MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2017

5 May 2017

Disclaimer

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

Unless otherwise specified all information is for the full year ended 31 March 2017.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Annual Report ("the Financial Report") for the year ended 31 March 2017, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

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

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

01 Introduction

Karen Khadi – Head of Investor Relations

Agenda

1. **Introduction** – Karen Khadi
2. **Overview of Result** – Nicholas Moore
3. **Result Analysis and Financial Management** – Patrick Upfold
4. **Outlook** – Nicholas Moore
5. **Appendices**

02 Overview of Result

Nicholas Moore – Managing Director and Chief Executive Officer

Formatting and alignment to stay as-is: 0305/1600 - Dileep

ABOUT MACQUARIE

Building for the long-term

MACQUARIE

Annuity-style businesses

Macquarie Asset Management (MAM)

- Top 50 global asset manager with $A480.0b[1] 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 and tailored investment solutions over funds and listed equities

Corporate and Asset Finance (CAF)

- Global provider of specialist finance and asset management solutions, with a $A36.5b[1] asset and loan portfolio
- 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

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with a $A35.8b[1] Australian loan portfolio, funds on platform of $A72.2b[1] and BFS deposits of $A44.5b[1]
- Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients

Capital markets facing businesses

Commodities and Global Markets[2] (CGM)

- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities
- Provides clients with risk and capital solutions across physical and financial markets
- Diverse platform covering more than 25 market segments, with more than 160 products
- Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)
- Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities

Macquarie Capital (MacCap)

- Global capability in M&A Advisory, Debt and Equity Capital Markets and Principal Investments
- Focus on six core sectors: Infrastructure, Utilities and Renewables; Real Estate; Telecommunications, Media, Entertainment & Technology; Resources; Industrials; and Financial Institutions

1. As at 31 Mar 17. 2. Formerly Macquarie Securities Group and Commodities and Financial Markets.

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2H17 result: $A1,167m up 11% on 1H17

	2H17 $Am	1H17 $Am	2H17 v 1H17
Net operating income	5,146	5,218	↓ 1%
Total operating expenses	(3,527)	(3,733)	↓ 6%
Operating profit before income tax	**1,619**	**1,485**	**↑ 9%**
Income tax expense	(430)	(438)	↓ 2%
Effective tax rate[1] (%)	*26.9*	*29.4*	
(Profit)/loss attributable to non-controlling interests	(22)	3	
Profit attributable to MGL shareholders	**1,167**	**1,050**	**↑ 11%**
Annualised return on equity (%)	**15.8**	**14.6**	**↑ 8%**
Basic earnings per share	**$A3.46**	**$A3.12**	**↑ 11%**
Ordinary dividends per share	**$A2.80**	**$A1.90**	**↑ 47%**

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

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2H17 result: $A1,167m up 11% on 1H17; up 18% on 2H16

ANNUITY-STYLE BUSINESSES

$A1,610m ▼ 2% ON 1H17 ▲ 34% ON 2H16

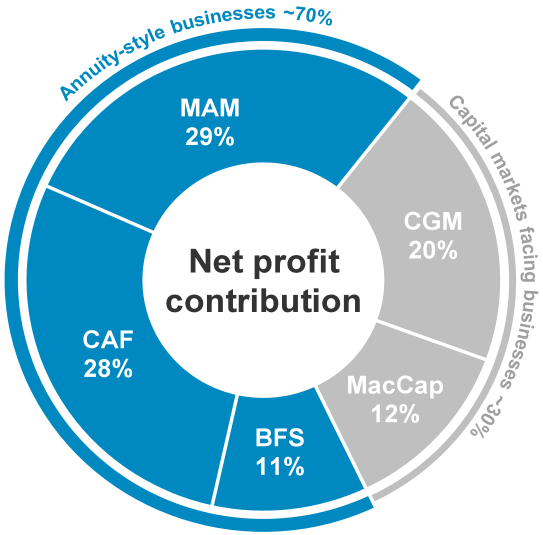
CAPITAL MARKETS FACING BUSINESSES

$A759m ▲ 9% ON 1H17 ▲ 26% ON 2H16

MAM: ▼ on 1H17
Continued to perform well against a strong 1H17, which benefited from significant realisation income

CAF: ▲ on 1H17
Continued strong performance across Leasing books; increased realisations in the Lending portfolio

BFS: broadly in line with 1H17
Growth in Australian mortgage, business banking and deposit books; 1H17 benefited from the sale of Macquarie Life's risk insurance business



CGM: broadly in line with 1H17
Benefited from improved trading conditions across most businesses

Macquarie Capital: ▲ on 1H17
Increased M&A and DCM activity as well as lower impairments

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 2H17 net profit contribution from operating groups.

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FY17 result: $A2,217m up 7.5% on FY16

	2H17 $Am	1H17 $Am	2H17 v 1H17	FY17 $Am	FY16 $Am	FY17 v FY16
Net operating income	5,146	5,218	↓ 1%	10,364	10,158	↑ 2%
Total operating expenses	(3,527)	(3,733)	↓ 6%	(7,260)	(7,143)	↑ 2%
Operating profit before income tax	**1,619**	**1,485**	**↑ 9%**	**3,104**	**3,015**	**↑ 3%**
Income tax expense	(430)	(438)	↓ 2%	(868)	(927)	↓ 6%
Effective tax rate[1] (%)	*26.9*	*29.4*		*28.1*	*31.0*	
(Profit)/loss attributable to non-controlling interests	(22)	3		(19)	(25)	
Profit attributable to MGL shareholders	**1,167**	**1,050**	**↑ 11%**	**2,217**	**2,063**	**↑ 7%**
Annualised return on equity (%)	**15.8**	**14.6**	**↑ 8%**	**15.2**	**14.7**	**↑ 3%**
Basic earnings per share	**$A3.46**	**$A3.12**	**↑ 11%**	**$A6.58**	**$A6.19**	**↑ 6%**
Ordinary dividends per share	**$A2.80**	**$A1.90**	**↑ 47%**	**$A4.70**	**$A4.00**	**↑ 18%**

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

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FY17 result: $A2,217m up 7.5% on FY16

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ANNUITY-STYLE BUSINESSES

$A3,249m | ▲ 4% ON FY16

MAM: ▼ on FY16

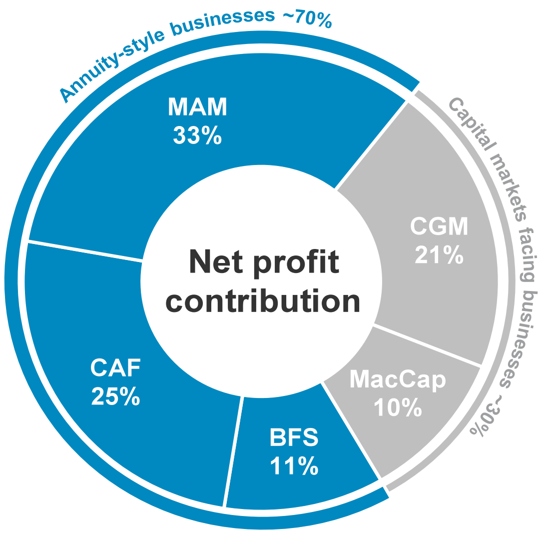
- Base fees broadly in line
- Lower performance fees
- Increased investment-related income

CAF: ▲ on FY16

- Full year contribution from AWAS/Esanda
- Income from prepayments and realisations in Lending broadly in line; albeit lower lending volumes
- Unfavourable FX impact largely due to weakening GBP

BFS: ▲ on FY16

- Growth in Australian mortgage, business banking and deposit books
- Gain on the sale of Macquarie Life's risk insurance business; partially offset by increased project-related expenses (e.g. Core Banking)



CAPITAL MARKETS FACING BUSINESSES

$A1,454m | ▲ 12% ON FY16

CGM: ▲ on FY16

- Strong customer base and market volatility drove client flows and revenue across Commodities, Fixed Income and Futures
- Lower level of impairments
- Increased investment-related income
- Subdued equity market conditions, particularly in Asia

Macquarie Capital: ▲ on FY16

- Improved fee income in M&A and DCM, partially offset by reduced ECM income
- Lower investment-related income largely due to timing of transactions
- Lower level of impairments

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.

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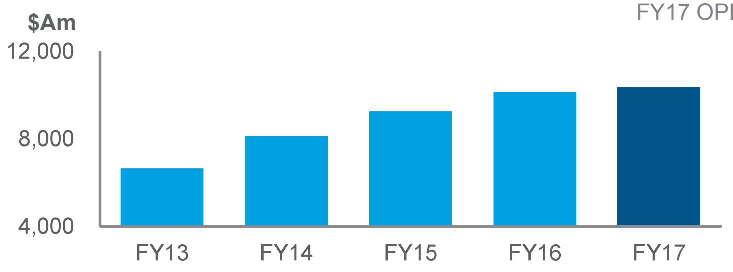
Financial performance

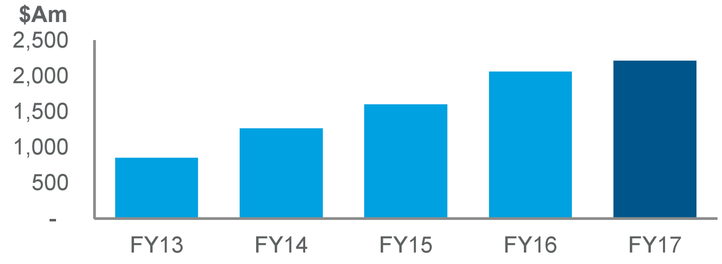
Operating income

$A10,364m
FY17 OPERATING INCOME
▲ 2% ON FY16



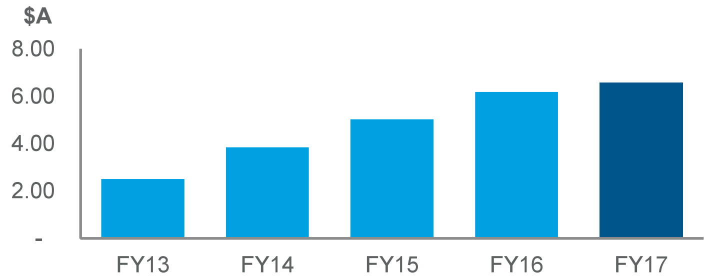
Profit

$A2,217m
FY17 PROFIT
▲ 7.5% ON FY16



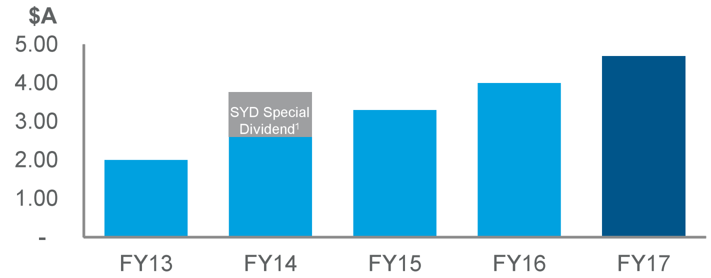
EPS

$A6.58
FY17 EPS
▲ 6% ON FY16



DPS

$A4.70
FY17 DPS
▲ 18% ON FY16



1. In 2H14 eligible shareholders also benefited from the SYD distribution in Jan 14 which comprised a special dividend of $A1.16 (40% franked) and a return of capital of $A2.57 per share.

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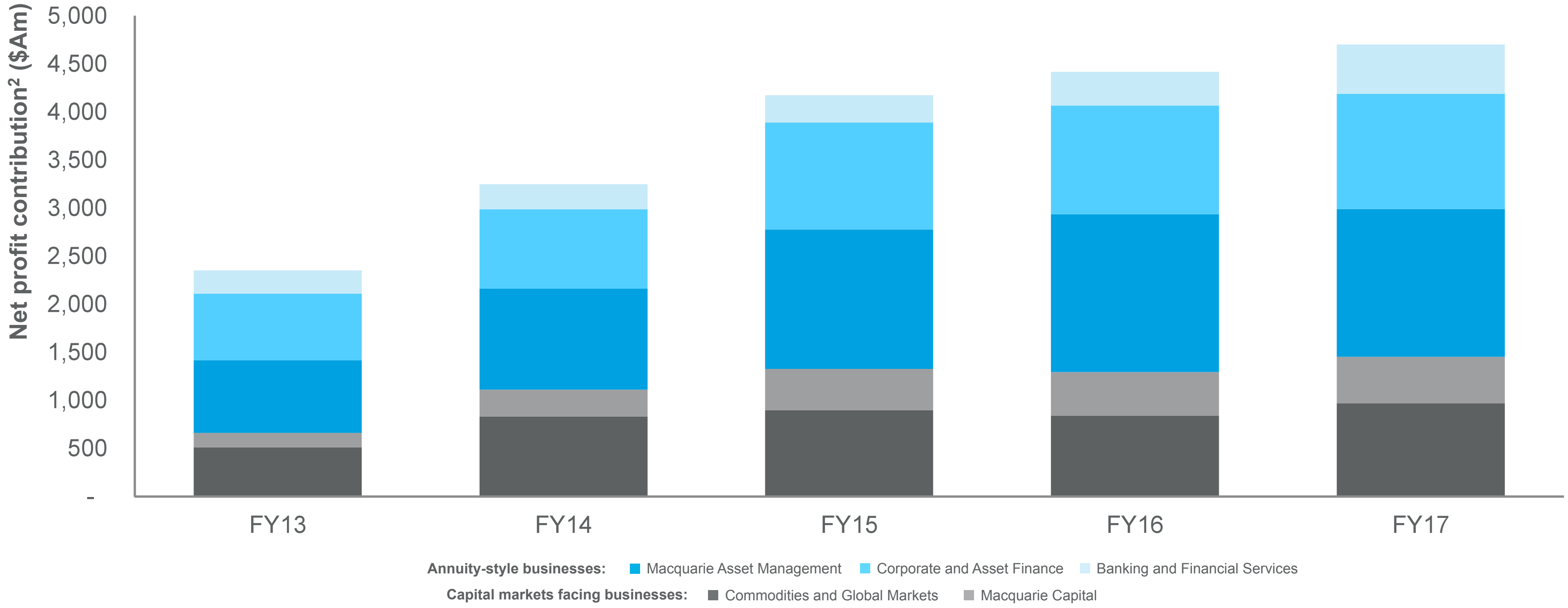
Annuity-style vs Capital markets facing businesses

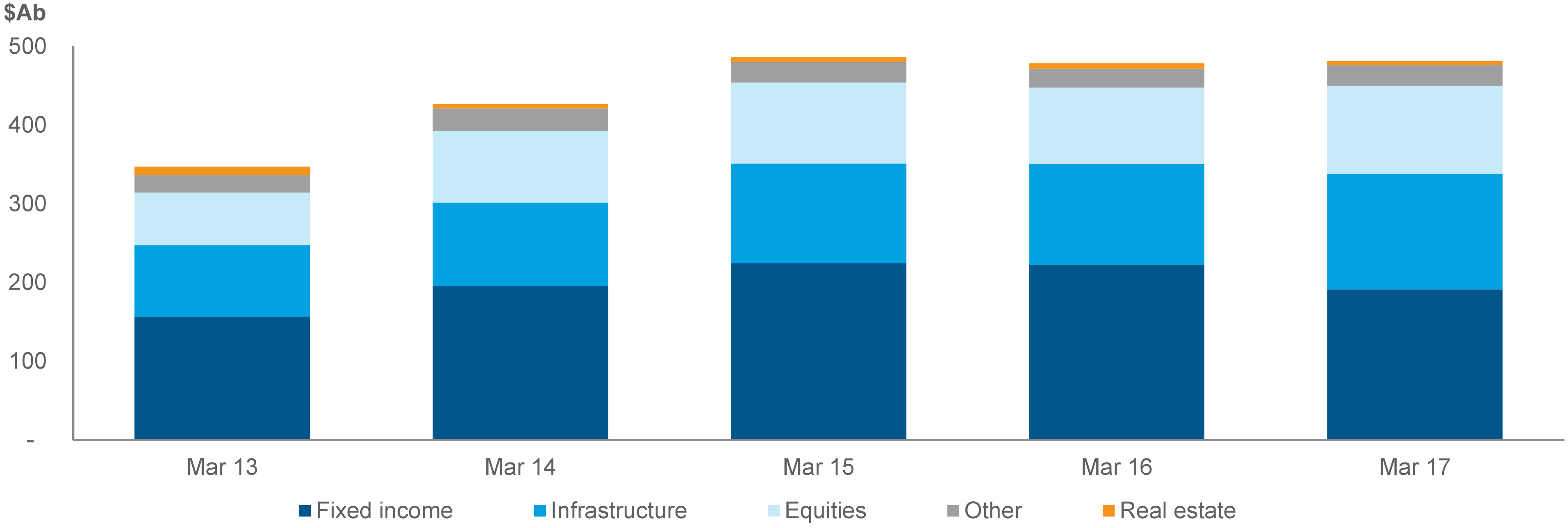
Annuity-style businesses represent approximately 70% of the Groups' performance[1]



Comparative figures have been restated to conform to changes in current year financial presentation and group restructures, where necessary.
1. Based on FY17 net profit contribution from operating groups. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Assets under management of $A481.7 billion[1]

AUM was broadly in line with 31 Mar 16, due to favourable market movements and additional fund investments in MIRA, partially offset by a decrease in insurance assets and unfavourable FX movements



1. As at 31 Mar 17.

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Diversification by region

International income 63% of total income[1]
Total staff 13,597; International staff 55% of total

Europe, Middle East and Africa

INCOME
$A2,484m
24% OF TOTAL

STAFF
1,509

EUROPE
Dublin
Frankfurt
Geneva
Glasgow
London
Luxembourg
Madrid
Munich
Paris
Vienna
Zurich

MIDDLE EAST
Abu Dhabi
Dubai

SOUTH AFRICA
Cape Town
Johannesburg

Asia

INCOME
$A1,238m
12% OF TOTAL

STAFF
3,450

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

Australia[2]

INCOME
$A3,702m
37% OF TOTAL

STAFF
6,136

AUSTRALIA
Adelaide
Brisbane
Canberra
Melbourne
Parramatta
Gold Coast
Perth
Sydney
Manly

NEW ZEALAND
Auckland

Americas

INCOME
$A2,711m
27% OF TOTAL

STAFF
2,502

CANADA
Calgary
Montreal
Toronto
Vancouver

LATIN AMERICA
Mexico City
Ribeirao Preto
Sao Paulo

USA
Austin
Boca Raton
Boston
Chicago
Denver
Houston
Jacksonville
Los Angeles
Nashville
New York
Philadelphia
San Diego
San Francisco
San Jose

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes New Zealand.

