MACQUARIE

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2018

2 November 2018

Disclaimer

Unless otherwise specified all information is for the half-year ended 30 September 2018.

Certain financial information in this presentation is prepared on a different basis to the Financial Report within the Macquarie Group Interim Financial Report ("the Financial Report") for the half-year ended 30 September 2018, 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.

Agenda

01 Introduction

Sam Dobson
Head of Investor Relations

02 Overview of Result

Nicholas Moore

Managing Director and Chief Executive Officer

ABOUT MACQUARIE

Diverse business mix

MACQUARIE

Annuity-style businesses (~60%)

Macquarie Asset Management (MAM)

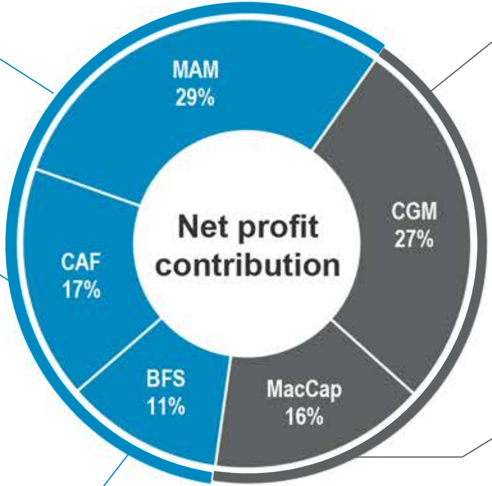
- Top 50[1] global asset manager with $A549.5b[2] of assets under management
- Provides clients with access to a diverse range of capabilities and products, including infrastructure, real assets, equities, fixed income, liquid alternatives and multi-asset investment management solutions

Corporate and Asset Finance (CAF)

- Global provider of specialist finance and asset management solutions, with a $A33.7b[2] asset and loan portfolio
- Asset Finance has global expertise in aircraft, vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment
- Principal Finance provides flexible primary financing solutions and engages in secondary market investing, across the capital structure. It operates globally in both corporate and real estate sectors

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits[3] of $A49.4b[2], Australian loan portfolio[4] of $A44.5b[2] and funds on platform[5] of $A88.1b[2]
- 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 (~40%)

Commodities and Global Markets (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)

- Provides advisory and capital raising services, and undertakes investing activities globally to support clients
- Invests Macquarie's balance sheet to develop and create assets, platforms and businesses. In addition, partners with financial sponsor clients to provide capital solutions, with a particular focus on technology
- Offers specialist expertise across infrastructure, energy, real estate, telecommunications and media, technology, consumer, gaming and leisure, business services, resources, industrials, healthcare and financial institutions

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.

1. P&I Largest Money Managers 2018. 2. As at 30 Sep 18. 3. BFS deposits exclude corporate/wholesale deposits. 4. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 5. Funds on platform includes Macquarie Wrap and Vision.

MACQUARIE

1H19 result: $A1,310m up 5% on 1H18; in line with 2H18

	1H19 $Am	2H18 $Am	1H18 $Am	1H19 v 1H18	1H19 v 2H18
Net operating income[1]	5,830	5,523	5,397	↑ 8%	↑ 6%
Total operating expenses[1]	(4,125)	(3,763)	(3,693)	↑ 12%	↑ 10%
Operating profit before income tax	**1,705**	**1,760**	**1,704**	**–**	**↓ 3%**
Income tax expense	(374)	(435)	(448)	↓ 17%	↓ 14%
Effective tax rate[2] (%)	*22.2*	*24.9*	*26.4*		
(Profit)/loss attributable to non-controlling interests	(21)	(16)	(8)		
Profit attributable to MGL shareholders	**1,310**	**1,309**	**1,248**	**↑ 5%**	**–**

	1H19	2H18	1H18	1H19 v 1H18	1H19 v 2H18
Annualised return on equity (%)	**16.3**	**16.9**	**16.7**	**↓ 2%**	**↓ 4%**
Basic earnings per share	**$A3.88**	**$A3.88**	**$A3.70**	**↑ 5%**	**–**
Ordinary dividends per share	**$A2.15**	**$A3.20**	**$A2.05**	**↑ 5%**	**↓ 33%**

1. Impact in 1H19 from AASB 15 Revenue from Contracts with Customers of $A141m. 2. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

1H19 net profit contribution from operating groups $A2,601m down 2% on 1H18; up 8% on 2H18

MACQUARIE

ANNUITY-STYLE BUSINESSES

$A1,495m ▼ 29% ON 1H18 ▲ 10% ON 2H18

CAPITAL MARKETS FACING BUSINESSES

$A1,106m ▲ 95% ON 1H18 ▲ 6% ON 2H18

MAM: ▼ on 1H18

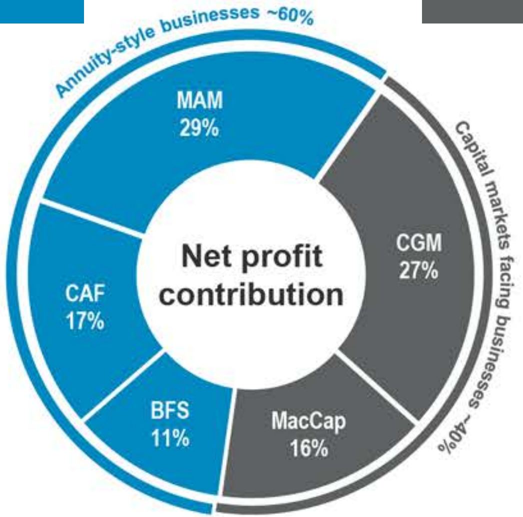
Continued to perform well against a strong 1H18 which benefited from higher performance fees and investment-related income. Base fee income was higher in 1H19 due to increased AUM and EUM

CAF: ▼ on 1H18

Asset Finance broadly in line with 1H18; Principal Finance income lower due to early repayments, realisations and investment-related income and lower portfolio volumes

BFS: ▲ on 1H18

Growth in total BFS deposits, Australian loan portfolio and funds on platform; partially offset by entire period effect of Bank Levy relative to 1H18 and increased costs associated with investment in technology and headcount in key areas to support business growth



CGM: ▲ on 1H18

Strong contribution from the commodities platform driven by increased client activity and improved trading opportunities, partially offset by higher expenses reflecting increased trading activity, average headcount and technology investment

Macquarie Capital: ▲ on 1H18

Higher investment-related income due to asset realisations and reclassifications and increased fee revenue across M&A, DCM and ECM

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.

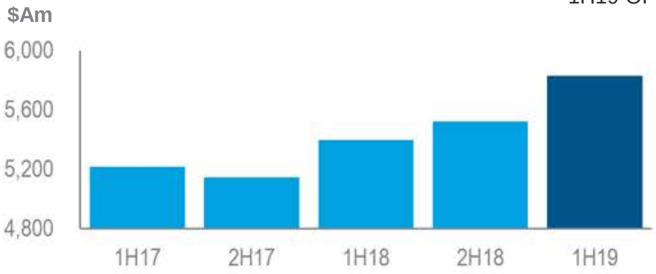
Financial performance

MACQUARIE

Operating income

$A5,830m

1H19 OPERATING INCOME

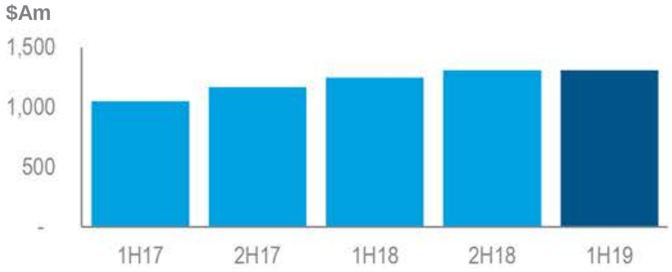


▲ 8% ON 1H18
▲ 6% ON 2H18

Profit

$A1,310m

1H19 PROFIT

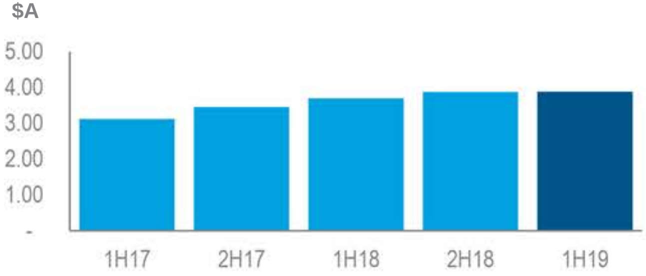


▲ 5% ON 1H18
FLAT ON 2H18

EPS

$A3.88

1H19 EPS

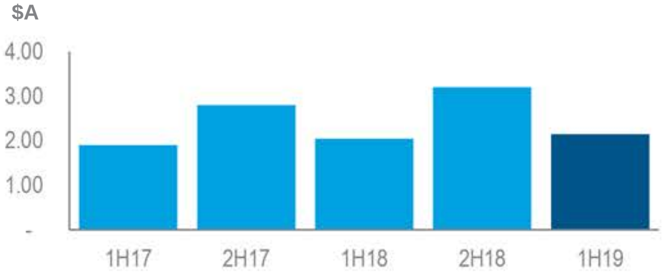


▲ 5% ON 1H18
FLAT ON 2H18

DPS

$A2.15

1H19 DPS

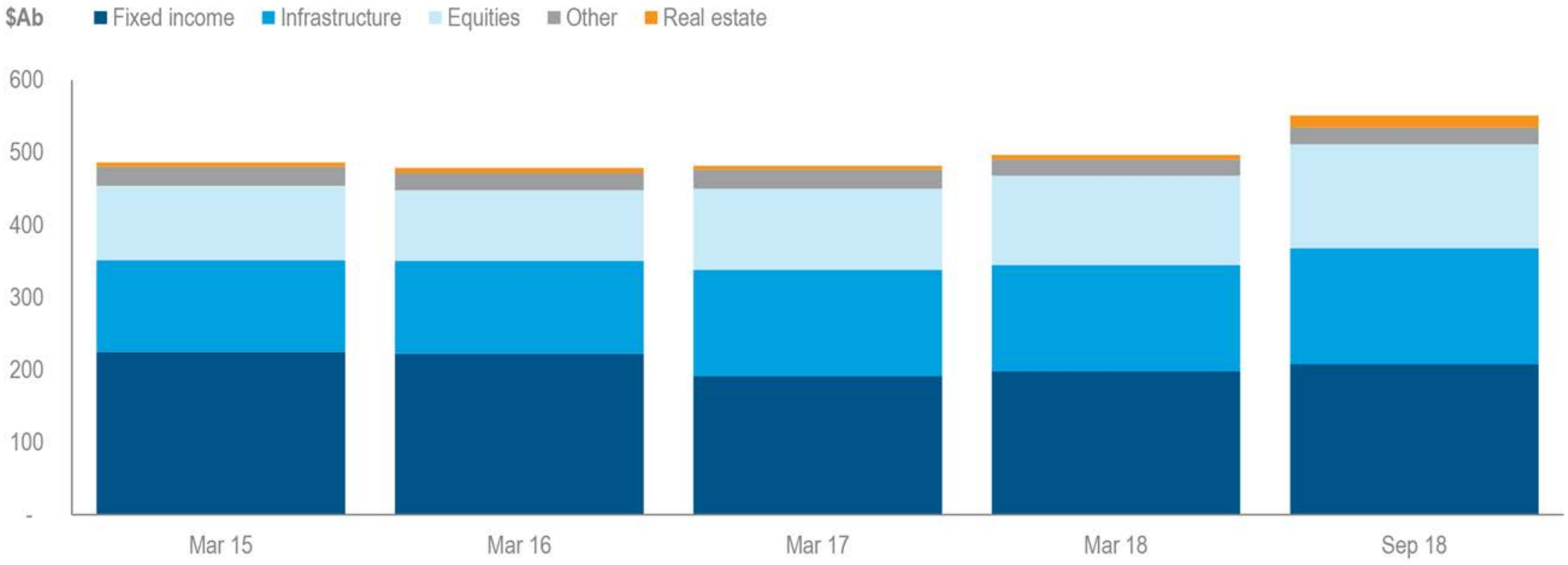


▲ 5% ON 1H18
▼ 33% ON 2H18

Assets under management of $A551.0 billion[1]

AUM increased 11% from $A496.7 billion at 31 March 2018

The increase was attributable to: investments made by MIRA-managed funds, foreign exchange impacts, positive market movements and contributions from businesses acquired during the period (GLL Real Estate Partners and ValueInvest) partially offset by asset realisations in MIRA-managed funds



1. Includes MAM and BFS AUM as at 30 Sep 18.

MACQUARIE

Diversification by region

International income 67% of total income[1]
Total staff 14,869; International staff 55% of total

Americas

31% of total income

Staff **2,698**

Income **$A1,777m**

Assets under management **$A283.5b**
employing **22,000+** people[3]

CANADA
Calgary
Montreal
Toronto
Vancouver

LATIN AMERICA
Mexico City
Sao Paulo
Santiago

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

EMEA

27% of total income

Staff **1,937**

Income **$A1,545m**

Assets under management **$A112.1b**
employing **48,000+** people[3]

EUROPE
Amsterdam
Dublin
Edinburgh
Frankfurt
Geneva
London
Luxembourg
Madrid
Munich
Paris
Reading
Vienna
Zurich

MIDDLE EAST
Abu Dhabi
Dubai

SOUTH AFRICA
Cape Town
Johannesburg

Asia

9% of total income

Staff **3,602**

Income **$A532m**

Assets under management **$A55.2b**
employing **48,000+** people[3]

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

Australia[2]

33% of total income

Staff **6,632**

Income **$A1,883m**

Assets under management **$A100.2b**
employing **9,000+** people[3]

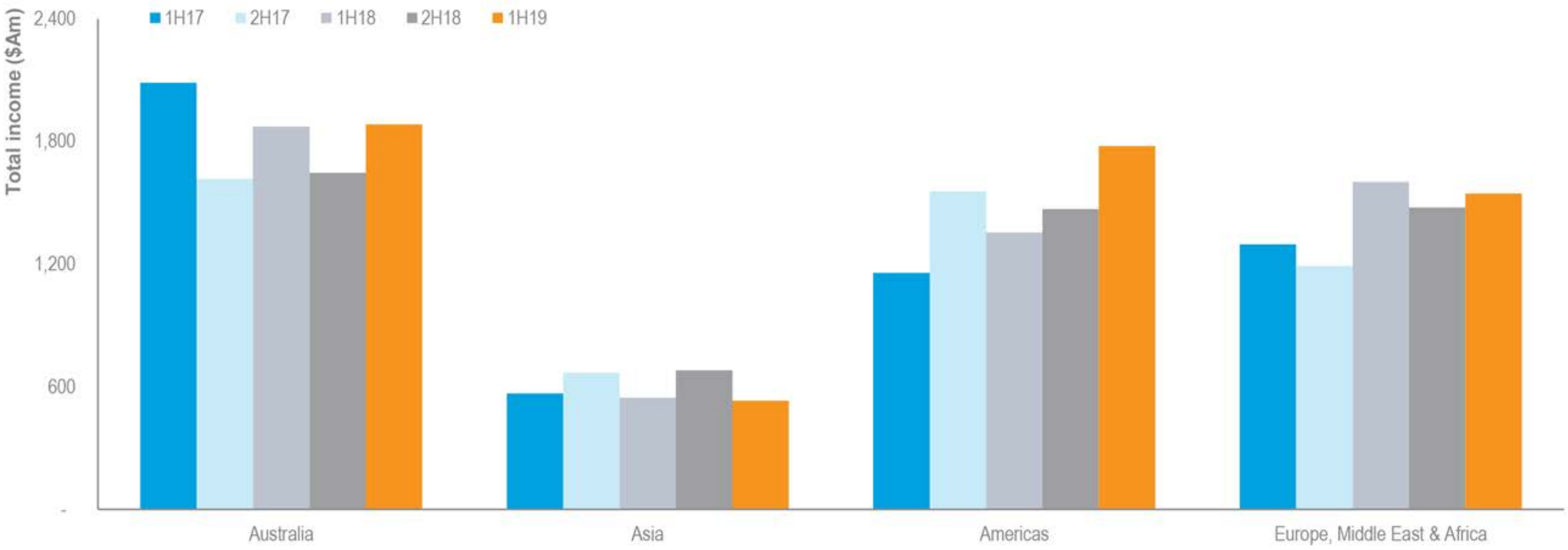
AUSTRALIA
Adelaide
Brisbane
Canberra
Gold Coast
Manly
Melbourne
Newcastle
Parramatta
Perth
Sydney

NEW ZEALAND
Auckland

1. Net operating income excluding earnings on capital and other corporate items. 2. Includes New Zealand. 3. Includes staff employed at MIRA-managed fund assets and assets MacCap has invested in.

Diversification by region

67% of total income[1] in 1H19 was generated offshore
A 10% movement[2] in AUD is estimated to have approximately a 7% 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.

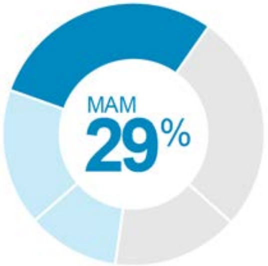
MACQUARIE

Macquarie Asset Management

OPERATING INCOME
$A1,410m
▼ 18% ON 1H18
▲ 33% ON 2H18

NET PROFIT CONTRIBUTION
$A762m
▼ 36% ON 1H18
▲ 54% ON 2H18

AUM[1]
$A549.5b
▲ 11% ON MAR 18



MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA)

- **$A105.8b in equity under management**, up 23% on Mar 18, primarily due to the acquisition of GLL Real Estate Partners and new equity raised
- **Raised $A7.8b in new equity**, including new commitments for unlisted infrastructure funds and co-investments in Europe, listed and unlisted North American and Australian infrastructure funds, unlisted South Korean infrastructure funds, unlisted South Korean infrastructure and Australian agriculture funds
- **Invested over $A6.6b of equity** across seven acquisitions and 10 follow-on investments including infrastructure across Europe, the Americas, Asia and agriculture in Australia
- **Equity proceeds from asset divestments[2] of $A7.0b** in Germany, Canada, New Zealand, Mexico, US and Russia
- **$A16.0b of equity to deploy** at 30 Sep 18
- **Acquired GLL Real Estate Partners**, a ~€7b German-based manager of real estate assets in Europe and the US
- **Performance fees of $A282m** (1H18: $A537m) from a broad range of funds and co-investors with respect to infrastructure and real estate assets including ALX (formerly MQA)
- **No.1 infrastructure manager** globally[3]

MACQUARIE INVESTMENT MANAGEMENT (MIM)

- **$A363.6b in assets under management**, up 9% on Mar 18, largely due to positive foreign exchange and market movements and the completion of the acquisition of ValueInvest Asset Management S.A.
- **Strong performance** across a range of asset classes including US, Australian and International Small Cap equities and US Municipal Bonds
- **Distribution highlights include new institutional mandates** and contributions funded in 1H19:
  - Australia: $A1.6b
  - Asia: $A1.5b
  - Americas: $A1.9b
  - EMEA: $A1.1b
- **Acquired ValueInvest Asset Management S.A.**, a value-oriented investment manager that focuses on global equities with ~€4b in AUM
- **Launched Macquarie Income Opportunities Fund** (MIO) on the ASX mFund platform and launched new strategies for Global Listed Real Assets and Global Natural Resource equities
- **Received two Lipper awards and one Euro Funds award**[4]; Delaware Funds ranked No.7 in Barron's top fund families for 10-year relative performance[5]

MACQUARIE SPECIALISED INVESTMENT SOLUTIONS (MSIS)

- Continued to grow the Macquarie Infrastructure Debt Investment Solutions (MIDIS) business:
  - Closed 10 third party investor commitments totalling $A1.4b, bringing **total commitments on MIDIS platform to $A9.6b**
  - Closed nine investments totalling $A0.7b in US, UK, France, Spain and Australia, bringing total **AUM to $A6.7b up 9%** on Mar 18
  - **$A2.9b of capital to deploy** as at 30 Sep 18
- Closed $A0.6b in new fund finance loans and successfully completed sell down of $A0.8b underwritten facilities
- Closed $A0.3b of new shipping loans

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.
1. As at 30 Sep 18. 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. Based on AUM. Willis Towers Watson 2017 Global Alternatives Survey, published 17 Jul 17. 4. For more information and disclosures about these awards, visit: https://www.macquarieim.com/mimdisclosures. 5. Barron's Best Fund Families 2017, published 10 Mar 18.

