



Presentation to investors and analysts

Result announcement for the
full year ended 31 March 2014

2 May 2014

Disclaimer



The material in this presentation has been prepared by Macquarie Group Limited ABN 94 122 169 279 (Macquarie) and is general background information about Macquarie's activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Macquarie's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Macquarie's control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is for the full year ended 31 March 2014.

Certain financial information in this presentation is prepared on a different basis to the Macquarie Group Limited Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

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

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

Agenda



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



MACQUARIE

01

Introduction

Karen Khadi

Head of Investor Relations



MACQUARIE

02

Overview of Result

Nicholas Moore

Managing Director and Chief Executive Officer

About Macquarie:

Building for the long term



Macquarie Funds	• Top 50 global asset manager with \$A424.8b¹ of assets under management • Provides clients with access to a diverse range of capabilities and products, including infrastructure and real asset management, securities investment management and tailored investment solutions over funds and listed equities
Corporate and Asset Finance	• Provider of specialist finance and asset management solutions, with \$A25.5b¹ of loans and assets under finance • Global capability in corporate and real estate credit investing and lending • Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment
Banking and Financial Services	• Macquarie's retail banking and financial services business • Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients
Macquarie Securities	• Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives activities • Full-service cash equities in Australia, Asia, South Africa and Canada with specialised offerings in US and Europe. Specialised derivatives offerings in key locations globally • Key specialities: Infrastructure and Utilities, TMET, Resources (mining and energy), Industrials and Financial Institutions
Macquarie Capital	• Global corporate finance capability, including M&A, debt and equity capital markets, and principal investments • Key specialities in six industry groups: Infrastructure, Utilities and Renewables; Resources (mining and energy); Real Estate; TMET; Industrials and Financial Institutions
Fixed Income, Currencies and Commodities	• Global fixed income, currencies and commodities provider of finance, risk solutions and market access to producers/consumers and financial institutions/investors • Growing presence in physical commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight) • Predominant in US and Australia, niche offering in Canada and Latin America, growing presence in Asia and EMEA • Specialities: commodities, Asian and emerging markets, high yield and distressed debt

2H14 Result

\$A764m



- Net profit \$A764m, up 52% on 1H14 and up 56% on 2H13
- Operating income \$A4.5b, up 21% on 1H14 and up 24% on 2H13
- As foreshadowed:
 - Macquarie's annuity-style businesses (Macquarie Funds, Corporate and Asset Finance, and Banking and Financial Services) continued to perform well with combined net profit contribution¹ up 12% on 1H14 and up 29% on 2H13
 - Macquarie's capital markets facing businesses (Macquarie Securities, Macquarie Capital, and Fixed Income, Currencies and Commodities) delivered a significantly improved result with combined net profit contribution up 97% on 1H14 and up 48% on 2H13
- Gain on SYD distribution of \$A228m recognised in 2H14
- Operating expenses \$A3.2b, up 10% on 1H14 and up 16% on 2H13
- Effective tax rate 40.5%, up from 38.0% at 1H14 and down from 43.5% in 2H13
- EPS \$A2.35, up 57% on 1H14 and up 61% on 2H13
- Return on equity 13.5%, up from 8.7% in 1H14 and 8.9% in 2H13
- 2H14 ordinary dividend of \$A1.60 (40% franked), up on 1H14 ordinary dividend of \$A1.00 (40% franked) and up on 2H13 ordinary dividend of \$A1.25 (40% franked)
 - In addition, eligible shareholders benefited from the SYD distribution in Jan 14 which comprised a special dividend of \$A1.16 (40% franked) and a return of capital of \$A2.57 per share²

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

2. Prior to the Consolidation (as defined in the Explanatory Memorandum for the General Meeting held on 12 Dec 13) of 1 MQG share into 0.9438 of a MQG share.

FY14 Result

\$A1,265m



- Net profit \$A1,265m, up \$A414m (or 49%) on FY13
- Operating income \$A8.1b, up \$A1.5b (or 22%) on FY13
- As foreshadowed:
 - Macquarie's annuity-style businesses (Macquarie Funds, Corporate and Asset Finance, and Banking and Financial Services) continued to perform well with FY14 combined net profit contribution up \$A445m (or 26%) on FY13
 - Macquarie's capital markets facing businesses (Macquarie Securities, Macquarie Capital, and Fixed Income, Currencies and Commodities) delivered a significantly improved result with FY14 combined net profit contribution up \$A450m (or 68%) on FY13
- Operating expenses \$A6.0b, up \$A774m (or 15%) on FY13
 - Employment expenses¹ \$A3.7b, up \$A463m (or 14%) on FY13
- Increase in the effective tax rate to 39.5% from 38.5% in FY13
- EPS \$A3.84, up 53% on FY13
- Return on equity 11.1%, up from 7.8% in FY13
- Full year ordinary dividend of \$A2.60, up 30% on FY13 full year ordinary dividend of \$A2.00
 - In addition, eligible shareholders benefited from the SYD distribution in Jan 14 which comprised a special dividend of \$A1.16 (40% franked) and a return of capital of \$A2.57 per share²

1. Incorporates non-compensation employment expenses including on-costs, staff procurement and staff training.

2. Prior to the Consolidation (as defined in the Explanatory Memorandum for the General Meeting held on 12 Dec 13) of 1 MQG share into 0.9438 of a MQG share.

FY14 Result



Net operating income
Total operating expenses
Operating profit before income tax
Income tax expense
Profit attributable to non-controlling interests
Profit attributable to MGL shareholders

2H14 \$Am	1H14 \$Am
4,453	3,679
(3,157)	(2,869)
1,296	810
(520)	(307)
(12)	(2)
764	501

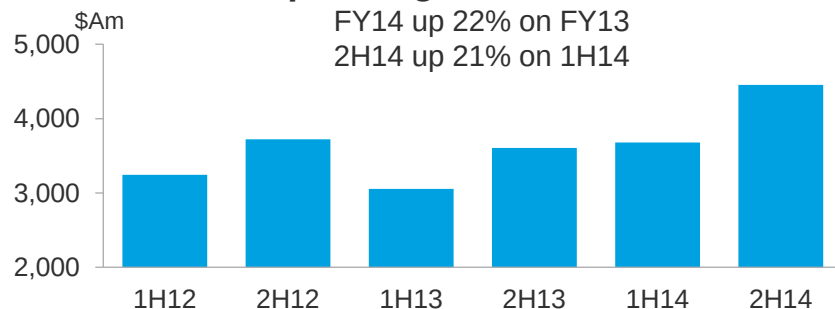
FY14 \$Am	FY13 \$Am
8,132	6,657
(6,026)	(5,252)
2,106	1,405
(827)	(533)
(14)	(21)
1,265	851

FY14 v FY13
↑ 22%
↑ 15%
↑ 50%
↑ 55%
↑ 49%

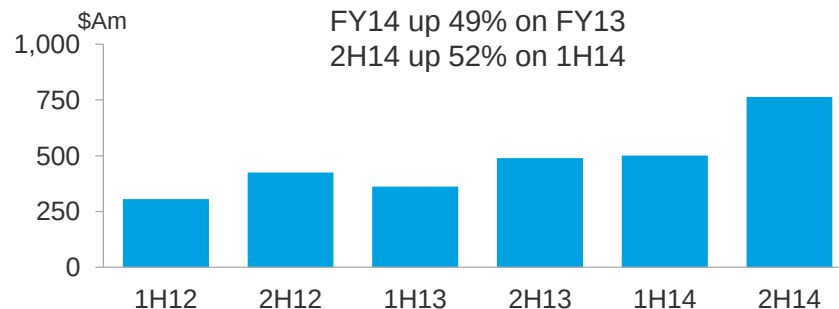
Financial performance



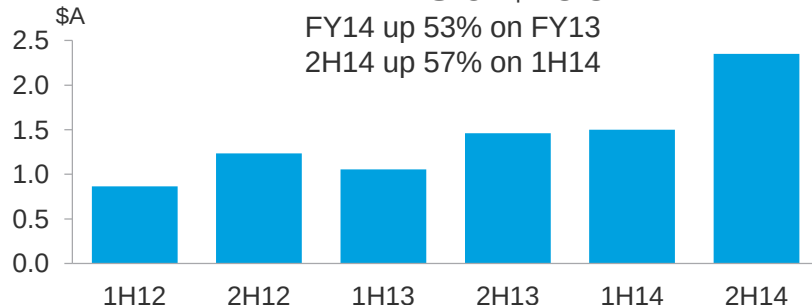
FY14 Operating income of \$A8,132m



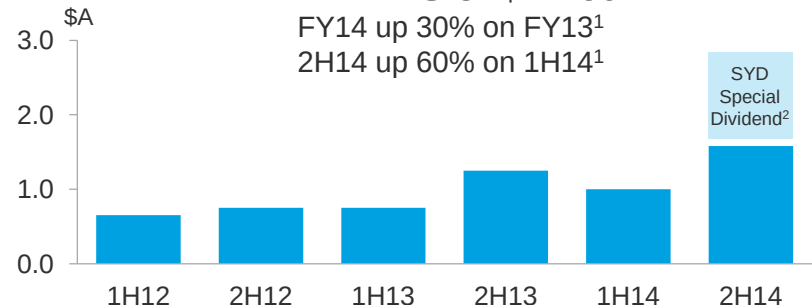
FY14 Profit of \$A1,265m



FY14 EPS of \$A3.84



FY14 DPS of \$A2.60¹

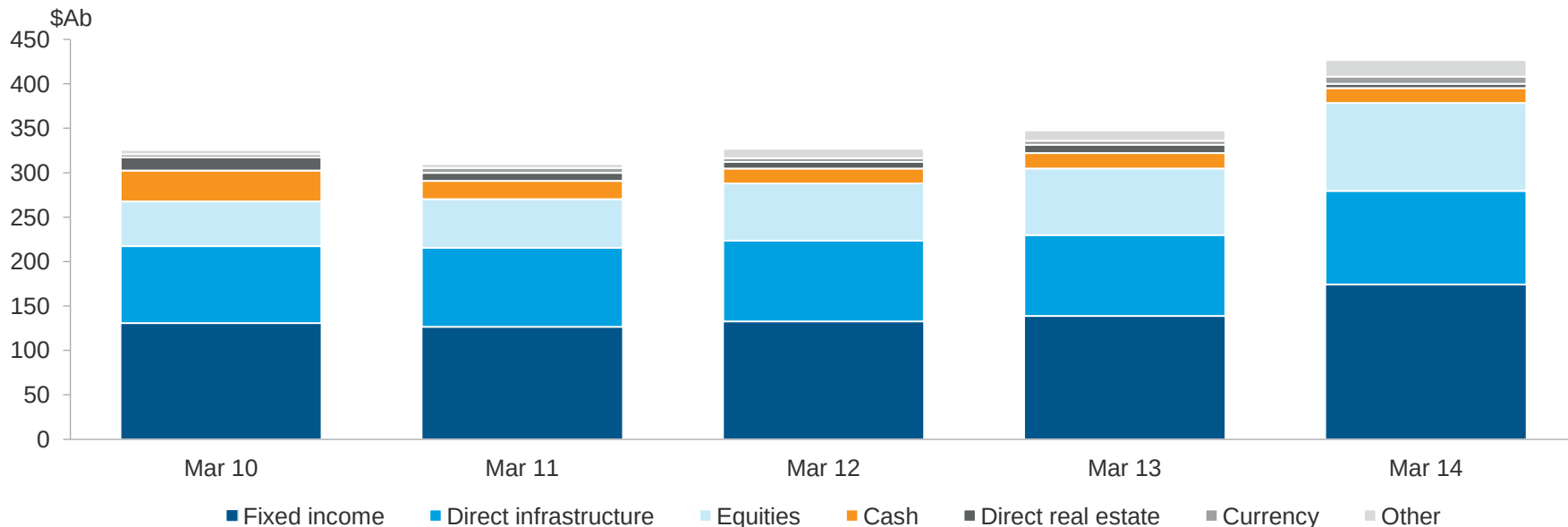


1. Excludes special dividend of \$A1.16 from the SYD distribution.

2. Excludes return of capital component from the SYD distribution of \$A2.57 per share.

Assets under management of \$A427 billion¹

- AUM increased \$A80b or 23% since 31 Mar 13, largely due to the favourable impact from the depreciation of the Australian dollar, acquisitions, market movements and positive fund flows



Diversified by region

International income 68% of total income¹

Total staff 13,913; International staff 53% of total



Europe, Middle East & Africa²

Income: \$A1,574m (20% of total)

Staff: 1,248



Asia

Income: \$A1,043m (13% of total)

Staff: 3,447



Australia³

Income: \$A2,456m (32% of total)

Staff: 6,533

Americas

Income: \$A2,709m (35% of total)

Staff: 2,685



1. Net operating income excluding earnings on capital and other corporate items.

2. Excludes staff in Macquarie First South joint venture and staff seconded to Macquarie Renaissance joint venture (Moscow).

