Update since the Interim Result Announcement

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Macquarie Group Limited

Operational Briefing

7 February 2012 – Presentation to Investors and Analysts

Overview

- Since our 1H12 result announcement, global economic uncertainty has deepened, with substantially lower levels of client activity in many markets, for example:

	CY11 v CY10		Dec 11 qtr v Sep 11 qtr	
	Asia	**Australia**	**Asia**	**Australia**
Cash equities (value traded)[1]	Down 4%	Down 4%	Down 24%	Down 25%
ECM (IPOs by value)[2]	Down 48%	Down 87%	Down 4%	Down 61%

- Macquarie's annuity-style businesses are performing in line with expectations. Combined, annuity-style businesses' (Macquarie Funds, Banking and Financial Services and Corporate and Asset Finance) FY12 net profit contribution[3] is expected to be up 20% on pcp
- FICC saw improved conditions in a number of markets to deliver a Dec 11 qtr net profit contribution up on pcp and significantly up on prior period
- Macquarie Securities Group (MSG) and Macquarie Capital were severely impacted by macroeconomic conditions, with Dec 11 qtr net profit contributions from both groups significantly down on pcp and prior period
  - MSG 2H12 operating income[3] is expected to be down 55% on pcp with FY12 down 35% on pcp
    - ECM down 60%, DD1 down 50% and cash equities commissions down 25% for FY12 on pcp
  - Macquarie Capital 2H12 operating income is expected to be down 35% on pcp with FY12 down 30% on pcp

1. Asia - Hang Seng Index + Nikkei. Australia - ASX200. 2. ThomsonOne. 3. Operating Income represents revenues less those expenses directly attributable to the revenues. Net Profit Contribution is operating income less operating expenses and is reported before profit share and income tax.

Overview

- In total, capital market facing businesses (MSG, Macquarie Capital and FICC) FY12 operating income[1] is expected to be down approx. 25% on pcp, with FY12 net profit contribution[1] expected to be down approx. 80% on pcp
- Dec 11 qtr included the receipt of the $A300m cash amount from MAp which has been recorded as income
- Annuity-style businesses' operating expenses for FY12 are expected to be down 5% on pcp
- Capital market facing businesses' operating expenses for FY12 are expected to be down approximately 10% on pcp
  - MSG operating expenses anticipated to be down approx. 20% in 2H12 on pcp with FY12 down approx. 10% (~$A100m) on pcp
  - Macquarie Capital operating expenses anticipated to be down approx.15% in both 2H12 and FY12 (~$A100m FY12) on pcp

1. Operating income represents revenues less those expenses directly attributable to the revenues. Net Profit Contribution is operating income less operating expenses and is reported before profit share and income tax.

Overview

- Reported capital surplus at Dec 11 (APRA Basel II) remains unchanged from Sep 11 at $A3.5b
- Capital surplus measured under Harmonised Basel III expected to be approx. $A3.7b measured at 7%[1] and $A2.7b measured at 8.5%[2] (APRA 2016 requirement) at 31 Mar 12, $A0.9b[3] measured after APRA 'super equivalence'
  - This surplus capital is expected to allow the commencement of a buyback of up to 10% of MGL ordinary shares, subject to regulatory approval
  - Buyback expected to commence in first half of FY13 and to proceed concurrent with further capital actions

1. Pro-forma 31 Mar 12 surplus calculated using the Tier 1 capital ratio of 7% which is the 2013 requirement. 2. The Tier 1 capital ratio of 8.5% is not required by APRA until 2016 and includes the capital conservation buffer. Does not include future retained earnings or hybrid issuance. Capital requirements may vary with changes in market conditions. 3. APRA has advised that meeting fully implemented APRA's Basel III requirements (not otherwise required until 2016) is a pre-requisite for buyback approval.

