

Macquarie Group Limited
ABN 94 122 169 279

Macquarie Bank Limited
ABN 46 008 583 542

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ASX/Media Release

**MACQUARIE GROUP AND MACQUARIE BANK CLEANSING NOTICE –
SUBORDINATED NOTES**

SYDNEY, 3 February 2021 – Attached is a notice lodged by each of Macquarie Group Limited (“**MQG**”) and Macquarie Bank Limited (“**MBL**”) in respect of the issue of US\$1,000m of subordinated notes by MBL.

The notice is given by MQG and MBL under section 708A(12H)(e) of the Corporations Act 2001 (Cth) (Act) (as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71).

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IMPORTANT NOTICE

NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION. THE PRIMARY OFFER AND DISTRIBUTION OF THE SUBORDINATED NOTES HAS CLOSED.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

NEITHER THE SUBORDINATED NOTES NOR THE MGL ORDINARY SHARES HAVE BEEN, NOR WILL THEY BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THE SUBORDINATED NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144A UNDER THE U.S. SECURITIES ACT AND TO PERSONS WHO ARE NOT U.S. PERSONS IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM UNDER REGULATIONS UNDER THE U.S. SECURITIES ACT.

THIS DOCUMENT IS GIVEN TO ASX JOINTLY BY MACQUARIE BANK LIMITED ("WE", "US", "OUR", THE "BANK" OR "MBL") AND MACQUARIE GROUP LIMITED ("MGL") IN ACCORDANCE WITH THE REQUIREMENTS OF ASIC CORPORATIONS (REGULATORY CAPITAL SECURITIES) INSTRUMENT 2016/71, WHICH PROVIDES RELIEF SO THAT MGL ORDINARY SHARES ISSUED ON EXCHANGE OF THE SUBORDINATED NOTES MAY BE ON-SOLD TO RETAIL INVESTORS WITHOUT FURTHER DISCLOSURE IF A NOTICE CONTAINING DISCLOSURE REQUIRED BY SECTION 708A(12I) OF THE AUSTRALIAN CORPORATIONS ACT (AS INSERTED BY ASIC CORPORATIONS (REGULATORY CAPITAL SECURITIES) INSTRUMENT 2016/71) IS RELEASED IN CONNECTION WITH THE ISSUE OF THE SUBORDINATED NOTES.



Macquarie Bank Limited

(ABN 46 008 583 542)

Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth)
("Australian Corporations Act")

US\$1,000,000,000
3.052% SUBORDINATED NOTES DUE 2036, SERIES C
(SUBJECT TO EXCHANGE UPON A NON-VIABILITY EVENT FOR FULLY PAID ORDINARY
SHARES OF MACQUARIE GROUP LIMITED (ABN 94 122 169 279) WITH A FALL BACK TO
WRITE-OFF)

("Subordinated Notes")

EFFECT OF THE SUBORDINATED NOTES ON THE BANK AND MGL

The Subordinated Notes will be debt obligations of the Bank and are intended to constitute Tier 2 Capital of the Bank. The aggregate principal amount of the Subordinated Notes to be issued is US\$1,000,000,000. The effect of the issue on the Bank and the MGL Group will be to increase the total liabilities of MBL and Tier 2 Capital by that amount.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

MGL is a "disclosing entity" for the purposes of the Australian Corporations Act and is subject to regular reporting and disclosure obligations under the Australian Corporations Act and the ASX Listing Rules.

Copies of documents regarding MGL lodged with ASIC may be obtained from, or inspected at, an ASIC office. Documents regarding MGL released to the ASX disclosure platform are available from the ASX website at www.asx.com.au.

In addition, copies of:

- MGL's annual and half-year reports most recently lodged with ASIC (being MGL's 1H21 Interim Financial Report, which includes the financial statements of MGL consolidated with its subsidiaries for the half-year ended 30 September 2020, and the 2020 Annual Report, which includes the most recent audited consolidated financial statements of MGL and its subsidiaries for the financial year ended 31 March 2020); and
- any other notice lodged with ASX under the continuous disclosure provisions of the listing rules of ASX and the Australian Corporations Act given by MGL after the lodgment of MGL's 2020 Annual Report with ASIC and before lodgment of this document with ASX,

may be obtained from MGL free of charge at its registered office at Level 6, 50 Martin Place, Sydney, New South Wales, Australia. These materials are also available electronically on the website of ASX, at www.asx.com.au.

CERTAIN DEFINITIONS

In this document, unless otherwise specified or the context otherwise requires:

- "**ABN**" means Australian Business Number;
- "**ADI**" means an institution that is an authorised deposit-taking institution under the Australian Banking Act and regulated as such by APRA;
- "**APRA**" means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of MBL;
- "**ASIC**" means the Australian Securities and Investments Commission and its successors;
- "**ASX**" means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as the context requires);
- "**ASX Listing Rules**" means the listing rules of the ASX as amended, varied or waived (whether in respect of MGL or generally) from time to time;
- "**Australian Banking Act**" means the Banking Act 1959 of Australia;
- "**Australian Corporations Act**" means the Corporations Act 2001 of Australia;
- "**Australian FSTR Act**" means the Financial Sector (Transfer and Restructure) Act 1999 of Australia;
- "**Australian Reserve Bank Act**" means the Reserve Bank Act 1959 of Australia;
- "**A\$**" or "**\$**" means the Australian dollar and "**US\$**" means the U.S. dollar;
- "**Bank**" and "**MBL**" each means Macquarie Bank Limited (ABN 46 008 583 542) (an ADI) and includes its predecessors and successors, and "**we**", "**our**", "**us**" and "**MBL Group**" each means MBL and its controlled entities;
- "**Banking Group**" means Banking Holdco and the group of existing and future subsidiaries of that intermediate subsidiary, including the Bank, that constitutes the Banking Group as described herein;

- “*Banking Holdco*” means Macquarie B.H. Pty Ltd (ABN 86 124 071 432), the intermediate holding company established as a subsidiary of MGL and as the immediate parent of MBL as part of the Restructure;
- “*Commonwealth*” and “*Australia*” each means the Commonwealth of Australia;
- “*controlled entities*” means those entities (including special purpose entities) over which another party has the power to govern, directly or indirectly, decision making in relation to financial and operating policies, so as to require that entity to conform with such controlling party’s objectives;
- “*Equal Ranking Securities*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Status and Subordination of Subordinated Notes”;
- “*Exchange*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off”;
- “*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended;
- “*financial statements*” means our and/or MGL’s historical financial statements, as the context requires;
- “*Five-Year U.S. Treasury Rate*” means an interest rate per annum, expressed as a percentage, equal to the yield to maturity on actively traded U.S. Treasury securities, adjusted to constant maturity, for five-year maturities appearing under the caption “Treasury constant maturities” in the most recent H.15;
- “*Junior Ranking Obligations*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Status and Subordination of Subordinated Notes”;
- “*Loss Absorption*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off”;
- “*MGL*” means Macquarie Group Limited (ABN 94 122 169 279), the authorized NOHC for the Banking Group and the Non-Banking Group, and includes its predecessors and its successors, as more fully described herein;
- “*MGL Group*” means MGL and its controlled entities, including MBL Group;
- “*MGL’s 2019 Fiscal Year Management Discussion and Analysis Report*” means MGL’s Management Discussion and Analysis Report dated May 3, 2019, which includes a comparative discussion and analysis of MGL’s results of operations and financial condition for the fiscal year ended March 31, 2019 compared to the fiscal year ended March 31, 2018, along with other balance sheet, capital and liquidity disclosures as at or for the fiscal year ended March 31, 2019, and which is available on ASX’s website at www.asx.com.au;
- “*MGL’s 2020 Annual Report*” means MGL’s 2020 annual report, extracts of which are incorporated by reference herein and which is available on ASX’s website at www.asx.com.au;
- “*MGL’s 2020 Fiscal Year Management Discussion and Analysis Report*” means MGL’s Management Discussion and Analysis Report dated May 8, 2020, which includes a comparative discussion and analysis of MGL’s results of operations and financial condition for the fiscal year ended March 31, 2020 compared to the fiscal year ended March 31, 2019, along with other balance sheet, capital and liquidity disclosures as at or for the fiscal year ended March 31, 2020, and which is available on ASX’s website at www.asx.com.au;
- “*MGL’s 2021 Interim Financial Report*” means MGL’s Interim Financial Report, which among other things, contains MGL’s unaudited consolidated financial statements for the half years ended