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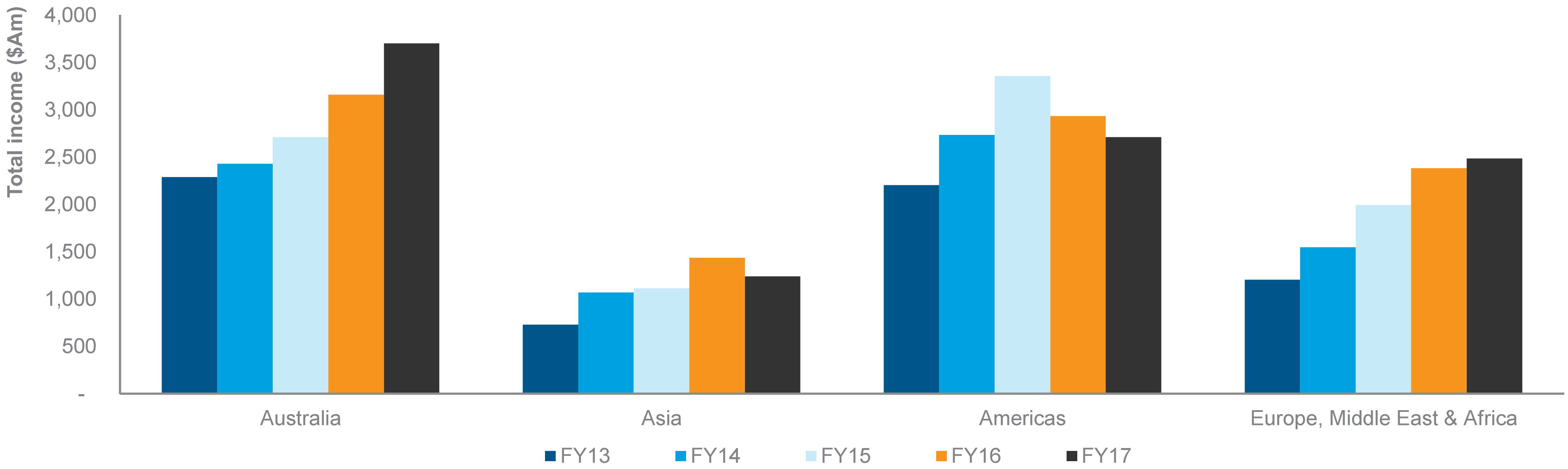
Diversification by region

- 63% of total income[1] in FY17 was generated offshore
- A 10% movement[2] in AUD is estimated to have approx. 6% impact on NPAT



1. Net operating income excluding earnings on capital and other corporate items. 2. This represents an average movement against all major currencies.

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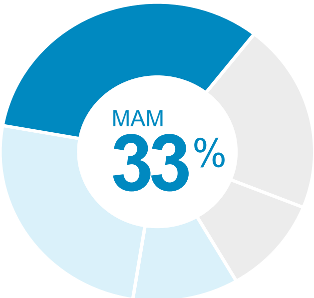
Macquarie Asset Management

OPERATING INCOME
$A2,596m ▼ 4% ON FY16

NET PROFIT CONTRIBUTION
$A1,538m ▼ 6% ON FY16

AUM[1]
$A480.0b BROADLY IN LINE WITH MAR 16



MACQUARIE INFRASTRUCTURE AND REAL ASSETS

- **$A77.2b in equity under management**, up 16% on Mar 16
- **Raised $A15.6b in new equity,** including new fund commitments for European, Australian and Global infrastructure, co-investments capital for infrastructure in UK, North America and Europe, and agriculture in Brazil
- **Invested equity of $A13.7b** across 24 acquisitions and 12 follow-on investments in 13 countries, including:
  - Infrastructure in UK, US, Slovakia & Czech Republic, Australia, Italy, Korea, Japan, Mexico, India and New Zealand
  - Real estate in China, Korea, Slovakia and Mexico; and
  - Agriculture in Brazil and Australia
- **Equity proceeds from asset divestments[2] of over $A3.4b** in Europe, China, US, India and Korea
- **Performance fees of $A254m**, predominately from infrastructure funds and assets
- **Principal gains** from the partial sale of MIRA's holding in MQA and MIC, the sale of the trustee-manager of APTT as well as the sale of unlisted real estate and infrastructure holdings
- **$A10.2b of equity to deploy** as at 31 Mar 17
- Named **'Infrastructure Manager of the Year'** by Global Investor magazine and ranked first in equity raised for infrastructure over the past five years by Infrastructure Investor Magazine[3]

MACQUARIE INVESTMENT MANAGEMENT

- **$A320.3b in assets under management**, down 5% on Mar 16, largely due to a reduction in lower fee earning insurance assets partially offset by positive market movements
- **Strong performance** across a range of asset classes including Australian equities, Emerging Markets equities, US Real Estate Securities, as well as affiliated managers
- Distribution highlights include:
  - Australia: $A5.9b new institutional mandates and contributions funded
  - Asia: $A5.6b new institutional mandates and contributions funded
  - North America: $US2.4b new institutional mandates and contributions funded
  - EMEA: $US1.7b new institutional mandates and contributions funded
- Launched mortgage-backed securities funds for Asian markets and EM Debt and International Small Cap strategies in US mutual funds
- Received four Lipper awards and four awards at the Money Management/ Lonsec Awards, including the **'Overall Fund Manager of the Year'**[4]

MACQUARIE SPECIALISED INVESTMENT SOLUTIONS

- Continued to grow the Macquarie Infrastructure Debt Investment Solutions (MIDIS) business:
  - Closed six third party investor commitments amounting to $A1.7b, bringing total commitments on MIDIS platform to over $A6.5b
  - Closed 11 investments amounting to $A1.6b, bringing total **AUM to $A4.4b**
- Closed $A0.7b of new loans to Private Equity Secondaries funds
- Arranged and underwrote an innovative Export Credit Agency financing for an infrastructure project
- Raised over $A1.0b for Australian retail principal protected investments and specialist funds
- Named **'European infrastructure debt manager of the year'** for the third year in a row[5]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.
1. As at 31 Mar 17. 2. Equity proceeds from asset divestments differs to the impact of divestments on reported EUM which captures a reduction of the original capital commitment at time of return of capital to investors. 3. Infrastructure Investor 50 2016, a global ranking of the largest direct-investment programmes by Infrastructure Investor Magazine. 4. For more information and disclosures about these awards, visit: https://www.delawarefunds.com/MAMglobalcommunications. 5. PDI Awards 2016.

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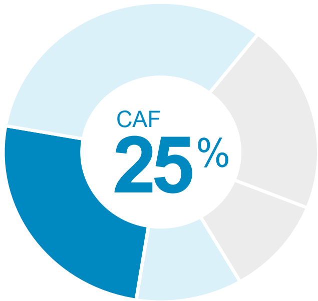
Corporate and Asset Finance

OPERATING INCOME
$A1,831m ▲ **6%** ON FY16

NET PROFIT CONTRIBUTION
$A1,198m ▲ **6%** ON FY16

ASSET FINANCE AND LENDING PORTFOLIO
$A36.5b ▼ **7%** ON MAR 16



LENDING

- **Lending's funded loan portfolio of $A6.8b[1]** down 28% on Mar 16 due to net repayments and realisations, and the impact of foreign currency movements
- $A1.9b of portfolio additions for FY17 comprising:
  - $A1.1b of new primary financings across corporate and real estate, weighted towards bespoke originations
  - $A0.8b of corporate loans and similar assets acquired in the secondary market
- Notable transactions included:
  - Acquisition of a residential mortgage portfolio in the UK totalling £175m
  - Co-acquisition with Macquarie Aviation of a secondary loan portfolio secured by aviation assets
- Notable realisations included:
  - Early repayment of the debt in a US Denver toll road
  - Realisation of the debt and equity of an 8.8 mile toll road in Virginia in the US
- Asset quality remained sound and the portfolio continued to generate strong overall returns

ASSET FINANCE

- **Asset Finance portfolio of $A29.7b**, broadly in line with Mar 16
- Continued to finance throughout the customer value chain – from manufacturer to end user: aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment
- AWAS and Esanda acquisitions continue to perform in line with expectations
- **Motor vehicle leasing portfolio of $A17.4b**, in line with Mar 16
- **Aircraft leasing portfolio of $A8.5b**, down 4% on Mar 16 reflecting asset depreciation in the portfolio as well as the sale of nine aircraft during the year

FUNDING ACTIVITY

- Continued use of diverse funding sources with 30% of the Asset Finance portfolio funded externally

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.
1. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio of $A0.4b.

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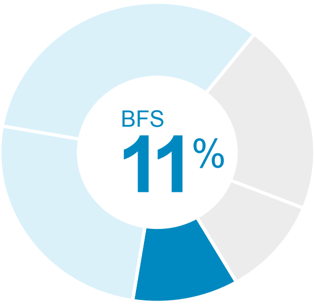
Banking and Financial Services

OPERATING INCOME
$A1,648m ▲ **13%** ON FY16

NET PROFIT CONTRIBUTION
$A513m ▲ **47%** ON FY16

AUSTRALIAN CLIENT NUMBERS
MORE THAN **1 million**



PERSONAL BANKING

Provides a full retail banking product suite to its clients with mortgages, credit cards, transaction and savings accounts. It serves clients through direct Macquarie offerings, a white label personal banking platform, strong intermediary relationships and a leading digital banking experience.

Activity

- **Australian mortgage portfolio of $A28.7b, up 1%** on Mar 16, representing approximately 2% of the Australian market
- iSelect's **Home Loans Partner of the Year** 2016 for the third year in a row[1]
- **Best Third Party Lender** at the Australian Lending Awards 2017[2]
- Macquarie's digital banking offering recognised with **Canstar Innovation Excellence Award**[3]
- Macquarie Platinum Transaction Account and Travel Debit Card awarded a **five star Canstar rating for outstanding value**[4]
- Launched Apple Pay

WEALTH MANAGEMENT

Provides its clients with a wide range of wrap platform and cash management services, investment and superannuation products, financial advice, private banking and stockbroking. It delivers products and services through institutional relationships, adviser networks and dedicated direct relationships with clients.

Activity

- **Funds on platform[5] of $A72.2b, up 24%** on Mar 16 largely due to the successful migration of the ANZ Oasis wrap super and investment assets onto Macquarie's platforms
- Macquarie Wrap platform ranked the 2nd largest in Australia[6]
- Completed the **sale of Macquarie Life** to Zurich Australia Limited
- Named **Retail Superannuation Fund of the Year** at the Roy Morgan Customer Satisfaction Awards 2017[7]

BUSINESS BANKING

Provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients, ranging from sole practitioners to corporate professional firms, who we engage with through a variety of channels including dedicated relationship managers.

Activity

- **Business banking deposit volumes up 16%** on Mar 16
- **Business banking loan portfolio of $A6.5b up 10%** on Mar 16
- Total business banking **SME clients up 6%** on Mar 16
- Launched Kubio, a cloud based CRM and loan origination software platform for commercial brokers
- Launched DEFT AuctionPay and agreement to deliver BPAY payments on the Xero platform using the DEFT payment system

DEPOSITS

- **Total BFS deposits[8] of $A44.5b** at Mar 17 **up 10%** on Mar 16
  - **CMA deposits of $A26.2b** at Mar 17 **up 14%** on Mar 16
- Macquarie awarded Best Cash and Term Deposits in the Self Managed Super Fund Awards 2016[9]
- Macquarie named Best Term Deposit Provider in the SMSF Adviser Awards 2016[10]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.
1. iSelect Partner Awards 2014, 2015, 2016. 2. Australian Lending Awards 2017. 3. Canstar Innovation Excellence Awards 2017. 4. Canstar Everyday Banking and Savings Account Ratings 2016. 5. Funds on platform includes Macquarie Wrap and Vision. 6. Strategic Insight wrap administrator view as at quarter ended Sep 16. 7. Roy Morgan Customer Satisfaction Awards 2017. 8. BFS deposits exclude corporate/wholesale deposits. 9. Self Managed Super Fund Awards 2016. 10. SMSF Adviser Awards 2016.

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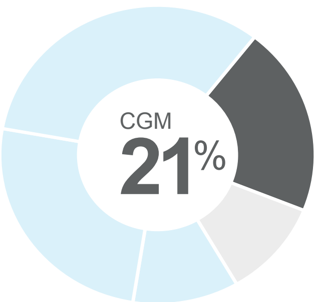
Commodities and Global Markets

MACQUARIE

OPERATING INCOME
$A2,948m ▲ 1% ON FY16

NET PROFIT CONTRIBUTION
$A971m ▲ 15% ON FY16

2016 Commodity House of the Year – 3rd consecutive year[3]



Commodity Markets (Physical & Financial) 64%[1]

ENERGY MARKETS

- Strong results for the energy platform, particularly in Global Oil, and North American Gas, however mixed results in power markets with subdued volatility impacting North America compared to FY16
- Strong customer activity across most sectors
- Increased realisations on a number of investments across the energy sector
- Entered into an agreement to acquire Cargill's petroleum business to expand physical oil and oil products capabilities
- **No. 4 US physical gas marketer in North America** – the highest ranked non-producer[2]

METALS, MINING & AGRICULTURE

- Subdued trading and client hedging activity in base metals compared to FY16, partially offset by increased client activity in precious metals driven by producer hedging as CAD and AUD gold prices increased
- Lower impairments in the residual MEC portfolio
- **Ranked No. 1 in Agriculture & Softs Markets** for the 7th consecutive year[3]

Financial Markets (Primary & Secondary) 30%[1]

FIXED INCOME & CURRENCIES

- Increased client flows in foreign exchange in North America and Japan
- Strong results in interest rate and credit markets in Australia and Europe
- Steady client activity in Australian and UK securitisation

CREDIT MARKETS

- Improved results from credit trading as markets stabilised following challenging market conditions in FY16
- Continued focus on client demand for speciality lending and balance sheet solutions

CASH EQUITIES AND EQUITY DERIVATIVES & TRADING

- Macro-economic events continued to impact global equity market volumes compared to FY16 which benefited from strong Chinese equity market conditions
- **No.1** in ANZ for IPOs and **No.2** for all ECM issues[4]
- Maintained **equal 1st ranking overall** in the 2016 Peter Lee Survey of Australian Investors
- **No.1** market share in listed warrants in **Singapore** and **Malaysia**, **No.3** in **Thailand** & **No.6** in **Hong Kong**[5]

Futures 6%[1]

FUTURES

- Strong results across the platform driven by increased client activity associated with macro-economic events, particularly Brexit and the US election
- Growth in execution volumes across both Voice Execution and Direct Market Access in all regions
- Ranked **No. 2 overall market share in ASX24 Futures**[6]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.
1. Percentages are based on net profit contribution before impairment charges. 2. Platts Q4 CY16. 3. Commodity Business Awards, presented by Commodities Now Magazine. 4. Dealogic. 5. Net outstanding notional on local exchanges. 6. ASX24 Futures volumes for CY16.

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MACQUARIE

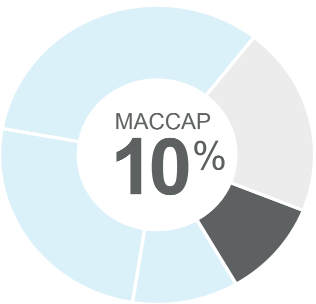
Macquarie Capital

OPERATING INCOME
$A1,206m ▲ 2% ON FY16

NET PROFIT CONTRIBUTION
$A483m ▲ 7% ON FY16

417 TRANSACTIONS VALUED AT **$A159b** IN FY17

402 TRANSACTIONS VALUED AT **$A180b** IN FY16[1]



AUSTRALIA AND NEW ZEALAND

Activity
- Continued leadership in M&A and ECM, in a subdued market environment
- Strong performance in Principal realisations in Technology and increased green energy investment

Notable deals
- Exclusive financial adviser to AustralianSuper and IFM on the acquisition of a 50.4% interest in the 99 year lease of Ausgrid for ~$A16.2b, the largest M&A transaction in ANZ in 2016[2]
- Joint lead manager, joint bookrunner and joint underwriter to Boral Limited's ~$A2.1b equity raising to partially fund its acquisition of Headwaters Incorporated, the largest equity raising of 2016 in ANZ[3]

Awards/Rankings
- No.1 in ANZ for M&A transactions and IPOs[4]
- Best IPO – Reliance Worldwide $A919m[5]
- Best M&A Deal – Ausgrid long-term lease $A16.2b[5]
- Most Innovative Deal – Asciano takeover $A12.2b[5]

ASIA

Activity
- Continued focus on Infrastructure, including green energy, and Real Estate
- Focus on growing a green energy development capital business

Notable deals
- Advised a consortium led by Maeda Corporation for the privatisation of eight toll roads in Aichi Prefecture, the first toll road concession in Japan ($US1.3b)
- Partnered with China Jinmao to establish JM Capital, a real estate investment platform managing both domestic (RMB) and international capital in the People's Republic of China

Awards/Rankings
- Capital Advisory Firm of the year 2016 in Asia[6]
- Manila Light Rail Transit 1 PPP was awarded Asia-Pacific Infra Deal of the year 2016[7], Best Project Finance Deal of the year 2016 in Southeast Asia[8] and Asia Pacific Rail Deal of the year 2016[9]

AMERICAS

Activity
- Continued focus on Infrastructure, including green energy, Real Estate and TMET
- Improved M&A and DCM fee revenue, particularly in TMET
- Focus on Principal Investment alongside clients
- Reduced impairments

Notable deals
- Financial adviser and debt arranger to a group of North American infrastructure investors on the acquisition of Cleco Corporation for an enterprise value of $US4.7b
- Exclusive financial adviser on Laureate Education's $US400m of convertible securities, leading principal investor on a preferred co-investment and joint bookrunner on their $US490m initial public offering

Awards/Rankings
- No.1 US Technology LBO Bookrunner[10]
- No.2 Infrastructure/Project Advisory in the US[11]
- North America Capital Raise of the Year – Lennar Multifamily Venture[6]

EMEA

Activity
- Continued focus on Infrastructure, including green energy, Real Estate and TMET
- Strong performance in Principal investment and realisation of green energy assets
- Improved M&A performance in Europe
- Reduced impairments

Notable deals
- Capital raising and acquisition in conjunction with CGM of a 50% Principal Investment in the 299MW Tees Renewable Energy Plant being developed by MGT Power
- Acquisition of a 25% stake in the £1.6b, 573MW Race Bank offshore wind farm. Macquarie Capital also advised MIRA on the acquisition of a 25% stake in the project

Awards/Rankings
- No.1 for Infrastructure/ Project Advisory in the UK[12]
- European & African Financial Adviser of the Year[13]
- European & African Sponsor of the Year[13]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.
1. FY16 deal values and transaction numbers have been adjusted to reflect final transaction data. These changes are not material. 2. Dealogic (any ANZ involvement announced transaction). 3. Dealogic, by deal values. 4. Dealogic, by deal value FY17, Announced and Completed M&A (any ANZ Involvement, ex-Fairness Opinions) and ANZ IPOs. 5. Finance Asia Awards. 6. PERE Magazine. 7. PFI. 8. Alpha Southeast Asia. 9. IJGlobal Awards. 10. Bloomberg CY16. 11. InfraDeals 2016. 12. InfraDeals FY17, by deal value. 13. IJGlobal Awards 2016.

