



Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

Presentation to Investors and Analysts
29 April 2011

Nicholas Moore, Managing Director and Chief Executive Officer
Greg Ward, Chief Financial Officer



Disclaimer

Disclaimer

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Agenda

1. Introduction – Richard Sheppard
2. Overview of Result – Nicholas Moore
3. Outlook – Nicholas Moore
4. Result Analysis and Financial Management – Greg Ward
5. Appendices



MACQUARIE

1

Introduction

Richard Sheppard

Deputy Managing Director

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts



MACQUARIE

2

Overview of Result

Nicholas Moore

Managing Director and Chief Executive Officer

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

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About Macquarie

Building for the medium term

Macquarie Securities

- Top-tier, global institutional securities house with strong Asia-Pacific foundations
- Full-service in Australia, Asia, South Africa and Canada with growing offerings in the US and Europe
- 9th largest research house globally covering over 2,400 stocks
- Proven capability in distribution of Asia-Pacific stocks into US and Europe
- Key specialities: infrastructure and utilities, real estate, TMET, resources (mining and energy), industrials and financial institutions

Macquarie Capital

(In FY11, Macquarie Capital Funds transferred to Macquarie Funds and was renamed Macquarie Infrastructure and Real Assets)

- Global corporate finance capability, including M&A advisory, capital markets and principal investing
- Key specialities: infrastructure, utilities and renewables, resources (mining and energy), real estate, TMET, industrials and financial institutions

Macquarie Funds

- Top 40 global asset manager with \$A305b¹ of assets under management
- Provides clients with access to a diverse range of capabilities and products, including investment management, infrastructure and other real asset management and fund and equity based structured products

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, power, oil, coal, base metals and freight)
- Predominant in US and Australia, growing presence in Asia and EMEA
- Specialities: commodities, Asian and emerging markets, high yield and distressed debt

Corporate and Asset Finance

- Provider of specialist finance and asset solutions, with over \$A17.3b¹ of loans and assets under finance
- Expertise in aviation, IT&T, rail, manufacturing, energy, motor vehicles and corporate debt
- One of the largest providers of motor vehicle finance in Australia

Banking and Financial Services

- Leading provider of retail advisory services and products
- Full-service retail broking, deposit-taking and services to intermediaries in Australia
- Growing international capabilities: private wealth and alternative asset management



2H11 result

- Net profit of \$A553m, up 37% on 1H11
- Operating income \$A4.0b, up 9% on 1H11
- As foreshadowed:
 - MFG, CAF and BFS continued to see good activity levels throughout 2H11 benefiting from organic growth and a range of recent initiatives
 - Improved general market conditions in 2H11 led to higher activity levels in FICC and Macquarie Capital; subdued equity market conditions continued to impact activity levels in Macquarie Securities
 - Fewer writedowns, impairments, equity accounted gains/(losses) and one-off items, 2H11 \$A(17)m loss
- Operating expenses \$A3.2b, flat on 1H11
 - Employment expenses \$A2.0b, up 5% on 1H11
- Profit before tax \$A0.8b, up 56% on 1H11
- EPS \$A1.63, up 37% on 1H11
- Return on equity 10.2%, up from 7.4% in 1H11
- 2H11 dividend of \$A1.00 (unfranked), up from 1H11 dividend of \$A0.86



FY11 result

- Net profit of \$A956m, down 9% on FY10
- Operating income \$A7.6b, up 15% on FY10
- Operating expenses \$A6.4b, up 19% on FY10 primarily due to the full year effect of the expanded global platform
 - Employment expenses \$A3.9b, up 25% on FY10 primarily due to a 17% increase in average headcount on FY10 (average headcount FY11: 15,325, FY10: 13,136)
- Profit before tax \$A1.3b, in line with FY10
 - FX translation: estimated negative impact approx. 5% due to strengthening AUD by average 10% against major currencies
- Increase in the full year effective tax rate to 22.8% from 16.1% in FY10
- EPS \$A2.83 down 12% on FY10
- Return on equity 8.8% down from 10.1% for FY10
- Full year dividend of \$A1.86 per share (unfranked) in line with FY10



Result

	2H11 \$Am	1H11 \$Am	Mar 11 \$Am	Mar 10 \$Am
Net operating income	3,983	3,661	7,644	6,638
Total operating expenses	(3,208)	(3,165)	(6,373)	(5,344)
Operating profit before income tax	775	496	1,271	1,294
Tax expense	(197)	(85)	(282)	(201)
Operating profit after income tax	578	411	989	1,093
Profit attributable to non-controlling interests	(25)	(8)	(33)	(43)
Profit attributable to MGL shareholders	553	403	956	1,050

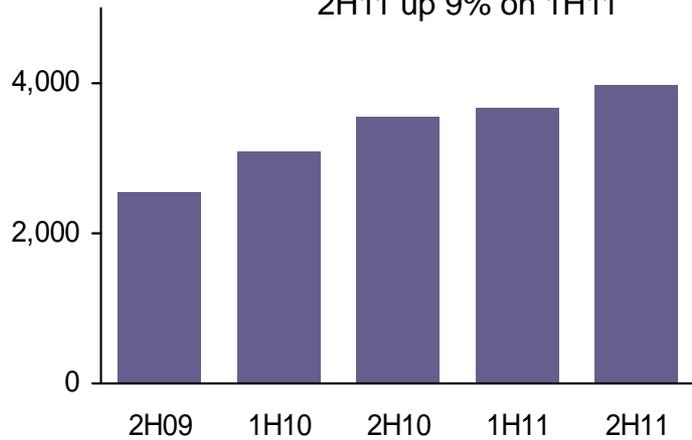


Financial performance



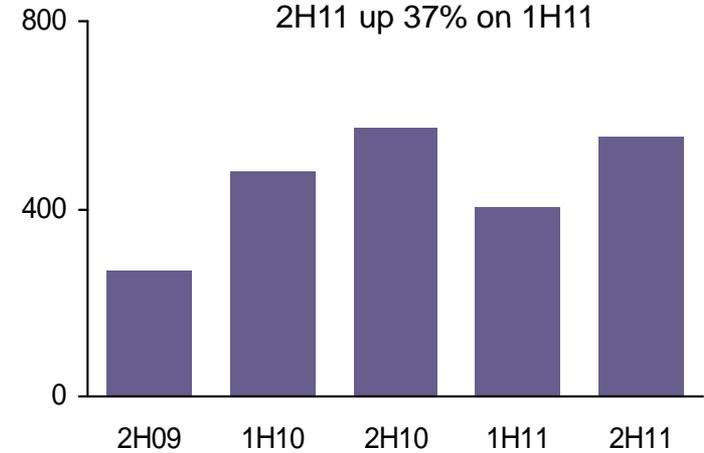
\$Am **FY11 Operating income of \$A7,644m**

2H11 up 9% on 1H11



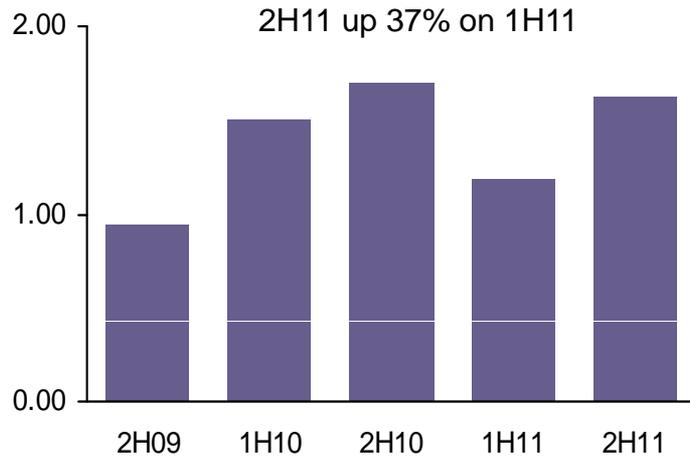
\$Am **FY11 Profit of \$A956m**

2H11 up 37% on 1H11



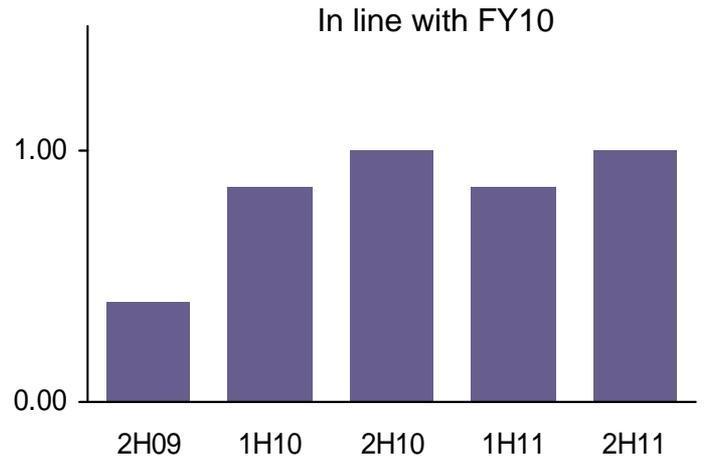
\$A **FY11 EPS of \$A2.83**

2H11 up 37% on 1H11



\$A **FY11 DPS of \$A1.86**

In line with FY10



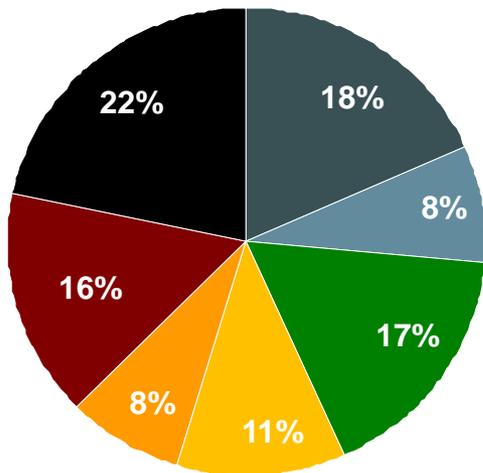


Diversified income

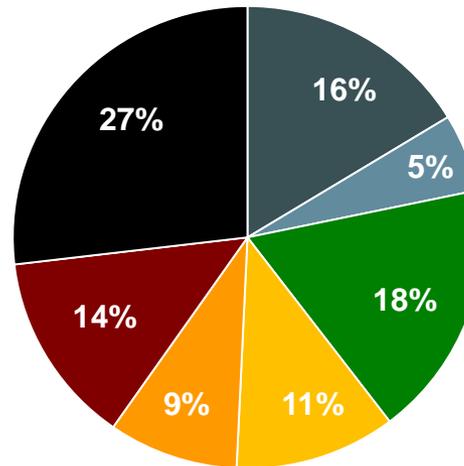
Operating income by source

Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items

12 months to 31 March 10
\$A7.0b



12 months to 31 March 11
\$A7.6b



- Institutional and retail cash equities
- Equity derivatives
- Securities funds management and administration
- M&A and advisory income
- Asset and equity investments
- Commodities, resources and foreign exchange
- Lending, leasing and margin related income



Diversified by region

International income¹ 60% of total

Total staff over 15,500²; international staff 53% of total



EUROPE, MIDDLE EAST & AFRICA³

Income: \$A1,009m (14% of total)
Staff: 1,613



ASIA

Income: \$A1,150m (16% of total)
Staff: 2,834



AMERICAS

Income: \$A2,229m (30% of total)
Staff: 3,723



AUSTRALIA

Income: \$A2,891m (40% of total)
Staff: 7,386

1. Operating income for year to 31 Mar 11. Operating income in each region excludes earnings on capital and other corporate items. 2. Staff numbers at 31 Mar 11. 3. Excludes staff in Macquarie First South joint venture and staff seconded to Macquarie Renaissance joint venture (Moscow)



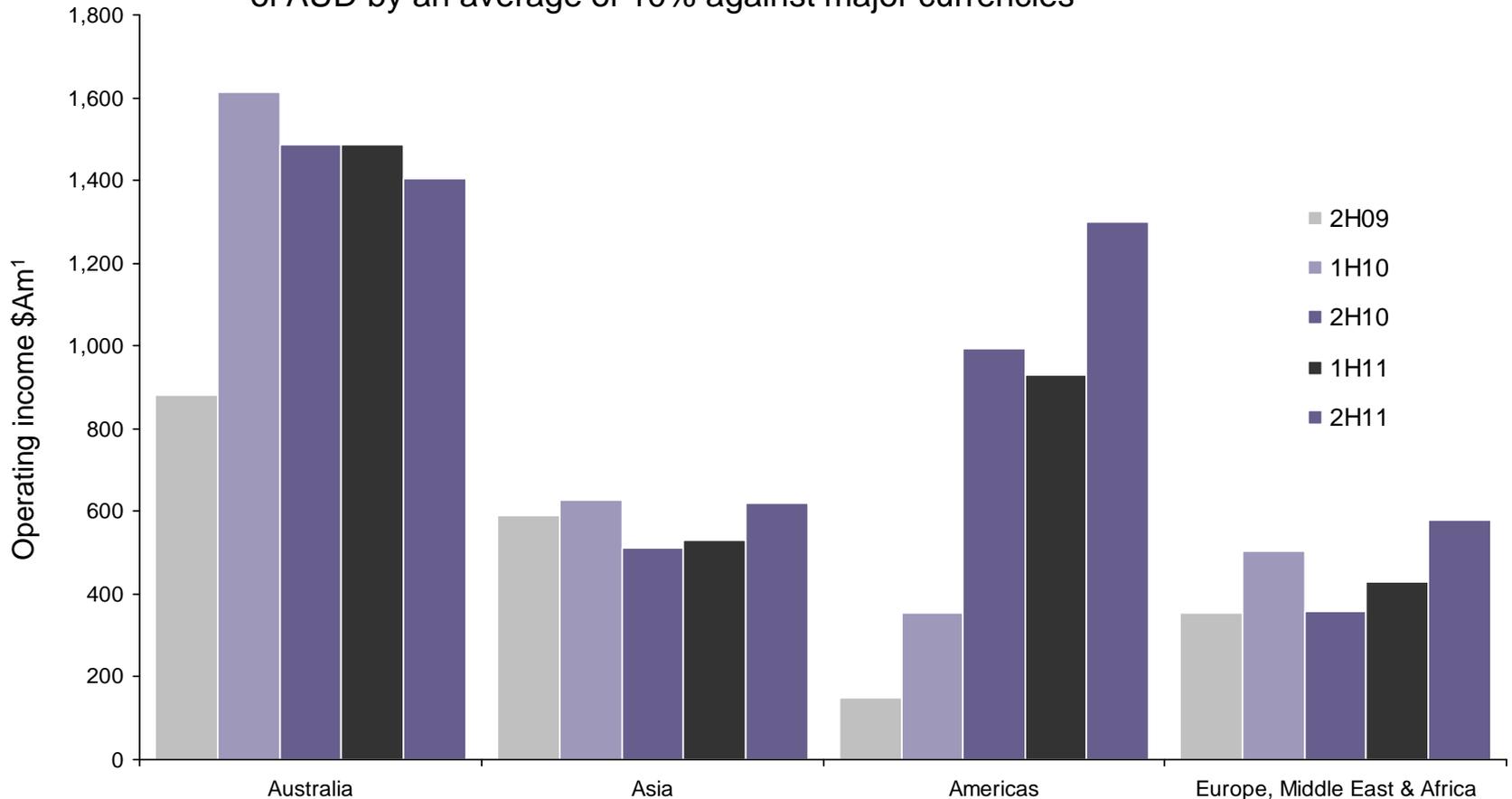
Diversified income

Operating income by region



64% of operating income in 2H11 is generated offshore

— FX translation estimated to have a negative impact of approx. 5% due to strengthening of AUD by an average of 10% against major currencies



1. Operating income excludes earnings on capital and other corporate items



Global specialist Asia-Pacific

Group-wide

Extensive client relationships, in-depth knowledge and experience developed over more than 40 years.
More than 10,200 staff across 26 locations. Macquarie is a recognised Asia-Pacific specialist.