Overview
Annuity-style businesses

Operating Group	Market positions	Developments since 1H12
Macquarie Funds	– Largest Australian-based asset manager, largest manager of infrastructure assets globally[1] – Ranked first in the Infrastructure Investor magazine listing of the largest infrastructure investors globally[2] – Won 20 Lipper Awards in 2011 for superior performance[3] – Delaware was ranked first in the "Barron's Fund Families Report" for 2011[4] – Asian Alpha hedge fund was named Asia Risk's Hedge Fund of the Year in 2011[5] and won the 2011 AsiaHedge award for the Best Asia (including Japan) Hedge Fund[6] – Macquarie Master Diversified Fixed Interest Fund awarded Best Global / Australian Bond fund[7]	– AUM has decreased from $A324b to $A314b primarily driven by $A16b of negative FX translation against $A6b of positive market movements, net inflows and acquisitions / restructurings – Continued to build out unlisted infrastructure funds platform – Continued to build out global distribution platform with senior hires in the US, Europe and Australia
Corporate and Asset Finance	– One of the largest providers of motor vehicle finance in Australia – One of North America's largest independent lessors of technology equipment	– Acquisition of portfolios (lending, UK meters and US rail) – Divestment of non-scalable businesses (sale of engine leasing business) – Recycling of loan portfolio through reinvestment of capital
Banking and Financial Services	– No.1 ranked full-service retail stockbroker in Australia[8] – Standard & Poor's Product Distributor of the Year (Professional Series)[9] – Macquarie Life Active awarded Canstar CANNEX Innovation Excellence Award for Financial Services	– Broadening existing annuity platforms to attract new funds – including providing administrative functions for Perpetual's $A8b wrap platform – Migrating Macquarie Private Wealth Asia to Julius Baer

1. Towers Watson Global Alternatives Survey, Jun 11. For pension assets under management. 2. Jun 11. 3. Including 4 group awards (for Delaware Investments and INNOVEST Kapitalanlage AG). 4. Barron's/Lipper's Best Fund Families of 2011. 5. For achievements in risk management and based on nominations by prime brokers in the region. 6. This award is based on producing the best risk-adjusted returns over a 12 month period. 7. Best Global / Australian Bond fund at the *Financial Review Smart Investor* Blue Ribbon Awards for Macquarie Master Diversified Fixed Interest Fund. 8. IRESS: consideration traded and volume, 31 Dec 11. 9. Global Equities Developed Markets category for the Independent Franchise Partners fund.

Overview
Capital market facing businesses

Operating Group	Market positions	Developments since 1H12
Macquarie Securities	– No.2 Australian institutional investors[1], No.3 Asian institutional investors[1], No.1 US institutional investors[2] and No.1 European institutional investors[1] overall sales and research into Australian equities – No.1 execution broker in Asia for execution quality, No.3 execution broker globally[3]	– Exited institutional derivatives in the US, UK, Asia and South Africa – Closed continental Europe operations – Paris, Munich, Zurich and selected US operations – Exited listed public derivatives in Germany – Reduced cash equities headcount in Europe and Japan
Macquarie Capital	– No.1 in Australia and NZ M&A by number of deals[4] – No.1 for Australian Equity and Equity-related deals[5] – Received 15 awards globally in 2011 including Best Domestic Equity House (Australia)[6] – Middle East Infrastructure Deal of the Year (Muharraq STP)[7] – Australian PPP Deal of the Year (New Royal Adelaide Hospital)[7] – Americas Deal of the Year (Puerto Rico PR-22 & PR-5 Toll Roads)[7] – FIG Capital Raising Deal of the Year (Asia Pacific) (Agricultural Bank of China)[8] – Equities Deal of the Year (Sino-Ocean Land)[8]	– Reviewed front and back-office costs and team sizes to reflect market opportunities – Entered strategic collaboration with Julius Baer in response to future private and investment banking opportunities in North and South East Asia
FICC	– ABS Deal of the Year (Macquarie SMART Series 2011-3 Trust)[9] – Winner: Commodity Business Awards for Excellence in Agriculture and Softs, No.2 for FX and No.1 for currency options[10] – No.4 US physical gas marketer in North America[11]	– Credit Trading ceased providing Latin American fixed income products – Selectively growing our niche physical businesses – recent additions to the offering include physical sugar

1. Peter Lee Australia. 2. Greenwich Associates. 3. Bloomberg. 4. Dealogic – Australia and NZ M&A completed deals (by deal count) for 1 Apr 11 - 31 Dec 11. 5. Thomson Reuters – total proceeds raised in this market, full value to each lead manager for 1 Oct 11 – 31 Dec 11. 6. AsiaMoney, Jun 11. 7. Project Finance International, Dec 11. 8. FT Banker Awards, May 11. 9. Insto Distinction Awards. 10. AFMA Financial Markets Report 2011. 11. Platts, Sep 11.