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MACQUARIE

Green Investment Bank

Macquarie-led consortium acquires GIB for £2.3b

Green Investment Bank

Macquarie Group

- The acquisition from HM Government will provide:
  - A principal investment platform for European green infrastructure with a combined team of over 100 green energy specialists who have led £15b of investment in the UK low carbon economy since 2010
  - Strong UK presence in Edinburgh and London
- Targeting £3b of investment in green energy projects over the next 3 years based upon a strong pipeline
- The GIB will continue to operate primarily within Macquarie Capital
- Transaction expected to complete, subject to regulatory approval, in first half of 2017

Macquarie-managed and supervised investments

New investment vehicles

- Offshore wind investment vehicle
- Low carbon lending platform
- Green infrastructure investment platform
- Existing third party invest. vehicles

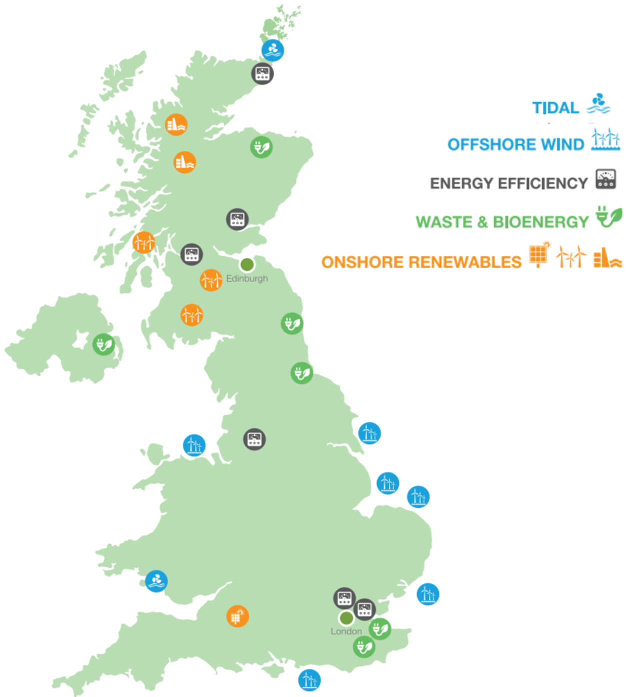
Investors

- MEIF5
- USS
- GCP Infrastructure
- UK Government
- Macquarie balance sheet

Total green projects under management

£4 billion

Combined investment[1] in green infrastructure



Note: Map illustrative of project locations which have received investment from or arranged by Macquarie and/or Green Investment Bank since 2010. 1. Assets on the map depict a selection of investments and are not representative of all assets.

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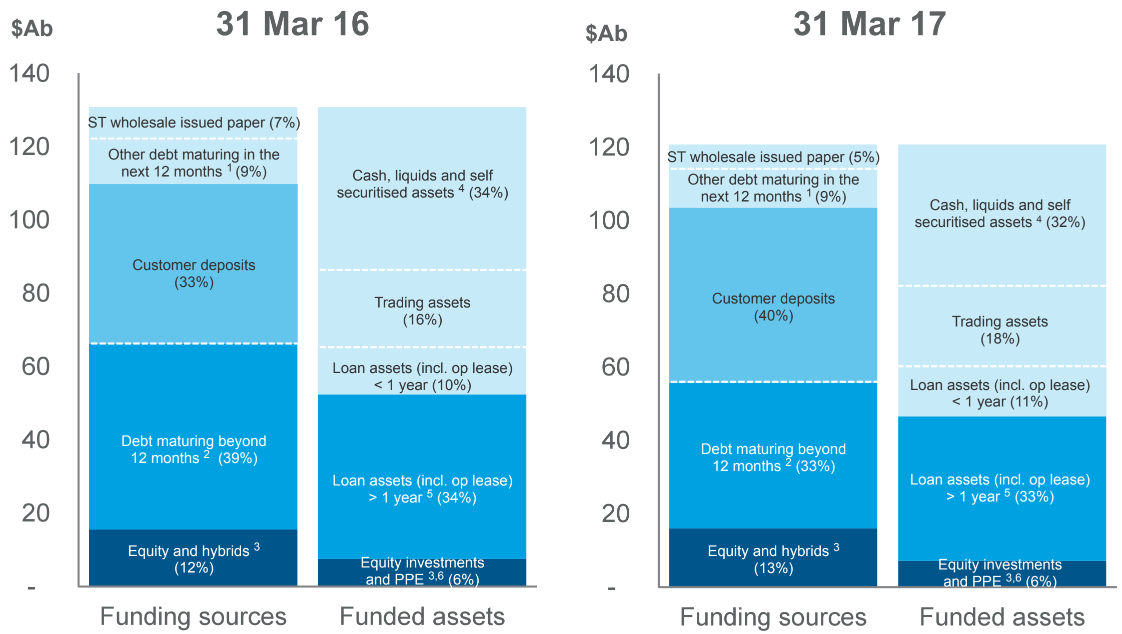
Funded balance sheet remains strong

Term liabilities cover term assets



TOTAL CUSTOMER DEPOSITS[7]

$A 47.8b ▲ **9.6%** FROM MAR 16

NEW TERM FUNDING[8]

$A 10.5b RAISED SINCE MAR 16

ACQUISITION DEBT FACILITIES[9]

$A 8.4b FULLY REPAID OR REFINANCED IN FY17

These charts represent Macquarie's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to Macquarie's statutory balance sheet refer to slide 63. 1. 'Other debt maturing in the next 12 months' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Loan Capital not maturing within next 12 months. 3. Non-controlling interests have been netted down in 'Equity and hybrids' and 'Equity Investments and PPE'. Mar 16 has been restated accordingly. 4. 'Cash, liquids and self securitised assets' includes self securitisation of RBA repo eligible Australian mortgages originated by Macquarie. 5. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 6. 'Equity Investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments. 7. Total customer deposits as per the funded balance sheet ($A47.8b) differs from total deposits as per the statutory balance sheet ($A57.7b). The funded balance sheet excludes any deposits which do not represent a funding source for Macquarie. 8. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities. 9. AWAS $A2.4b and Esanda $A6.0b. The AWAS acquisition debt facility was refinanced into a term loan in Apr 16.

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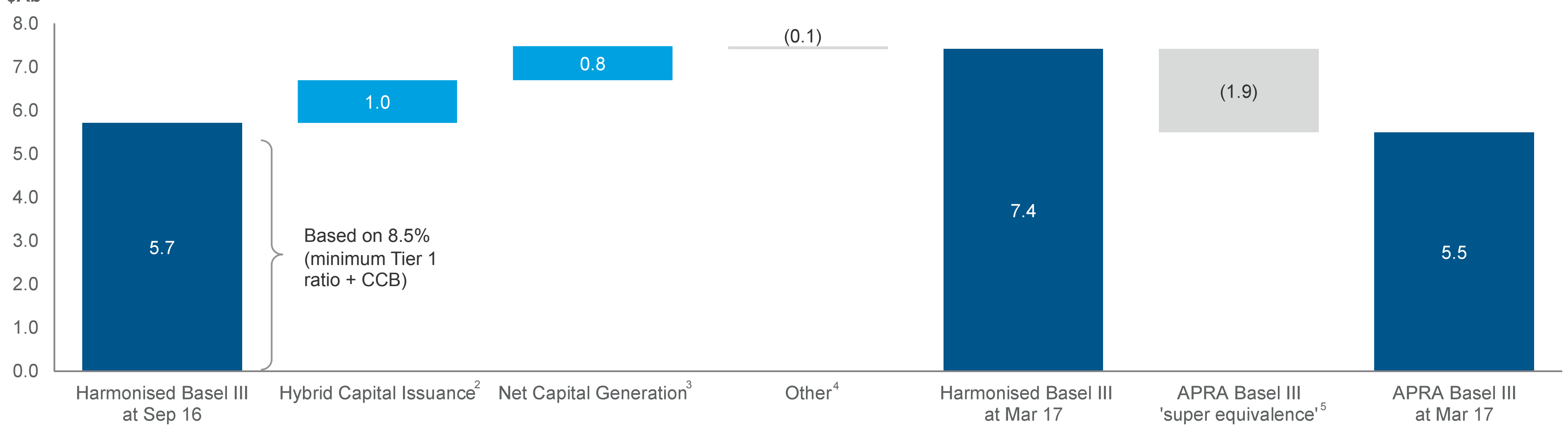
Basel III capital position

- APRA Basel III Group capital at Mar 17 of $A18.7b, Group capital surplus of $A5.5b[1]

Group regulatory surplus: Basel III (Mar 17)



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110. The APRA Basel III Group capital surplus is $A6.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. $US750m of Macquarie Additional Capital Securities ("MACS") issued in Mar 17. 3. Includes 2H17 P&L, the 1H17 dividend and movements in reserves (excluding foreign currency translation reserve). 4. Includes changes in business requirements, for example, higher MAM and MacCap capital requirements offset by reduced CAF Lending loan portfolio and the sale of Macquarie Life's risk insurance business. Also includes the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions for equity investments ($A0.6b); differences in mortgages treatment ($A0.5b); capitalised expenses ($A0.5b); investment into deconsolidated subsidiaries ($A0.2b); DTAs and other impacts ($A0.1b).

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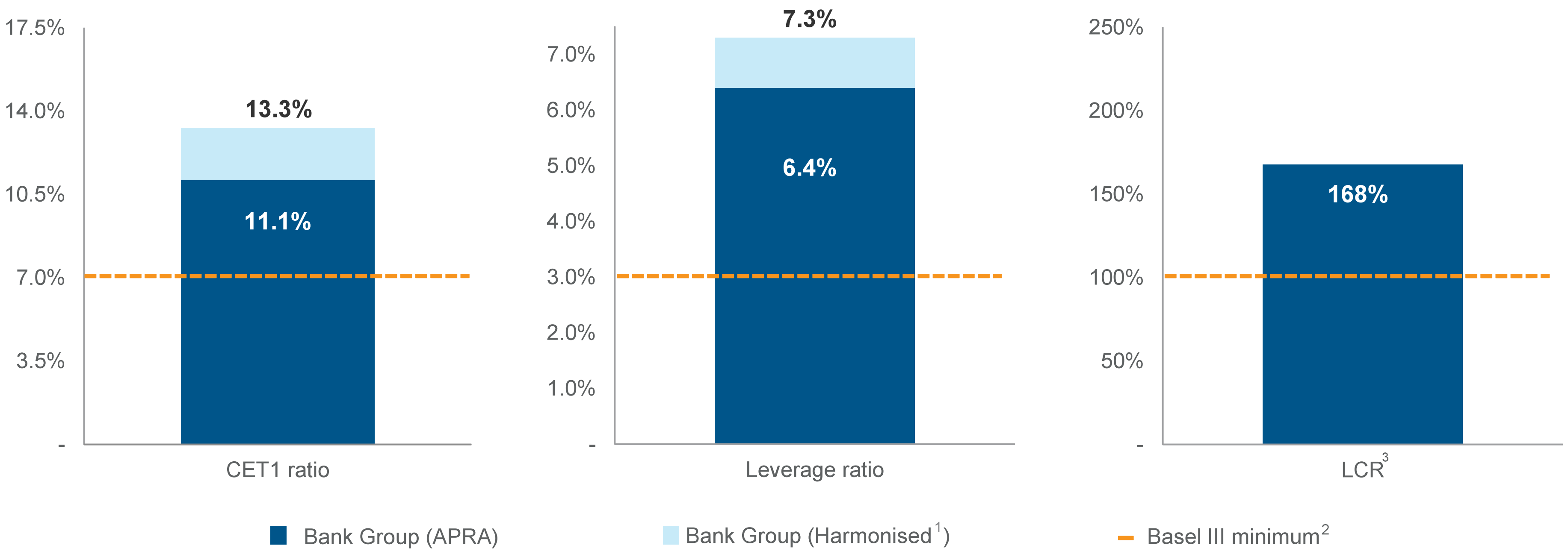
Strong regulatory ratios

Bank Group (Mar 17)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 2. Includes the capital conservation buffer in the minimum CET1 ratio requirement. The minimum BCBS Basel III leverage ratio requirement of 3% is effective from 1 Jan 18. 3. Average LCR for Mar 17 quarter is based on an average of daily observations.

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Final dividend

2H17 ORDINARY DIVIDEND

$A2.80

(45% franked)

FROM

$A1.90

(45% franked)

IN 1H17

FY17 ORDINARY DIVIDEND

$A4.70

(45% franked)

FROM

$A4.00

(40% franked)

IN FY16

2H17 RECORD DATE

17 May 17

2H17 PAYMENT DATE

3 Jul 17

DRP shares for the 2H17 dividend to be sourced on-market[1]

FY17 ANNUAL PAYOUT RATIO

72%

Dividend policy remains 60-80% annual payout ratio

1. Determined in accordance with the DRP rules as the average of the daily volume weighted average price over the seven business days commencing on the fourth business day after the relevant election date.

03 Result Analysis and Financial Management

Patrick Upfold – Chief Financial Officer

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Income Statement key drivers

	2H17 $Am	1H17 $Am	FY17 $Am	FY16 $Am
Net interest and trading income	2,090	1,864	3,954	4,346
Fee and commission income	2,129	2,202	4,331	4,862
Net operating lease income	445	476	921	880
Share of net gains/(losses) of associates	59	(8)	51	4
Impairments of investments and non-financial assets	(42)	(131)	(173)	(222)
Loan impairments and provisions	(120)	(151)	(271)	(577)
Other income	585	966	1,551	865
Net operating income	**5,146**	**5,218**	**10,364**	**10,158**
Employment expenses	(2,089)	(2,290)	(4,379)	(4,244)
Brokerage, commissions and trading-related expenses	(434)	(418)	(852)	(892)
Other operating expenses	(1,004)	(1,025)	(2,029)	(2,007)
Total operating expenses	**(3,527)**	**(3,733)**	**(7,260)**	**(7,143)**
Net profit before tax and non--controlling interests	**1,619**	**1,485**	**3,104**	**3,015**
Income tax expense	(430)	(438)	(868)	(927)
Non-controlling interests	(22)	3	(19)	(25)
Profit attributable to MGL shareholders	**1,167**	**1,050**	**2,217**	**2,063**

- Net interest and trading income of $A3,954m, down 9% on FY16
  - CGM impacted by limited trading opportunities in equity markets (prior year benefited from strong activity, particularly in China), lower levels of commodities-related client activity and trading opportunities in energy markets; partially offset by a stronger performance in FX, interest rates and credit markets products
  - Lower loan volumes in CAF and full year impact of funding costs of the AWAS portfolio, partially offset by the full year impact of the Esanda dealer finance portfolio
  - Growth in average volumes and improved margins across the Australian loan portfolios in BFS; higher deposit volumes
- Fee and commission income of $A4,331m, down 11% on FY16
  - Lower performance fees in MAM compared to a particularly strong prior year
  - Higher M&A and DCM fee income, partially offset by lower ECM fee income due to subdued market conditions in Australia
- Net operating lease income of $A921m, up 5% on FY16 mainly driven by the full year contribution of the AWAS portfolio partially offset by unfavourable currency movements for GBP denominated energy assets
- Impairment of investments and non-financial assets of $A173m, down 22% on FY16 due to lower impairment charges in Macquarie Capital, CGM and CAF
- Loan impairments and provisions of $A271m, down 53% on FY16 mainly due to reduced exposure to underperforming commodity-related loans in CGM
- Other income of $A1,551m, up 79% on FY16 largely due to increased investment-related income including BFS' sale of Macquarie Life's risk insurance business to Zurich Australia Limited, the partial sale of holdings in MQA and MIC by MAM and sales of investments in CAF and CGM
- Employment expenses of $A4,379m, up 3% on FY16 impacted by increased share-based payments expense and costs associated with a small increase in average headcount, partially offset by favourable FX impacts
- Other operating expenses of $A2,029m, up 1% on FY16 mainly due to increased technology spend in BFS
- Effective tax rate of 28.1%, down from 31.0% in FY16 reflecting changes in the geographic composition of earnings combined with reduced tax uncertainties; partially offset by an increase in operating profit before tax and the write-off of certain tax assets