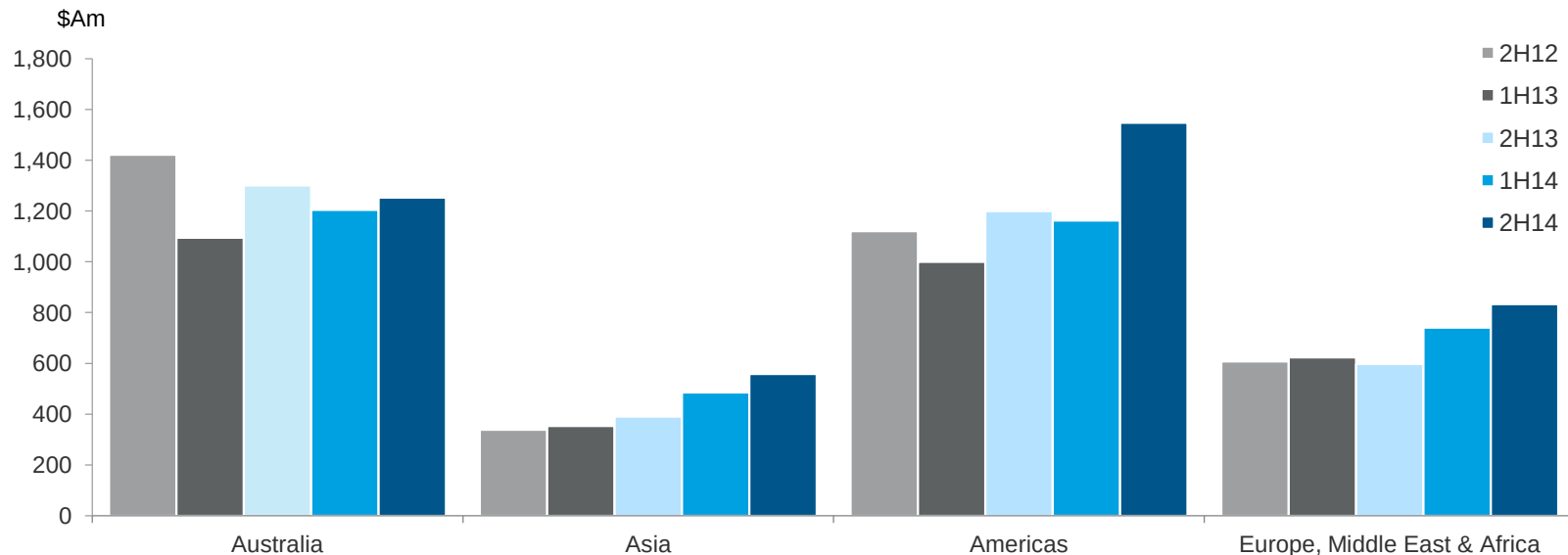
3. Includes New Zealand.

Diversified income

Net operating income by region



- 68% of operating income¹ in FY14 was generated offshore
- FX movements estimated to have approx. 7% favourable impact on the FY14 result compared to FY13



Macquarie Funds

Operating income of \$A1,928m, up 27% on prior year

Net profit contribution of \$A1,051m, up 39% on prior year



AUM of \$A424.8b¹ up 24% on prior year

Macquarie Infrastructure and Real Assets	Macquarie Investment Management	Macquarie Specialised Investment Solutions
Raised \$A5.3b in new equity commitments, including: \$US2.2b committed to MIP III \$US1.1b Asian Pay Television Trust IPO \$A1.7b raised for other American and Asian infrastructure, Mexican real estate, UK energy and global agriculture Invested \$A4.0b of equity across 27 acquisitions in 12 countries, including: - Infrastructure in the US, Mexico, the Philippines, China, Africa, India, and Korea - Energy in the UK - Real estate in China and Mexico - Agriculture in Australia and Brazil Divested assets of over \$A6.5b, including: \$US4.8b divestment of Global Tower Partners - Taiwan Broadband Communications - Infrastructure in China and Korea - Private equity in the US and Australia Strong performance fees of \$A162m, predominately from MWREF, Macquarie Infrastructure Company and Macquarie Atlas Roads \$A8.4b of equity to deploy as at 31 Mar 14 - Exited 56% interest in MGPA Received industry rankings and awards, including: - No. 1 in Infrastructure Investor's Top 30 ranking of equity raised in the past 5 years² for the 4th year running, and their 2013 Asia Pacific Fund Manager of the Year award - World's Largest Alternative Investors, Towers Watson³ - Acquisition of the Year – Energy award for MEIF 4's acquisition of a Czech gas network stake alongside RWE⁴ - Deal of the Year – Transport⁴	30% increase in AUM mainly driven by FX, market movements, acquisitions and positive net flows: - Shift in AUM mix towards higher margin products continues to drive an increase in run rate revenue - Record Delaware AUM Completed acquisition of ING Investment Management Korea (IIMK), a top 10 asset manager in Korea with AUM of approx. \$A24b⁵. MFG is now Korea's largest foreign asset manager and Macquarie Investment Management is a top 5 third-party insurance manager globally - Macquarie Asia New Stars reached \$US1b in AUM and the MIM Quant Hedge Funds division surpassed \$A2b in AUM Launched several new products: Multi-Asset Opportunities Fund, Australian wholesale International Infrastructure Securities Fund (Unhedged) and UCITS compliant Global Income Opportunities Fund - Continued to strengthen the global distribution team. Now managing over \$A17.5b in cross-border AUM. Selective distribution highlights include: - Australia: record \$A1.9b net wholesale Focus Fund inflows - Asia: over \$A1b in institutional mandate wins across a range of strategies - North America: \$A5.3b in net inflows in equities strategies, Large Cap Value at record \$US15.6b AUM - Europe: Macquarie European Alpha Strategy reached full capacity within one year of opening to external investors Strong performance across a range of asset classes relative to industry benchmarks and peers, with the majority of funds outperforming their benchmarks over three years Received industry ranking and awards, including: 8 Lipper Awards⁶ in 2014 across the US and Europe - Best Market Neutral Fund for Macquarie Asian Alpha at the HFM Week Asia Performance awards - Fund Distributor of the Year for the Macquarie Professional Series at the Professional Planner/Zenith Fund Awards, fifth year running⁶	Raised over \$A500m for Australian retail capital protected investments and specialist funds Continued to grow the infrastructure debt management business with mandates awarded totalling in excess of \$A1.5b - Launched a fund to invest in UK inflation-linked infrastructure debt for UK pension funds targeting £500m

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. As at 31 Mar 14. 2. Based on the amount of infrastructure direct investment capital raised in the past 5 years. 3. Ranking taken from 'The Global Alternatives Survey', published by Towers Watson in conjunction with the Financial Times using AUM data from the Global Billion Dollar Club, published by HedgeFund Intelligence, as at 31 Dec 12. 4. Infrastructure Journal's 2013 awards. 5. As at 31 Dec 13 (effective date of acquisition). 6. For more information about these awards, the issuers of these awards, their methodologies, and other important information about these awards, please visit: <http://www.macquarie.com.au/mgl/au/mfg/mim/about-us/awards>.

Corporate and Asset Finance

Operating income of \$A1,207m, up 15% on prior year

Net profit contribution of \$A826m, up 19% on prior year



Asset and loan portfolio of \$A25.5b¹ up 14% on prior year

Corporate Lending	Asset Finance	
- Lending's funded loan portfolio totalled \$A9.0b² at FY14 – up 12% on FY13 mainly due to FX movements and up 1% on 1H14 \$A3.8b of portfolio additions for FY14, comprising: \$A2.5b of new primary financings across corporate and real estate, weighted towards bespoke originations \$A0.6b of corporate loans and similar assets acquired in the secondary market \$A0.7b of commercial real estate loans acquired in the secondary market - Notable transactions included: - refinancing and capital restructure of Energetics, a UK provider of utility connections - provision of a total of £270m across two unitranche financings of UK hospitality portfolios - acquisition of two portfolios of US windfarm partnership interests for \$US230m - Asset quality remained sound and the portfolio continued to generate strong overall returns	- Asset Finance portfolio totalled \$A16.5b at FY14 – up 14% on FY13 (8% excluding FX) and 5% on 1H14 - Continued to finance throughout the customer value chain – from manufacturer to end user: - Motor vehicle, equipment, technology, energy and mining sectors - Motor vehicle leasing portfolio of \$A8.1b – up 12% on FY13, total contracts in excess of 270,000 - Motor vehicle and equipment finance channels continued to expand, including additions to the dealer network - Signed agreement with Qantas which includes the ability for Aquire members to earn Qantas Points for car, plant or equipment purchases in Australia - Further extended motor vehicle and equipment finance leasing opportunities into the UK	- Aircraft leasing portfolio of \$A3.5b at FY14 - Newly established Macquarie Rotorcraft leasing business closed its first transactions in FY14 - Rail portfolio of \$A1.2b. European Rail leasing business acquired in FY13 continues to perform well - Expanded energy asset portfolio, including smart meters in the UK and commercial solar energy assets in Australia. Portfolio of \$A0.9b at FY14 - Ongoing expansion of mining equipment finance, with increased support of clients along the supply chain on a global basis
	Funding activity - Strong securitisation activity continued with \$A2.8b of motor vehicle and equipment leases and loans securitised during FY14 - Continued use of diverse funding sources with 42% of the Asset Finance portfolio funded externally	

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

1. Asset and loan portfolio growth as a result of FX movements is 8% on FY13. 2. Portfolio breakdown by asset includes rundown RESF portfolio of \$A0.2b.

Banking and Financial Services

Operating income of \$A1,320m, up 2%¹ on prior year

Net profit contribution of \$A260m, up 7%¹ on prior year



Australian client numbers 1 million

Personal Banking	Wealth Management	Business Banking
- Serves personal banking customers through strong mortgage intermediary relationships and white-label arrangements, as well as direct Macquarie branded offerings Activity Australian mortgage portfolio \$A17.0b up 47% on FY13 and up 16% on 1H14, representing 1% of the Australian market - Acquired 25% of mortgage aggregator Connective - Launched Macquarie Bank Flyer Home Loans in collaboration with Qantas - Launched Hilton HHonors™ Macquarie Platinum Card in collaboration with Hilton Worldwide - Introduced the Macquarie Accommodation Bond Loan to help Australians meet growing demand for aged care - Macquarie awarded Lender of the Year (Tier 2) at Mortgage and Finance Association of Australia 11th Excellence Awards	- Delivers products and services through institutional relationships, virtual adviser networks and dedicated direct relationships with our clients Activity Wrap FUA \$A37.7b up 50% on FY13 and up 7% on 1H14 - Successfully completed the transition and first year servicing of Perpetual platform back office via Macquarie Wrap Macquarie Life Inforce risk premiums \$A190m up 23% on FY13 and up 11% on 1H14 - Macquarie Private Wealth ASX retail turnover down 7% on FY13 and down 16% on 1H14 - Sale of Macquarie Private Wealth Canada to Richardson GMP completed - Sold 19.9% stake in OzForex via IPO - Macquarie Life awarded three AFA 2013 Client Service Team Awards for Underwriting, Claims and Business Support Services/BDM Teams of the Year²	- Serves business clients, ranging from sole practitioners to corporate professional firms, who we engage with through a number of channels including dedicated relationship managers Activity - Average business banking deposit volumes up 17% on FY13 and up 9% on 1H14 - Average business banking loan volumes up 18% on FY13 and up 10% on 1H14 - Total business banking SME clients up 13% on FY13 and up 6% on 1H14 - Integration of GE Capital's Pacific Premium Funding with Macquarie Premium Funding completed to create Macquarie Pacific Funding
Deposits		
Total retail deposits of \$A33.3b up 7% on FY13 and up 1% on 1H14 CMA balance of \$A18.7b up 7% on FY13 and in line with 1H14 - Macquarie CMA won two categories – SMSF advising financial planners and SMSF advising accountants – at Core Data SMSF Service Provider Awards 2013		

Macquarie Securities

Operating income of \$A865m, up 30% on prior year

Net profit of \$A107m up from a net loss of \$A50m in prior year



Market conditions	Australia	Asia	North America	EMEA
- Improved investor sentiment and inflows into equities as an asset class, from low levels - Improved sentiment led to an increase in ECM activity, from subdued levels in FY13 2H14 saw lower cash market volumes in many Asia-Pacific markets - Overall client demand for derivatives remains at low levels. While trading conditions have improved, they remain challenging	Commissions up 11% on FY13 and up 6% on 1H14 No.1 overall research and sales strength for Australian and Asian institutional investors¹ and No.1 for US and European institutional investors² into Australian equities - Secondary market share 8.7% in FY14, in line with FY13³ - No.2 in Australian equity, equity linked and rights tables⁴ ECM market share of 29% in FY14, up from 18% in FY13⁵ - Over 300 stocks under coverage	Commissions up 25% on FY13 and down 6% on 1H14 2H14 saw lower volumes and challenging market conditions across cash and derivatives - No.10 overall research and sales strength for Asian institutional investors⁶, No.6 for European institutional investors and No.4 for US institutional investors⁶ into Asian equities - Secondary market share in Hong Kong and Japan was down in FY14 on FY13, while Korea, Thailand and India were up FY14 on FY13⁷ No.1 Asian Broker for execution quality 3rd year running⁸ - Top ranked in provision of algorithmic trading services in Asia⁹ - No.10 in Asia-Pacific ex-Japan equity, equity linked and rights tables⁴ - ECM market share of 1.0% in FY14, up from 0.3% in FY13⁵ - No.1 market share in listed warrants in Singapore⁷, No.3 in Thailand⁶ and No.6 in Hong Kong¹⁰ - No.1 ranked GDR broker by market share in Taiwan, No. 2 ranked GDR broker by market share in India and Indonesia¹¹ - Over 950 stocks under coverage	US commissions up 15% on FY13, up 10% on 1H14 Canadian commissions up 11% on FY13, down 11% on 1H14 - Canadian secondary market share of 1.4% in FY14, up from 1.1% in FY13⁵ - No.13 in Canadian equity and equity linked tables⁴ - Canadian ECM market share of 1.6% in FY14, up from 0.6% in FY13⁵ - Over 650 stocks under coverage	European commissions up 34% on FY13, up 21% on 1H14 - European market share 0.8% in FY14, up from 0.7% in FY13⁷ - South African market share of 2.5% in FY14, in line with FY13⁷ - Continued cost reduction of legacy activities as positions expire and infrastructure is decommissioned - Over 300 stocks under coverage

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.1. Peter Lee Associates Survey of Australian and Asian Institutional Investors – Australian Equities.