September 30, 2020 and 2019 and the notes thereto, and which is available on ASX's website at www.asx.com.au;

- *"MGL's 2021 Half Year Management Discussion and Analysis Report"* means MGL's Management Discussion and Analysis Report dated November 6, 2020, which includes a comparative discussion and analysis of MGL's results of operations and financial condition for the half year ended September 30, 2020 compared to the half year ended September 30, 2019, along with other balance sheet, capital and liquidity disclosures as at or for the half year ended September 30, 2020, and which is available on ASX's website at www.asx.com.au;
- *"NOHC"* means an authorized non-operating holding company of an ADI;
- *"Non-Banking Group"* means the Non-Banking Holdcos and the group of existing and future subsidiaries of those intermediate subsidiaries that constitute the Non-Banking Group as described herein;
- *"Non-Banking Holdcos"* means Macquarie Financial Holdings Pty Limited (ABN 63 124 071 398) and Macquarie Asset Management Holdings Pty Ltd (ABN 84 134 474 712), the intermediate holding companies established as subsidiaries of MGL and the parents of the Non-Banking Group;
- *"Non-Viability Event"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off";
- *"Optional Call Date"* means March 3, 2031.
- *"RBA"* means the Reserve Bank of Australia;
- *"Regulatory Capital"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Redemption of Subordinated Notes under certain circumstances";
- *"Regulatory Event"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Redemption of Subordinated Notes under certain circumstances";
- *"Relevant Securities"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off";
- *"Restructure"* means the reorganization of MBL Group that was completed on November 19, 2007 that resulted in the establishment of MGL as the ultimate holding company of MBL and the transfer by MBL Group of certain businesses, subsidiaries and assets, primarily the Macquarie Capital operating group, to the Non-Banking Group;
- *"Senior Creditors"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Status and Subordination of Subordinated Notes";
- *"Shareholders"* means the holders of MGL Ordinary Shares;
- *"Tax Event"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Redemption of Subordinated Notes under certain circumstances"; and
- *"Written-Off"* has the meaning given in this document under the heading "Description of the Subordinated Notes — Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off".

DESCRIPTIONS OF THE SUBORDINATED NOTES & MGL ORDINARY SHARES

The information included in the following sections of this document is based on material in the Offering Memorandum relating to the Subordinated Notes dated 24 February 2021.

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DESCRIPTION OF THE RIGHTS AND LIABILITIES ATTACHING TO SUBORDINATED NOTES

In this section, references to the “Bank”, “we”, “us”, “our” and similar references are to MBL only and not to MBL Group or MGL Group.

The Subordinated Notes will be issued under a Second Amended and Restated Fiscal Agency Agreement, dated as of March 8, 2017 (the “**Fiscal Agency Agreement**”), between MBL and The Bank of New York Mellon as fiscal agent (the “**Fiscal Agent**”).

The Subordinated Notes will mature on March 3, 2036 at a price equal to 100% of their Principal Amount, as such Principal Amount may be reduced due to Exchange or Write-Off, as described below.

From and including the Issue Date, to but excluding the Optional Call Date, the Subordinated Notes will bear interest at a rate of 3.052% per annum (the “Initial Interest Rate”), and, if not redeemed on the Optional Call Date, on and after the Optional Call Date to but excluding the Stated Maturity Date, the Subordinated Notes will bear interest at a fixed rate per annum equal to the Five-Year U.S. Treasury Rate plus 1.700% per annum (the “**Reset Interest Rate**”). Interest will be payable on the Subordinated Notes semiannually in arrears on March 3 and September 3 of each year, beginning on September 3, 2021 at the rate of 3.052% per annum to the persons in whose names the Subordinated Notes are registered at the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date (the “Regular Record Date”). Interest will be paid on the basis of a 360-day year comprised of twelve 30-day calendar months. See “—Payment mechanics for Subordinated Notes” below further information.

For the purpose of determining the Reset Interest Rate:

- (i) the “Five-Year U.S. Treasury Rate” will be an interest rate per annum, expressed as a percentage, equal to the yield to maturity on actively traded U.S. Treasury securities, adjusted to constant maturity, for five-year maturities appearing under the caption “Treasury constant maturities” in the most recent H. 15;
- (ii) “H. 15” means the daily statistical release designated as such, or any successor publication, published by the Board of Governors of the United States Federal Reserve System that establishes yield on actively traded U.S. Treasury securities under the caption “Treasury constant maturities”, or any successor site or publication that establishes yield on actively traded U.S. Treasury securities;
- (iii) “most recent H. 15” means the H. 15 which includes a yield to maturity for U.S. Treasury securities with a maturity of five years published closest in time but prior to the Reset Determination Date;
- (iv) “Reset Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney, Australia, New York, New York and London, United Kingdom; and
- (v) “Reset Determination Date” means the second Reset Business Day immediately preceding the Optional Call Date.

The Subordinated Notes will be our unsecured, direct, subordinated and general obligations and, in our Winding-Up, subject to a Write-Off, will rank behind the claims of all Senior Creditors, equally with Equal Ranking Obligations and ahead of Junior Ranking Obligations, as further described below under “— How the Subordinated Notes rank against other debt” and “— Status and Subordination of Subordinated Notes”.

If a Non-Viability Event occurs prior to the maturity or redemption of the Subordinated Notes, the Principal Amount (or a portion thereof) of some or all of the Subordinated Notes will immediately be Exchanged for MGL Ordinary Shares, whereupon the rights of the relevant holders of such Subordinated Notes in respect of the Principal Amount (or the portion thereof Exchanged) will be (with effect from the Non-Viability Date) immediately and irrevocably terminated in respect of such amount Exchanged. Accordingly, references to the “**Principal Amount**” of the Subordinated Notes in this document shall be deemed to refer to such principal amount as it may be reduced due to Exchange or Write-Off. A Non-Viability Event occurs when APRA either (i) issues a written notice to MBL that it is necessary that Relevant Securities (including the Subordinated Notes) be subject to Loss Absorption because, without such Loss Absorption, APRA considers that MBL would become non-viable, or

(ii) notifies MBL in writing that it has determined that, without a public sector injection of capital or equivalent support, MBL would become non-viable. If a Non-Viability Event described in item (ii) above occurs, MBL will be required to Exchange all of the Principal Amount of the Subordinated Notes for MGL Ordinary Shares. If not all Subordinated Notes are required to be Exchanged, Relevant Tier 1 Securities shall first be subject to Loss Absorption. If the amount of our Relevant Tier 1 Securities is not sufficient to satisfy APRA's capital requirements, some or all of our Relevant Tier 2 Securities, including the Subordinated Notes, will then be subject to Exchange or Write-Off. See "— Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off" below. As at September 30, 2020, we had approximately A\$1.69 billion of outstanding Relevant Tier 1 Securities and A\$2.88 billion of outstanding Relevant Tier 2 Securities. MBL has no obligation to issue or maintain on issue any Relevant Tier 1 Securities or Relevant Tier 2 Securities. If, for any reason, an Exchange has not occurred within 5 Business Days of the Non-Viability Date, then Exchange will not occur and each Subordinated Note, or portion thereof, which would otherwise have been Exchanged, will be Written-Off. See "— Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off" below.