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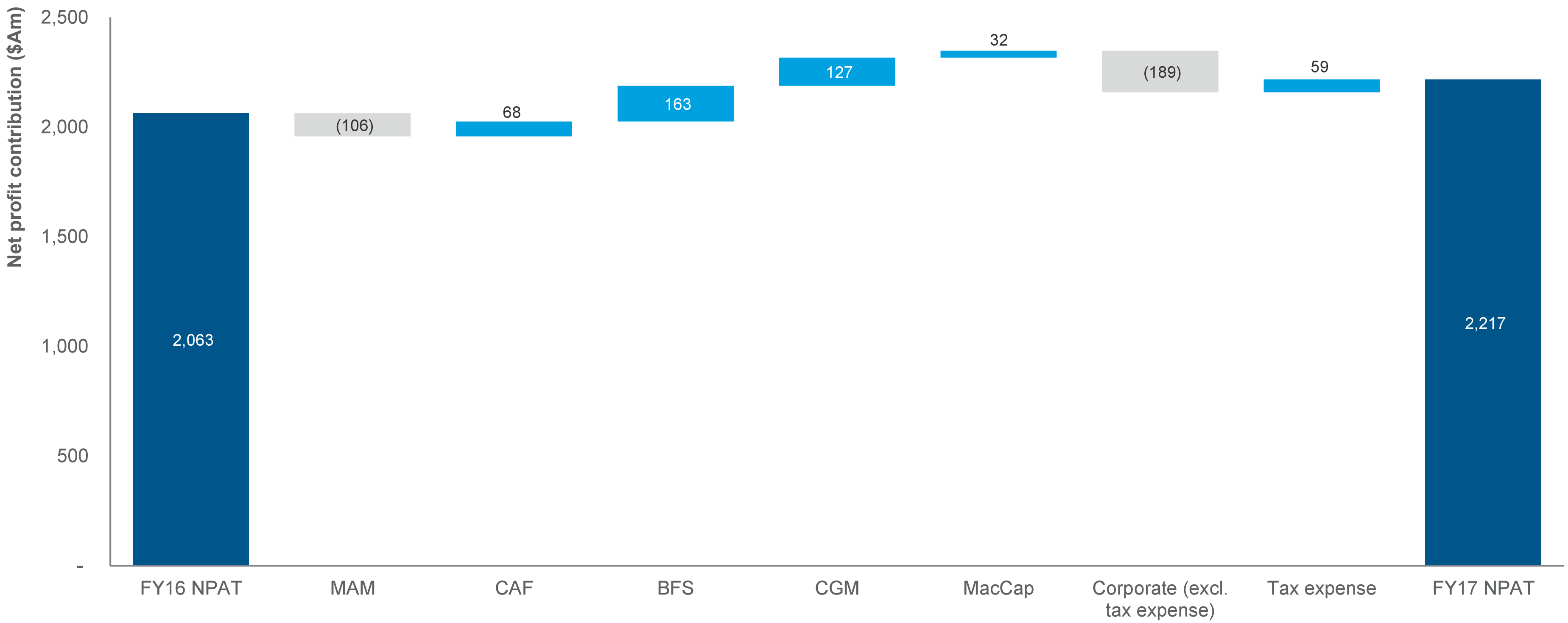
Income Statement by Operating Group



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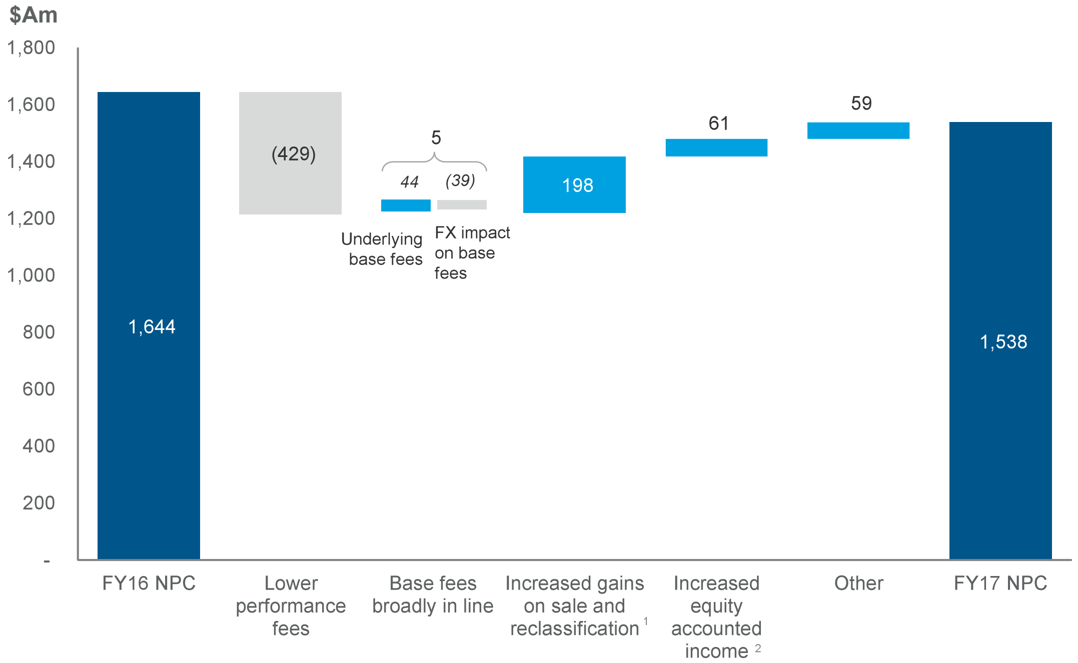
Macquarie Asset Management

Strong result; pcp benefited from record performance fees



KEY DRIVERS

- Lower performance fees compared to a particularly strong FY16, predominately from infrastructure assets:
  - FY17 included fees from a broad range of funds. FY16 benefited from significant fees from MEIF1, MIC, and MIRA co-investors in respect of a UK asset
- Underlying base fees up on FY16:
  - Positive impact from investments made by MIRA-managed funds, growth in the MSIS Infrastructure Debt business and positive market movements in MIM AUM, partially offset by asset realisations by MIRA-managed funds and net AUM outflows in the MIM business
  - Unfavourable FX impacts on base fees
- Increased gains on sale largely due to the partial sale of MIRA's holdings in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA (including the trustee-manager of APTT) and income from the sell down of infrastructure debt in MSIS
- Improved equity accounted income driven by gains on the sale of a number of assets in the current year

1. Represents movement in net gains on sale of debt and equity investments and non-financial assets and net gains on reclassification of debt and equity investments. 2. Represents movement in share of net profits/(losses) of associates and joint ventures accounted for using the equity method.

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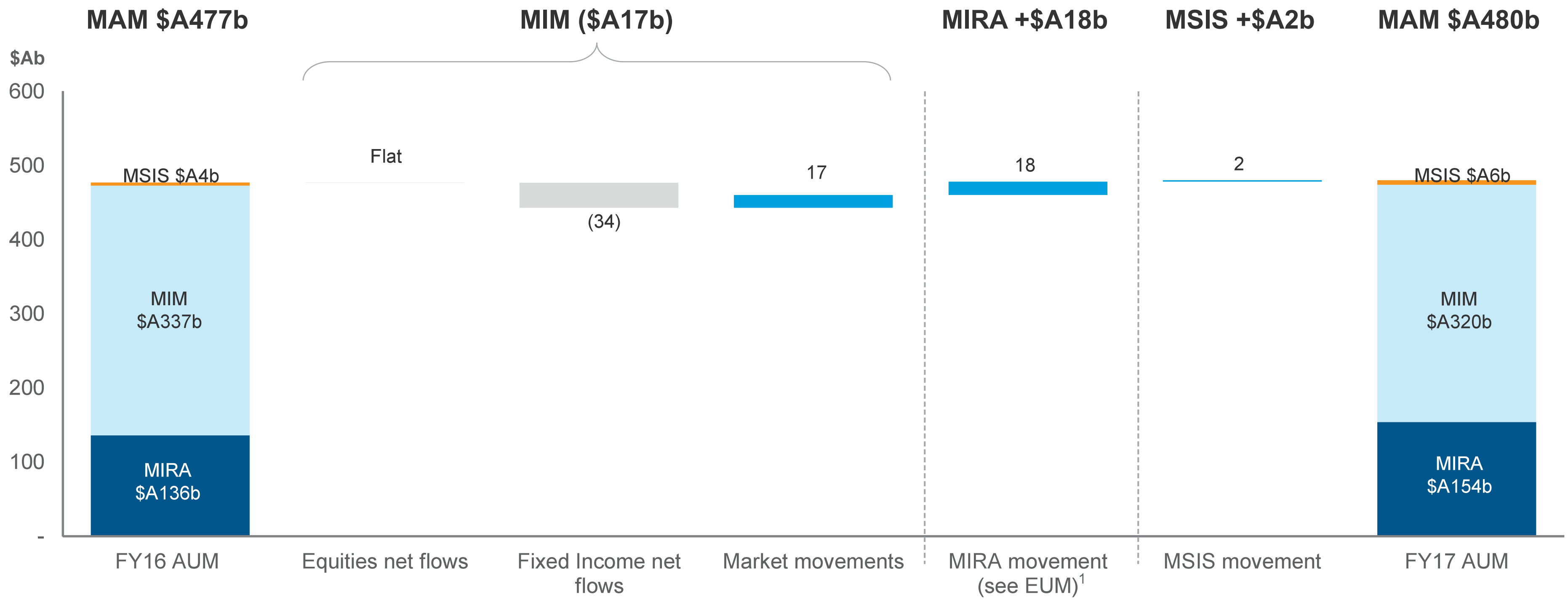
MAM AUM movement



1. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and AUM are calculated under different methodologies and as such, EUM movement is the more relevant metric for analysis purposes – refer to MIRA EUM movement on slide 31. MIRA's total EUM includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses. AUM is calculated as proportional enterprise value at measurement date including equity value and net debt of the underlying assets of funds and managed assets. AUM excludes uninvested equity in MIRA. Refer MD&A s7.1 & 7.2 for further information with respect to EUM and AUM measures.

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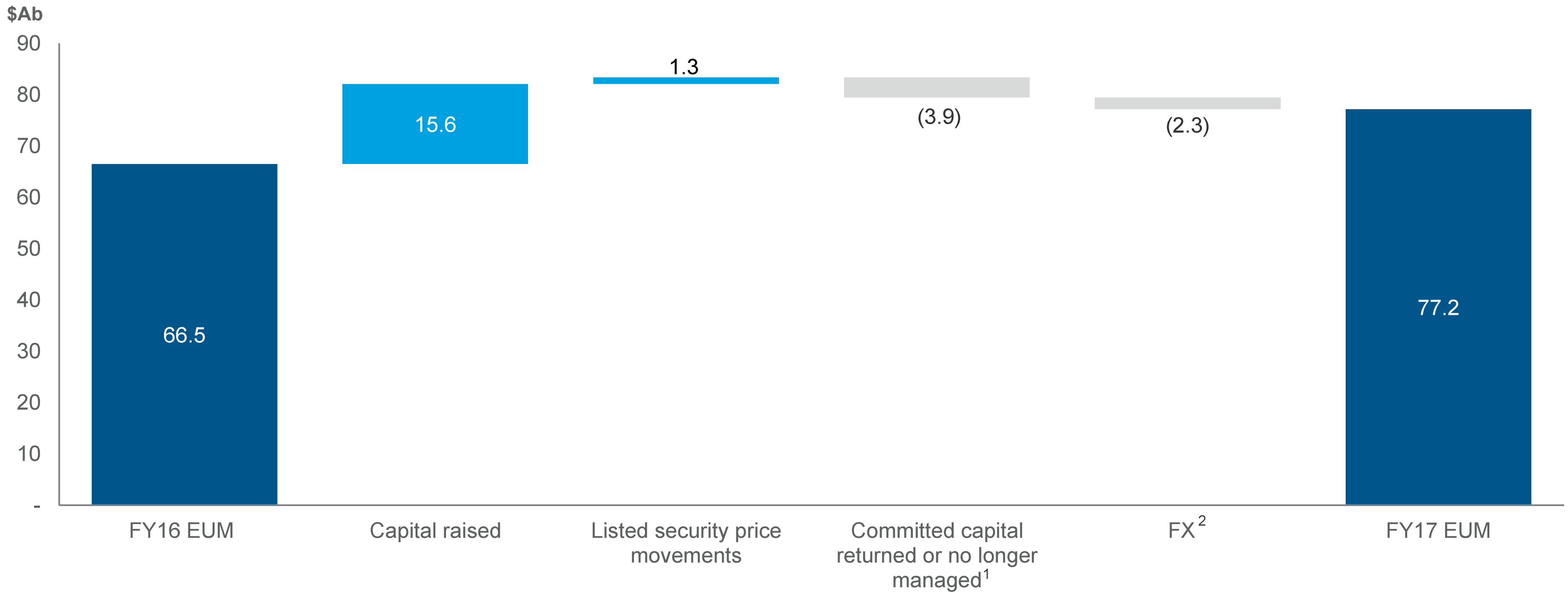
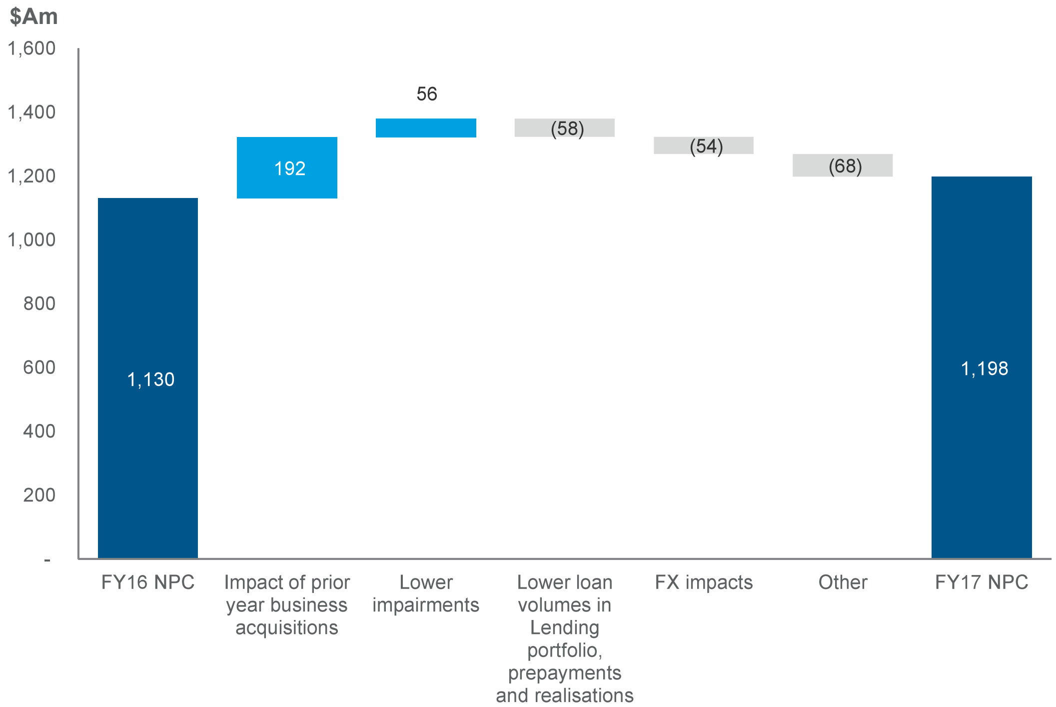
MIRA EUM movement



1. Committed capital returned by unlisted funds or under mandates due to asset divestments, redemption or other capital distributions as well as capital no longer managed due to sale of management rights or expiry of asset management agreements. 2. FX reflects the movement in EUM driven by changes in FX rates. EUM is calculated using capital commitments translated at period end FX rates. Spot FX rates are used for capital raised and returned and average FX rates are used for security price movements.