Corporate and Asset Finance

MACQUARIE

OPERATING INCOME

$A758m

▼ 19% ON 1H18

▼ 21% ON 2H18

NET PROFIT CONTRIBUTION

$A437m

▼ 29% ON 1H18

▼ 26% ON 2H18

ASSET AND LOAN PORTFOLIO

$A33.7b

▼ 2% ON MAR 18

ASSET FINANCE

- **Asset Finance portfolio of $A29.6b**, down 1% on Mar 18
- **Vehicles portfolio of $A16.1b**, down 3% on Mar 18
- **Aircraft leasing portfolio of $A8.2b**, up 2% on Mar 18 due to appreciation of the US dollar, offset by asset depreciation and aircraft movements in the portfolio
- Telecoms, Media and Technology – continued growth in mobile device finance programs and a growing pipeline of opportunities
- Energy – largest independent[1] owner of gas and electricity meters in the UK; and a specialist funder of energy efficient assets
- Resources – continued opportunities in fleet replacement after below trend industry capex
- Integration of small ticket originations and operations through regional hubs

FUNDING ACTIVITY

- Continued use of diverse funding sources with 33% of the Asset Finance portfolio funded externally

PRINCIPAL FINANCE

- **Principal Finance's funded loan portfolio of $A4.1b[2],** down 13% on Mar 18 due to net repayments and realisations, with $A0.4b of portfolio additions for 1H19
- Notable transactions included:
  - Commitment to acquire 50% of a leading UK car park management and solutions company
  - Providing £71m of financing to the UK's largest provider of construction waste management services
  - Providing refinancing to a portfolio of commercial properties located in France
- Notable realisations included:
  - Early repayment of financing provided to a leading private hospital group in Ireland
  - Completion of Principal Finance's sale of a portfolio of US multi-family rental properties acquired over the period of 2014 to 2017
- Subsequent sale of Principal Finance's majority stake in Energetics, a leading UK multi-utility network provider, in October 2018 to a European infrastructure investor
- Asset quality remains sound and the portfolio continues to generate strong overall returns

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.
1. Not part of a distribution network or a vertically integrated utility. 2. Includes Real Estate Structured Finance legacy run-off portfolio and equity portfolio of $A0.4b.

MACQUARIE

Banking and Financial Services

OPERATING INCOME

$A864m

▲ 5% ON 1H18

▲ 5% ON 2H18

NET PROFIT CONTRIBUTION

$A296m

▲ 3% ON 1H18

▲ 8% ON 2H18

AUSTRALIAN CLIENT NUMBERS

MORE THAN **1 million**

PERSONAL BANKING

- **Australian mortgage portfolio of $A36.1b, up 10%** on Mar 18, representing approximately **2%** of the Australian market
- **Launched Macquarie Marketplace**, a platform which provides customers with the opportunity to choose and instantly redeem discounted eGift cards within the Macquarie mobile banking app and online banking site
- Named as a winner in the 2018 Mozo Experts Choice Awards in the Travel Money/ International Money Transfer category
- Macquarie Transaction Account maintained Canstar's 5-Star Rating for Outstanding Value[1]

WEALTH MANAGEMENT

- **Funds on platform[2] of $A88.1b, up 7%** on Mar 18
- Expanded Macquarie Wrap managed accounts offering, with funds under management of **$A1.7b, up from $A1.1b in Mar 18**
- Commenced wealth platform transformation through implementation of cloud-based investment and portfolio management platform enabling real time capability
- Awarded Outstanding Private Bank in Australia in the $A10m+ category at the 2018 Australian Business Banking Awards

BUSINESS BANKING

- **Business banking deposit volumes up 7%** on Mar 18
- **Business banking loan portfolio of $A7.8b up 7%** on Mar 18
- Total business banking **SME clients up 2%** on Mar 18
- Won Best Non Major Business Bank and Best Industry Specialisation awards at the 2018 Australian Business Banking Awards
- Ongoing focus on third party distribution with continued growth in SME and middle market cash flow lending and deposits

DEPOSITS

- **Total BFS deposits[3] of $A49.4b, up 8%** on Mar 18
  - **CMA deposits of $A26.5b, up 2%** on Mar 18
- Awarded Best Cash and Term Deposit Accounts at the 2018 SMSF Awards and Core Data SMSF Service Provider Awards for the third consecutive year

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.
1. Canstar 5-Star Rating for Outstanding Value Transaction Account – High transactor and low transactor profiles. 2. Funds on platform includes Macquarie Wrap and Vision. 3. BFS deposits exclude corporate/wholesale deposits.

MACQUARIE

Commodities and Global Markets

OPERATING INCOME
$A1,860m
▲41% ON 1H18
▲17% ON 2H18

NET PROFIT CONTRIBUTION
$A700m
▲85% ON 1H18
▲32% ON 2H18

No.2 US PHYSICAL GAS MARKETER in North America[2]

Commodity Markets (Physical & Financial) 69%[1]

COMMODITY MARKETS AND FINANCE

- Strong result across the commodities platform, particularly from North American Gas and Power, Global Oil and Agriculture
- Increased client hedging activity and improved trading opportunities
- Result benefited from optimisation of increased scale in North American energy platform
- Named Derivatives House of the Year[3]

Financial Markets (Primary & Secondary) 25%[1]

FIXED INCOME & CURRENCIES

- Strong result across the platform
- Increased client activity in structured foreign exchange and rates solutions, particularly in North America and Asia-Pacific

CREDIT MARKETS

- Stable net interest margin from bespoke lending to clients in the US fintech space
- Continued revenue growth from settlement financing activity with clients engaged in the US corporate direct lending market

CASH EQUITIES AND EQUITY DERIVATIVES & TRADING

- Improved result in ECM
- Increased fee and commission income in Asia-Pacific driven by improved market turnover and increased client activity, partially offset by reduced opportunities and challenging markets impacting equity trading activities
- No.2 in Australian and New Zealand ECM[4]

Futures 6%[1]

FUTURES

- Strong overall result with an increased contribution from the US and continued strength in Australia
- Ranked No.1 Futures broker on the ASX[5]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.
1. Percentages are based on net profit contribution before impairment charges. 2. Platts Q2 CY18. 3. Energy Risk Awards 2018. 4. Thomson Reuters. 5. Based on overall market share on ASX24 Futures volumes YTD as at 30 Sep 18.

MACQUARIE

Macquarie Capital

OPERATING INCOME
$A867m
▲ 49% ON 1H18
▼ 5% ON 2H18

NET PROFIT CONTRIBUTION
$A406m
▲ 114% ON 1H18
▼ 20% ON 2H18

228 TRANSACTIONS VALUED AT
$A267b IN 1H19[1]
203 transactions **$A218b** IN 1H18[1]
199 transactions **$A134b** IN 2H18[1]

M&A ADVISORY AND CAPITAL MARKETS

Summary highlights
- Maintained the leading market position globally for infrastructure financial advisory[2]
- Maintained a leading market position in ANZ for M&A and ECM[3]
- Total fee revenue up on PCP across M&A, DCM and ECM – highlights include DCM fee revenue in the US, M&A fee revenue in Europe and the US, and ECM fee revenue in ANZ

Notable deals
- Financial adviser to CSRA on its $US9.7b sale to General Dynamics
- Financial adviser to The Stars Group on its $US4.7b acquisition of Sky Betting & Gaming and joint bookrunner on its $US6.3b debt financing and $US1.1b follow-on equity offering to support the acquisition
- Joint financial adviser to the Sydney Transport Partners consortium on its acquisition of a 51% interest in WestConnex for $A9.3b from the NSW Government and joint lead manager, bookrunner and underwriter to Transurban Group on its $A4.2b entitlement offer, the largest M&A fund raising by an ASX listed company in the last decade[4]
- Joint financial adviser, joint leader manager, bookrunner and underwriter on Reliance Worldwide's $A1.1b equity raising to fund the $A1.2b acquisition of John Guest Limited

Awards/Ranking
- No. 1 M&A for completed deals in ANZ[5]
- No. 2 ECM in ANZ[6]
- No. 1 global infrastructure finance adviser[7]
- Most Innovative Investment Bank for Infrastructure and Project Finance[8]
- Australian Renewable Energy Deal of the Year – Wind – Coopers Gap Wind Farm[9]

BALANCE SHEET POSITIONS

Summary highlights
- Continued focus on green energy with over 60 projects under development or construction as at 30 Sep 18
- Acquisition of Conergy Asia provided significant additional scale and capabilities to the green energy business - team now comprises more than 300 globally
- Total balance sheet positions in green energy of $A1.3b[10] at 30 Sep 18; investments of $A0.3b and realisations of $A0.4b in 1H19

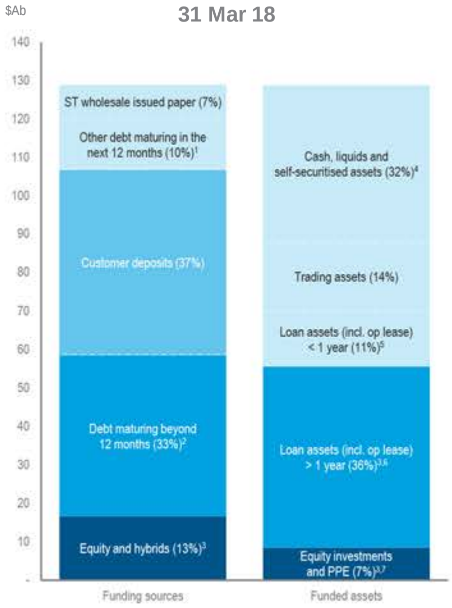
Notable deals
- Successfully exited its investment in TriTech Software Systems and subsequently acted as financial adviser on its merger with Superion and Aptean and joint bookrunner on the $US1.0b related financing
- GIG acquired and developed a 235MW onshore wind farm (under construction) in central Sweden and raised €270m of related construction financing
- Acquisition of a solar development portfolio from Conergy Asia and Middle East which includes solar development assets in the Asia Pacific region, commercial, technical and energy storage capabilities and an asset monitoring centre
- Successfully developed, commercialised and reached financial close of Canadian Breaks, a 200MW onshore windfarm in Texas
- Acquisition of a 50% interest in Investa Office Management platform

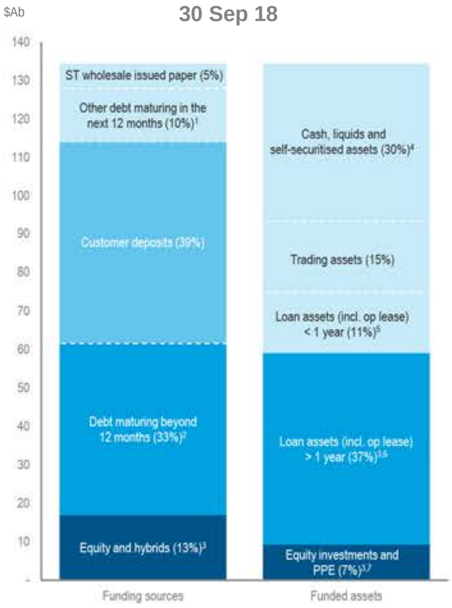
Awards/Ranking
- Project & Infrastructure Finance Award: Best Project Sponsor[11]
- Project & Infrastructure Finance Award: Best Power Financing – Norte III[11]
- Best Financial Structure – Transport (Silver): D4/R7 Highway PPP, Slovak Republic[12]

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups. 1. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. 2. Inframation (CY18, by value and volume). 3. Dealogic (CY18, by value and volume). 4. Dealogic (since 2007, by value). 5. Dealogic (CY18, by volume). 6. Dealogic (CY18, by value and volume). 7. Inframation (CY18, by volume). 8. The Banker (2018). 9. The Asset (2018). 10. Includes debt and equity balance sheet positions. 11. LatinFinance (2018). 12. Partnerships Awards (2018).

Funded balance sheet remains strong

Term liabilities exceed term assets





TOTAL CUSTOMER DEPOSITS[8]
$A52.3b
▲ 9% FROM MAR 18

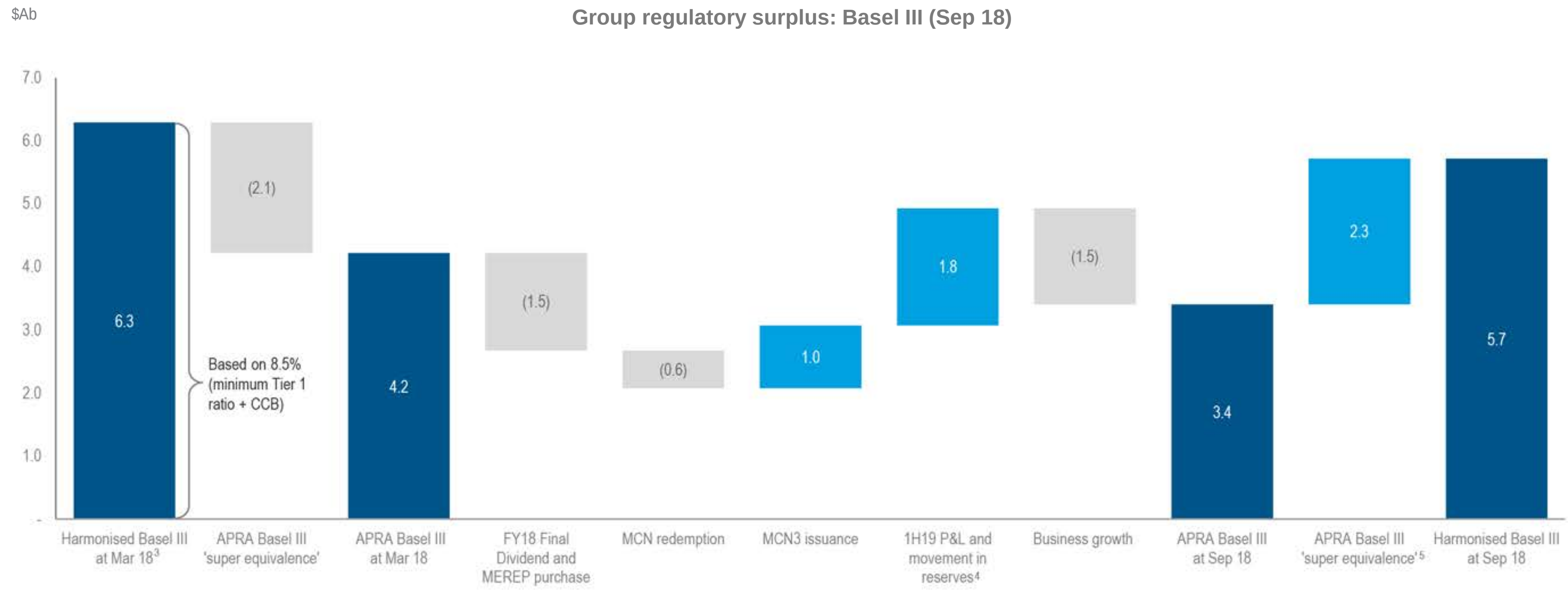
NEW TERM FUNDING[9]
$A5.9b
RAISED IN 1H19

SYNDICATED LOAN FACILITIES
$A3.7b
REFINANCED IN 1H19

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 67. 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 netted down in 'Equity and hybrids', 'Equity Investments and PPE' and 'Loan assets (incl. op leases) >1 year'. 4. 'Cash, liquids and self-securitised assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie. 5. 'Loan Assets (incl. op lease) < 1 year' includes Net Trade Debtors. 6. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 7. 'Equity Investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments. 8. Total customer deposits as per the funded balance sheet ($A52.3b) differs from total deposits as per the statutory balance sheet ($A52.6b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 9. Issuances cover a range of tenors, currencies and product types and are AUD equivalent based on FX rates at the time of issuance and include undrawn facilities.

Basel III capital position

APRA Basel III Group capital at Sep 18 of $A19.8b, Group capital surplus of $A3.4b[1,2]



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 $A4.8b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~6bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as the weighted average of exposures in different jurisdictions. In Jun 18 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing the Bank Group's CCyB to ~6bps. 3. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 4. Includes Foreign Currency Translation Reserve movement of $0.4b. 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 $A0.7b; differences in mortgages treatment $A0.7b; capitalised expenses $A0.5b; investment into deconsolidated subsidiaries $A0.2b; DTAs and other impacts $A0.2b.