The Subordinated Notes may, with the prior written approval of APRA and the satisfaction of certain conditions regarding the replacement of the Subordinated Notes with Regulatory Capital and maintenance of acceptable capital requirements, be redeemed at the option of the Bank, in whole, but not in part following the occurrence of a Regulatory Event or a Tax Event (in each case, as defined under the heading "— Redemption of Subordinated Notes under certain circumstances" below), or, in whole or in part, on the Optional Call Date.

The Subordinated Notes are initially being offered in the Principal Amount of US\$1,000,000,000.

The Subordinated Notes will be issued only in fully registered form and in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Subordinated Notes will be issued under the Fiscal Agency Agreement

The Fiscal Agency Agreement and its associated documents, including the Subordinated Notes, contain the full legal text of the matters described in this section entitled "Description of the Subordinated Notes". This section is a summary only and does not describe every aspect of the Fiscal Agency Agreement and the Subordinated Notes. For example, in this section, we use terms that have been given special meaning in the Fiscal Agency Agreement, but we describe the meaning of only the more important of those terms.

The Fiscal Agency Agreement and the Subordinated Notes are governed by New York law, except as to authorization and execution by us and the subordination, Exchange and Write-Off provisions, which are governed by the laws of the State of New South Wales, Australia and the Commonwealth of Australia.

A copy of the Fiscal Agency Agreement (which includes the Subordinated Notes) is available for inspection during normal business hours at the office of the Fiscal Agent.

The Fiscal Agent performs administrative duties for us such as sending interest payments and notices to holders.

See "— Our relationship with the Fiscal Agent" below for more information about the Fiscal Agent.

We may issue other debt securities

The Fiscal Agency Agreement and the Subordinated Notes do not limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial covenants or similar restrictions by the terms of the Subordinated Notes or the Fiscal Agency Agreement.

How the Subordinated Notes rank against other debt

The Subordinated Notes will not be secured by any of our property or assets. Thus, by owning a Subordinated Note, you are one of our unsecured creditors.

The Subordinated Notes are subordinated to all of our existing and future debt and other liabilities, other than Equal Ranking Obligations and Junior Ranking Obligations. See “— Status and Subordination of Subordinated Notes” and “— Default, remedies and waiver of default” below for additional information on how subordination limits the ability of holders of Subordinated Notes to receive payment or pursue other rights if we default or have certain other financial difficulties. The Subordinated Notes rank, in a Winding-Up of MBL, behind the claims of all Senior Creditors (which includes MBL’s depositors, MBL’s general unsubordinated creditors (including trade creditors) and obligations of MBL that are preferred by mandatory provisions of law, including under the Australian Banking Act and Australian Reserve Bank Act as described further below), equally with Equal Ranking Obligations and ahead of Junior Ranking Obligations (as further described below under “— Status and Subordination of Subordinated Notes”).

MBL is an ADI under the Australian Banking Act. The Australian Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI’s assets in Australia are to be available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, the Subordinated Notes). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the RBA and certain other debts to APRA. A “protected account” is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

In addition, under section 16 of the Australian Banking Act, certain other debts of MBL due to APRA shall, in a Winding-Up of MBL, have, subject to section 13A(3) of the Australian Banking Act, priority over all other unsecured debts of MBL.

Further, under section 86 of the Australian Reserve Bank Act, debts due by MBL to the RBA shall in a Winding-Up of MBL, have, subject to section 13A(3) of the Australian Banking Act, priority over all other debts of MBL.

The Subordinated Notes will not constitute deposit liabilities or protected accounts of MBL in Australia for the purposes of the Australian Banking Act and are not insured or guaranteed by the United States Federal Deposit Insurance Corporation or any government, governmental agency or compensation scheme of the United States, Australia or any other jurisdiction or by any other party.

Except for a claim made on MBL in accordance with the terms of the Subordinated Notes, a holder of a Subordinated Note has no claim on MBL, MGL or any other member of the MGL Group for payment of any amount or the performance of any obligation in respect of any Subordinated Notes held by that holder.

Except as expressly provided in the terms of the Subordinated Notes, no holder of a Subordinated Note has:

- (i) any claim against MBL, MGL or any other member of the MGL Group;
- (ii) any right to:
 - a. subscribe for securities, or to participate in any bonus issues of securities, of MBL, MGL or any other member of the MGL Group; or
 - b. to otherwise participate in the profits or property of MBL, MGL or any other member of the MGL Group, except by receiving payments as set out in the terms of the Subordinated Notes.

Nothing in the terms of the Subordinated Notes limits the ability of MBL, MGL or any member of the MGL Group, in its absolute discretion from time to time, from:

- (i) issuing shares or other securities of any kind, whether ranking equally with, in priority to or junior to, or having different rights from the Subordinated Notes; or

- (ii) redeeming, converting, buying back, returning or distributing capital in respect of any share capital or any other securities of any kind, whether ranking behind, equally with, or in priority to the Subordinated Notes.

The liabilities which are preferred by law to the claim of a holder in respect of a Subordinated Note will be substantial and the terms and conditions of the Subordinated Notes do not limit the amount of such liabilities which may be incurred or assumed by MBL from time to time.

The requirement for Loss Absorption on account of the non-viability of MBL does not apply to subordinated debt issued by MBL prior to January 1, 2013, and accordingly the holders of the Subordinated Notes offered hereby are likely to be in a worse position in the event of MBL becoming non-viable than holders of subordinated debt issued by MBL that is not subject to a Loss Absorption feature, which is set out above under "Other Tier 2 subordinated obligations" in the table representing MBL's debt obligations and ordinary equity and reserves by category.

Status and Subordination of Subordinated Notes

The Subordinated Notes will be our unsecured, direct, subordinated and general obligations.

The Subordinated Notes will be Exchanged for MGL Ordinary Shares when APRA either (a) issues a written notice to MBL that it is necessary that Relevant Securities (including the Subordinated Notes) be subject to Loss Absorption because, without such Loss Absorption, APRA considers that MBL would become non-viable, or (b) notifies MBL in writing that it has determined that without a public sector injection of capital or equivalent support, MBL would become non-viable. See "— Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off" below.

The rights and claims of the holders of the Subordinated Notes are, in a Winding-Up of MBL, expressly subject to the conditions, and subordinated on the basis set out below.

Prior to the commencement of a Winding-Up of the Bank

Prior to the commencement of a Winding-Up of the Bank:

- (i) our obligations to make payments of the Principal Amount, redemption price, interest or other amounts in respect of the Subordinated Notes and all other amounts owing in relation to the Subordinated Notes are conditional upon us being solvent at the time the payments and other amounts owing fall due; and
- (ii) no payment of Principal Amount, redemption price, interest or any other amount shall be made in respect of the Subordinated Notes, except to the extent that we may make such payment and still be solvent immediately thereafter.

Any amount not paid as a consequence of these conditions remains a debt owing to the holder by us until it is paid and shall be payable on the first date on which the payment can be made in compliance with these conditions. Any such failure to pay will not be considered an Event of Default for the purposes of the Subordinated Notes.

For the purposes of this section, we will be considered solvent if we are able to pay our debts as they fall due.

In our Winding-Up, the rights of the holders of the Subordinated Notes against us to recover any sum payable in respect of the Subordinated Notes:

- (i) shall be subordinate and junior in right of payment to our obligations to Senior Creditors, to the extent that all claims in respect of such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Subordinated Note; and

- (ii) shall rank pari passu and ratably (as to its due proportion only) with our other subordinated creditors in respect of Equal Ranking Obligations, including any additional Subordinated Notes we may issue; and
- (iii) shall be senior and rank ahead in right of payment to our obligations in respect of Junior Ranking Obligations.

“Equal Ranking Obligations” means any instrument that ranks in our Winding-Up as the most junior claim in our Winding-Up ranking senior to Junior Ranking Obligations and includes any other instrument issued as a Relevant Tier 2 Security or which ranks or is expressed to rank equally with the Subordinated Notes or any of our other Relevant Tier 2 Securities.

