MACQUARIE

Macquarie Group Limited

Operational Briefing

Presentation to Investors and Analysts
9 February 2010

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Agenda

9.40 – 10.10	Update since the Interim Result – Nicholas Moore
10.10 – 10.30	Macquarie Securities Group – Roy Laidlaw
10.30 – 10.50	Morning tea
10.50 – 11.10	Macquarie Capital Group – Michael Carapiet
11.10 – 11.30	Banking and Financial Services Group – Peter Maher
11.30 – 11.50	Corporate and Asset Finance Group – Garry Farrell

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Update since the Interim Result Announcement

Nicholas Moore
Managing Director and Chief Executive Officer

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Overview

- Economic conditions continue to trend back to normal
- As foreshadowed in October, strong market conditions experienced in 1H10 have moderated in certain areas including Australian ECM and credit businesses
  - Dec qtr total ASX market turnover down 12% on Sep qtr; Dec qtr total Asian equities (ex-Japan) market turnover down 11% on Sep qtr
  - Dec qtr Australian ECM down 26% on Sep qtr; Dec qtr Australian M&A up 33% on Sep qtr[1]
  - Continuing credit spread contraction across the debt spectrum
  - Improved inflows across wholesale fund products
  - Improved inflows across retail WRAP platform and deposits
  - Growth in lending, leasing and loan volumes
- Dec qtr operating result for MSG, MacCap, FICC and CAF down on strong Sep qtr but up on Jun qtr
- BFS and MFG Dec qtr operating result broadly consistent with prior quarters, with growth in funds under management and clients

1. Thomson Reuters, deals completed basis.

Overview

- Organic growth initiatives continuing across the Group
  - MSG – 16 director level hires[1] in Dec qtr, predominantly in cash equities
  - MacCap – 13 director level hires[1] in Dec qtr across a range of regions but predominately offshore, expanded product offering with North American DCM team successfully underwriting and distributing 10 deals in Dec qtr
  - FICC – 18 director level hires[1] in Dec qtr, predominantly for Emerging Markets and Credit Trading expansion into Europe and FICC focus in Asia
- Completion of acquisitions which strengthen our product offering and global presence
  - Delaware Investments[2], US funds management business with AUM at 31 Dec 09 of $US134b
  - Blackmont Capital[3], Canadian retail broker with AUM at 31 Dec 09 of $C7.9b
  - Announced acquisition of Sal. Oppenheim's cash equities, equity derivatives and structured products businesses[4]
  - Acquisition and integration costs estimated for FY10 at approx $A80m (pre profit share and tax)
- Remuneration
  - Changes to remuneration policy approved by MQG security holders on 17 Dec 09 to increase the level of deferred share based payments to Executive Directors which will partly defer profit share expense (see Appendix C)

1. Non-acquisition related. 2. Delaware acquisition completed 4 Jan 10 effective 5 Jan 10. 3. Blackmont acquisition completed 31 Dec 09 effective 1 Jan 10. 4. Acquisition of Sal. Oppenheim's equity derivatives and structured products business announced 23 Dec 09, acquisition of cash equities business announced 5 Feb 10

Overview

- Regulation
  - Dec 09 APRA discussion paper outlining proposed changes to prudential standards to implement Basel II proposal (Jul 09) to increase capital for market risk. Implementation Jan 11
  - Dec 09 Basel II proposed changes outlined in “Strengthening the resilience of the banking sector”. Consultation period until Apr 10, published changes Dec 10, implementation Dec 12
  - Overall minimum regulatory capital requirements for financial institutions are likely to increase

More than 13,200 staff in 28 countries[1]

Approximately 14,400 staff including Delaware and Blackmont acquisitions[2]

