MACQUARIE BANK

Pillar 3 disclosures

Macquarie Bank
June 2019

MACQUARIE BANK LIMITED ACN 008 583 542

This page has been left blank intentionally.

Macquarie Bank Limited
ABN 46 008 583 542

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780
Telex 122246
Internet http://www.macquarie.com.au
DX 10287 SSE
SWIFT MACQAU2S

Money Market 8232 3600 Facsimile 8232 4227
Foreign Exchange 8232 3666 Facsimile 8232 3019
Metals and Mining 8232 3444 Facsimile 8232 3590
Futures 9231 1028 Telex 72263
Debt Markets 8232 3815 Facsimile 8232 4414

MACQUARIE
BANK

ASX Release

MACQUARIE BANK RELEASES JUNE PILLAR 3 DISCLOSURE DOCUMENT

23 Aug 2019 - The Macquarie Bank Limited June 2019 Pillar 3 disclosure document was released today on the Macquarie website www.macquarie.com. These disclosures have been prepared in accordance with the Australian Prudential Regulation Authority (APRA) requirements of Prudential Standard APS 330: Public Disclosure.

Contacts:

Sam Dobson, Macquarie Group Investor Relations	+612 8232 9986
Lisa Jamieson, Macquarie Group Media Relations	+612 8232 6016

This page has been left blank intentionally.

Contents

Introduction

Macquarie Bank Limited (MBL) is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA). MBL is accredited under the Foundation Internal Ratings Based Approach (FIRB) for credit risk, the Advanced Measurement Approach (AMA) for operational risk, the Internal Model Approach (IMA) for market risk and interest rate risk in the banking book. These advanced approaches place a higher reliance on a bank's internal capital measures and therefore require a more sophisticated level of risk management and risk measurement practices.

On 1 January 2013, reforms to the Basel II capital adequacy framework came into effect (the Basel III framework). These reforms are designed to strengthen global capital rules with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

APRA has implemented the Basel III framework, and in some areas has gone further by introducing stricter requirements (APRA superequivalence). This report details MBL's disclosures as required by APRA Prudential Standard APS 330: Public Disclosure as at 30 June 2019 together with the 31 March 2019 comparative disclosures. The most recent full Pillar 3 disclosure document as at 31 March 2019 is also available on the Macquarie website at www.macquarie.com.

This report provides an update to certain disclosures as required by APS 330 as at 30 June 2019 and consists of sections covering:

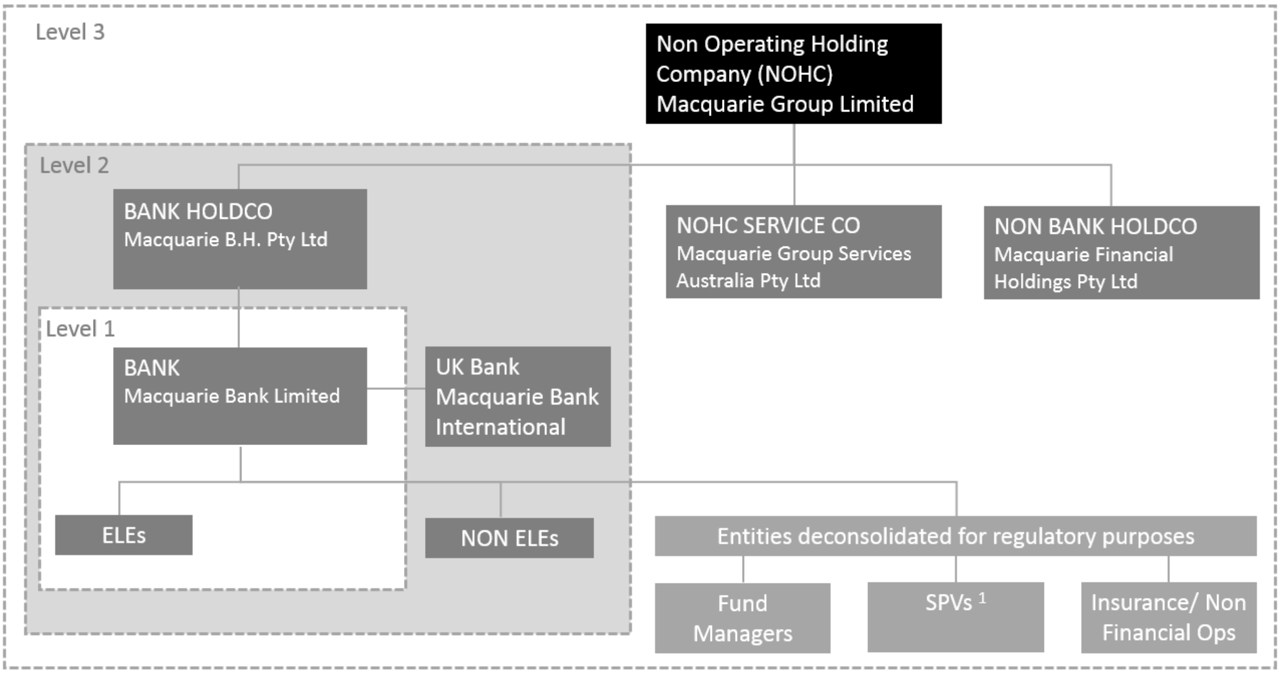
- Capital Adequacy;
- Credit Risk Measurement;
- Provisioning;
- Securitisation;
- Leverage Ratio Disclosures; and
- Liquidity Coverage Ratio Disclosures.

