 15 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on Operating Group's 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. 9-year average covers FY07 to FY15, inclusively. 3. CAF returns prior to FY11 excluded from 9-year average as not meaningful given the significant increase in scale of CAF's platform over this period.

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# Medium term



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<b>MAM</b>	<ul style="list-style-type: none"><li>• Annuity-style business that is diversified across regions, products, asset classes and investor types</li><li>• Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions</li><li>• Well positioned for organic growth with several strongly performing products and an efficient operating platform</li></ul>
<b>CAF</b>	<ul style="list-style-type: none"><li>• Leverage deep industry expertise to maximise growth potential in loan and lease portfolios</li><li>• Anticipate further asset acquisitions and realisations at attractive return levels</li><li>• Funding from asset securitisation throughout the cycle</li></ul>
<b>BFS</b>	<ul style="list-style-type: none"><li>• Strong growth opportunities through intermediary distribution, white labelling, platforms and client service</li><li>• Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments</li><li>• Modernising technology to improve client experience and support growth</li></ul>
<b>MSG</b>	<ul style="list-style-type: none"><li>• Highly leveraged to market conditions and investor confidence, particularly in the Asia-Pacific region</li><li>• Well positioned for recovery in Asian retail derivatives, cash equities and ECM</li><li>• Monetise existing strong research platform</li></ul>
<b>MacCap</b>	<ul style="list-style-type: none"><li>• Can expect to benefit from any improvement in M&amp;A and ECM market activity</li><li>• Continues to align the business offering to current opportunities and market conditions in each region</li></ul>
<b>CFM</b>	<ul style="list-style-type: none"><li>• Opportunities to grow commodities business, both organically and through acquisition</li><li>• Development of institutional coverage for specialised credit, rates and foreign exchange products</li><li>• Increase financing activities</li><li>• Growing the client base across all regions</li></ul>



Select slides from result announcement  
for the half-year ended 30 September 2015

# Income Statement key drivers



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Net interest and trading income	2,273	2,176	1,643
Fee and commission income	2,794	2,572	2,167
Share of net (losses)/gains of associates	(63)	(14)	19
Impairments of investments and non-financial assets	(108)	(277)	(79)
Loan impairments and provisions	(336)	(363)	(104)
Other income	758	884	638
<b>Net operating income</b>	<b>5,318</b>	<b>4,978</b>	<b>4,284</b>
Employment expenses	(2,263)	(2,199)	(1,944)
Brokerage, commissions and trading-related expenses	(444)	(437)	(387)
Other operating expenses	(992)	(941)	(832)
<b>Total operating expenses</b>	<b>(3,699)</b>	<b>(3,577)</b>	<b>(3,163)</b>
<b>Net profit before tax and non-controlling interests</b>	<b>1,619</b>	<b>1,401</b>	<b>1,121</b>
Income tax expense	(530)	(467)	(432)
Non-controlling interests	(19)	(8)	(11)
<b>Net profit after tax</b>	<b>1,070</b>	<b>926</b>	<b>678</b>

- Foreign exchange movements impacting all income statement key drivers
  - Approx. a quarter of the increase in 1H16 NPAT on 1H15 due to FX
- Net interest and trading income of \$A2,273m, up 38% on 1H15
  - Increased lending activity in CAF and BFS
  - Improved trading results for CFM and MSG
- Fee and commission income of \$A2,794m, up 29% on 1H15
  - Higher base and performance fees in MAM
  - Increased fee income across M&A, ECM and DCM
- Impairments of investments and non-financial assets of \$A108m up 37% on 1H15
  - Includes write-down of a small number of underperforming principal investments in MacCap
  - 2H15 included write-down of intangibles
- Loan impairments and provisions of \$A336m, up significantly on 1H15
  - Increase in specific provisions in CFM
- Other income of \$A758m, up 19% on 1H15
  - Increase in net operating lease income
  - Increase in dividend income received
- Employment expenses of \$A2,263m, up 16% on 1H15
  - Improved result leading to higher staff compensation
- Other operating expenses of \$A992m, up 19% on 1H15
  - Increase in revenue generated expenses, particularly in MSG, BFS and MacCap
  - Increased technology spend in BFS
- Effective tax rate of 33.1%, consistent with 2H15



# Macquarie Asset Management

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Base fees	784	731	641
Performance fees	609	294	373
Other fee and commission income	124	128	105
Investment income <sup>1</sup>	91	(8)	72
Other income	61	46	34
<b>Net operating income</b>	<b>1,669</b>	<b>1,191</b>	<b>1,225</b>
Brokerage, commission and trading-related expenses	(104)	(100)	(88)
Other operating expenses	(413)	(426)	(352)
<b>Total operating expenses</b>	<b>(517)</b>	<b>(526)</b>	<b>(440)</b>
Non-controlling interests	(13)	-	-
<b>Net profit contribution<sup>2</sup></b>	<b>1,139</b>	<b>665</b>	<b>785</b>
<b>AUM (\$Ab)</b>	<b>502.3</b>	<b>484.0</b>	<b>423.3</b>
<b>Headcount</b>	<b>1,480</b>	<b>1,488</b>	<b>1,492</b>

- Base fees of \$A784m, up 22% on 1H15; AUM up 19%
  - Favourable foreign exchange and market movement impacts
  - MIM - net inflows into higher fee earning products
  - MIRA - fund raisings and deployment of capital, partially offset by asset realisations
- Performance fees of \$A609m, up significantly on 1H15
  - Includes MIC, MEIF1, MQA, MKIF, MIIF as well as fee income from co-investors in respect of a UK asset
- Other fee and commission income of \$A124m, up 18% on 1H15
  - Includes distribution service fees and income from True Index products
  - Largely reflecting foreign exchange impact
- Investment income of \$A91m, up 26% on 1H15
  - Includes gains on sale of listed equity investments, partially offset by equity accounted losses on MIRA investments
  - Gain on sale of almond orchard in MSIS
- Other income of \$A61m, up significantly on 1H15
  - Includes dividend income from equity investments
- Total operating expenses of \$A517m, up 18% on 1H15
  - Largely reflecting foreign exchange impact

1. Includes gains on disposal of equity investments and share of net gains of associates. 2. Management accounting profit before unallocated corporate costs, profit share and income tax.