Corporate and Asset Finance

AWAS and Esanda contribution partially offset by reduced activity in CAF Lending



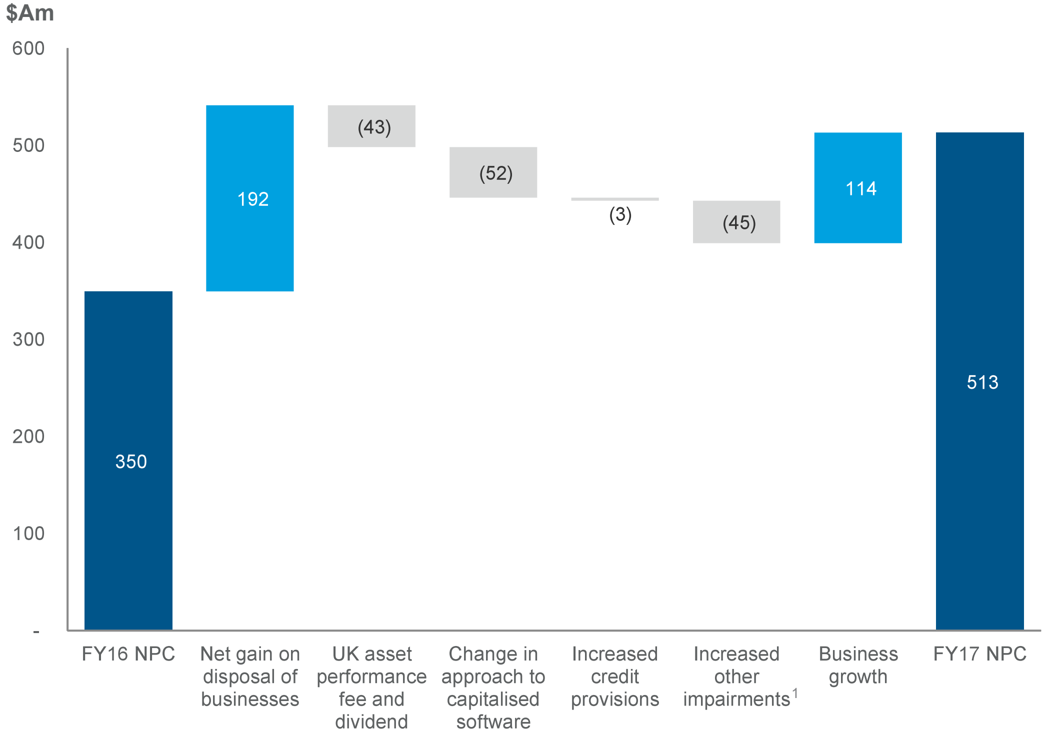
KEY DRIVERS

- Contribution from the acquisitions of a portfolio of aircraft from AWAS Aviation Capital Limited and the Esanda dealer finance portfolio; continue to perform in line with expectations
- Lower impairments in Lending and Aviation
- Decreased income due to lower Lending volumes resulting in reduced contribution from the Lending portfolio; income from prepayments and realisations broadly in line with FY16
- Unfavourable FX impacts particularly in relation to CAF Lending and Energy Leasing as a result of GBP exposures
- Other includes reduced aviation income following the sale of nine aircraft and additional maintenance expenses

1. Excludes impairments and investments previously held as associates.

Banking and Financial Services

Strong organic growth as well as gain on sale of businesses



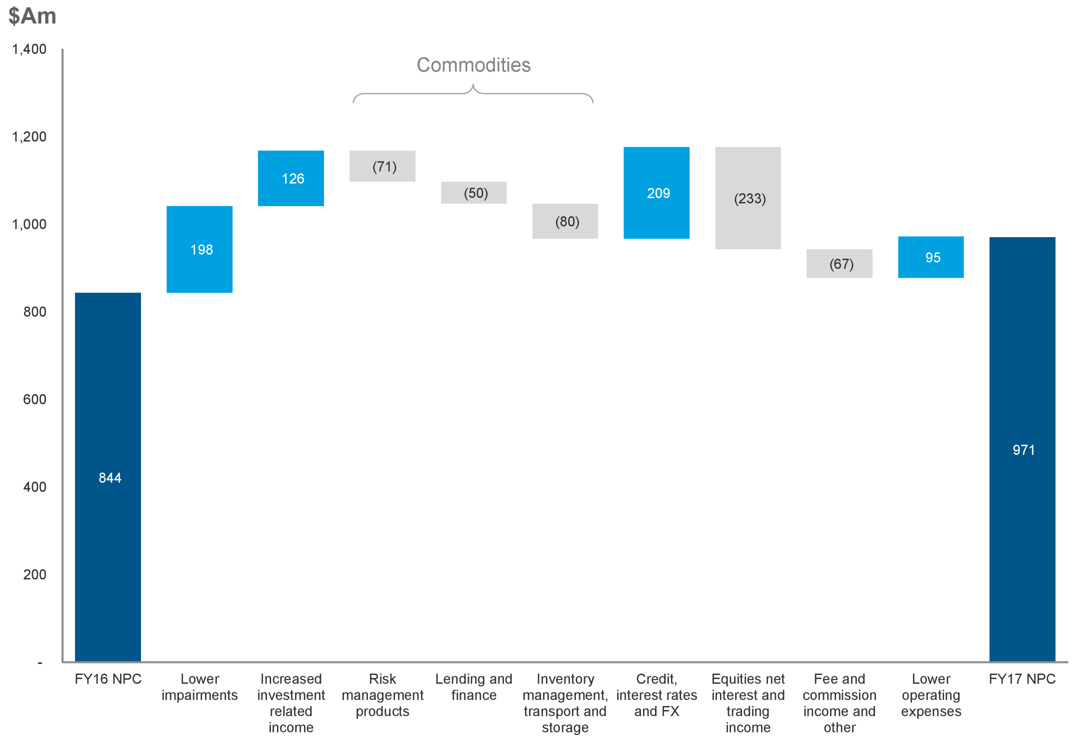
KEY DRIVERS

- Gain on sale of the Macquarie Life's risk insurance business to Zurich Australia Limited partially offset by losses on the sale of US mortgages portfolio
- FY16 benefited from a performance fee and dividend received in respect of the sale of a UK asset
- Change in approach to the capitalisation of software expenses has resulted in the narrowing of the eligibility criteria for capitalisation in connection with the Core Banking platform
- Modest increase in credit provisions on a small number of loans, as well as growth in the Australian lending portfolio
- Increased other impairments due to the underperformance of certain equity positions and impairments of intangibles relating to the Core Banking platform primarily in 1H17
- Business growth:
  - Australian average loan portfolio increased 6% on FY16 driven by average business lending growth of 9% and a 5% increase in the Australian average mortgages portfolio
  - BFS average deposits volumes up 9%
  - NIM up across Australian mortgages and business lending portfolios, partially offset by lower NIM across business banking deposits

1. FY17 includes impairment charge on equity investments ($A24m), intangibles ($A10m) and Core Banking project impairments ($A19m). FY16 included impairment charge on equity investments ($A8m).

Commodities and Global Markets

Increased contribution reflects improved asset performance and continued strength across the trading platform

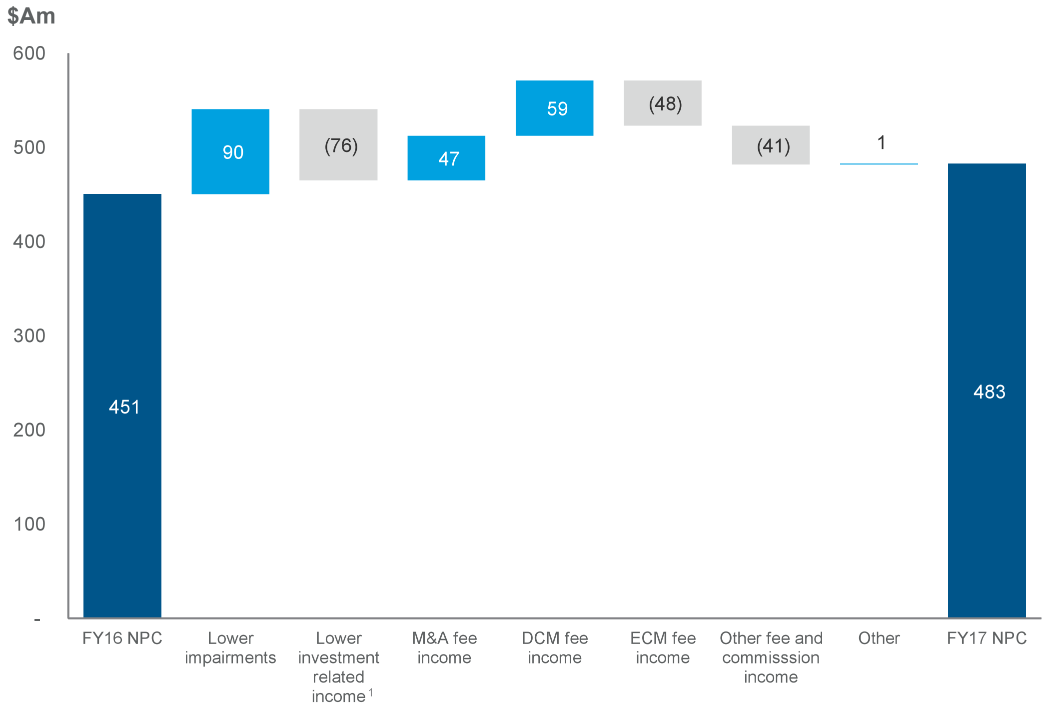


KEY DRIVERS

- Lower impairments due to reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Investment-related income increased due to gains on sale of a number of investments, mainly in energy and related sectors
- Net interest and trading income (net of associated expenses):
  - Risk management products down $A71m: strong contributions from Global Oil and North American Gas, offset by a lower contribution from power – largely in North America due to subdued volatility compared to FY16; lower income from Agricultural and Metals markets
  - Lending and financing down $A50m: decreased on FY16 mainly due to a reduction in average loan balances
  - Inventory management, transport and storage down $A80m: reduced opportunities from price dislocations in US and EMEA gas and power markets as well as accounting volatility associated with the timing of income recognition
  - Increase in credit, interest rates and foreign exchange income was underpinned by contributions from FX and interest rate markets due to ongoing market volatility as well as improved performance in high yield debt markets and revenues from specialty lending products
  - Equities down on a strong FY16 which benefited from strong equity markets activity, particularly in China
- Lower fee and commission income predominately in relation to lower ECM and cash equities income as well as reduced DCM fee income following the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by improved Futures income
- Lower operating expenses reflecting a decrease in headcount (including the transfer of US DCM business to Macquarie Capital) and reduced trading activity

Macquarie Capital

Improved result driven by reduced impairments and increased fee activity

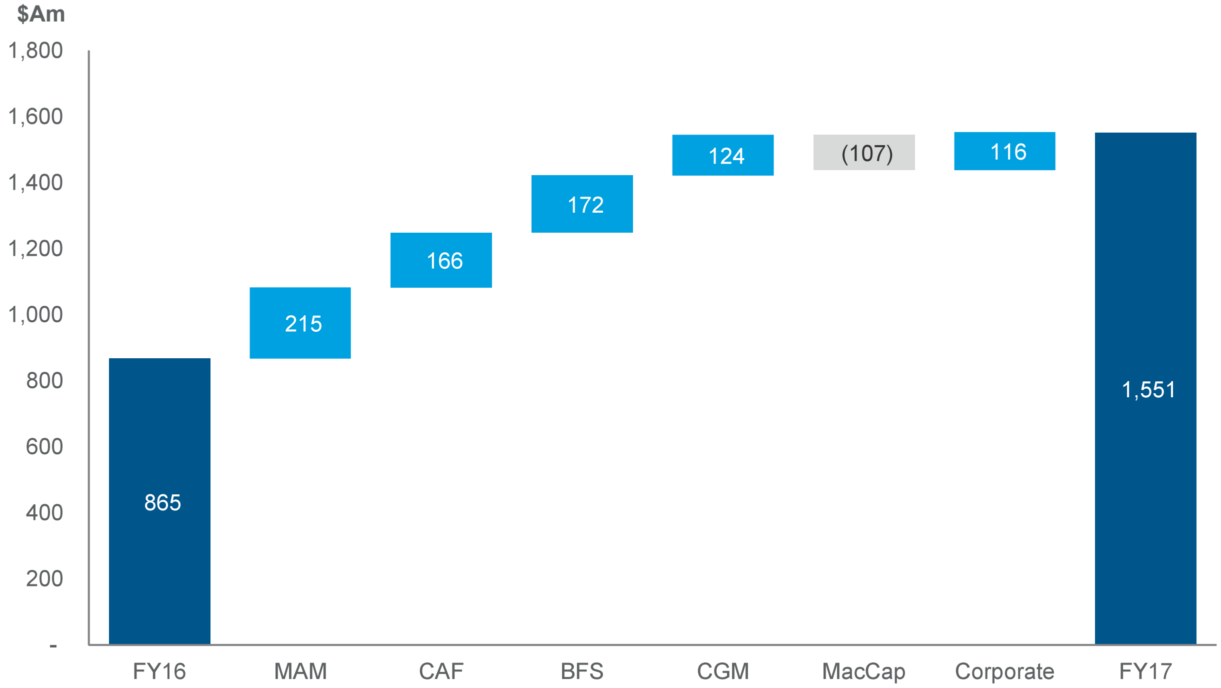


KEY DRIVERS

- Lower impairment charges relating to a small number of underperforming principal investments
- Lower investment-related income:
  - Timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
  - Reduced income from both dividends and consolidated investments
- Increased fee and commission income:
  - Increased fee income across M&A Advisory in the US and Europe and DCM in the US
  - The transfer of CGM's US DCM business to Macquarie Capital
  - Partially offset by a decline in ECM income due to more subdued equity market conditions in Australia
  - Lower other fee and commission income primarily related to a reduction in brokerage and commissions with the non-recurrence of a royalty fee

1. Includes movements in share of net profits/(losses) of associates and joint ventures accounted for using the equity method, net gains on sale and reclassification of equity and debt investments, net interest and trading income (which represents the interest earned from debt investments and the funding costs associated with Macquarie Capital's investments), other income and non-controlling interests.

Other income

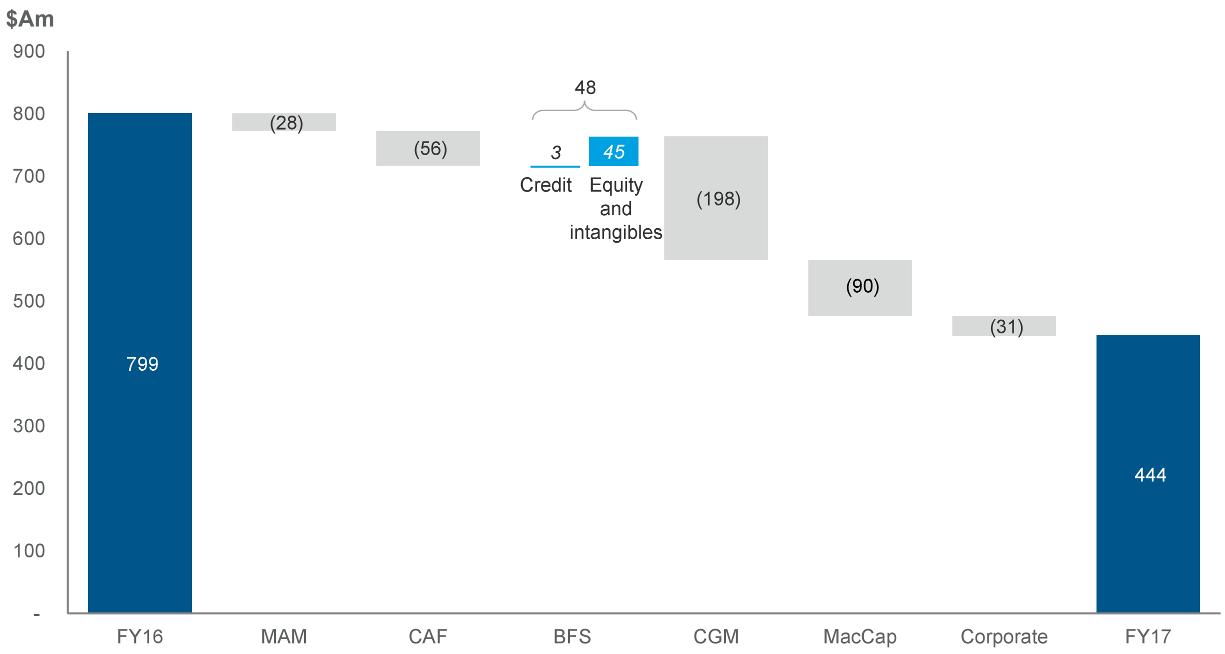


KEY DRIVERS

- Increase in MAM primarily due to gains from the partial sale of MIRA's holdings in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA including the trustee-manager of APTT, and income from the sell down of infrastructure debt in MSIS
- Increase in CAF primarily relates to a gain realised on the sale of an interest in a toll road in the US by the Lending business
- Increase in BFS predominately relates to the sale of Macquarie Life's risk insurance business
- Increase in CGM due to gains on the sale of a number of investments, mainly in energy and related sectors
- Decrease in Macquarie Capital due to timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
- Increase in Corporate primarily due to the disposal of legacy assets and a partial sell-down of an investment that resulted in a gain on reclassification at the consolidated level

Note: Other income includes net gains on sale and reclassification of equity and debt investments, income from NPI's and royalties, dividends and distributions received from investment securities available for sale, proceeds from the sale of other securities, gains on repurchase of debt, gains on the sale of non-financial assets, gains on the disposal of operating lease assets, gains on the sale of loans and receivables and other income.

Impairment expense



KEY DRIVERS

- Decline in CAF due to lower impairments in Lending and Aviation
- Increase in BFS predominately due to the underperformance of certain equity positions and impairment of intangibles relating to the Core Banking platform, primarily in 1H17
- Decrease in CGM due to reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Decrease in Macquarie Capital due to lower impairment charges relating to a small number of underperforming principal investments
- Decrease in Corporate compared to FY16 which included an increase to the central management overlay and charges on legacy assets that are no longer strategic holdings

Note: Impairment expense includes collective allowance for credit losses, specific provisions and write-offs, impairment charge on non-financial assets, and impairment charge on investment securities available for sale, interest in associates and joint ventures.

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MACQUARIE

Costs of compliance

Regulatory project spend	FY17 $Am	FY16 $Am
Basel III and liquidity	12	20
OTC reform	22	13
Other Regulatory Projects (e.g. Privacy, Managed Investment)	51	65
Sub-total	**85**	**98**

Business as usual compliance spend	FY17 $Am	FY16 $Am
Financial, Regulatory & Tax reporting and Compliance	115	93
Compliance policy and oversight	79	87
AML Compliance	24	31
Regulatory Capital Management	17	19
Regulator Levies	6	5
Other Compliance functions (e.g. Privacy, Super, Consumer Protection)	78	72
Sub-total	**319**	**307**
Total compliance spend	**404**	**405**

- The industry continues to see an increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Direct cost of compliance approx. $A404m in FY17 (excluding indirect costs), was in line with FY16
- Whilst project spend reduced during FY17, business as usual spend continues to increase

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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[1] continuing to grow, up 9.6% to $A47.8b as at Mar 17 from $A43.6b as at Mar 16
- $A8.4b of acquisition debt facilities fully repaid or refinanced in FY17 (AWAS $A2.4b[2] and Esanda $A6.0b)
- $A10.5b[3] of term funding raised during FY17:
  - $A3.4b MGL loan facilities[4]
  - $A2.9b mortgage and motor vehicle/equipment secured funding
  - $A2.4b AWAS term loan[2]
  - $A1.0b loan capital (Macquarie Additional Capital Securities)
  - $A0.5b private placements and structured note issuance
  - $A0.3b expansion of MBL Sterling syndicated loan facility

1. Total customer deposits as per the funded balance sheet ($A47.8b) differs from total deposits as per the statutory balance sheet ($A57.7b). The funded balance sheet excludes any deposits which do not represent a funding source for Macquarie. 2. The AWAS acquisition debt facility was refinanced into a term loan in Apr 16. 3. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 4. Includes $A1.4b Asian Bank Facility refinance and upsize, committed 30 Mar 17 and effective 18 Apr 17.