Continued strong business growth

Business Capital Requirements[1]

1H19 KEY DRIVERS

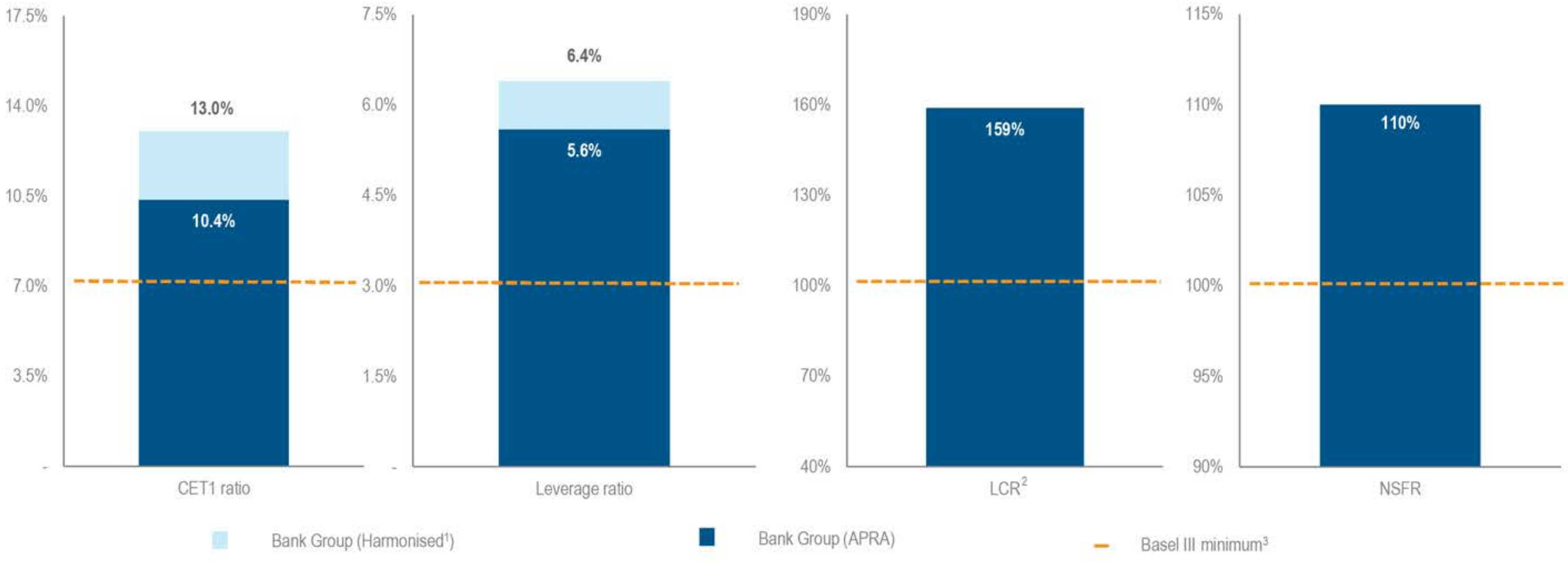
- MAM
  - Short term underwriting of seed assets and aligned fund investments
- CAF
  - Increased investments, offset by loan repayments and a decrease in the vehicles portfolio
- BFS
  - Increase in mortgages and business banking portfolios
- CGM
  - Increased capital requirements due to trading activity
- MacCap
  - Increase of $A0.5b from principal investments including continued transaction activity in green energy
  - Increase of $A0.2b from DCM underwriting activity
- Corporate
  - Primarily driven by commitment for Martin Place Metro

Given significant business growth in 1H19, Macquarie did not purchase any shares under the share buyback program announced at the 1H18 result announcement; there is currently no prospect of buying any shares under the share buyback program announced at the 1H18 result announcement and so the program has ended

1. Regulatory capital requirements are calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA ADI Prudential Standard 110 as shown in the 'Approximate business Basel III Capital & ROE' (slide 57)

Strong regulatory ratios

Bank Group (Sep 18)



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

Interim dividend

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1H19 INTERIM ORDINARY DIVIDEND

$A 2.15

(45% franked)

▲ from **$A2.05** in 1H18 *(45% franked)*

▼ from **$A3.20** in 2H18 *(45% franked)*

1H19 RECORD DATE
13 Nov 18

1H19 PAYMENT DATE
18 Dec 18

DRP shares for the 1H19 dividend to be sourced on-market[1]

1H19 PAYOUT RATIO

56%

Dividend policy remains 60-80% annual payout ratio

1. Shares may be issued if purchasing becomes impractical or inadvisable. The DRP pricing period is from 20 Nov 18 to 26 Nov 18.

Board changes

Jillian Broadbent AO

- Effective 5 November 2018 Jillian Broadbent AO will join the Boards of Macquarie Group Limited and Macquarie Bank Limited as an independent director
- Ms Broadbent was a Member of the Reserve Bank of Australia Board between 1998 and 2013 after 22 years at Bankers Trust Australia as an economic strategist and then as executive director responsible for risk management of foreign exchange, interest rates and commodities
- Ms Broadbent is the Chair of Swiss Re Life and Health Australia, Chancellor of the University of Wollongong and a Non-Executive Director of Woolworths Limited, the National Portrait Gallery of Australia and the Sydney Dance Company

Philip Coffey

- Effective 28 August 2018 Philip Coffey was appointed to the Boards of Macquarie Group Limited and Macquarie Bank Limited as an independent director
- Mr Coffey has extensive international experience in financial services and financial markets and most recently served as Deputy CEO of Westpac Banking Corporation between 2014 and 2017
- Mr Coffey is a Non-Executive Director of Lendlease Corporation Limited, a member of the Clean Energy Finance Corporation Board and Chairman of the Westpac Bicentennial Foundation

Nicholas Moore

Shemara Wikramanayake

- Effective 28 August 2018 Shemara Wikramanayake was appointed to the Boards of Macquarie Group Limited and Macquarie Bank Limited as an Executive Voting Director
- Effective 1 December 2018 Ms Wikramanayake will replace Nicholas Moore as Managing Director and CEO of Macquarie Group after 10 years as CEO and 33 years of service
- Accordingly, effective 30 November 2018, Mr Moore will step down from the Boards of Macquarie Group Limited and Macquarie Bank Limited

Operating groups update

- Effective 1 December 2018
  - New Group Head of MAM and new Group Head of CAF Principal Finance
    - Following the changes Macquarie's Executive Committees will include representatives based in all regions
  - Some teams in MAM and CAF will be reorganised between operating groups to better align businesses with a shared focus on particular customer segments and geographies:
    - Macquarie Vehicle Leasing will move from CAF Asset Finance into BFS given shared opportunities between the two businesses
    - MSIS will move into CAF Asset Finance in the banking group while its fiduciary businesses, such as the infrastructure debt business (MIDIS), will move to MAM in the non-banking group on receipt of the required approvals
    - Macquarie Capital's global real estate principal investment and private capital markets business will move into MAM and merge with MIRA Real Estate
- Effective 10 December 2018
  - CAF's Principal Finance and Transportation Finance businesses will transfer from the Bank Group to the Non-Bank Group. This simplifies the overall structure of MGL and better reflects the latest activities of the individual businesses. In connection with the transfer, it is proposed to return up to $2.04b capital from MBL. A meeting of MBL shareholders (which includes holders of Macquarie Income Securities) will be held to approve this resolution
  - Transportation Finance will move from CAF Asset Finance into CAF Principal Finance

Martin Stanley

Macquarie Asset Management (MAM)

- Martin Stanley, currently Global Head of MIRA, will be appointed Group Head, MAM, and to the Executive Committee.
  Mr Stanley joined Macquarie in 2004 and has over 30 years of experience in asset management, infrastructure and utilities
- MAM will comprise MIRA and MIM. Mr Stanley, based in London, will also continue to lead MIRA globally

Florian Herold

Corporate and Asset Finance (CAF)

- Ben Brazil will step down as Group Head, CAF Principal Finance, and from the Executive Committee. He will become Chairman, CAF Principal Finance, and continue in that role until mid-2019
- Florian Herold, currently Co-Head of CAF Principal Finance in EMEA, will be appointed Group Head, CAF Principal Finance.
  Mr Herold will move to Sydney and join the Executive Committee.
  Mr Herold joined Macquarie in 2009 and has over 15 years of investment experience

03 Result Analysis and Financial Management

Alex Harvey
Chief Financial Officer

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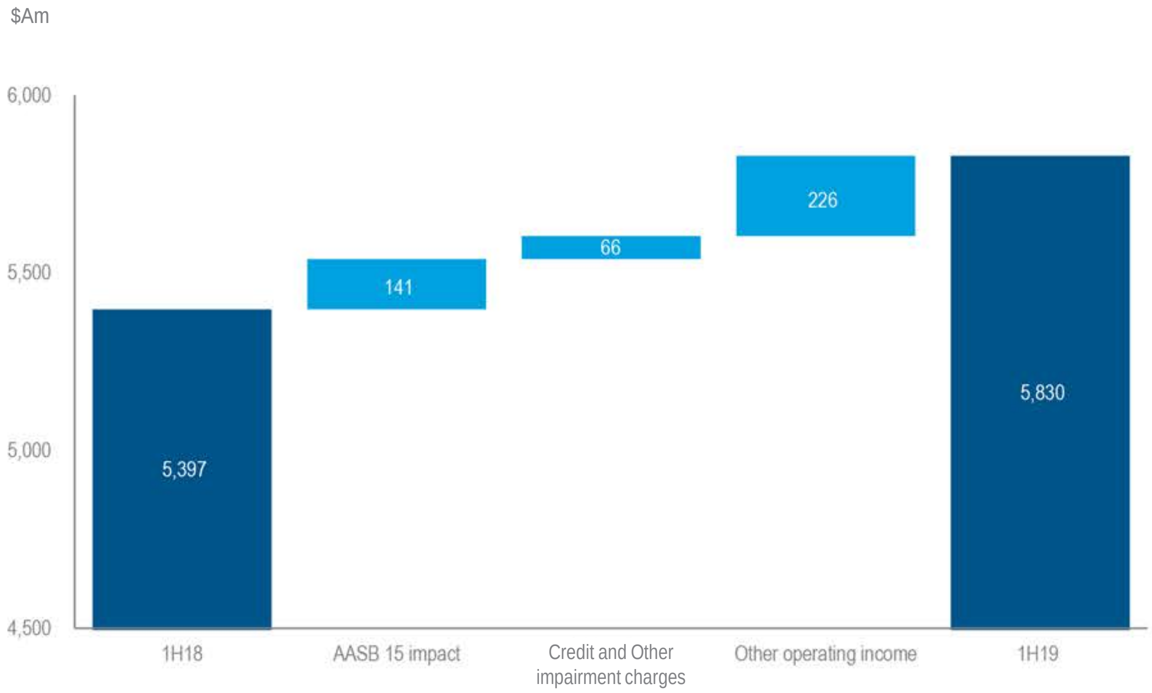
Income Statement key drivers

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income	2,229	2,051	1,892
Fee and commission income	2,661	2,102	2,568
Net operating lease income	461	466	469
Share of net profits of associates and joint ventures	7	138	103
Credit and Other impairment charges	(76)	(224)	(142)
Investment income	485	787	446
Other income	63	203	61
Net operating income	**5,830**	**5,523**	**5,397**
Employment expenses	(2,454)	(2,232)	(2,261)
Brokerage, commissions and trading-related expenses	(579)	(408)	(422)
Other operating expenses	(1,092)	(1,123)	(1,010)
Total operating expenses	**(4,125)**	**(3,763)**	**(3,693)**
Operating profit before tax and non-controlling interests	**1,705**	**1,760**	**1,704**
Income tax expense	(374)	(435)	(448)
Non-controlling interests	(21)	(16)	(8)
Profit attributable to MGL shareholders	**1,310**	**1,309**	**1,248**

- Net interest and trading income of $A2,229m, up 18% on 1H18
  - Increased contribution across CGM's commodities platform driven by client activity and improved trading opportunities
  - Growth in deposit and Australian loan portfolio in BFS
  - Changes in fair value on economic hedges and higher earnings on capital in Corporate
  - Partially offset by reduced income from early repayments, realisations and the reduction in the size of CAF's Principal Finance portfolio
- Fee and commission income of $A2,661m, up 4% on 1H18
  - Increase in Futures and Cash equity markets commission income from increased market turnover and activity in Asia, and an increase in ECM fee income from Asia-Pacific in CGM
  - Higher fee income from M&A, DCM and ECM in Macquarie Capital
  - Increase in income following the adoption of AASB 15 ($A141m), offset in brokerage, commissions and trading-related expenses
  - Partially offset by lower performance fees from a strong 1H18 in MAM
- Share of net profits of associates and joint ventures of $A7m, down on 1H18
  - Losses from associates and joint ventures reflecting underlying investing activity including expenditure on green energy and other projects in the development phase in Macquarie Capital
  - Partially offset by the sale and revaluation of certain underlying assets within equity accounted investments in MAM
- Lower credit and other impairment charges compared to 1H18, which included impairments on legacy assets in Corporate and underperforming financing facilities in CGM
- Investment income of $A485m, up 9% on 1H18 due to gains in the green energy and technology sectors in Macquarie Capital, partially offset by non-recurring gains on reclassification of certain investments in 1H18 in MAM and CAF
- Employment expenses of $A2,454m, up 9% on 1H18 driven by higher average headcount, increased share-based payments expense and unfavourable foreign exchange movements
- Other operating expenses of $A1,092m, up 8% on 1H18 driven by increased business activity in the majority of operating groups, unfavourable foreign exchange movements and investments in technology in BFS and CGM
- Income tax expense of $A374m decreased 17% due to reduced US tax rates, and the geographic composition and nature of earnings

Operating income

Operating income excluding AASB 15 up 5%

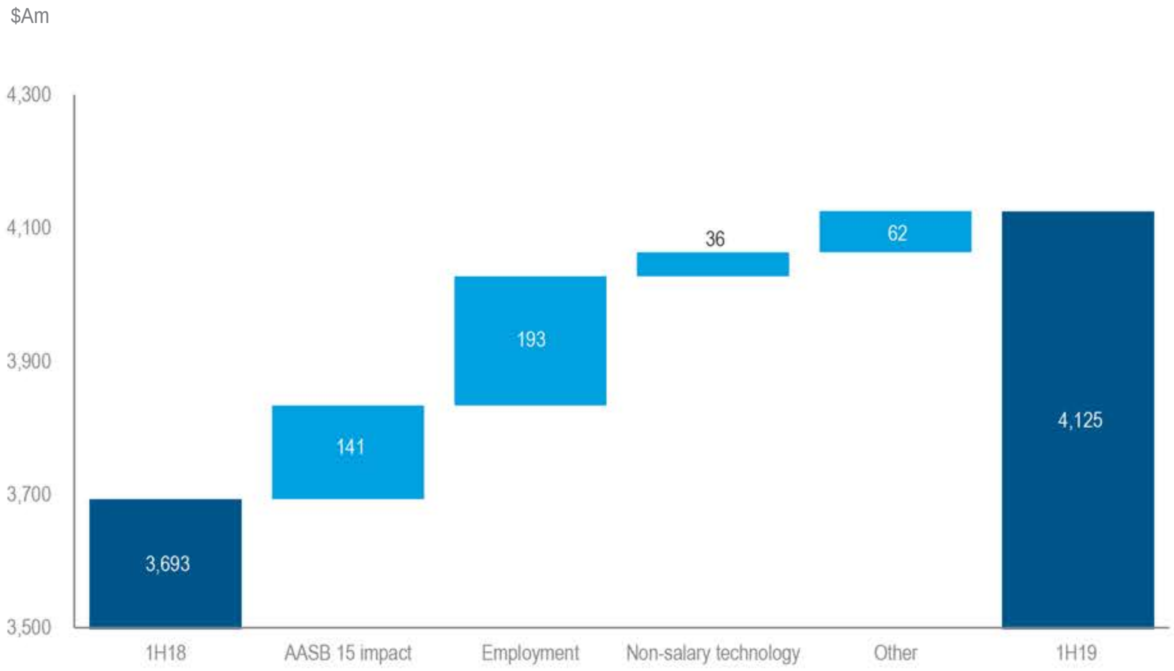


KEY DRIVERS

- Following the adoption of AASB 15, $A141m of fee expenses relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified as Operating expenses
- Other operating income driven by underlying growth in the business

Operating expenses

Operating expenses excluding the impact of AASB 15 are up 8%

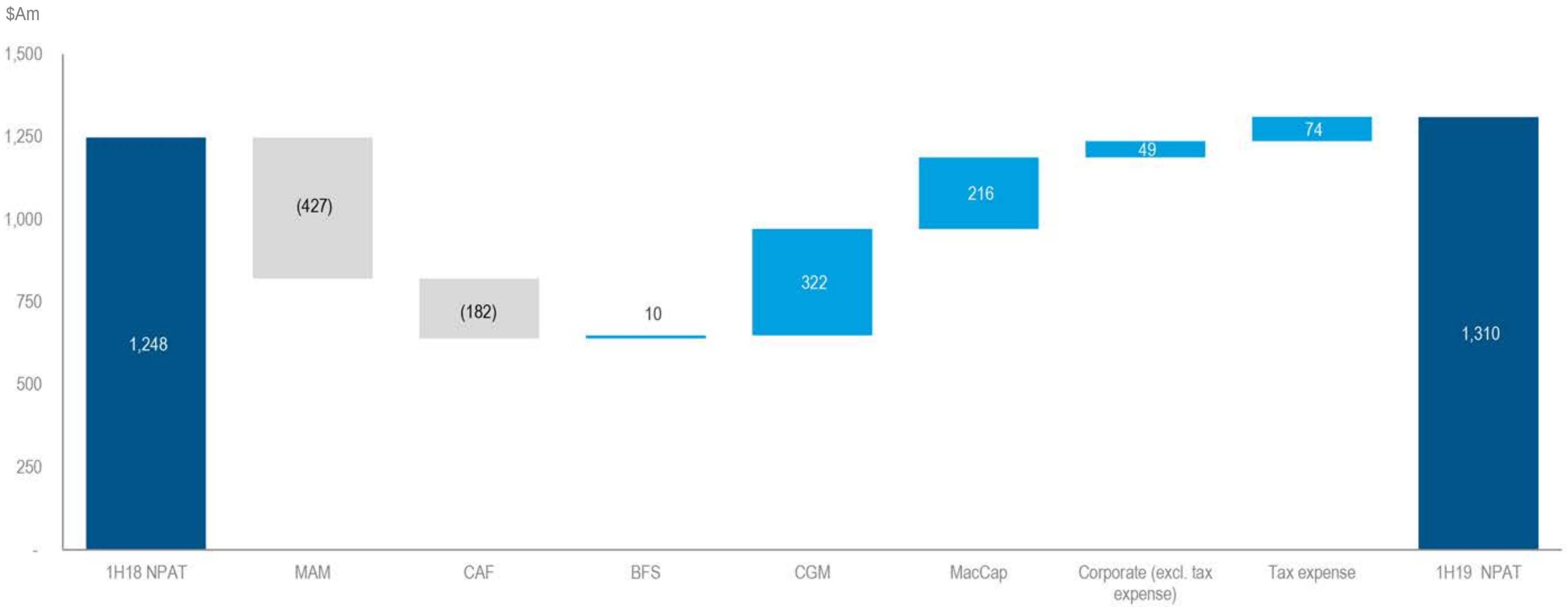


KEY DRIVERS

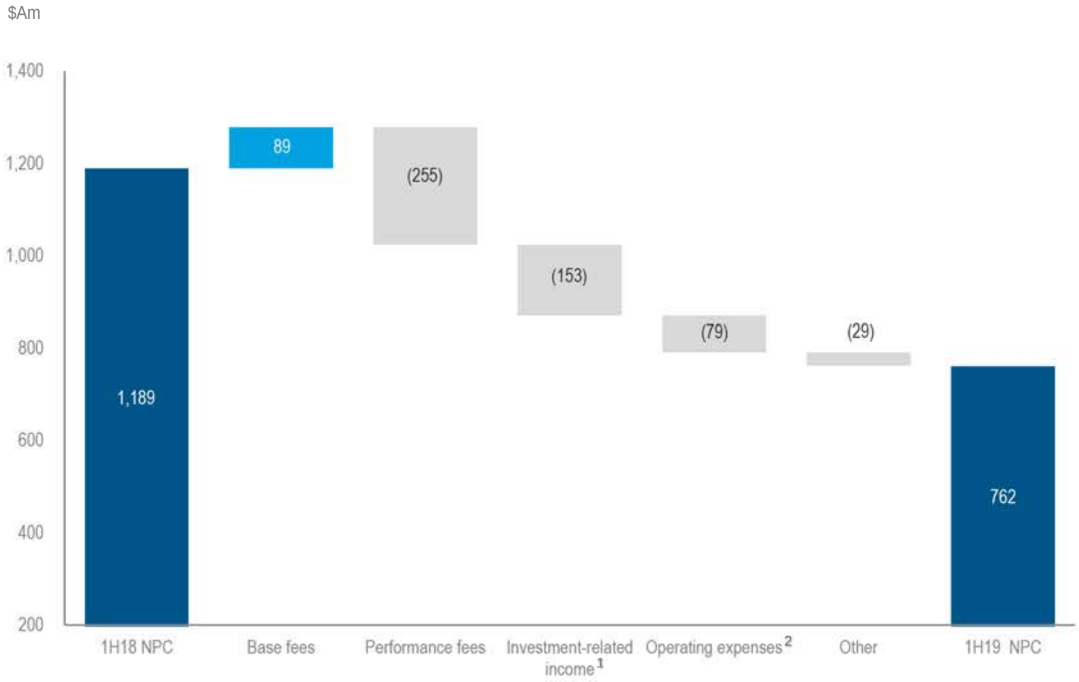
- Following the adoption of AASB 15, $A141m of fee expenses relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified to Brokerage, commission and trading-related expenses
- Employment expenses mainly reflecting increased activity