“Issuer Level 1 Group” means MBL and such other entities included from time to time in the calculation of MBL’s capital ratios on a Level 1 basis (or its equivalent, in either case, as defined by APRA from time to time).

“Issuer Level 2 Group” means MBL and such other entities included from time to time in the calculation of MBL’s capital ratios on a Level 2 basis (or its equivalent, in either case, as defined by APRA from time to time).

“Junior Ranking Obligations” means any instrument, present and future, issued by us which is issued as Tier 1 Capital (whether or not constituting Tier 1 Capital at the Issue Date or at the time of commencement of any Winding-Up of MBL) or which ranks or is expressed to rank equally with MBL’s Tier 1 Capital, and includes shares (other than a share issued as Tier 2 Capital) and any claims in respect of a shareholding, including the claims described in sections 563AA and 563A of the Australian Corporations Act.

“Relevant Tier 2 Security” means the Subordinated Notes and any other security forming part of the Tier 2 Capital of MBL that is capable of being subject to Loss Absorption where a Non-Viability Event occurs.

“Senior Creditors” means all of our creditors (present and future), including our depositors and general unsubordinated creditors, whose claims:

- (1) are admitted in MBL’s Winding-Up; and
- (2) are not in respect of:
 - (A) an Equal Ranking Obligation; or
 - (B) a Junior Ranking Obligation.

“Tier 1 Capital” and **“Tier 2 Capital”** each has the meaning determined for that term (or its equivalent) by APRA from time to time.

“Winding-Up” means, with respect to an entity, the winding-up, liquidation, termination or dissolution of the entity, but does not include any winding-up, liquidation, termination or dissolution for the purposes of a consolidation, amalgamation, merger or reconstruction (the terms of which have been approved by the shareholders of the entity or by a court of competent jurisdiction) under which the continuing or resulting entity effectively assumes the entire obligations of the entity in respect of the Subordinated Notes.

In our Winding-Up, holders shall only be entitled to prove for any sums payable in respect of the Subordinated Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. By their purchase of or by holding interests in Subordinated Notes, the holders of the Subordinated Notes will be taken to have waived to the fullest extent permitted by law any right to prove in any such Winding-Up as creditors ranking for payment in any other manner.

Neither we nor a holder of the Subordinated Notes shall be entitled to:

- (i) set-off against any amounts owing in respect of the Subordinated Notes held by such holder, any amount held by the holder to our credit whether in any account, in cash or otherwise, nor any of our deposits, advances or debts, or any other amount owing by the holder of the Subordinated Notes to us on any account whatsoever; or
- (ii) effect any reduction of the amount due to such holder in respect of the Subordinated Notes by merger of accounts or lien or the exercise of any other rights the effect of which is or may be to reduce the amount due in respect of such Subordinated Notes.

Any payment, whether voluntary or in any other circumstances received by a holder of the Subordinated Notes from or on our account (including by way of credit, set-off by operation of law or otherwise) or from any liquidator, receiver, manager or statutory manager in breach of the terms hereof, will be held by the relevant holder of the Subordinated Notes in trust for and to the order of the Senior Creditors. Such trust shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or eighty years from the date of the issue of the Subordinated Notes.

The Subordinated Notes are also subordinated by operation of mandatory provisions of law pursuant to the Australian Corporations Act, the Australian Bank Act and the Australian Reserve Bank Act. See “— How the Subordinated Notes rank against other debt” above for further information.

We expect that from time to time we will incur additional indebtedness and other obligations that will constitute claims of our Senior Creditors. The Subordinated Notes do not limit the amount of our obligations that can rank ahead of the Subordinated Notes that we may incur or assume in the future.

Each holder, by its purchase or holding of an interest in Subordinated Notes, shall be taken to have irrevocably acknowledged and agreed that:

- the subordination provisions of the form of Subordinated Notes constitute a debt subordination for the purposes of section 563C of the Australian Corporations Act;
- MBL's obligations in respect of the Subordinated Notes are subordinated in the manner provided in the subordination provisions of the Subordinated Notes; and
- the debt subordination effected by the subordination provisions of the Subordinated Notes is not affected by any act or omission of MBL or a Senior Creditor which might otherwise affect it at law or in equity.

Form of Subordinated Notes

The Subordinated Notes will be issued in global — i.e., book-entry — form represented by a global security registered in the name of a depository (“**Global Note**”), which will be the holder of all the Subordinated Notes represented by the global security. Those who own beneficial interests in a Global Note will do so through participants in the Depository's securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the Depository and its participants.

Payment of Additional Amounts

We will pay all amounts that we are required to pay on the Subordinated Notes without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of Australia or any political subdivision or taxing authority thereof or therein. This obligation will not apply, however, if those taxes, duties, assessments or other governmental charges are required by Australia or any such subdivision or taxing authority to be withheld or deducted. If that were to occur, we will pay additional amounts of, or in respect of, the principal of, and any interest on, the affected Subordinated Notes (“**additional amounts**”) that are necessary so that the net amounts paid to the holders of those Subordinated Notes, after deduction or withholding, will equal the amounts of principal and any premium and interest that we would have had to pay on those Subordinated Notes if the deduction or withholding had not been required except that no additional amounts are payable in relation to any payment in respect of the Subordinated Notes:

- (a) to, or to a third party on behalf of, a holder of the Subordinated Notes who is liable for such taxes in respect of such Subordinated Notes by reason of its having some connection with Australia other than the mere holding of an interest in such Subordinated Note or receipt of principal or interest in respect thereof or could have lawfully avoided (but not so avoided) such liability by providing or procuring that any third party provides the holder of the Subordinated Notes a Tax File Number ("TFN") and/or (if applicable) Australian Business Number ("ABN") or evidence that the holder of the Subordinated Notes is not required to provide a TFN and/or ABN to us;
- (b) to, or to a third party on behalf of, a holder of the Subordinated Notes who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Subordinated Notes are presented for payment;
- (c) presented for payment more than 30 days after the date payment became due on that Subordinated Note and was provided for, whichever is later, except to the extent that a holder of Subordinated Notes would have been entitled to the additional amounts on presenting the Subordinated Note for payment on any day during that 30 day period;
- (d) to, or to a third party on behalf of, a holder of the Subordinated Notes who is liable for the taxes in respect of the Subordinated Notes by reason of the holder of the Subordinated Note being an "associate" of the Bank for the purposes of Section 128F(9) of the Income Tax Assessment Act 1936 of Australia, as amended (the "Australian Tax Act"); or
- (e) presented for payment by or on behalf of a holder of the Subordinated Notes who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Note to another Paying Agent in a Member State of the European Union.

No additional amounts shall be payable with respect to any payment of, or in respect of, the Principal Amount of, or any interest on, any Subordinated Note to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that payment would, under the laws of Australia or any political subdivision or taxing authority of Australia, be treated as being derived or received for tax purposes by a beneficiary or settlor of that fiduciary or a member of that partnership or a beneficial owner who would not have been entitled to those additional amounts had it been the actual holder of the affected Subordinated Note.

In addition, any amounts to be paid on the Subordinated Notes will be paid, and any MGL Ordinary Shares to be delivered as a result of an Exchange of such Subordinated Notes will be delivered, net of any deduction, withholding, interest or penalty imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "**FATCA Withholding**"), and no additional amounts will be required to be paid and no additional MGL Ordinary Shares will be required to be delivered on account of any such FATCA Withholding. Each holder shall be deemed to authorize the Bank and MGL to remit, or otherwise deal with, any amounts and MGL Ordinary Shares comprising a FATCA Withholding and report information in accordance with applicable requirements connected therewith.

