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Unless otherwise specified all information is for the quarter ended 31 December 2014.
Comprehensive retail banking operations

Macquarie’s retail banking and financial services businesses, providing a diverse range of personal banking, wealth management and business banking products and services to retail customers, advisers, brokers and business clients

**Personal Banking**
- Provides retail financial products such as mortgages, credit cards and deposits.
- Serves clients through strong mortgage intermediary relationships and white-label partnerships, as well as direct Macquarie branded offerings.

**Wealth Management**
- Provides superannuation and insurance products, as well as stockbroking, financial advice, private banking, cash management and wrap platform services.
- Delivers products and services through institutional relationships, a virtual adviser network and direct relationships with clients.

**Business Banking**
- Provides a full range of deposit, lending and payment solutions, as well as tailored services to help business clients become more efficient.
- Serves over 4,800 business clients, from sole practitioners to corporate professional firms, who we engage with through a number of channels including dedicated relationship managers.

**Support functions**
BFS’ three business divisions are supported by a number of central functions, including Service & Operations
Our operations at a glance

**PERSONAL BANKING**

$22.3b Mortgages book with full range of offerings ↑ 40% pcp

Cards
Credit Cards, Prepaid Cards, Currency Cards

**WEALTH MANAGEMENT**

Stockbroking and Private Banking
Financial product advice and services

$43.2b in AUA
Wealth management platform ↑ 8% pcp

**BUSINESS BANKING**

$4.6b Business loans portfolio ↑ 25% pcp

Transaction and business services
DEFT, Insurance Premium Funding, Business Outsourcing

$35.7b Total Retail Deposits ↑ 8.5% pcp

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Figures at 31 Dec 14. 1. Macquarie AUA is for Platforms which include Wrap, Retail Super, Equity Portfolio Service and IST. 2. FUM balance represents average loan volumes across the period, Dec 14 is YTD.
Our recent awards

**Partner of the Year**
- iSelect 2014 Partner Awards

**Homeloans Partner of the Year**
- iSelect 2014 Partner Awards

**Lender of the Year (Tier 2)**
- Mortgage Choice National Conference 2014 (two years running)

**Winner SMSF Term Deposit Provider**
- SMSF Adviser Awards 2014

**Winner Investment Platform Provider**
- SMSF Adviser Awards 2014

**Five-Star Rating for Adviser Satisfaction**
- Beaton Benchmarks, a record seventh year running

**Non-major Bank Lender of the Year (Tier 2)**
- MFAA 2014 Excellence Awards

**No.1 in Brokers on Non-Majors 2014 survey**
- Australian Broker

**Cash and Term Deposits Winner**
- CoreData SMSF Service Provider Awards 2014

**Underwriting Team of the Year, Claims Team of the Year, Business Support Services/BDM Team of the Year**
- AFA Client Service Team Awards 2013
Our strategy

We have four building blocks to our strategy that will deliver our success

1. FOCUS
   ON OUR OPPORTUNITY

2. ORGANISE
   AROUND OUR CLIENTS

3. INVEST
   TO SUPPORT GROWTH

4. GROW
   FROM OUR STRENGTHS
1. Focus on our opportunity

We have exited a number of offshore and non-core businesses

16+ Exits including:

- MPW Canada
- Mortgages (Italy)
- Private Bank Asia
- Clean Technology Investments
- Margin Lending
- Macquarie Premium Funding (Canada)
- Macquarie Wrap (UK)
- Religare JV
- Mortgages (US, Canada)
- COIN Software

Focusing on opportunity in Australian retail financial services

- 2,501 staff\(^1\) in Australia
- 31 staff\(^1\) in other locations
- 11 offices across 6 states

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1. Active permanent, contingent and casual staff at 1 Feb 15. Staff in other locations include Canada 21, South Africa 8, London 2.
2. Organise around our clients

Our new organisation structure is yielding efficiency, alignment and collaboration benefits

**Efficiency**
- All products brought under a single division
- Move to eliminate duplication

**Alignment**
- Divisions now aligned with clients and markets
- Greater transparency of product profitability

**Collaboration**
- Collaboration within BFS and cross-division referrals
- Sharing of ideas to leverage platforms and capabilities
- BFS and CAF collaborated to gain deep insights of the accounting segment to identify opportunities for Macquarie
3. Invest to support growth

Modernising our technology

CORE BANKING PROJECT

The Core Banking transformation program will simplify, streamline and centralise our product and transactional functions

- Currently in year two of a five year program to deliver the Core Banking platform with real time capability, enabling us to provide basic banking products and improved functionality
- Partnered with world leading organisations including Accenture as our delivery partner and SAP as our Banking Platform
- The platform will enhance client experience across all loan and deposit products and services
- Our transaction account is currently in internal pilot before launch later this year
- Existing products to be migrated to the platform and new products introduced from year two
- Program will also support regulatory requirements
3. Invest to support growth