Income Statement by operating group

Net profit contribution



Macquarie Asset Management

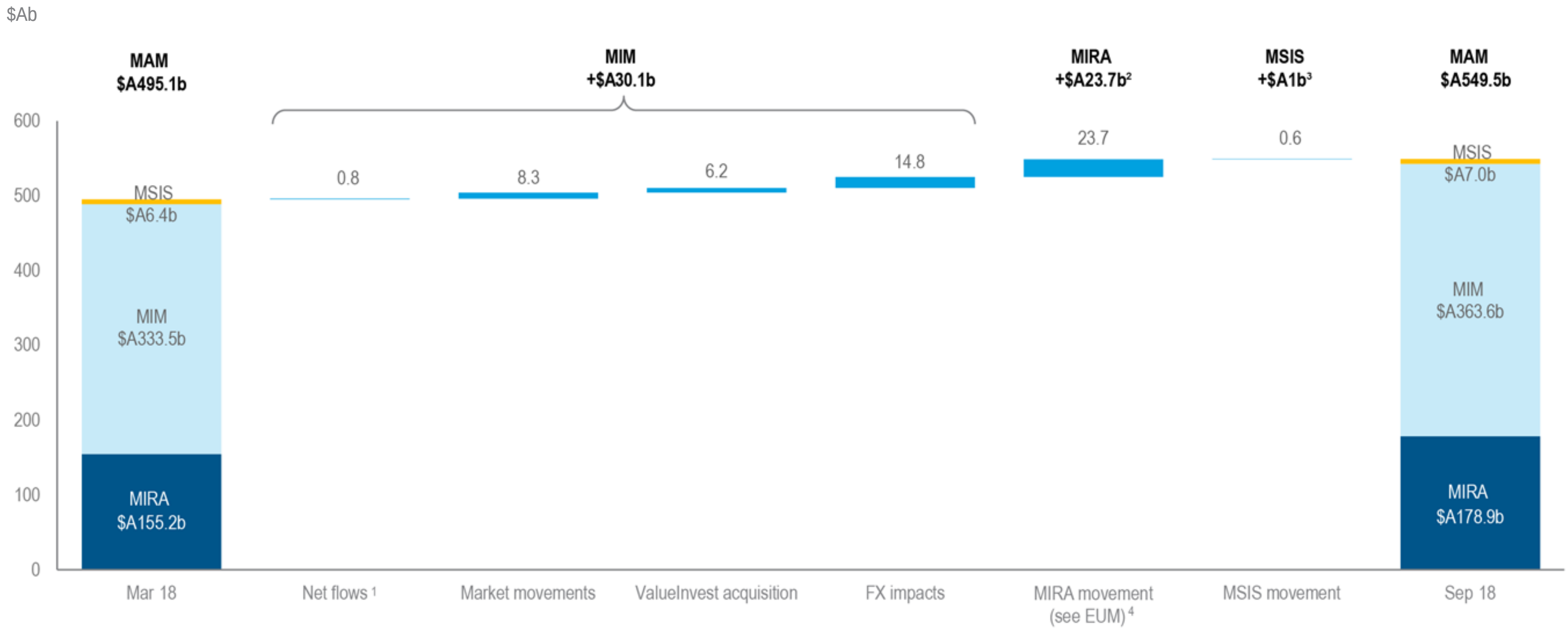


KEY DRIVERS

- Base fees up due to:
  - Investments made by MIRA-managed funds, increases in AUM primarily driven by foreign exchange impacts and positive market movements, and contributions from businesses acquired during the period (GLL Real Estate Partners and ValueInvest)
  - Partially offset by asset realisations in MIRA-managed funds
- Lower performance fees compared to a strong 1H18 which included MEIF3, ALX (formerly MQA) and other MIRA-managed funds and co-investors. The current period included performance fees from a broad range of funds and co-investors with respect to infrastructure and real estate assets including ALX
- Lower investment-related income compared to a strong 1H18 which included gains on reclassification of certain investments
- Higher operating expenses which were mainly driven by business growth during the period, the impact of acquisitions of GLL Real Estate Partners and ValueInvest and foreign exchange movements

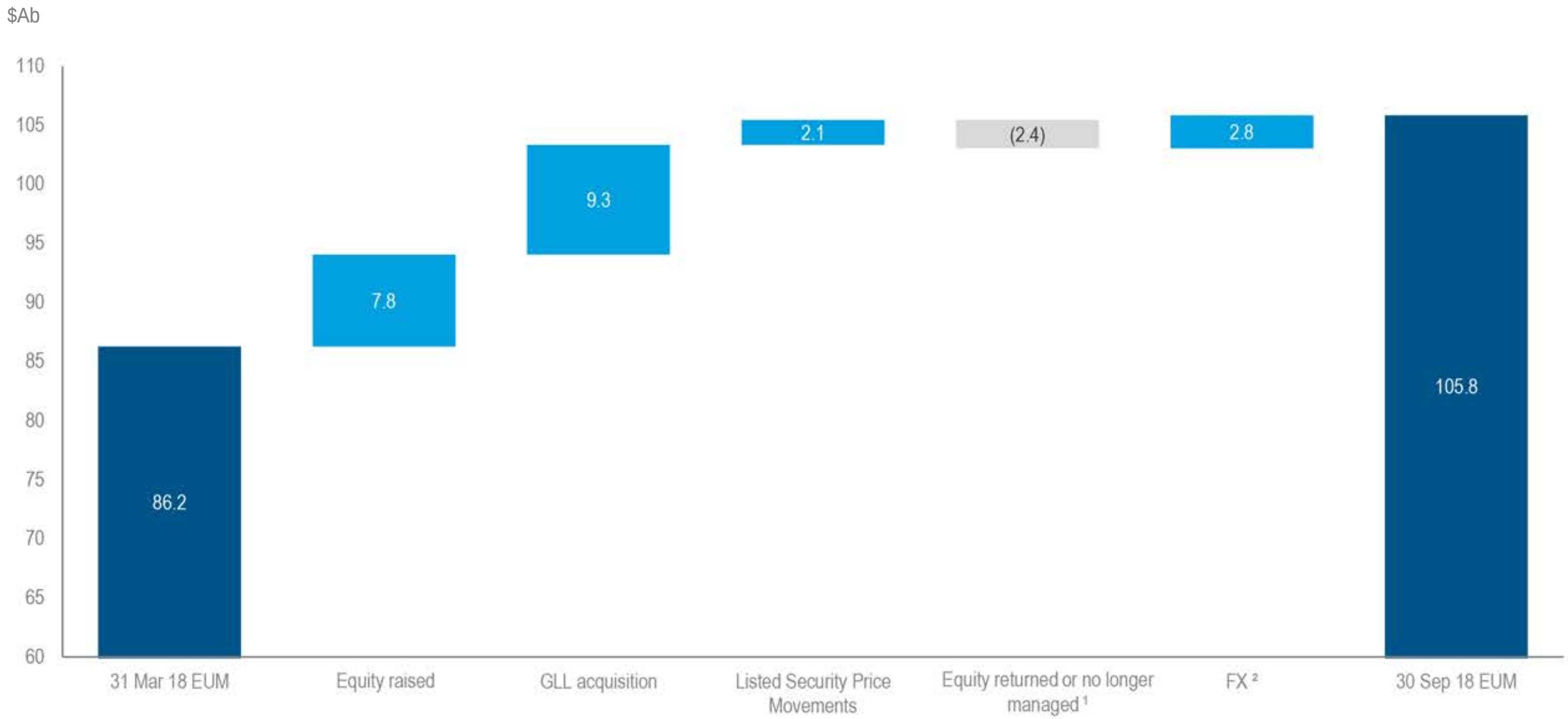
1. Represents movement in net income on equity and debt investments and share of net profits of associates and joint ventures. 2. Movement excludes certain costs which net with associated revenues including the impacts of AASB 15 as well as expenses reclassified relating to an asset previously held for sale.

MAM AUM movement



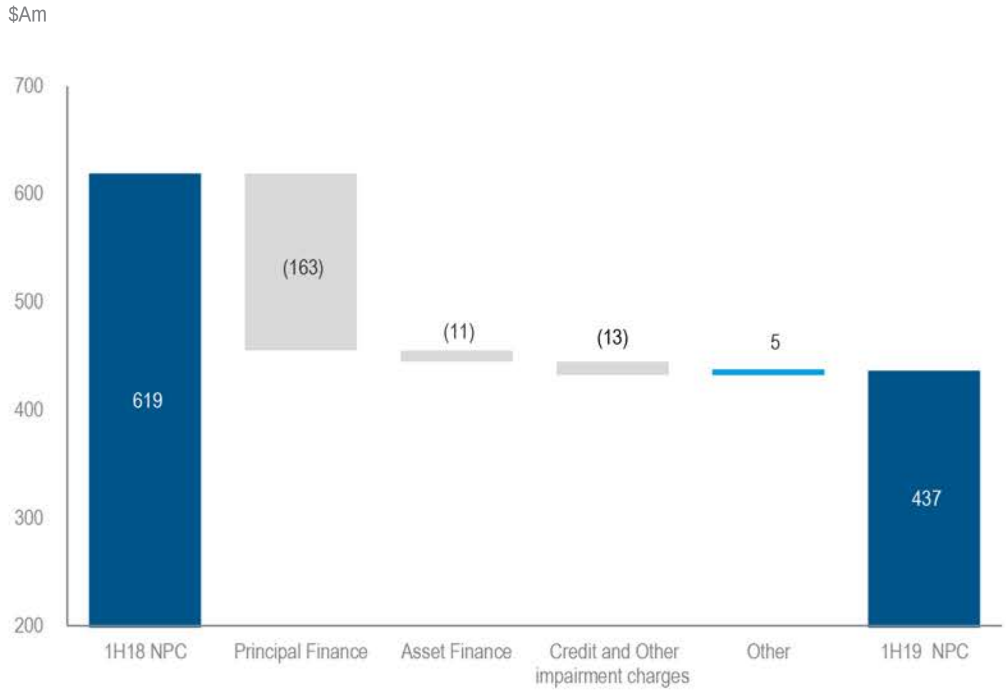
1. Includes movement in contractual insurance assets. 2. Includes acquisition of GLL Real Estate Partners. 3. MIDIS increase offset by maturing Australian retail products. 4. MIRA tracks its funds under management using an EUM measure as base management fee income is typically aligned with EUM. EUM and 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 32. 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.

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



KEY DRIVERS

- Lower Principal Finance contribution driven by decreased income from early repayments, realisations and investment-related income and lower interest income as a result of the reduction in the size of the portfolio
- Asset Finance contribution was slightly down from the prior corresponding period driven by lower underlying net operating lease income in Aviation, partially offset by improved income from the Energy and Technology portfolios and favourable foreign exchange movements
- Higher credit and other impairment charges largely reflecting a partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios in the prior corresponding period

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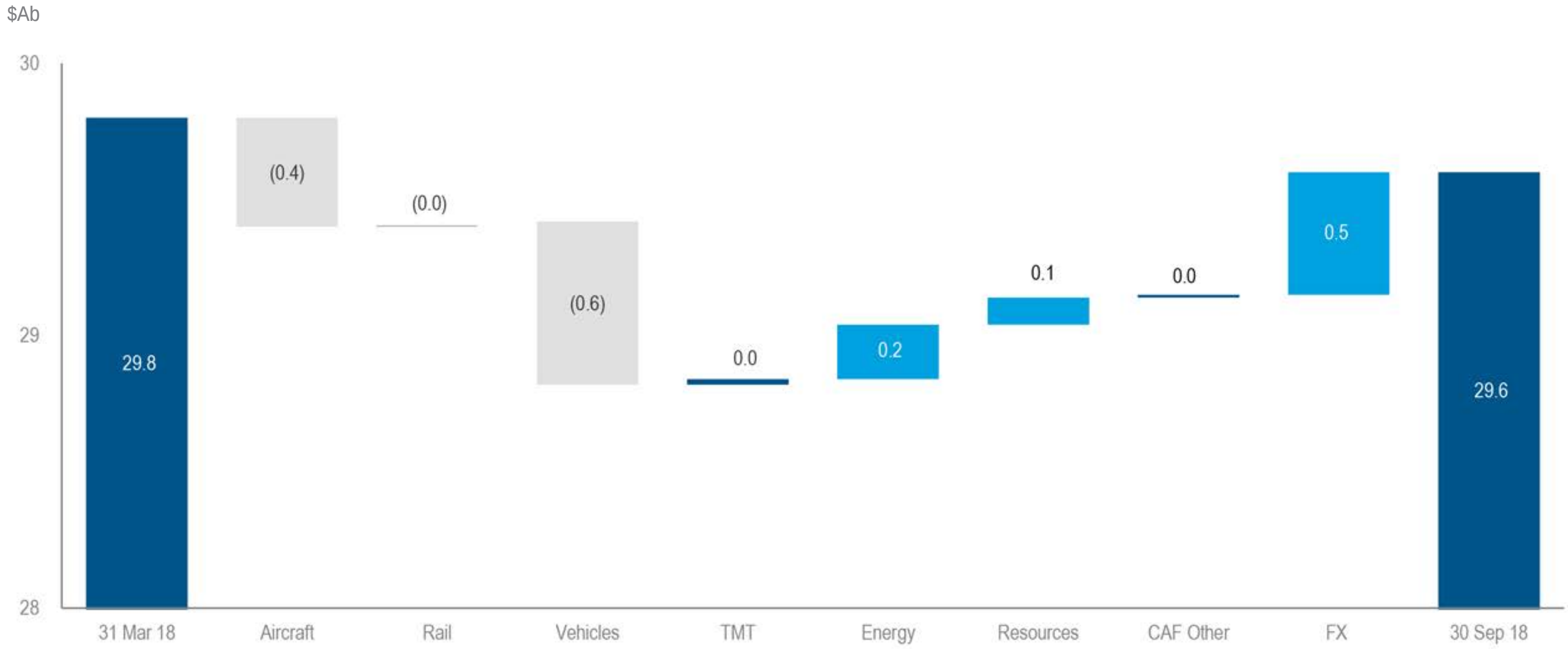
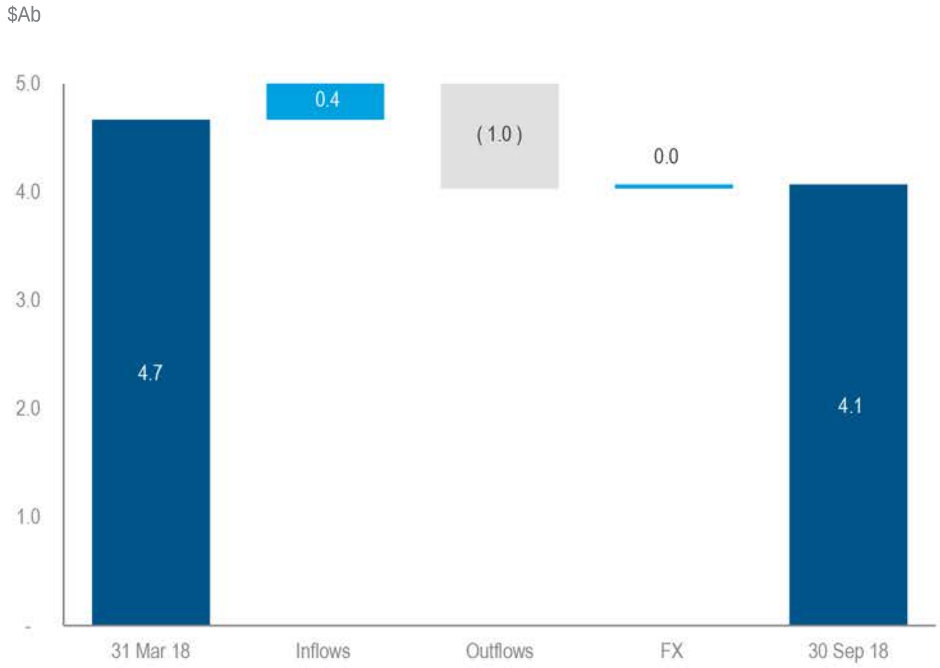
Corporate and Asset Finance