# Corporate and Asset Finance

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Net interest and trading income <sup>1</sup>	460	411	326
Net operating lease income	363	309	278
Gain on disposal of operating lease assets	3	141	90
Gain on disposal of businesses	6	141	-
Impairments and provisions <sup>2</sup>	(23)	(119)	(34)
Fee and commission income	13	12	21
Other income	39	18	3
Internal management revenue/(charge) <sup>3</sup>	2	(7)	4
<b>Net operating income</b>	<b>863</b>	<b>906</b>	<b>688</b>
<b>Total operating expenses</b>	<b>(252)</b>	<b>(262)</b>	<b>(220)</b>
<b>Net profit contribution<sup>4</sup></b>	<b>611</b>	<b>644</b>	<b>468</b>
Loan and finance lease portfolio (\$Ab)	23.1	22.4	21.6
Operating lease portfolio (\$Ab)	9.2	6.3	5.9
Headcount <sup>5</sup>	903	1,033	1,063

- Net interest and trading income of \$A460m, up 41% on 1H15
  - Lending book benefiting from favourable foreign exchange impact, realisations and accretion of interest on loans acquired at a discount
  - Asset finance portfolio - underlying growth in most portfolios partially offset by a reduction in the equipment leasing portfolio following the sale of the US business in 2H15
  - Increased funding costs associated with the growth in the Aircraft portfolio as a result of the AWAS acquisition and foreign exchange
- Net operating lease income of \$A363m, up 31% on 1H15
  - Ongoing transition of AWAS acquisition and foreign exchange impact
- Gain on disposal of operating lease assets/businesses
  - 1H15 and 2H15 included disposal of US rail assets
  - 2H15 included sale of US equipment leasing business
- Other income of \$A39m, up significantly on 1H15
  - Ancillary financing and services income
- Total operating expenses of \$A252m, up 15% on 1H15
  - Reduced headcount as a result of prior year disposal of assets/business
  - Offset by foreign exchange impact

# Banking and Financial Services

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Net interest and trading income <sup>1</sup>	456	419	406
Platform and other fee and commission income	232	212	198
Brokerage and commissions	50	58	64
Impairments and provisions <sup>2</sup>	(14)	(20)	(15)
Other income	12	11	12
<b>Net operating income</b>	<b>736</b>	<b>680</b>	<b>665</b>
<b>Total operating expenses</b>	<b>(566)</b>	<b>(536)</b>	<b>(524)</b>
<b>Net profit contribution<sup>3</sup></b>	<b>170</b>	<b>144</b>	<b>141</b>

Macquarie platform assets under administration (\$Ab)	46.7	48.0	41.7
Australian loan portfolio <sup>4</sup> (\$Ab)	34.2	30.4	25.3
Legacy loan portfolio <sup>5</sup> (\$Ab)	2.6	3.8	4.6
BFS Deposits (\$Ab)	38.7	37.3	35.3

Headcount	2,250	2,505	2,568
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- Net interest and trading income of \$A456m, up 12% on 1H15
  - Solid growth in Australian residential mortgages, business lending and deposits
  - Reduced deposit margin largely as a result of decrease in RBA cash rate
  - Continued run-off of Canadian and US mortgage portfolios
- Platform and other fee and commission income of \$A232m, up 17% on 1H15
  - Performance fee from co-investors in respect of the disposal of a UK asset
  - Increase in fee income from growth across a number of products (mortgages, business lending, credits cards) and platforms (FUM up as a result of net inflows and positive market movements)
- Brokerage and commissions of \$A50m, down 22% on 1H15
  - lower levels of activity and reduced advisor headcount
- Total operating expenses of \$A566m, up 8% on 1H15
  - Increased technology spend, particularly in relation to the Core Banking project
  - Higher commissions expense as a result of portfolio growth
  - Lower employment costs due to reduced headcount

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 investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 5. The legacy loan portfolio primarily comprises residential mortgages in Canada and the US.

# Macquarie Securities

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Brokerage and commissions	311	280	262
Net interest and trading income <sup>1</sup>	375	176	113
Underwriting fee income	60	37	55
Other fee and commission income	(2)	12	6
Impairments, provisions and other income	(20)	(13)	-
Internal management charge	(6)	(5)	(5)
<b>Net operating income</b>	<b>718</b>	<b>487</b>	<b>431</b>
Brokerage, commission and trading-related expenses	(115)	(87)	(71)
Other operating expenses	(363)	(353)	(343)
<b>Total operating expenses</b>	<b>(478)</b>	<b>(440)</b>	<b>(414)</b>
<b>Net profit contribution<sup>2</sup></b>	<b>240</b>	<b>47</b>	<b>17</b>
Headcount	980	998	1,013

- Brokerage and commissions of \$A311m, up 19% on 1H15
  - Higher brokerage and commissions in Asia and Australia partially offset by lower brokerage and commissions in North America and EMEA
  - Favourable foreign exchange impact
- Net interest and trading income of \$A375m, up significantly on 1H15
  - Improved trading opportunities in Asia and Europe driven by increased market volatility, particularly in China, as well as increased demand for Asian retail derivatives
- Underwriting fee income of \$A60m, up 9% on 1H15
  - Improved ECM activity, particularly in Australia
- Impairments and provisions due to underperformance of certain credits
- Total operating expenses of \$A478m, up 15% on 1H15
  - Increase in revenue driven expenses
  - Foreign exchange
  - Partly offset by lower headcount