Whenever we refer in this document, in any context, to the payment of the principal of, or any premium or interest on, any Subordinated Note or the net proceeds received on the sale or Exchange of any Subordinated Note, we mean to include the payment of additional amounts to the extent that, in that context, additional amounts are, were or would be payable.

Any additional amounts payable on Subordinated Notes will be subordinated in right of payment, see "— Status and Subordination of Subordinated Notes" below.

Redemption of Subordinated Notes under certain circumstances

The Subordinated Notes may, with the approval of APRA and the satisfaction of certain conditions, see “— Approval of APRA” below, and provided that the relevant Subordinated Notes are not otherwise required to be Exchanged or Written-Off, be redeemed at our option, in whole but not in part, following the occurrence of a Regulatory Event or a Tax Event (in each case, as defined below), or, in whole or in part, on the Optional Call Date. No Subordinated Note or portion thereof can, or will, be Exchanged at the option of a holder of such Subordinated Note.

Any such redemption will be made at a redemption price equal to 100% of the Principal Amount of the Subordinated Notes to be redeemed, together with interest accrued on such Principal Amount to but excluding the date fixed for redemption.

If we choose to redeem the Subordinated Notes following a Tax Event or a Regulatory Event, then immediately prior to the giving of any notice of redemption of Subordinated Notes pursuant to this section, we will deliver to the Fiscal Agent a certificate (signed by our chief executive or financial officer or treasurer) stating that we are entitled to effect such redemption and setting forth in reasonable detail a statement of facts showing that the conditions precedent to our right to so redeem the Subordinated Notes have occurred.

If we exercise an option to redeem the Subordinated Notes, we will provide holders with not less than 30 nor more than 60 days' notice. Notices to redeem Subordinated Notes shall be given by us in writing and for so long as any Subordinated Notes are held in a clearing system, given to each holder in accordance with the rules and regulations of that clearing system relating to the delivery of notices, or mailed to their last addresses appearing on the register of the Subordinated Notes. Notices to redeem the Subordinated Notes shall specify the date fixed for redemption, the redemption price, the place or places of payment and that payment will be made upon presentation and surrender of the Subordinated Notes to be redeemed, that interest accrued to the date fixed for redemption (unless such date is an Interest Payment Date) will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue (or portion thereof in the case of a partial redemption). If the redemption follows the occurrence of a Regulatory Event or Tax Event, such notice shall also state that the conditions precedent to such redemption have occurred and state that we have elected to exercise our option to redeem the Subordinated Notes in accordance with their terms. If any Subordinated Note is to be redeemed in part only, any such notice of redemption shall state the portion of the Principal Amount thereof that has been or is to be redeemed.

If we have provided a notice of redemption in the manner described above, the Principal Amount of the Subordinated Notes called for redemption shall become due on the date fixed for redemption and upon presentation and surrender of such Subordinated Notes at the place or places specified in such notice or at a place of payment, and the Principal Amount of the Subordinated Notes called for redemption shall be redeemed by us at the places and in the manner therein specified and at the applicable redemption price, together with accrued interest (unless the redemption date is an Interest Payment Date) to but excluding the redemption date. On and after the redemption date, unless we default in payment of the redemption price, interest shall cease to accrue on the Principal Amount of the Subordinated Notes or portions thereof called for redemption. Notwithstanding the foregoing, to the extent that all or any part of the Principal Amount of a Subordinated Note is subject to Exchange or Write-Off as described under “— Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off”, we will not be entitled to redeem that Subordinated Note pursuant to a notice of redemption given in the manner described in above, and any such notice will not result in that Subordinated Note becoming due and payable.

If we exercise an option to redeem the Subordinated Notes in part, we will issue a new Subordinated Note upon presentation and surrender of the Subordinated Notes in Principal Amount equal to the unredeemed portion of the original Subordinated Note in the name of the holder thereof upon cancellation of the original Subordinated Note.

Approval of APRA

We cannot make any redemption or repurchase any Subordinated Notes before the Stated Maturity Date for any reason without obtaining the prior written approval of APRA.

We cannot elect to redeem or repurchase the Subordinated Notes before the Stated Maturity Date unless:

- (i) the Subordinated Notes to be redeemed or repurchased are replaced (concurrently with the redemption or repurchase or beforehand) with Tier 1 Capital or Tier 2 Capital ("**Regulatory Capital**"), and the replacement or repurchase of those Subordinated Notes is done under conditions which are sustainable for the income capacity of the "Issuer Level 1 Group" and the "Issuer Level 2 Group", or
- (ii) we obtain confirmation from APRA that APRA is satisfied that the capital positions of the "Issuer Level 1 Group" and the "Issuer Level 2 Group" are sufficient after the Subordinated Notes are redeemed or repurchased.

Prospective purchasers of Subordinated Notes should not expect that APRA's approval will be given for any redemption or repurchase of Subordinated Notes.

Redemption for taxation reasons

Subject to the conditions set forth under "— Approval of APRA" above, and provided that the relevant Subordinated Notes are not otherwise required to be Exchanged or Written-Off, we may elect to redeem the affected Subordinated Notes, in whole but not in part, at a redemption price equal to 100% of the Principal Amount of the Subordinated Notes to be redeemed, together with interest accrued on such Principal Amount to but excluding the date fixed for redemption, upon the occurrence of any of the following (a "**Tax Event**"):

- there is a change in or any amendment to the laws or regulations of Australia, or of any political subdivision or taxing authority of or in Australia, that affects taxation; or
- there is a change or amendment in an official application or interpretation of those laws or regulations,

in each case, which change becomes effective on or after the Issue Date and was not expected by MBL as at the Issue Date; and

- subject to certain conditions described below, such a change or amendment causes us to become obligated to pay any additional amounts, see "— Payment of Additional Amounts", or
- as a result of such change or amendment, payment of interest in respect of the Subordinated Notes is not, or will not within 12 months of that change or amendment be, allowed as a deduction for Australian income tax purposes.

Before we can redeem the affected Subordinated Notes, we must:

- give the holders of those Subordinated Notes at least 30 and not more than 60 days' written notice of our intention to redeem those Subordinated Notes (and, at the time that notice is given, the obligation to pay those additional amounts or inability to deduct interest must remain in effect); and
- deliver to the holders of those Subordinated Notes a legal opinion of our counsel confirming that the conditions that must be satisfied for redemption have occurred.

If, however, within 60 days of us becoming liable to pay any additional amounts on the Subordinated Notes, we can eliminate the risk that we will have to pay those additional amounts by filing a form, making an election or taking some similar reasonable measure that in our sole judgment will not be adverse to us and will involve no material cost to us, a Tax Event will be taken not to have occurred.

Redemption for regulatory reasons

Subject to the conditions set forth under “— Approval of APRA” above, and provided that the relevant Subordinated Notes are not otherwise required to be Exchanged or Written-Off, we may elect to redeem the Subordinated Notes, in whole but not in part, at a redemption price equal to 100% of the Principal Amount of the Subordinated Notes to be redeemed, together with interest accrued on such Principal Amount to but excluding the date fixed for redemption, upon the occurrence of any of the following (a “**Regulatory Event**”):

- a law or regulation applicable in the Commonwealth of Australia or any State or Territory of Australia or any directive, order, standard, requirement, guideline or statement of APRA (whether or not having the force of law), which applies to MBL, MGL or any other member of MGL Group (a “**Regulation**”) is introduced, amended, clarified or changed or its application changed; or
- an announcement is made that a Regulation will be introduced, amended, clarified or changed or its application changed; or
- a decision is made by any court or other authority interpreting, applying or administering any Regulation,

in each case, which event occurs or is effective on or after the date we originally issued the Subordinated Notes and was not expected by us as at such date (each such event a “**Change in Law**”) and we determine that, as a result of that Change in Law:

- any of the Subordinated Notes are not eligible for inclusion as Tier 2 Capital of the Issuer Level 1 Group or the Issuer Level 2 Group; or
- that additional requirements (including regulatory, capital, financial, operational or administrative requirements) in connection with the Subordinated Notes would be imposed on us, MGL or any other member of MGL Group which we determine, in our absolute discretion, might have a material adverse effect on MBL, MGL or any other member of MGL Group or otherwise be unacceptable; or
- that to have any of the Subordinated Notes outstanding would be unlawful or impractical or that MBL, MGL or any other member of MGL Group would be exposed to a more than *de minimis* increase in its costs in connection with such Subordinated Notes.