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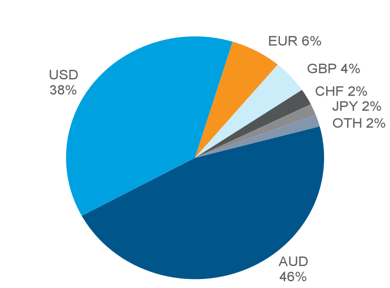
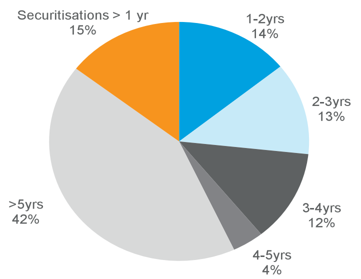
Diversified issuance strategy

Term funding as at 31 Mar 17 – diversified by currency[1], tenor[2] and type

Currency



Tenor



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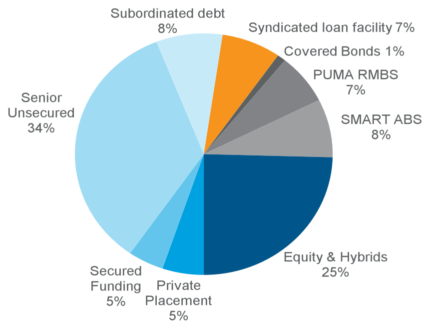
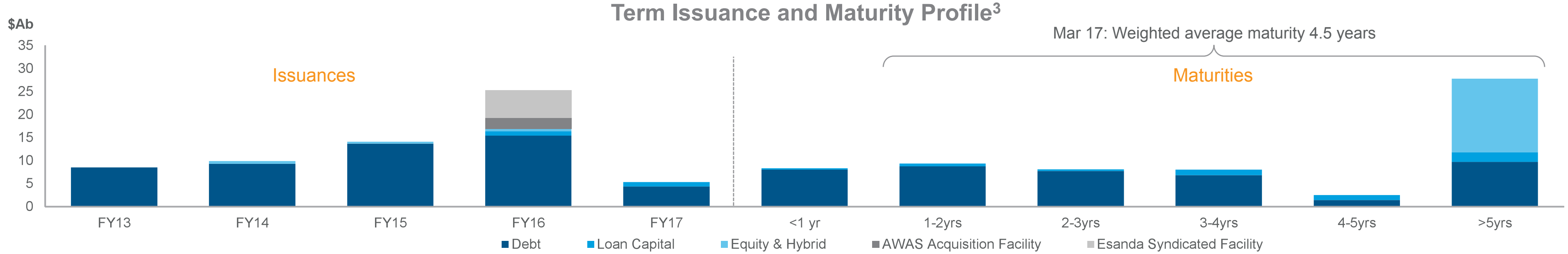


- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.5 years

Term Issuance and Maturity Profile[3]



Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances and Maturities exclude securitisations and other secured finance. Issuances are converted to AUD at the 31 Mar 17 spot rate. Maturities shown are as at 31 Mar 17. In FY17 the AWAS acquisition debt facility ($A2.4b) was refinanced via a term loan and the Esanda acquisition facility ($A6.0b) was repaid in full.

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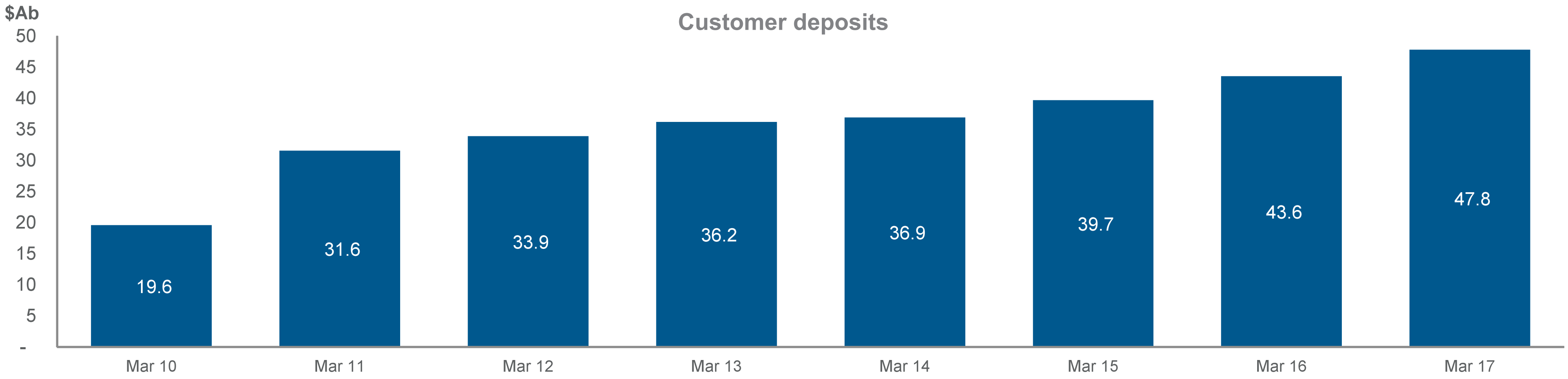
Continued customer deposit growth

- Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
  - In excess of 1 million BFS clients, of which approx. 550,000 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. $A45,000



Note: Total customer deposits include BFS deposits of $A44.5b and $A3.3b of Corporate/Wholesale deposits.

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Loan and lease portfolios[1] – Funded Balance Sheet

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Operating Group	Category	Mar 17 $Ab	Mar 16 $Ab	Description
CAF	Asset Finance[2]	22.2	23.3	Secured by underlying financed assets
	Finance lease assets	*12.2*	*12.7*	
	Operating lease assets	*10.0*	*10.6*	
	Lending[3]	6.6	9.0	Diversified corporate and real estate lending portfolio, predominately consisting of loans which are senior, secured, well covenanted and with a hold to maturity horizon
	Total CAF	28.8	32.3	
BFS	Retail Mortgages[2]	24.5	23.1	Secured by residential property and supported by mortgage insurance: • Australia: most loans are fully mortgage insured • Canada: most loans are fully insured with underlying government support
	Australia	*24.0*	*21.6*	
	Canada, US and Other	*0.5*	*1.5*	
	Business Banking[4]	6.1	5.8	Secured relationship managed loan portfolio to professional and financial services firms, real estate industry clients, insurance premium funding, mortgages to Business Banking clients and other small business clients. Secured largely by real estate, working capital, business cash flows and credit insurance. The portfolio also includes other retail lending including credit cards
	Total BFS	30.6	28.9	
CGM	Resources and commodities	2.5	3.0	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.8	2.2	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CGM	5.3	5.2	
MAM	Structured investments	2.0	1.6	Loans to retail and wholesale counterparties that are secured against equities, investment funds or cash, or are protected by capital guarantees at maturity
MacCap	Corporate and other lending	0.8	1.1	Includes secured corporate lending
Total loan and lease assets per funded balance sheet[5]		**67.5**	**69.1**	

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 $A76.7b at 31 Mar 17 ($A80.4b at 31 Mar 16) 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 and loans booked in Fair Value through P&L in the statutory balance sheet). 2. Australian Retail Mortgages per the funded balance sheet of $A24.0b differs from the figure disclosed on slide 18 of $A28.7b and Asset Finance per the funded balance sheet of $A22.2b differs from the figure disclosed on slide 17 of $A29.7b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Lending per the funded balance sheet of $A6.6b differs from the figure disclosed on slide 17 of $A6.8b. The statutory balance sheet includes AVS debt investments which are reported in the funded balance sheet as debt investment securities. 4. Business Banking loans per the funded balance sheet of $A6.1b differs from the figures disclosed on slide 18 of $A6.5b. The difference relates to mortgages written by Business Banking which have been included in Retail Mortgages in the table above. In addition to this the $A6.5b on slide 18 excludes retail lending including credit cards which have been included in this category in the table above. 5. Total loan assets per funded balance sheet includes self securitised assets.

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Equity investments of $A5.0b[1]

Category	Carrying value[2] Mar 17 $Ab	Carrying value[2] Mar 16 $Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.6	1.7	Includes Macquarie Infrastructure Company, Macquarie SBI Infrastructure Fund, Macquarie Atlas Roads, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4, Macquarie European Infrastructure Fund 3
Other Macquarie managed funds	0.5	0.6	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	1.5	1.0	Over 45 separate investments, increase primarily due to a consolidated investment in a gas distribution network in the United Kingdom
Telcos, IT, media and entertainment	0.6	0.7	Over 40 separate investments, decrease due to divestment of Axicom
Energy, resources and commodities	0.4	0.5	Over 60 separate investments, decrease due to a number of divestments in CGM
Real estate investment, property and funds management	0.1	0.1	Over 15 separate investments
Finance, wealth management and exchanges	0.3	0.4	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry, decrease due to divestments in MacCap
	5.0	**5.0**	

1. Equity investments per the statutory balance sheet of $A7.2b (Mar 16: $A6.8b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of $A5.5b (Mar 16: $A5.8b), less available for sale and associates' reserves of $A0.5b (Mar 16: $A0.8b).

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Regulatory update

- Basel Capital Framework
  - The Basel Committee has delayed the finalisation of proposals to amend the calculation of certain risk weighted assets under Basel III. Any impact on capital will depend upon the final form of the proposals and local implementation by APRA
  - APRA has delayed until at least 1 Jan 19 the implementation of a new standardised approach for measuring counterparty credit risk exposures on derivatives (SA-CCR) and capital requirements for bank exposures to central counterparties. APRA will consult again on these requirements in 2017
  - APRA has also announced that it does not expect to finalise a new market risk standard[1] until at least 2020, with implementation from 2021 at the earliest
- Financial System Inquiry (FSI)
  - APRA will give more detail around the middle of the year on how it proposes to address the FSI recommendation that Australian ADIs' capital ratios should be unquestionably strong
- Net Stable Funding Ratio (NSFR)
  - APRA released final NSFR requirements at the end of 2016, however the exact application of certain elements of the standard remains under discussion. The NSFR and associated changes to APRA ADI Prudential Standard 210 will be effective from 1 Jan 18
  - Macquarie's NSFR was >100% at 31 Mar 17

Note: The Basel Capital Framework and NSFR apply to the Bank Group only. 1. Also known as the Fundamental Review of the Trading Book.

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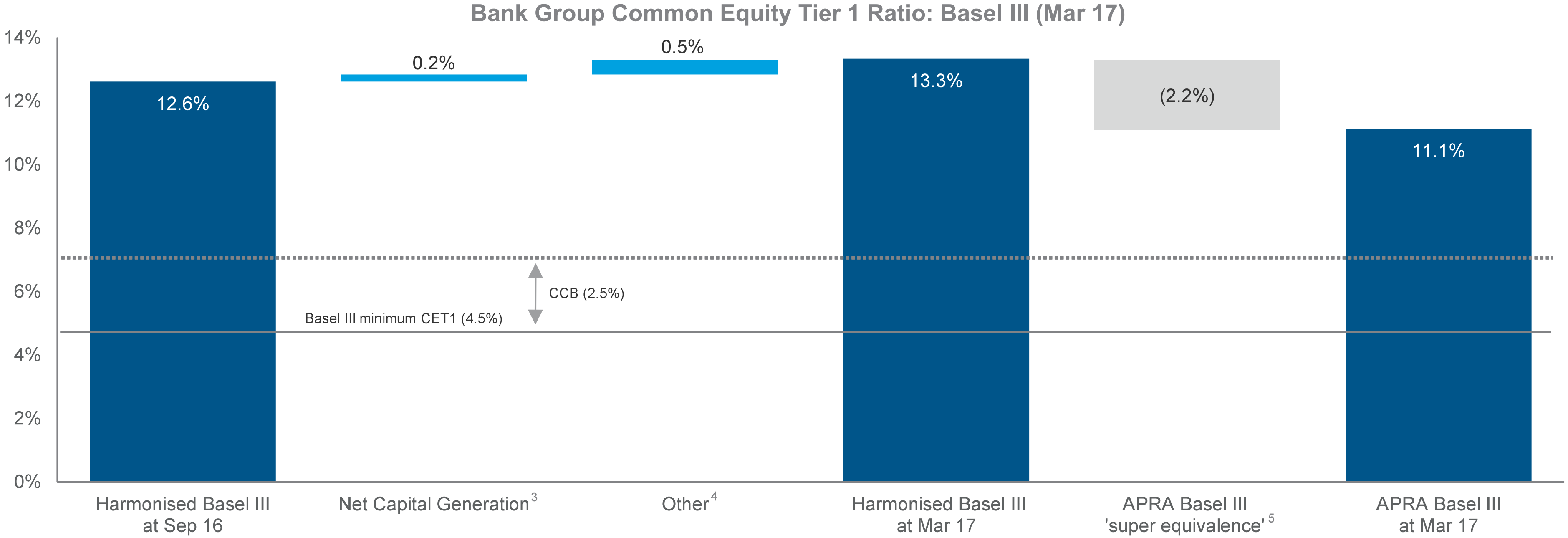
Bank Group Basel III Common Equity Tier 1 (CET1) Ratio

- APRA Basel III CET1 ratio: 11.1%[1]
- Harmonised Basel III CET1 ratio: 13.3%[2]



1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Mar 17: 13.3%. APRA Basel III CET1 ratio at Sep 16: 10.4%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Mar 17: 15.6%. 3. Includes MBL 2H17 P&L, the 1H17 MBL to MGL interim dividend and movements in reserves (excluding foreign currency translation reserve). 4. Includes changes in business requirements, for example, reduced CAF Lending loan portfolio and the sale of Macquarie Life's risk insurance business. Also includes the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements. 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 for differences in the treatment of mortgages (0.8%); equity investments (0.5%); capitalised expenses (0.5%); investment into deconsolidated subsidiaries (0.2%); DTAs and other impacts (0.2%).

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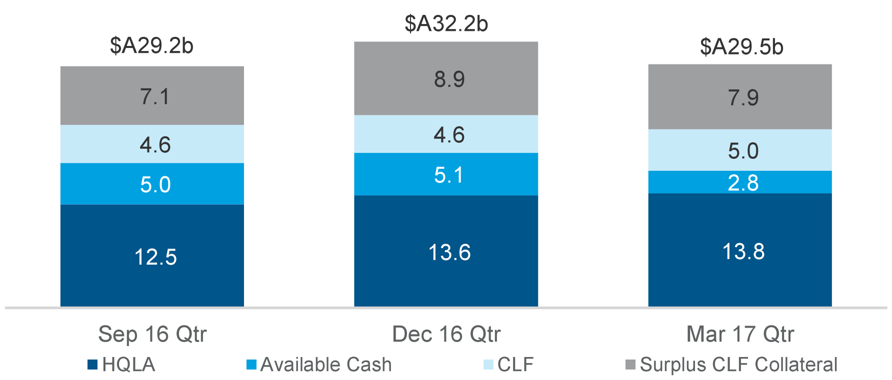
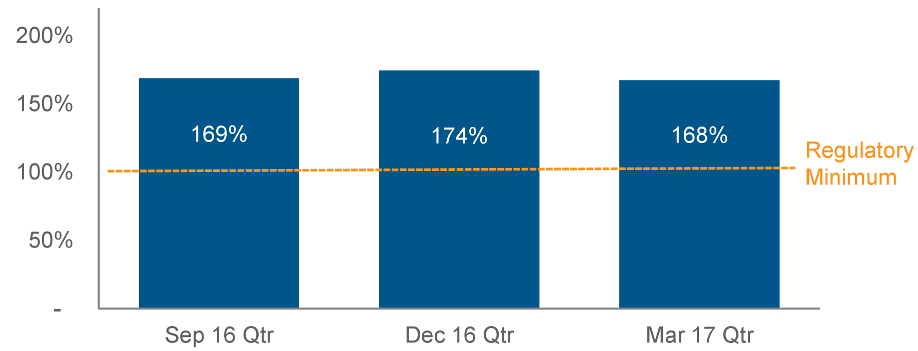
Strong liquidity position maintained

- 168% average LCR for Mar 17 quarter, based on daily observations
  - Maintained well above regulatory minimums
  - Includes APRA approved AUD CLF allocation of $A5.0b for 2017 calendar year
- Reflects long-standing conservative approach to liquidity management
- $A29.5b of unencumbered liquid assets and cash on average over the quarter to Mar 17 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio[1]



MBL LCR position



1. Unencumbered Liquid Asset Portfolio represents the quarterly average of these balances.

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Capital management update

- The Board has resolved:
  - To purchase shares[1,2] to satisfy the MEREP requirements of approx. $A378m. The buying period for the MEREP will commence on 16 May 17 and is expected to be completed by 7 Jul 17[3]
  - MQG shares sold by staff between 16 May 17 and 9 Jun 17[4] are expected to be acquired by the MEREP Trustee to meet the MEREP buying requirements
  - Shares sold by staff during this window are to be acquired off-market at the daily VWAP[5], reducing the number of shares acquired on-market to meet the MEREP requirements
  - No discount will apply for the 2H17 DRP and the shares are to be acquired on-market[2]
- Following the issue of $US750m MACS hybrid capital in March, MBL (London Branch) intends to buyback $US250m ECS hybrid capital in Jun 17:
  - ECS are Basel III-Transitional Additional Tier 1 Capital securities issued in 2012
  - Under the proposed transaction, a Resale of ECS will take place, whereby all ECS Holders will sell to a third party financial institution for par value on 20 Jun 17 after interest has been paid[6]. MBL (London Branch) will buyback ECS immediately following the Resale such that no Exchange to MGL ordinary shares will occur
  - A Resale Notice will be required to be delivered to ECS Holders in accordance with the ECS Terms

1. Shares may be purchased on-market and off-market. 2. Shares will be issued if purchasing becomes impractical or inadvisable. 3. Actual buying may be completed sooner or later. On-market buying for the MEREP will be suspended during the DRP pricing period (24 May 2017 to 1 June 2017). 4. This date is subject to change. 5. Trades will be crossed off-market by Macquarie Securities (Australia) Limited and reported to ASX and Chi-X accordingly. 6. Subject to the Interest Payment Conditions under the ECS Terms.