# Macquarie Capital

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Fee and commission income	501	499	361
Investment and other income	113	164	107
Net interest and trading income <sup>1</sup>	31	(11)	(13)
Impairments and provisions <sup>2</sup>	(129)	(41)	(17)
Internal management revenue <sup>3</sup>	-	4	1
<b>Net operating income</b>	<b>516</b>	<b>615</b>	<b>439</b>
<b>Total operating expenses</b>	<b>(346)</b>	<b>(339)</b>	<b>(290)</b>
Non-controlling interests	-	4	1
<b>Net profit contribution<sup>4</sup></b>	<b>170</b>	<b>280</b>	<b>150</b>

Advisory and capital markets activity:			
Number of transactions	208	239	242
Transactions value (\$Ab)	116	75	68

Headcount	1,157	1,202	1,139
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- Fee and commission income of \$A501m, up 39% on 1H15
  - Increased fee income across all product classes (M&A, ECM, DCM)
  - US and Australia experienced particularly strong growth in M&A
- Investment and other income of \$A113m, up 6% on 1H15
  - Higher dividend income
  - 2H15 included higher gains on sale of investments and income from assets sold in 1H16
- Net Interest and trading income of \$A31m, up significantly on 1H15
  - Increased interest income from debt investments offsetting interest expense associated with principal investments
- Impairment charges of \$A129m, up significantly on 1H15
  - Increase relates to certain underperforming principal investments
- Total operating expenses of \$A346m, up 19% on 1H15
  - Foreign exchange
  - Costs associated with business operations

# Commodities and Financial Markets

## Result



	1H16 \$Am	2H15 \$Am	1H15 \$Am
Commodities <sup>1</sup>	583	707	418
<i>Risk management products</i>	<i>345</i>	<i>323</i>	<i>271</i>
<i>Lending and financing</i>	<i>148</i>	<i>177</i>	<i>141</i>
<i>Inventory management, transport and storage</i>	<i>90</i>	<i>207</i>	<i>6</i>
Credit, interest rates and foreign exchange <sup>1</sup>	246	315	253
Fee and commission income	117	325	93
Impairments and provisions <sup>2</sup>	(176)	(262)	(72)
Investment and other income	41	21	33
<b>Net operating income</b>	<b>811</b>	<b>1,106</b>	<b>725</b>
Brokerage, commission and trading-related expenses	(112)	(134)	(124)
Other operating expenses	(417)	(387)	(351)
<b>Total operating expenses</b>	<b>(529)</b>	<b>(521)</b>	<b>(475)</b>
<b>Net profit contribution<sup>3</sup></b>	<b>282</b>	<b>585</b>	<b>250</b>
Headcount	986	984	959

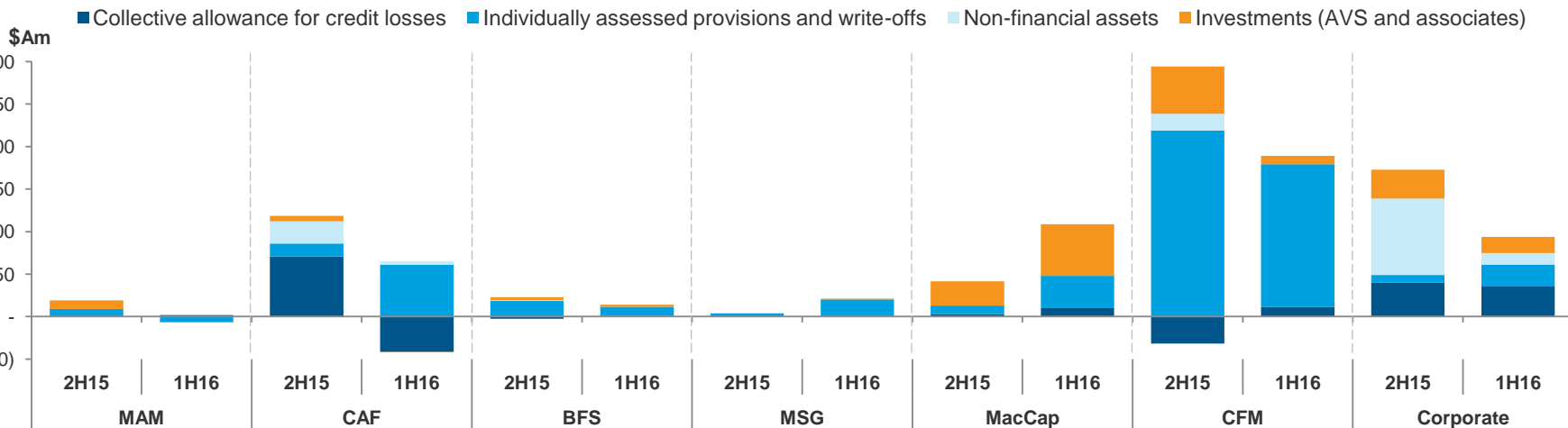
- Commodities income of \$A583m, up 39% on 1H15
  - Risk management products - increased client activity across most of the platform as a result of price volatility and continued business growth; Global Oil particularly strong
  - Lending and financing, broadly in line with 1H15 - decrease in metals financing offset by increase in Global Oil financing activity
  - Inventory management, transport and storage - increased client activity, particularly in the North American gas market
- Credit, interest rate and foreign exchange income of \$A246m, down 3% on 1H15
  - Increased activity in foreign exchange markets offset by lower levels of activity in high yield US credit markets
- Fee and commission income of \$A117m, up 26% on 1H15
  - Increased client activity in futures markets
  - Foreign exchange
  - 2H15 included Freeport fee income
- Impairment charges of \$A176m, up significantly on 1H15
  - Increase in loan impairments due to underperformance of certain commodity related loans
- Total operating expenses of \$A529m, up 11% on 1H15
  - Foreign exchange