Repurchase of Subordinated Notes

Subject to APRA’s prior written approval and applicable law, we or any of our Related Entities may purchase Subordinated Notes at any time, in any manner and at any price or consideration to which the relevant holder agrees. Such Subordinated Notes may, at the option of the acquirer, be held, resold or cancelled.

Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off

If a Non-Viability Event occurs, on the date on which such Non-Viability Event occurs (whether or not such date is a Business Day) (the “**Non-Viability Date**”), the aggregate Principal Amount of the Subordinated Notes will be immediately Exchanged for MGL Ordinary Shares in an amount equal (following or together with any Loss Absorption in respect of other Relevant Securities) to:

- the aggregate Principal Amount of Relevant Securities that APRA has notified us must be subject to Loss Absorption to satisfy APRA that we will not become non-viable; or
- if APRA has not so notified us, the aggregate Principal Amount of Subordinated Notes determined by us, in the manner described below, as would satisfy APRA that we will not become non-viable,

provided, however, that in the case of a Non-Viability Event where APRA notifies us in writing that it has determined that, without a public sector injection of capital or equivalent support, we would become non-viable, the aggregate Principal Amount of all Subordinated Notes shall be Exchanged in full.

No Subordinated Note or portion thereof can, or will, be Exchanged at the option of a holder thereof.

If a Non-Viability Event occurs and not all Subordinated Notes are required to be Exchanged, we will determine the aggregate Principal Amount of Subordinated Notes which must be Exchanged in accordance with the following:

- first, all Relevant Tier 1 Securities shall be subject to Loss Absorption; and
- second, if such Loss Absorption in respect of all Relevant Tier 1 Securities is not sufficient to satisfy the requirements described above, and provided that, as a result of that Loss Absorption, APRA has not withdrawn its determination in connection with the Non-Viability Event, we will Exchange for MGL Ordinary Shares an aggregate Principal Amount of Subordinated Notes and other Relevant Tier 2 Securities shall be subject to Loss Absorption, on an approximately proportionate basis (unless the terms of any such Relevant Tier 2 Security provide for any Loss Absorption to occur other than on a proportionate basis) or on such other basis as we consider fair and reasonable,

provided, however, that such determination must not impede or delay the immediate Exchange of the relevant Principal Amount of Subordinated Notes.

If a Non-Viability Event occurs, we will determine the Subordinated Notes or portions thereof as to which the Exchange is to take effect and in making that determination may make any decisions with respect to the identity of the holders of Subordinated Notes at that time as may be necessary or desirable to ensure Exchange occurs in an orderly manner, including disregarding any transfers of Subordinated Notes that have not been settled or registered at that time.

If only some Subordinated Notes are to be Exchanged, we will endeavor to treat holders of the Subordinated Notes on an approximately proportionate basis, but may discriminate to take account of the effect of marketable parcels, the need to round to whole numbers of MGL Ordinary Shares, and authorized denominations of any Subordinated Notes or other Relevant Securities remaining on issue and other similar considerations and the need to effect the Exchange immediately.

For the purposes of the foregoing, where the specified currency of the principal amount of Relevant Tier 2 Securities is not the same for all Relevant Tier 2 Securities, we may treat them as if converted into a single currency of our choice at such rate of exchange as we in good faith consider reasonable.

We must give notice of our determination of the Subordinated Notes or portions thereof as to which Exchange is to take effect (a “**Non-Viability Notice**”) as soon as practicable to the Fiscal Agent and the holders of Subordinated Notes, which must specify:

- the Non-Viability Date;
- the aggregate Principal Amount of the Subordinated Notes that have been, or are to be, Exchanged; and
- the relevant number or principal amount of other Relevant Securities that have been, or are to be, subject to Loss Absorption.

Notwithstanding the above or any other term of the Subordinated Notes, if for any reason an Exchange has not occurred in respect of any Subordinated Note or any portion thereof within 5 Business Days of the Non-Viability Date, then such Exchange will not occur and each Subordinated Note or portion thereof that would otherwise be required to be Exchanged, will be Written-Off. We will give notice to holders of affected Subordinated Notes if an Exchange has not occurred (a “**Write-Off Notice**”), but failure to give such Write-Off Notice shall not prevent the occurrence of Write-Off in respect of the affected Subordinated Notes.

Nothing shall prevent, impede or delay any Exchange or Write-Off of Relevant Securities as described herein, including, without limitation, the following events:

- any failure or delay in any Loss Absorption in respect of any other Relevant Securities;
- any failure or delay in giving a Non-Viability Notice or Write-Off Notice;
- any failure or delay in quotation of the MGL Ordinary Shares which may be issued on or arising from an Exchange;
- any requirement to select or adjust the aggregate Principal Amount of Subordinated Notes to be Exchanged or Written-Off in accordance with the provisions described herein;
- any failure or delay by a holder of Subordinated Notes or any other party to comply with the provisions described herein;
- any obligation by us to treat holders of the Subordinated Notes proportionately or any right to make determinations or adjustments in accordance with the provisions described herein; and
- any notice of redemption of the Subordinated Notes given in the manner described in under “— Redemption of Subordinated Notes under certain circumstances”.

Each holder of Subordinated Notes, by its purchase or holding of an interest in any Subordinated Notes irrevocably acknowledges and agrees that:

- we intend that the Subordinated Notes constitute Tier 2 Capital and are able to absorb losses at the point of non-viability as described in APRA’s prudential standards and guidelines and that the Subordinated Notes are subject to Exchange or Write-Off as described herein, which is a fundamental term of the Subordinated Notes;
- Loss Absorption must occur immediately on the Non-Viability Date and that may result in disruption or failures in trading or dealings in the Subordinated Notes;
- no conditions or events will affect the operation of Exchange or Write-Off and such holder will not have any rights to vote in respect of any Subordinated Notes or portions thereof that are Exchanged or Written-Off;
- any failure or delay in the completion of any procedure, formality or other matter connected with the Exchange or Writing-Off of Subordinated Notes held by the holder shall not prevent, impede or delay the Exchange or Write-Off of such Subordinated Notes (which shall be deemed to have occurred immediately with effect on and from the Non-Viability Date, notwithstanding such failure or delay);
- subject to paragraph (10) below under “— Exchange Mechanics”, such holder consents to becoming a member of MGL and agrees to be bound by the constitution of MGL upon an Exchange;
- it agrees to the application of payments and issue of MGL Ordinary Shares in respect of its Subordinated Notes upon an Exchange, notwithstanding anything which might otherwise affect the Exchange including, without limitation:
 - (i) any change in the financial position of MBL, MGL or MGL Group since the Issue Date;
 - (ii) any disruption to the market or potential market for the MGL Ordinary Shares or to capital markets generally;
 - (iii) it being impossible or impracticable to list the MGL Ordinary Shares on the ASX; or

- (iv) it being impossible or impracticable to sell or otherwise dispose of the MGL Ordinary Shares;
- if an Exchange does not occur for any reason within 5 Business Days of the Non-Viability Date, each Subordinated Note or portion thereof subject to such Exchange will be Written-Off;
- it will provide MBL and MGL with any information that MBL or MGL considers necessary or desirable, or to take any and all such action as is within the reasonable control of that holder, to give effect to an Exchange;
- it has no right to request an Exchange, redemption, or payment in respect of the Exchange, of a Subordinated Note or any portion thereof or to determine whether (or in what circumstances) the Subordinated Notes it holds are Exchanged or redeemed;
- it has no remedies on account of a failure by MGL or any Related Body Corporate:
 - (i) to make any payment in respect of an Exchange;
 - (ii) to issue MGL Ordinary Shares as required in respect of an Exchange other than (and subject always to where Write-Off applies) to seek specific performance of the obligation to issue the MGL Ordinary Shares; or
 - (iii) to perform any of the Related Exchange Steps;
- prior to an Exchange, the Subordinated Notes do not create or confer any voting rights in respect of any member of MGL Group; and
- subject to applicable law, it is not entitled to be provided with copies of any notices of general meetings of MBL or MGL or any other documents (including annual reports and financial statements) sent by MBL or MGL to holders of ordinary shares or other securities (if any) in MBL or MGL.