04 Outlook

Nicholas Moore – Managing Director and Chief Executive Officer

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Factors impacting short-term outlook

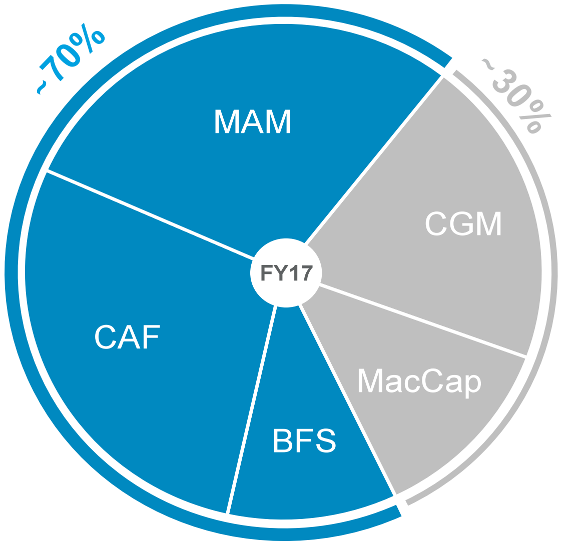
FY18 combined net profit contribution from operating groups expected to be broadly in line with FY17

Annuity-style businesses

Macquarie Asset Management
- FY17: $A1.5b down 6% on FY16
- Base fees expected to be broadly in line
- Performance fees and investment-related income expected to be broadly in line, subject to timing of asset realisations

Corporate and Asset Finance
- FY17: $A1.2b up 6% on FY16
- Leasing book broadly in line
- Reduced loan volumes in Lending
- Timing and level of early prepayments and realisations in Lending

Banking and Financial Services
- FY17: $A0.5b up 47% on FY16
- Higher loan portfolio, deposit and platform volumes
- Non-recurrence of gain on sale of life business and reduced project-related expenses
- Reduced impairments with respect to equity investments and intangibles



Corporate
- Compensation ratio to be consistent with historical levels
- Based on present mix of income, currently expect FY18 tax rate to be broadly in line with FY17

Capital markets facing businesses

Commodities and Global Markets
- FY17: $A1.0b up 15% on FY16
- Strong customer base expected to drive consistent flow across Commodities, Fixed Income and Futures
- Lower levels of impairments and investment-related income expected
- Cargill acquisition not expected to have material impact

Macquarie Capital
- FY17: $A0.5b up 7% on FY16
- Assume market conditions broadly consistent with FY17
- Solid pipeline of Principal realisations expected
- GIB acquisition not expected to have material impact

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on FY17 net profit contribution from operating groups.

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Short-term outlook

- We currently expect the FY18 combined net profit contribution[1] from operating groups to be broadly in line with FY17
- The FY18 tax rate is currently expected to be broadly in line with FY17
- Accordingly, the Group's result for FY18 is currently expected to be broadly in line with FY17
- Our short-term outlook remains subject to:
  - Market conditions
  - The impact of foreign exchange
  - Potential regulatory changes and tax uncertainties

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

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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
  - Two capital markets facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Commodities and Global Markets and Macquarie Capital
- Ongoing 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

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Approximate business Basel III Capital & ROE

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Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. FY17 Return on Ordinary Equity[2]	Approx. 11-Year Average Return on Ordinary Equity[2]
Annuity-style businesses	**8.3**		
Macquarie Asset Management	1.7	22%	20%[3]
Corporate and Asset Finance	4.4		
Banking and Financial Services	2.2		
Capital markets facing businesses	**4.6**		
Commodities and Global Markets	2.9	15%	15% - 20%
Macquarie Capital	1.7		
Corporate	**0.3**		
Total regulatory capital requirement @ 8.5%	13.2		
Group surplus	5.5		
Total APRA Basel III capital supply	**18.7[4]**		

1. Business Group capital allocations are indicative and are based on allocations as at 31 Dec 16 adjusted for material movements over the Mar 17 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. 11-year average covers FY07 to FY17, inclusively. 3. CAF returns prior to FY11 are excluded from the 11-year average as they are not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of $A15.6b of ordinary equity and $A3.1b of hybrids.

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MACQUARIE

Medium-term

Annuity-style businesses

Macquarie Asset Management (MAM)
- Annuity-style business that is diversified across regions, products, asset classes and investor types
- Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions
- Well positioned for organic growth with several strongly performing products and an efficient operating platform

Corporate and Asset Finance (CAF)
- Leverage deep industry expertise to maximise growth potential in loan and lease portfolios
- Positioned for further asset acquisitions and realisations, subject to market conditions
- Funding from asset securitisation throughout the cycle

Banking and Financial Services (BFS)
- Strong growth opportunities through intermediary and direct retail client distribution, white labelling, platforms and client service
- Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments
- Modernising technology to improve client experience and support growth

Capital markets facing businesses

Commodities and Global Markets (CGM)
- Opportunities to grow commodities business, both organically and through acquisition
- Development of institutional coverage for specialised credit, rates and foreign exchange products
- Increase financing activities
- Growing the client base across all regions
- Well positioned for a recovery in equity market activity levels through both improved market rankings combined with existing strong research platform and strong market position in Asia

Macquarie Capital (MacCap)
- Positioned to benefit from any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each region

MACQUARIE

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2017

5 May 2017

A | APPENDIX
Detailed result commentary

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Macquarie Asset Management

Result

	FY17 $Am	FY16 $Am
Base fees	1,574	1,569
Performance fees	264	693
Other fee and commission income	229	242
Investment and other income[1]	529	206
Net operating income	**2,596**	**2,710**
Brokerage, commission and trading-related expenses	(200)	(219)
Other operating expenses	(857)	(834)
Total operating expenses	**(1,057)**	**(1,053)**
Non-controlling interests	(1)	(13)
Net profit contribution[2]	**1,538**	**1,644**
AUM ($Ab)	480.0	476.9
Headcount	1,559	1,498

- Base fees of $A1,574m, broadly in line with FY16
  - Underlying base fees up on FY16 - positive impact from investments made by MIRA-managed funds, growth in the MSIS Infrastructure Debt business and positive market movements in MIM AUM, partially offset by asset realisations by MIRA-managed funds and net AUM outflows in the MIM business
  - Unfavourable FX impacts on base fees
- Performance fees of $A264m, down 62% from a particularly strong FY16, predominately from infrastructure assets
  - FY17 included fees from a broad range of funds. FY16 benefited from significant fees from MEIF1, MIC and MIRA co-investors in respect of a UK asset
- Other fee and commission income of $A229m, down 5% on FY16 primarily due to a reduction in income earned from True Index products
- Investment and other income of $A529m, up significantly on FY16 mainly due to increased investment realisations including:
  - Gains from the partial sale of MIRA's holding in MQA and MIC, gains on sale and reclassification of unlisted infrastructure and real estate holdings in MIRA (including the trustee-manager of APTT), and income from the sell down of infrastructure debt in MSIS
  - Improved equity accounted income driven by underlying gains on the sale of a number of assets in the current year
- Total operating expenses of $A1,057m, broadly in line with FY16

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.

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Corporate and Asset Finance

Result

	FY17 $Am	FY16 $Am
Net interest and trading income[1]	712	848
Net operating lease income	904	865
Impairments and provisions[2]	(111)	(167)
Fee and commission income	53	43
Other income[3]	273	134
Net operating income	**1,831**	**1,723**
Total operating expenses	**(634)**	**(594)**
Non-controlling interests	1	1
Net profit contribution[4]	**1,198**	**1,130**
Loan and finance lease portfolio[5] ($Ab)	26.5	28.8
Operating lease portfolio ($Ab)	10.0	10.6
Headcount	1,258	1,353

- Net interest and trading income of $A712m, down 16% on FY16
  - Lower Lending volumes and reduced income from prepayments and realisations from loans
  - Increased funding costs driven by the full year impact of funding the AWAS portfolio
  - Partially offset by the contribution from the acquisition of the Esanda dealer finance portfolio
- Net operating lease income of $A904m, up 5% on FY16
  - Full year contribution of the AWAS portfolio
  - Partially offset by unfavourable FX impacts and the sale of 9 aircraft in FY17
- Impairments and provisions down on FY16 due to lower impairments in Lending and Aviation
- Other income of $A273m up on FY16 due to a gain realised on the sale of an interest in a US toll road by the Lending business
- Lending income from prepayments and realisations (included in both net interest and trading income and other income) broadly in line with FY16
- Total operating expenses of $A634m, up 7% on FY16
  - Full year impact of costs associated with the Esanda dealer finance portfolio

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. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Includes equity portfolio of $A0.4b (FY16: $A0.3b).

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Banking and Financial Services

Result

	FY17 $Am	FY16 $Am
Net interest and trading income[1]	1,049	941
Fee and commission income	472	526
Wealth management fee income	*313*	*313*
Banking fee income	*132*	*137*
Life insurance income	*27*	*56*
Other	*-*	*20*
Net gain on disposal of businesses	192	-
Impairments and provisions[2]	(91)	(43)
Other income	26	40
Net operating income	**1,648**	**1,464**
Total operating expenses	**(1,135)**	**(1,114)**
Net profit contribution[3]	**513**	**350**
Funds on platform[4] ($Ab)	72.2	58.4
Australian loan portfolio[5] ($Ab)	35.8	35.1
Legacy loan portfolio[6] ($Ab)	0.5	1.6
BFS deposits[7] ($Ab)	44.5	40.4
Headcount	1,992	2,182

- Net interest and trading income of $A1,049m, up 11% on FY16
  - Increased average balances of the Australian loan and deposit portfolio: average business lending up 9%, average Australian mortgages up 5% and average deposit volumes up 9% on FY16
  - Average lending margins up, partially offset by lower deposit margins
- Fee and commission income of $A472m, down 10% on FY16
  - Decrease in life insurance income following the sale of Macquarie Life's risk insurance business in Sep 16
  - Other fee and commission income in FY16 included a $A20m performance fee
- Net gain on disposal of businesses of $A192m
  - Includes gain on sale of Macquarie Life's risk insurance business to Zurich Australia Limited partially offset by losses on the sale of US mortgages portfolio
- Impairments and provisions of $A91m, up on FY16
  - Increase predominately due to the underperformance of certain equity positions, impairment of intangibles relating to the Core Banking platform and specific loan impairments, primarily in 1H17
- Total operating expenses of $A1,135m, up 2% on FY16 mainly due to elevated project activity and a change in approach to the capitalisation of software expenses in relation to the Core Banking platform

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. Funds on platform includes Macquarie Wrap and Vision. 5. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 6. The legacy loan portfolios primarily comprise residential mortgages in Canada and the US. 7. BFS deposits excludes corporate/wholesale deposits.

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Commodities and Global Markets

Result

	FY17 $Am	FY16 $Am
Commodities[1]	1,132	1,333
Risk management products	*748*	*819*
Lending and financing	*260*	*310*
Inventory management, transport and storage	*124*	*204*
Credit, interest rates and foreign exchange[1]	621	412
Equities	307	540
Fee and commission income	857	922
Investment and other income	180	55
Impairments and provisions[2]	(149)	(347)
Net operating income	**2,948**	**2,915**
Brokerage, commission and trading-related expenses	(423)	(443)
Other operating expenses	(1,553)	(1,628)
Total operating expenses	**(1,976)**	**(2,071)**
Non-controlling interests	(1)	-
Net profit contribution[3]	**971**	**844**
Headcount	1,888	2,012

- Commodities income of $A1,132m, down 15% on FY16
  - Risk management products down 9% on FY16: strong contributions from Global Oil and North American Gas, offset by a lower contribution from power – largely in North America due to subdued volatility compared to FY16; lower income from Agricultural and Metals markets
  - Lending and financing down 16% on FY16 mainly due to a reduction in average loan balances
  - Inventory management, transport and storage down 39% on FY16 due to reduced opportunities from price dislocations in US and EMEA energy markets as well as volatility associated with the timing of income
- Credit, interest rate and foreign exchange income of $A621m, up 51% on FY16
  - Increased contributions from FX and interest rates markets due to ongoing market volatility
  - Improved performance of high yield debt markets and revenues from specialty lending products
- Equities down on a strong FY16 which benefited from strong equity markets activity, particularly in China
- Fee and commission income of $A857m, down 7% on FY16 predominately in relation to lower ECM and cash equities income as well as reduced DCM fee income following the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by improved Futures income
- Investment and other income of $A180m, up significantly on FY16 driven by gains on sale of a number of investments, mainly in energy and related sectors
- Impairments and provisions of $A149m, down 57% on FY16
  - Reduced exposure to underperforming commodity-related loans and a reduction in the residual MEC equity investment portfolio
- Total operating expenses of $A1,976m, down 5% on FY16 largely due to lower headcount (including the transfer of US DCM business to Macquarie Capital)

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.

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Macquarie Capital

Result

	FY17 $Am	FY16 $Am
Fee and commission income	887	870
Investment and other income	396	464
Net interest and trading income[1]	14	16
Impairments and provisions[2]	(97)	(187)
Internal management revenue[3]	6	15
Net operating income	**1,206**	**1,178**
Total operating expenses	**(722)**	**(732)**
Non-controlling interests	(1)	5
Net profit contribution[4]	**483**	**451**
Capital markets activity[5]:		
Number of transactions	417	402
Transactions value ($Ab)	159	180
Headcount	1,136	1,213

- Fee and commission income of $A887m, up 2% on FY16; increased fee income across M&A Advisory in the US and Europe and DCM in the US as well as the transfer of CGM's 25% interest in the US DCM business to Macquarie Capital, partially offset by a decline in ECM income due to more subdued equity market conditions in Australia
- Investment and other income of $A396m, down 15% on FY16
  - Timing of transactions resulting in lower gains on the sale and reclassification of equity and debt investments
  - Reduced income from both dividends and consolidated investments
- Impairment charges of $A97m, down 48% on FY16
  - Relates to a small number of underperforming principal investments
- Total operating expenses of $A722m, down 1% on FY16
  - Decline due to the impact of the appreciation of the AUD on offshore expenses, partially offset by increased principal activity and changes in business operations, which included the transfer of CGM's US DCM business to Macquarie Capital

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. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. FY16 deal values and transaction numbers have been adjusted to reflect final transaction data. These changes are not material.

B APPENDIX
Additional information – Funding

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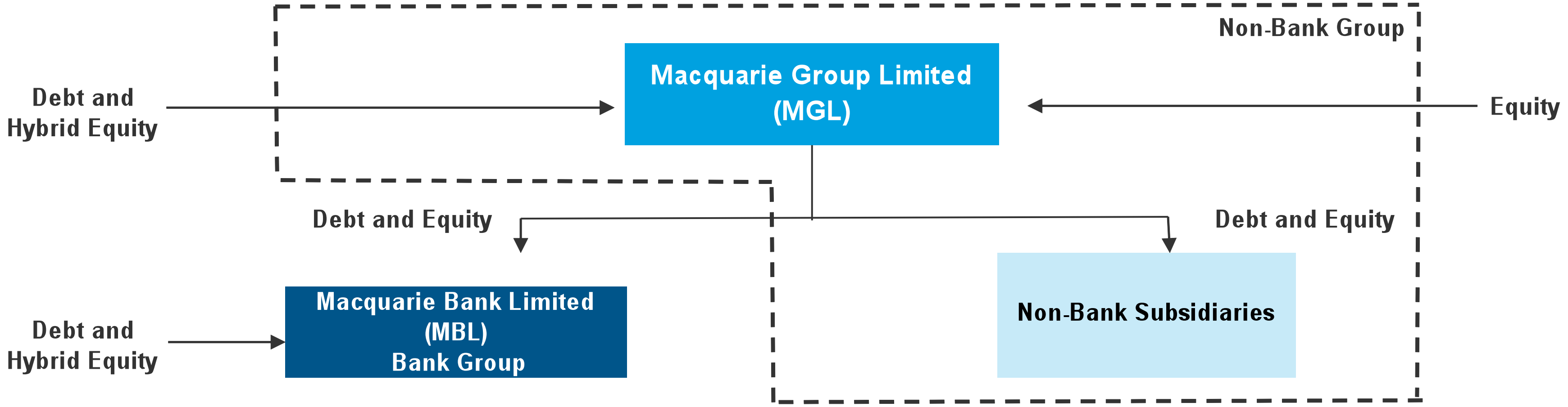
Macquarie funding structure

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



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Funded balance sheet reconciliation

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

	Mar 17 $Ab	Mar 16 $Ab
Total assets per Statement of Financial Position	**182.9**	**196.8**
Accounting deductions:		
Self funded trading assets	(14.6)	(16.6)
Derivative revaluation accounting gross-ups	(10.7)	(14.4)
Life investment contracts and other segregated assets	(9.6)	(8.4)
Outstanding trade settlement balances	(6.6)	(5.8)
Short-term working capital assets	(5.8)	(5.6)
Non-controlling interests	(1.3)	(0.2)
Less non-recourse funded assets:		
Securitised assets and non-recourse funding	(13.5)	(15.0)
Total assets per Funded Balance Sheet	**120.8**	**130.8**

For an explanation of the above deductions refer to slide 67.