Asset Finance movement in the portfolio

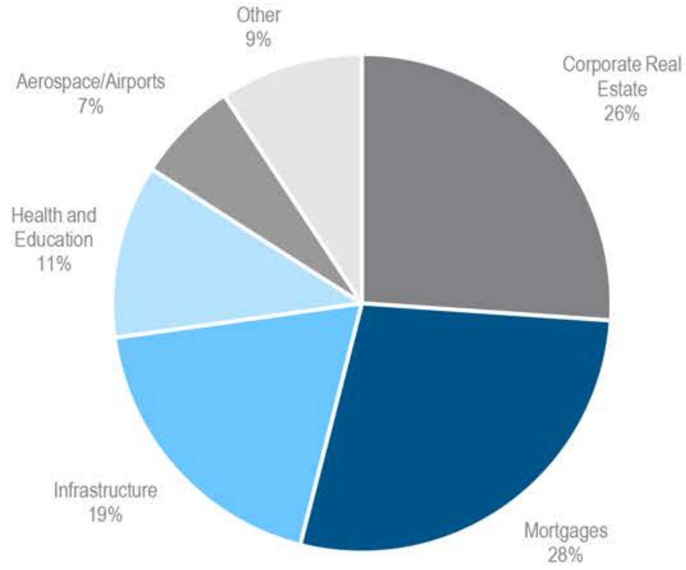


Corporate and Asset Finance

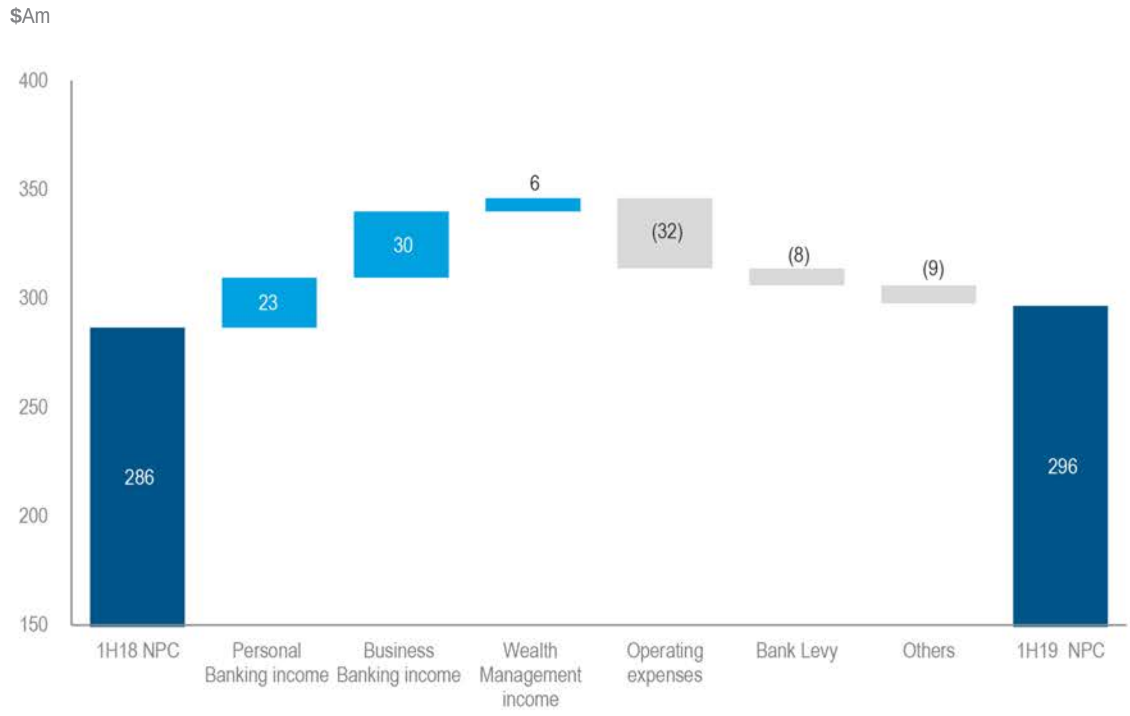
Principal Finance movement in the portfolio



Principal Finance exposure by category



Banking and Financial Services

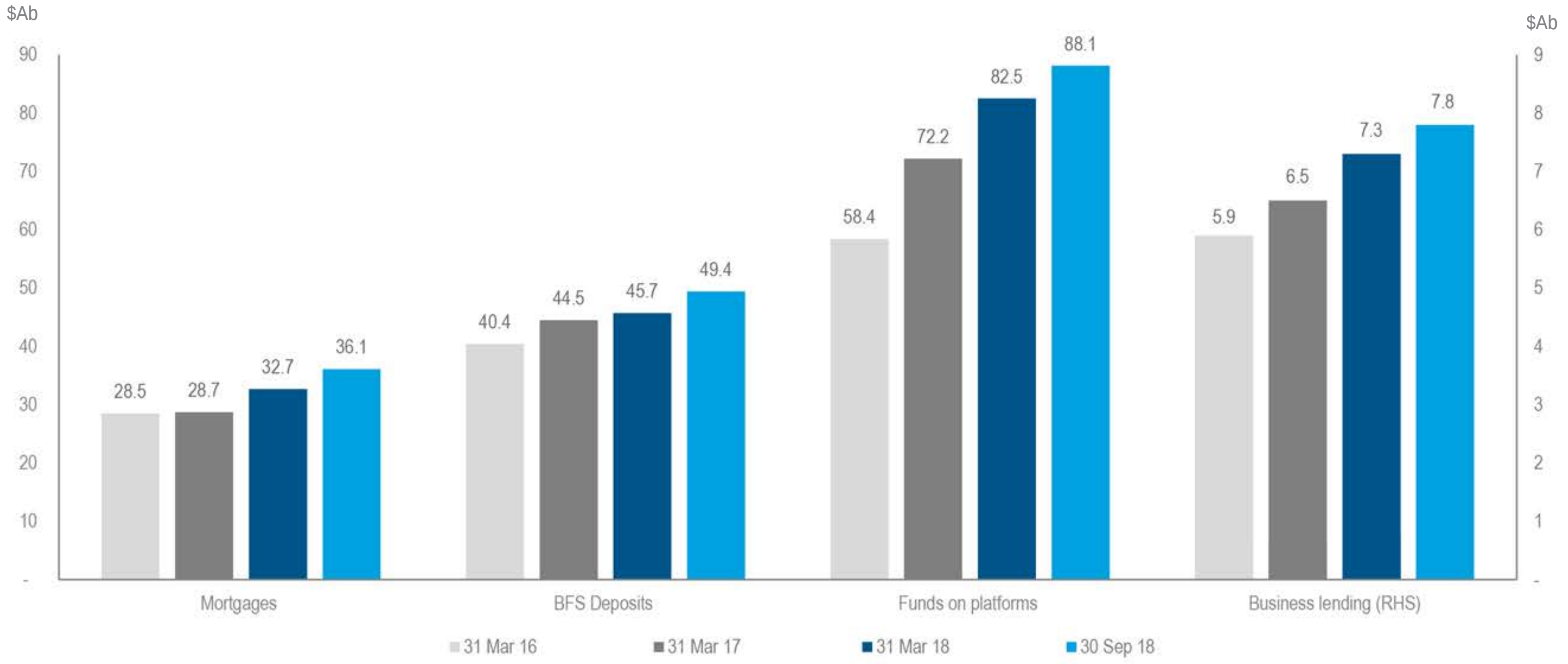


KEY DRIVERS

- Higher Personal Banking income driven by an 18% growth in average mortgage volumes
- Higher Business Banking income driven by a 12% growth in average business lending volumes and 6% growth in average business deposit volumes
- Higher Wealth Management income driven by an 11% increase in average funds on platform, net positive client inflows and market movements, partially offset by platform margin fee compression
- Higher operating expenses associated with investment in technology and headcount in key areas to support business growth
- Bank Levy incurred for 6 months vs 3 months in the prior corresponding period (effective 1 Jul 2017)

Banking and Financial Services

Strong balance sheet growth across the portfolios



Data based on spot volumes at period end.

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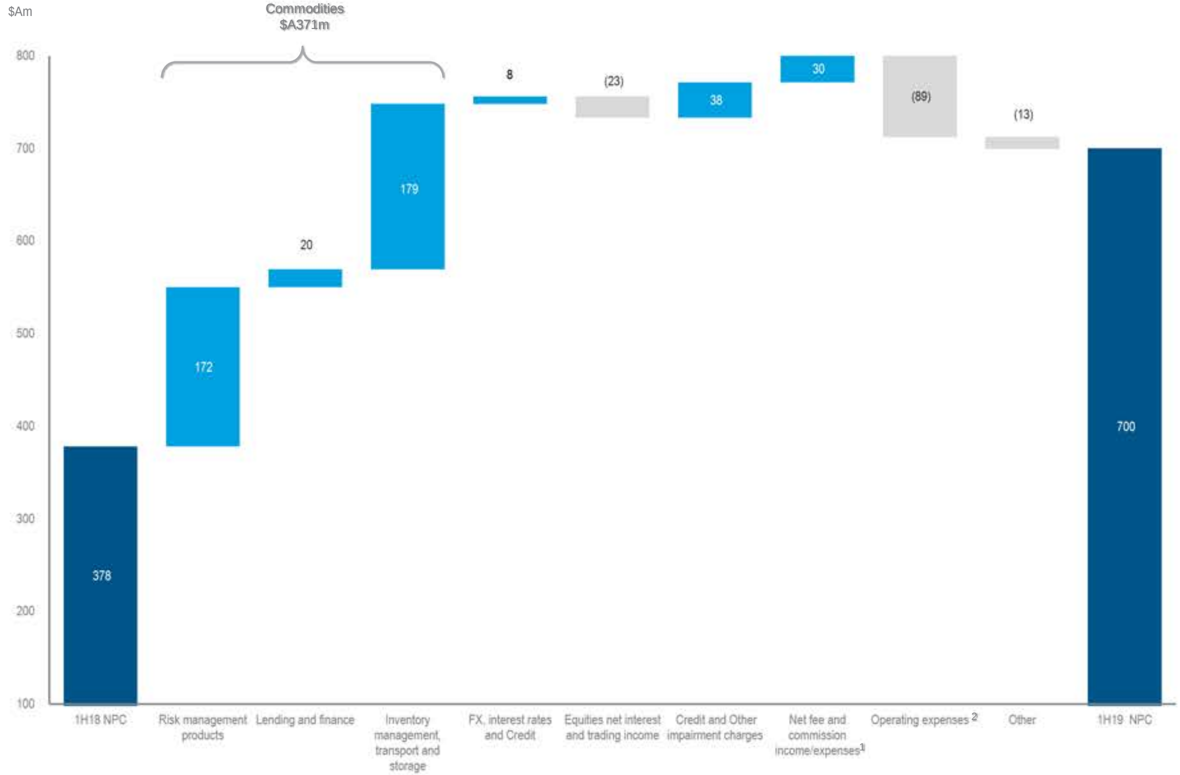
Commodities and Global Markets



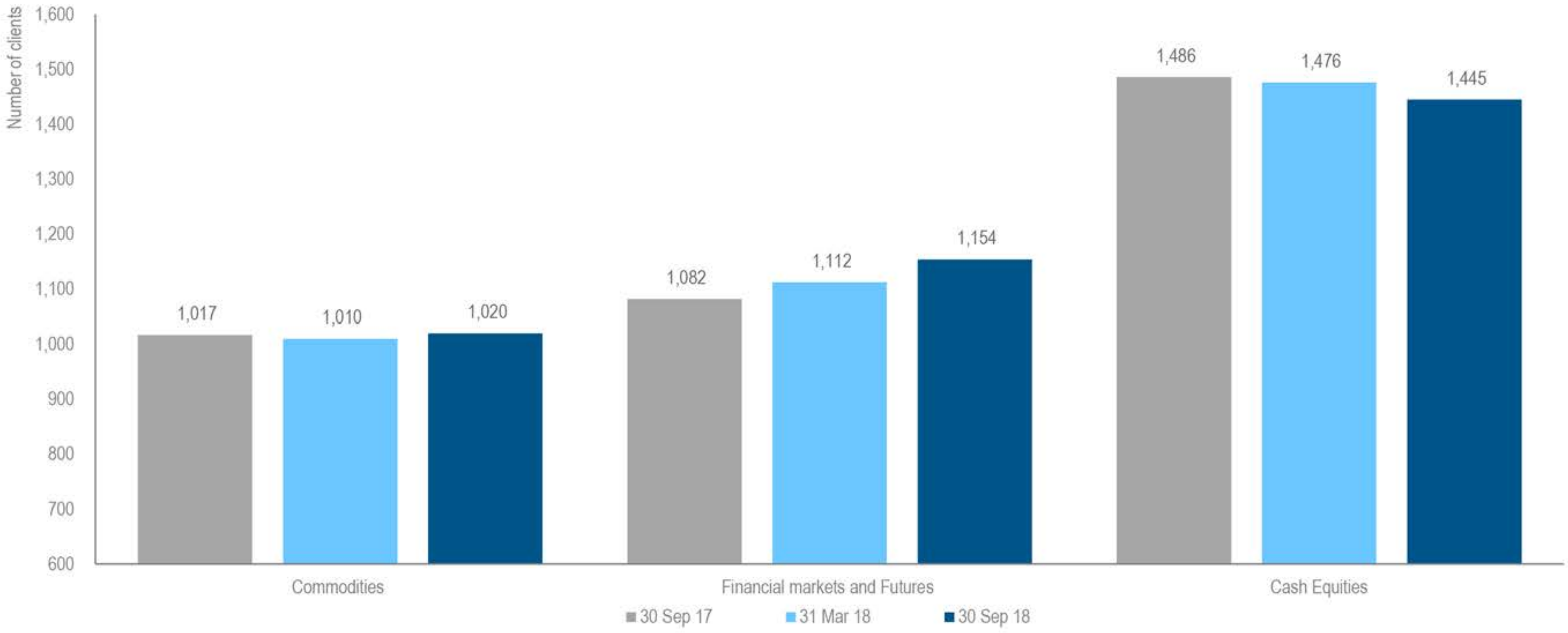
KEY DRIVERS

- Net interest and trading income (net of associated expenses)
  - Commodities
    - Strong results across the commodities platform particularly Global Oil, Gas and Agriculture from increased client hedging activity and trading opportunities
    - Increased contribution from commodity financing activities in the Americas and Asia-Pacific
    - Significant contribution from the North American Gas and Power business driven by opportunities across regional US centres as a result of supply-demand imbalance, partially offset by the timing of income recognition in relation to transport agreements and capacity contracts
  - Marginally higher foreign exchange, interest rates and credit income on a strong 1H18 driven by client contributions from foreign exchange structured products in North America and Asia-Pacific
  - Lower equity trading income reflecting challenging conditions and reduced opportunities, particularly in China and Taiwan
- Lower credit and other impairment charges with 1H18 impacted by write-downs recognised on underperforming financing facilities and impairment on certain commodity positions
- Increased net fee and commission income driven by Futures and Cash equity markets from an increase in client activity, increased market turnover in Asia, and an increase in equity capital markets fee income from Asia-Pacific
- Higher operating expenses largely driven by the full period impact of acquisitions completed in the prior year and an increase in investment in technology platforms

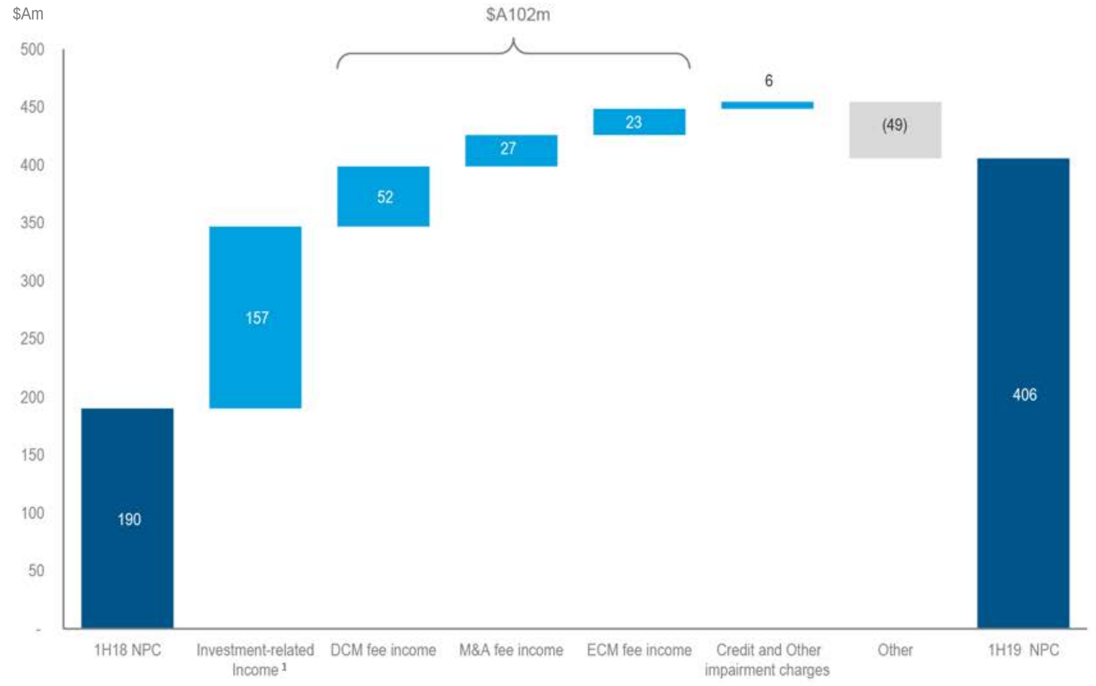
1. Includes fee and commission income as well as brokerage, commission and trading-related expenses. 2. Excludes brokerage, commission and trading-related expenses.