M&A and equity capital markets

- Leading provider of broking and advisory services to the region, with over 590 deal executives in 13 countries
- Over the last 3 years, advised on 533 deals valued at over \$A200b
- Expert in cross-border and dual-listing transactions in and out of the region, including:
 - IPO of Powerland, a Chinese leather goods manufacturer and retailer in Frankfurt
 - HK listing of Agricultural Bank of China, as part of dual listing in Shanghai
- Recent awards:
 - Agricultural Bank of China IPO: 5 awards including Best Deal (China), Equity Deal of the Year and Global IPO of the Year¹
 - Kazanah Nasional's takeover of Parkway Holdings: 4 awards including Best Cross-Border M&A (Asia)²
- Recent co-operation arrangements in Pakistan, with Foundation Securities, and Vietnam, with VinaSecurities

Financing

- Growing provider of DCM financing, including joint lead manager and joint bookrunner in Macquarie's first high yield bond offering in Asia for Powerlong Real Estate Holdings
- Over the last 3 years, undertaken 77 financing and debt advisory deals with deal value of \$A79b
- Longstanding provider of resource project financing for Asian based projects accessing a global resource network of financing and origination professionals including in-house geologists, petroleum and mining engineers
- Recognised leader in Australian securitisation
- White label leasing throughout Asia
- Leading specialist financial provider to key SME Professional firms

Fixed income, currencies and commodities

- Development of regional hub in Singapore, adding Asian markets' foreign exchange, corporate and government debt offering in addition to existing agricultural commodities and energy markets businesses
- Granted Singapore bank branch licence covering a range of activities
- Extended Korean bank branch licence to include OTC derivatives
- Leading provider of FX transactional services since 1983 – specialist in AUD, NZD, KRW, INR, CNY, MYR, TWD
- Rated Best Commodity Derivatives Provider in Asia³
- Offers commodities and structured solutions in foreign exchange, credit and rates across the region including Japan
- Provision of futures execution services

Asia-Pacific

Equities

- No.1 overall research and sales strength for Asian institutional investors⁴ and No.1 equity research/advisory share for US and European institutional investors⁵ in Australian equities
- One of the largest research platforms in the Asia-Pacific region covering 1,200 stocks
- No.1 broker in Asia for execution⁶
- No.1 market share in listed warrants in Singapore and Korea. Top 3 position in Australia and HK⁷
- No.2 in Asian (ex Japan) Equities research for US, UK and European investors⁸
- Leading market share in Indian, Korean, Indonesian and Australian ADRs
- Macquarie Private Wealth No.1 ranked full-service retail stockbroker in Australia in volume and market share⁹

Physical assets and funds management

- Established over 50 investment strategies across the region with over \$A75b in AUM
- Commenced presence in Asia in 2002, with the establishment of one of Korea's leading private sector infrastructure funds, Macquarie Korea Infrastructure Fund
- Management of over 25 operating businesses across China, Korea, India and Taiwan
- World-class Asian hedge fund strategy which has passed \$US1b in AUM
- Won the 2011 Lipper Award for the Best Asia-Pacific Small-Mid Cap Equity Fund
- Macquarie jointly managed fund ranked No.1 private equity investor in India¹⁰ with two of its investments ranking in the top 5 private equity investments in 2010
- Asia-Pacific private equity fund of funds performing strongly with strong prospects for another capital raising

1. Including: The Asia, IFR Asia, and FinanceAsia. 2. Including: The Asset, FinanceAsia and Alpha. 3. Global Finance Magazine, World's Best Derivatives Providers 2010. 4. Peter Lee Associates Survey of Asian Institutional Investors – Australian Equities 2010. 5. Greenwich Survey of US Institutional Investors – Australian Equities and Greenwich Survey of European Institutional Investors – Australian Equities. 6. Bloomberg. 7. Local exchanges. 8. Greenwich Surveys of US, UK and European Institutional Investors – Asian (ex Japan) Equities 2010. 9. IRESS. 10. VCCircle 2010



Global specialist

Case Study: Commodities, Agriculture and Resources

Group-wide

Comprehensive platform of agriculture, metals and freight commodities developed over more than 30 years.
Expert global mining finance and advisory teams operating worldwide.

M&A and equity capital markets

- First of Macquarie's speciality advisory teams (1993). Now 168 advisers in 9 countries, with significant presence in key resources markets of Australia, Canada and South Africa
- Capability augmented by acquisition of Orion Financial Services (2007)
- Over the last 3 years, the combined resources and energy teams advised on 450 deals worth over \$A158b, including 28 cross-border deals worth \$A67b
- Recent significant transactions include:
 - Multi-award-winning acquisition of Lihir Gold by Newcrest Mining (also M&A Deal of the Year)¹ to create Asia-Pacific's largest gold company
 - Largest ever India to Australia inbound transaction, for the sale of Griffith Coal mining assets to Lanco Infratech Ltd

Fixed income, currencies and commodities

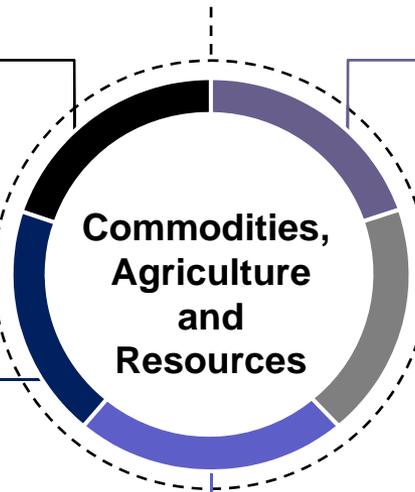
- Pioneered OTC market in agriculture in early 1980s
- Leading provider of agricultural hedging products
- Over 30 years experience in metals market – one of the longest track records globally
- 24-hour trading and price-making for base and precious metals, including gold, and a principal provider of liquidity
- Trade crude oil and refined products, natural gas, power, LNG, renewables and natural gas liquids
- Top 3 carbon emissions trader globally by volume and value – awarded 'Best Trader' by international peers in the 2011 Carbon Markets Award²
- Leading options market maker in Forward Freight Agreements (FFA)
- Leading FFA clearing provider of swaps and options on the Norwegian Options and Futures Clearing House, Singapore Exchange and LCH.Clearnet

Financing and funds management

- Market leader in global mining finance, both public and private, offering debt, equity capital and price risk management solutions accessing a global resources network of financing and origination professionals including in-house geologists, petroleum and mining engineers
- Over the last 3 years, undertaken 46 resources and energy equity/debt financing and debt advisory deals valued at over \$A11b
- Funding solutions for exchange-traded commodities in the form of pre-export finance, borrowing base facilities, transactional finance, mezzanine finance and equity
- Manages a portfolio of more than 3 million hectares of pastoral assets with over \$A700m in AUM

Equities

- Market leading team of over 30 analysts
- No.1 ranked commodities team by Australian and Asian investors³
- No.1 ranked metals and mining research team by European and US investors⁴ for Australian equities
- Market leading corporate access with commodities and resources conferences held in US, Europe, India and China featuring over 100 corporates





Global specialist

Case Study: Energy

Group-wide

Deep industry expertise developed from experience in commodities and resources and enhanced following strategic acquisitions in the Americas. Active trader in energy markets for more than a decade. Capabilities in products including natural gas, crude oil, refined products, renewables, power and LNG.

M&A and equity capital markets

- Energy advisory services provided by combined mining and energy team under Resources industry sector, and renewable energy covered under Infrastructure and Utilities (refer to slides 15 and 17)
- Capability augmented by acquisition of Tristone Capital Global Inc. (2009)
- Now extending the EMEA oil and gas exploration and production franchise
- Recent significant transactions include:
 - IPO of China Suntien Green Energy Corp. Ltd., one of Northern China's leading green energy companies
 - Exclusive financial adviser to Origin Energy in relation to its defence of BG Group's \$A14b takeover offer and joint venture with ConocoPhillips of up to \$A11b, resulting in the largest private treaty asset sale in Australian history

Financing

- Over the last 3 years, undertaken 46 resources and energy financing and debt advisory deals with deal value of \$A11b
- Joint lead manager on the \$A550m five-year Australian bond financing for the Dampier-to-Bunbury pipeline in Western Australia, a milestone high yield bond transaction
- Royalty purchases and volumetric production payments
- Owner of an extensive gas and electricity metering portfolio leased to UK energy providers and one of the UK's leading Smart Meter financiers

Fixed income, currencies and commodities

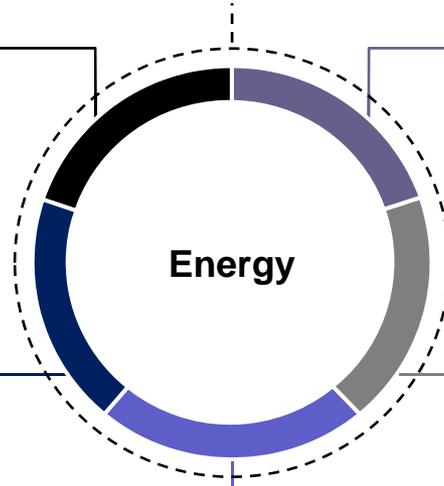
- No.4 physical gas marketer in North America¹ – highest ranked non-producer
- Offering trading and OTC derivatives over natural gas, power, oil and refined products and ethanol
- Physical trading in oil, natural gas, power, carbon emissions, coal and ethanol (via JV)

Equities

- Equities research covering oil and gas, utilities, metals and mining and renewable energy
- No.1 ranked research team by Australian investors² for Australian equities
- Coverage of over 270 energy stocks by a team of over 40 analysts
- Energy conferences held in US, Canada, India, UK, HK, China, NZ and South Africa featuring over 160 corporates
- Equities trading covering oil and gas, utilities, metals and mining, renewable energy

Physical assets and funds management

- Direct energy-related assets under management of over \$A25b³
- Extensive expertise in managing energy assets, including transmission and distribution businesses located in Australia, US and Europe
- Active involvement in the management of renewable energy direct investments in US, Europe and Asia, including wind energy projects, biomass stations and landfill gas sites



¹ PlattsGasDaily (Dec 10). ² Peter Lee Survey of Australian Equities, Top 15 Australian Investors 2010. ³ Energy assets referred to here are a sub-category of the total infrastructure assets referred to on slide 17



Global specialist

Case Study: Infrastructure and Utilities

Group-wide

Global pioneer for more than 20 years. Largest infrastructure fund manager globally.
More than \$A90b in infrastructure assets under management.

M&A and equity capital markets

- One of the largest infrastructure advisory teams globally. 232 executives in 24 offices in 16 countries, including a presence in the largest privatisation and regulated utility markets: Australia, Canada, UK, US and Germany
- Infrastructure capability extended to cover PPPs. Over the last 3 years, conducted 14 PPPs and build-transfer-lease transactions in 7 countries
- Over the last 3 years, advised on 231 transactions worth over \$A75b, including:
 - Acquisition of 100% of Ceske Radiokomunikace, a telecommunication towers business in the Czech Republic, one of the largest telecommunications transactions in Eastern Europe in 2010
 - \$A2.1b 99-year lease of Port of Brisbane
 - Sponsor, adviser, debt provider and equity underwriter for the \$A5.7b Victorian Desalination Project
- Multiple awards since 2010, including Global Adviser of the Year¹, Advisory Excellence Award² and Best Privatisation Deal (Australia)³

Fixed income, currencies and commodities

- Provider of physical supply and OTC hedging services to utilities including:
 - European gas: UK, Belgium, the Netherlands, Germany and France
 - European power: Germany, France, UK
 - US and Canadian gas: all major gas delivery points
 - US power: major ISOs including PJM, MISO, NEPOOL, NYISO, ERCOT, CAISO and WECC⁴
- Access to interest rate swaps and inflation linked products

Infrastructure and Utilities

Equities

- No.1 ranked infrastructure research team by Australian, Asian⁵ and European⁶ investors
- Coverage of over 150 infrastructure and utilities stocks globally by a team of over 30 analysts
- Infrastructure and utilities conferences held across the US, India, and Singapore featuring over 80 corporates

Financing

- No.2 for Global Infrastructure Financing by value in 2010⁷
- Over the last 3 years, undertaken 57 financing and debt advisory deals with deal value \$A107b, including:
 - Refinancing of BAA (£16b), Sydney Airport Corporation (\$A2b), Wales & West Utilities (£1b)
 - Sponsor and underwriter of \$US2.1b Denver Fastracks Eagle P3 project
- Awards include Project Finance Deal of the Year⁸
- Acquired or committed to \$A1.7b of loans to infrastructure/utility companies in the year

Physical assets and funds management

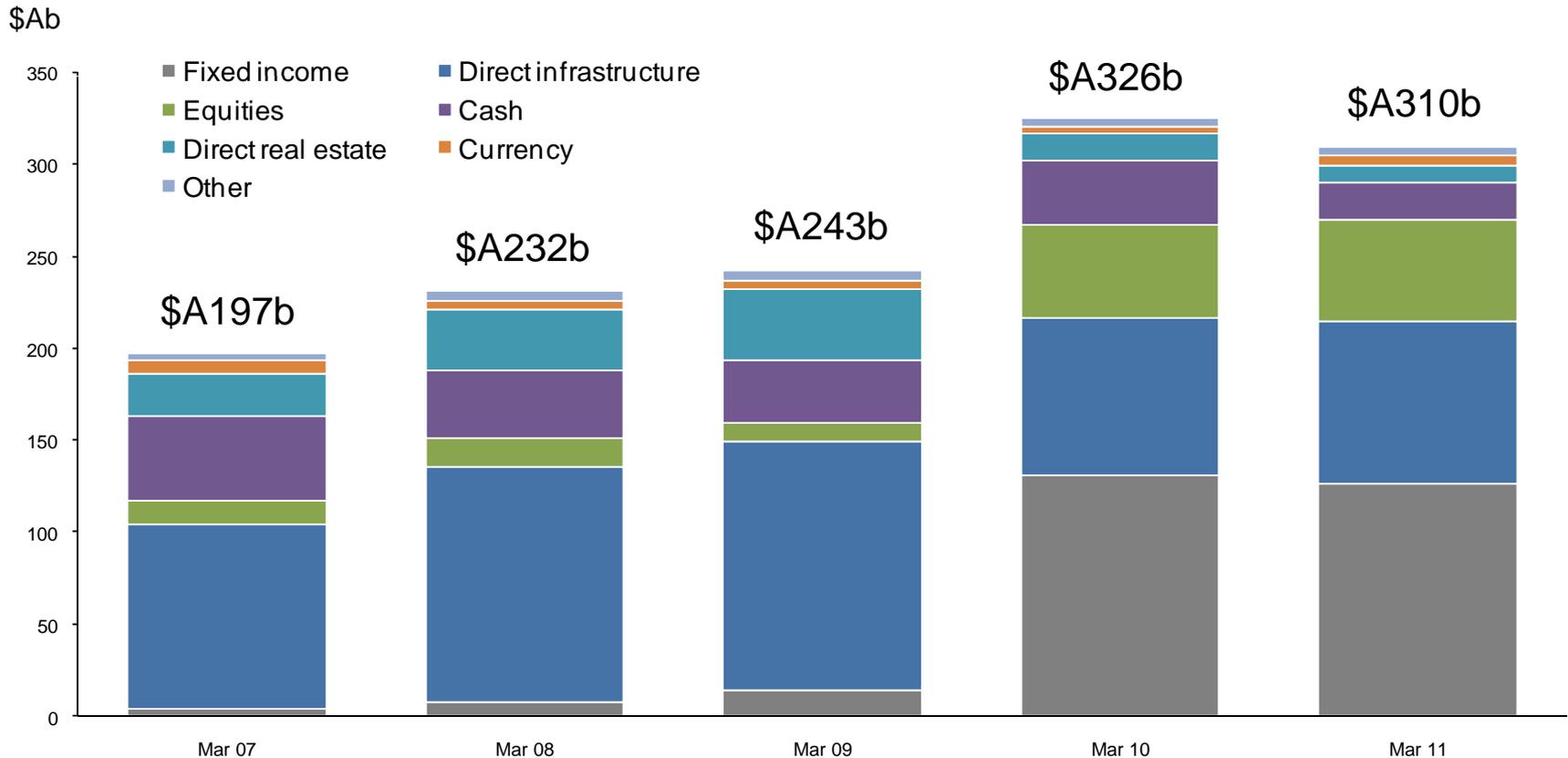
- World leader in infrastructure for over 15 years, with a team of over 400 experienced professionals across 15 countries managing over \$A90b of infrastructure assets globally
- 31 direct infrastructure-focused funds, with assets in 23 countries
- Leading manager of infrastructure securities with the largest dedicated team, located in New York and Sydney
- Recognised as Infrastructure Manager of the Year⁹
- Largest manager of infrastructure assets globally¹⁰
- In-depth operational and asset management expertise providing a platform for growth in emerging markets, including China, India, Russia and Mexico
- Thames Water and Wales & West Utilities won awards for operational expertise at the Utility Industry Achievement Awards