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. Includes investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

# Provisions for impairment



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1H16: Impairment of certain loans and lease receivables, partly offset by release of collective provisions as a result of loan realisations

1H16 impairment charges relate to the underperformance of certain principal investments and loans

1H16 impairment charges largely due to underperformance of certain commodity related loans

1H16 collective provision charge relates to central management overlay to account for changes in current economic conditions

# Legislative tax disclosures by the Australian Tax Office



MACQUARIE

- The Australian Tax Office (ATO) will be publicly disclosing specific information on the tax position of certain corporate taxpayers including Macquarie
- This information will relate to Macquarie's Australian Tax Consolidated Group for FY14 and is expected to be published on the ATO's website in December 2015

	Ordinary	Life	FY14 \$Am	
Total income			8,085	FY14 revenue attributable to Macquarie's Australian Tax Consolidated Group before expenses
Total expenses and adjustments			(7,288)	Includes operating expenses incurred in earning total income including funding costs as well as various adjustments required under Australian Tax Law
Taxable income	738	59	797	Amount on which tax is payable
Tax rate	30%	15%		
Prima facie tax payable	221	9	<b>230</b>	
Less tax offsets	<b>(97)</b>	<b>(5)</b>	<b>(102)</b>	Tax offsets comprise: <ul style="list-style-type: none"> <li>• Franking offsets on Australian dividends: dividends received by Macquarie that have been paid out of profits taxed in Australia</li> <li>• Foreign income tax offsets: foreign tax paid by Macquarie in respect of overseas income</li> <li>• Research and development tax incentive: tax offsets for eligible research and development expenditure</li> </ul>
<b>Tax payable</b>	<b>124</b>	<b>4</b>	<b>128</b>	Net income tax payable to the ATO

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# Balance sheet highlights

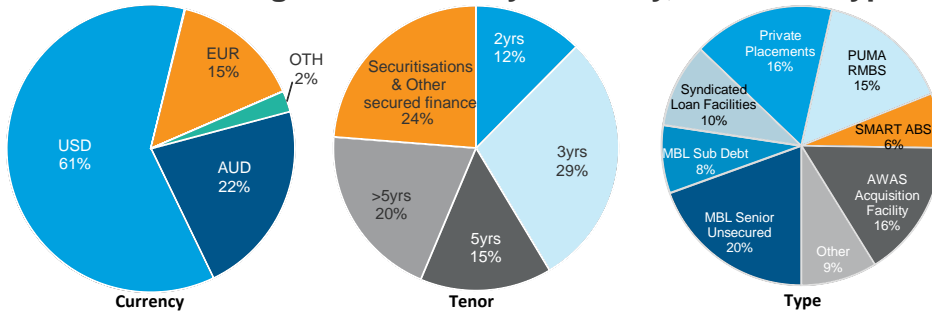
- Balance sheet remains solid and conservative
  - Term assets covered by term funding, stable deposits and equity
  - Minimal reliance on short term wholesale funding markets
- Total customer deposits<sup>1</sup> continuing to grow, up 7.8% to \$A42.8b at Sep 15 from \$A39.7b at Mar 15
- \$A10.3b<sup>2</sup> of term funding raised to Sep 15:
  - \$A2.9b mortgage and motor vehicle/equipment secured funding
  - \$A1.0b public subordinated debt
  - \$A2.4b senior unsecured debt issuance in the US market
  - \$A2.8b private placements and structured note issuance
  - \$A1.2b MGL syndicated loan facility
- \$A4.0b<sup>2</sup> AWAS acquisition debt facility
- \$A0.4b of capital raised through institutional placement in Oct 15



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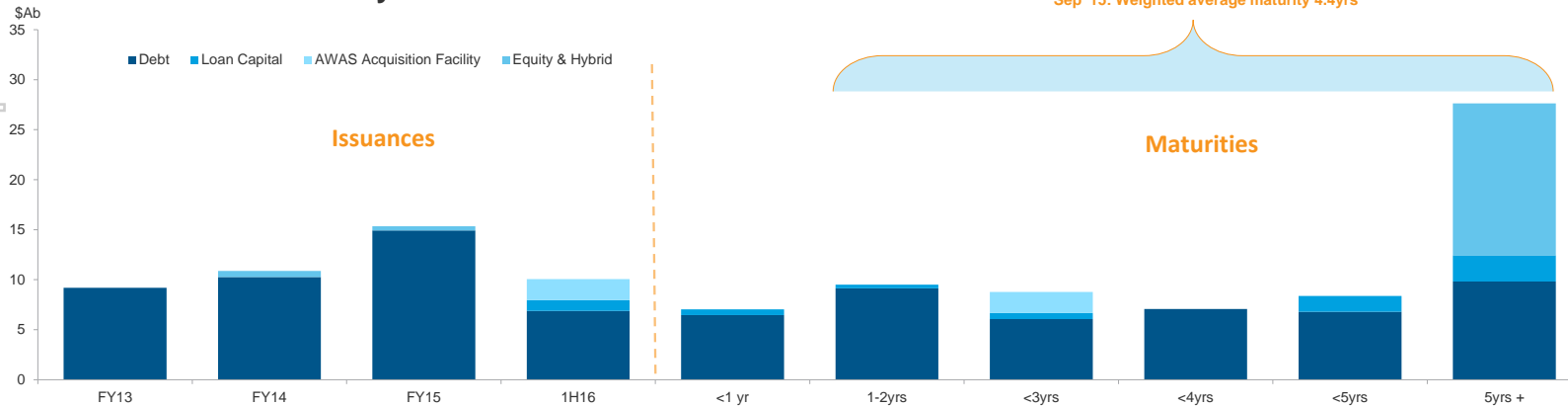
# Diversified issuance strategy<sup>1</sup>

## FY16 Term funding - diversified by currency, tenor and type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity) has a weighted average maturity of 4.4 years

## Term Issuance and Maturity Profile<sup>2</sup>



1. All data presented in these charts includes only the drawn portion of term funding facilities. 2. Issuances and Maturities exclude securitisations and other secured finance. Balances are converted to AUD at the 30 Sep 15 spot rate.