Commodities and Global Markets

Stable client base



Macquarie Capital



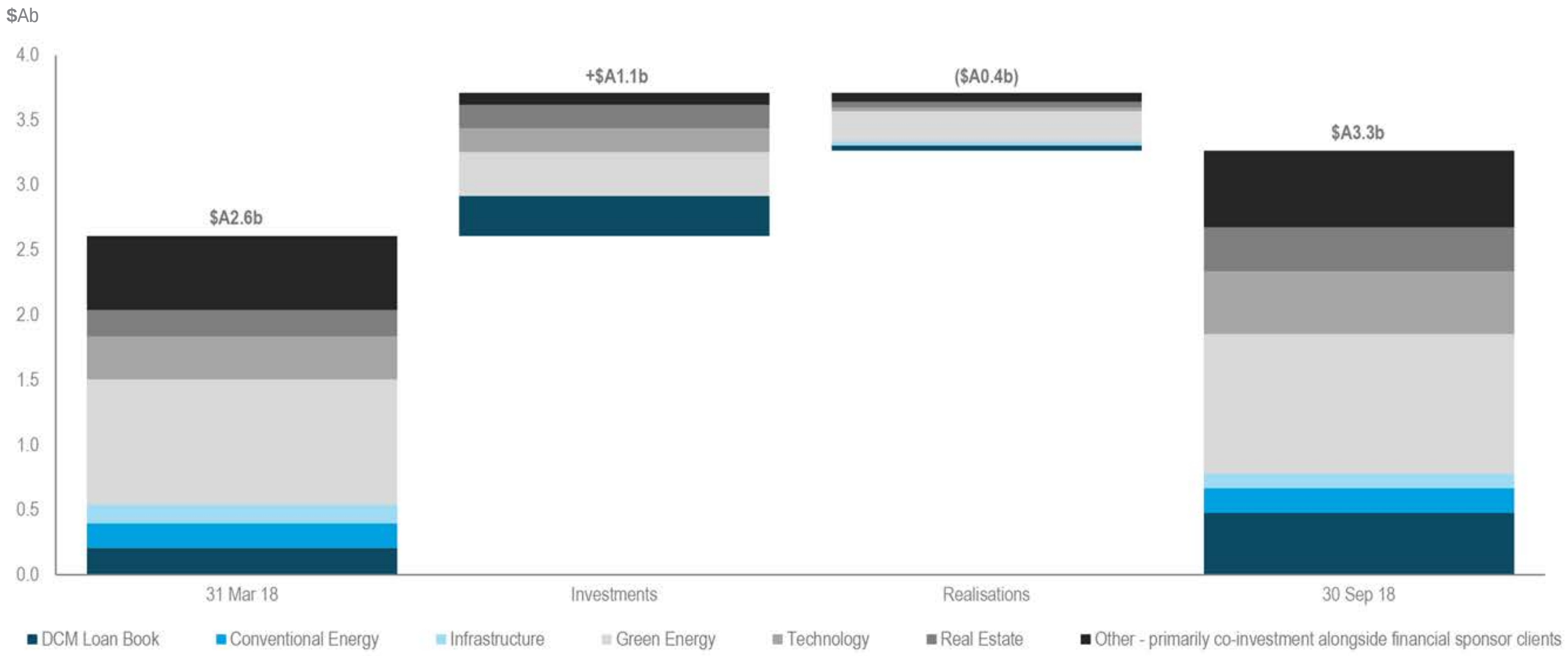
KEY DRIVERS

- Higher investment-related income:
  - Higher revenue from asset realisations and reclassifications in Europe, the US and Australia, particularly in green energy and technology
  - Higher interest income from the debt investment portfolio
  - Partially offset by higher share of losses of associates and joint ventures and other expenses reflecting expenditure on green energy and other projects in the development phase and higher funding costs for balance sheet positions
- Increased fee and commission income:
  - DCM: higher fee income in the US
  - M&A: higher fee income across Europe and the US partially offset by lower fee income in Australia
  - ECM: higher fee income in Australia
  - Includes the impact of adopting AASB 15
- Lower net credit and other impairment charges
- Other primarily reflects higher operating expenses from additional headcount, the impacts of adopting AASB 15 and unfavourable foreign exchange movements, and increased investing activity

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

Macquarie Capital

Movement in regulatory capital



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Costs of compliance

Regulatory project spend	1H19 $Am	2H18 $Am	1H18 $Am
IFRS 9	7	8	6
MiFID II	6	14	10
OTC Reform	4	4	5
Royal Commission	3	1	-
Other Regulatory Projects (e.g. Broker Trading Commission Ceilings, Enterprise Data Management, Counterparty Data Master)	44	28	34
Sub-total	**64**	**55**	**55**

Business as usual compliance spend	1H19 $Am	2H18 $Am	1H18 $Am
Financial, Regulatory & Tax Reporting and Compliance	51	49	54
Compliance Policy and Oversight	43	45	42
AML Compliance	17	14	16
Regulatory Capital Management	10	9	9
National Consumer Credit Protection (NCCP)	8	4	3
Regulator Levies	7	2	8
Other Compliance functions (e.g. Business Resilience, APRA Resilience)	35	37	33
Sub-total	**171**	**160**	**165**
Total compliance spend	**235**	**215**	**220**

- 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. $A235m in 1H19 (excluding indirect costs), up on 1H18 and 2H18
- Projects and business as usual spend increased during 1H19, as a result of new projects (e.g. Royal Commission, Broker Trading Commission Ceilings) and continuing spend on activities (e.g. National Consumer Credit Protection, AML Compliance)

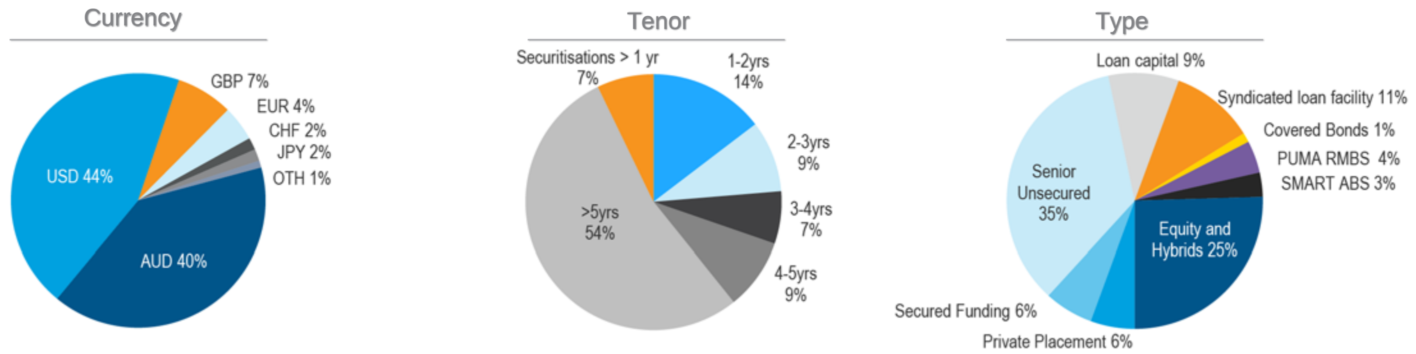
Balance sheet highlights

- 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% to $A52.3b as at Sep 18 from $A48.1b as at Mar 18
- $A5.9b[2] of term funding raised during 1H19:
  - $A3.7b MGL loan facilities[3]
  - $A1.0b Macquarie capital notes issuance
  - $A0.7b MGL refinance of secured trade finance facility
  - $A0.5b of term wholesale paper issued

1. Total customer deposits as per the funded balance sheet ($A52.3b) differs from total deposits as per the statutory balance sheet ($A52.6b). The funded balance sheet reclassifies certain balances to other funded balance sheet categories. 2. Issuances are AUD equivalent based on FX rates at the time of issuance and represent full facility size. 3. Includes $A0.9b green financing.

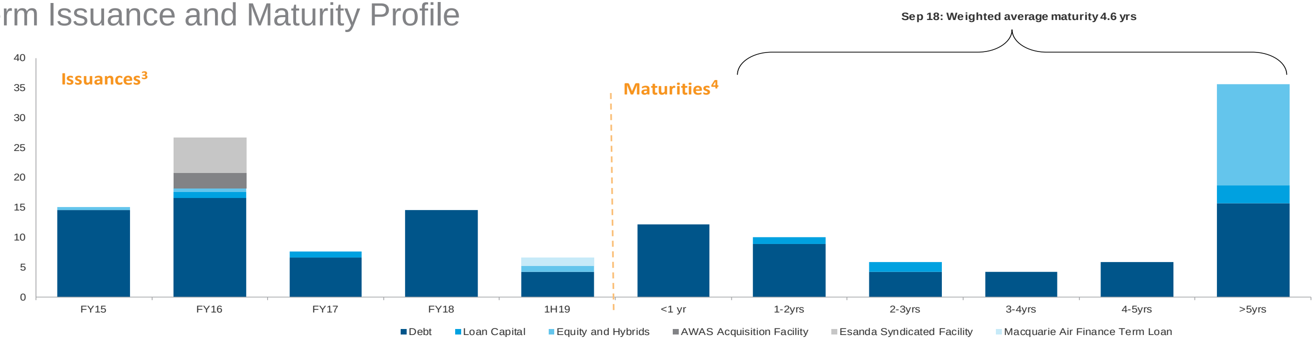
Diversified issuance strategy

Term funding as at 30 Sep 18 – diversified by currency[1], tenor[2] and type



- Well diversified issuance and funding sources
- Term funding beyond 1 year (excluding equity and securitisations) has a weighted average maturity of 4.6 years

Term Issuance and Maturity Profile



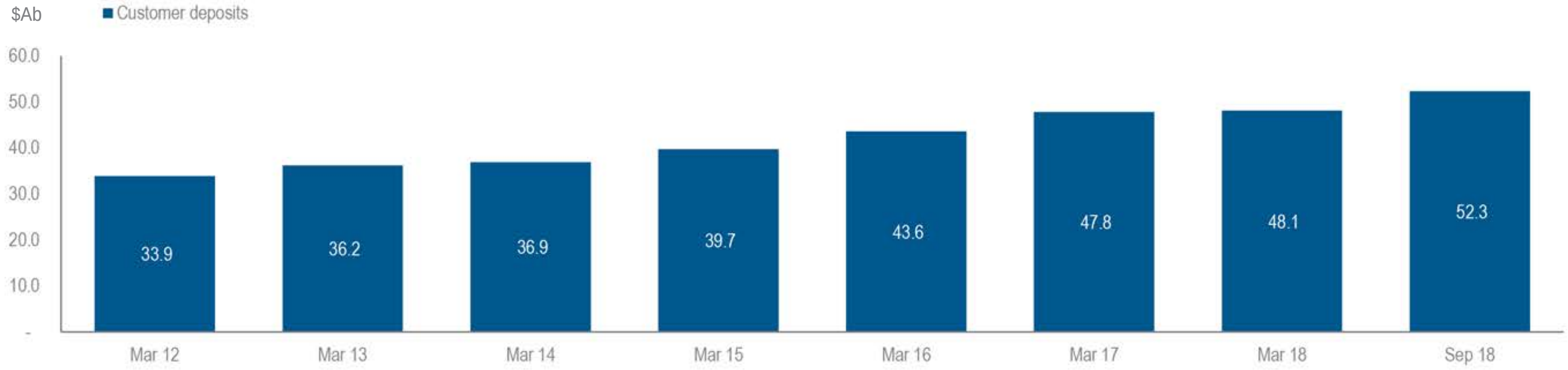
Note: All data presented in these charts represents drawn facilities. 1. Equity has been allocated to the AUD currency category. 2. Securitisations have been presented on a behavioural basis and represent funding expected to mature in >1yr. 3. Issuances exclude securitisations and other secured finance. Issuances are converted to AUD at the 30 Sep 18 spot rate. 4. Maturities excludes securitisations. Maturities shown are as at 30 Sep 18.

Continued customer deposit growth

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

- In excess of 1 million BFS clients, of which approximately 600,000 are depositors
- Focus on the quality and composition of the deposit base
- Continue to grow deposits, CMA product has an average account balance of approx. $A41,000

Deposit trend



Note: Total customer deposits include total BFS deposits of $A49.4b and $A2.9b of Corporate/Wholesale deposits.

Loan and lease portfolios[1] – Funded Balance Sheet

Operating Group	Category	Sep 18 $Ab	Mar 18 $Ab	Description
CAF	Asset Finance[2]	25.7	25.1	Secured by underlying financed assets
	Finance lease assets	*15.1*	*14.9*	
	Operating lease assets	*10.6*	*10.2*	
	Principal Finance[3]	4.0	4.8	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	29.7	29.9	
BFS	Retail Mortgages[2]	32.7	28.7	Secured by Australian residential property
	Business Banking	8.4	7.9	Secured relationship managed loan portfolio secured largely by working capital, business cash flows and real property
	Total BFS	41.1	36.6	
CGM	Resources and commodities	3.3	3.1	Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets
	Other	2.5	2.4	Predominately relates to recourse loans to financial institutions, as well as financing for real estate and other sectors
	Total CGM	5.8	5.5	
MAM	Structured investments	2.8	2.7	Loans to retail and wholesale counterparties that are secured against equities, real estate, investment funds or cash, or are protected by capital guarantees at maturity
MacCap	Corporate and other lending	1.2	0.6	Includes diversified secured corporate lending
Total loan and lease assets per funded balance sheet[4]		**80.6**	**75.3**	

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets per the statutory balance sheet of $A77.0b at 30 Sep 18 ($A73.5b at 31 Mar 18) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet). 2. Australian Retail Mortgages per the funded balance sheet of $A32.7b differs from the figure disclosed on slide 15 of $A36.1b and Asset Finance per the funded balance sheet of $A25.7b differs from the figure disclosed on slide 14 of $A29.6b. The funded balance sheet nets down loans and funding liabilities of non-recourse securitisation and warehouse vehicles to show the net funding requirement. 3. Principal Finance per the funded balance sheet of $A4.0b includes property and related assets and differs from the figure disclosed on slide 14 of $A4.1b. 4. Total loan assets per funded balance sheet includes self-securitised assets.

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Equity investments of $A6.3b[1]

Category	Carrying value[2] Sep 18 $Ab	Carrying value[2] Mar 18 $Ab	Description
Macquarie Asset Management (MIRA) managed funds	1.9	1.5	Includes Macquarie Infrastructure Corporation, Macquarie SBI Infrastructure Fund, MPF Holdings Limited, Macquarie Korea Infrastructure Fund, Macquarie European Infrastructure Fund 4
Investments acquired to seed new MIRA products and mandates	0.1	0.8	Includes held for sale investments acquired to seed new MIRA products and mandates. During the period the majority of Macquarie's investment in Cadent Gas (gas distribution network in the UK) was sold down into Macquarie Super Core Infrastructure Fund
Other Macquarie managed funds	0.4	0.4	Includes MIM funds as well as investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	0.7	0.6	Over 20 separate investments
Telcos, IT, media and entertainment	0.6	0.7	Over 40 separate investments
Green energy	1.2	1.4	Over 25 separate investments
Conventional energy, resources and commodities	0.6	0.6	Over 50 separate investments
Real estate investment, property and funds management	0.3	0.3	Over 10 separate investments.
Finance, wealth management and exchanges	0.5	0.5	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	6.3	**6.8**	

1. Equity investments per the statutory balance sheet of $A6.5b (Mar 18: $A8.5b) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of $A6.3b (Mar 18: $A6.8b).

Regulatory update

- Regulatory capital[1]
  - APRA is yet to release final standards for Australian banks to ensure that their capital levels can be considered 'unquestionably strong'. Based on existing guidance, Macquarie's surplus capital position remains sufficient to accommodate likely additional requirements
  - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold[2]
  - In addition, APRA released a discussion paper on their implementation of a minimum requirement for the leverage ratio of 4% from Jul 19[3]. MBL's leverage ratio is 5.6% at Sep 18
- Brexit
  - We are progressing additional licence applications in Ireland and Luxembourg, where we have existing business operations
  - In other countries, where we have significant staff numbers and business interests, we are establishing and expect to have all necessary regulatory approvals to operate following the UK's departure from the EU
  - We have a longstanding and deep commitment to the UK as the hub for our EMEA operations and this will continue to be the case. We have been in the UK for 29 years and have over 1,400 staff based there
- Macquarie continues to cooperate with German authorities in relation to a historical German lending transaction in 2011. The total amount at issue is not material and, as previously notified, MGL has provided for the matter. Macquarie was one of over 100 financial institutions involved in this market, from which it withdrew in 2012. Consistent with our standard practice, Macquarie received extensive external legal advice in relation to the transaction. Although no current staff members have been interviewed to date, we understand the German authorities will want to interview the individuals involved in the transaction, which may number up to 30 people. Macquarie is constructively engaged with the German authorities, having settled all but one outstanding matter

1. The APRA Capital Framework applies to the Bank Group only. 2. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18. 3. 'Leverage ratio requirement for authorised deposit-taking institutions'; 14 Feb 18.

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Adoption of new accounting standards

- AASB 9 *Financial Instruments* adopted on 1 April 2018
  - Comparative financial statements have not been restated
  - The adoption of AASB 9 resulted in the following changes:
    - Change from an incurred credit loss model to a forward-looking expected credit loss model
    - Changes in the classification and measurement of certain financial assets and liabilities
    - Changes in the presentation of financial assets and liabilities in the statement of financial position[1]
  - Transition adjustment following adoption of AASB 9 - gains/(losses):

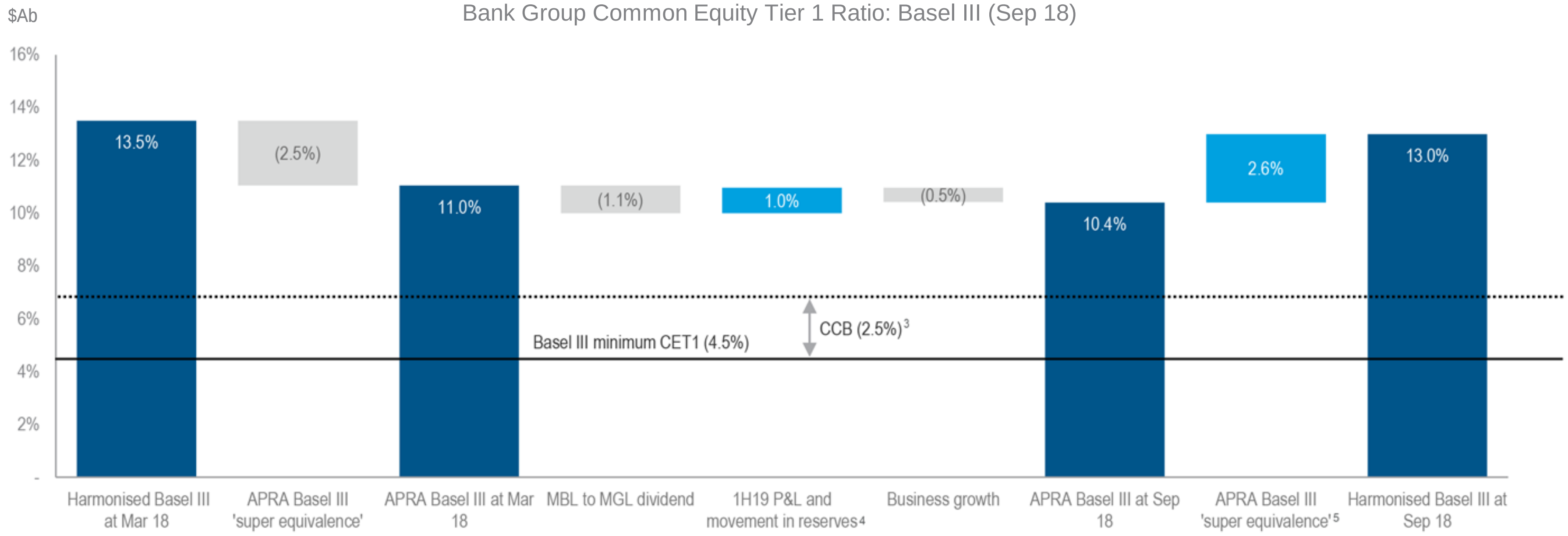
Reported in opening retained earnings and reserves at 1 April 2018	Classification and measurement $Am	Expected credit loss impairment $Am	Tax $Am	Total $Am[2]
Shareholder's equity	40	(270)	64	(166)
Total equity	(45)	(133)	50	(128)

- AASB 15 *Revenue from Contracts with Customers* adopted on 1 April 2018
  - Comparative financial statements have not been restated
  - No transition adjustment reported following the adoption of AASB 15
  - $A141m of fee expense relating to stock borrowing activities and certain recoverable costs previously presented net of associated revenues have been reclassified to Brokerage, commission and trading-related expenses in 1H19

1. Comparative financial statements have been re-presented to align with the current period. 2. Difference relates to expected credit loss impairments that are, in terms of AASB 9, recognised in other comprehensive income on certain financial assets.