1.0 Overview

1.1 Macquarie Regulatory Group

MBL is part of the larger Macquarie Group, which includes Macquarie Group Limited (MGL) and its subsidiaries (referred to as 'Level 3'). The MBL regulatory consolidated bank group (referred to as 'Level 2') is different to the MBL accounting consolidated group as Level 2 excludes certain subsidiaries which are deconsolidated for APRA reporting purposes. MBL and its Extended Licensed Entities (ELEs) are referred to as Level 1.

The diagram below illustrates the three different levels of consolidation:



1. These are securitisation vehicles that achieve Regulatory Capital Relief per APS 120.

Reporting levels are in accordance with APRA definitions contained in APRA Prudential Standard APS 110: Capital Adequacy.

References in this report to Macquarie refer to the Level 2 regulatory group as described above. Unless otherwise stated, all disclosures in this report represent the Level 2 regulatory group prepared on a Basel III basis.

1.2 Report Conventions

The disclosures in this report are not required to be audited by an external auditor. However, the disclosures have been prepared on a basis consistent with information submitted to APRA. Under the APRA Prudential Standard APS 310: Audit and Related Matters the information submitted to APRA is required to be either audited or reviewed by an external auditor at Macquarie's year end, being 31 March.

Averages have been prepared in this report for certain disclosures as required by APS 330.

All numbers in this report are in Australian Dollars and have been rounded to the nearest million, unless otherwise stated.

Where necessary, comparative information has been restated to conform with changes in presentation in the current period.

2.0 Capital Adequacy

2.1 Capital, Liquidity and Leverage Ratios

APS 330 Table 3(f)

The Macquarie Level 2 regulatory group capital ratios are well above the regulatory minimum required by APRA, and the Board imposed internal minimum requirement.

MGL notes APRA's announcement on 24 July 2019, which relates to intra-group funding provided to MBL. MGL raises long-term funding and places surplus funds with MBL, in the form of intra-group loans. Over the past year, these loans have represented around 10-15% of MBL's total funding and have been included in the calculation of MBL's Liquidity Coverage Ratio ("LCR") according to their contractual tenor. They are documented under a master loan agreement, in place since 2007, which included a Material Adverse Change ("MAC") clause.

APRA has clarified that the existence of a MAC clause in the master agreement between MGL and MBL means that repayment of intra-group funding could be accelerated and thereby fall short of the LCR horizon of 30 days. Macquarie has removed the MAC clause on 28 June 2019 to restore the contractual tenor of the loans and ensure there will be no impact on MBL's LCR calculation going forward.

Where referenced in this document LCR is calculated as per APRAs clarification whereby intercompany loans impacted by the MAC clause are treated at call. "LCR *pro forma*" is calculated reflecting current contractual arrangements following the removal of the MAC clause in the master loan agreement between MGL and MBL.