EMEA

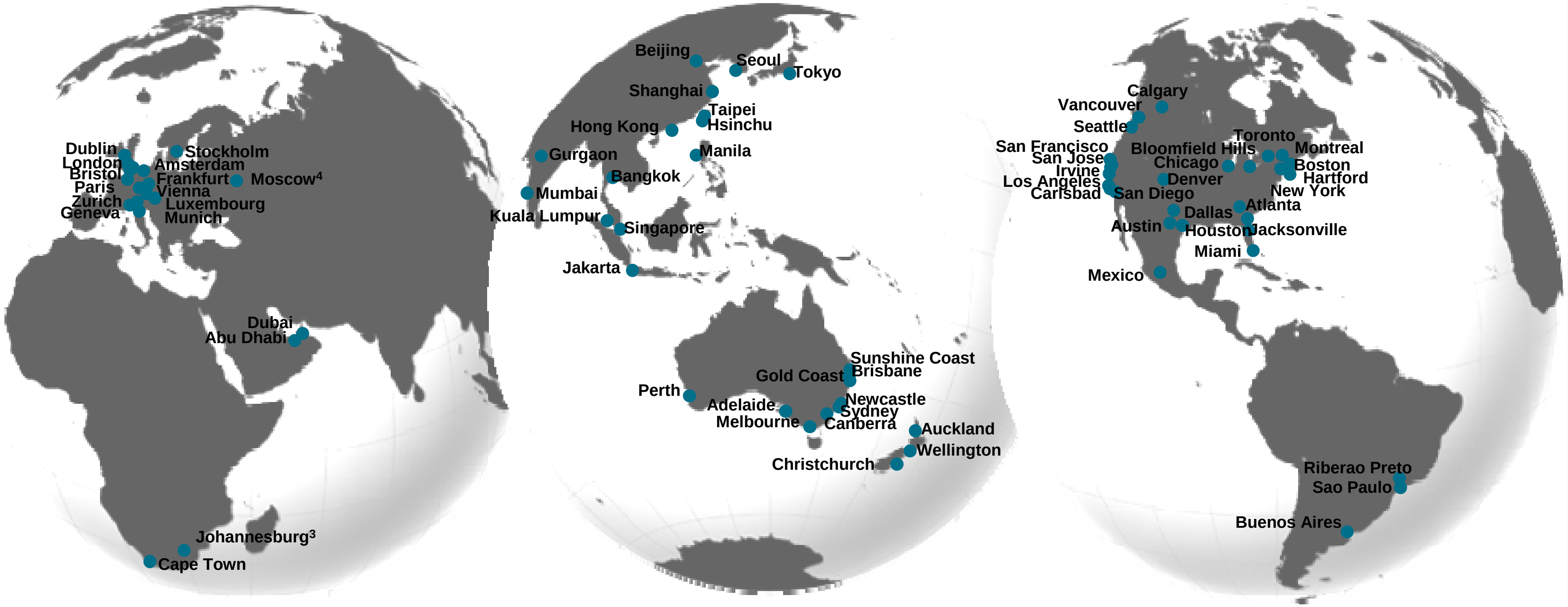
1,456 staff

ASIA PACIFIC

2,267 staff

AMERICAS

2,414 staff



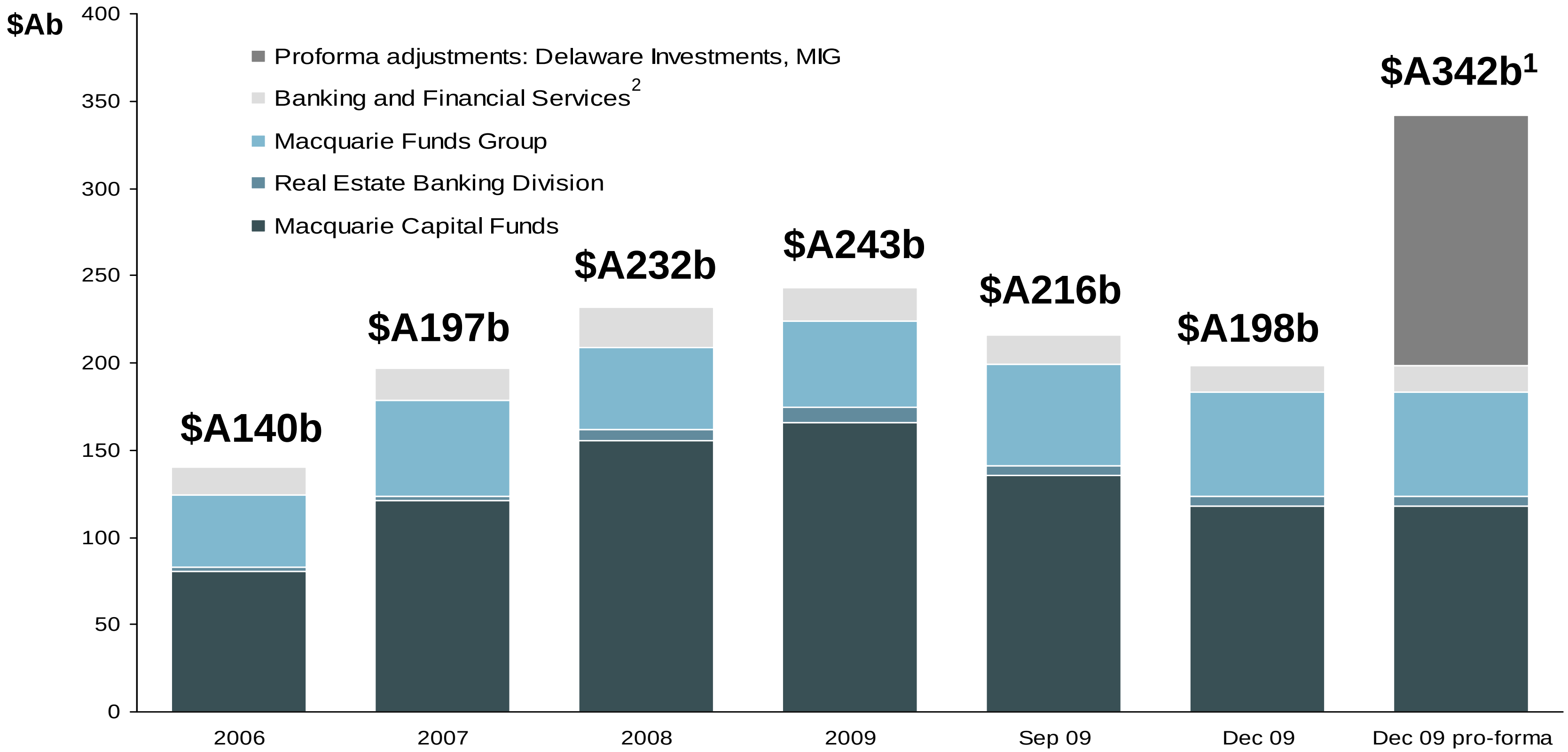
AUSTRALIA

7,086 staff

1. Staff numbers at 31 Dec 09. 2. Pro-forma figure includes staff from Blackmont (closed 31 Dec 09, effective 1 Jan 10) and Delaware (closed 4 Jan 10, effective 5 Jan 10) . 3. Excludes staff in Macquarie First South joint venture. 4. Staff seconded to joint venture not included in official headcount (Moscow: Macquarie Renaissance Medallist)

Assets under management of $A342b[1]

- Dec 09 AUM decreased by $A18b mainly due to the internalisation of MAp and the strengthening of the $A since Sep 09
- Significant increase in Dec 09 pro-forma AUM relating to Delaware acquisition by Macquarie Funds Group



1. Dec 09 pro-forma AUM includes Delaware acquisition (approx $A149b 31 Dec 09 balance converted using 31 Dec 09 exchange rates) and MIG restructure impact (decrease of approx $A6b). 2. The Macquarie CMT, included in BFS AUM above, is a BFS product that is managed by MFG