2. Greenwich Survey of US and European Institutional Investors Australian Equities. 3. IRESS – Institutional and retail market share. 4. Bloomberg league tables. 5. Dealogic. 6. Greenwich Survey of US, European and Asian institutional investors – Asian

Equities. 7. Local exchanges. 8. Abel Noser 2013. 9. The Trade Asia – Top Ranked for Asia-Based Clients 2012, Top Ranked for Asia-Based Clients – Long Only 2013. 10. Market share by NOIIP 'Net over intrinsic premium'.

11. Bloomberg (using rank function on the major names in each market for traded volumes excluding trading firms).

Macquarie Capital

Operating income of \$A817m, up 23% on prior year

Net profit contribution of \$A280m up 87% on prior year



450 transactions valued at \$A89b in FY14 (447 transactions valued at \$A85b in FY13)

Market Conditions ¹	Australia and New Zealand	Asia	EMEA	Americas
ANZ: M&A deal values down ~12% on FY13 but up ~14% on 1H14. ECM up ~47% on FY13 and ~48% on 1H14 Asia ex Japan: M&A deal values up ~16% on FY13 and ~24% on 1H14. ECM down ~8% on FY13 but up ~45% on 1H14 EMEA: M&A deal values flat on FY13, down ~1% on 1H14. US: M&A deal values up ~2% on FY13 and ~30% on 1H14 Canada: M&A deal values down ~30% on FY13 but up ~40% on 1H14	Awards/Rankings No.1 in Australia for announced and completed M&A deals² - Best Investment Bank (Australia)³ - Joint Australian M&A Deal of the Year in Australia – Future Fund acquisition of Australian Infrastructure Fund⁴ No.1 in Australia for IPOs in CY13⁵ Notable deals - Adviser to a consortium comprising Bombardier Transportation, John Laing, ITOCHU Corporation and Ueberior on the Queensland Government's 32-year PPP concession to build 75 new six-car trains and provide maintenance services, with a total contract value of \$A4.4b - Adviser to Canada Pension Plan Investment Board on its \$A3.9b joint takeover (with DEXUS Property Group) of Commonwealth Property Office Fund⁶	Awards/Rankings No.1 in Southeast Asia for announced M&A deals⁷ - Most Innovative Deal of the Year in Southeast Asia – SM Investments Corporation Group's Property Division Reamalgamation⁸ Notable deals - Joint issue manager, global coordinator, bookrunner and underwriter for the \$US1.1b IPO of APTT on the SGX - Sole placement agent, sole manager and joint financial adviser for the pre-IPO investment of up to \$US750m by Brookfield into China Xintiandi, a wholly owned subsidiary of Shui On Land - Adviser to Shui On Land on the \$US545m sale of a prime Shanghai office asset to China Life	Awards/Rankings Renewables Deal of the Year – London Array Offshore Wind Farm OFTO⁹ Notable deals - Lead equity sponsor, financial adviser and debt arranger, mezzanine debt provider, construction liquidity facility provider, interest rate swap provider and insurance captive provider for the successful closing of the £600m Mersey Gateway PPP project in the UK - Adviser and co-investor with Aquiline Capital Partners on the acquisition of Equity Red Star, the UK subsidiary of Insurance Australia Group	Awards/Rankings - Americas became Macquarie Capital's largest income contributor for first time in FY14, reflecting its growing success in the US North American Infrastructure Deal of the Year and PPP Deal of the Year – Goethals Bridge Replacement Project¹⁰ - No.3 in Canada for completed M&A Oil and Gas exploration and production deals¹¹ Notable deals - Adviser to WMS Industries on its \$US1.5b sale to Scientific Games and SHFL Entertainment on its \$US1.3b sale to Bally Technologies, the two largest ever deals in the gaming equipment sector - Adviser to Kelso & Company on the sale of PSAV Presentation Services to Goldman Sachs and Olympus Partners and joint lead arranger and joint bookrunner on the debt financing package. Macquarie's preferred equity investment was divested as part of this transaction - Adviser to Surge Energy on 5 deals totalling approx. \$C642m, and led 3 equity financings raising \$C391m

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 1. Dealogic based on estimates of deal values in USD, using Macquarie regions and Macquarie financial year. 2. Thomson Financial, CY13 (by number). 3. The Asset, M&A Advisor, Global Finance Magazine. 4. FinanceAsia awarded Dec 13. 5. Dealogic (by both number and value). 6. Completion occurred in Apr 14. 7. Dealogic CY13 (by value). 8. Alpha SouthEast Asia. 9. Infrastructure Journal. 10. Infrastructure Investor Awards (2013). 11. Bloomberg (by value).

Fixed Income, Currencies and Commodities

Operating income of \$A1,682m, up 29% on prior year

Net profit contribution of \$A726m, up 29% on prior year



Commodity Markets (Physical & Financial) 67% of operating income			Financial Markets (Primary & Secondary) 22% of operating income		11% of operating income
Metals & Energy Capital	Metals & Agriculture Sales and Trading	Energy Markets	Fixed Income & Currencies	Credit Trading	Futures
- Client hedging and trading activity up on prior year due to increased volatility and falling precious metals prices - Energy lending was subdued, particularly as a result of low US gas prices - Continued depressed mining equity markets and generally lower metals and bulk commodities prices impacted the timing of asset realisations and new project financings. Further equity impairments were taken during the year, predominantly in 1H14 as investor sentiment appeared to stabilise in 2H14	- Agriculture and base metals markets experienced low levels of volatility compared to the prior year, dampening both trading results and client hedging activity, however 2H14 was up on 1H14 Growth in physical metals trading and financing activities resulted in higher overall operating income - Commodity Investor Products build out progressing well	Strong results across the global energy platform driven by strong customer flow and trading opportunities, particularly in US Gas, US Power and Global Oil - Mature physical trading capabilities provided opportunities to leverage volatility and service client opportunities Maintained ranking as No.4 US physical gas marketer in North America¹	Some improvement in volatility and volumes in FX markets compared to prior year - Increased customer demand and market share for FX hedging from Japanese and North American corporates - Improved credit conditions drove increased execution, trading activity and pipeline growth for the securitisation businesses in the UK, Europe and Australia	Increased volatility during 4Q14 resulted in improved opportunities for trading in US credit markets - Concerns over rapid tapering subsided in 2H14 with credit investors re-engaging with the markets after pulling back in 1H14 - US credit markets remain resilient in the face of global declines in equity markets and recent geo-political concerns, however the impact of these exogenous factors continues to be monitored	Increased volumes in all key markets as some participants move towards exchange traded products - Client base continues to diversify by product and region - Increased momentum in US markets on the back of changing competitive landscape Maintained ranking as No.2 overall market share in ASX24 Futures²

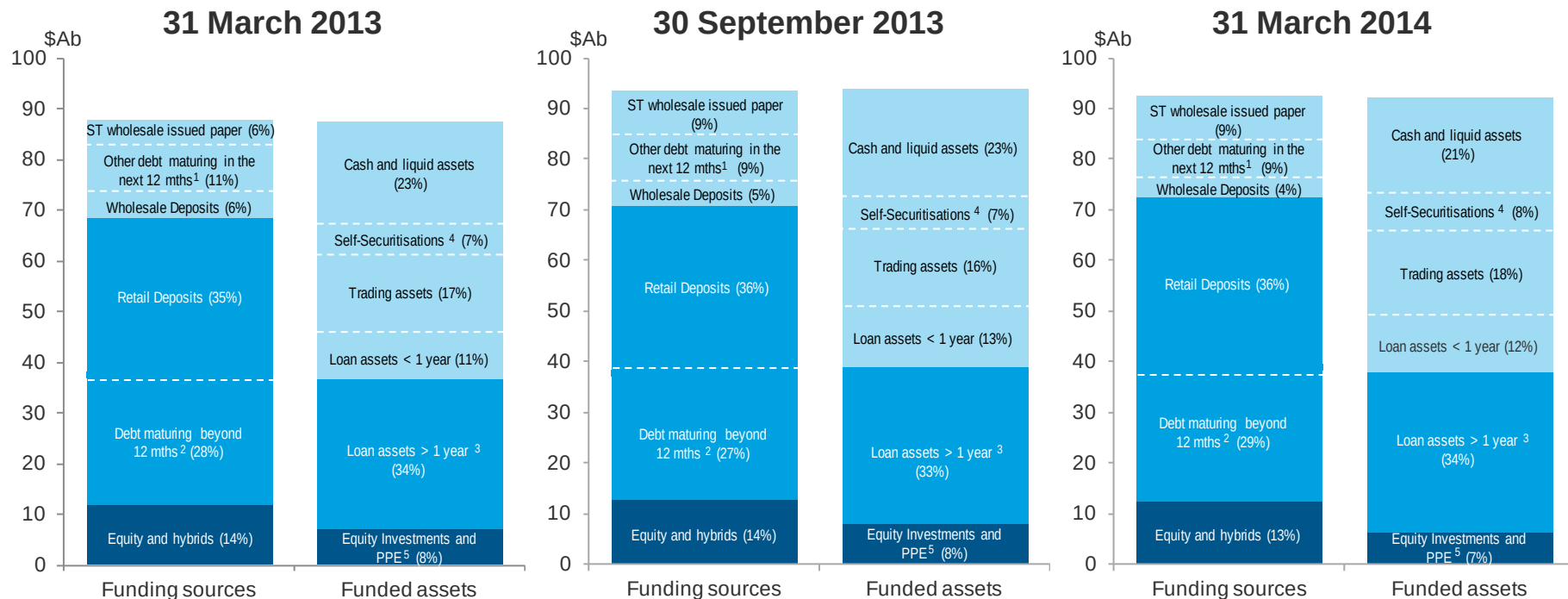
Strong funding and balance sheet position



- Diverse and stable funding base, minimal reliance on short term wholesale funding markets
- Surplus funding capacity continues to be deployed
- Retail deposits¹ continuing to grow, up 7% to \$A33.3b at Mar 14 from \$A31.0b at Mar 13
- \$A17.4b of new term funding raised since Mar 13

1. Retail deposits are a subset of total deposits per the funded balance sheet (\$A36.9b at 31 Mar 14), which differs from total deposits per the statutory balance sheet (\$A42.4b at 31 Mar 14). The funded balance sheet excludes any deposits which do not represent a funding source for the Group.

Funded balance sheet remains strong



These charts represent MGL's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to the Group's statutory balance sheet, refer to slide 53. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital. 3. 'Loan Assets > 1 yr' includes Debt Investment Securities, and Operating Lease Assets. 4. 'Self-Securitisations' includes repo eligible Australian mortgages originated by Macquarie. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

Regulatory update



- In May 2013, APRA issued its draft rules for Conglomerates. Whilst the rules are yet to be finalised, our current assessment is that Macquarie has sufficient capital to meet the minimum APRA capital requirements for Conglomerates, which APRA has previously stated will be effective from 1 Jan 15
- APRA is yet to publish standards relating to the leverage ratio, requirements for which will apply to MBL only
 - Disclosure required from 1 Jan 15
 - Based on finalised BIS leverage ratio requirements released in Jan 14, MBL is well in excess of the currently proposed Basel III 3% minimum, with an estimated 5.7%¹ leverage ratio

Costs of compliance increase in response to ongoing regulatory changes



- The industry is seeing a continuing increase in regulatory initiatives, resulting in increased compliance requirements across all levels of the organisation
- Macquarie is regulated by over 190 authorities in 28 jurisdictions
- Our direct cost of compliance has tripled over the last three years to approx. \$A320m in FY14, excluding indirect costs

Regulatory project spend	FY14 \$Am	Business as usual compliance spend	FY14 \$Am
Basel III	30	Financial, Regulatory & Tax reporting and Compliance	70
FOFA	20	Compliance policy and oversight	67
OTC reform	20	AML Compliance	16
FATCA	4	Regulatory Capital Management	11
Other Regulatory Projects (e.g. Privacy, Managed Investment Schemes, Super)	51	Other Compliance functions (e.g. OTC Reform, Super, Consumer Protection)	31
Sub-total	125	Sub-total	195