14,628[1] staff in over 28 countries

EUROPE, MIDDLE EAST & AFRICA[2]

Staff: 1,409

ASIA

Staff: 2,959

AMERICAS

Staff: 3,496

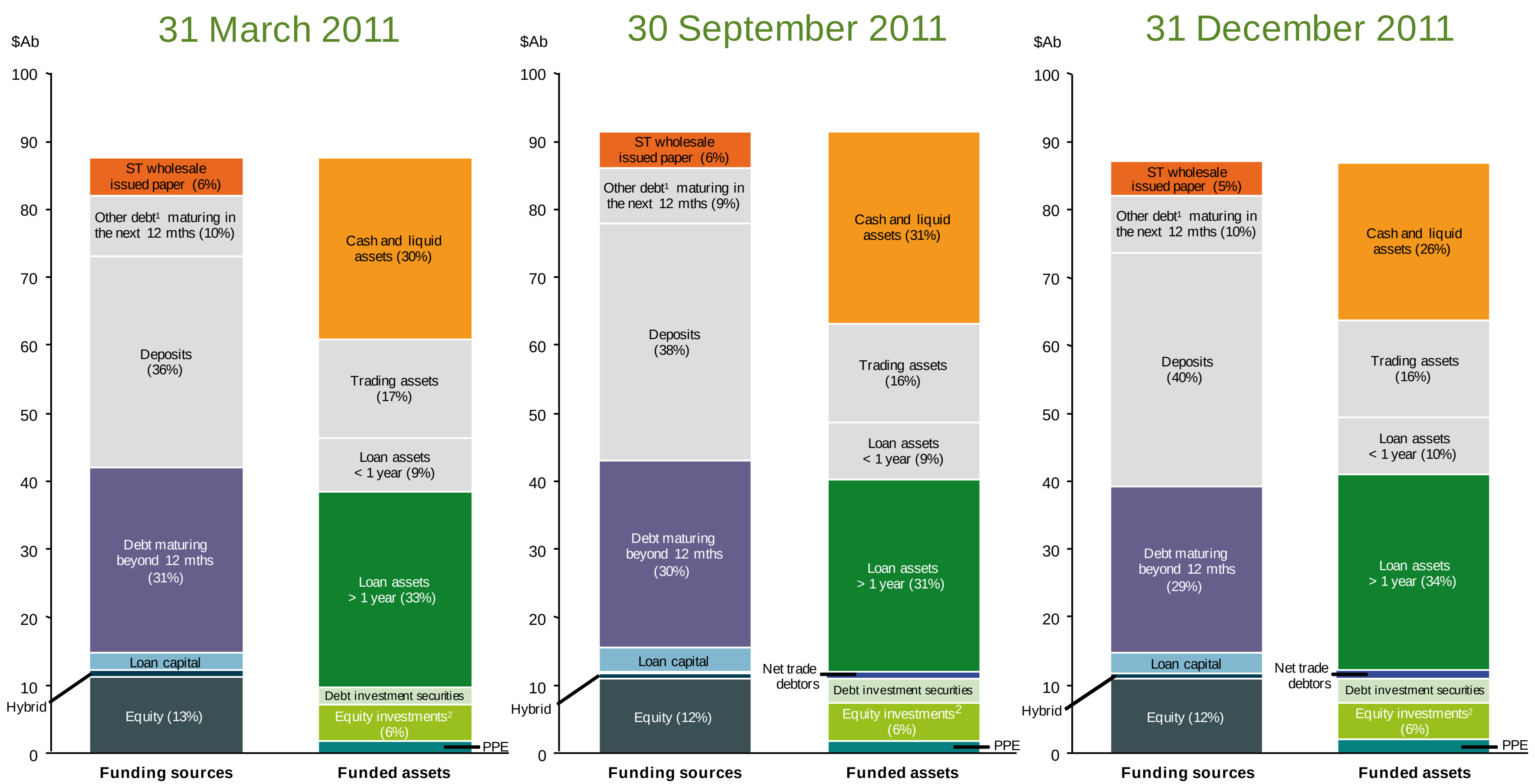
AUSTRALIA[3]

Staff: 6,764

1. Staff numbers as at 31 Dec 11. 2. Excludes staff in Macquarie First South joint venture and staff seconded to Macquarie Renaissance joint venture (Moscow). 3. Includes New Zealand.