Modernising our technology

**DIGITAL TRANSFORMATION**

Our digital transformation will continue to improve prospective client experience and scalability of our operating model

- Invested to build expertise and leadership capability to drive our digital engagement strategy
- Creating a unified experience for clients across the Macquarie digital platform
- Enabling self-service through simplified service content and intelligent search
- Building advanced digital marketing capabilities
- Delivering white label digital capability to our partners
- Using data more effectively to better serve client needs
- Mobile banking applications are on the horizon
4. Grow from our strengths

Personal Banking

Ability to develop partnerships delivering benefits to both parties

- **Channel**
  - **Individuals**
  - **Intermediaries**

- **Products**
  - Mortgages, savings accounts, term deposits, credit and debit cards, transaction accounts

- **Capabilities**
  - Direct Sales & Distribution
  - Institutional Sales
  - Broker BDMs
  - White labelling

- **Platforms**
  - Core Banking, Digital and Cards

Recent Highlights:
- Appointed issuing partner for Woolworths Money credit cards; successfully migrated portfolio to Macquarie systems
- Invested further in YBR, supporting Vow Financial and Resi Home Loans acquisitions
- $A1.4b residential mortgage portfolio acquired Oct 14
- Entered white label agreements with Mortgage Choice, Real and Homeloans Ltd
4. Grow from our strengths
Wealth Management

Depth and longevity of relationships with intermediaries and clients

Our Clients

- **Individuals**
- **Intermediaries**

Channel

Capabilities

- **Macquarie advisers**
  - Stockbroking and financial planning services
  - Integrated wealth management to very high net worth Australians

- **Third Party**
  - Advisers: Financial Planners, Risk Specialists, Accountants, Stockbrokers
  - Business advisory services for financial intermediaries, with virtual adviser network
  - Partnering with other Advisers and Institutions to support advice model

Products

- **Investment, Strategic and Insurance Advice**
- **Deposits, Wrap, Insurance, Online Trading**

Recent Highlights:

- Macquarie Wrap introduced separately managed accounts, international listed securities and domestic fixed income securities
- New market-leading Strategic Advice Platform (Xplan) implemented within advice business, improving client experience, compliance and efficiency
- Strong growth in virtual adviser network offering
- Award-winning Cash Management Account used by more than one in four self-managed superannuation funds
Two-year Implementation Plan

- Enforceable Undertaking finalised on 29 January 2015
- Independent Expert, KPMG, submitted final report to ASIC, confirming that all deliverables outlined in the Implementation Plan have been completed
- Key improvements
  - Substantial investment: approximately $A49 million over two years in processes, practices and systems
  - New and improved advice documentation
  - Significant improvement in record keeping, supported by new technology and enhanced business processes
  - Ongoing review of advisers and client advice supported by investment in technology and people
  - Supervised compliance knowledge assessment for advisers and implementation of external, independent compliance training
  - New management team and additional compliance staff

Commitment to continuous improvement

Macquarie program agreed with ASIC to build on work done during the two-year EU Implementation Plan and to ensure change is sustained

- Address outstanding items raised in Independent Expert’s final report
- Engagement with ASIC over the next 12 months
- Third-party testing of operational effectiveness

Client remediation update

- Remediation assessment based on consistent application of Financial Ombudsman Service approach
- Continued oversight by ASIC and Deloitte
- Macquarie-initiated review: 305 cases assessed by Remediation Review Panel (RRP); 61 eligible for compensation
- Client-initiated review: approximately 189,900 letters sent to all current and former clients
  - 831 complaints¹; 1,627 file review requests¹
  - 326 cases assessed by RRP²
    - 19 eligible for compensation²
- Estimated remediation amount is fully provided for

¹. As at 13 Feb 15. These numbers are subject to change through the remediation process as additional information is received from clients. This may include the merging of responses and/or decisions from the process.
². As at 13 Feb 15.
4. Grow from our strengths
Business Banking

Differentiation through specialist markets expertise and exceptional client service

Our Clients

SMEs and small corporates

Foundation (core client) segments: Strata Managers, Residential & Commercial Real Estate Agents, Insurance Brokers, Accountants, Financial Planners, Insolvency Practitioners and Lawyers

Adjacent Segments: Fee-for-service professionals

Broader Mid-market: Small and emerging corporates, regardless of sector, who value service, relationship and knowledge-based banking

Channels

Relationship Managers
High touch relationships

Partner distribution
e.g. commercial finance brokers

Products

Loans, deposits, transaction and payment services

Services and Solutions

DEFT - invoicing, receipting, reconciling and payments

Business process outsourcing services

Platform

Online banking

Recent Highlights:

- Average business banking deposit volumes up 17% on pcp and loan volumes up 25% on pcp for the Dec 14 quarter
- New solutions to improve SME clients’ business productivity; including managing billing, collections, office administration
- Significant opportunities to extend existing model into adjacent segments; including other fee-for-service professionals
- Client retention ~91% over past five years
- Business banking SME clients up 14% on pcp
4. Grow from our strengths

Significant relationships strengthened with leading Australian brands

- Mortgages with Qantas Points launched
- Credit cards with Qantas Points launched
- White label mortgages
- White label mortgages and credit cards
- White label credit card
- Co-branded credit card
- White label insurance bundled with mortgages
- JV partner for Premium Funding
- White label financial products
- White label mortgages
- White label mortgages

- Acquired Woolworths branded credit card portfolio in May 14
- Completed migration of card accounts and data to Macquarie systems in Oct 14
- Launched YBR branded credit cards and deposits in Sep 13
- Continued growth of existing white label mortgage volumes
- Invested further in YBR, supporting its acquisition of Vow Financial and Resi Mortgages
Profit growth and investment

Strong underlying earnings growth whilst engaging in major investment programs

### Net profit ($Am)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit ($Am)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>243</td>
</tr>
<tr>
<td>FY14</td>
<td>260</td>
</tr>
<tr>
<td>1H15</td>
<td>141</td>
</tr>
</tbody>
</table>

### Project expenses ($Am)

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Expenses ($Am)</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>106</td>
<td>9%</td>
</tr>
<tr>
<td>FY14</td>
<td>129</td>
<td>11%</td>
</tr>
<tr>
<td>1H15</td>
<td>88</td>
<td>15%</td>
</tr>
</tbody>
</table>

- Project Expenses
- % of Revenue
Strong volumes growth across major products

**Product FUM – Retail Deposits ($Ab)²**

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.6</td>
<td>29.0</td>
<td>31.0</td>
<td>33.3</td>
<td>35.7</td>
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</tbody>
</table>

**Product FUM – Business Lending ($Ab)²**

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>Dec-14</th>
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<tbody>
<tr>
<td>2.6</td>
<td>3.0</td>
<td>3.3</td>
<td>3.8</td>
<td>4.6</td>
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</tr>
</tbody>
</table>

**Product AUA¹ – Platforms ($Ab)**

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.7</td>
<td>23.9</td>
<td>27.5</td>
<td>40.3</td>
<td>43.2</td>
<td></td>
</tr>
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</table>

**Product FUM – Australian Mortgages ($Ab)**

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.6</td>
<td>10.8</td>
<td>11.8</td>
<td>17.0</td>
<td>22.3</td>
<td></td>
</tr>
</tbody>
</table>

Full year results to 31 March in FY11-FY14, 9 months to Dec 2014. ¹ AUA for FY12 – Dec 14 includes Wrap, Retail Super, EPS and ISF. FY11 AUA only includes Wrap. ² FUM balance represents average loan volumes across the period, Dec 14 is YTD.
Australian mortgage portfolio history

New loan settlements per Financial Year ($Ab)

Balance outstanding of portfolio as at end of Financial Year ($Ab)

Excludes BB, AHL-CBA & CAF Reverse Mortgages
New mortgage composition
Recently originated mortgages in line with market and peers

New loan settlements during the Dec 14 qtr

<table>
<thead>
<tr>
<th>Borrower purpose</th>
<th>Geography</th>
<th>Loan Value Ratio (origination LVR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>NSW 44%</td>
<td>&lt;=80 81%</td>
</tr>
<tr>
<td>Investment</td>
<td>QLD 18%</td>
<td>80-90 12%</td>
</tr>
<tr>
<td></td>
<td>VIC 23%</td>
<td>&gt;90 7%</td>
</tr>
<tr>
<td></td>
<td>WA 11%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other 4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>NSW 40%</td>
<td>&lt;=80 77%</td>
</tr>
<tr>
<td>Investment</td>
<td>QLD 16%</td>
<td>80-90 12%</td>
</tr>
<tr>
<td></td>
<td>VIC 26%</td>
<td>&gt;90 11%</td>
</tr>
<tr>
<td></td>
<td>WA 12%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other 6%</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

New mortgage composition
Loan to value ratios

Loans with LVR of >90% have reduced significantly since early 2013

New loan settlements Loan to Value Ratio (LVR) bands (origination LVR)

Excludes BB, ING, AHL-CBA & CAF Reverse Mortgages.
Well positioned for medium term

1. **FOCUS ON OUR OPPORTUNITY**
   - Australian focussed business with a comprehensive set of sophisticated, award-winning retail products and services

2. **ORGANISE AROUND OUR CLIENTS**
   - New client focussed organisation structure is yielding efficiency, alignment and collaboration benefits

3. **INVEST TO SUPPORT GROWTH**
   - Modernising technology to improve client experience and support sustained profitable growth

4. **GROW FROM OUR STRENGTHS**
   - Strong growth opportunities through intermediary distribution, white labelling, platforms and client service