1. Project Finance International (house award). 2. Infrastructure Partnerships Australia, for Royal Adelaide Hospital (announced but not yet completed). 3. The Asset, for Port of Brisbane. 4. Regional Transmission Organisations (RTO)/Independent System Operators (ISO) as defined by the Federal Energy Regulatory Commission. 5. Peter Lee Surveys of Australian Equities, Top 15 Australian Investors 2010 and Most Wanted Asian Investors 2010. 6. Greenwich Survey of Asian Equities, Greenwich Associates Priorities 2010. 7. Infrastructure Journal. 8. CFO Magazine, for Victorian Desalination Plant. 9. 2010 Annual Financial News' Awards (European Institutional Asset Management) for direct infrastructure management. 10. Towers Watson Global Alternatives Report, Jun 10



Assets under management of \$A310b

- Decrease in AUM due to:
 - Impact of CMT transfer into CMA (\$A9.6b in Jul 10)
 - Net fund inflows and equity movements of \$A21b, more than offset by decrease due to FX of \$A27b





Macquarie Securities

Operating income of \$A1,299m, down 12% on prior year
 Net profit contribution of \$A175m, down 70% on prior year

	Australia	Asia	US	Europe
	Activity	Activity	Activity	Activity
Cash	<ul style="list-style-type: none"> Market share for FY11 of 9.2% down from 10.8% in prior year No.1 overall research and sales strength¹ for Asian institutional investors and No.1 equity research/advisory share² for European and US institutional investors for FY11 	<ul style="list-style-type: none"> Increased market share for FY11 in Korea, India, Indonesia, Thailand and Philippines on prior year No.1 execution broker in Asia⁴ in FY11 No.2 equity research/advisory share for Asian equities for US, UK and European investors⁵ in FY11 	<ul style="list-style-type: none"> Cash commissions up 31% on prior year reflecting continued improvement in client panels Over 500 stocks under coverage in FY11 up from 485 in prior year 	<ul style="list-style-type: none"> Cash commissions up 69% on prior year reflecting continued improvement in client panels Continued business growth with Sal. Oppenheim acquisition completed in Apr 10, broadening pan-European business Stock coverage over 400 stocks in FY11, up from over 270 in prior year
ECM	<ul style="list-style-type: none"> Market share for FY11 of 16.8% down from 31.2% in prior year Capital raised for FY11 \$A6.3b down 73% on prior year. 2H11 capital raised \$A4.3b significantly up on 1H11 	<ul style="list-style-type: none"> Market share for FY11 of 5.7%, up from 4.3% in prior year Capital raised for FY11 \$US19.7b up 93% on prior year IFR Asia named Agricultural Bank of China IPO “Global IPO of the Year”, where Macquarie acted as joint lead book-runner and global coordinator 	<ul style="list-style-type: none"> Market share for FY11 of 0.5% up from 0.1% in prior year Capital raised for FY11 \$US1.9b, significantly up on prior year 	<ul style="list-style-type: none"> Market share for FY11 of 0.4% down from 1.0% in prior year Capital raised for FY11 €0.5b down 80% on prior year
Derivatives DeltaOne	<ul style="list-style-type: none"> No.2 market share for FY11 in listed warrants compared to No.1 in prior year³ 	<ul style="list-style-type: none"> No.1 market share for FY11 in listed warrants in Singapore and Korea, unchanged on prior year. No.3 in HK, unchanged on prior year 		<ul style="list-style-type: none"> Macquarie Germany is within the top 10 issuers in Germany in terms of market share Sal. Oppenheim acquisition completed in Apr 10. Structured product platform in Europe grown to having over 40,000 listed products on issue since product launch in Aug 10

1. Peter Lee Associates Survey of Asian Institutional Investors – Australian Equities 2010. 2. Greenwich Survey of US Institutional Investors – Australian Equities and Greenwich Survey of European Institutional Investors – Australian Equities. 3. Local exchanges. 4. Bloomberg. 5. Greenwich Surveys of US, UK and European Institutional Investors – Asian (ex Japan) Equities 2010



Macquarie Securities

Operating income of \$A1,299m, down 12% on prior year
 Net profit contribution of \$A175m, down 70% on prior year

	Canada	South Africa	
	Activity	Activity	Platform Growth
Cash	<ul style="list-style-type: none"> Market share for FY11 of 1.9% up from 1.7% in prior year 	<ul style="list-style-type: none"> Market share for FY11 of 3.9% up from 3.2% in prior year 	<ul style="list-style-type: none"> Continued to improve client rankings and grow market share across most markets, now the 9th largest research house globally covering over 2,400 stocks Continued investment in global electronic execution platform Consolidating the build out in Europe and US around core global sectors
ECM	<ul style="list-style-type: none"> Market share for FY11 of 3.5% down from 3.7% in prior year Capital raised \$C2.4b up 23% on prior year. 2H11 capital raised \$C1.6b significantly up on 1H11 	<ul style="list-style-type: none"> Market share for FY11 of 17.4% up from 0.6% in prior year. Market share for 2H11 40.2% up from 3.0% in 1H11 Capital raised \$US0.8b, significantly up on prior year. 2H11 capital raised \$US0.7b up from \$US0.1b in 1H11 	<ul style="list-style-type: none"> Continued to increase market share in ECM globally
Derivatives DeltaOne		<ul style="list-style-type: none"> Reduced market activity and low volumes 	<ul style="list-style-type: none"> Significant investment in Derivatives DeltaOne technology and infrastructure to build a global, scalable platform Focus on product roll-out and development of the distribution platform Extend retail structured products footprint into Europe via the Sal. Oppenheim derivatives business acquisition and in India following receipt of licence to deliver products to clients European platform continues to build market share Leverage existing client base to build out global institutional derivatives and equity finance offering focussed on our Asia-Pacific capabilities

Outlook

- FY07-FY11 net profit contribution historical range: \$A0.2b - \$A1.2b; average \$A0.6b
- Subject to market conditions improving, expect FY12 net profit contribution to be up on FY11
- Cash division is well positioned for growth as market conditions improve and turnover and volume increase both in secondary and equity capital markets
- Conditions for Derivatives DeltaOne likely to remain challenging as retail investor demand continues to be subdued



Macquarie Capital

Operating income of \$A1,001m, up 46% on prior year

Net profit contribution of \$A281m, up from \$A56m loss on prior year

547 transactions valued at \$A159b¹ (448 transactions valued at \$A121b prior year)

Australia and NZ	Asia
<p>83 deals valued at \$A93b in FY11, up 54%² on prior year 50 deals valued at \$A47b in 2H11, up 3%² on 1H11</p>	<p>81 deals valued at \$A21b in FY11, up 41%² on prior year 50 deals valued at \$A9b in 2H11, down 18%² on 1H11</p>
<p>Activity</p> <ul style="list-style-type: none"> Financial adviser to Origin Energy Ltd on the acquisition of Integral Energy and Country Energy retail businesses from the NSW State-owned energy network businesses and its binding GenTrader arrangements with Eraring Energy Financial adviser to AXA Asia-Pacific Holdings in relation to the acquisition of its Asian business by AXA SA and its Australian and NZ businesses by AMP, the largest financial services transaction in Australian corporate history based on equity value at completion Financial adviser to a consortium on the acquisition of the 99-year lease of Port of Brisbane Joint financial adviser to The Griffin Coal Mining Company Pty Ltd on the largest Indian inbound investment into the Australian resources sector Financial adviser, debt arranger and equity bridge provider to Southern Cross Media Group Ltd for the takeover offer for Austereo Group Ltd 3 awards for the Newcrest Mining acquisition of Lihir Gold³ 4 awards for Carlyle and TPG's financing for Healthscope³ Maintained leading position in Australia and NZ M&A and ECM <ul style="list-style-type: none"> Ranked No.2 for completed M&A deals⁴ Rated Most Capable ECM Specialist in Australia⁵ <p>Platform Growth</p> <ul style="list-style-type: none"> Extended DCM capability <ul style="list-style-type: none"> Joint lead manager on the \$A550m five-year Australian bond financing for the Dampier-to-Bunbury pipeline in Western Australia Sole structurer and lead manager for \$A100m unsecured notes issue for ALE Property Group 	<p>Activity</p> <ul style="list-style-type: none"> Joint sponsor, joint bookrunner and joint lead manager on the H-share listing of the Agricultural Bank of China, the world's largest IPO Exclusive financial adviser for the \$US1.5b financing of Sosa-Wonsi Double-Track Rail project in Korea, awarded Asia-Pacific Transportation Deal of 2010⁶ Joint bookrunner and underwriter for the \$US1.2b rights issue of PT Bank Negara Indonesia, the largest FIG ECM deal in South-East Asia in 2010 Sole sponsor, sole global coordinator and joint bookrunner on Top Spring International Holdings Limited's \$US200m IPO in HK 5 awards for the Agricultural Bank of China IPO³ 4 awards for Kazanah Nasional's takeover of Parkway Holdings³ Managed the 3 largest HK share sales by Chinese companies in the last 3 years. Ranked No.2 for HK IPOs by deal value 2008-2010⁴ <p>Platform Growth</p> <ul style="list-style-type: none"> Continue to develop distinctive Asian capital markets business <ul style="list-style-type: none"> Participated in largest ever IPO (Agricultural Bank of China) Launched first high yield bond offering, for Powerlong Real Estate Holdings in HK Completed first ECM transaction in Japan, for IIF, a REIT Expanded footprint in Vietnam and Pakistan through strategic cooperation agreements with leading local securities companies, bringing coverage across the region to 13 countries (ex Australia and NZ)

In FY11, Macquarie Capital Funds was transferred out of Macquarie Capital to Macquarie Funds and was renamed Macquarie Infrastructure and Real Assets. Comparative figures have been restated for group restructures undertaken during the year.
 1. Total Includes cross-border transactions: Asia (22 transactions), US (14), ANZ (12), Canada (8) and Europe (8). Some cross-border transactions involve three or more regions. 2. Movement by deal value. 3. Various sources, including Asiamoney, The Asset, Finance Asia, Insto, Infrastructure Partnerships Australia, IFR Asia, CFO Magazine, Asiamoney, Alpha 4. Thomson Reuters. 5. Peter Lee & Associates, 2010 6. Project Finance Magazine



Macquarie Capital

Operating income of \$A1,001m, up 46% on prior year

Net profit contribution of \$A281m, up from \$A56m loss on prior year

547 transactions valued at \$A159b¹ (448 transactions valued at \$A121b prior year)

EMEA	Americas
<p>57 deals valued at \$A17b in FY11, up 7%² on prior year 30 deals valued at \$A9b in 2H11, up 21%² on 1H11</p>	<p>326 deals valued at \$A28b in FY11, down 7%² on prior year 186 deals valued at \$A14b in 2H11, in line² with 1H11</p>
<p>Activity</p> <ul style="list-style-type: none"> Exclusive financial adviser and sole bookrunner to the Government of the Republic of Ghana for a \$US0.2b sell down in AngloGold Ashanti Limited ordinary shares by way of an accelerated bookbuild Financial adviser on the acquisition of Ceske Radiokomunikace, one of the largest telecommunications transactions in Central and Eastern Europe in 2010 Financial adviser to Macquarie-managed funds on the acquisition of Thyssengas, transporter of 10 billion cubic metres of natural gas annually, from RWE Extending capital markets and debt platforms <ul style="list-style-type: none"> Completed 15 ECM transactions raising in excess of \$US1.0b as bookrunner First European DCM Joint Lead Manager role with a £170m high yield bond issuance, for Moto Hospitality 	<p>Activity</p> <ul style="list-style-type: none"> Financial advisor to the sponsors on the \$US2.8b Interstate Highway 635 Managed Lanes Project, awarded North American PPP Transaction of the Year³ Developer, underwriter and financial advisor on the \$US2.1b Denver Fastracks Eagle P3 project, awarded North American Transport Deal of the Year⁴ Joint bookrunner and documentation agent, raising \$US1.8b of credit for General Growth Properties. For the same client, co-manager on the largest-ever REIT follow-on offering for \$US2.3b In US, increased product offering from M&A to include ECM and DCM: <ul style="list-style-type: none"> Bookrunner on 15 DCM deals and 9 ECM deals, including first transaction as sole bookrunner Completed first bookrun IPO in the US, for MedQuist Holdings In Canada, established a DCM presence: <ul style="list-style-type: none"> 15 transactions, 1 as lead manager
<p>Platform Growth</p> <ul style="list-style-type: none"> Opened office in Spain Conducted first advisory transaction from Moscow office Extended European third party advisory platform for the Infrastructure, Utilities and Renewables business 	<p>Platform Growth</p> <ul style="list-style-type: none"> Acquired Presidio Partners LLC, a US-based specialist real estate private capital raising and advisory business with a strong track record in US, Europe, and key emerging markets Announced acquisition of REGAL Capital Advisors, LLC, a Los Angeles-based boutique firm that provides strategic and financial advice to companies in the Gaming, Lodging and Leisure sectors. Expected to close by Jun 11⁵

Outlook

- FY07-FY11 net profit contribution historical range: \$A(0.1)b - \$A1.6b; average \$A0.7b
- Subject to market conditions improving, expect FY12 net profit contribution to be up on FY11
- Results next period will be impacted by movement of Macquarie AirFinance business to the Corporate and Asset Finance Group

In FY11, Macquarie Capital Funds was transferred out of Macquarie Capital to Macquarie Funds and was renamed Macquarie Infrastructure and Real Assets. Comparative figures have been restated for group restructures undertaken during the year.
 1. Total Includes cross-border transactions: Asia (22 transactions), US (14), ANZ (12), Canada (8) and Europe (8). Some cross-border transactions involve three or more regions. 2. Movement by deal value. 3. Infrastructure Investor, 2010. 4. Project Finance Magazine. 5. Subject to FINRA approval



Macquarie Funds

Operating income of \$A1,410m, down 2% on prior year
 Net profit contribution of \$A602m, down 26% on prior year¹

Operating income before gains from listed fund initiatives \$A1,301m, up 51% on prior year²