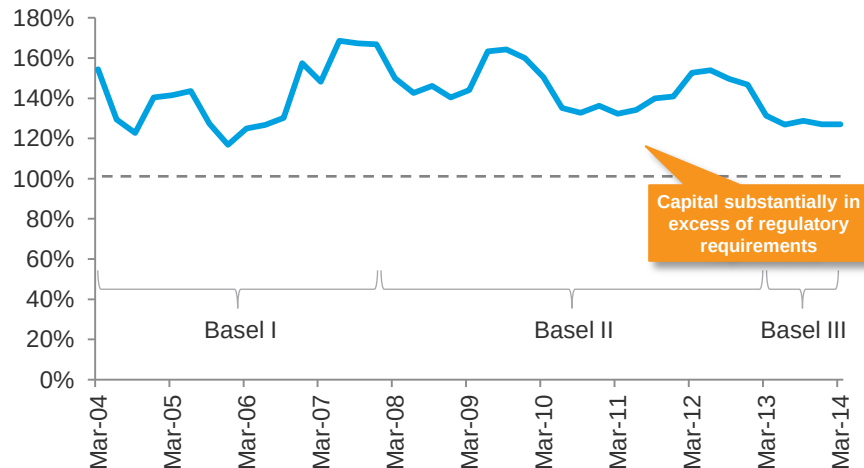
Total compliance spend \$A320m

Conservative approach to capital and balance sheet management remains unchanged

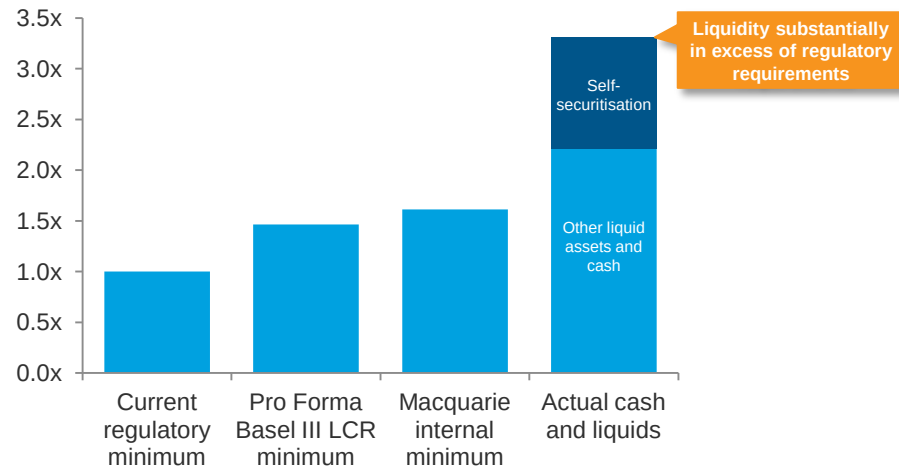


- Despite the increase in regulatory initiatives, Macquarie's established conservative approach to capital and balance sheet management has enabled it to absorb these additional regulatory requirements with minimal change to our businesses

Group regulatory capital ratio
Eligible capital/minimum regulatory requirement

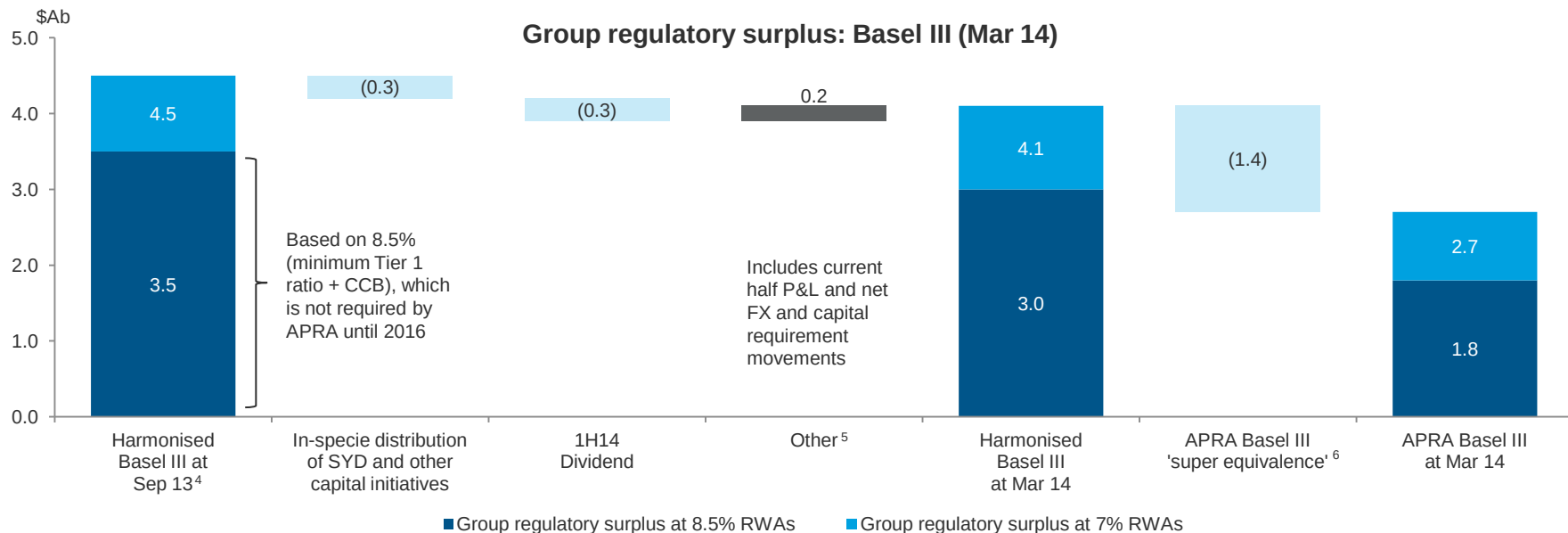


Group liquidity position



Basel III capital position

- APRA Basel III Group capital of \$A12.9b, Group surplus of \$A2.7b¹ slightly down on Sep 13 surplus of \$A2.8b²
- Strong Bank Group APRA Basel III CET1 ratio – Common Equity Tier 1: 9.6%; Tier 1: 10.6%³



1. Calculated at 7% RWA. 2. Pro forma APRA Basel III post SYD distribution and other capital initiatives. 3. Bank Group Harmonised Basel III ratios – Common Equity Tier 1: 11.4%; Tier 1: 12.4%. 4. 'Harmonised' Basel III estimates assume alignment with BIS in areas where APRA differs from the BIS. 5. Includes the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements. 6. APRA Basel III 'super-equivalence' includes full CET1 deductions of equity investments (\$A0.6b); deconsolidated subsidiaries (\$A0.5b); DTAs and other impacts (\$A0.3b).

Final dividend



- FY14 ordinary dividend set at \$A2.60, 67% payout ratio, up on FY13 ordinary dividend of \$A2.00
 - 2H14 ordinary dividend \$A1.60 (40% franked) up on 1H14 ordinary dividend of \$A1.00 (40% franked)
 - Record date for 2H14 ordinary dividend is 16 May 14 and payment date is 2 Jul 14
- In addition, eligible shareholders benefited from the SYD distribution in Jan 14 which comprised a special dividend of \$A1.16 (40% franked) and a return of capital of \$A2.57 per share¹
- FY14 total dividend (ordinary and special) of \$A3.76
- Dividend policy remains 60-80% annual payout ratio

1. Prior to the Consolidation (as defined in the Explanatory Memorandum for the General Meeting held on 12 December 2013) of 1 MQG share into 0.9438 of a MQG share.

Board and Management



- Kevin McCann will remain as Chairman of both Macquarie Group and Macquarie Bank Limited Boards and will stand for re-election at the Group's next AGM in Jul 14. The decision ensures continuity for the Boards following the retirements of directors Catherine Livingstone and John Niland, and the appointments of new directors Gary Banks, Patricia Cross and Nicola Wakefield Evans during FY14
- Mary Reemst has been appointed Managing Director and Chief Executive Officer of Macquarie Bank Limited, effective 1 Jul 14
 - Ms Reemst is Macquarie's current Head of Credit within the Risk Management Group. Tim Whitehead, an Executive Director in the Credit Risk division, will succeed Ms Reemst as Macquarie's Head of Credit
- Greg Ward will remain Macquarie Group Limited's Deputy Managing Director, Head of the Banking and Financial Services Group and a member of Macquarie's Executive Committee
 - Ms Reemst will replace Mr Ward on the MBL Board and will join Macquarie's Executive Committee
- Patrick Upfold, Chief Financial Officer of the Group, and Ben Brazil, Co-Head of the Corporate and Asset Finance Group, have been appointed to Macquarie's Executive Committee, effective 1 Jul 14



03

Result analysis
and financial management

Patrick Upfold – Chief Financial Officer

Income Statement key drivers



	2H14 \$Am	1H14 \$Am	FY14 \$Am	FY13 \$Am
Net interest and trading income	1,824	1,451	3,275	2,601
Fee and commission income	2,015	1,838	3,853	3,379
Share of net gains of associates	79	70	149	92
Investment impairments	(161)	(82)	(243)	(388)
Loan impairments	(141)	(95)	(236)	(189)
Other income	837	497	1,334	1,162
Net operating income	4,453	3,679	8,132	6,657
Employment expenses	(2,006)	(1,730)	(3,736)	(3,273)
Brokerage, commissions and trading-related expenses	(400)	(379)	(779)	(604)
Other operating expenses	(751)	(760)	(1,511)	(1,375)
Total operating expenses	(3,157)	(2,869)	(6,026)	(5,252)
Net profit before tax and non-controlling interests	1,296	810	2,106	1,405
Income tax expense	(520)	(307)	(827)	(533)
Non-controlling interests	(12)	(2)	(14)	(21)
Net profit after tax	764	501	1,265	851

- Net interest and trading income up 26% on FY13 driven by:
 - improved trading conditions for both FICC and MSG
 - increased lending volumes in BFS and growth of CAF leasing books
 - (favourable) impact from depreciation of AUD
- Fee and commission income up 14% on FY13 as a result of:
 - increased base fees from AUM growth in MFG
 - improved market volumes and increased market share in cash equities
 - improved M&A and ECM revenue
 - (favourable) impact from depreciation of AUD
- Impairments down 17% on FY13 due to reduced level of equity impairments (resource sector and legacy positions) partially offset by higher loan impairments as a result of an increase in the collective provisions corresponding with the growth in lending activity across businesses
- Other income up 15% on FY13
 - includes \$A228m gain on the SYD distribution (prior year included \$A161m gain on accounting reclassification of an investment)
 - net operating lease income increased 27% on FY13 reflecting full year contribution of European Rail acquisition and (favourable) impact from depreciation of AUD
- Employment expenses up 14% on FY13
 - improved performance of the Group leading to higher staff compensation
 - (unfavourable) impact from depreciation of AUD
- Other operating expenses up 10% driven by increased fees paid to external service providers, costs associated with increased business activity and (unfavourable) impact from depreciation of AUD
- Income tax expense
 - effective tax rate of 39.5% broadly in line with prior year due to geographic mix of income and tax uncertainties

Macquarie Funds Result



	FY14 \$Am	FY13 \$Am
Base fees	1,262	989
Performance fees	217	164
Other fee and commission income	241	289
Net interest and trading expense ¹	(23)	-
Share of net gains of associates	103	36
Equity investment and other income	108	55
Impairment charges ²	4	(35)
Internal management revenue ³	16	16
Net operating income	1,928	1,514
Total operating expenses	(877)	(760)
Non-controlling interests	-	1
Net profit contribution⁴	1,051	755
AUM (\$Ab)	424.8	343.5
Headcount	1,510	1,472

- Base fees up 28% on FY13 to \$A1,262m driven by:
 - new fund raisings and deployment of capital (MIRA), increased market valuation, acquisitions and positive net flows (particularly into higher margin products) (MIM)
 - (favourable) impact from depreciation of AUD
- Performance fees up 32% on FY13 – MWREF, Quant Hedge Funds, Macquarie Infrastructure Company and Macquarie Atlas Roads outperforming their respective benchmarks
- Other fee and commission income of \$A241m down 17% – FY13 included significant fee income earned on the internalisation of DUET Group and the IPO of Macquarie Mexican REIT
- Share of net gains of associates of \$A103m benefited from asset sales within unlisted infrastructure funds and an increase in the valuation of real estate assets
- Equity investment and other income of \$A108m up significantly, driven by gains on the sale of a number of listed investments and higher dividend income
- Operating expenses up 15% largely driven by (unfavourable) impact from depreciation of AUD and increased business activity

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments.