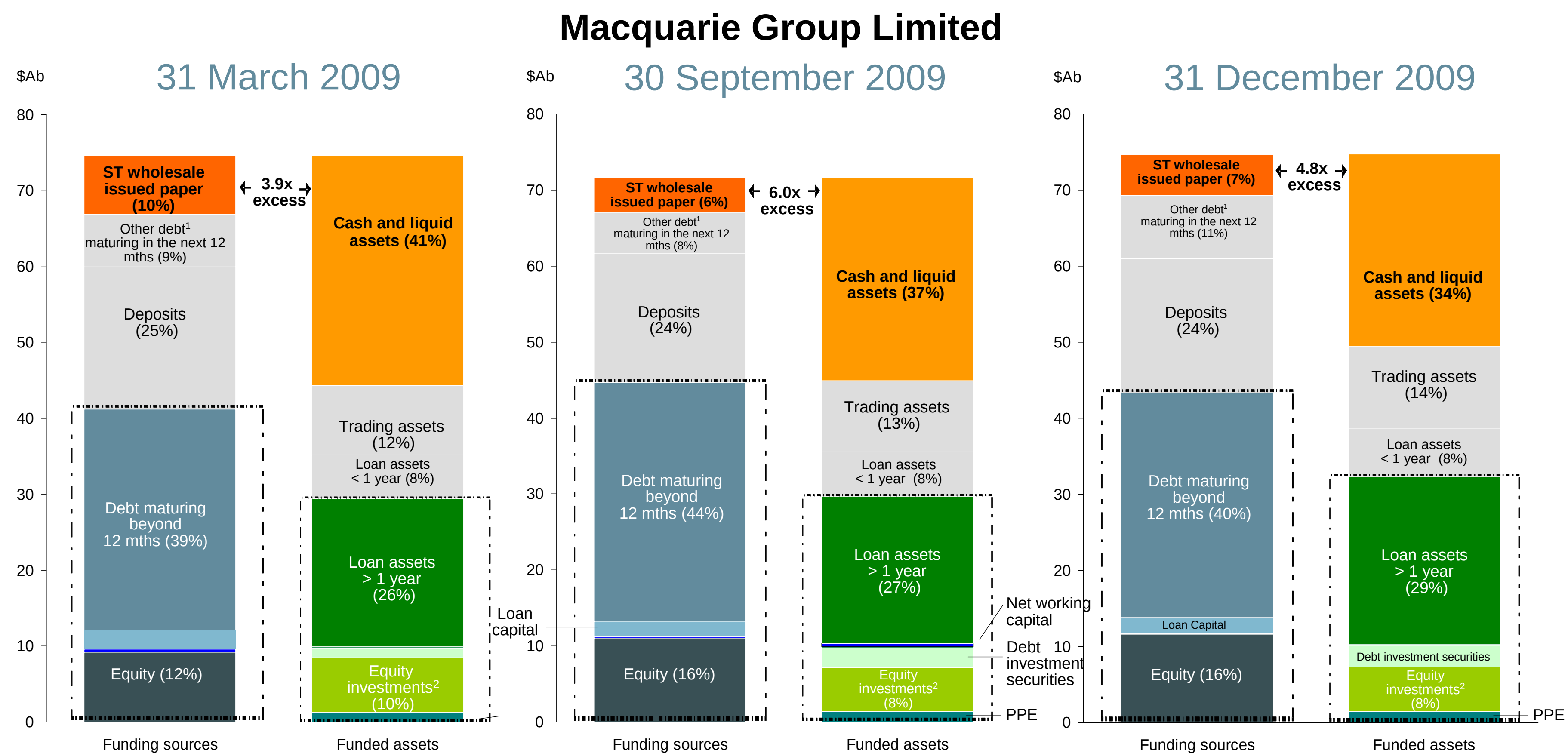
Strong funding and balance sheet position

- Short-term wholesale issued paper continues to be a small portion of overall funding sources, 7% at Dec 09
- Total retail deposits increased to $A14.5b at Dec 09 from $A13.9b at Sep 09
- Removal of Government guarantee was anticipated and is not expected to impact funding position
  - No debt issued under the Government guarantee since Aug 09
- In Jan 10, MQG issued a $US1b 10 year bond, bringing total MQG non-Government guaranteed debt issued to $US2.5b over last 6 months
  - Results in an increase to the Group weighted average term to maturity of term funding from 3.8 years at Sep 09 to 3.9 years at Dec 09[1]
- Capital of $A11.9b, $A4.5b[2] in excess of the Group's minimum regulatory capital requirement
  - MBL Banking Group tier 1 capital ratio 10.4% Dec 09 (11.7% Sep 09)

1. Pro-forma at 31 Dec 09 including $US1b bond issued on 10 Jan 10. 2. Excludes impact of acquisition of Delaware Investments, which would result in a capital surplus of $A4.0b