Macquarie Infrastructure and Real Assets	Macquarie Investment Management	Macquarie Specialised Investment Solutions
<p>Activity</p> <ul style="list-style-type: none"> ▪ Raised over \$A2.0b in new equity commitments in FY11 ▪ 22 investments made by its listed and unlisted funds, representing over \$A3.5b in equity investment ▪ \$A4.5b in equity available for investment through its listed and unlisted funds as at 31 Mar 11 ▪ New products developed include a Chinese real estate fund and a Korean private equity fund specialising in infrastructure, fund raising commenced for its fourth European infrastructure fund and Chinese infrastructure fund ▪ Named Infrastructure Manager of the Year³ ▪ New investor engagement model is resonating well <p>Platform Growth</p> <ul style="list-style-type: none"> ▪ Continued to build out Asian unlisted funds platform 	<p>Activity</p> <ul style="list-style-type: none"> ▪ Delaware Investments continued to perform well post acquisition, with strong net inflows and capital appreciation of ~\$US15b in FY11 ▪ Ranked No.1 based on number of Australian institutional mandates awarded⁴ ▪ Recognised for delivering consistently strong risk-adjusted returns, with numerous 2011 Lipper Fund Awards⁵ ▪ Launched Global Income Opportunities strategy, which utilises Macquarie and Delaware Investments' heritage fixed income capabilities ▪ Macquarie's Asian Alpha hedge fund strategy passed \$A1.0b in AUM post 31 Mar 11 <p>Platform Growth</p> <ul style="list-style-type: none"> ▪ Acquired INNOVEST Kapitalanlage AG, a leading Austrian securities asset manager, enhancing its presence in Europe 	<p>Activity</p> <ul style="list-style-type: none"> ▪ Increased inflows into Australian retail structured products, with over \$A300m raised in FY11 ▪ Successfully expanded wholesale business, writing over \$A1.0b in fund linked products during FY11 ▪ Launched first residential real estate product during the period <p>Platform Growth</p> <ul style="list-style-type: none"> ▪ Successfully expanded wholesale business, particularly in the US and Europe

Outlook

- FY07-FY11 net profit contribution historical range: \$A0.3b - \$A1.1b; average \$A0.7b
- Subject to market conditions, expect FY12 net profit contribution to be broadly in line with FY11
- Focus on:
 - Organic growth of asset base, diverse range of products and strong relative investment performance expected to drive continued AUM inflows
 - Leveraging existing operating support systems expected to drive cost synergies
- Outlook for future acquisitions uncertain given increasing competition for quality platforms

In FY11, Macquarie Capital Funds was transferred out of Macquarie Capital to Macquarie Funds and was renamed Macquarie Infrastructure and Real Assets. Comparative figures have been restated for group restructures undertaken during the year.
 1. Note the prior year included significant gains from listed fund initiatives, which were not repeated in the current year. 2. Refer to slide 39 for detailed breakdown. 3. 2010 Annual Financial News' Awards (European Institutional Asset Management).
 4. Among individual managers. Rainmaker, for the year to 31 Dec 10. 5. Including 4 group awards (for Delaware Investments and INNOVEST Kapitalanlage AG) and 14 fund awards



Fixed Income, Currencies and Commodities

Operating income of \$A1,416m, down 2% on prior year

Net profit contribution of \$A575m, down 30% on prior year

Metals	Asian Markets	Agriculture	Energy	Fixed Income and Foreign Exchange	US and European Credit
<p>Activity</p> <ul style="list-style-type: none"> Project financing and increased equity realisations as a result of continuing strength in resource equity markets Addition of a physical base metals team based in London Commenced trading physical and financial iron ore 	<p>Activity</p> <ul style="list-style-type: none"> Established credit, rates and currencies division with offices in Singapore, HK and South Korea Extension of Macquarie Bank Limited Seoul Branch to include an OTC derivatives licence Expanding specialist corporate debt and macroeconomic strategy services 	<p>Activity</p> <ul style="list-style-type: none"> Client activity higher on rally in agricultural commodity prices and volatility over the period Continued to build agricultural and soft commodity sales and analytics presence globally 	<p>Activity</p> <ul style="list-style-type: none"> Maintained ranking as No.4 US physical gas marketer in North America¹ Depressed natural gas prices limited trading opportunities Addition of physical oil trading teams to include a Latin American team based in Houston and teams in Calgary and London 	<p>Activity</p> <ul style="list-style-type: none"> Volumes down 21% on prior year. 2H11 down 18% on strong 1H11 Awarded Best Domestic FX Providers – Australia, 2nd place Best For Innovative FX Products and Structured Ideas, 3rd place Best FX Prime Broking Services² First and subsequent public securitisation of Australian auto-leasing collateral into the US 	<p>Activity</p> <ul style="list-style-type: none"> Continued build out of US credit business despite lower client activity levels Growing presence in Europe via an expanded presence in London

Platform Growth

- Development of FICC's regional hub in Singapore comprising Asian Markets, Fixed Income and Currencies, Agricultural Commodities and Energy Markets businesses
- Application for Singapore bank branch licence approved in March, anticipated "go live" in 1H12
- Continued transformation from Sydney-based, 24-hour currency service provider to a global business with hubs in Sydney, New York, London and Singapore
- Building experience in coal and other bulk commodities including physical and financial iron ore
- Expanded global oil offering by growing physical oil trading capabilities and also physical base metals trading business
- In the US, addition of a commercial mortgage finance and CMBS team in New York and obtained ICE US membership allowing direct interface for futures clearing
- Expansion of the Macquarie platform to include market coverage across FICC-related structured derivative products in Germany, Switzerland and Italy

Outlook

- FY07-FY11 net profit contribution historical range: \$A0.5b - \$A0.8b; average \$A0.6b
- Subject to market conditions, expect FY12 net profit contribution to be up on FY11
- Focus on capitalising on platform investments made in FY11 and the breadth of the Macquarie platform
- Growing investor-facing businesses
- Modest headcount growth



Corporate and Asset Finance

Operating income of \$A786m, up 69% on prior year

Net profit contribution of \$A501m, up 96% on prior year

Activity

- Asset and loan portfolio of \$A17.3b at FY11, up 22% on prior year and 2H11 up 9% on 1H11
- Motor vehicle leasing portfolio of \$A5.9b at FY11, up 19% on prior year. Total contracts now in excess of 240,000 at 31 Mar 11
 - Completed acquisition of \$A1.0b portfolio of Australian motor vehicle leases and loans from GMAC in Apr 10
 - Ford and GMAC acquired portfolios performed solidly
- Completed the acquisition of \$US1.6b aircraft operating lease portfolio from International Lease Finance Corporation (ILFC) agreed in Apr 10
- Macquarie Leasing's new business in excess of \$A2.6b at FY11, up 37% on prior year
- Securitisation activity strong with \$A1.2b of issuance of motor vehicle leases and loans securitisations in FY11, including two issuances in the US
- Completed first capital markets securitisation of IT&T equipment lease receivables, with a total of \$US0.3b of securities issued in Mar 11
- Extended IT&T leasing capacity into Malaysia, HK, Singapore and India

Platform Growth

- Continued to access global securitisation markets
 - Approx. \$A10.5b of external funding over the past four years
- Continued growth of Smart Metering portfolio in the UK
- Continual expansion of global vendor relationships
- Ongoing pursuit of corporate acquisitions to enter new markets or enhance existing businesses

Outlook

- FY07-FY11 net profit contribution historical range¹: \$A0.1b - \$A0.5b; average \$A0.2b
- Subject to market conditions, expect FY12 net profit contribution to be up on FY11
- Continued growth in lease / loan portfolio under management
- Continue to seek opportunities for growth through acquisitions
- Growing leasing pipeline in some businesses
- Further opportunities to deploy balance sheet in the Australian market

1. Range excludes FY09 provisions for loan losses of \$A135m related to Real Estate Structured Finance loans as this is a restructured business



Banking and Financial Services

Operating income of \$A1,494m, up 19% on prior year
 Net profit contribution of \$A275m, up 5% on prior year

Global client numbers 1.04 million, up 40,000 on prior year

Private Wealth/Direct	Intermediary	Funds Management	Deposits
<p>Activity</p> <ul style="list-style-type: none"> Macquarie Private Wealth (MPW) remains No.1 ranked full-service retail stockbroker in Australia in terms of volume and market share¹ MPW ASX retail turnover down 5% on prior year Partial sell down of OzForex from 51% to 19.9% Australian/NZ private wealth and direct client numbers 359,000, up 2% on prior year Ranked No.1 National Independent Canadian Advisory Firm and ranked No.3 of all investment advisory firms in Canada² 	<p>Activity</p> <ul style="list-style-type: none"> Total funds under management, advice or administration \$A121.7b up 1% on prior year Macquarie Wrap funds under administration at \$A22.7b up 1% on prior year Macquarie Life Inforce risk premiums up 59% on prior year Agreement with Teachers Health Fund for the exclusive distribution and marketing of life insurance products to the Health Fund's 200,000 members Macquarie Mortgages relaunched loan origination in Australia to new clients Intermediary client numbers 599,618, up 1% on prior year 	<p>Activity</p> <ul style="list-style-type: none"> Funds in the Macquarie Professional Series of \$A3.7b up 28% on prior year Macquarie Pastoral Fund acquired additional six properties in FY11 bringing total holdings to 3.15m hectares Macquarie Professional Series named S&P Fund Manager of the Year for Global Equities Developed Markets for the fourth consecutive year³ Macquarie Professional Series named S&P Fund Distributor of the Year for the second consecutive year³ 	<p>Activity</p> <ul style="list-style-type: none"> Total retail deposits of \$A26.6b up 72% on prior year due to CMT conversion to CMA CMA balance of \$A14.6b at Mar 11
<p>Platform Growth</p> <ul style="list-style-type: none"> Continued focus on retail client growth in the advised and non-advised sector while seeking organic growth of high net worth adviser numbers 	<p>Platform Growth</p> <ul style="list-style-type: none"> Actively grow base annuity products including mortgages, insurance, wrap and banking products 	<p>Platform Growth</p> <ul style="list-style-type: none"> Continue to explore investment opportunities in other real assets for investors 	<p>Platform Growth</p> <ul style="list-style-type: none"> Continue to focus on providing a broad range of cash solutions in the medium term

Outlook

- FY07-FY11 net profit contribution historical range⁴: \$A0.2b - \$A0.3b; average \$A0.3b
- Subject to market conditions, expect FY12 net profit contribution to be broadly in line with FY11

1. IRESS: consideration traded and volume 31 Mar 11. 2. Investment Executive Brokerage Report Card 2011. 3. Standard and Poor's Fund Manager of the Year awards. 4. Range excludes FY09 loss on sale of Italian mortgages of \$A249m as this is a discontinued business

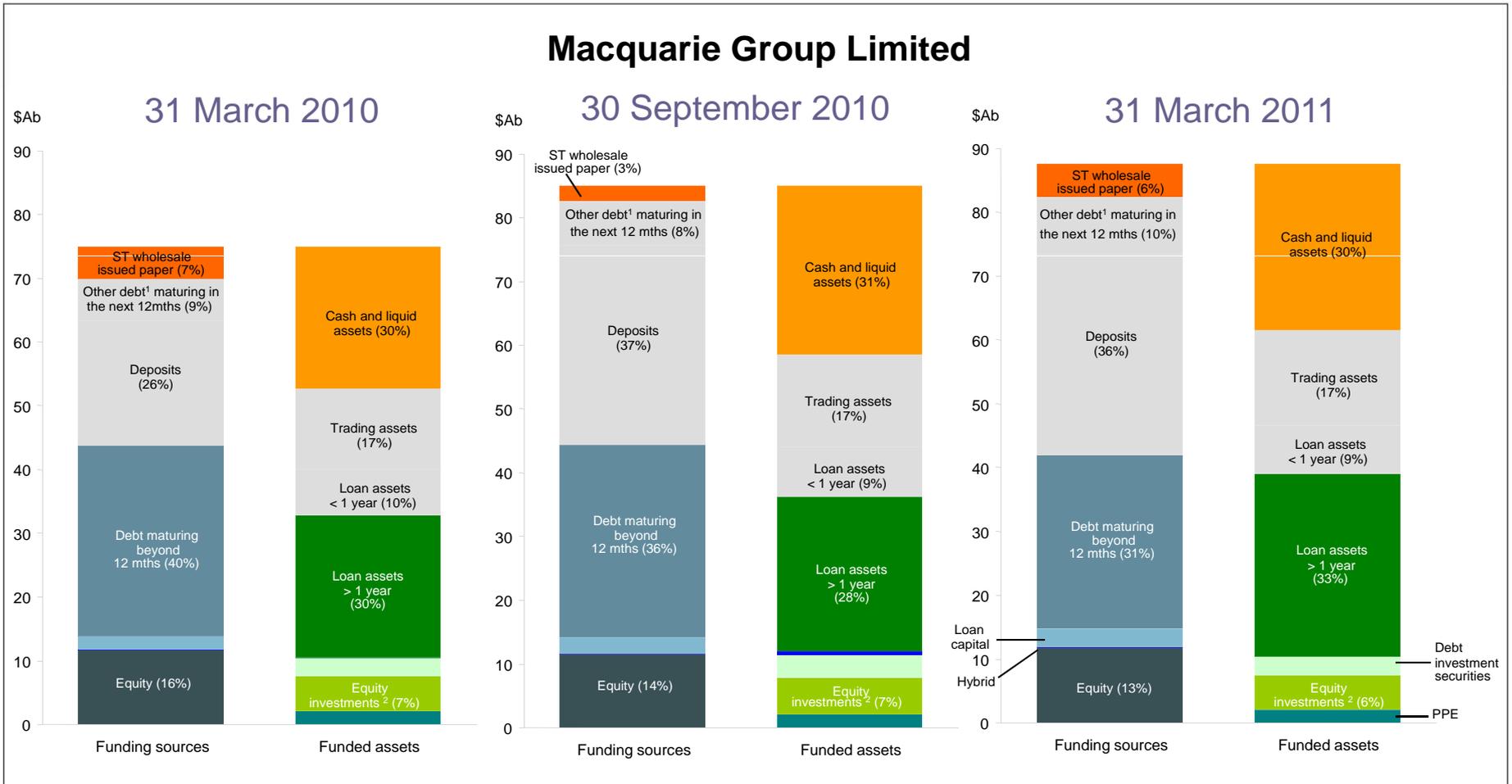


Strong funding and balance sheet position

- Diverse and stable funding base, minimal reliance on short term wholesale funding markets
- Total deposits increased to \$A31.6b at Mar 11 from \$A19.6b at Mar 10
 - Retail deposits increased to \$26.6b at Mar 11 from \$A15.5b at Mar 10, primarily driven by \$A9.6b of CMT funds transferred to Macquarie's CMA in Jul 10
- \$A9.7b¹ of new term funding raised since Mar 10
- Capital of \$A12.1b, \$A3.0b in excess of the Group's minimum regulatory capital requirement
 - MBL Banking Group tier 1 capital ratio 10.7% (11.5% Mar 10)
- Macquarie continues to monitor regulatory developments, including the Basel III capital and liquidity framework implementation by APRA
 - Our current assessment is that Macquarie has sufficient capital to meet the Basel III capital requirements and the leverage ratio requirements

1. Includes \$A1b MBL subordinated debt issuance and \$A0.7b term secured finance in Apr 11

Funded balance sheet remains strong



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 Group's statutory balance sheet, refer to slide 58



Dividends

- FY11 dividend set at \$A1.86, in line with FY10 ~ 67% payout ratio
 - 2H11 dividend \$A1.00, up from 1H11 dividend of \$A0.86
 - Dividend remains unfranked
- Dividend policy remains 50 – 60% annual payout ratio
- Dividend reinvestment plan
 - Discount removed in 2010
 - Scheme rules amended to allow shares to be sourced on-market



MACQUARIE

3

Outlook

Nicholas Moore

Managing Director and Chief Executive Officer

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts



Short term outlook

- Market uncertainty makes forecasting difficult
- Summarised below are the outlook statements for each operating group, the FY12 results for which will vary with market conditions

Operating Group	Net profit contribution			
	FY07-FY11 historical range	FY07-FY11 average	FY11	Outlook
Macquarie Securities	\$A0.2b - \$A1.2b	\$A0.6b	\$A0.2b	FY12 to be up on FY11 assuming better market conditions than FY11
Macquarie Capital	\$A(0.1)b - \$A1.6b	\$A0.7b	\$A0.3b	FY12 to be up on FY11 assuming better market conditions than FY11
Macquarie Funds	\$A0.3b - \$A1.1b	\$A0.7b	\$A0.6b	FY12 to be broadly in line with FY11
FICC	\$A0.5b - \$A0.8b	\$A0.6b	\$A0.6b	FY12 to be up on FY11
Corporate and Asset Finance	\$A0.1b - \$A0.5b ¹	\$A0.2b	\$A0.5b	FY12 to be up on FY11
Banking and Financial Services	\$A0.2b - \$A0.3b ²	\$A0.3b	\$A0.3b	FY12 to be broadly in line with FY11
Corporate	<ul style="list-style-type: none"> – Compensation ratio and effective tax rate to be consistent with historical levels – Continued higher cost of funding reflecting market conditions and high liquidity levels 			