Capital, Liquidity and Leverage Ratios	**As at 30 June 2019**	As at 31 March 2019
Macquarie Level 2 regulatory group Common Equity Tier 1 capital ratio	**12.0%**	11.4%
Macquarie Level 2 regulatory group Total Tier 1 capital ratio	**14.1%**	13.5%
Macquarie Level 2 regulatory group Total capital ratio	**16.1%**	15.6%
Macquarie Level 2 regulatory group Leverage ratio	**5.4%**	5.3%
Macquarie Level 2 regulatory group Liquidity coverage ratio[1]	**98.0%**	104.6%
Macquarie Level 2 regulatory group Liquidity coverage ratio (LCR *pro forma*)	**166.0%**	154.0%

1 The Liquidity Coverage Ratio ('LCR') for the 3 months to 30 June 2019 is calculated from 61 daily LCR observations (31 March 2019 is calculated from 61 daily LCR observations).

2.2 Risk Weighted Assets (RWA)

RWA are a risk based measure of exposures used in assessing overall capital usage of the Level 2 regulatory group. When applied against eligible regulatory capital the overall capital adequacy ratio is determined. RWA are calculated in accordance with APRA Prudential Standards.

The table below sets out the RWA for the Level 2 regulatory group.

APS 330 Table 3(a-e)

	As at 30 June 2019	As at 31 March 2019
Credit risk		
Subject to IRB approach		
Corporate	20,740	19,860
SME Corporate	3,634	3,573
Sovereign	180	211
Bank	1,395	1,424
Residential Mortgages	14,528	13,890
Other Retail	4,411	4,375
Retail SME	3,608	3,695
Total RWA subject to IRB approach	48,496	47,028
Specialised lending exposures subject to slotting criteria[1]	4,008	3,847
Subject to Standardised approach		
Corporate	341	333
Residential Mortgages	774	762
Other Retail	2,438	2,673
Total RWA subject to Standardised approach	3,553	3,768
Credit risk RWA for securitisation exposures	802	875
Credit Valuation Adjustment RWA	3,275	3,093
Exposures to Central Counterparties RWA	1,559	1,644
RWA for Other Assets	1,771	1,769
Total Credit risk RWA	63,464	62,024
Market risk RWA	4,732	5,382
Operational risk RWA	10,157	10,111
Interest rate risk in the banking book RWA	-	-
Total RWA	78,353	77,517

1 Specialised lending exposures subject to supervisory slotting criteria are measured using APRA determined risk weightings.

3.0 Credit Risk Measurement

3.1 Macquarie's Credit Risk Exposures

Disclosures in this section have been prepared on a gross credit risk exposure basis. Gross credit risk exposure reflects the potential loss that Macquarie could incur as a result of a default by an obligor and includes both on and off balance sheet exposures.

Exposures have been based on Level 2 regulatory group as defined in Section 1.1. The gross credit risk exposures in this section will differ from the disclosures in the Macquarie Bank Limited Consolidated financial report as gross credit risk exposures include off balance sheet exposures but exclude the exposures of subsidiaries which have been deconsolidated for APRA reporting purposes.

The exposures below exclude the impact of:

– credit risk mitigation;
– securitisation exposures;
– CVA;
– central counterparty exposures;
– trading book on balance sheet exposures; and
– equity exposures.

The following tables set out the total gross credit risk exposures per the above description for the Level 2 regulatory group, classified by Basel III portfolio type and credit exposure type.

APS 330 Table 4(a)

Portfolio Type	**As at 30 June 2019**	As at 31 March 2019	Average Exposures for the 3 months $m
Corporate[1]	**43,662**	41,844	42,753
SME Corporate[2]	**4,901**	4,844	4,872
Sovereign	**3,047**	3,776	3,412
Bank	**8,063**	7,482	7,773
Residential Mortgages	**50,549**	48,708	49,628
Other Retail	**10,647**	10,844	10,745
Retail SME	**5,113**	5,308	5,211
Other Assets[3]	**10,421**	9,694	10,057
Total Gross Credit Exposure	**136,403**	132,500	134,451

1 Corporate includes specialised lending exposure of $3,509 million as at 30 June 2019 (31 March 2019: $3,222 million).
2 SME Corporate includes specialised lending exposure of $673 million as at 30 June 2019 (31 March 2019: $626 million).
3 The major components of Other Assets are other debtors and unsettled trades.