Funded balance sheet remains strong

As foreshadowed, surplus cash and liquid assets are being deployed



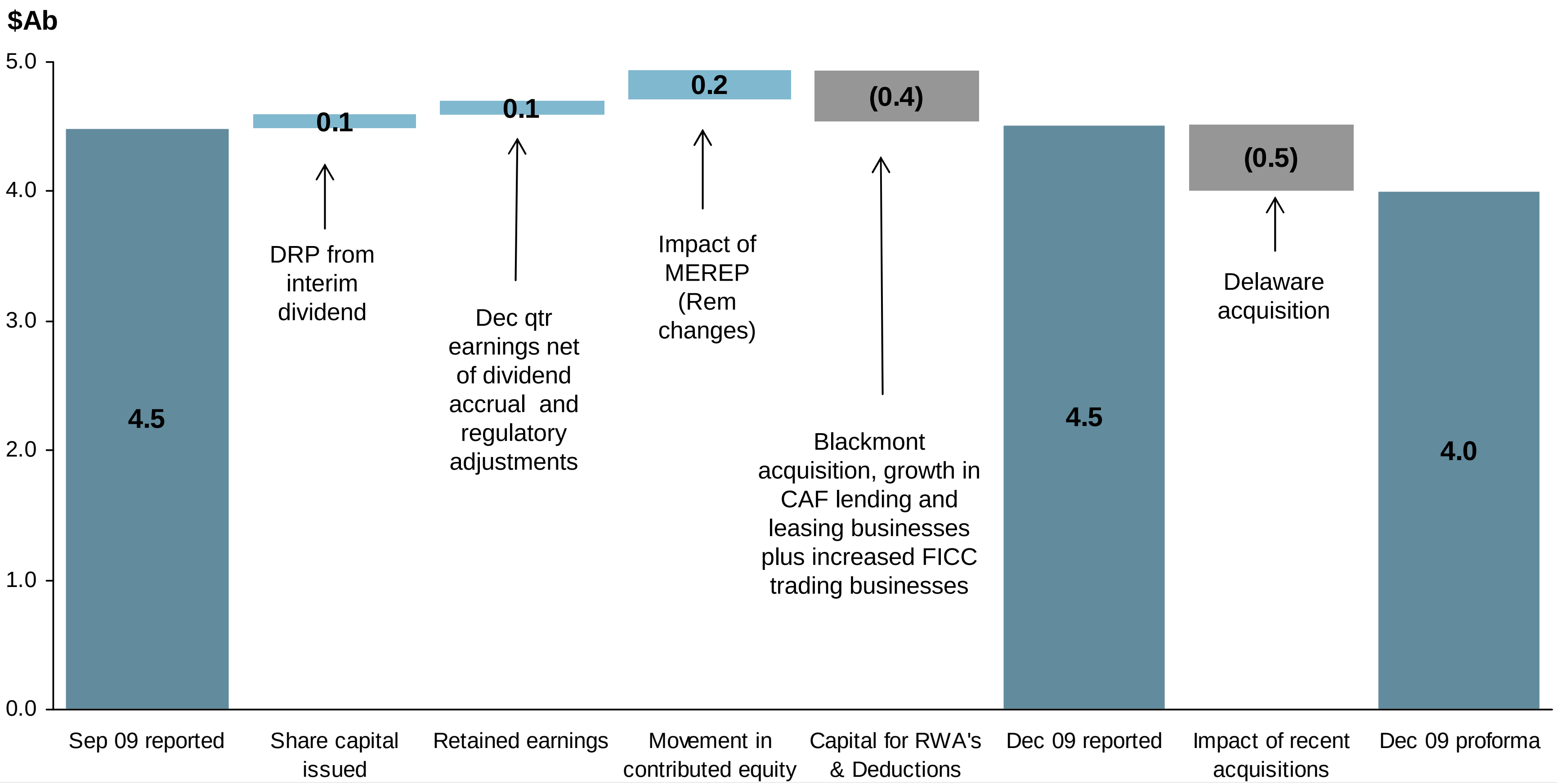
Note: These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to the Groups statutory balance sheet, refer to Macquarie Group limited's Result Announcement for the half year ended 30 Sep 09.

1. Includes structured notes, secured funding, bonds, other bank loans maturing within the next 12 mths and net trade creditors. 2. This represents the Group's co-investment in Macquarie-managed funds and equity investments

Total capital surplus of $A4.5b

Including Delaware acquisition proforma capital surplus of $A4.0b[1]

- Total capital of $A11.9b at 31 Dec 09, a $A4.5b buffer of capital in excess of the Group's minimum regulatory capital requirements
- Strong Banking Group capital ratios at 31 Dec 09 - Tier 1: 10.4%; Total Capital: 11.9%



1. Delaware acquisition closed 4 Jan 10, effective 5 Jan 10

Macquarie model – focus over the medium term

- Client driven business
  - Main business focus is providing products and services to clients
  - Trading businesses focussed on client transactions
  - Minimal proprietary trading
- Alignment of interests with shareholders, investors, staff
  - Alignment through co-investment by Macquarie Group and staff
  - Performance driven remuneration
- Conservative approach to risk management
  - Conservative capital and funding profiles
  - Apply a stress test approach to all risk types, examining the consequences of worst case outcomes and gaining confidence they can be tolerated
  - Determine aggregate risk appetite by assessing risk relative to earnings more than by reference to capital
- Incremental growth and evolution
  - Significant portion of profit comes from businesses that did not exist five years ago but grow from areas of real expertise
  - Business initiatives driven from within the operating groups which are closest to markets and clients
- Diversified by business and geography
- An ability to adapt to change