- Movements in foreign exchange rates will impact the contribution of each group

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 \$A249m as this is a discontinued business



Short term outlook

- Overall, we expect an improved result for FY12 on FY11. However, the FY12 result will be dependent upon market conditions particularly for Macquarie Capital and Macquarie Securities which are assuming better market conditions than FY11
- In addition to market conditions, FY12 result remains subject to a range of other challenges including:
 - Increased competition across all markets
 - Cost of our continued conservative approach to funding and capital
 - Regulation, including the potential for regulatory changes



Medium term outlook

Our businesses are increasingly well positioned to benefit from future growth

- Global specialist
 - Significant expertise in key products in all major markets
 - Continued investment in our people and our businesses enables us to expand that expertise globally across new products in new markets
- Growing global market share
 - Leveraging our strength in Asia-Pacific into global markets
 - Maintaining and strengthening our leading position in key markets
- Strength in diversity
 - Broadening our diversity by geography, product and service
 - Diversification of income driven by evolution of the business and impact of economic cycles
- Balance sheet positioned for growth
 - Broadening our diversity by geography, product and service
 - Diversification driven by evolution of the business
- Effective risk management culture



4

Result Analysis and Financial Management

Greg Ward
Chief Financial Officer

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts



Income Statement key drivers

	2H11 \$Am	1H11 \$Am	Mar 11 \$Am	Mar 10 \$Am
Net interest income	670	605	1,275	1,080
Fee and commission income	1,896	1,995	3,891	3,721
Trading income	759	600	1,359	1,574
Other income	675	405	1,080	651
Operating income before writedowns, impairments, equity accounted gains/(losses) and one off items	4,000	3,605	7,605	7,026
Writedowns, impairments, equity accounted gains/(losses) and one off items	(17)	56	39	(388)
Total operating income (as reported)	3,983	3,661	7,644	6,638
Total operating expenses	(3,208)	(3,165)	(6,373)	(5,344)
Net profit before tax and minorities	775	496	1,271	1,294
Income tax expense	(197)	(85)	(282)	(201)
Non-controlling interests	(25)	(8)	(33)	(43)
Net profit after tax	553	403	956	1,050

- Net interest income up 18% on prior year to \$A1,275m
 - Growth in lending and leasing volumes, including acquisition of \$A1.0b GMAC portfolio in Apr 10 and the full year impact of the acquisition of the Ford Credit portfolio in Oct 09
 - Improved margins
- Fee and commission income up 5% on prior year to \$A3,891m
 - Base fees up 3% on prior year driven by full year impact of Delaware Investments, partially offset by CMT/CMA transfer
 - Brokerage and commissions up 6% on prior year driven by acquisition of MPW Canada
 - ECM activity down
- Trading income down 14% on prior year to \$A1,359m
 - Challenging market conditions impacted equities and commodities related trading income, particularly in the first half
- Other income up 66% on prior year to \$A1,080m
 - Increased income from the sale of investments in resource markets, particularly in the gold sector
 - Increased dividend/distribution income
- Significantly lower impact of writedowns, impairments, equity accounted gains/(losses) and one off items (FY11 profit of \$A39m; FY10 loss of \$A388m)
- Operating expenses up 19% on prior year to \$A6,373m
 - Average staff numbers up 17% driven by full year effect of the expanded global platform
- Higher tax expense - effective tax rate of 23%, up from 16% in prior year due to reduced impairment charges and writedowns



Gains/(losses) from writedowns, impairments, equity accounting and one-off items

	2H11 \$Am	1H11 \$Am	Mar 11 \$Am	Mar 10 \$Am
Gains from listed fund initiatives ¹	14	95	109	539
Equity investment impairments	(77)	(53)	(130)	(470)
Equity accounted gains/(losses) ¹	94	85	179	(148)
Loan and trading asset impairments	(51)	(77)	(128)	(236)
Net fair value adjustment on fixed rate issued debt	3	6	9	(255)
Liability management				
— MIPS	-	-	-	127
— Subordinated debt	-	-	-	55
Gains/(losses) from writedowns, impairments, equity accounting and one-off items	(17)	56	39	(388)

- Gains from listed fund initiatives – 1H11 fair value adjustment of investment in MAp Group on reclassification from associate to available for sale (\$A95m), 2H11 gain from sale of management rights of Macquarie Power and Infrastructure Corporation (\$A14m)

1. Gains from listed fund initiatives in FY10 is net of \$A62m equity accounted losses on MAp internalisation, \$A10m equity accounted losses on MIG internalisation and \$A10m equity accounted losses on MMG internalisation. These amounts are not included within equity accounted gains/(losses)



Macquarie Securities Result

	Mar 11 \$Am	Mar 10 \$Am
Net trading income (including net interest income) ¹	366	479
Brokerage and commissions	715	714
Other fee and commission income	212	263
Internal management revenue and other income ²	4	24
Operating income before writedowns, impairments and equity accounted gains/(losses)	1,297	1,480
Writedowns, impairment charges	1	(2)
Share of net gains/(losses) of associates	1	2
Total operating income (as reported)	1,299	1,480
Total operating expenses	(1,124)	(900)
Net profit contribution³	175	580
Staff numbers	1,768	1,673

- Net trading income down 24% on FY10:
 - Challenging market conditions
 - Retail and institutional product revenues down on prior year across all regions with exception of Europe which benefitted from the acquisition of Sal. Oppenheim in Apr 10
 - Market share maintained in core Asian markets
 - Arbitrage trading activities continued to make strong contribution although lower volatility and liquidity impacted trading conditions, particularly in 1H11
 - 2H11 showed signs of improvement over 1H11
- Brokerage and commission income in line with FY10:
 - Continued growth in US and Europe driven by acquisitions, Fox-Pitt Kelton Group in Nov 09 and Sal. Oppenheim in Apr 10
 - Reduced client activity in Asia and Australia
 - Business is maintaining or improving rankings with clients
- Other fee and commission income down 19% on FY10
 - ECM activity in Australia and Europe down on prior year, increased activity in America and Asia
- Operating expenses up 25% on FY10 driven by full year impact of the expanded global platform which includes Fox-Pitt Kelton Group (Nov 09) and Sal. Oppenheim (Apr 10)

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



Macquarie Capital Result

	Mar 11 \$Am	Mar 10 \$Am
Net interest expense ¹	(151)	(113)
Fee and commission income	796	837
Equity investment income	65	111
Operating lease income	92	66
Other income	164	173
Internal management revenue ²	29	30
Operating income before writedowns, impairments, equity accounted gains/(losses) and one-off items	995	1,104
Writedowns, impairment charges	(41)	(397)
Share of net gains/(losses) of associates	47	(22)
Total operating income (as reported)	1,001	685
Total operating expenses	(711)	(728)
Non-controlling interests	(9)	(13)
Net profit contribution³	281	(56)
Staff numbers	1,397	1,632

- Net interest expense up 34% on prior year resulting from higher interest rates
- Advisory and capital markets activity: 547 deals valued at approx. \$A159b (448 deals valued at approx. \$A121b in prior year)
 - ECM activity down in Australia and Europe, up in Asia
- Equity investment income down 41% in line with reduction in asset sales, FY11 includes Ambow
- Writedowns and impairment charges significantly down
- Improved underlying performance of associates and JVs
- Expenses broadly in line with prior year

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



Macquarie Funds Result

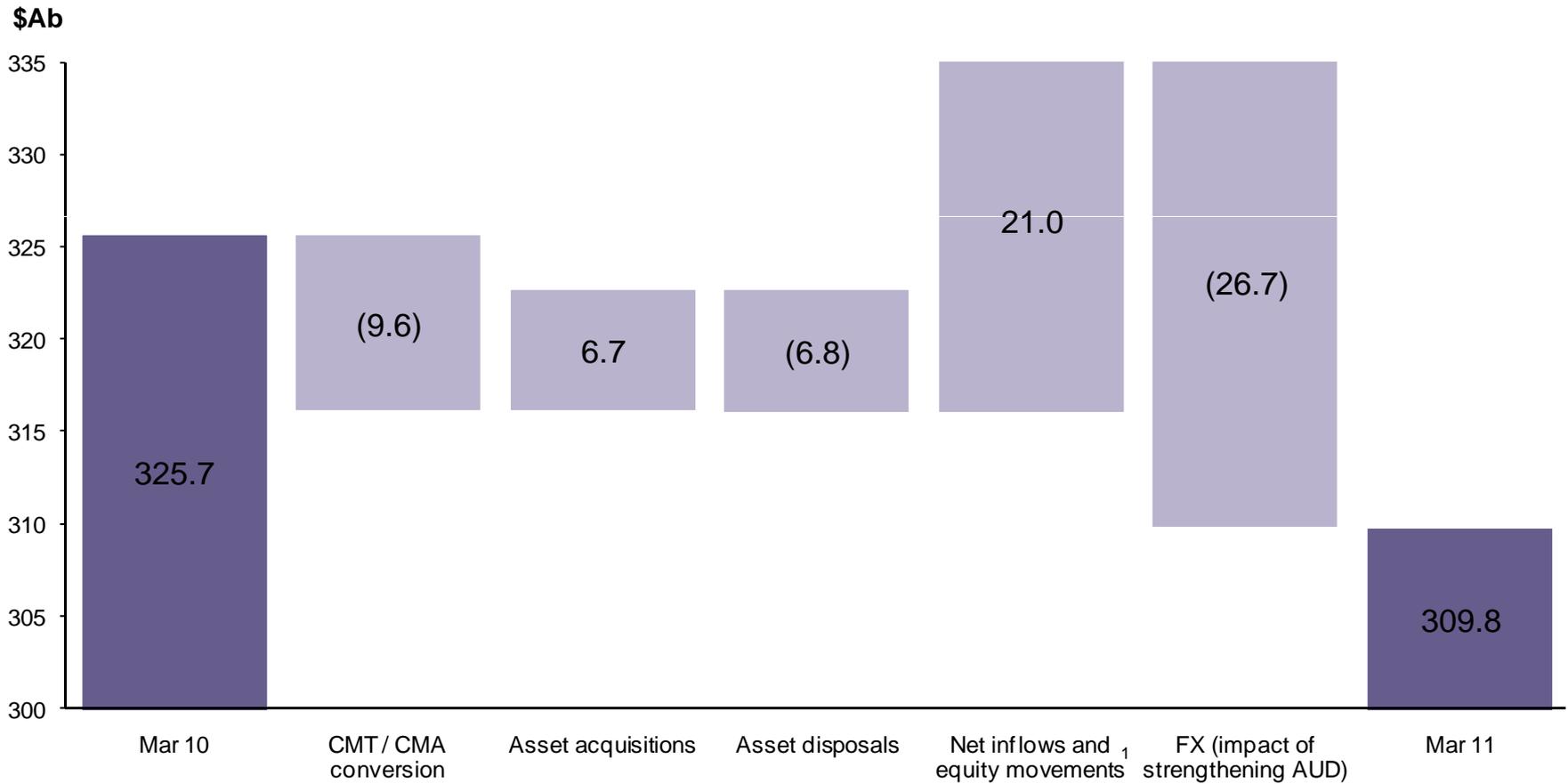
	Mar 11 \$Am	Mar 10 \$Am
Base fees	873	697
Other fee and commission income	280	214
Equity investment and other income	149	59
Net interest expense ¹	(120)	(103)
Internal management revenue ²	43	61
Operating income before writedowns, impairments and equity accounted gains/(losses)	1,225	928
Gains from listed fund initiatives	109	572
Writedowns, impairment charges	(36)	23
Share of net gains/(losses) of associates	112	(87)
Total operating income (as reported)	1,410	1,436
Total operating expenses	(818)	(624)
Non-controlling interests	10	1
Net profit contribution³	602	813
AUM (\$Ab)	305.1	311.0
Staff numbers	1,457	1,610

- Base fees up 25% on prior year to \$A873m
 - Benefitting from full year effect of Delaware Investments which increased AUM by \$A151b in Jan 10
 - Partially offset by decreases due to listed fund initiatives and the strengthening of the AUD
- Other fee and commission income up 31% on prior year mainly due to distribution service fees in the Delaware Investments business which are offset with associated expenses in brokerage and commissions expense
- Equity investment and other income up significantly on prior year due to distribution income from MAP Group
- Net interest expense up 17% on prior year mainly due to funding costs of Delaware Investments acquisition and higher interest rates on other MFG holdings
- Gains from listed fund initiatives in FY11 relate to reclassification of investment in MAP Group to available for sale and sale of Macquarie Power and Infrastructure Corporation management rights
- Share of net gains/(losses) of associates up significantly on prior year due to improved economic and operating conditions for fund investments
- Operating expenses up 31% on prior year mainly due to the full year impact of Delaware Investments

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



Assets under management of \$A310b



1. Includes the impact of net inflows/outflows and movements in AUM driven by changes in listed equity prices



Fixed Income, Currencies and Commodities

Result

	Mar 11 \$Am	Mar 10 \$Am
Commodities ¹	618	671
Foreign exchange products ¹	38	93
Interest rate products ¹	286	372
Fair value adjustments relating to leasing contracts	(17)	42
Fee and commission income	171	155
Other income	246	93
Internal management revenue ²	55	80
Operating income before writedowns, impairments and equity accounted gains/(losses)	1,397	1,506
Writedowns, impairment charges	4	(76)
Share of net gains/(losses) of associates	15	11
Total operating income (as reported)	1,416	1,441
Total operating expenses	(841)	(614)
Net profit contribution³	575	827
Staff numbers	980	884

- Commodities trading income down 8% on prior year:
 - Challenging trading conditions during the year
 - Lower client term hedging activity in some commodities markets
- Foreign Exchange income down 59% on prior year:
 - Global currency markets subject to intermittent volatility
 - Margin compression has had a significant impact on revenues
- Interest rate products down 23% on prior year:
 - Normalisation in credit markets following the rallies in the prior period
 - Although base of offerings expanded in US and Asia, income was down reflecting lower levels of client activity
- Fee and commission income up 10% on prior year:
 - Improved brokerage revenues in futures execution and clearing markets
- Other income up significantly on prior year driven by:
 - sales of net profit interests and equity investments due to stronger resource equity markets
 - royalties from participants in the metals and energy sector
- Expenses up 37% on prior year associated with:
 - Continued build out of the credit trading business in the US and its expansion into Europe
 - Establishment of the new Asian Markets business in Singapore

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



Corporate and Asset Finance Result

	Mar 11 \$Am	Mar 10 \$Am
Net interest income ¹	583	382
Fee, commission and trading income	2	49
Operating lease income	150	68
Other income	64	48
Internal management revenue ²	21	32
Operating income before writedowns, impairments and equity accounted gains/(losses)	820	579
Writedowns, impairment charges	(43)	(109)
Share of net gains/(losses) of associates	9	(5)
Total operating income (as reported)	786	465
Total operating expenses	(285)	(208)
Non-controlling interests	-	(2)
Net profit contribution³	501	255
Staff numbers	888	717

- Net interest income up significantly:
 - Loan and finance lease portfolios increased 12% on the prior year, including the acquisition of \$A1.0b GMAC portfolio in Apr 10
- Fee, commission and trading income in prior year was primarily due to mark-to-market gains on options and equity securities that were sold
- Operating lease income up significantly on prior year due to acquisition of aircraft lease portfolio from International Lease Finance Corporation
- Lower writedowns and impairment charges
 - reduced underlying loss rates in loan and lease portfolio driving reduced collective provisioning
 - reduced level of impairments of real estate assets
- Operating expenses up 37% driven by increased average headcount