APS 330 Table 4(a) (continued)

Portfolio Type	**As at 30 June 2019**	As at 31 March 2019	Average Exposures for the 3 months $m
Subject to IRB approach			
Corporate[1]	**43,321**	41,511	42,416
SME Corporate[2]	**4,901**	4,844	4,873
Sovereign	**3,047**	3,776	3,411
Bank	**8,063**	7,482	7,773
Residential Mortgages	**49,263**	47,436	48,349
Other Retail	**8,087**	8,042	8,064
Retail SME	**5,113**	5,308	5,211
Total IRB approach	**121,795**	118,399	120,097
Subject to Standardised approach			
Corporate	**341**	333	337
Residential Mortgages	**1,286**	1,272	1,279
Other Retail	**2,560**	2,802	2,681
Total Standardised approach	**4,187**	4,407	4,297
Other Assets[3]	**10,421**	9,694	10,057
Total Gross Credit Exposure	**136,403**	132,500	134,451

1 Corporate includes specialised lending exposure of $3,509 million as at 30 June 2019 (31 March 2019: $3,222 million).
2 SME Corporate includes specialised lending exposure of $673 million as at 30 June 2019 (31 March 2019: $626 million).
3 The major components of Other Assets are other debtors and unsettled trades.

3.0 Credit Risk Measurement
continued

APS 330 Table 4(a) (continued)

	As at 30 June 2019				
		Off Balance sheet			
	On Balance Sheet $m	Non-market related $m	Market related $m	Total $m	Average Exposures for the 3 months $m
Subject to IRB approach					
Corporate	16,839	3,211	19,762	39,812	39,051
SME Corporate	3,540	689	-	4,229	4,224
Sovereign	1,691	34	1,322	3,047	3,411
Bank	2,978	9	5,075	8,062	7,772
Residential Mortgages	40,781	8,482	-	49,263	48,349
Other Retail	8,087	-	-	8,087	8,064
Retail SME	5,098	15	-	5,113	5,211
Total IRB approach	79,014	12,440	26,159	117,613	116,082
Specialised Lending	2,754	760	668	4,182	4,015
Subject to Standardised approach					
Corporate	-	341	-	341	337
Residential Mortgages	1,286	-	-	1,286	1,279
Other Retail	2,560	-	-	2,560	2,681
Total Standardised approach	3,846	341	-	4,187	4,297
Other Assets	6,170	3,611	640	10,421	10,057
Total Gross Credit Exposures	91,784	17,152	27,467	136,403	134,451

APS 330 Table 4(a) (continued)

	As at 31 March 2019				
		Off Balance sheet			
	On Balance Sheet $m	Non-market related $m	Market related $m	Total $m	Average Exposures for the 3 months $m
Subject to IRB approach					
Corporate	18,265	3,093	16,931	38,289	40,494
SME Corporate	3,566	652	-	4,218	4,203
Sovereign	2,397	35	1,344	3,776	3,875
Bank	2,921	38	4,523	7,482	7,860
Residential Mortgages	39,449	7,987	-	47,436	46,771
Other Retail	8,042	-	-	8,042	7,968
Retail SME	5,295	13	-	5,308	5,272
Total IRB approach	79,935	11,818	22,798	114,551	116,443
Specialised Lending	2,495	709	644	3,848	3,869
Subject to Standardised approach					
Corporate	-	333	-	333	336
Residential Mortgages	1,272	-	-	1,272	1,264
Other Retail	2,802	-	-	2,802	2,920
Total Standardised approach	4,074	333	-	4,407	4,520
Other Assets	5,580	3,572	542	9,694	9,874
Total Gross Credit Exposures	92,084	16,432	23,984	132,500	134,706

4.0 Provisioning

The table below details Macquarie's impaired facilities, past due facilities and specific provisions, presented in accordance with the definitions contained in Prudential Standard APS220 Credit Quality.