Outlook

- Uncertain markets make short term forecasting difficult however we currently estimate 2H10 profit to be broadly in line with 1H10 profit including expected one-off items such as
  - Listed fund initiatives
  - Accounting for deferred remuneration
  - Acquisition & integration costs
  - Impairments
- Potential for 2H10 profit to be approximately 10% higher than 1H10 profit
- 2H10 profit outlook remains subject to market conditions, significant swing factors and unexpected one-off items
  - Swing factors include completion rate of transactions, asset realisations and asset prices
  - One-off items include factors such as the periodic review of potential impairment charges
- As previously stated, FY10 trading likely to be characterised by:
  - Income statement:
    - Fewer one-off items (e.g. writedowns and provisions)
    - Higher compensation ratio to be consistent with historic levels
    - Increased effective tax rate to be consistent with historic levels
    - Lower earnings on capital reflecting lower global interest rates
    - Higher cost of funding
  - Balance sheet:
    - Decrease in cash balances as funds deployed across the businesses
    - Maintain equity investments at or below existing levels
    - Lower investment levels in listed funds
- Despite improving trends in a number of major markets, we continue to maintain a conservative approach to funding and capital
- Strong balance sheet, strong team and encouraging market conditions provide opportunities for medium term growth

A

Appendix

Additional information – 31 Dec 09 Capital

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Macquarie Group regulatory capital
Surplus calculation

	$Am	
Macquarie Group eligible capital:		
Banking Group Gross Tier 1 capital	7,035	
Non-Bank eligible capital	4,914	
Eligible capital	11,949	(a)
Macquarie Group capital requirement:		
Banking Group contribution		
Risk-weighted assets (excluding intra-group exposures)[1]	48,207	
Internal minimum Tier 1 ratio (Bank)	7%	
Capital required to cover risk-weighted assets	3,374	
Tier 1 deductions	1,983	
Banking Group contribution	5,357	
Non-Banking Group contribution	2,110	
Capital requirement	7,467	(b)
Surplus over Group's minimum regulatory capital requirement	4,482	(a)-(b)

1. In calculating the Bank's contribution to Group capital requirement, RWA associated with exposures to the Non-Bank are eliminated ($A425m at 31 Dec 09)

Macquarie Group regulatory capital

Banking Group contribution

	Risk weighted assets $Am	Tier 1 Deductions $Am	Capital Requirement[1] $Am
Credit and equity risk			
On balance sheet	27,481		1,924
Off balance sheet	9,670		677
Credit and equity risk subtotal	37,151		2,601
Market risk	2,952		207
Operational risk	6,822		478
Other	1,282	1,983	2,071
Contribution to Group capital calculation	48,207	1,983	5,357
MBL intra-group loan to MGL	425[2]		
Banking Group standalone risk-weighted assets	48,632		