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

- APRA Basel III CET1 ratio: 10.4%[1]
- Harmonised Basel III CET1 ratio: 13.0%[2]

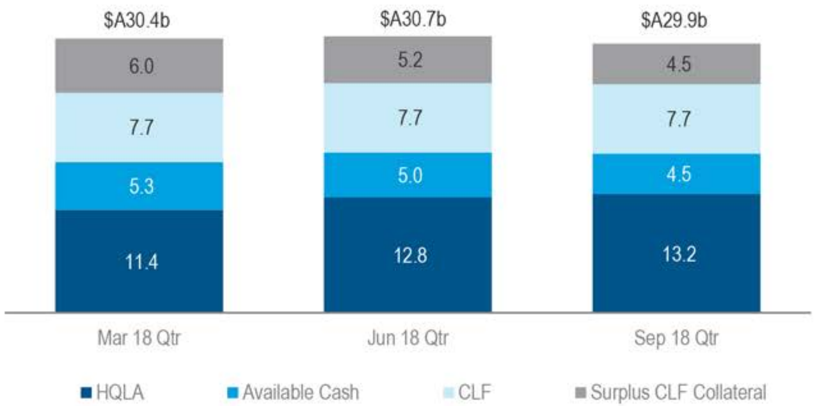


1. Basel III applies only to the Bank Group and not the Non-Bank Group. APRA Basel III Tier 1 ratio at Sep 18: 12.1%. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. Harmonised Basel III Tier 1 ratio at Sep 18: 14.8%. 3. Based on materiality, the countercyclical capital buffer (CCyB) of ~6bps has not been included. 4. Includes foreign currency translation reserve. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes differences in the treatment of mortgages (1.0%); equity investments (0.6%); capitalised expenses (0.6%); investment into deconsolidated subsidiaries (0.2%); DTAs and other impacts (0.2%).

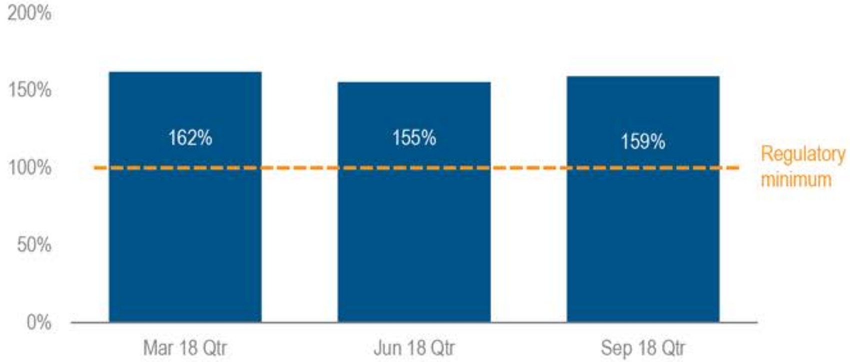
Strong liquidity position maintained

- 159% average LCR for Sep 18 quarter, based on daily observations
  - Maintained well above regulatory minimums
  - Includes APRA approved AUD CLF allocation of $A7.7b[1] for calendar year 2018
- Reflects long-standing conservative approach to liquidity management
- $A29.9b of unencumbered liquid assets and cash on average over the quarter to Sep 18 (post applicable haircuts)

Unencumbered Liquid Asset Portfolio[2]



MBL LCR position



1.Macquarie has been approved a CLF allocation for calendar year 2019 of $A8.4b. 2. Unencumbered Liquid Asset Portfolio is based on quarterly average balances.

Capital management update

- Share buyback
  - Given significant business growth in 1H19, Macquarie did not purchase any shares under the share buyback program announced at the 1H18 result announcement
  - There is currently no prospect of buying any shares under the share buyback program announced at the 1H18 result announcement and so the program has ended
- Impact of changes to CAF business structure:
  - The transfer of the CAF Principal Finance and CAF Transportation businesses from the Bank Group to the Non-Bank Group will reflect fair value consideration expected to be approximately $7.4b[1]. The transaction will result in a post-tax increase in ordinary equity for MBL of approximately $0.3b[1] which will be paid as a dividend to MGL[2]
  - In connection with the transfer, it is proposed to return up to $2.04b capital from MBL. A meeting of MBL shareholders (which includes holders of Macquarie Income Securities) will be held to approve this resolution
  - Net of the transfer, capital return and dividend, MBL's CET1 ratio is expected to increase by approximately 0.7% to 11.1% on a pro-forma basis[3]
  - The expected impact on the Group capital requirement on a Harmonised Basel III basis is negligible
- Share purchases since 31 March 18
  - FY18 MEREP $A454m was purchased – $A361m off-market under the staff sale arrangements and $A93m on-market, with a combined weighted average price of $A113.76
- Dividend Reinvestment Plan (DRP)
  - The Board has resolved that no discount will apply for the 1H19 DRP and the shares are to be acquired on-market[4]
- Macquarie Group Capital Notes 3 (MCN3)
  - On 7 June 18, Macquarie announced that it had issued 10,000,000 MCN3 at an issue price of $A100 each, raising $A1b. The MCN3 offer facilitated the redemption of $A600m Macquarie Group Capital Notes (MCN)

1. Estimated valuation position in Australian dollars. The valuation will be updated to reflect the business position and exchange rates at the time of transfer. Accordingly, the dividend will be adjusted to reflect the value at the effective date, expected to be 10 December 2018. 2. Via the intermediate holding company, Macquarie B.H. Pty Ltd. 3. Estimated Level 2 capital impact based on the current business position. The ultimate impact will reflect changes to the business position and exchange rates at the effective date, expected to be 10 December 2018. 4. Shares will be issued if purchasing becomes impractical or inadvisable.

04 Outlook

Shemara Wikramanayake
Managing Director and
Chief Executive Officer Designate

Factors impacting short-term outlook

Annuity-style businesses

Macquarie Asset Management (MAM)

FY18: $A1.7b up 10% on FY17

Base fees expected to be up, benefiting from recent acquisitions

Performance fees and investment-related income (net of impairments) expected to be down

Corporate and Asset Finance (CAF)

FY18: $A1.2b up 1% on FY17

Leasing book broadly in line

Timing and level of early prepayments and realisations in Principal Finance

Reduced loan volumes in Principal Finance

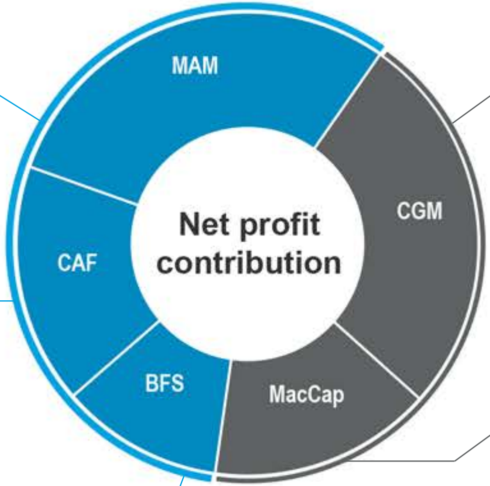
2H19 to include sale of Energetics

Banking and Financial Services (BFS)

FY18: $A0.6b up 9% on FY17

Higher deposit, loan portfolio and platform volumes

NIM pressure due to higher costs and competitive pressures



Capital markets facing businesses

Commodities and Global Markets (CGM)

FY18: $A0.9b down 6% on FY17

Strong customer base expected to drive consistent flow across Commodities, Fixed Income and Futures

Improved result in cash equities

Business benefited from strong market conditions in 1H19

Macquarie Capital (MacCap)

FY18: $A0.7b up 45% on FY17

Assume market conditions broadly consistent with 1H19

Solid pipeline of investment realisations expected

Corporate

Compensation ratio to be consistent with historical levels

Based on present mix of income, along with the favourable impacts of US tax reform, the FY19 effective tax rate is expected to be down on FY18

Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H19 net profit contribution from operating groups.

Short-term outlook

- While the impact of future market conditions makes forecasting difficult, we currently expect the FY19 result to be up approximately 10% on FY18
- Our short-term outlook remains subject to:
  - The conduct of period-end reviews and the completion rate of transactions. We note that the sale of Quadrant Energy has not been included in our current outlook
  - Market conditions
  - The impact of foreign exchange
  - Potential regulatory changes and tax uncertainties
  - Geographic composition of income

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 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 and ROE

30 Sep 18

Operating Group	APRA Basel III Capital[1] @ 8.5% ($Ab)	Approx. 1H19 Return on Ordinary Equity[2]	Approx. 12-Year Average Return on Ordinary Equity[2]
Annuity-style businesses	**9.0**		
Macquarie Asset Management	2.2	19%	20%[3]
Corporate and Asset Finance	4.2		
Banking and Financial Services	2.6		
Capital markets facing businesses	**7.0**		
Commodities and Global Markets	3.7	19%	15% - 20%
Macquarie Capital	3.3		
Corporate	**0.4**		
Total regulatory capital requirement @ 8.5%	16.4		
Group surplus	3.4		
Total APRA Basel III capital supply	**19.8[4]**		

1. Business Group capital allocations are based on 30 Jun 18 allocations adjusted for material movements over the Sep 18 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on operating group's forecast 1H19 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. Equity is based on the quarterly average equity usage from FY18 to 1H19 inclusive. 1H19 equity is based on 30 Jun 18 allocations adjusted for forecast material movements over the Sep 18 quarter. 12-year average covers FY07 to FY18, inclusively. 3. CAF returns prior to FY11 excluded from 12-year average as not meaningful given the significant increase in scale of CAF's platform over this period. 4. Comprising of $A16.6b of ordinary equity and $A3.2b of hybrids.

Medium-term

Annuity-style businesses

Macquarie Asset Management (MAM)

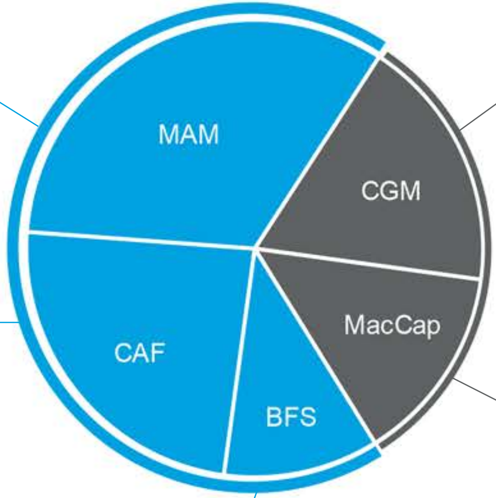
- Annuity-style business that is diversified across regions, products, asset classes and investor types
- Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions
- Well positioned for organic growth with several strongly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

Corporate and Asset Finance (CAF)

- Leverage deep industry expertise to maximise growth potential in asset and loan portfolios
- Positioned for further asset acquisitions and realisations, subject to market conditions
- Availability of 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
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform and further integration of the business across CGM

Macquarie Capital (MacCap)

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

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2018

2 November 2018

A | Appendix

Detailed Result Commentary

Macquarie Asset Management

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Base fees	884	813	795
Performance fees	282	58	537
Investment-related and other income[1]	251	367	399
Credit and Other impairment charges[2]	(7)	(176)	(1)
Net operating income	**1,410**	**1,062**	**1,730**
Brokerage, commission and trading-related expenses	(128)	(86)	(123)
Other operating expenses	(519)	(478)	(420)
Total operating expenses	**(647)**	**(564)**	**(543)**
Non-controlling interests	(1)	(2)	2
Net profit contribution[3]	**762**	**496**	**1,189**
AUM ($Ab)	549.5	495.1	471.9
Headcount	1,795	1,608	1,581

- Base fees of $A884m, up on 1H18
  - Increased fees from investments made by MIRA-managed funds, increases in AUM primarily driven by foreign exchange impacts and positive market movements, and contributions from businesses acquired during the period (GLL Real Estate Partners and ValueInvest)
  - Partially offset by asset realisations in MIRA-managed funds
- Performance fees of $A282m, down compared to a strong 1H18
  - 1H19 included performance fees from a broad range of funds and co-investors with respect to infrastructure and real estate assets including ALX (formerly MQA)
  - 1H18 included performance fees from MEIF3, ALX and other MIRA-managed funds and co-investors
- Investment-related and other income of $A251m, down compared to a strong 1H18
  - Investment-related income in 1H19 included gains from sale of MIRA's holdings in a number of listed and unlisted investments while 1H18 benefited from gains on reclassification of certain investments
- Credit and other impairment charges of $A7m, were slightly higher than 1H18. 2H18 included the write-down of MIRA's investment in MIC
- Total operating expenses of $A647m, up 19% on 1H18 mainly driven by business growth, the impact of acquisitions of GLL Real Estate Partners and ValueInvest and foreign exchange movements

1. Investment-related income includes net income on equity and debt investments and share of net profits of associates and joint ventures. Other income includes other fee and commission income, net interest and trading expense, other income and internal management revenue. 2. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

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Corporate and Asset Finance

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income[1]	200	246	336
Net operating lease income	458	464	465
Credit and Other impairment (charges)/reversal[2]	(12)	(16)	1
Fee and commission income	20	19	22
Other income[3]	92	245	107
Net operating income	**758**	**958**	**931**
Total operating expenses	**(318)**	**(367)**	**(312)**
Non-controlling interests	(3)	(4)	-
Net profit contribution[4]	**437**	**587**	**619**
Loan and finance lease portfolio[5] ($Ab)	23.1	24.3	25.6
Operating lease portfolio ($Ab)	10.6	10.2	9.9
Headcount	1,325	1,312	1,263

- Net interest and trading income of $A200m, down 40% on 1H18 mainly as a result of reduced income from early repayments, realisations and the reduction in the size of the Principal Finance portfolio
- Net operating lease income of $A458m, slightly down 2% on 1H18 mainly driven by reduction in underlying Aviation income partially offset by improved income from the Energy and Technology portfolios and favourable foreign exchange movements
- Credit and other impairment charges up on 1H18 which included a partial reversal of collective provisions, driven by net loan repayments, and the improved credit performance of underlying portfolios
- Other income of $A92m down 14% on 1H18 which included a gain on reclassification of an asset held in the Principal Finance business, partially offset by asset sales in Technology and Principal Finance in 1H19
- Total operating expenses of $A318m, broadly in line with 1H18

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Other income includes investment-related income, gain on disposal of operating lease assets, internal management revenue and other income 4.Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Includes equity portfolio of $A0.4b (March 2018: $A0.4b, September 2018: $A0.4b).

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Banking and Financial Services

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Net interest and trading income[1]	634	598	584
Fee and commission income	237	232	234
Wealth management fee income	*168*	*168*	*168*
Banking fee income	*69*	*64*	*66*
Credit and Other impairment charges[2]	(9)	(18)	(8)
Other income	2	12	12
Net operating income	**864**	**824**	**822**
Total operating expenses	**(568)**	**(550)**	**(536)**
Net profit contribution[3]	**296**	**274**	**286**
Funds on platform[4] ($Ab)	88.1	82.5	78.9
Australian loan portfolio[5] ($Ab)	44.5	40.6	37.6
Total BFS deposits[6] ($Ab)	49.4	45.7	46.4
Headcount	2,157	2,323	2,077

- Net interest and trading income of $A634m, up 9% on 1H18
  - 17% growth in average Australian loan portfolio volumes and 3% growth in the average BFS deposit balance
  - Bank Levy of $A12m, up 200% on 1H18 incurred for 6 months vs 3 months in the prior corresponding period (effective 1 July 2017)
- Fee and commission income of $A237m, broadly in line with 1H18
- Credit and other impairment charges broadly in line with 1H18
- Total operating expenses of $A568m, up 6% on 1H18 driven by investment in technology and headcount in key areas to support business growth

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 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. Total BFS deposits excludes corporate/wholesale deposits.

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Commodities and Global Markets

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Commodities[1]	806	658	435
Risk management products	*457*	*420*	*285*
Lending and financing	*128*	*129*	*108*
Inventory management, transport and storage	*221*	*109*	*42*
Foreign exchange, interest rates and credit[1]	291	225	283
Equities	163	173	186
Fee and commission income	594	457	436
Investment and other income	24	105	37
Credit and Other impairment charges[2]	(18)	(32)	(56)
Net operating income	**1,860**	**1,586**	**1,321**
Brokerage, commission and trading-related expenses	(318)	(208)	(190)
Other operating expenses	(842)	(846)	(753)
Total operating expenses	**(1,160)**	**(1,054)**	**(943)**
Net profit contribution[3]	**700**	**532**	**378**
Headcount	2,040	2,053	1,986

- Commodities income of $A806m, significantly up on 1H18
  - Risk management products up 60% on 1H18 reflecting strong results across the commodities platform particularly Global Oil, Gas and Agriculture from increased client hedging activity and trading opportunities
  - Lending and financing up 19% on 1H18 largely due to an increased contribution from commodity financing activities in the Americas and Asia-Pacific
  - Inventory management, transport and storage up significantly on 1H18 mainly driven by significant contribution from the North American Gas and Power business driven by opportunities across regional US centres as a result of supply-demand imbalance. This was partially offset by the timing of income recognition in relation to transport agreements and capacity contracts
- Foreign exchange, interest rates and credit income of $A291m, up 3% on strong 1H18 driven by client contributions from foreign exchange structured products in North America and the Asia-Pacific
- Equities trading income down 12% on 1H18 reflecting challenging conditions and reduced opportunities, particularly in China and Taiwan
- Fee and commission income of $A594m up 36% on 1H18
  - Includes a $A77m reclassification relating to stock borrowing expenses following the adoption of AASB 15, which were previously presented net of associated revenues
  - Increase in brokerage commission in Futures and Cash equity markets from increased market turnover and client activity in Asia, and an increase in equity capital markets fee income from Asia-Pacific
- Investment and other income broadly in line with 1H18
- Credit and other impairment charges of $A18m, down 68% on 1H18 with write-downs recognised on underperforming financing facilities and impairment on certain commodity positions in 1H18
- Total operating expenses of $A1,160m, up 23% on 1H18 driven by the full period impact of acquisitions completed in the prior year, and increase in investment in technology platforms and the impacts of adopting AASB 15 ($A77m)

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. The change in expected credit losses relating to financial assets under AASB 9 is recorded under Credit impairment charges. Individual and collective provisions for the prior corresponding period and prior period remain in accordance with AASB 139 and have not been restated. 3. Management accounting profit before unallocated corporate costs, profit share and income tax.