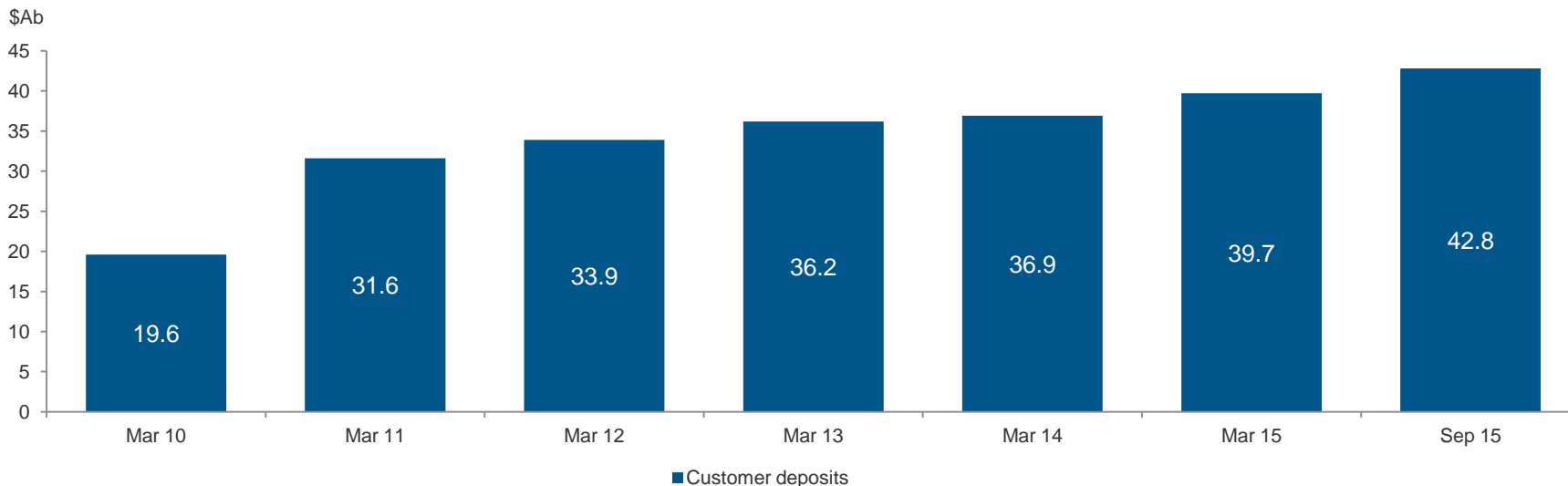
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# Continued customer deposit growth



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

- In excess of 1.1 million BFS clients, of which approx. 600,000 are depositors
- Focus on the composition and quality of the deposit base
- Continue to grow deposits in the CMA product, which has an average account balance of approx. \$A44,000

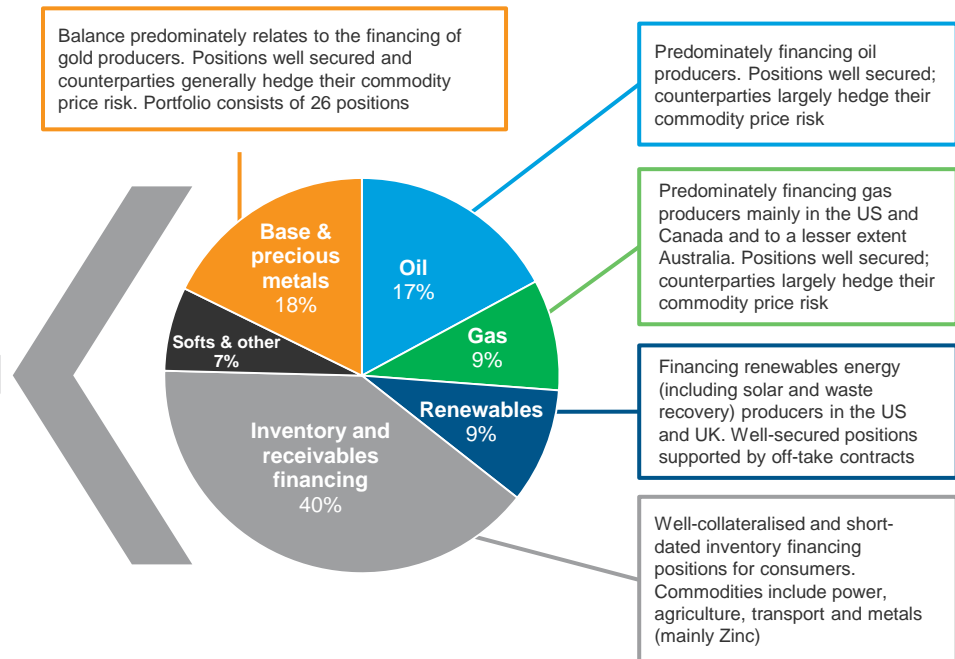


# Loan portfolio<sup>1</sup> growth – Funded Balance Sheet



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Category	Sep 15 \$Ab	Mar 15 \$Ab
<b>Mortgages:</b>		
Australia	19.3	16.7
Canada, US and Other	3.0	4.5
<b>Total mortgages</b>	<b>22.3</b>	<b>21.2</b>
Structured investments	2.0	2.3
Business banking	5.8	5.2
Real Estate	3.6	3.5
Resources and commodities	3.2	3.0
Finance leases	5.8	4.8
Corporate lending	7.6	6.9
Other lending	1.8	2.1
	<b>52.1</b>	<b>49.0</b>
Operating leases	9.2	6.3
<b>Total loan assets per funded balance sheet<sup>2</sup></b>	<b>61.3</b>	<b>55.3</b>



1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet of \$A76.7b at 30 Sep 15 (\$A72.8b at 31 Mar 15) 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. Total loan assets per funded balance sheet includes self securitisation assets.