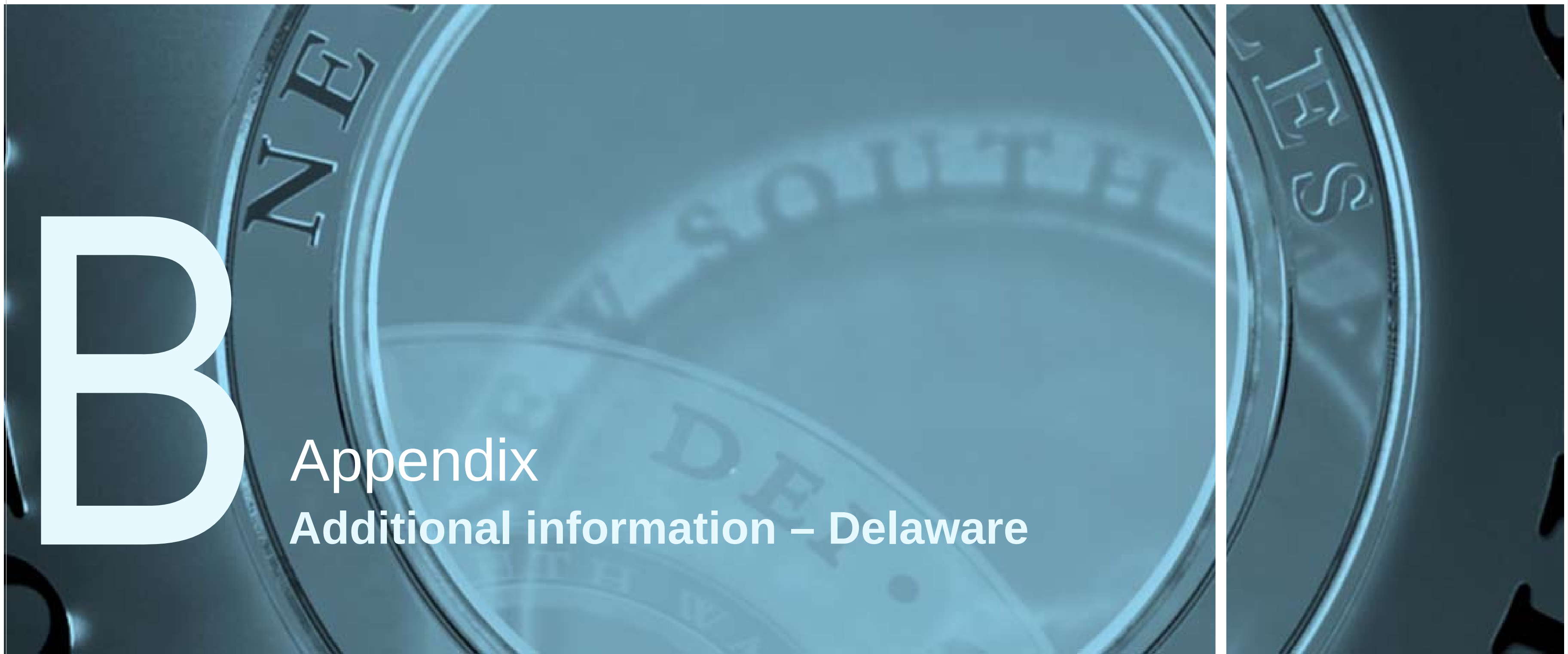
1. The capital requirement is calculated as the capital required for RWA, at the internal minimum Tier 1 ratio of the Banking Group (7%), plus Tier 1 deductions. 2. Intra-group loan eliminated for calculation of Group capital requirement

Macquarie Group regulatory capital
Non-Banking Group framework

- 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-Banking 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 II regulatory capital framework for Banks, with both calculating capital at a one year 99.9% confidence level:

Risk[1]	Basel II	ECAM
Credit	▪ Capital requirement determined by Basel II formula, with some parameters specified by the regulator (e.g. loss given default)	▪ Capital requirement determined by Basel II formula, but with internal estimates of some parameters
Equity	▪ Simple risk-weight approach or deductions. Tier 1 capital requirement between 24% and 50% of face value[2]	▪ Extension of Basel II credit model to cover equity exposures. Capital requirement between 38% and 82% of face value; average 51%
Market	▪ 3 times 10 day 99% Value at Risk (VaR) plus a specific risk charge	▪ Scenario-based approach. Greater capital requirement than under regulatory regime
Operational	▪ Basel II Advanced Measurement Approach	▪ Basel II Advanced Measurement Approach

1. The ECAM also covers 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 as well as non-traded interest rate risks. 2. Assuming an 8% Tier 1 ratio, the 300% and 400% risk weightings for equity exposures under Basel II equate to a capital requirement of 24% or 32%. Any deductions required for equity exposures are 50/50 Tier 1 and Tier 2, hence a 50% Tier 1 capital requirement