APS 330 Table 4(b)

	As at 30 June 2019			As at 31 March 2019		
	Impaired Facilities $m	**Past Due >90 days $m**	**Specific Provisions $m**	Impaired Facilities $m	Past Due >90 days $m	Specific Provisions $m
Subject to IRB approach						
Corporate	**280**	**29**	**(80)**	242	32	(38)
SME Corporate	**107**	**45**	**(32)**	92	63	(24)
Residential Mortgages	**239**	**151**	**(3)**	258	115	(3)
Other Retail	**119**	**-**	**(34)**	110	-	(33)
Retail SME	**64**	**-**	**(18)**	56	-	(15)
Total IRB approach	**809**	**225**	**(167)**	758	210	(113)
Subject to Standardised approach						
Residential Mortgages	**-**	**-**	**-**	-	-	-
Other Retail	**65**	**-**	**(30)**	72	-	(34)
Total Standardised approach	**65**	**-**	**(30)**	72	-	(34)
Other Assets[1]	**21**	**-**	**-**	21	-	-
Total	**895**	**225**	**(197)**	851	210	(147)
Additional regulatory specific provisions[2]			**(214)**			(228)

1 Includes other real estate owned and other assets acquired through security enforcement subsequent to facility foreclosure.
2 Includes stage 2 provisions deemed ineligible for GRCL. Combined with $35 million as at 30 June 2019 (31 March 2019: $51 million) of stage 3 provisions (which are not specific provisions on impaired facilities) primarily related to IRB Corporate and Standardised Other Retail.

APS 330 Table 4(b) (continued)

	For the 3 months to 30 June 2019		For the 3 months to 31 March 2019	
	Charges for Specific provisions $m	Write-offs[1] $m	Charges for Specific provisions $m	Write-offs[1] $m
Subject to IRB approach				
Corporate	(34)	-	(1)	-
SME Corporate	(12)	-	(4)	-
Residential Mortgages	-	-	(1)	-
Other Retail	(9)	-	(13)	-
Retail SME	(11)	-	(7)	-
Total IRB approach	(66)	-	(26)	-
Subject to Standardised approach				
Other Retail	(8)	-	(14)	-
Total Standardised approach	(8)	-	(14)	-
Total	(74)	-	(40)	-

1 Under AASB 9, there are no longer direct write-offs to Income Statement. A financial asset is written-off when there is no reasonable expectation of recovering it. At the time of writing-off a financial asset it is adjusted against the Expected Credit Loss (ECL) provision created over the life of the asset and not directly written-off to Income Statement.

APS 330 Table 4(c)

	As at 30 June 2019	As at 31 March 2019
General reserve for credit losses before tax	142	148
Tax effect	(35)	(40)
General reserve for credit losses	107	108

5.0 Securitisation

5.1 Securitisation Activity

Over the 3 months to 30 June 2019, Macquarie has undertaken the following securitisation activity. Macquarie may or may not retain an exposure to securitisation SPVs to which Macquarie has sold assets.

APS 330 Table 5(a)

	For the 3 months to 30 June 2019		
	Value of loans sold or originated into securitisation		
Exposure type	ADI originated $m	ADI as sponsor $m	Recognised gain or loss on sale $m
Banking Book			
Residential Mortgages	3,891	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance[1]	239	-	-
Other	-	-	-
Total Banking Book	4,130	-	-
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Total Trading Book	-	-	-

1 Exposures included in Auto and equipment finance that have been transferred from warehouse structures to term structures, may also have been originated to the warehouse within the same period. This would result in those exposures being included twice.

	For the 3 months to 31 March 2019		
	Value of loans sold or originated into securitisation		
Exposure type	ADI originated $m	ADI as sponsor $m	Recognised gain or loss on sale $m
Banking Book			
Residential Mortgages	5,369	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance[1]	1,280	-	-
Other	-	-	-
Total Banking Book	6,649	-	-
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Total Trading Book	-	-	-

1 Exposures included in Auto and equipment finance that have been transferred from warehouse structures to term structures, may also have been originated to the warehouse within the same period. This would result in those exposures being included twice.