3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

Corporate and Asset Finance Result



	FY14 \$Am	FY13 \$Am
Net interest and trading income ¹	663	579
Fee and commission income	36	41
Net operating lease income	520	415
Impairment charges ²	(85)	(58)
Other income	58	67
Internal management revenue ³	15	8
Net operating income	1,207	1,052
Total operating expenses	(381)	(358)
Net profit contribution⁴	826	694
Loan and finance lease portfolio (\$Ab)	19.8	17.3
Operating lease portfolio (\$Ab)	5.7	5.1
Headcount	1,039	957

- Net interest and trading income of \$A663m up 15% on FY13
 - Increase in loan discount income in the Lending book
 - Organic growth in the finance lease books
 - (Favourable) impact from depreciation of AUD on foreign currency denominated loan and leasing books
 - Partially offset by higher funding costs associated with increased operating lease portfolio
- Net operating lease income up 25% on FY13 due to (favourable) impact from depreciation of AUD and full year contribution of European Rail business
- Impairment charges up due to write-downs of legacy Real Estate portfolio and increased level of collective provisions
- Operating expenses up 6% on FY13 due to higher headcount and (unfavourable) impact from depreciation of AUD

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

Banking and Financial Services

Result



	FY14 \$Am	FY13 \$Am
Net interest and trading income ¹	738	642
Platform and other fee and commission income	397	431
Brokerage and commissions	179	214
Impairment charges ²	(47)	(43)
Other income	53	47
Net operating income	1,320	1,291
Total operating expenses	(1,060)	(1,048)
Net profit contribution³	260	243

FUM/FUA ⁴ (\$Ab)	127.7	123.0
Australian loan portfolio ⁵ (\$Ab)	21.5	15.5
Legacy loan portfolio ⁶ (\$Ab)	5.5	7.4
Retail Deposits (\$Ab)	33.3	31.0

Headcount	2,419	2,848
-----------	-------	-------

- Net interest and trading income of \$A738m up 15% on FY13
 - **Business Banking:** strong loan (including full year effect of Pacific Premium Funding acquisition in Mar 13) and deposit growth
 - **Wealth:** increase in CMA deposits and margin contraction on term deposits
 - **Personal:** strong growth in Australian mortgages partially offset by North American mortgage run-off
- Platform and other fee and commission income down 8% to \$A397m
 - Strong growth in Wrap fees including impact of Perpetual contract
 - Offset by loss of income relating to MPW Canada (sold Nov 13), COIN (sold Aug 12) and transfer of Professional Series to MFG (Oct 12)
- Brokerage and commissions income down 16% primarily due to sale of MPW Canada
- Other income includes the gain on the sale of an interest in OzForex (FY13 included gain on the sale of Canadian Macquarie Premium Funding and COIN businesses)
- Operating expenses up slightly on FY13
 - Increased technology spend, costs associated with Enforceable Undertaking and new business development
 - Offset by lower employment expenses due to sale of MPW Canada and COIN businesses, transfer of Professional Series to MFG

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury and deposit premium paid to BFS by Group Treasury for the generation of deposits, that are eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Management accounting profit before unallocated corporate costs, profit share and income tax. 4. Funds under management/advice/administration ('FUM/FUA') includes AUM, funds on BFS platforms (e.g. Wrap FUA), total loan and deposit portfolios, client CHES holdings and funds under advice (e.g. Macquarie Private Bank). 5. The Australian loan portfolio comprises residential mortgages, loans to Australian businesses, insurance premium funding and credit cards. 6. The legacy loan portfolio primarily comprises residential mortgages in Canada and the US.

Macquarie Securities Result



	FY14 \$Am	FY13 \$Am
Brokerage and commissions	547	450
Net interest and trading income ¹	234	132
Other fee and commission income	86	52
Other income	(2)	29
Net operating income	865	663
Brokerage, commission and trading-related expenses	(130)	(131)
Other operating expenses	(628)	(582)
Total operating expenses	(758)	(713)
Net profit/(loss) contribution²	107	(50)
Headcount	1,050	1,020

- Improved performance from all businesses, albeit 2H14 impacted by more challenging trading conditions
- Brokerage and commissions up 22% on FY13
 - Improved equity market conditions particularly Asia and Australia
 - Increased market turnover in most markets and improved market share
 - (Favourable) impact from depreciation of AUD
- Net interest and trading income up 77% on FY13
 - Improved trading conditions, particularly Asia
 - Reduced impact of legacy and discontinued businesses
- Other fee and commission income of \$A86m up 65% on FY13 reflecting increased ECM activity, particularly Asia and Australia
- Other income of \$A29m in FY13 included profit on the sale of an investment in an exchange
- Operating expenses up 6% on FY13 due to (unfavourable) impact from depreciation of AUD partially offset by reduced costs in legacy businesses

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. Management accounting profit/(loss) before unallocated corporate costs, profit share and income tax.

Macquarie Capital

Result



	FY14 \$Am	FY13 \$Am
Fee and commission income	727	586
Investment and other income	166	231
Net interest and trading expense ¹	(35)	(59)
Impairment charges ²	(48)	(63)
Loss on change of ownership interest	-	(40)
Internal management revenue ³	7	10
Net operating income	817	665
Total operating expenses	(548)	(519)
Non-controlling interests	11	4
Net profit contribution⁴	280	150
Headcount	1,141	1,105

- Fee and commission income of \$A727m up 24% on FY13
 - Advisory and capital market activity: 450 transactions valued at approx. \$A89b (FY13: 447 transactions valued at approx. \$A85b)
 - Increased ECM fee income in Australia and Asia
- Investment and other income of \$A166m down 28% on FY13 largely due to fewer material principal investment realisations and lower income from consolidated investments following asset sales completed in the current year
- Lower levels of impairment charges
- Total operating expenses of \$A548m up 6% on FY13 predominantly due to (unfavourable) impact from depreciation of AUD

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments. 3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.

Fixed Income, Currencies and Commodities Result



	FY14 \$Am	FY13 \$Am
Commodities ¹	1,124	713
Credit, interest rates and foreign exchange ¹	456	461
Fee and commission income	162	171
Equity investment income	68	142
Impairment charges ²	(184)	(228)
Other income	63	27
Internal management (charge)/revenue ³	(7)	17
Net operating income	1,682	1,303
Brokerage, commission and trading-related expenses	(281)	(142)
Net operating income less trading-related expenses	1,401	1,161
Other operating expenses	(675)	(598)
Net profit contribution⁴	726	563
Headcount	944	946

- Commodities trading income up 58% on FY13
 - Energy Markets experienced strong customer flows across the global platform, particularly in the US gas business due to increased volatility
 - Precious metals trading benefited from improved client flows and trading opportunities
 - Growth of physical metals financing activity
- Credit, interest rate and foreign exchange income broadly in line with FY13
- Equity investment income down 52% on FY13 due to more limited realisation opportunities, particularly in MEC. Prior year included several significant realisations
- Impairment charges of \$A184m down 19% on FY13
 - Equity impairments down; partially offset by higher collective provision charges
 - Continued weakness in mining equity markets (appearing to stabilise in 2H14)
- Higher brokerage, commission and trading-related expenses driven by increased storage and freight costs associated with growth of physical metals trading activities
- Other operating expenses up 13% predominantly due to costs associated with increased investment in technology to meet new regulatory compliance requirements and the (unfavourable) impact from depreciation of AUD

1. Includes internal net interest expense and transfer pricing on funding provided by Group Treasury that is eliminated on consolidation in the Group's statutory P&L. 2. Includes investment and loan impairments.

3. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 4. Management accounting profit before unallocated corporate costs, profit share and income tax.



Balance sheet highlights

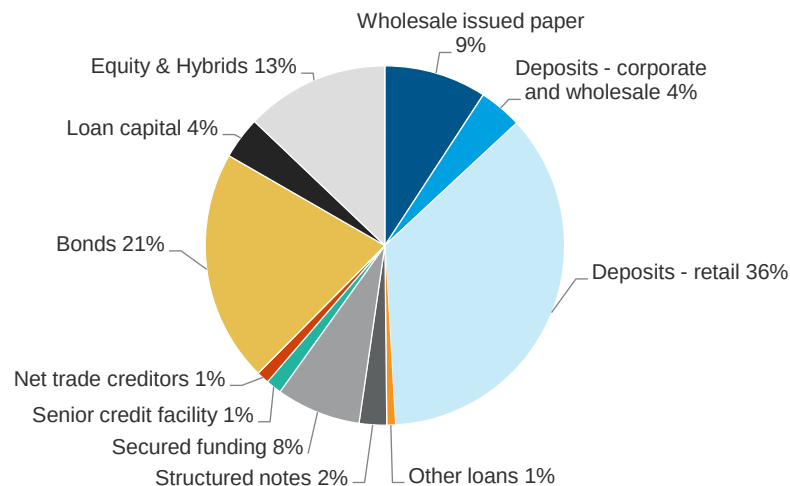
- Balance sheet remains solid and conservative
 - Term assets covered by term funding, stable deposits and equity
 - Minimal reliance on short term wholesale funding markets
- Retail deposits¹ continuing to grow, up 7% to \$A33.3b at Mar 14 from \$A31.0b at Mar 13
- \$A17.4b of new term funding raised since 31 Mar 13:
 - \$A7.8b mortgage and motor vehicle/equipment secured funding
 - \$A4.3b senior unsecured debt issuance in the US market
 - \$A0.7b senior unsecured debt issuance in Euro market
 - \$A0.4b senior unsecured debt issuance in Sterling market
 - \$A2.1b refinance of the MGL Senior Credit Facility²
 - \$A1.5b MBL private placements and structured note issuance
 - \$A0.6b of MCN hybrid

1. Retail deposits are a subset of total deposits per the funded balance sheet (\$A36.9b at 31 Mar 14), which differs from total deposits per the statutory balance sheet (\$A42.4b at 31 Mar 14). The funded balance sheet excludes any deposits which do not represent a funding source for the Group. 2. Includes both drawn and undrawn facility.

Well diversified funding sources

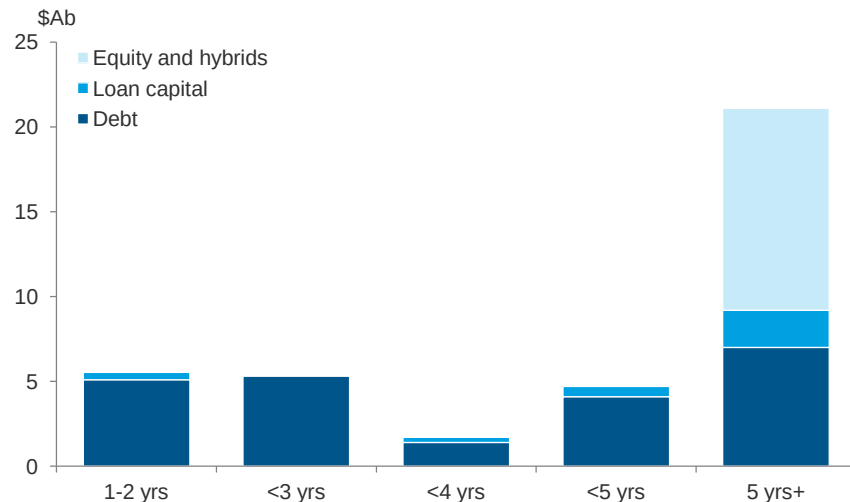


Diversity of MGL funding sources



- Well diversified funding sources
- Minimal reliance on short term wholesale funding markets
- Deposit base represents 40% of total funding sources

MGL term funding (drawn and undrawn¹) maturing beyond one year (including equity and hybrids)

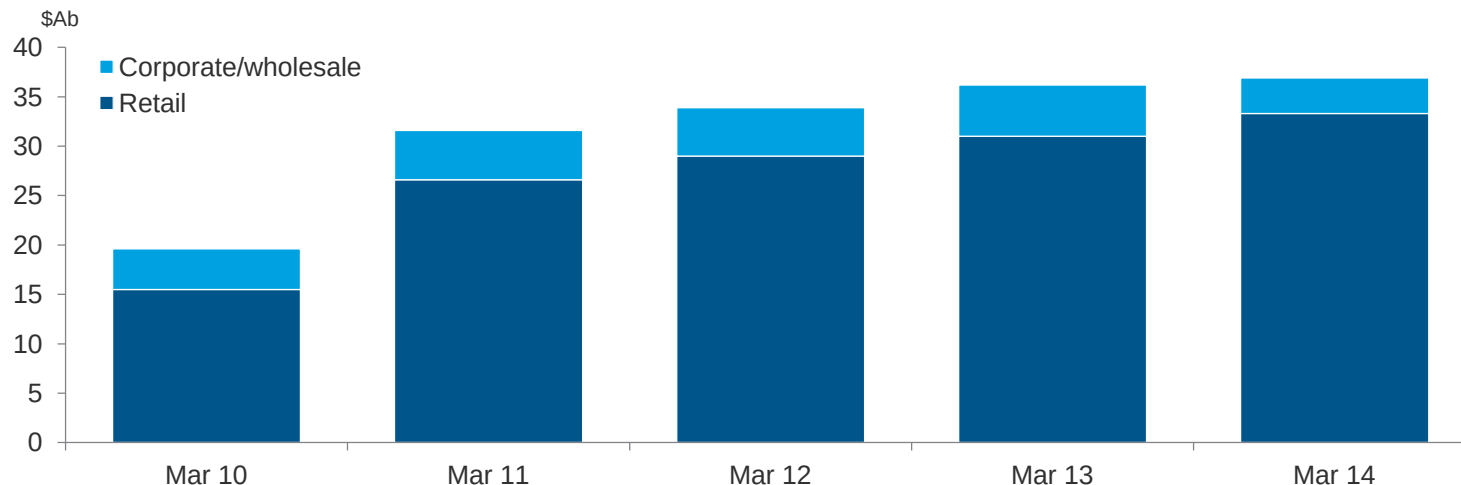


- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.5 years

Continued retail deposit¹ growth



- Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
 - 1 million Australian retail clients, of whom more than 643,000 are depositors
 - Focus on the composition and quality of the deposit base
 - Continue to grow deposits in the CMA product which has an average balance of \$A40k



1. Retail deposits are those placed with the Banking and Financial Services Group and includes products such as the Cash Management Account, Term Deposits and Business Banking deposits. Retail counterparties primarily consist of individuals, self-managed super funds and small-medium enterprises.

Loan portfolio¹ growth – Funded Balance Sheet



MACQUARIE

Category	Mar 14 \$Ab	Mar 13 \$Ab
Mortgages:		
Australia	10.5	7.2
United States	0.5	0.7
Canada	5.0	6.7
Other	0.2	0.2
Total mortgages	16.2	14.8
Structured investments	3.8	3.6
Banking	4.2	3.6
Real Estate	2.3	2.3
Resources and commodities	2.4	2.3
Finance leases	5.0	4.2
Corporate lending	6.2	5.6
Other lending	1.4	1.4
	41.5	37.8
Operating leases	5.7	5.1
Total loan assets per funded balance sheet²	47.2	42.9

1. Loan assets are reported on a funded balance sheet basis and therefore exclude certain items such as assets that are funded by third parties with no recourse to Macquarie. In addition, loan assets at amortised cost per the statutory balance sheet of \$A58.7b at 31 Mar 14 (\$A50.8b at 31 Mar 13) are adjusted to include fundable assets not classified as loans on a statutory basis (e.g. assets subject to operating leases which are recorded in Property, Plant and Equipment in the statutory balance sheet). 2. Total loan assets per funded balance sheet includes self securitisation assets.