Each holder of Subordinated Notes, by its purchase or holding of an interest in any Subordinated Notes irrevocably:

- appoints each of MGL, MBL, any Sale Agent, their respective duly authorized officers and any liquidator, administrator, statutory manager or other similar official of MGL or MBL (each an "Appointed Person") severally to be the attorney of the holder and the agents of the holder, with the power in the name and on behalf of the holder to:
 - (i) do all such acts and things (including, without limitation signing all documents, instruments or transfers or instructing CHESS) as may, in the opinion of the Appointed Person, be necessary or desirable to be done in order to give effect to, record or perfect an Exchange or Write-Off (as applicable);
 - (ii) do all other things which an Appointed Person reasonably believes to be necessary or desirable to give effect to the terms of the Subordinated Notes; and
 - (iii) appoint in turn its own agent or delegate; and
- authorizes and directs MBL and/or the Fiscal Agent to make such entries in the register, including amendments and additions to the register, which MBL and/or the Fiscal Agent may consider necessary or desirable to record an Exchange or Write-Off (as applicable).

The power of attorney to be given by Subordinated Note holders in respect of the Subordinated Notes will be given for valuable consideration and to secure the performance by the Subordinated Note holder of the Subordinated Note holder's obligations under the Subordinated Notes, will be irrevocable and will survive and not be affected by the subsequent disability or incapacity of the Subordinated Note holder (or, if such Subordinated Noteholder is an entity, by its dissolution or termination). An Appointed

Person will have no liability in respect of any acts duly performed in accordance with the power of attorney thereby given.

For any Subordinated Note which is to be Exchanged or Written-Off only in part:

- (i) for the purposes of the transfer of that portion of that Subordinated Note to MGL, the Principal Amount of that Subordinated Note to be Exchanged and the Principal Amount of that Subordinated Note that is not to be Exchanged shall each be deemed to be a separate Subordinated Note with a denomination equal to the relevant Principal Amount;
- (ii) the amount of interest payable in respect of that Subordinated Note on each Interest Payment Date falling after that Non-Viability Date will be reduced and calculated on the Principal Amount of that Subordinated Note as reduced on the date of the Exchange or Write-Off;
- (iii) the voting entitlement of the holder of that Subordinated Note in respect of that Subordinated Note will be adjusted and calculated on the Principal Amount of that Subordinated Note as so reduced on the date of the Exchange or Write-Off;
- (iv) the redemption price that may be payable on redemption of the Subordinated Note on and from that date of the Exchange or Write-Off will be adjusted and calculated on the Principal Amount of the Subordinated Note as so reduced on such date; and
- (v) in any case, such Subordinated Note will be surrendered with, if we or the Fiscal Agent so requires, due endorsement by, or written instrument of transfer in the form satisfactory to us and the Fiscal Agent duly executed by, the holder thereof or its attorney duly authorized in writing; additionally, we will execute, and the Fiscal Agent will authenticate and deliver to the registered holder of such Subordinated Note without service charge, a new Subordinated Note or Subordinated Notes of like form and tenor, of any aggregate Principal Amount equal to and in exchange for the non-Exchanged or non-Written-Off portion of the Principal Amount of the Subordinated Note so surrendered.

Where a Non-Viability Event takes effect, MBL must perform the obligations in respect of the relevant determination, immediately on the Non-Viability Date, whether or not such day is a Business Day.

In respect of its obligations under an Exchange, MGL has entered into the MGL Deed of Undertaking for the benefit of the holders of Subordinated Notes, pursuant to which it has irrevocably undertaken:

- to perform its obligations relating to an Exchange (including in connection with the issue and delivery of MGL Ordinary Shares) as provided under the Subordinated Notes (notwithstanding that it is not an obligor under the Subordinated Notes);
- to use all reasonable endeavors to procure quotation of the MGL Ordinary Shares issued or arising from an Exchange on the ASX. Each holder of the Subordinated Notes so Exchanged by its purchase or holding of an interest in any Subordinated Notes agrees not to trade MGL Ordinary Shares issued on an Exchange (except as permitted by the Australian Corporations Act, other applicable laws and the ASX Listing Rules) until MGL has taken such steps as are required by the Australian Corporations Act, other applicable laws and the ASX Listing Rules for MGL Ordinary Shares to be freely tradable without further disclosure or other action and agrees that MGL may impose a holding lock or refuse to register a transfer in respect of MGL Ordinary Shares until such time;
- to ensure that the MGL Ordinary Shares issued or arising from an Exchange will rank equally with all other fully paid MGL Ordinary Shares;
- from the applicable Non-Viability Date (subject to the provisions of the Subordinated Notes relating to Write-Off and that the Subordinated Notes do not create or confer any voting rights in respect of any member of MGL Group prior to Exchange), to treat each holder of Subordinated Notes as the holder of the applicable Exchange Number of MGL Ordinary

Shares and will take all such steps, including updating any register, required to record the Exchange; and

- to otherwise comply with the terms of the Subordinated Notes.

The MGL Deed of Undertaking will be governed by the laws of the State of New South Wales, Australia and the Commonwealth of Australia.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that (i) is not a day on which banking institutions in The City of New York or the City of Sydney, Australia generally are authorized or obligated by law, regulation or executive order to close and (ii) solely with respect to any payment or other action to be made or taken at any place of payment outside The City of New York, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in such place of payment generally are authorized or obligated by law, regulation or executive order to close.

“CHES” means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd (ACN 008 504 532) or any system that replaces it relevant to MGL Ordinary Shares.

“Exchange” means, in respect of a Subordinated Note or portion thereof and a Non-Viability Date, the transfer of that Subordinated Note or portion thereof in connection with the allotment and issue of MGL Ordinary Shares, in accordance with the terms described herein, and the performance of the Related Exchange Steps; and “Exchanged” and “Exchanging” have corresponding meanings.

“Loss Absorption” means any exchange for or conversion into ordinary shares or writing-off in respect of any Relevant Securities in accordance with their terms or by operation of law on the occurrence of a Non-Viability Event (including an Exchange or Write-Off of Subordinated Notes).

“MGL Ordinary Share” means a fully paid ordinary share in the capital of MGL.

“Non-Viability Date” means the date (whether or not a Business Day) on which a Non-Viability Event occurs.

“Non-Viability Event” means when APRA: (i) issues a written notice to us that it is necessary that Relevant Securities (including the Subordinated Notes) be subject to Loss Absorption because, without such Loss Absorption, APRA considers that we would become non-viable; or (ii) notifies us in writing that it has determined that, without a public sector injection of capital or equivalent support, we would become non-viable.

“Related Body Corporate” has the meaning given in the Australian Corporations Act.

“Relevant Securities” means the Relevant Tier 1 Securities and the Relevant Tier 2 Securities.

“Relevant Tier 1 Security” means a security forming part of the Tier 1 Capital of MBL that is capable of being subject to Loss Absorption where a Non-Viability Event occurs.

“Relevant Tier 2 Security” has the meaning set forth under “— Status and Subordination of Subordinated Notes” above.