5.2 Exposure Arising from Securitisation Activity by Asset Type

The table below sets out the on and off balance sheet securitisation exposures retained or purchased, broken down by exposure type.

APS 330 Table 5(b)

	As at 30 June 2019		
	Total outstanding exposures securitised[1]		
Exposure type	**On balance sheet $m**	**Off balance sheet $m**	**Total exposures $m**
Banking Book			
Residential Mortgages	**28,961**	**198**	**29,159**
Credit cards and other personal loans[2]	**184**	**14**	**198**
Auto and equipment finance	**5,660**	**-**	**5,660**
Other	**196**	**188**	**384**
Total Banking Book	**35,001**	**400**	**35,401**
Trading Book			
Residential Mortgages	**-**	**-**	**-**
Credit cards and other personal loans	**-**	**-**	**-**
Auto and equipment finance	**-**	**-**	**-**
Other	**-**	**-**	**-**
Total Trading Book	**-**	**-**	**-**

1 Included in the above are assets of $32,613 million in securitisation entities where Macquarie continues to hold capital behind the underlying pool of securitised assets in Level 2 regulatory group.
2. Relates to invested securitisation positions.

	As at 31 March 2019		
	Total outstanding exposures securitised[1]		
Exposure type	On balance sheet $m	Off balance sheet $m	Total exposures $m
Banking Book			
Residential Mortgages	26,525	209	26,734
Credit cards and other personal loans[2]	156	14	170
Auto and equipment finance	6,085	3	6,088
Other	193	175	368
Total Banking Book	32,959	401	33,360
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Other	20	-	20
Total Trading Book	20	-	20

1 Included in the above are assets of $30,311 million in securitisation entities where Macquarie continues to hold capital behind the underlying pool of securitised assets in Level 2 regulatory group.
2 Relates to invested securitisation positions.

6.0 Leverage Ratio Disclosures

The leverage ratio is a non-risk based ratio that is intended to restrict the build-up of excessive leverage in the banking system and acts as a supplementary measure to create a back-stop for the risk-based capital requirements.

The Basel Committee on Banking Supervision (BCBS), in December 2017, confirmed that the leverage ratio will have a minimum regulatory requirement of 3%, effective from 1 January 2018. In November 2018, APRA released a draft standard on the leverage ratio which included a minimum leverage ratio requirement of 3.5% for IRB banks. These changes are proposed to apply from 1 January 2022.

Leverage ratio disclosures

Capital and total exposures	**30 June 2019 $m**	31 March 2019 $m	31 December 2018 $m	30 September 2018 $m
Tier 1 Capital	**11,039**	10,465	10,669	11,633
Total exposures	**204,538**	196,602	215,848	209,494
Leverage ratio				
Macquarie Level 2 regulatory group Leverage ratio	**5.4%**	5.3%	4.9%	5.6%

7.0 Liquidity Coverage Ratio Disclosures

Liquidity Coverage Ratio disclosure template

APS 330 Table 20

The LCR requires sufficient levels of unencumbered, high-quality liquid assets (HQLA) to be held to meet expected net cash outflows (NCOs) under a regulatory-defined stress scenario lasting 30 calendar days. Macquarie's 3 month average LCR to 30 June 2019 was 98% (LCR *pro forma* was 166% based on 61 daily observations, refer section 2.1 for more details).

Macquarie sets internal management and Board-approved minimum limits for the LCR above the regulatory minimum level and monitors its aggregate LCR position against these limits on a daily basis. Macquarie also monitors the LCR position on a standalone basis for all major currencies in which it operates, with the HQLA portfolio being denominated and held in both Australian Dollars and a range of other currencies to ensure Macquarie's liquidity requirements are broadly matched by currency. Macquarie actively considers the impact of business decisions on the LCR, as well as other internal liquidity metrics that form part of the broader liquidity risk management framework.