Equity investments of \$A4.2b¹



Category	Carrying value ² Mar 14 \$Am	Carrying value ² Mar 13 \$Am	Description
Macquarie Funds (MIRA) managed funds	1,354	1,158	Macquarie European Infrastructure Fund LP, Macquarie Infrastructure Company, Macquarie Atlas Roads, Macquarie SBI Infrastructure Fund, MWREF, Macquarie European Infrastructure Fund 3 LP, Macquarie Mexican REIT
Other Macquarie managed funds	414	302	Includes investments that hedge directors' profit share plan liabilities
Transport, industrial and infrastructure	364	1,558	Decrease due to the SYD distribution
Telcos, IT, media and entertainment	549	646	Over 30 separate investments
Energy, resources and commodities	619	588	Over 100 separate investments
Real estate investment, property and funds management	369	621	Represents property and JV investments/loans. Includes investments in Charter Hall Limited, MGPA Shenton, Core Plus Industrial Fund, Retirement Villages Group R.E Limited and Medallist
Finance, wealth management and exchanges	491	352	Includes investments in fund managers, investment companies, securities exchanges and other corporations in the financial services industry
	4,160	5,225	

1. Equity investments per the statutory balance sheet of \$A5,794m (Mar 13: \$A7,582m) have been adjusted to reflect the total economic exposure to Macquarie. 2. Total funded equity investments of \$A4,656m (Mar 13: \$A5,468m), less available for sale reserves of \$A493m (Mar 13: \$A365m) and associate reserves of \$A20m (Mar 13: \$Anil), plus other assets of \$A17m (Mar 13: \$A122m).

Group Capital Surplus and Bank Group's CET1 ratio in excess of minimum



- Based on the Macquarie Group Basel III capital position as at 31 Mar 14 and on a Harmonised Basel III basis¹:
 - Group capital surplus is \$A4.1b measured at 7% RWA and \$A3.0b at 8.5%² RWA (BIS requirement in 2019)
 - MBL's CET1 ratio is 11.4%, pro forma CET1 ratio of 12.0% including surplus capital held in the Non-Bank Group
- Under Basel III, local regulators have the discretion to make adjustments to the timing, nature and quantum of Basel III reforms (so called “super equivalence”). After adjusting for APRA's “super equivalence”³ and on a fully implemented basis (not otherwise required by APRA until 2016):
 - Group capital surplus is \$A2.7b measured at 7% RWA and \$A1.8b at 8.5%² RWA
 - MBL's CET1 ratio is 9.6%, pro forma CET1 ratio of 10.2% including surplus capital held in the Non-Bank Group

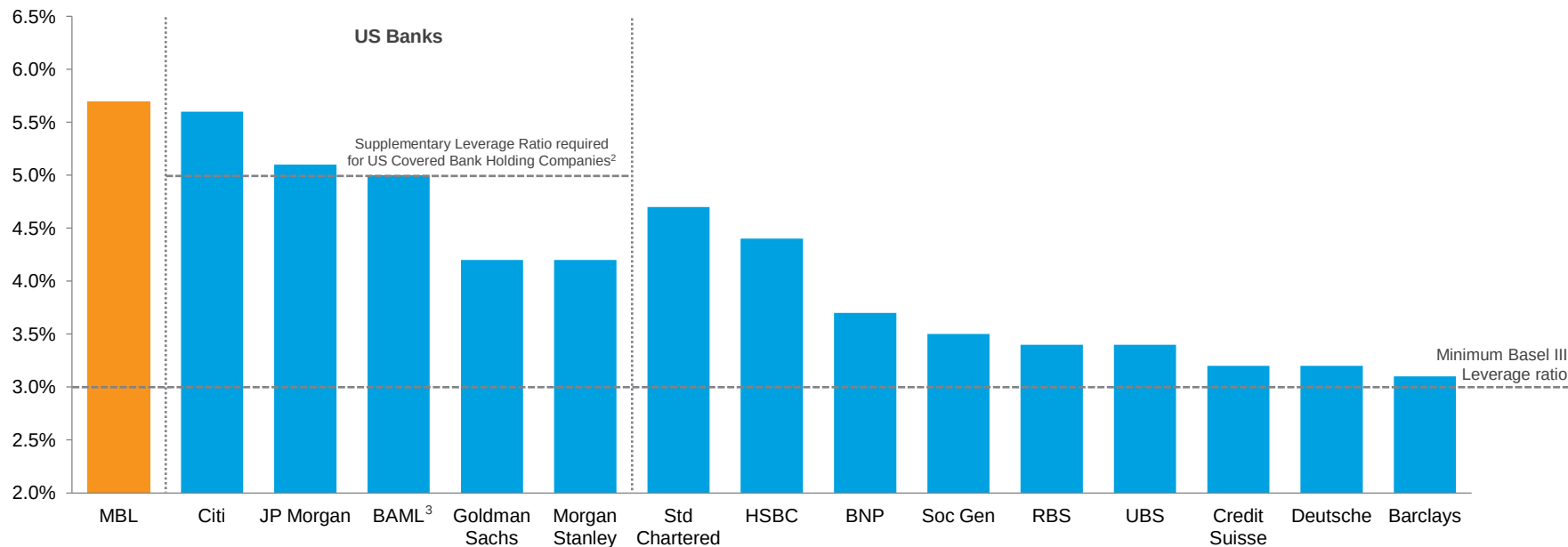
1. 'Harmonised' Basel III figures assume full alignment with BIS in areas where APRA differs from the BIS. 2. The Tier 1 capital ratio of 8.5% includes the capital conservation buffer (CCB) and is not required by APRA until 2016 and by BIS until 2019.

3. Based on APRA prudential standards in force since 1 Jan 13.

Basel III leverage ratio peer comparison

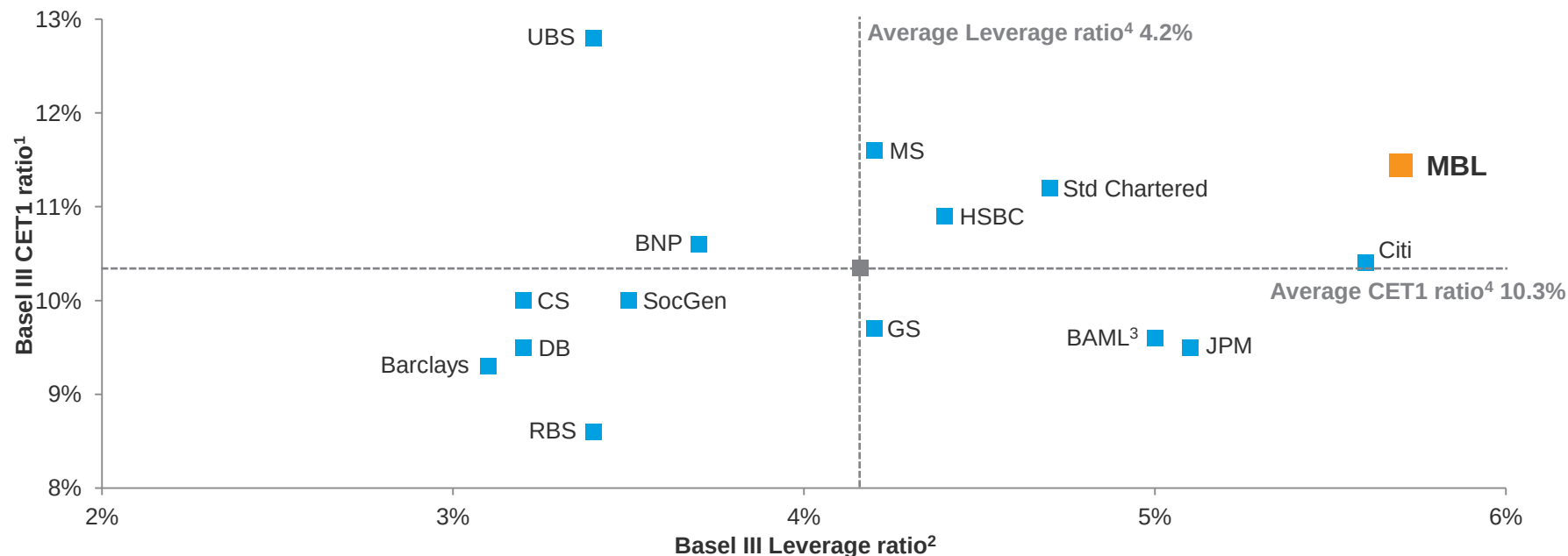


Basel III Tier 1 Leverage Ratio¹



1. Peer leverage ratios from most recent public disclosures as at date of compilation (30 Apr 14). MBL ratio as at Mar 14. MBL and RBS ratios are calculated per the Jan 14 Basel Committee on Banking Supervision (BCBS) finalised leverage ratio definition. Citi Mar 14 leverage ratio is calculated as per the Jul 13 Final US Basel III rules, which is based on the Dec 10 BCBS framework. JP Morgan, BAML, Goldman Sachs and Morgan Stanley ratios reflect the U.S. Federal Bank regulatory agencies' NPR issued on 8 Apr 14, which is based on the Jan 14 BCBS framework. Std Chartered and HSBC ratios are disclosed on an end-point PRA prescribed basis, which is based on the Dec 10 BCBS framework. BNP, Soc Gen, Barclays and Deutsche ratios are disclosed per the CRD IV fully-loaded leverage ratio, which is based on the Dec 10 BCBS framework. UBS ratio disclosed under the Swiss Systemically Relevant Bank (SRB) Basel III rules (fully applied). Credit Suisse ratio disclosed on a Basel III Tier 1 basis. 2. In Apr 14, the US banking agencies adopted higher leverage ratio requirements for the eight US bank holding companies that have been identified as G-SIBs. 3. BAML disclosures indicated a leverage ratio of '>5%', which has been represented as 5.0%.

Strength across both regulatory capital metrics



1. Peer CET1 ratios on a 'fully-loaded' basis sourced from most recent public disclosures as at date of compilation (30 Apr 14). MBL CET1 ratio as at Mar 14, UBS and Credit Suisse CET1 ratios calculated under a 'harmonised' Basel III basis. US Bank CET1 ratios calculated under the 'Advanced' approach per Final US Basel III rules. EU Bank CET1 ratios disclosed under a CRD IV 'fully-loaded' basis. 2. Peer leverage ratios sourced from most recent public disclosures as at date of compilation (30 Apr 14). MBL leverage ratio as at Mar 14. MBL and RBS leverage ratios are calculated per the Jan 14 Basel Committee on Banking Supervision (BCBS) finalised leverage ratio definition. Citi Mar 14 leverage ratio is calculated as per the Jul 13 Final US Basel III rules. JP Morgan, BAML, Goldman Sachs and Morgan Stanley leverage ratios reflect the U.S. Federal Bank regulatory agencies' NPR issued on 8 Apr 14. Std Chartered and HSBC leverage ratios are disclosed on an end-point PRA prescribed basis. BNP, Soc Gen, Barclays and Deutsche ratios are disclosed per the CRD IV 'fully-loaded' leverage ratio. UBS leverage ratio disclosed under the Swiss Systemically Relevant Bank (SRB) Basel III rules (fully applied). Credit Suisse leverage ratio disclosed on a Basel III Tier 1 basis. 3. BAML disclosures indicated a leverage ratio of '>5%', which has been represented as 5.0%. 4. Average CET1 and Leverage ratios calculated on the sample shown.

Capital management update



The Board has resolved¹:

- To purchase shares on-market² to satisfy the MEREP requirements of approx. \$A270m. The buying period for the MEREP will commence on 14 May and is expected to be completed in late June³
- The shares for the 2H14 DRP⁴ are to be acquired on-market²

1. Appropriate regulatory approval has been received. 2. Shares may be issued if purchasing becomes impractical or inadvisable. 3. Actual buying may be completed sooner or later. Buying for the MEREP will be suspended during the DRP pricing period (22 May 14 to 3 Jun 14). 4. The rules of the DRP have been amended to allow DRP elections to be made up to and including the business day following the record date for the relevant dividend. This change was necessary due to changes to the ASX Listing Rules for dividend reinvestment plans.