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Macquarie Capital

Result

	1H19 $Am	2H18 $Am	1H18 $Am
Fee and commission income	538	442	436
Investment-related income (ex non-controlling interests)	328	487	165
Investment and other income[1]	*373*	*502*	*222*
Net interest and trading income[2]	*(45)*	*(15)*	*(57)*
Credit and Other impairment charges	(14)	(40)	(20)
Internal management revenue[3]	15	20	1
Net operating income	**867**	**909**	**582**
Total operating expenses	**(453)**	**(395)**	**(390)**
Non-controlling interests	(8)	(4)	(2)
Net profit contribution[4]	**406**	**510**	**190**
Capital markets activity[5]:			
Number of transactions	228	199	203
Transactions value ($Ab)	267	134	218
Headcount	1,235	1,192	1,177

- Increased fee and commission income:
  - DCM: higher fee income in the US
  - M&A: higher fee income across Europe and the US partially offset by lower fee income in Australia
  - ECM: higher fee income in Australia
  - Certain recoverable costs, which were previously presented net of associated revenues, have been reclassified to operating expenses following the adoption of AASB 15
- Higher investment-related income (excluding non-controlling interests):
  - Higher revenue from asset realisations and reclassifications in Europe, the US and Australia, particularly in green energy and technology
  - Higher interest income from the debt investment portfolio
  - Partially offset by higher share of losses of associates and joint ventures and other expenses reflecting expenditure on green energy and other projects in the development phase and higher funding costs for balance sheet positions
- Lower net credit and other impairment charges
- Higher operating expenses reflects additional headcount, the impacts of adopting AASB 15 and unfavourable foreign exchange movements, and increased investing activity

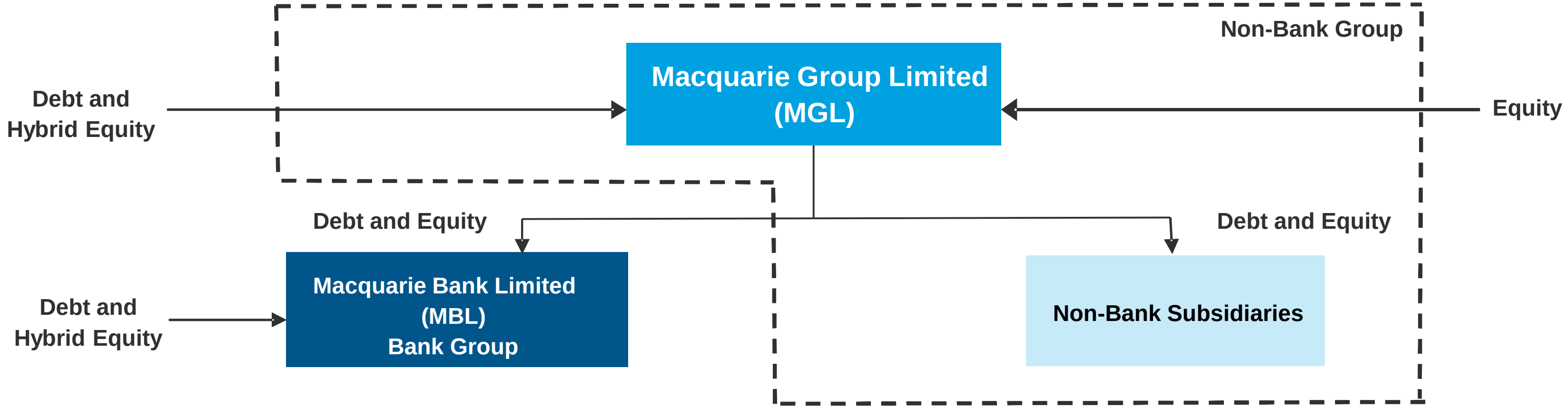
1. Includes net income on equity and debt investments, share of net losses or profits of associates and joint ventures and other income. 2. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax. 5. Source: Dealogic and IJGlobal for Macquarie Group completed M&A, balance sheet positions, ECM and DCM transactions converted as at the relevant reporting date. Deal values reflect the full transaction value and not an attributed value.

B | Appendix

Additional information - Funding

Macquarie funding structure

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



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

	Sep 18 $Ab	Mar 18 $Ab	Sep 17 $Ab
Total assets per Statement of Financial Position	**205.6**	**191.3**	**189.8**
Accounting deductions:			
Self-funded trading assets	(18.2)	(16.7)	(20.1)
Derivative revaluation accounting gross-ups	(18.0)	(11.8)	(10.4)
Segregated funds	(10.5)	(9.8)	(9.0)
Outstanding trade settlement balances	(9.3)	(7.0)	(7.5)
Short-term working capital assets	(7.5)	(6.8)	(6.2)
Non-controlling interests	(0.2)	(1.4)	(1.4)
Non-recourse funded assets:			
Securitised assets and other non-recourse funding	(7.5)	(9.0)	(11.3)
Total assets per Funded Balance Sheet	**134.4**	**128.8**	**123.9**

For an explanation of the above deductions refer to slide 72

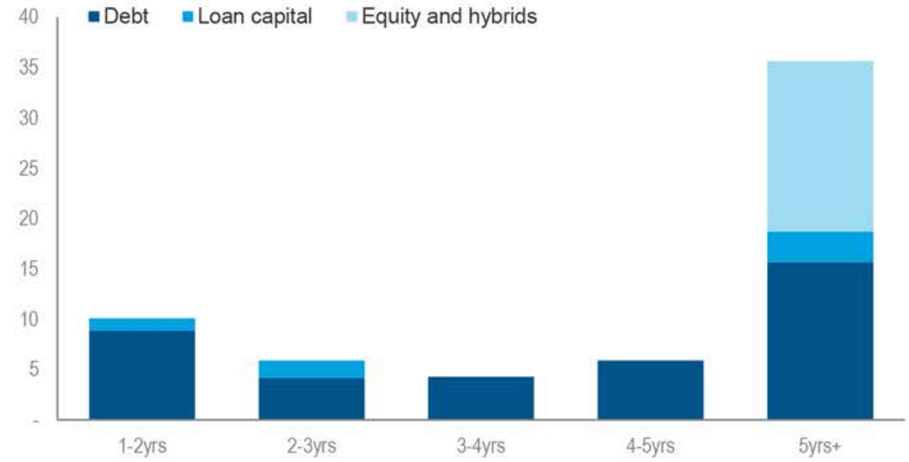
MACQUARIE

Funding for Macquarie

	Sep 18 $Ab	Mar 18 $Ab	Sep 17 $Ab
Funding sources			
Certificates of deposits	0.8	0.6	0.8
Commercial paper	5.9	8.4	11.6
Net trade creditors	1.4	2.3	2.0
Structured notes	2.2	2.5	2.6
Secured funding	6.2	4.9	4.5
Bonds	34.8	34.7	27.5
Other loans	1.0	1.2	0.5
Syndicated loan facilities	7.0	4.0	3.9
Customer deposits	52.3	48.1	49.4
Loan capital	5.9	5.4	5.4
Equity and hybrids[1]	16.9	16.7	15.7
Total funding sources	**134.4**	**128.8**	**123.9**
Funded assets			
Cash and liquid assets	23.5	25.4	24.6
Self-securitisation	17.2	15.5	16.7
Net trading assets	19.3	17.9	18.1
Loan assets including operating lease assets less than one year	15.2	14.4	13.8
Loan assets including operating lease assets greater than one year	48.2	45.4	39.6
Debt investment securities	1.8	1.7	1.7
Co-investment in Macquarie-managed funds and other equity investments	6.3	6.8	7.7
Property, plant & equipment and intangibles	2.9	1.7	1.7
Total funded assets	**134.4**	**128.8**	**123.9**

- Well diversified funding sources
- Minimal reliance on short-term wholesale funding markets
- Deposit base represents 39%[2] of total funding sources
- Term funding beyond one year (excluding equity and securitisations) has a weighted average term to maturity of 4.6 years[2]

Macquarie term funding maturing beyond one year
(includes equity and hybrids)[3]



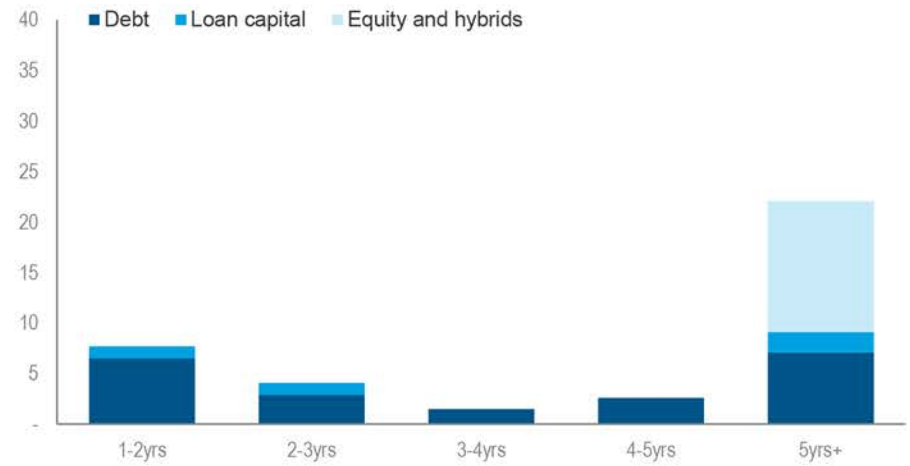
1. Includes ordinary capital and Macquarie Income Securities of $A0.4b. 2. As at 30 Sep 18. 3. Includes drawn term funding facilities only.

Funding for the Bank Group

	Sep 18 $Ab	Mar 18 $Ab	Sep 17 $Ab
Funding sources			
Certificates of deposit	0.8	0.6	0.8
Commercial paper	5.9	8.4	11.6
Net trade creditors	1.4	1.1	1.2
Structured notes	2.0	2.1	2.1
Secured funding	5.9	4.4	4.0
Bonds	20.0	20.7	20.9
Other loans	0.9	1.1	0.4
Syndicated loan facilities	1.2	0.8	0.7
Customer deposits	52.3	48.1	49.4
Loan capital	4.4	4.3	4.2
Equity and hybrids[1]	13.0	13.1	12.6
Total funding sources	**107.8**	**104.7**	**107.9**
Funded assets			
Cash and liquid assets	21.4	23.6	22.8
Self-securitisation	17.2	15.5	16.7
Net trading assets	18.8	17.1	17.4
Loan assets including operating lease assets less than one year	15.0	14.1	13.3
Loan assets including operating lease assets greater than one year	46.8	44.7	39.0
Debt investment securities	1.3	1.3	1.4
Non-Bank Group deposit with MBL	(14.1)	(12.9)	(4.2)
Co-investment in Macquarie-managed funds and other equity investments	0.8	0.8	0.8
Property, plant and equipment and intangibles	0.6	0.5	0.7
Total funded assets	**107.8**	**104.7**	**107.9**

- 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 4.1 years[2]
- Accessed term funding in markets including US, Europe and Australia as well as opening new markets

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



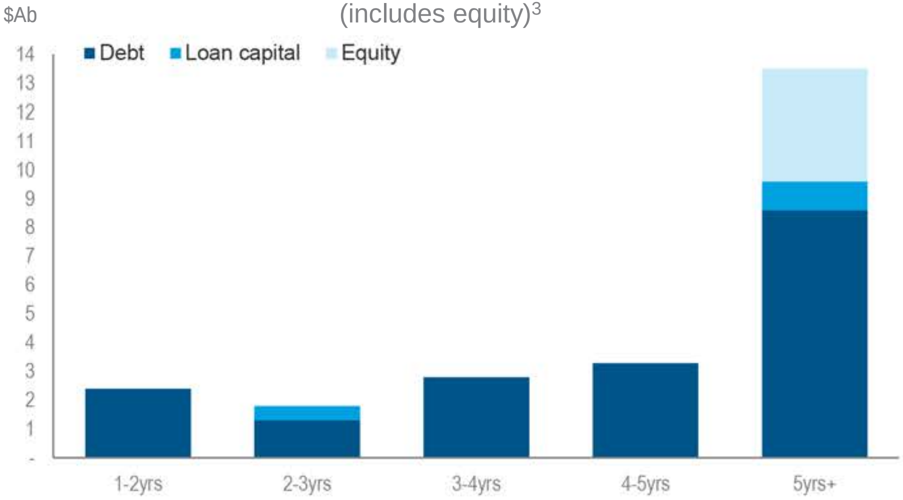
1. Includes ordinary capital and Macquarie Income Securities of $A0.4b. 2. As at 30 Sep 18. 3. Includes drawn term funding facilities only.

Funding for the Non-Bank Group

	Sep 18 $Ab	Mar 18 $Ab	Sep 17 $Ab
Funding sources			
Net trade creditors	-	1.2	0.8
Structured notes	0.2	0.4	0.5
Secured funding	0.3	0.5	0.5
Bonds	14.8	14.0	6.6
Other loans	0.1	0.1	0.1
Syndicated loan facilities	5.8	3.2	3.2
Loan capital[1]	1.5	1.1	1.2
Equity	3.9	3.6	3.1
Total funding sources	**26.6**	**24.1**	**16.0**
Funded assets			
Cash and liquid assets	2.1	1.8	1.8
Non-Bank Group deposit with MBL	14.1	12.9	4.2
Net trading assets	0.5	0.8	0.7
Loan assets less than one year	0.2	0.3	0.6
Loan assets greater than one year	1.4	0.7	0.5
Debt investment securities	0.5	0.4	0.3
Co-investment in Macquarie-managed funds and other equity investments	5.5	6.0	6.9
Property, plant and equipment and intangibles	2.3	1.2	1.0
Total funded assets	**26.6**	**24.1**	**16.0**

- Non-Bank Group is predominately term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 5.2 years[2]

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



1. Macquarie Group Capital Notes 2 & 3 of $A1.5b. 2. As at 30 Sep 18. 3. Includes drawn term funding facilities only.

MACQUARIE

Explanation of Funded Balance Sheet reconciling items

- **Self-funded trading assets:** Macquarie enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties. Also as part of its trading activities, Macquarie pays and receives margin collateral on its outstanding derivative positions. These trading related asset and liability positions are presented gross on the statement of financial position but are viewed as being self-funded to the extent that they offset one another and, therefore, are netted as part of this adjustment
- **Derivative revaluation accounting gross-ups:** Macquarie's derivative activities are mostly client driven with client positions hedged by offsetting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding
- **Segregated funds:** These represent the assets and liabilities that are recognised where Macquarie provides products such as investment-linked policy contracts or where Macquarie holds segregated client monies. The policy (contract) liability and client monies will be matched by assets held to the same amount and hence do 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 assets and other non-recourse funding:** 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

Conservative long standing liquidity risk management framework

MACQUARIE

Liquidity Policy

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

C | Appendix

Additional information - Capital

MACQUARIE

Macquarie Basel III regulatory capital

Surplus calculation

30 Sep 18	Harmonised Basel III $Am	APRA Basel III $Am	
Macquarie eligible capital:			
Bank Group Gross Tier 1 capital	14,298	14,298	
Non-Bank Group eligible capital	5,524	5,524	
Eligible capital	19,822	19,822	(a)
Macquarie capital requirement:			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)[1]	91,927	95,818	
Capital required to cover RWA[2,3]	7,814	8,145	
Tier 1 deductions	679	2,665	
Total Bank Group capital requirement	8,493	10,810	
Total Non-Bank Group capital requirement	5,583	5,583	
Total Macquarie capital requirement (at 8.5%[2,3] of the Bank Group RWA)	14,076	16,393	(b)
Macquarie regulatory capital surplus (at 8.5%[2,3] of the Bank Group RWA)	**5,746**	**3,429**	**(a)-(b)**

1. In calculating the Bank Group's contribution to Macquarie's capital requirement, $A182m 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.
3. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~6bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as the weighted average of exposures in different jurisdictions. In Jun 18 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing the Bank Group's CCyB to ~6bps.

MACQUARIE

Macquarie APRA Basel III regulatory capital

Bank Group contribution

30 Sep 18	Risk-weighted assets $Am	Tier 1 Deductions $Am	Capital Requirement[1,2] $Am
Credit risk			
On balance sheet	57,866		4,919
Off balance sheet	20,721		1,761
Credit risk total[3]	78,587		6,680
Market risk	5,886		500
Operational risk	10,157		864
Interest rate risk in the banking book	1,188		101
Tier 1 deductions	-	2,665	2,665
Contribution to Group capital calculation[3]	95,818	2,665	10,810

1. Calculated at 8.5% RWA including capital conservation buffer (CCB), per APRA ADI Prudential Standard 110.
2. Based on materiality, the 8.5% used to calculate the Group capital surplus does not include the countercyclical capital buffer (CCyB) of ~6bps. The individual CCyB varies by jurisdiction and the Bank Group's CCyB is calculated as the weighted average of exposures in different jurisdictions. In Jun 18 the CCyB in the United Kingdom increased from 0.0% to 0.5% increasing the Bank Group's CCyB to ~6bps.
3. In calculating the Bank Group's contribution to Macquarie's capital requirement, $A182m RWA associated with exposures to the Non-Bank Group are eliminated.

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 50%
Market	3 times 10 day 99% Value at Risk (VaR) plus 3 times 10-day 99% Stressed VaR plus a specific risk charge	Scenario-based approach
Operational	Advanced Measurement Approach	Advanced Measurement Approach

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

MACQUARIE

Macquarie regulatory capital

Non-Bank Group contribution

30 Sep 18	Assets $Ab	Capital Requirement $Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	2.1	38	22%
Loan assets[1]	1.6	194	151%
Debt investment securities	0.5	130	325%
Co-investment in Macquarie-managed funds and other equity investments	5.1	2,509	616%
Co-investment in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.4		
Property, plant & equipment and intangibles	2.3	914	497%
Non-Bank Group deposit with MBL	14.1		
Net trading assets	0.5		
Total funded assets	**26.6**	**3,785**	
Self-funded and non-recourse assets			
Self funded trading assets	0.5		
Outstanding trade settlement balances	4.9		
Derivative revaluation accounting gross ups	0.2		
Short-term working capital assets	3.5		
Non-controlling interests	0.2		
Total self-funded and non-recourse assets	**9.3**		
Total Non-Bank Group assets	**35.9**		
Off balance sheet exposures, operational, market and other risks, and diversification offset[2]		1,798	
Non-Bank Group capital requirement		**5,583**	

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

D Appendix

Glossary

MACQUARIE

Glossary

$A / AUD	Australian Dollar
$US / USD	United States Dollar
£ / GBP	Pound Sterling
€	Euro
1H18	Half-Year ended 30 September 2017
1H19	Half-Year ended 30 September 2018
2H17	Half-Year ended 31 March 2017
2H18	Half-Year ended 31 March 2018
ABN	Australian Business Number
ADI	Authorised Deposit-Taking Institution
ALX	Atlas Arteria
AML	Anti-Money Laundering
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASX	Australian Stock Exchange
AUM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
Capex	Capital Expenditure
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1

CFM	Commodities and Financial Markets
CGM	Commodities and Global Markets
CLF	Committed Liquid Facility
CMA	Cash Management Account
CRM	Customer Relationship Management
CY17	Calendar Year ended 31 December 2017
CY18	Calendar Year ending 31 December 2018
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
EUM	Equity Under Management
FX	Foreign Exchange
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 ended 31 March 2018

MACQUARIE

Glossary

FY19	Full Year ending 31 March 2019
GIG	Green Investment Group
GLL	GLL Real Estate Partners
IPO	Initial Public Offering
IRB	Internal Ratings-Based
IFRS	International Financial Reporting Standards
IT	Information Technology
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MD&A	Management Discussion & Analysis
MEIF3	Macquarie European Infrastructure Fund 3
MEREP	Macquarie Group Employee Retained Equity Plan
MGL / MQG	Macquarie Group Limited
MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MiFID	Markets in Financial Instruments Directive
MIM	Macquarie Investment Management

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

MACQUARIE

Presentation to investors and analysts

Result announcement for the half-year ended 30 September 2018

2 November 2018