		For the 3 months to 30 June 2019		For the 3 months to 31 March 2019	
	Liquidity Coverage Ratio disclosure template	**Total unweighted value (average) $m**	**Total weighted value (average) $m**	**Total unweighted value (average) $m**	**Total weighted value (average) $m**
	Liquid assets, of which:				
1	High quality liquid assets (HQLA)	*	**16.419**	*	16,047
2	Alternative liquid assets (ALA)	*	**7,976**	*	7,976
3	Reserve Bank of New Zealand (RBNZ) securities	*	**-**	*	-
	Cash outflows				
4	Retail deposits and deposits from small business customers, of which:	**38,230**	**3,536**	36,612	3,378
5	Stable deposits	**13,883**	**694**	13,457	673
6	Less stable deposits	**24,347**	**2,842**	23,155	2,705
7	Unsecured wholesale funding, of which:	**28,320**	**22,748**	28,070	22,668
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	**4,952**	**1,232**	4,638	1,153
9	Non-operational deposits (all counterparties)	**21,404**	**19,552**	18,176	16,259
10	Unsecured debt	**1,964**	**1,964**	5,256	5,256
11	Secured wholesale funding	*	**1,238**	*	1,478
12	Additional requirements, of which:	**21,309**	**9,940**	21,232	9,855
13	Outflows related to derivatives exposures and other collateral Requirements	**8,450**	**8,450**	8,236	8,236
14	Outflows related to loss of funding on debt products	**306**	**306**	238	238
15	Credit and liquidity facilities	**12,553**	**1,184**	12,758	1,381
16	Other contractual funding obligations	**13,597**	**13,560**	14,042	14,004
17	Other contingent funding obligations	**5,472**	**314**	5,104	286
18	**Total cash outflows**	*	**51,336**	*	51,669
	Cash Inflows				
19	Secured lending (e.g. reverse repos)	**23,681**	**5,009**	26,852	6,145
20	Inflows from fully performing exposures	**4,876**	**4,348**	4,933	4,434
21	Other cash inflows	**17,096**	**17,096**	18,122	18,122
22	**Total cash inflows**	**45,653**	**26,453**	49,907	28,701
23	**Total liquid assets**	*	**24,395**	*	24,023
24	**Total net cash outflows**	*	**24,883**	*	22,968
25	**Liquidity Coverage Ratio (%)**[1]	*	**98.0%**	*	104.6%
	Total net cash outflows (*pro forma*)	*	**14,698**	*	15,597
	Liquidity Coverage Ratio (*pro forma* %)	*	**166.0%**	*	154.0%

* Undisclosed

1 The LCR for the 3 months to 30 June 2019 is calculated from 61 daily LCR observations (3 months to 31 March 2019 was calculated from 61 daily LCR observations).

Disclaimer

- The material in this document has been prepared by Macquarie Bank Limited ABN 46 008 583 542 (MBL) purely for the purpose of explaining the basis on which MBL has prepared and disclosed certain capital requirements and information about the management of risks relating to those requirements and for no other purpose. Information in this document should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of information having regard to the matters, any relevant offer document and in particular, you should seek independent financial advice. No representation or warranty is made as to the accuracy, completeness or reliability of the information. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.
- This document may contain forward looking statements that is, statements related to future, not past, events or other matters – including, without limitation, statements regarding our intent, belief or current expectations with respect to MBL's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, provisions for impairments and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements or to otherwise update any forward looking statements, whether as a result of new information, future events or otherwise, after the date of this document. Actual results may vary in a materially positive or negative manner. Forward looking statements and hypothetical examples are subject to uncertainty and contingencies outside MBL's control. Past performance is not a reliable indication of future performance.

  Unless otherwise specified all information is at 30 June 2019.
- Although Pillar 3 disclosures are intended to provide transparent capital disclosures on a common basis the information contained in this document may not be directly comparable with other banks. This may be due to a number of factors such as:
  - The mix of business exposures between banks
  - Pillar 2 capital requirements are excluded from this disclosure but play a major role in determining both the total capital requirements of the bank and any surplus capital available.
  - Difference in implementation of Basel III framework i.e. APRA has introduced stricter requirements (APRA superequivalence).

This page has been left blank intentionally.