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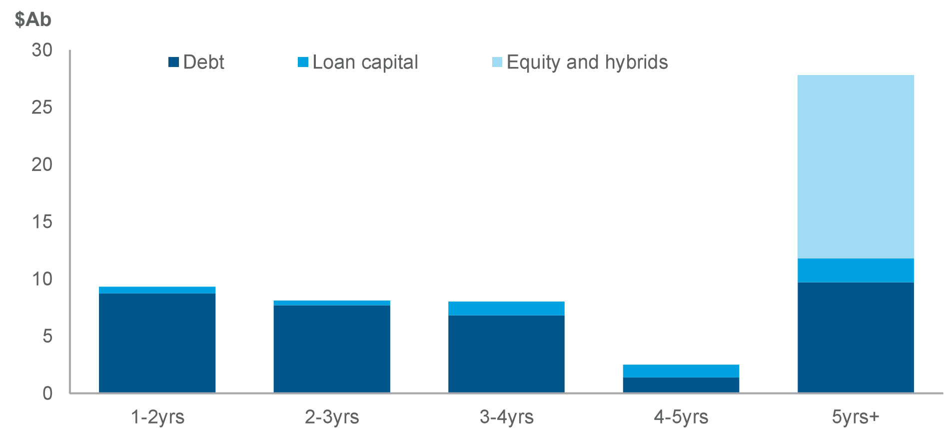
Funding for Macquarie

	Mar 17 $Ab	Mar 16 $Ab
Funding sources		
Certificates of deposits	0.9	0.4
Commercial paper	5.7	8.9
Net trade creditors	2.4	1.7
Structured notes	3.1	3.4
Secured funding[1]	4.6	5.3
Bonds[1]	29.3	37.5
Other loans	0.5	0.4
Syndicated loan facilities[2]	4.8	5.9
Customer deposits	47.8	43.6
Loan capital	5.7	5.2
Equity and hybrids[3,4]	16.0	15.5
Total funding sources[2,4]	**120.8**	**127.8**
Funded assets		
Cash and liquid assets[2]	21.7	27.4
Self-securitisation	16.5	13.9
Net trading assets	22.1	21.1
Loan assets including operating lease assets less than one year	13.9	13.1
Loan assets including operating lease assets greater than one year	37.1	42.1
Debt investment securities	2.3	2.7
Co-investment in Macquarie-managed funds and other equity investments[4]	5.5	5.8
Property, plant & equipment and intangibles	1.7	1.7
Total funded assets[2,4]	**120.8**	**127.8**

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 40%[5] of total funding sources
- Term funding beyond one year (excluding equity and securitisations) has a weighted average term to maturity of 4.5 years[5]

Macquarie term funding maturing beyond one year
(includes equity and hybrid)[6]



1. Covered Bonds have been reclassified as Secured Funding, previously classified as Bonds. Accordingly, the Mar 16 position has been restated. 2. Mar 16 numbers adjusted for partial repayment of Esanda facility of $A3.0b in Apr 16. 3. Mar 17 includes ordinary capital and Macquarie Income Securities of $A0.4b. 4. Non-controlling interests have been netted in the funded balance sheet. Accordingly, the Mar 16 position has been restated. 5. As at 31 Mar 17. 6. Includes drawn term funding facilities only.

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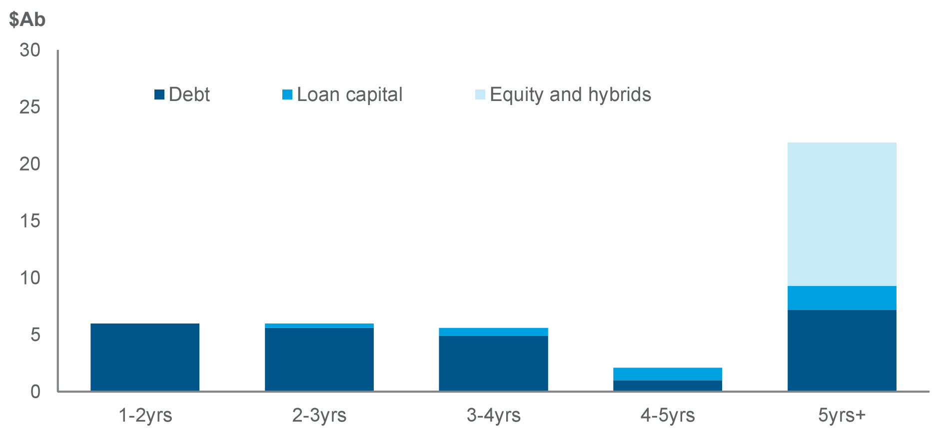
Funding for the Macquarie Bank Group

	Mar 17 $Ab	Mar 16 $Ab
Funding sources		
Certificates of deposit	0.9	0.4
Commercial paper	5.7	8.9
Net trade creditors	1.6	1.4
Structured notes	2.6	3.0
Secured funding[1]	4.4	5.2
Bonds[1]	21.7	29.1
Other loans	0.3	0.2
Syndicated loan facilities[2]	2.4	3.0
Customer deposits	47.8	43.6
Loan capital	4.6	4.1
Equity and hybrids[3]	12.6	12.7
Total funding sources[2]	**104.6**	**111.6**
Funded assets		
Cash and liquid assets[2]	20.0	25.9
Self-securitisation	16.5	13.9
Net trading assets	21.8	20.4
Loan assets including operating lease assets less than one year	13.6	12.5
Loan assets including operating lease assets greater than one year	36.1	41.1
Debt investment securities	1.9	2.2
Non-Bank Group deposit with MBL	(6.7)	(6.2)
Co-investment in Macquarie-managed funds and other equity investments	0.8	1.1
Property, plant & equipment and intangibles	0.6	0.7
Total funded assets[2]	**104.6**	**111.6**

- Bank balance sheet remains liquid, well capitalised and with a diversity of funding sources
- Term funding beyond one year (excluding equity and securitisations) has a weighted average term to maturity of 4.6 years[4]
- Accessed term funding in markets including US, Europe and Australia as well as opening new markets

Macquarie Bank Group term funding maturing beyond one year
(includes equity and hybrid)[5]



1. Covered Bonds have been reclassified as Secured Funding, previously classified as Bonds. Accordingly, the Mar 16 position has been restated. 2. Mar 16 numbers adjusted for partial repayment of Esanda facility of $A3.0b in Apr 16. 3. Includes ordinary capital and Macquarie Income Securities of $A0.4b. 4. As at 31 Mar 17. 5. Includes drawn term funding facilities only.

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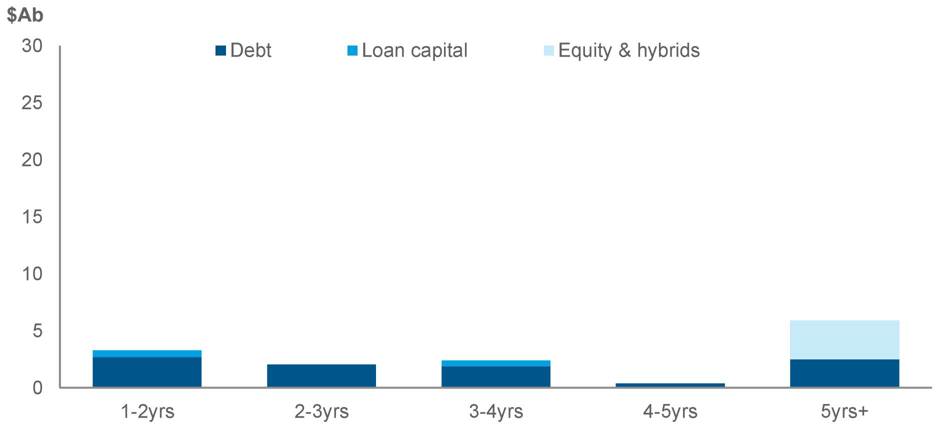
Funding for the Non-Bank Group

	Mar 17 $Ab	Mar 16 $Ab
Funding sources		
Net trade creditors	0.8	0.3
Structured notes	0.5	0.4
Secured funding	0.2	0.1
Bonds	7.6	8.4
Other loans	0.2	0.2
Syndicated loan facilities	2.4	2.9
Loan capital[1]	1.1	1.1
Equity[2]	3.4	2.8
Total funding sources[2]	**16.2**	**16.2**
Funded assets		
Cash and liquid assets	1.7	1.5
Non-Bank Group deposit with MBL	6.7	6.2
Net trading assets	0.3	0.7
Loan assets less than one year	0.3	0.6
Loan assets greater than one year	1.0	1.0
Debt investment securities	0.4	0.5
Co-investment in Macquarie-managed funds and other equity investments[2]	4.7	4.7
Property, plant & equipment and intangibles	1.1	1.0
Total funded assets[2]	**16.2**	**16.2**

- Non-Bank Group is predominately term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.3 years

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



1. Macquarie Group Capital Notes 1 & 2 of $A1.1b. 2. Non-controlling interests have been netted in the funded balance sheet. Accordingly, the Mar 16 position has been restated. 3. Includes drawn term funding facilities only.

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Explanation of Funded Balance Sheet reconciling items

MACQUARIE

- **Self-funded trading assets:** Macquarie enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties. Also as part of its trading activities, Macquarie pays and receives margin collateral on its outstanding derivative positions. These trading-related asset and liability positions are presented gross on the statement of financial position but are viewed as being self funded to the extent that they offset one another and, therefore, are netted as part of this adjustment.
- **Derivative revaluation accounting gross-ups:** Macquarie's derivative activities are mostly client driven with client positions hedged by offsetting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding.
- **Life investment contracts and other segregated assets:** These represent the assets and liabilities that are recognised where Macquarie provides products such as investment-linked policy contracts or where Macquarie holds segregated client monies. The policy (contract) liability and client monies will be matched by assets held to the same amount and hence does not require funding.
- **Outstanding trade settlement balances:** At any particular time Macquarie will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed on other trades (receivables).
- **Short-term working capital assets:** As with the outstanding trade settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that either requires or provides funding.
- **Non-controlling interests:** These represent the portion of equity ownership in subsidiaries not attributable to Macquarie. As this is not a position that Macquarie is required to fund it is netted against the consolidated assets and liabilities in preparing the funded balance sheet.
- **Securitised and non-recourse assets:** These represent assets that are funded by third parties with no recourse to Macquarie including lending assets (mortgages and leasing) sold down into external securitisation entities.

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Conservative long standing liquidity risk management framework

MACQUARIE

Liquidity Policy

- The key requirement of MGL and MBL's liquidity policies is that the entities are able to meet all liquidity obligations during a period of liquidity stress:
  - A minimum 12 month period with constrained access to funding markets and with only a limited impact on franchise businesses
- Term assets are funded by term funding, stable deposits and equity

Liquidity Framework

- A robust liquidity risk management framework ensures that both MGL and MBL are able to meet their funding requirements as they fall due under a range of market conditions. Key tools include:
  - Liability driven approach to balance sheet management
  - Scenario analysis
  - Maintenance of unencumbered liquid asset holdings
- Liquidity management is performed centrally by Group Treasury, with oversight from the Asset and Liability Committee and the Risk Management Group
- The Boards of each entity approve their respective liquidity policy and are provided with liquidity reporting on a monthly basis

C | APPENDIX

Additional information – Capital

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Macquarie Basel III regulatory capital

Surplus calculation

31 Mar 17	Harmonised Basel III $Am	APRA Basel III $Am	
Macquarie eligible capital:			
Bank Group Gross Tier 1 capital	14,255	14,255	
Non-Bank Group eligible capital	4,415	4,415	
Eligible capital	18,670	18,670	(a)
Macquarie capital requirement:			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)[1]	88,183	89,568	
Capital required to cover RWA[2]	7,496	7,613	
Tier 1 deductions	460	2,261	
Total Bank Group capital requirement	7,956	9,874	
Total Non-Bank Group capital requirement	3,301	3,301	
Total Macquarie capital requirement (at 8.5%[2] of the Bank Group RWA)	11,257	13,175	(b)
Macquarie regulatory capital surplus (at 8.5%[2] of the Bank Group RWA)	**7,413**	**5,495**	**(a)-(b)**

1. In calculating the Bank Group's contribution to Macquarie's capital requirement, $A448m RWA associated with exposures to the Non-Bank Group are eliminated. 2. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110.

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MACQUARIE

Macquarie APRA Basel III regulatory capital

Bank Group contribution

31 Mar 17	Risk-weighted assets $Am	Tier 1 Deductions $Am	Capital Requirement[1] $Am
Credit risk			
On balance sheet	59,828		5,086
Off balance sheet	15,721		1,336
Credit risk total[2]	75,549		6,422
Market risk	3,958		336
Operational risk	9,979		848
Interest rate risk in the banking book	82		7
Tier 1 deductions		2,261	2,261
Contribution to Group capital calculation[2]	89,568	2,261	9,874

1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110, plus Tier 1 deductions. 2. In calculating the Bank Group's contribution to Macquarie's capital requirement, $A448m RWA associated with exposures to the Non-Bank Group are eliminated.

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MACQUARIE

Macquarie regulatory capital

Non-Bank Group contribution

- APRA has specified a regulatory capital framework for Macquarie
- A dollar capital surplus is produced; no capital ratio calculation is specified
- APRA has approved Macquarie's Economic Capital Adequacy Model (ECAM) for use in calculating the regulatory capital requirement of the Non-Bank Group
- Any significant changes to the ECAM must be approved by the MGL Board and notified to APRA within 14 days
- The ECAM is based on similar principles and models as the Basel III regulatory capital framework for Banks, with both calculating capital at a one year 99.9% confidence level:

Risk[1]	Basel III	ECAM
Credit	Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default)	Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters
Equity	Harmonised Basel III: 250%, 300% or 400% risk weight, depending on the type of investment[2]. Deduction from Common Equity Tier 1 above a threshold APRA Basel III: 100% Common Equity Tier 1 deduction	Extension of Basel III credit model to cover equity exposures. Capital requirement between 36% and 82% of face value; average 49%
Market	3 times 10 day 99% Value at Risk (VaR) plus 3 times 10-day 99% Stressed VaR plus a specific risk charge	Scenario-based approach
Operational	Advanced Measurement Approach	Advanced Measurement Approach

1. The ECAM also covers insurance underwriting risk, non-traded interest rate risk and the risk on assets held as part of business operations, e.g. fixed assets, goodwill, intangible assets, capitalised expenses and certain minority stakes in associated companies or stakes in joint ventures.
2. Includes all Banking Book equity investments, plus net long Trading Book holdings in financial institutions.

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MACQUARIE

Macquarie regulatory capital

Non-Bank Group contribution

31 Mar 17	Assets $Ab	Capital Requirement $Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	1.7	20	15%
Loan assets[1]	1.3	118	114%
Debt investment securities	0.4	68	214%
Co-investments in Macquarie-managed funds and other equity investments	4.4	2,054	589%
Co-investments in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.3		
Property, plant and equipment and intangibles	1.1	198	225%
Non-Bank Group deposit with MBL	6.7		
Net trading assets	0.3		
Total funded assets	**16.2**	**2,458**	
Self-funded and non-recourse assets			
Self funded trading assets	0.2		
Outstanding trade settlement balances	3.2		
Derivative revaluation accounting gross ups	0.1		
Short-term working capital assets	3.5		
Non-controlling interests	1.3		
Total self-funded and non-recourse assets	**8.3**		
Total Non-Bank Group assets	**24.5**		
Off balance sheet exposures, operational, market and other risks, and diversification offset[2]		843	
Non-Bank Group capital requirement		**3,301**	

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

C | APPENDIX
Glossary

Glossary

$A / AUD	Australian Dollar
$C / CAD	Canadian Dollar
$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H17	Half-Year ended 30 September 2016
2H16	Half-Year ended 31 March 2016
2H17	Half-Year ended 31 March 2017
ABN	Australian Business Number
ADI	Authorised Deposit-Taking Institution
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
APTT	Asian Pay Television Trust
ASX	Australian Stock Exchange
AUM	Assets under Management
AVS	Available For Sale
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
CCB	Capital Conservation Buffer
CCP	Central Counterparty
CET1	Common Equity Tier 1
CGM	Commodities and Global Markets
CLF	Committed Liquid Facility
CMA	Cash Management Account
CMBS	Commercial Mortgage-Backed Securities
CRM	Customer Relationship Management
CY16	Calendar Year ended 31 December 2016
CY17	Calendar Year ending 31 December 2017
DCM	Debt Capital Markets
DPS	Dividends Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
ECS	Exchangeable Capital Securities
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share

Glossary

EUM	Equity Under Management
FSI	Financial System Inquiry
FX	Foreign Exchange
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
FY13	Full Year ended 31 March 2013
FY14	Full Year ended 31 March 2014
FY15	Full Year ended 31 March 2015
FY16	Full Year ended 31 March 2016
FY17	Full Year ended 31 March 2017
FY18	Full Year ending 31 March 2018
GIB	Green Investment Bank
HQLA	Highly Quality Liquid Assets
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IT	Information Technology
JV	Joint Venture
LBO	Leveraged Buyout

LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
LP	Limited Partner
Ltd	Limited
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MACS	Macquarie Additional Capital Securities
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MD&A	Management Discussion & Analysis
MEC	Metals and Energy Capital
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
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MPW	Macquarie Private Wealth

MACQUARIE

Glossary

MQA	Macquarie Atlas Roads
MSIS	Macquarie Specialised Investment Solutions
MW	Mega Watt
NGLs	Natural gas liquids
NIM	Net Interest Margin
No.	Number
NPAT	Net Profit After Tax
NPC	Net Profit Contribution
NSFR	Net Stable Funding Ratio
OTC	Over-The-Counter
P&L	Profit and Loss Statement
PCP	Prior Corresponding Period
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
ROE	Return on Equity
RWA	Risk Weighted Assets
SBI	State Bank of India
SGX	Singapore Exchange
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
ST	Short-term
TMET	Telecommunications, Media, Entertainment and Technology
UK	United Kingdom
US	United States of America
VaR	Value at Risk
VWAP	Volume Weighted Average Price
yr	Year

Presentation to investors and analysts

Result announcement for the full year ended 31 March 2017

5 May 2017