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



Banking and Financial Services Result

	Mar 11 \$Am	Mar 10 \$Am
Net interest income ¹	713	551
Base fees	76	199
Brokerage and commissions	260	224
Platform and other fee and commission income	365	264
Income from life insurance business and other unit holder businesses	51	40
Other income	69	13
Internal management revenue ²	10	11
Operating income before writedowns, impairments and equity accounted gains/(losses)	1,544	1,302
Writedowns, impairment charges	(51)	(53)
Share of net gains/(losses) of associates	1	2
Total operating income (as reported)	1,494	1,251
Total operating expenses	(1,214)	(984)
Non-controlling interests	(5)	(6)
Net profit contribution³	275	261
AUM (\$Ab)	3.9	14.3
FUM / FUA ⁴ (\$Ab)	121.7	120.0
Staff numbers	3,228	3,268

- Net interest income growth
 - Retail deposits up 72% from \$A15.5b at Mar 10 to \$A26.6b at Mar 11 primarily due to conversion of CMT to CMA in Jul 10
 - Australian mortgage portfolio down from \$A14.3b at Mar 10 to \$A11.6b at Mar 11
- Base fees down 62% on prior year driven by CMT conversion to CMA
- Brokerage and commissions income up 16% on prior year driven by improved equity markets globally and the contribution of MPW Canada in FY11
- Platform and other fee and commission income up 38% on prior year
 - Average Wrap platform volumes up 6% on prior year
 - Professional Series FUA increased 28%
- Other income includes \$A41m gain on partial sell-down of OzForex
- Writedowns, impairment charges include:
 - Loan impairments (\$A37m)
 - Other impairment charges (\$A14m)
- Operating expenses up 23% driven by 19% increase in average headcount

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. Internal revenue allocations are eliminated on consolidation in the Group's statutory P&L. 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 CHESS holdings and funds under advice (e.g. Macquarie Private Bank)



Real Estate Banking Result

	Mar 11 \$Am	Mar 10 \$Am
Net interest expense ¹	(12)	(37)
Base fees	1	30
Performance fees	6	35
Other income	55	13
Internal management revenue ²	(2)	5
Operating income before writedowns, impairments and equity accounted gains/(losses)	48	46
Loss on listed fund initiatives	-	(33)
Writedowns, impairment charges	(51)	(86)
Share of net gains/(losses) of associates	(5)	(41)
Total operating income (as reported)	(8)	(114)
Total operating expenses	(34)	(34)
Net profit contribution³	(42)	(148)
AUM (\$Ab)	0.5	0.4
Staff numbers	57	73

- Net interest expense down from \$A37m in Mar 10 to \$A12m in Mar 11 due to reduction in investment portfolio
- Base and performance fees down significantly on prior year
 - FY10 included fees earned on sale of Macquarie Central Office Corporate Restructuring REIT Kukdong building in Korea
- Other income increased significantly on prior year driven by gains on the sale of equity investments
- Reduced impairment charges in line with stabilised real estate market conditions

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



Taxation

	FY11 \$Am	FY10 \$Am
Net profit before tax	1,271	1,294
Add back: writedowns and impairment charges and equity accounted gains/(losses)	79	854
Net profit before writedowns, impairments, equity accounted gains/(losses) and tax	1,350	2,148
Prima facie tax @ 30%	405	644
Income tax permanent differences	(99)	(187)
Income tax expense before writedowns, impairment charges and equity accounted gains/(losses)	306	457
<i>Implied effective tax rate¹</i>	23%	22%
Prima facie tax of write downs, impairment charges and equity accounted gains/(losses) @ 30%	(24)	(256)
Income tax expense/(benefit)	282	201
<i>Actual effective tax rate¹</i>	23%	16%

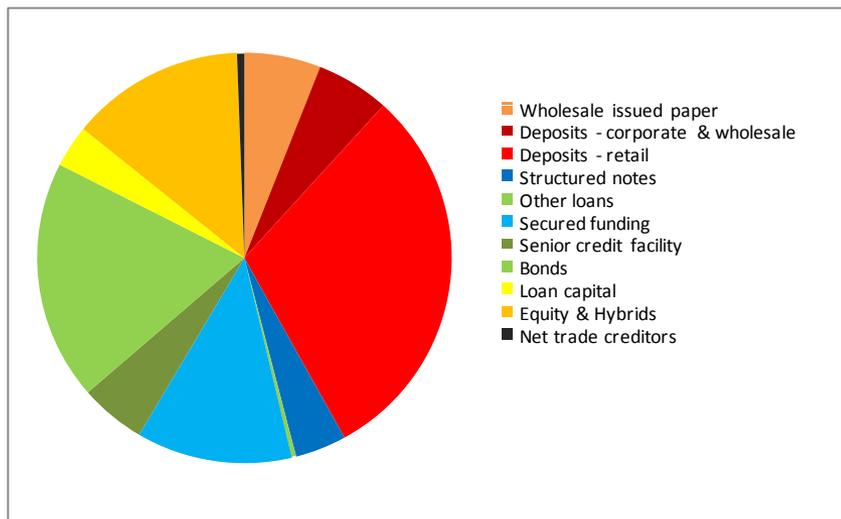
1. The effective tax rate is calculated on net profit before tax and after non-controlling interests. Non-controlling interests reduce net profit before tax by \$A33m in FY11 and \$A43m in FY10



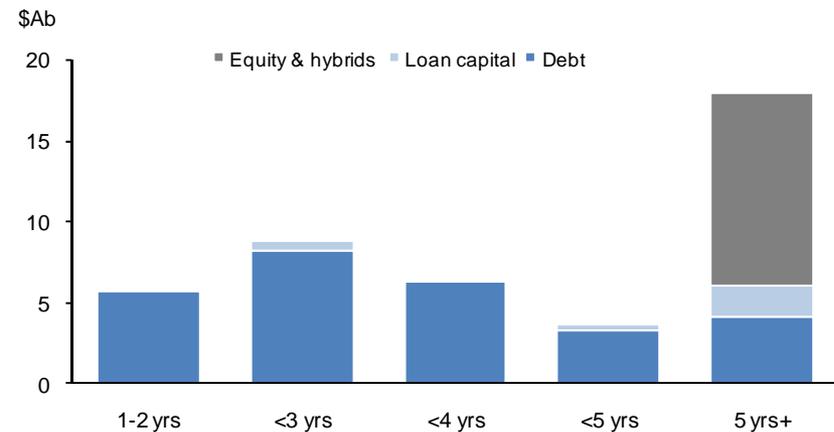
Balance sheet highlights

- Balance sheet remains solid and conservative
 - Term assets covered by term funding, stable deposits and equity
 - Surplus funding capacity continues to be deployed
- Retail deposits continuing to grow, up 72% to \$A26.6b at Mar 11 from \$A15.5b at Mar 10
 - On 31 Jul 10, \$A9.6b of CMT funds transferred to Macquarie's CMA
- \$A9.7b of new term funding raised since 31 Mar 10
 - \$A1.9b¹ MBL unsecured and subordinated debt issuance
 - \$A0.5b MGL 7 year US 144a bond issuance
 - \$A0.8b MGL 10 year US 144a bond issuance
 - \$A0.4b MGL hybrid capital issuance
 - \$A6.1b² mortgage and motor vehicle/equipment securitisations

Diversity of MGL funding sources



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

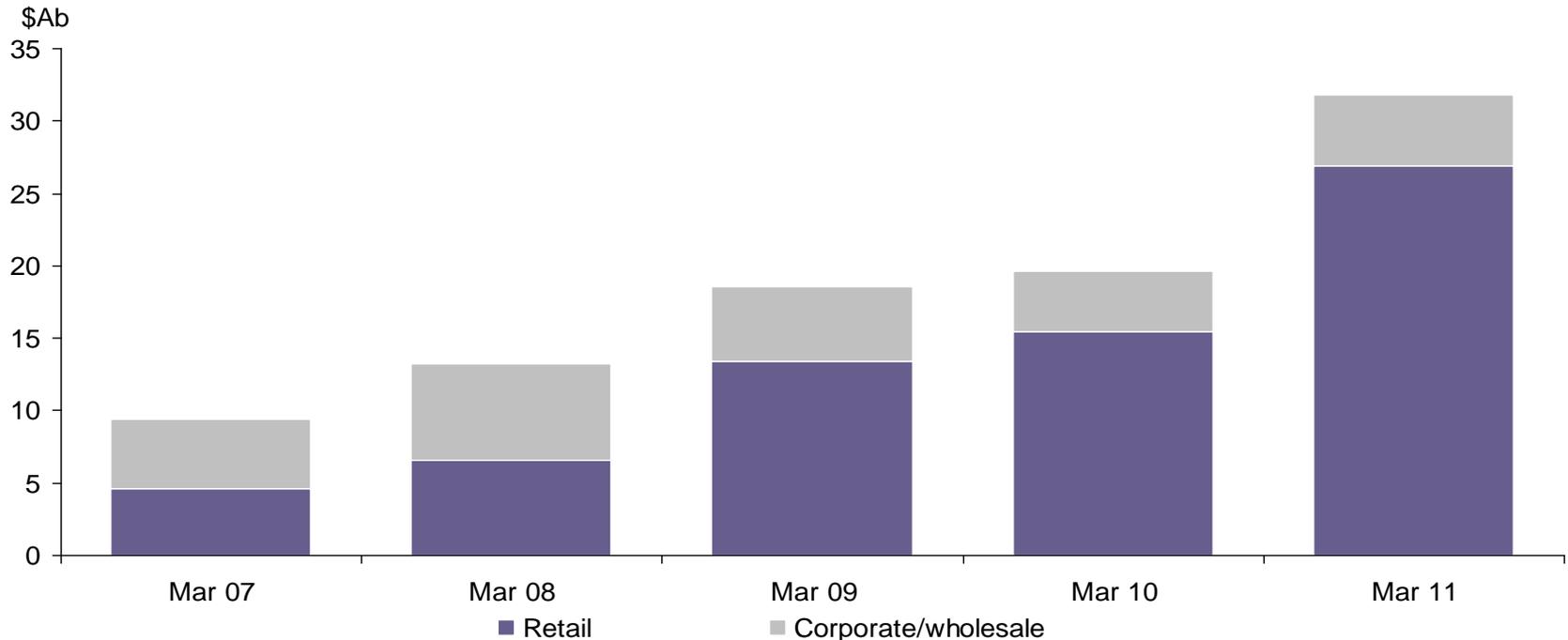


- Well diversified funding sources
- Minimal reliance on short term wholesale funding markets
- Deposit base represents 36% of total funding sources
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.1 years²



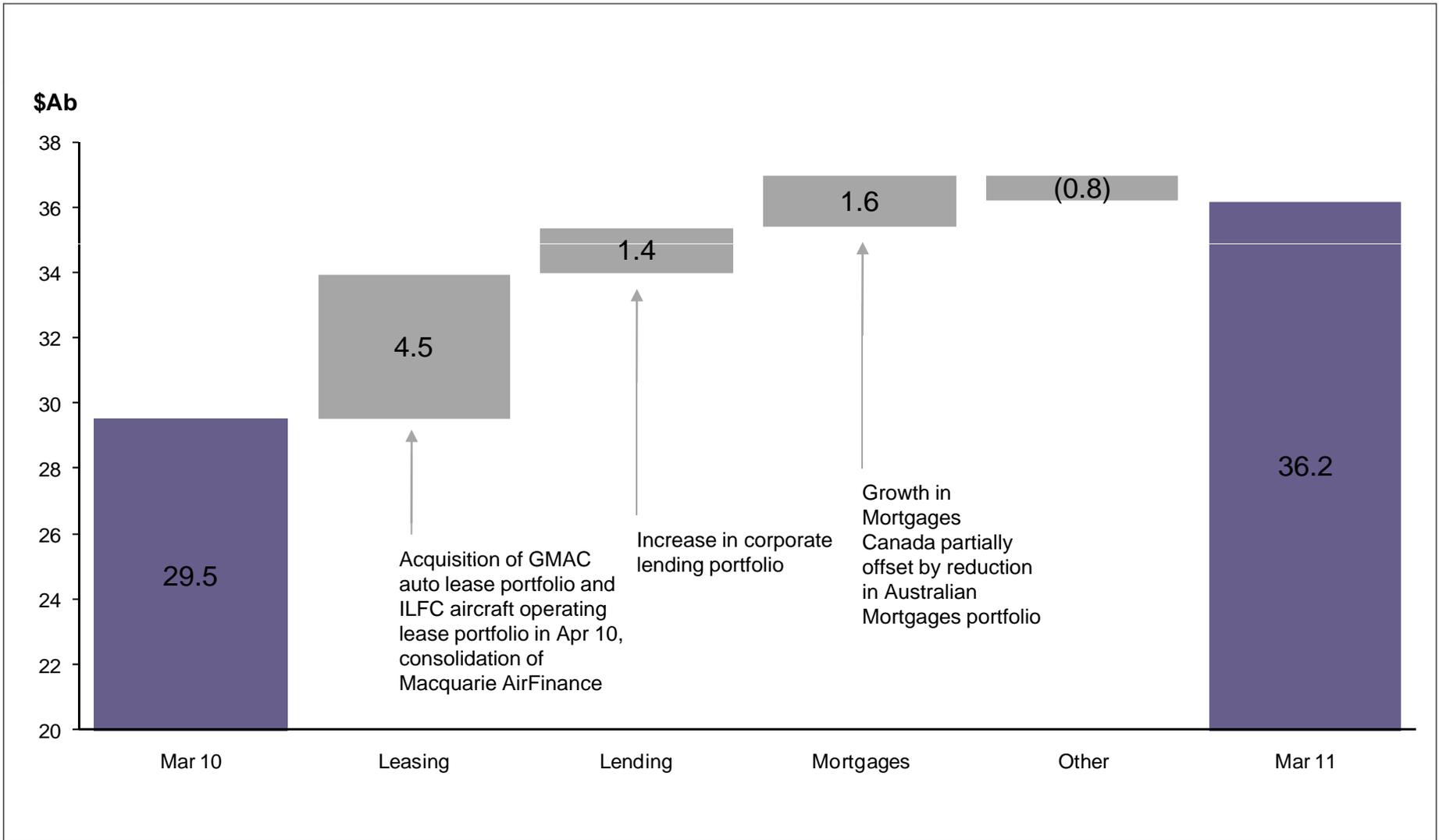
Continued retail deposit growth

- Macquarie has been successful in pursuing its strategy of diversifying its funding sources through growing its deposit base
 - Retail deposits increased to \$A26.6b at Mar 11 from \$A15.5b at Mar 10, primarily driven by \$A9.6b of CMT funds transferred to Macquarie's CMA in Jul 10
 - Continuing focus on improving the composition and quality of the deposit base:
 - Growing deposits in the CMA product which has an average balance of \$A35k





Growth of loan and lease asset portfolio¹



1. Per funded balance sheet, including loan assets held at amortised cost, loan assets held at fair value through P&L and operating lease assets held as other assets