MACQUARIE

04

Outlook

Nicholas Moore

Managing Director and Chief Executive Officer

Short term outlook



- Summarised below are the outlook statements for each Operating Group
- FY15 results will vary with market conditions, particularly the capital markets facing businesses

Operating Group	Net profit contribution			
	FY07–FY14 historical range	FY07–FY14 average	FY14	FY15 outlook
Macquarie Funds	\$A0.3b – \$A1.1b	\$A0.7b	\$A1.1b	Broadly in line with FY14, subject to performance fees
Corporate and Asset Finance	\$A0.1b – \$A0.8b ¹	\$A0.4b	\$A0.8b	Broadly in line with FY14
Banking and Financial Services	\$A0.1b – \$A0.3b ^{2,3}	\$A0.2b ³	\$A0.3b ³	Up on FY14
Macquarie Securities	\$A(0.2)b – \$A1.2b	\$A0.4b	\$A0.1b	Up on FY14
Macquarie Capital	\$A(0.1)b – \$A1.6b	\$A0.5b	\$A0.3b	Up on FY14
FICC	\$A0.5b – \$A0.8b	\$A0.6b	\$A0.7b	Broadly in line with FY14
Corporate	– Compensation ratio to be consistent with historical levels – Based on present mix of income, currently expect tax rate to be broadly in line with FY14			

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



Short term outlook

- While the impact of future market conditions makes forecasting difficult, it is currently expected that the FY15 combined net profit contribution from operating groups will be up on FY14, broadly offsetting the FY14 realised gain relating to the SYD distribution
- The FY15 tax rate is currently expected to be broadly in line with FY14
- Accordingly, the FY15 result for the Group is currently expected to be broadly in line with FY14, with the potential for a better result if market conditions continue to improve
- Our short term outlook remains subject to a range of challenges including:
 - Market conditions
 - The impact of foreign exchange
 - The cost of our continued conservative approach to funding and capital; and
 - Potential regulatory changes and tax uncertainties



Medium term

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

Approximate business Basel III Capital & RoE



Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. FY14 Return on Ordinary Equity ²	
Annuity-style businesses	5.8		Approx. 8-Year Average Return on Ordinary Equity²
Macquarie Funds Group	1.9	20% ³	20% ⁴
Corporate and Asset Finance	2.6		
Banking and Financial Services	1.3		
Capital markets facing businesses	4.3		Approx. 8-Year Average Return on Ordinary Equity²
Macquarie Securities	0.5	11%	15%-20%
Macquarie Capital	1.2		
FICC	2.6		
Corporate and Other	1.0		
Legacy Assets	0.3		
Corporate	0.7		
Total regulatory capital requirement @ 8.5%	11.1		
Comprising: Ordinary Equity	9.4		
Hybrid	1.7		
Add: Surplus Ordinary Equity	1.8		
Total APRA Basel III capital supply	12.9		

1. Business Group capital allocation as at 31 Dec 13. 2. NPAT used in the calculation of approx. annualised ROE is based on Operating Group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements. 8-year average covers FY07 to FY14, inclusively. 3. During 1H14, Group Treasury revised internal funding transfer pricing arrangements relating to Banking and Financial Services' deposit and lending activities. 4. CAF excluded from 8-year average as not meaningful given the significant increase in scale of CAF's platform over the 8-year period.

Medium term



Macquarie Funds	• Annuity-style business that is diversified across regions, products, asset classes and investor types • Well positioned for organic growth with several strongly performing products and an efficient operating platform • Higher margin products should benefit from improvement in market confidence
Corporate and Asset Finance	• Pursuing growth in the loan and lease portfolio • Anticipate further asset realisations at attractive return levels • Funding from asset securitisation throughout the cycle
Banking and Financial Services	• Build on successful intermediary partnerships to continue growing third party distribution in personal banking and wealth management • Investing in new technology and digital presence to enhance service offering to clients • Opportunities to increase financial services engagement with business banking clients
Macquarie Securities	• Highly leveraged to any improvement in market conditions and return of investor confidence • Well positioned for recovery in Asian retail derivatives, cash equities and ECM • Monetise existing strong research platform
Macquarie Capital	• Can expect to benefit from any improvement in M&A and ECM market activity • Continues to align the business footprint to current opportunities and market conditions in each region
Fixed Income, Currencies and Commodities	• 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 as competitors de-leverage • Growing the client base across all regions



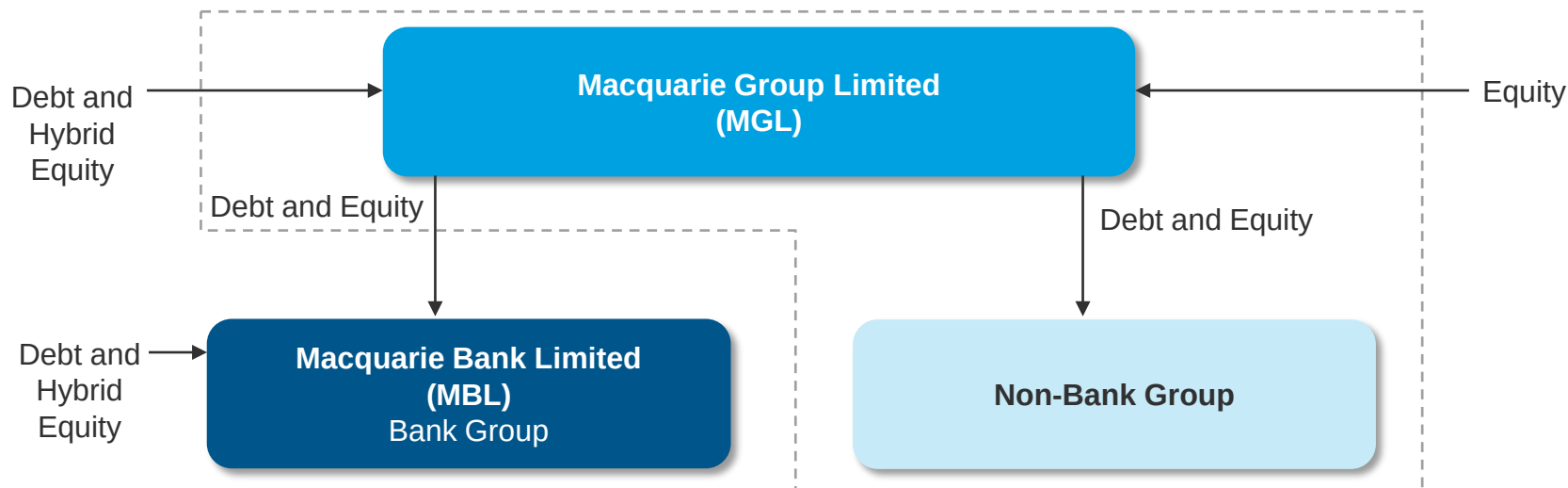
MACQUARIE



Additional information Funding

Group funding structure

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



Funded balance sheet reconciliation



- The Group'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 the consolidated Group to the assets that require funding

	Mar 14 \$Ab	Mar 13 ¹ \$Ab
Total assets per Statement of Financial Position	153.9	144.7
<i>Deductions:</i>		
Self funded trading assets	(17.9)	(13.6)
Derivative revaluation accounting gross ups	(11.6)	(14.4)
Life investment contracts and other segregated assets	(5.7)	(5.4)
Outstanding trade settlement balances	(7.2)	(7.7)
Short-term working capital assets	(5.5)	(5.2)
<i>Less non-recourse funded assets:</i>		
Securitised assets and non-recourse warehouses	(13.4)	(10.8)
Total assets per Funded Balance Sheet	92.6	87.6

Funding for the Group

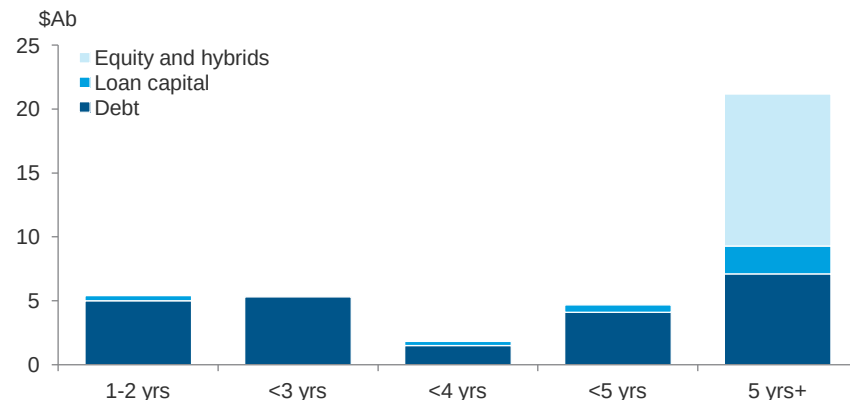


MACQUARIE

	Mar 14 \$Ab	Mar 13 ¹ \$Ab
Funding sources		
Negotiable certificates of deposits	1.9	1.4
Commercial paper	6.6	3.5
Net trade creditors	1.0	0.0
Structured notes	2.3	2.4
Secured funding	7.0	9.4
Bonds	19.3	16.5
Other loans	0.9	0.7
Senior credit facility	1.3	2.4
Retail deposits	33.3	31.0
Corporate and wholesale deposits	3.6	5.2
Loan capital ²	3.5	3.2
Equity and hybrids ³	11.9	11.9
Total funding sources	92.6	87.6
Funded assets		
Cash and liquid assets	19.1	19.8
Self Securitisation	7.4	6.2
Net trading assets	16.7	15.1
Loan assets < 1 year	11.9	9.9
Loan assets > 1 year	27.9	26.8
Debt investment securities	3.1	2.3
Co-investment in Macquarie-managed funds and other equity investments	4.7	5.5
Property, plant & equipment and intangibles	1.8	1.7
Net trade debtors	0.0	0.3
Total funded assets	92.6	87.6

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

MGL term funding (drawn and undrawn⁴) maturing beyond one year (including equity and hybrids)



1. Prior period comparatives have been restated for the effect of applying AASB 10. Refer to Note 1 (xxviii) in the financial statements for the year ended 31 Mar 14. 2. This includes Macquarie Group Capital Notes of \$A0.6b.

Preferred membership Interests of \$A0.4b and Exchangeable Capital Securities of \$A0.3b. 3. Includes ordinary capital, Macquarie Income Securities of \$A0.4b and Macquarie Income Preferred Securities of \$A0.1b.

4. Includes \$A0.9b of undrawn term facilities for the Group.

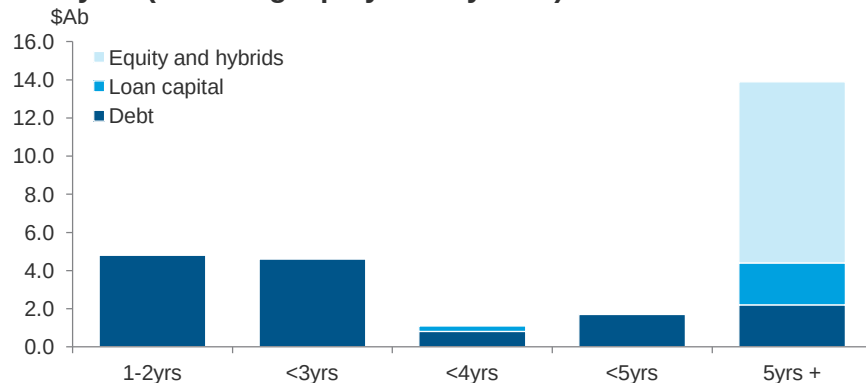
Funding for the Bank Group



	Mar 14 \$Ab	Mar 13 ¹ \$Ab
Funding sources		
Negotiable certificates of deposits	1.9	1.4
Commercial paper	6.6	3.5
Net trade creditors	0.7	0.0
Structured notes	1.6	1.4
Secured funding	6.9	9.3
Bonds	11.3	10.7
Other loans	0.5	0.5
Retail deposits	33.3	31.0
Corporate and wholesale deposits	3.6	5.2
Loan capital ²	2.5	2.2
Equity and hybrids ³	9.5	8.7
Total funding sources	78.4	73.9
Funded assets		
Cash and liquid assets	17.3	18.0
Self securitisation	7.4	6.2
Net trading assets	15.4	14.5
Loan assets < 1 year	11.7	9.6
Loan assets > 1 year	26.9	25.7
Debt investment securities	2.6	2.1
Non-Bank Group deposit with MBL	(5.0)	(4.2)
Co-investment in Macquarie-managed funds and other equity investments	1.0	1.1
Property, plant & equipment and intangibles	1.1	1.0
Net trade debtors	0.0	(0.1)
Total funded assets	78.4	73.9

- Bank balance sheet remains liquid, well capitalised and with a diversity of funding sources
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 3.6 years
- Accessed term funding in markets including United States, Europe, United Kingdom, Australia and Korea

MBL term funding (drawn and undrawn⁴) maturing beyond one year (including equity and hybrids)



1. Prior period comparatives have been restated for the effect of applying AASB 10. Refer to Note 1 (xxviii) in the financial statements for the year ended 31 Mar 14. 2. This includes Exchangeable Capital Securities of \$A0.3b.

3. Includes ordinary capital, Macquarie Income Securities of \$A0.4b and Macquarie Income Preferred Securities of \$A0.1b. 4. Includes \$A0.2b of undrawn term facilities for the Bank Group.