Funded balance sheet remains strong

Macquarie Group Limited



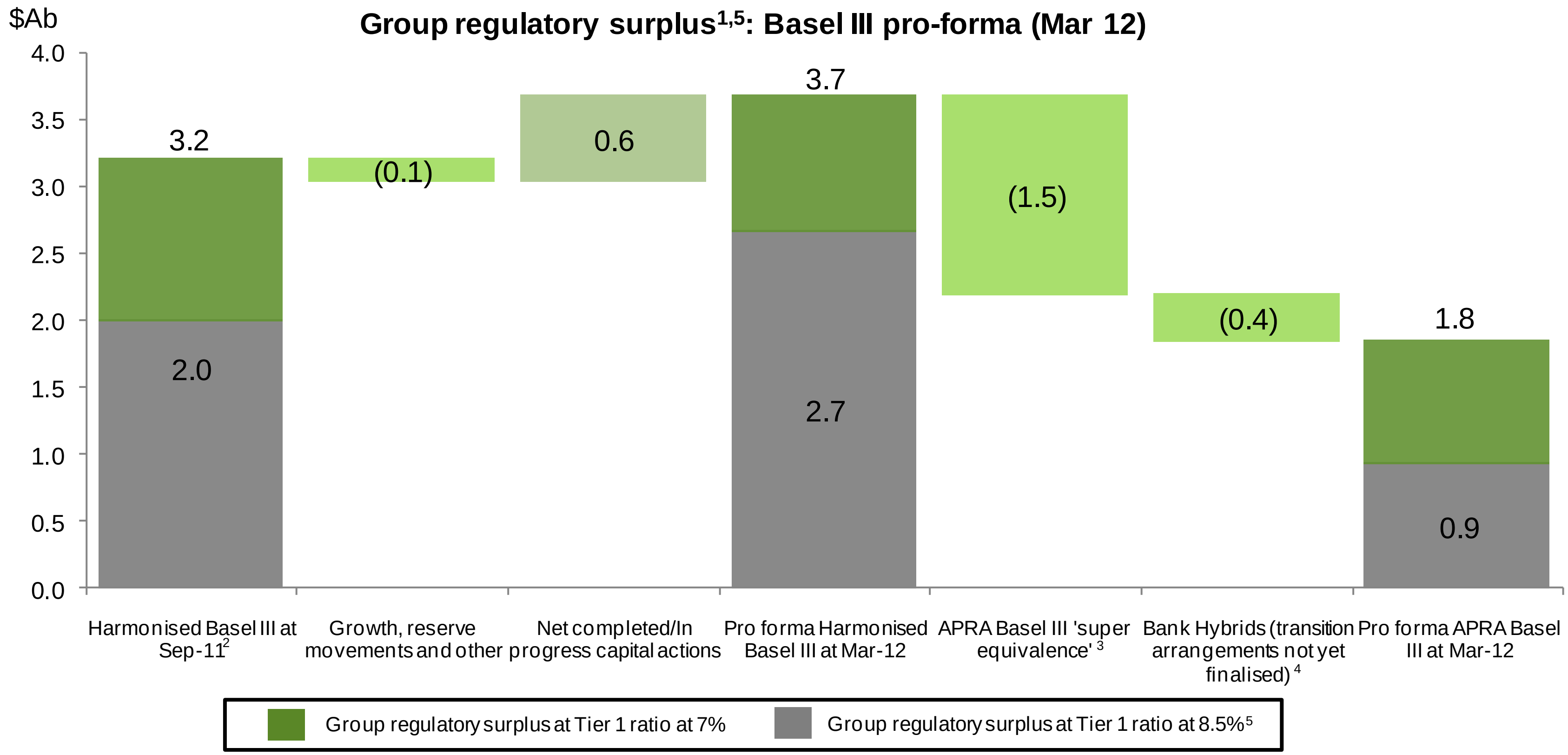
Note: These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above.

1. Includes Structured Notes, Secured Funding, Bonds, Other Bank Loans maturing within the next 12 months and Net Trade Creditors. 2. This represents the Group's co-investment in Macquarie-managed funds and equity investments.

Stable Basel III capital surplus

Strong Harmonised Basel III Banking Group capital ratios expected at Mar 12
Common Equity Tier 1: 11.2%; Tier 1: 11.8%

Group regulatory surplus[1,5]: Basel III pro-forma (Mar 12)



1.Group regulatory surplus is calculated (per the MGL NOHC authority) applying the internal minimum Tier 1 ratio of 7% in the banking group. Capital requirement may vary with changes in market conditions. 2. 'Harmonised' Basel III estimates assume full alignment with BIS in areas where APRA differs from the BIS. 3. APRA Basel III 'super-equivalence' includes full CET1 deductions of equity investments (-$A0.9b); deconsolidated subsidiaries (-$A0.4b); DTA's and other impacts (-$A0.2b). 4. Ineligible under APRA discussion paper; matter still to be finalised with APRA. 5. The Tier 1 capital ratio of 8.5% is not required by APRA until 2016.