Loan and lease asset portfolio quality

Loan category	Net carrying value	Provisions coverage	Net carrying value	Provisions coverage	Description
	Mar 11 \$Ab	Mar 11 % ¹	Mar 10 \$Ab	Mar 10 % ¹	
Mortgages					Secured by residential mortgages and supported by mortgage insurance
- Australia	2.1	1.0%	2.2	0.7%	▪ Australia: arrears ² = 1.5%, most loans are fully mortgage insured
- US	0.8	2.3%	0.9	1.9%	▪ US: arrears ² = 6.6%, majority of loans where LVR > 80% are mortgage insured
- Canada	8.5	-	6.7	-	▪ Canada: most loans are fully insured with underlying government support
Structured investments	3.4	0.5%	4.0	1.1%	Retail loans to invest in various investment funds. Secured by investments with value protected by capital guarantees at maturity. Underlying assets primarily include direct and indirect equities and cash
Banking	3.7	1.2%	3.6	1.1%	Secured relationship managed loan portfolio of \$A2.9b to professional and financial services firms, real estate industry clients, insurance premium funding and other small business clients. Secured largely by real estate, working capital and business cash flows and credit insurance; Other consumer lending of \$A0.8b including credit cards
Real estate	0.4	24.9%	0.6	16.7%	Loans secured against real estate, subject to regular independent valuations. Large impairment provisions
Resources and commodities	1.5	8.2%	1.7	8.7%	Diversified loan portfolio primarily to resources sector that are secured by the underlying assets. Secured by gold, base metals and oil resources and supported by price hedging
Leasing	8.2	0.5%	3.7	1.3%	Secured by underlying leased assets (motor vehicles, aircraft and specialised equipment), diversified portfolio by geography and security asset class
Lending ³	6.5	0.7%	5.1	1.4%	Diversified corporate lending, subject to regular recoverability review in relation to a diverse range of corporate assets and other securities
Other lending	1.1	4.8%	1.0	3.0%	Includes: ▪ Aircraft operating lease portfolio to single counterparty with average aircraft life < 3 years, all aircraft residual values insured ▪ Amounts on deposit with financial institutions as collateral for trading positions ▪ Other secured lending, subject to regular recoverability review. Secured by diverse range of corporate assets and other securities
Total loan assets⁴	36.2		29.5		

1. Coverage % based on total collective and specific provisions divided by gross loan value at 31 Mar 11 and 31 Mar 10. 2. Arrears based on 90+ days past due, foreclosures and bankruptcies, and real estate owned at 31 Mar 11 across all mortgage portfolios. 3. Excludes assets recorded as Debt Investment Securities. 4. Per the funded balance sheet, including loan assets held at amortised cost, loan assets held at fair value through P&L and operating lease assets held as other assets



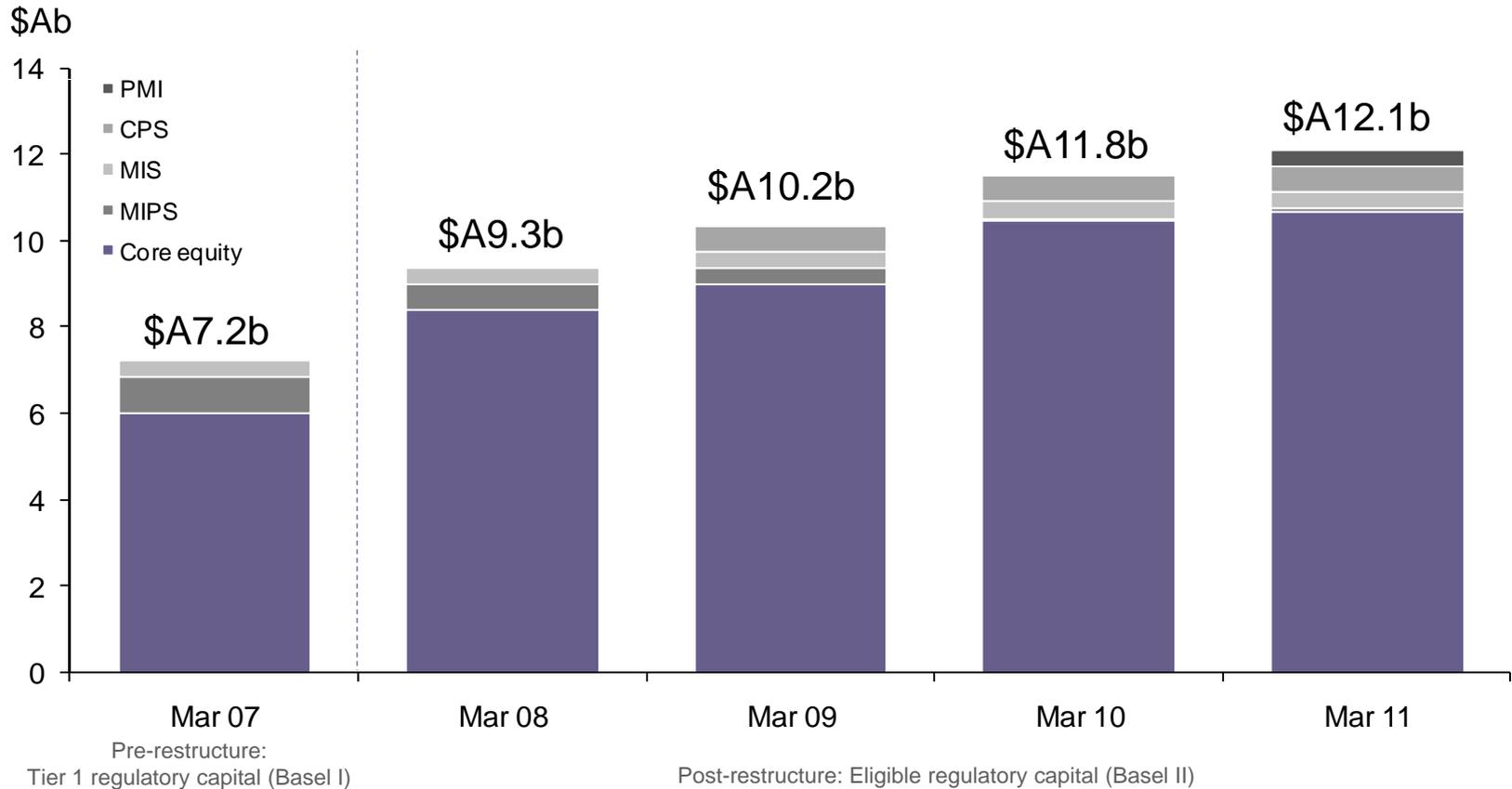
Equity investments of \$A5.2b

Category	Carrying value Mar 11 \$Am	Carrying value Mar 10 \$Am	Description
Debt investment entities	148	225	Largely relates to holding in Diversified CMBS Investments Inc. Underlying investments are commercial mortgage-backed securities that are highly rated
Energy and resources	509	289	Over 100 separate investments
Finance, investment, funds management and exchanges	609	748	Significant investments include Macquarie AirFinance, MGPA and Charter Hall Limited. Investments in exchange seats including ASX, Korea, Tokyo, Chicago
Real estate	479	547	Represents property and JV investments/loans. Includes investments in Spirit Finance, Medallist, Goodman Group and Charter Hall Retail REIT
Telcos, internet, media and entertainment	369	271	Includes investments in Macquarie Zhaophon Holdings and Southern Cross Media Group Limited
Transport, industrial and infrastructure	1,803	2,242	Includes investments in Miclyn Express Offshore, BrisConnections and MAP Group
Macquarie Funds (MIRA) managed funds	880	787	Diversified Utility and Energy Trust, Macquarie Atlas Roads, Macquarie Infrastructure Company, Macquarie International Infrastructure Fund, Macquarie Korea Infrastructure Fund, MAIP, MIP funds and Macquarie European Infrastructure Funds
Other Macquarie managed funds	361	388	Includes investments that hedge DPS plan liabilities
Held for sale	79	118	Investments classified as HFS when it's highly probable that the asset will be sold in the subsequent 12 months
	5,237	5,615	



Consistently strong capital base

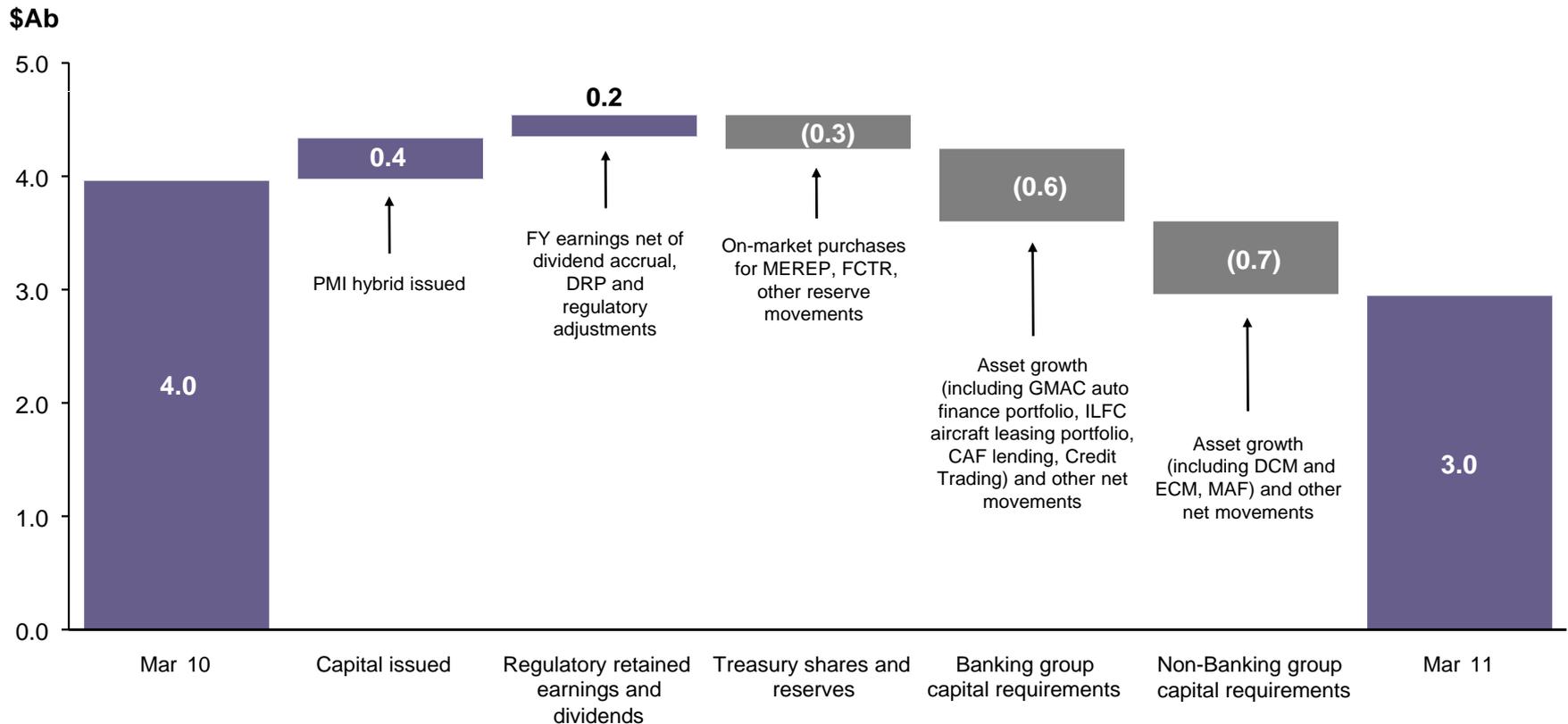
- Well capitalised – surplus over Group’s minimum regulatory capital requirement of \$A3.0b
- Core equity represents 88% of the Group’s capital base
- Capital increased in FY11 due to PMI issue, net of reductions from the MEREP on-market purchase and FX movements





Capital being deployed to support growth

- Group capital of \$A12.1b at 31 Mar 11, a \$A3.0b buffer of capital in excess of the Group's minimum regulatory capital requirements
- Strong Banking Group capital ratios - Tier 1: 10.7% (Core Tier 1¹: 9.9%); Total Capital: 12.4%



1. Core Tier 1 represents Tier 1 excluding hybrid Tier 1 instruments



Basel III and other regulatory changes

- Some uncertainties remain
 - Basel has recently undertaken a quantitative impact study (QIS) of changes to credit valuation adjustment (CVA) methodology and the capital requirements for bank exposures to central counterparties – final methodologies expected later in 2011
 - The Bank for International Settlements (BIS) rules are subject to implementation by APRA with uncertainty around the consequent changes APRA will make to its Prudential Standards for Australian banks
 - Discussion paper expected mid-2011
- Revised capital rules
 - Our current assessment is that Macquarie has sufficient capital to meet the Basel III capital requirements and the leverage ratio requirements
- New liquidity framework
 - APRA has proposed that 'liquid assets' in the Liquidity Coverage Ratio can be satisfied via a committed liquidity facility with the RBA covering assets currently eligible for repo (facility pricing is yet to be announced)
 - This outcome should resolve the previous difficulties for Australia resulting from the Basel definition of liquid assets
 - There is still uncertainty surrounding details of the net stable funding ratio and its full impact on Australian banks



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Appendix

Additional Information – Funding

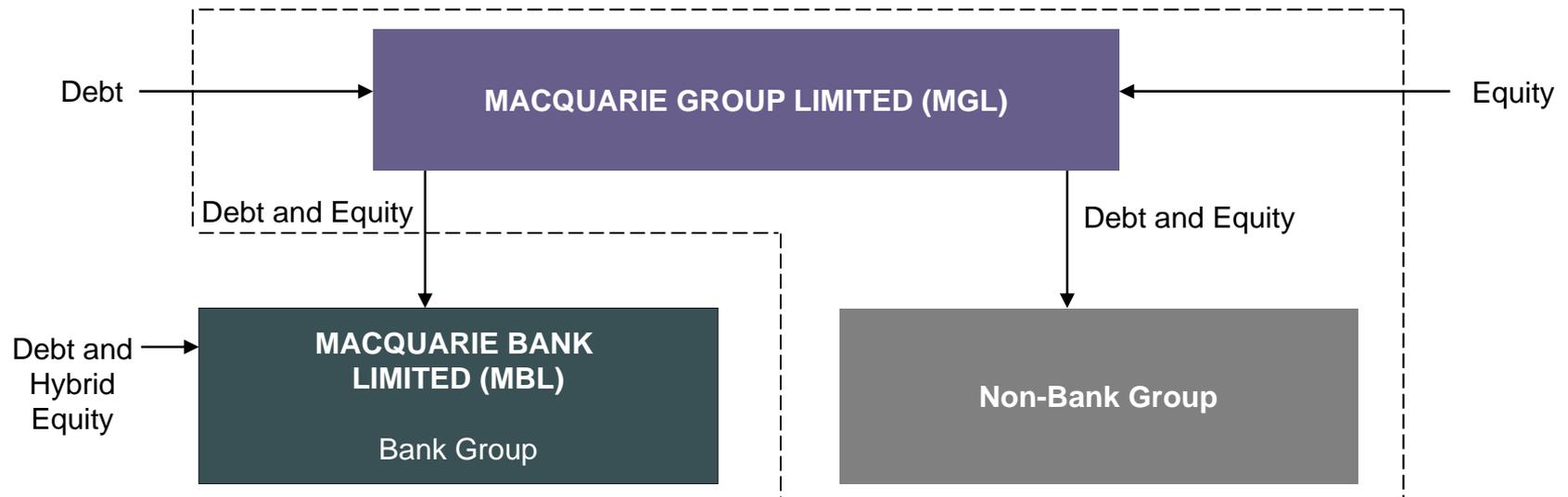
Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts

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 statutory balance sheet 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 11 \$Ab	Mar 10 \$Ab
Total assets per Statutory Balance Sheet	157.6	145.9
<i>Deductions:</i>		
Self funded trading assets	(14.7)	(15.4)
Derivative revaluation accounting gross ups	(20.5)	(21.2)
Life investment contracts and other segregated assets	(8.1)	(7.3)
Broker settlement balances	(6.3)	(5.7)
Working capital assets	(7.6)	(6.6)
<i>Less non-recourse funded assets:</i>		
Securitised assets and non-recourse warehouses	(12.8)	(14.8)
Total assets per Funded Balance Sheet	87.6	74.9



