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ASX/Media Release

MACQUARIE BANK LIMITED LAUNCHES \$A400 MILLION MACQUARIE BANK CAPITAL NOTES 2 OFFER

SYDNEY, Monday, 11 May 2020 – Macquarie Bank Limited (ASX: MBL) (MBL) today announced its intention to raise \$A400 million with the ability to raise more or less, through the offer of Macquarie Bank Capital Notes 2 (BCN2). BCN2 are expected to be quoted on the Australian Stock Exchange (ASX) under the code MBLPB.

BCN2 are fully paid, unsecured, subordinated, non-cumulative, mandatorily convertible, perpetual, automatically convertible notes issued by MBL at an Issue Price of \$A100 per BCN2. Distributions are scheduled to be paid quarterly in arrears, subject to certain Payment Conditions.

The Offer is consistent with Macquarie's strategy to actively manage its capital mix and maintain diverse sources of funding.

BCN2 will qualify as Additional Tier 1 Capital of MBL for Australian Prudential Regulation Authority purposes.

The offer of BCN2 is made under a Prospectus which was lodged with the Australian Securities and Investments Commission (ASIC) and the ASX today. The offer is available only to investors resident in Australia and to certain institutional investors.

The Prospectus is available at www.MBCN2Offer.com.au. A replacement Prospectus containing the Margin is expected to be made available on Tuesday, 19 May 2020 (Replacement Prospectus) when the BCN2 offer opens.

Macquarie Capital (Australia) Limited has been appointed as Sole Arranger and a Joint Lead Manager. ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, E&P Corporate Advisory Pty Limited, Ord Minnett Limited, Morgans Financial Limited, National Australia Bank Limited and Westpac Institutional Bank have also been appointed as Joint Lead Managers (collectively JLMs).

More information about the Offer

The Offer is expected to open on Tuesday, 19 May 2020 and consists of:

- an Institutional Offer to Institutional Investors;
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; and
- a Securityholder Offer made to holders of MGL Ordinary Shares (ASX: MQG), Macquarie Group Capital Notes 2 (ASX: MQGPB), Macquarie Group Capital Notes 3 (ASX: MQGPC), Macquarie Group Capital Notes 4 (ASX: MQGPD), and former holders of Macquarie Income Securities (ASX: MBLHA) or Macquarie Bank Capital Notes (ASX: MBLPA) on the Relevant Record Date, who are resident in Australia (and not otherwise prevented from receiving the Offer of BCN2 under the securities laws of another jurisdiction, as determined by MBL).

The Relevant Record Date is 7.00pm (AEDT) Wednesday, 8 April 2020 in respect of Macquarie Income Securities, Monday, 16 March 2020 in respect of Macquarie Bank Capital Notes and is 7.00pm (AEST) Thursday, 7 May 2020 in respect of other securities.

Persons wishing to invest in BCN2 should contact a Syndicate Broker (to apply under the Broker Firm Offer) or complete the online Application Form (to apply under the Securityholder Offer) that will accompany the Replacement Prospectus which will be available at www.MBCN2Offer.com.au when the Offer opens.

The Closing Date for the Securityholder Offer is expected to be 5.00pm (AEST) on Friday, 29 May 2020. The Closing Date for the Broker Firm Offer is expected to be 5.00pm (AEST) on Friday, 29 May 2020.

Further information

BCN2 are complex and not suitable for all investors. Potential investors should read the Replacement Prospectus in its entirety before deciding whether to apply to invest in BCN2. If any part of the Replacement Prospectus is unclear, we recommend seeking guidance from a financial advisor or other professional adviser.

If you have any questions about BCN2 or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also email the Registrar at MBCN2Offer@boardroomlimited.com.au or call the BCN2 Offer Information Line on 1300 005 027 (within Australia) or on +61 2 8023 5474 (outside Australia) (Monday to Friday 8.30am - 5.30pm, AEST) during the Offer Period. Applicants under the Broker Firm Offer may also call their Syndicate Broker.

Indicative Timetable

KEY DATES FOR THE OFFER	DATE
Record Date for determining Eligible Securityholders (this is the date for determining eligibility for the Securityholder Offer) ¹	Thursday, 7 May 2020
Lodgement of the Prospectus with ASIC	Monday, 11 May
Bookbuild period commences	Monday, 11 May 2020
Announcement of the Margin	Friday, 15 May 2020
Lodgement of the replacement Prospectus with ASIC	Tuesday, 19 May 2020
Opening Date	Tuesday, 19 May 2020
Closing Date	Friday, 29 May 2020
Issue Date	Tuesday, 2 June 2020
BCN2 commence trading on ASX on a normal settlement basis	Wednesday, 3 June 2020
Holding Statements despatched by	Tuesday, 9 June 2020
KEY DATES FOR BCN2	DATE
Issue Date	Tuesday, 2 June 2020
First Distribution Payment Date ²	Monday, 21 September 2020
Scheduled Optional Exchange Dates	Sunday, 21 December 2025*, Sunday, 21 June 2026** and Monday, 21 December 2026
Scheduled Mandatory Exchange Date	Thursday, 21 December 2028

¹ The Securityholder Offer is also open to Australian resident holders of BCN as at 7.00pm (AEST) on Monday, 16 March 2020 or MIS at 7.00pm (AEST) on Wednesday, 8 April 2020.

Subject to Payment Conditions, including MBL's absolute discretion to determine whether or not to pay Distributions.

* Due to the Business Day convention, the first Scheduled Optional Exchange Date is deferred from Sunday, 21 December 2025 to Monday, 22 December 2025.

** Due to the Business Day convention, the second Scheduled Optional Exchange Date is deferred from Sunday, 21 June 2026 to Monday, 22 June 2026.

Dates may change

These dates are indicative only and may change without notice.

MBL, in consultation with the JLMs, may vary the timetable, including by extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before BCN2 are issued, in its discretion. As such, you are encouraged to apply as soon as possible after the Opening Date.

Definitions

Unless otherwise defined, capitalised words used in this announcement have the meanings given to them in the Prospectus.

Disclaimer

The information provided in this announcement and the Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Replacement Prospectus in full before deciding to invest in BCN2 and consider the risks that could affect the performance of BCN2.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer of any securities (including the BCN2) for sale or issue. No action has been taken to register or qualify BCN2 or the Offer or to otherwise permit a public offering of BCN2 outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the BCN2 nor the MGL Ordinary Shares have been or will be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States, and they may not be offered, sold or resold in the United States or to, or for the benefit of, any "U.S. person" (as defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act and applicable US State Securities laws.

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