B

Appendix

Additional information – Delaware

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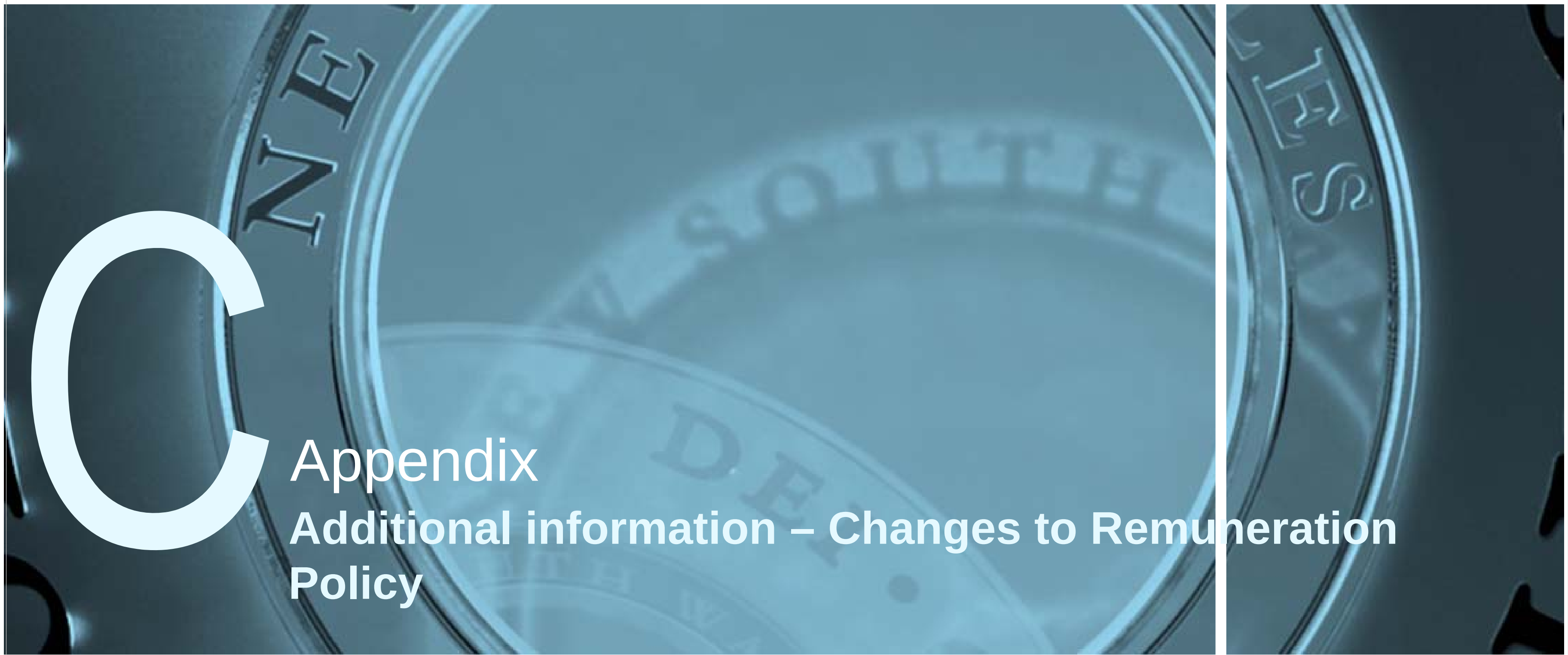
Delaware acquisition

- Completed acquisition of Delaware Investments, a US-based diversified asset management firm on 4 Jan 2010[1]
- Over 20 Macquarie staff now based within Delaware teams in Philadelphia
- First joint mutual fund launched in the US - Delaware Macquarie Global Infrastructure Fund
- Sales team in US combined under Delaware Head of Distribution to provide a single point of contact to market
- Opportunities for exporting Delaware products through Macquarie distribution network in Europe and Asia
- Harmonisation of risk management policies well progressed
- Transitioning to a unified IT environment
- Trading profitably

1. Delaware acquisition closed 4 Jan 10, effective 5 Jan 10



C Appendix

Additional information – Changes to Remuneration Policy

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Changes to remuneration policy

As disclosed in the Macquarie Group Limited Explanatory Memorandum for the General Meeting held on 17 Dec 09, changes were proposed to the Macquarie Group remuneration policy to:

- Increase the level of deferred share based payments to Executive Directors; and
- To replace the issuance of options for Executive Directors with restricted share units (and performance share units for Executive Committee members)

Changes to the remuneration policy were approved on 17 Dec 09. Impact of the changes on the FY10 financial statements include:

- Transitioned amounts (FY08 and prior):
  - Currently recognised as a liability and will be transferred to contributed equity
  - Difference between the value of transitioned amount at the date of the equity grant and the value based on the VWAP from 4 May 09 to the date of the 2009 AGM of $A36.36 is considered to be a share based payment transaction. This amount is amortised over the vesting period with the corresponding amount recognised in a share based payment reserve
- Retained profit share from 2009:
  - Previously recognised in Macquarie's 2009 financial statements as an expense with a corresponding liability
  - Following investment in the MEREP, liability credited back to the income statement
  - Value of the amount invested in the MEREP at the date of equity grants will be recognised as a share based payments expense over the vesting period, with corresponding amounts recognised in each period in the share based payment reserve
- Profit share going forward:
  - Value of the amount invested in the MEREP at the date of equity grants will be recognised as a share based payments expense over the vesting period, with corresponding amounts recognised in each period in the share based payment reserve

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