# Equity investments of \$A5.5b<sup>1</sup>



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Category	Carrying value <sup>2</sup> Sep 15 \$Am	Carrying value <sup>2</sup> Mar 15 \$Am	Description
<b>MIRA-managed funds</b>	1,653	1,479	Macquarie Infrastructure Corporation, MPF Holdings Limited, Macquarie SBI Infrastructure Fund, Macquarie Atlas Roads, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 3 LP, Macquarie Mexican REIT, Macquarie European Infrastructure Fund 4 LP
<b>Other Macquarie-managed funds</b>	636	554	Includes investments that hedge directors' profit share plan liabilities
<b>Transport, industrial and infrastructure</b>	730	381	Over 50 separate investments including US infrastructure assets
<b>Telcos, IT, media and entertainment</b>	1,176	759	Over 40 separate investments including Crown Castle Australia
<b>Energy, resources and commodities</b>	616	372	Over 100 separate investments, increase relates to investment in Quadrant Energy (Apache)
<b>Real estate investment, property and funds management</b>	156	300	Over 20 separate investments
<b>Finance, wealth management and exchanges</b>	501	537	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	<b>5,468</b>	<b>4,382</b>	

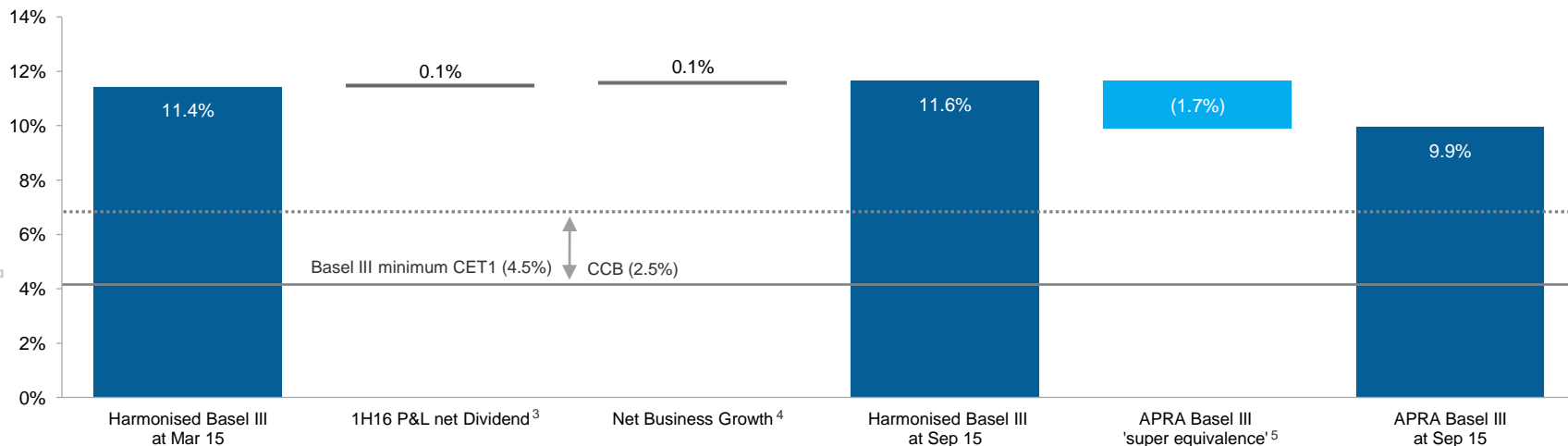
1. Equity investments per the statutory balance sheet of \$A7,018m (Mar 15: \$A5,848m) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A6,158m (Mar 15: \$A5,061m), less available for sale reserves of \$A688m (Mar 15: \$A688m) and associate reserves of \$A2m (Mar 15: nil); other assets nil (Mar 15: \$A9m).

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



- APRA Basel III CET1 ratio: 9.9%<sup>1</sup>
- Harmonised Basel III CET1 ratio: 11.6%<sup>2</sup>

Bank Group Common Equity Tier 1 (CET1) Ratio: Basel III (Sep 15)