Short term outlook

- Summarised below are the outlook statements for each operating group, the FY12 results for which will continue to vary with market conditions

	Net profit contribution				
Operating Group	**FY07- FY11 historical range**	**FY07-FY11 average**	**FY11**	**FY12 outlook as previously updated**	**Update to FY12 outlook**
Macquarie Securities	$A0.2b – $A1.2b	$A0.6b	$A0.2b	FY12 to be broadly in line with FY11 assuming better market conditions and higher completion of ECM pipeline than in 1H12	FY12 to make a negative contribution
Macquarie Capital	$A(0.1)b – $A1.6b	$A0.7b	$A0.2b[1]	FY12 to be broadly in line with FY11 assuming better market conditions and higher completion of ECM pipeline than in 1H12	FY12 to be significantly lower than FY11
Macquarie Funds	$A0.3b – $A1.1b	$A0.7b	$A0.5b[4]	FY12 to be up on FY11	No change
FICC	$A0.5b – $A0.8b	$A0.6b	$A0.6b	FY12 to be lower than FY11	No change
Corporate and Asset Finance	$A0.1b – $A0.6b[2]	$A0.2b	$A0.6b[1]	FY12 to be up on FY11	No change
Banking and Financial Services	$A0.1b – $A0.3b[3]	$A0.2b	$A0.3b	FY12 to be broadly in line with FY11	No change
Corporate	– Compensation ratio to be consistent with historical levels – Continued higher cost of funding reflecting market conditions and high liquidity levels – FY12 likely to be impacted by previously announced MAp cash amount[5]				No change

1. Macquarie Capital FY11 has been restated down by approximately $A70m due to the consolidation of Macquarie's aviation businesses, including Macquarie AirFinance, within Corporate and Asset Finance. 2. Range excludes FY09 provisions for loan losses of $A135m related to Real Estate Structured Finance loans as this is a restructured business. 3. Range excludes FY09 loss on sale of Italian mortgages of $A248m as this is a discontinued business. 4. Macquarie Funds has been restated for Macquarie's equity investment in MAp transferred from Macquarie Funds to Corporate. 5. The MAp cash amount has been accounted for as income.

Outlook for 2H12

- Since our update on 28 October, Macquarie Securities and Macquarie Capital have continued to experience difficult trading conditions in many markets
- Accordingly, and as previously indicated, Macquarie's result for FY12 is expected to be lower than FY11. Based on current market conditions we anticipate:
  - 2H12 NPAT to be approx. 35% up on 1H12 and approx. 25% down on pcp. Expected 2H12 increase on 1H12 principally due to significantly improved FICC contribution and the MAp cash amount which offset weaker contribution from Macquarie Securities
  - FY12 to be approx. 25% lower than FY11
- FY12 outlook is also subject to the completion rate of transactions and the conduct of period end reviews
- In addition to market conditions, FY12 result remains subject to a range of other challenges including:
  - Movements in foreign exchange rates
  - Cost of our continued conservative approach to funding and capital
  - Regulation, including the potential for regulatory changes

Medium term

Macquarie is well positioned to deliver superior performance in the medium term

- 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 market facing businesses are well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
    - Macquarie Securities, Macquarie Capital and FICC
- 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

Medium Term
Approximate business Basel III ROE

Group	Basel III Equity $Ab	Approx. Annualised 1H12 Return on Equity[1]	Approx. 5 Year Average FY07 – FY11	
Annuity-style businesses (excluding legacy)			**Approx. Return on Equity[1]**	
Macquarie Funds Group	1.5	Approx. 23%	20%[2]	
Corporate and Asset Finance	1.6			
Banking and Financial Services	0.7			
Capital market businesses (excluding legacy)			**5 Year Average Profit pre tax and profit share $Ab**	**Approx. 5 Year Average Return on Equity[1]**
Macquarie Securities	0.7	Approx. 0%	0.6	40%
Macquarie Capital	1.3		0.7	20%
FICC	2.5		0.6	15%

Potential performance factors

Macquarie Securities

- ECM fees to FY11 levels +$A0.1b
- Cash equities FY11 levels +$A0.2b
- Reduced operating costs +$A0.2b

Macquarie Capital

- ECM fees to FY11 levels +$A0.1b
- Increased activity +$A0.2 to +$A0.4b
- Reduced operating costs +$A0.1b

FICC

- Continuation of activity levels seen during 2H12

1. RoE calculated as NPAT divided by Pro-forma Basel III equity (applying a 7% core equity ratio in the banking group). NPAT used in the calculation of approx. ROE is based on Operating Group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. 2. CAF excluded from 5 year average as not meaningful given the significant increase in scale of CAF's platform over the 5 year period.