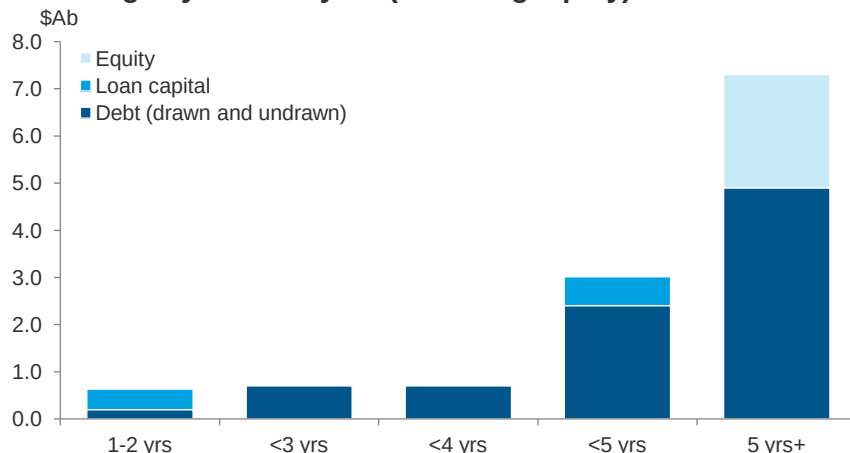
Funding for the Non-Bank Group



	Mar 14 \$Ab	Mar 13 ¹ \$Ab
Funding sources		
Net Trade Creditors	0.3	0.0
Structured notes	0.7	1.0
Secured funding	0.1	0.1
Bonds	8.0	5.8
Other loans	0.4	0.2
Senior credit facility	1.3	2.4
Loan capital ²	1.0	1.0
Equity	2.4	3.2
Total funding sources	14.2	13.7
Funded assets		
Cash and liquid assets	1.8	1.8
Non-Bank Group deposit with MBL	5.0	4.2
Net trading assets	1.3	0.6
Loan assets < 1 year	0.2	0.3
Loan assets > 1 year	1.0	1.1
Debt investment securities	0.5	0.2
Co-investment in Macquarie-managed funds and other equity investments	3.7	4.4
Property, plant & equipment and intangibles	0.7	0.7
Net trade debtors	0.0	0.4
Total funded assets	14.2	13.7

- Non-Bank Group is predominantly term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 6.2 years

Non-Bank Group term funding (drawn and undrawn³) maturing beyond one year (including equity)



1. Prior period comparatives have been restated for the effect of applying AASB 10. Refer to Note 1 (xxviii) in the financial statements for the year ended 31 Mar 14.

2. This includes Macquarie Group Capital Notes of \$A0.6b and Preferred Membership Interests of \$A0.4b. 3. Includes \$A0.7b of undrawn term facilities for the Non-Bank Group.

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 balance sheet but are viewed as being self funded, 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 off-setting positions with a variety of counterparties. The derivatives are largely matched and this adjustment reflects that the matched positions do not require funding
- **Life investment contracts and other segregated assets:** These represent the assets and liabilities that are recognised where Macquarie provides products such as investment-linked policy contracts or where Macquarie holds segregated client monies. The policy (contract) liability and client monies will be matched by assets held to the same amount and hence do not require funding
- **Outstanding trade settlement balances:** At any particular time Macquarie's broking business will have outstanding trades to settle with other brokers. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed by brokers 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 requires or provides funding
- **Securitised assets and non-recourse warehouses:** 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 or transferred to external funding warehouses

Conservative long standing liquidity risk management framework



Liquidity Policy

- The key requirement of MGL and MBL's liquidity policies is that the entities are able to meet all liquidity obligations during a period of liquidity stress:
 - a minimum 12 month period with constrained or no access to funding markets and with only a limited impact on franchise businesses
- Term assets are funded by term funding, stable deposits and equity

Liquidity Framework

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



MACQUARIE

B

Additional information
Capital

Macquarie Group Basel III regulatory capital

Surplus calculation



31 March 2014	Harmonised Basel III \$Am	APRA Basel III \$Am	
Macquarie Group eligible capital:			
Bank Group Gross Tier 1 capital	9,682	9,682	
Non-Bank Group eligible capital	3,197	3,197	
Eligible capital	12,879	12,879	(a)
Macquarie Group capital requirement:			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)	68,655	65,698	
Capital required to cover RWA ¹	4,806	4,599	
Tier 1 deductions	1,182	2,721	
Total Bank Group capital requirement	5,988	7,320	
Total Non-Bank Group capital requirement	2,823	2,823	
Total Macquarie Group capital requirement (at 7% ¹ of the Bank Group RWA)	8,811	10,143	(b)
Macquarie Group regulatory capital surplus (at 7%¹ of the Bank Group RWA)	4,068	2,736	(a)-(b)
Additional capital requirement required to maintain 8.5% ² Tier 1 ratio in Bank Group	1,030	985	(c)
Macquarie Group regulatory capital surplus (at 8.5%² of the Bank Group RWA)	3,038	1,751	(a)-(b)-(c)

1. Calculated at the internal minimum Tier 1 ratio of the Bank Group, which is 7%. 2. Calculated at 8.5% of the Bank Group's RWAs. The 8.5% represents the Basel III minimum Tier 1 ratio of 6% plus 2.5% of CCB. The 2.5% CCB is not required by APRA until 2016 and by BIS until 2019.

Macquarie Group APRA Basel III regulatory capital – Bank Group contribution



31 March 2014	Risk-weighted assets \$Am	Tier 1 Deductions \$Am	Capital Requirement ¹ \$Am
Credit risk			
On balance sheet	39,156		2,741
Off balance sheet	11,567		810
Credit risk total	50,723		3,551
Market risk	4,567		320
Operational risk	8,531		597
Other ²	1,877	2,721	2,852
Contribution to Group capital calculation	65,698	2,721	7,320

1. The capital requirement is calculated as the capital required for RWA, at the internal minimum Tier 1 ratio of the Bank Group (7%), plus Tier 1 deductions. 2. Risk weighted assets include 6% IRB uplift. Tier 1 deduction includes deduction for equity exposure required under APRA Basel III rules.

Macquarie Group regulatory capital

Non-Bank Group contribution



- APRA has specified a regulatory capital framework for MGL
- 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 some 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 79% of face value; average 51%
Market	3 times 10 day 99% Value at Risk (VaR) plus 3 times 10-day 99% Stressed VaR plus a specific risk charge	Scenario-based approach
Operational	Advanced Measurement Approach	Advanced Measurement Approach

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

Macquarie Group regulatory capital

Non-Bank Group contribution



31 March 2014	Assets \$Ab	Capital Requirement \$Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	1.8	22	15%
Loan assets ¹	1.2	150	156%
Debt investment securities	0.5	54	136%
Co-investment in Macquarie-managed funds and equity investments	3.5	1,718	607%
Co-investment in Macquarie-managed funds and equity investments (relating to investments that hedge DPS plan liabilities)	0.2		
Property, plant & equipment and intangibles ²	0.7	286	511%
Non-Bank Group deposit with MBL	5.0		
Net trading assets	1.3		
Net trade debtors	-		
Total Funded Assets	14.2	2,230	
Self-funded and non-recourse assets			
Self-funded trading assets	1.6		
Broker settlement balances	3.8		
Derivative revaluation accounting gross-ups	0.2		
Working capital assets	3.9		
Total self-funded and non-recourse assets	9.5		
TOTAL NON-BANK GROUP ASSETS	23.7		
Off balance sheet exposures, operational, market and other risk, and diversification offset ³		593	
NON-BANK GROUP CAPITAL REQUIREMENT		2,823	

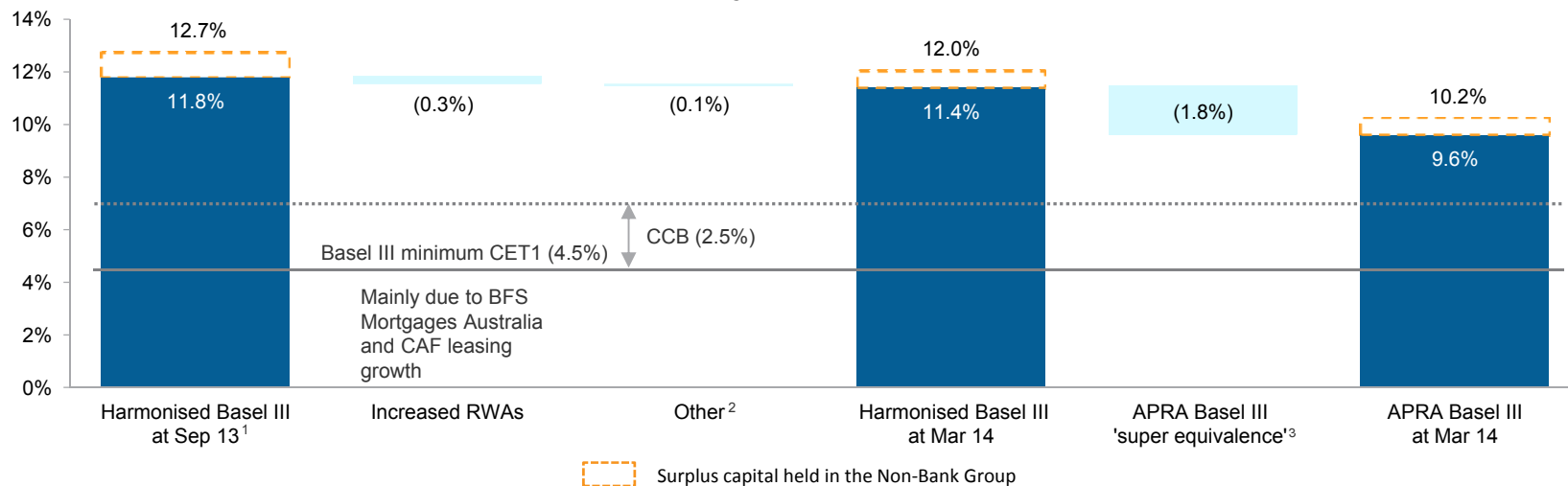
1. Includes leases. 2. A component of the intangibles relating to the acquisitions of Orion Financial Inc and Tristone Capital Global Inc are supported 100% by exchangeable shares. These exchangeable shares have not been included in eligible regulatory capital. 3. Capital associated with net trading assets (e.g. market risk capital) and net trade debtors has been included here.

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



- Strong Bank Group APRA Basel III CET1 ratio – Common Equity Tier 1: 9.6%; Tier 1: 10.6%
- Basel III applies only to the Bank Group and not the Non-Bank Group

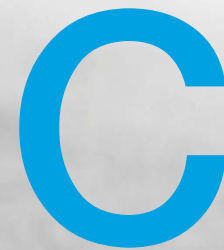
Bank Group Common Equity Tier 1 (CET1) Ratio: Basel III (Mar 14)



1. 'Harmonised' Basel III figures assume alignment with BIS in areas where APRA differs from the BIS. APRA Basel III CET1 ratio at Sep 13 – Bank Group: 9.8%; Bank Group including Non-Bank Group surplus: 10.8%. 2. Includes MBL 2H14 P&L less dividends paid from MBL to MGL as well as other movements in capital supply and requirements (including MBL capital initiatives relating to the SYD distribution). 3. APRA Basel III 'super-equivalence' includes full CET1 deductions of equity investments (0.7%); deconsolidated subsidiaries (0.6%); DTAs and other impacts (0.5%).



MACQUARIE



Glossary



Glossary



\$A / AUD	Australian Dollar
\$C	Canadian Dollar
\$US / USD	United States Dollar
£	British Pound
1H14	Half Year ended 30 September 2013
2H13	Half Year ended 31 March 2013
2H14	Half Year ended 31 March 2014
ABN	Australian Business Number
AML	Anti-money laundering
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ANZ	Australia and New Zealand
ASX	Australian Securities Exchange
AUM	Assets Under Management
BIS	Bank for International Settlements
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance

CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
CHES	Australian Clearing House and Electronic Sub-Register System
CMA	Cash Management Account
CY13	Calendar Year ended 31 December 2013
DPS	Dividend Per Share
DRP	Dividend Reinvestment Plan
DTA	Deferred Tax Asset
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
FATCA	Foreign Account Tax Compliance Act
FICC	Fixed Income, Currencies and Commodities
FOFA	Future of Financial Advice
FUA	Funds Under Administration
FUM	Funds Under Management

Glossary



FX	Foreign Exchange
FY07	Full Year ended 31 March 2007
FY09	Full Year ended 31 March 2009
FY13	Full Year ended 31 March 2013
FY14	Full Year ended 31 March 2014
FY15	Full Year ending 31 March 2015
GDR	Global Depository Receipt
IIMK	ING Investment Management Korea
IPO	Initial Public Offering
IRB	Internal Ratings-Based
JV	Joint Venture
KRW	Korean Won
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions
MBL	Macquarie Bank Limited
MCN	Macquarie Group Capital Notes
MEC	Metals and Energy Capital

MEIF	Macquarie European Infrastructure Fund
MEREP	Macquarie Group Employee Retained Equity Plan
MFG	Macquarie Funds Group
MGL / MQG	Macquarie Group Limited
MGPA	Macquarie Global Property Advisers
MIC	Macquarie Infrastructure Company
MIM	Macquarie Investment Management
MIP III	Macquarie Infrastructure Partners III
MIRA	Macquarie Infrastructure and Real Assets
MPW	Macquarie Private Wealth
MQA	Macquarie Atlas Roads
MSG	Macquarie Securities Group
Mths	Months
No.	Number
NOIP	Net Over Intrinsic Premium
NPAT	Net Profit After Tax
OFTO	Offshore Transmission Owner

Glossary



OTC	Over The Counter
P&L	Profit and Loss Statement
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
REIT	Real Estate Investment Trust
RESF	Real Estate Structured Finance
ROE	Return on Equity
RWA	Risk Weighted Assets
SGX	Singapore Exchange
SME	Small and Medium Enterprise
SMSF	Self Managed Super Fund
ST	Short Term
SYD	Sydney Airport
TMET	Telecommunications, Media, Entertainment and Technology
UCITS	Undertakings for the Collective Investment in Transferable Securities

UK	United Kingdom
US	United States of America
VaR	Value at Risk



Presentation to investors and analysts

Result announcement for the
full year ended 31 March 2014

2 May 2014