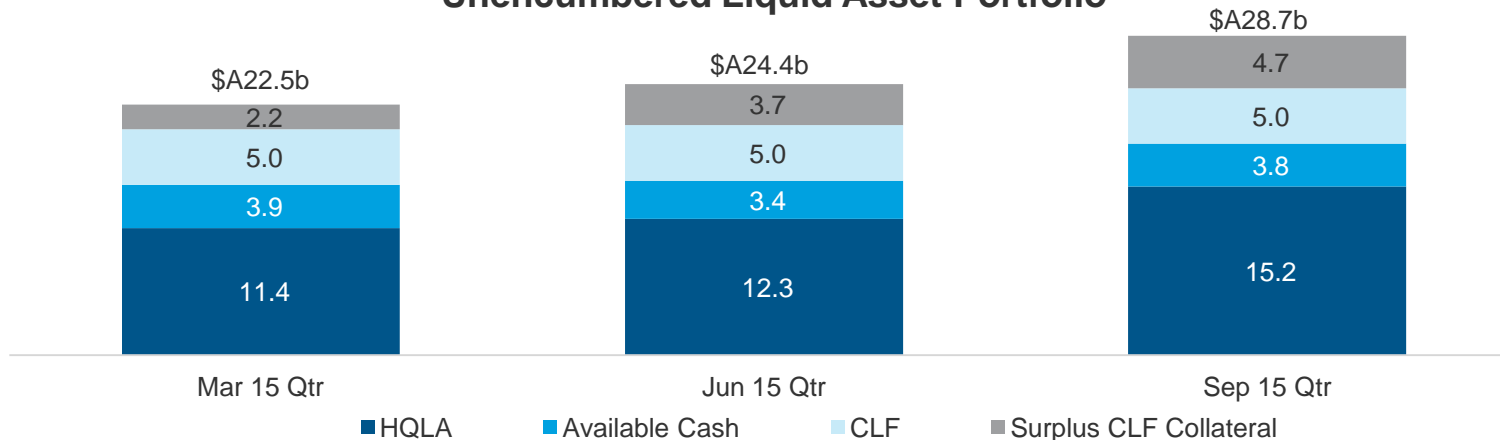
1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Sep 15: 11.1%. APRA Basel III CET1 ratio at Mar 15: 9.7%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Sep 15: 12.8%. 3. Includes MBL 1H16 P&L and dividend paid from MBL to MGL and reserve movements (excluding foreign currency translation reserve). 4. Includes business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital supply and requirements. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments (0.6%); deconsolidated subsidiaries (0.4%); DTAs and other impacts (0.7%).



# Strong liquidity position maintained

- 170% average LCR for Sep 15 quarter, based on month-end observations
  - Maintained well above regulatory minimums
  - Includes APRA approved AUD CLF allocation of \$A5b for 2015 calendar year
- Reflects long-standing conservative approach to liquidity management
- \$A28.7b of unencumbered liquid assets and cash on average over the quarter to Sep 15 (post applicable haircuts)

## Unencumbered Liquid Asset Portfolio<sup>1</sup>



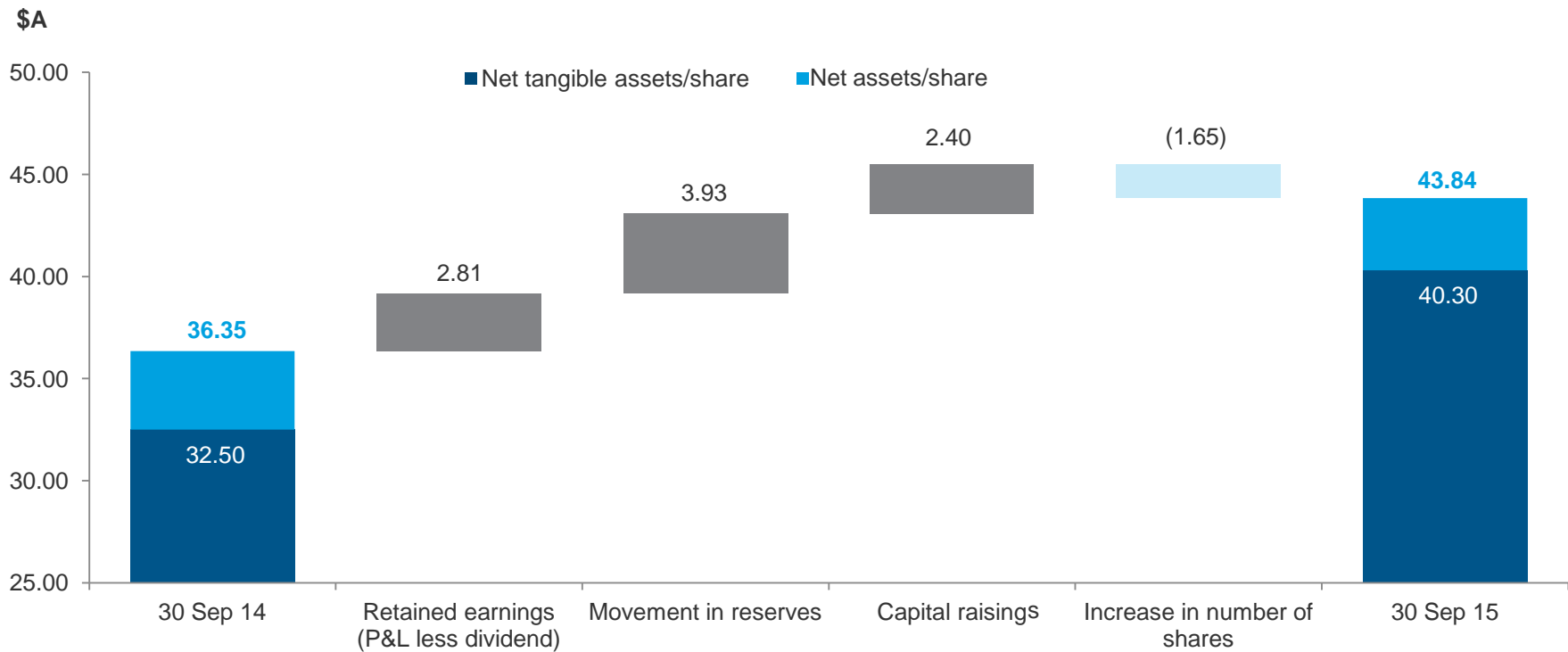
1. Unencumbered Liquid Asset Portfolio represents the quarterly average of month-end observations.