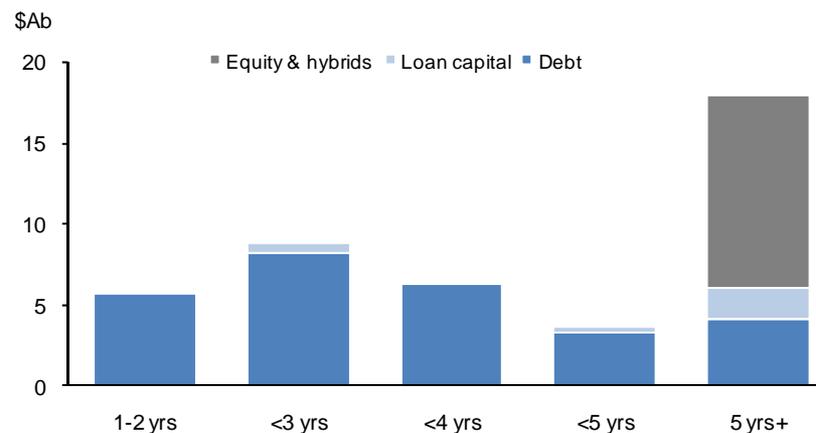
Funding for the Group

31 March 2011

	Mar 11 \$Ab	Mar 10 \$Ab
Funding sources		
Negotiable certificates of deposit	1.7	1.9
Commercial paper	3.5	3.0
Net trade creditors	0.5	0.4
Structured notes	3.5	2.8
Secured funding	10.6	8.3
Bonds	16.6	17.5
Other loans	0.3	0.7
Senior credit facility	4.5	6.9
Corporate/wholesale deposits	5.0	4.1
Retail deposits	26.6	15.5
Loan capital ¹	2.9	2.0
Equity and hybrids ²	11.9	11.8
Total funding sources	87.6	74.9
Funded assets		
Cash and liquid assets	26.0	22.2
Net trading assets	15.0	12.7
Loan assets < 1 year	7.6	7.2
Loan assets > 1 year	28.6	22.3
Assets held for sale	0.1	0.1
Debt investment securities	2.8	2.8
Co-investment in Macquarie-managed funds and other equity investments	5.5	5.5
Property, plant & equipment and intangibles	2.0	2.1
Total funded assets	87.6	74.9

- Well diversified funding sources
- Minimal reliance on short term wholesale funding markets
- Deposit base represents 36% of total funding sources
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.1 years³

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



1. This includes Convertible Preference Securities of \$A0.6b and Preferred Membership Interests of \$A0.4b. 2. Equity includes ordinary capital and Macquarie Income Securities of \$A0.4b, and Hybrids includes the Macquarie Income Preferred Securities of \$A0.1b. 3. Includes \$A1b MBL subordinated debt issuance in Apr 11. 4. Undrawn term facilities for the Group include \$A0.3b undrawn of the Senior Credit Facility and \$A0.4b of other undrawn facilities



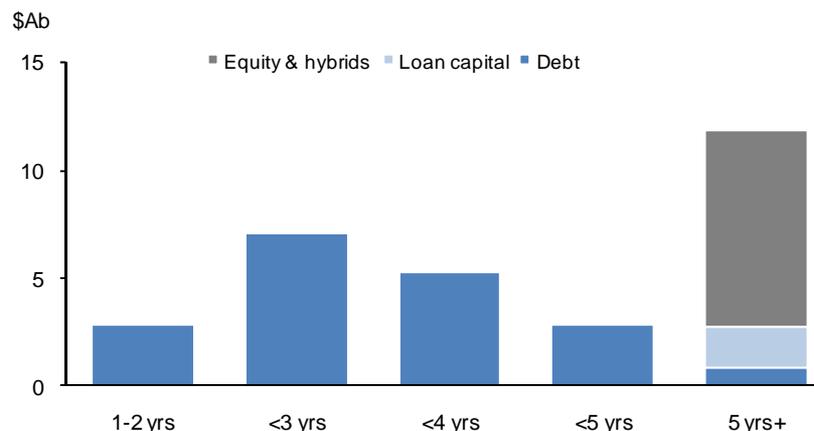
Funding for the Bank Group

31 March 2011

	Mar 11 \$Ab	Mar 10 \$Ab
Funding sources		
Negotiable certificates of deposit	1.7	1.9
Commercial paper	3.5	3.0
Structured notes	2.9	2.6
Secured funding	8.9	7.7
Bonds	12.5	14.3
Other loans	-	0.2
Corporate/wholesale deposits	5.0	4.1
Retail deposits	26.6	15.5
Loan capital	1.9	1.4
Equity and hybrids ¹	9.1	8.5
Total funding sources	72.1	59.2
Funded assets		
Cash and liquid assets	23.8	20.1
Net trading assets	13.4	11.3
Loan assets < 1 year	7.2	6.8
Loan assets > 1 year	26.2	21.3
Assets held for sale	-	0.1
Debt investment securities	2.6	2.5
MBL intra-group loan to MGL	0.7	1.2
Non-Banking Group deposit with MBL	(4.6)	(6.9)
Co-investment in Macquarie-managed funds and other equity investments	1.8	1.6
Net trade debtors	-	0.1
Property, plant & equipment and intangibles	1.0	1.1
Total funded assets	72.1	59.2

- Bank balance sheet remains very 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 4.0 years²
- Retail deposits of Macquarie Bank Limited benefit from the guarantee provided by the Australian Government³

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



1. Equity includes ordinary capital and Macquarie Income Securities of \$A0.4b. Hybrids include the Macquarie Income Preferred Securities of \$A0.1b. 2. Includes \$A1b MBL subordinated debt issuance in Apr 11. 3. The first \$A1m of aggregate retail deposits held by an individual is guaranteed under the Financial Claims Scheme. 4. Undrawn term facilities for the Bank Group include \$A0.4b of other undrawn facilities



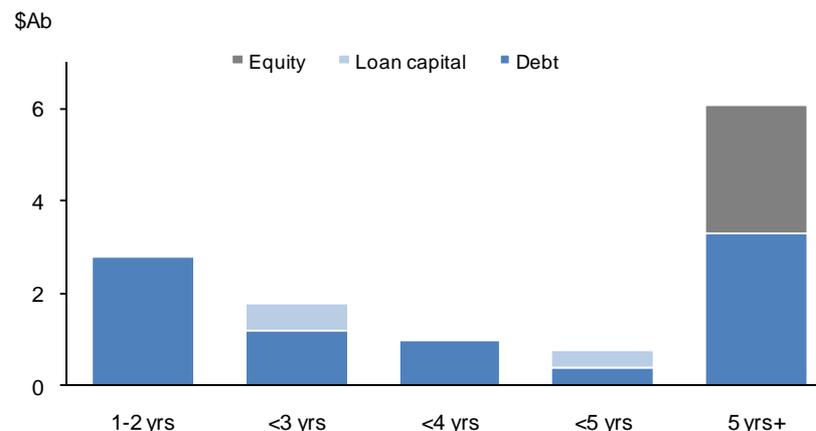
Funding for the Non-Bank Group

31 March 2011

	Mar 11 \$Ab	Mar 10 \$Ab
Funding sources		
MBL intra-group loan to MGL	0.7	1.2
Net trade creditors	0.5	0.5
Structured notes	0.6	0.2
Secured funding	1.7	0.6
Bonds	4.1	3.2
Other loans	0.3	0.5
Senior credit facility	4.5	6.9
Loan capital ¹	1.0	0.6
Equity	2.8	3.3
Total funding sources	16.2	17.0
Funded assets		
Cash and liquid assets	2.2	2.1
Non Banking Group deposit with MBL	4.6	6.9
Net trading assets	1.6	1.4
Loan assets < 1 year	0.4	0.4
Loan assets > 1 year	2.4	1.0
Assets held for sale	0.1	-
Debt investment securities	0.2	0.3
Co-investment in Macquarie-managed funds and other equity investments	3.7	3.9
Property, plant & equipment and intangibles	1.0	1.0
Total funded assets	16.2	17.0

- Non-Bank Group is predominantly term funded
- Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.5 years²
- First tranche of MGL Senior Credit Facility was repaid in Nov 10 (\$A2.4b)

Term funding (drawn and undrawn³) maturing beyond one year (including equity)



1. Mar 11 balance includes Convertible Preference Securities of \$A0.6b and Preferred Membership Interests of \$A0.4b. 2. Does not include \$US0.7b intra-group loan, which was repaid in full in Apr 11. 3. Undrawn term facilities for the Non-Bank include \$A0.3b undrawn on the Senior Credit Facility



Explanation of Funded Balance Sheet reconciling items

- **Self funded trading assets:** There are a number of entries on the balance sheet that arise from the normal course of trading activity we conduct with our clients and counterparties. They typically represent both sides of a transaction. The entries off-set each other as both the asset and liability positions are recorded separately. Where these entries are matched, they do not require funding
- **Derivative re-valuation accounting gross ups:** Macquarie's derivative activities are mostly client driven with client positions hedged by off-setting positions. 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 we have products such as investment-linked policy contracts. The policy (contract) liability will be matched by assets held to the same amount and hence do not require funding
- **Broker settlement balances:** At any particular time our broking business will have outstanding trades to settle with other brokers. These amounts (payables) can be offset in terms of funding by amounts that we are owed at the same time by brokers on other trades (receivables)
- **Short term working capital assets:** As with the broker 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 funding rather than the gross balance
- **Securitised assets and non-recourse warehouses:** Some lending assets (mortgages and leasing) are commonly sold down into external securitisation entities or transferred to external funding warehouses. As a consequence they are non-recourse to Macquarie and are funded by third parties rather than Macquarie



MACQUARIE

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Appendix
Additional Information – Capital

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts



Macquarie Group regulatory capital Surplus calculation

	Mar 11 \$Am	
Macquarie Group eligible capital:		
Banking Group Gross Tier 1 capital	8,519	
Non-Bank eligible capital	3,570	
Eligible capital	12,089	(a)
Macquarie Group capital requirement:		
Banking Group contribution		
Risk-weighted assets ¹	55,222	
Internal minimum Tier 1 ratio (Bank)	7%	
Capital required to cover risk-weighted assets	3,866	
Tier 1 deductions ²	2,527	
Banking Group contribution	6,393	
Non-Banking Group contribution	2,745	
Capital requirement	9,138	(b)
Surplus over Group's minimum regulatory capital requirement	2,951	(a)-(b)

1. In calculating the Banking Group's contribution to Group capital requirement, RWA associated with exposures to the Non-Bank are eliminated (\$A178m at 31 Mar 11). 2. In calculating the Banking Group's contribution to Group capital requirement, Tier 1 deductions arising from transactions with the Non-Bank are eliminated (\$60m at 31 Mar 11)



Macquarie Group regulatory capital

Banking Group contribution

31 March 2011	Risk-weighted assets \$Am	Tier 1 Deductions \$Am	Capital Requirement ¹ \$Am
Credit risk			
On balance sheet	27,935		1,955
Off balance sheet	12,870		901
Credit risk total	40,805		2,856
Equity risk	1,912		134
Market risk	3,834		268
Operational risk	7,037		493
Other	1,634	2,527	2,642
Contribution to Group capital calculation	55,222	2,527	6,393
Intra-group transactions	178 ²	60 ³	
Banking Group standalone capital calculation	55,400	2,587	

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. 3. Tier 1 deductions arising from transactions with the Non-Bank are eliminated



Macquarie Group regulatory capital

Non-Banking 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-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 39% and 82% of face value; average 52%
Market	3 times 10 day 99% Value at Risk (VaR) plus a specific risk charge	Scenario-based approach
Operational	Basel II Advanced Measurement Approach	Basel II Advanced Measurement Approach

1. The ECAM also covers insurance underwriting, 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. 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



Macquarie Group regulatory capital

Non-Banking Group contribution

31 March 2011	Assets \$Ab	Capital Requirement \$Am	Equivalent Risk Weight
Funded assets			
Cash and liquid assets	2.2	24	14%
Loan assets ¹	2.8	278	124%
Assets held for sale	0.1	42	648%
Debt investment securities	0.2	9	48%
Co-investment in Macquarie-managed funds and equity investments	3.6	1,690	581%
Co-investment in Macquarie-managed funds (relating to investments that hedge DPS plan liabilities)	0.1		
Property, plant & equipment and intangibles ²	1.0	283	371%
Non-Banking Group deposit with MBL	4.6		
Net trading assets	1.6		
Total funded assets	16.2	2,326	
Self-funded and non-recourse assets			
Self-funded trading assets	1.7		
Broker settlement balances	4.9		
Derivative revaluation accounting gross-ups	(0.1)		
Working capital assets	3.4		
Total self-funded and non-recourse assets	9.9		
TOTAL NON-BANKING GROUP ASSETS	26.1		
Off balance sheet exposures, operational, market and other risk, and diversification offset ³		419	
NON-BANKING GROUP CAPITAL REQUIREMENT		2,745	

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. Includes capital associated with net trading assets (e.g. market risk capital), net trade debtors and assets held for sale



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Appendix Glossary

Macquarie Group Limited

Result Announcement for the full year ended 31 March 2011

29 April 2011 – Presentation to Investors and Analysts



Glossary

\$A	Australian Dollar
\$C	Canadian Dollar
\$US	United States Dollar
£	Pound Sterling
€	Euro
1H11	Half Year ended 30 September 2010
1H12	Half Year ended 30 September 2011
2H11	Half Year ended 31 March 2011
Approx.	Approximately
APRA	Australian Prudential Regulatory Authority
ADR	American Depository Receipts
ANZ	Australia and New Zealand
ASX	Australian Securities Exchange
AUD	Australian Dollar
AUM	Assets Under Management
BIS	Bank for International Settlements
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance
CMA	Cash Management Account
CMBS	Commercial Mortgage-Backed Securities
CMT	Cash Management Trust
CNY	Chinese Renminbi
CVA	Credit Valuation Adjustment
DCM	Debt Capital Markets
DPS	Dividend Per Share

DUET	DUET Group
ECAM	Economic Capital Adequacy Model
ECM	Equity Capital Markets
EMEA	Europe, the Middle East and Africa
EPS	Earnings Per Share
Ex	Excluding
FCTR	Foreign Currency Translation Reserve
FFA	Forward Freight Agreements
FICC	Fixed Income, Currencies and Commodities
FIG	Financial Institutions Group
FINRA	Financial Industry Regulatory Authority
FPK	Fox-Pitt Kelton Cochran Caronia Waller
FUA	Funds Under Administration
FUM	Funds Under Management
FX	Foreign Exchange
FY07	Full Year ended 31 March 2007
FY09	Full Year ended 31 March 2009
FY10	Full Year ended 31 March 2010
FY11	Full Year ended 31 March 2011
FY12	Full Year ended 31 March 2012
HFS	Held For Sale
HK	Hong Kong
ICE	ICE Futures
ILFC	International Lease Finance Corporation
INR	Indian Rupee



Glossary

IPO	Initial Public Offering
IT&T	Information Technology & Telecommunications
JV	Joint Venture
KRW	South Korean Won
LNG	Liquefied Natural Gas
LVR	Loan to Value Ratio
M&A	Mergers and Acquisitions
MAF	Macquarie AirFinance
MAIP	Macquarie Advanced Investment Partners
MAp	Macquarie Airports
MBL	Macquarie Bank Limited
MEREP	Macquarie Group Employee Retained Equity Plan
MFG	Macquarie Funds Group
MGL	Macquarie Group Limited
MGPA	Macquarie Global Property Advisers
MIG	Macquarie Infrastructure Group
MIP	Macquarie Infrastructure Partners
MIPS	Macquarie Income Preferred Securities
MIRA	Macquarie Infrastructure and Real Assets
MIS	Macquarie Income Securities
MMG	Macquarie Media Group
MPW	Macquarie Private Wealth
MYR	Malaysian Ringgit
No.	Number

NZ	New Zealand
NZD	New Zealand Dollar
OTC	Over the Counter
P&L	Profit and Loss
PMI	Preferred Membership Interests
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
RWA	Risk Weighted Assets
QIS	Quantitative Impact Study
S&P	Standard and Poors
ST	Short Term
TMET	Telecommunications, Media, Entertainment and Technology
TWD	Taiwan Dollar
UK	United Kingdom
US	United States of America
VaR	Value at Risk



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