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# Net assets per share



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# Capital management update



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- On-market share purchases since 31 Mar 15
  - FY15 MEREP \$A383m at a weighted average price of \$A80.68
- In Oct 15, the Group issued \$A0.4b in equity via an Institutional Placement (Placement) to provide capital for the acquisition of the Esanda dealer finance portfolio from ANZ Banking Group
- An associated Share Purchase Plan (SPP) will be offered to eligible shareholders in Australia and New Zealand from 2 Nov 15:
  - Eligible shareholders can apply for shares with a dollar value of up to \$A10,000
    - if eligible shareholders participated in the Mar 15 SPP, the maximum value of shares allocated from both the Mar 15 SPP and this offer is limited to \$A15,000
  - Record date: 7 Oct 15 (the day prior to the launch of the Placement)
  - SPP Shares will not be eligible for the 1H16 dividend, however the offer price will be adjusted to reflect this
  - SPP Shares are offered at the lower of:
    - \$A78.40 representing the issue price paid under the Placement (\$A80.00) less the 1H16 dividend (\$A1.60); and
    - a 1.0% discount to the VWAP of shares traded during the pricing period<sup>1</sup>
  - Full details of the SPP will be sent to eligible shareholders on or around 2 Nov 15
- Macquarie intends to redeem the Preferred Membership Interests \$US400m hybrid in Dec 15 and expects to replace these in due course

1. Five ASX trading days immediately prior to and including the closing date (17 Nov 15, 5pm Sydney time).

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**B**

Glossary

# Glossary



MACQUARIE

<b>\$A / AUD</b>	Australian Dollar
<b>\$US / USD</b>	United States Dollar
<b>£</b>	British Pound
<b>€/EUR</b>	Euro
<b>1H15</b>	Half-Year ended 30 September 2014
<b>1H16</b>	Half-Year ended 30 September 2015
<b>2H15</b>	Half-Year ended 31 March 2015
<b>3Q15</b>	Quarter ended 31 December 2014
<b>3Q16</b>	Quarter ended 31 December 2015
<b>ABN</b>	Australian Business Number
<b>ANZ</b>	Australia and New Zealand
<b>Approx.</b>	Approximately
<b>APRA</b>	Australian Prudential Regulation Authority
<b>APTT</b>	Asian Pay Television Trust
<b>ASX</b>	Australian Securities Exchange
<b>ATO</b>	Australian Taxation Office
<b>AUM</b>	Assets Under Management

<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BFS</b>	Banking and Financial Services
<b>CAF</b>	Corporate and Asset Finance
<b>CAGR</b>	Compound Annual Growth Rate
<b>CCB</b>	Capital Conservation Buffer
<b>CET1</b>	Common Equity Tier 1
<b>CFM</b>	Commodities and Financial Markets
<b>CHES</b>	Australian Clearing House and Electronic Sub-Register System
<b>CLF</b>	Committed Liquid Facility
<b>CMA</b>	Cash Management Account
<b>CY14</b>	Calendar Year ended 31 December 2014
<b>CY15</b>	Calendar Year ending 31 December 2015
<b>DCM</b>	Debt Capital Markets
<b>DPS</b>	Dividend Per Share
<b>DRP</b>	Dividend Reinvestment Plan
<b>DTA</b>	Deferred Tax Asset
<b>ECM</b>	Equity Capital Markets

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# Glossary



MACQUARIE

**EMEA** Europe, the Middle East and Africa

**EUM** Equities Under Management

**EPS** Earnings Per Share

**FUM** Funds Under Management

**FX** Foreign Exchange

**FY05** Full Year ended 31 March 2005

**FY07** Full Year ended 31 March 2007

**FY08** Full Year ended 31 March 2008

**FY09** Full Year ended 31 March 2009

**FY11** Full Year ended 31 March 2011

**FY12** Full Year ended 31 March 2012

**FY13** Full Year ended 31 March 2013

**FY14** Full Year ended 31 March 2014

**FY15** Full Year ended 31 March 2015

**FY16** Full Year ending 31 March 2016

**HQLA** Highly Quality Liquid Assets

**IPO** Initial Public Offering

**LCR** Liquidity Coverage Ratio

**LNG** Liquefied Natural Gas

**LP** Limited Partner

**Ltd** Limited

**M&A** Mergers and Acquisitions

**MacCap** Macquarie Capital

**MAM** Macquarie Asset Management

**MBL** Macquarie Bank Limited

**MEIF1** Macquarie European Infrastructure Fund 1

**MEREP** Macquarie Group Employee Retained Equity Plan

**MGL / MQG** Macquarie Group Limited

**MKIF** Macquarie Korea Infrastructure Fund

**MIC** Macquarie Infrastructure Corporation

**MIDIS** Macquarie Infrastructure Debt Investment Solutions

**MIIF** Macquarie International Infrastructure Fund

**MIM** Macquarie Investment Management

**MIRA** Macquarie Infrastructure and Real Assets

# Glossary



<b>MQA</b>	Macquarie Atlas Roads
<b>MSG</b>	Macquarie Securities Group
<b>MSIS</b>	Macquarie Specialised Investment Solutions
<b>Mths</b>	Months
<b>NGLs</b>	Natural gas liquids
<b>No.</b>	Number
<b>NPAT</b>	Net Profit After Tax
<b>P&amp;L</b>	Profit and Loss Statement
<b>PCP</b>	Prior Corresponding Period
<b>PPE</b>	Property, Plant and Equipment
<b>PPP</b>	Public Private Partnership
<b>REIT</b>	Real Estate Investment Trust
<b>ROE</b>	Return on Equity
<b>RBA</b>	Reserve Bank of Australia
<b>RWA</b>	Risk Weighted Assets
<b>SBI</b>	State Bank of India
<b>ST DEV</b>	Standard Deviation

<b>TMET</b>	Telecommunications, Media, Entertainment and Technology
<b>UK</b>	United Kingdom
<b>US</b>	United States of America
<b>VWAP</b>	Volume weighted average price
<b>yr</b>	Year
<b>YTD</b>	Year To Date

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# Credit Suisse 19th Annual Asian Investment Conference Conrad Hotel, Hong Kong

Presentation to Investors and Analysts  
5-8 April 2016

**Patrick Upfold**  
Chief Financial Officer

**Karen Khadi**  
Head of Investor Relations