“Written-Off” means that, in respect of a Subordinated Note or portion thereof, the rights of the relevant holders of that Subordinated Note or portion thereof (including to payment of interest with respect to such Principal Amount, both in the future and as accrued but unpaid and to be issued with MGL Ordinary Shares) in relation to that Subordinated Note or portion thereof are immediately and irrevocably terminated for no consideration with effect on and from the Non-Viability Date, and **“Write-Off”** and **“Writing-Off”** have corresponding meanings.

Exchange Mechanics

- (1) Exchange

On a Non-Viability Date, subject to where Write-Off applies, each of the events described in this paragraph (1) shall occur in respect of any Subordinated Note or portion thereof to be Exchanged.

- (a) The rights of each holder of each relevant Subordinated Note or portion thereof (including to payment of interest) in relation to the Principal Amount of that Subordinated Note or portion thereof will be automatically and irrevocably transferred free from any Encumbrance to MGL or an Approved Nominee for an amount payable by MGL equal to the Principal Amount of the relevant Subordinated Note or portion thereof and MGL will apply that Principal Amount or portion thereof by way of payment for subscription for the MGL Ordinary Shares to be allotted and issued under paragraph 1(b). Each holder of a relevant Subordinated Note or any portion thereof is taken to have irrevocably directed that any amount payable under this paragraph 1(a) is to be applied as provided for in paragraph 1(b) and no such holder (or other person claiming through a holder) has any right to payment in any other way.

- (b) MGL will allot and issue the Exchange Number of MGL Ordinary Shares to the holder of the Subordinated Note (or as they may direct) for a subscription price equal to the Principal Amount of that Subordinated Note or portion thereof. The “**Exchange Number**” will be calculated by MBL in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Exchange Amount}}{(0.99 \times \text{Non-Viability Date VWAP})}$$

subject to the Exchange Number being no greater than the Maximum Exchange Number.

- (c) The “**Maximum Exchange Amount per US\$1,000**” will be calculated by MBL on the Issue Date in accordance with the following formula:

$$\text{Maximum Exchange Number per US\$1,000} = \frac{\text{US\$1,000}}{\text{Exchange Floor Price}}$$

- (d) The “**Maximum Exchange Number**” will be calculated by MBL on the Non-Viability Date in accordance with the following formula:

$$\text{Maximum Exchange Number} = \frac{(\text{Exchange Amount} \times \text{Maximum Exchange Number per US\$1,000})}{\text{US\$1,000}}$$

- (e) If the total number of MGL Ordinary Shares to be allotted to a holder in respect of their aggregate holding of Subordinated Notes or portions thereof upon Exchange includes a fraction of an MGL Ordinary Share, that fraction of an MGL Ordinary Share will be disregarded.

- (f) All rights to payment of interest or any other amount owing, both in the future and as accrued but unpaid as at the Non-Viability Date, in relation to such Subordinated Note or portion thereof transferred are immediately and irrevocably terminated for no other consideration.

- (g) As agreed between, among others, MGL and MBL under an implementation deed, on or about the Issue Date, MBL, MGL and their Related Bodies Corporate will deal with the Subordinated Notes or portions thereof being Exchanged so that fully paid ordinary shares in the capital of MBL are issued to, or as directed by, MGL or to a Related Body

Corporate of MGL nominated by MGL (which is a holding company of MBL and which itself issues ordinary shares to, or as directed by, MGL), for an aggregate issue price equal to the aggregate Exchange Amount and the Subordinated Notes transferred to MGL or to an Approved Nominee in accordance with this paragraph 1 shall be redeemed and cancelled (the “**Related Exchange Steps**”).

(2) Adjustments to VWAP

For the purposes of calculating VWAP under the terms of the Subordinated Notes:

- (a) where, on some or all of the ASX Trading Days in the relevant VWAP Period, MGL Ordinary Shares have been quoted on the ASX as cum dividend or cum any other distribution or entitlement and the Subordinated Notes or portions thereof will be Exchanged for MGL Ordinary Shares after the date those MGL Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the ASX Trading Days on which those MGL Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (“**Cum Value**”) equal to:
 - (i) (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Australian Tax Act and eligible to receive a franked distribution;
 - (ii) (in the case of any other entitlement that is not a dividend or other distribution under Section 2(a)(i) above which is traded on the ASX on any of those ASX Trading Days), the VWAP of all such entitlements sold on the ASX during the VWAP Period on the ASX Trading Days on which those entitlements were traded; or
 - (iii) (in the case of any other entitlement which is not traded on the ASX during the VWAP Period), the value of the entitlement as reasonably determined by MBL; and
- (b) where, on some or all of the ASX Trading Days in the VWAP Period, MGL Ordinary Shares have been quoted on the ASX as ex dividend or ex any other distribution or entitlement, and the Subordinated Notes or portions thereof will be Exchanged for MGL Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the ASX Trading Days on which those MGL Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

(3) Adjustments to VWAP for divisions and similar transactions

- (a) Where during the relevant VWAP Period there is a change in the number of the MGL Ordinary Shares on issue as a result of a Reclassification, in calculating the VWAP for that VWAP Period, the Daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in the MGL Ordinary Shares is conducted on a post Reclassification basis shall be adjusted by multiplying the VWAP by the following fraction:

$$\frac{A}{B}$$

where:

“**A**” means the aggregate number of MGL Ordinary Shares immediately before the Reclassification; and

"B" means the aggregate number of MGL Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment to VWAP made by MBL in accordance with paragraphs (2) and (3)(a) above will be effective and binding on holders of the Subordinated Notes and the terms of the Subordinated Notes will be construed accordingly. Any such adjustment must be notified to all holders of the Subordinated Notes as soon as reasonably practicable following its determination by MBL.

(4) Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with paragraphs (2) and (3) above during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with paragraphs (5) and (6) below; and
- (b) if so made, will cause an adjustment to the Maximum Exchange Number per US\$1,000.

(5) Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to paragraph 5(b), if MGL makes a pro rata bonus issue of MGL Ordinary Shares to holders of MGL Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

"V" means the Issue Date VWAP applying immediately after the application of this formula;

"V_o" means the Issue Date VWAP applying immediately prior to the application of this formula;

"RN" means the number of MGL Ordinary Shares issued pursuant to the bonus issue; and

"RD" means the number of MGL Ordinary Shares on issue immediately prior to the allotment of new MGL Ordinary Shares pursuant to the bonus issue.

- (b) Paragraph (5)(a) above does not apply to MGL Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of paragraph (5)(a) above, an issue will be regarded as a pro rata issue notwithstanding that MGL does not make offers to some or all holders of MGL Ordinary Shares with registered addresses outside Australia, provided that in so doing MGL is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this Section (5) for any offer of MGL Ordinary Shares not covered by paragraph (5)(a) above, including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of MGL Ordinary Shares except as covered by paragraph (5)(a) shall not in any way restrict MGL from issuing MGL Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a

modification or variation of rights or privileges of holders of any Subordinated Notes or otherwise requiring any consent or concurrence.

(6) Adjustment to Issue Date VWAP for divisions and similar transactions

- (a) If at any time after the Issue Date there is a change in the number of MGL Ordinary Shares on issue as a result of a Reclassification, MBL will adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

“**A**” means the aggregate number of MGL Ordinary Shares immediately before the Reclassification; and

“**B**” means the aggregate number of MGL Ordinary Shares immediately after the Reclassification.

- (b) Each holder of a Subordinated Note acknowledges that MGL may, consolidate, divide or reclassify securities so that there is a lesser or greater number of MGL Ordinary Shares at any time in its absolute discretion without any such action constituting a modification or variation of rights or privileges of holders of any Subordinated Notes or otherwise requiring any consent or concurrence.

(7) No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of paragraphs (5) and (6) above, no adjustment shall be made to the Issue Date VWAP where such cumulative adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect. Any adjustment not made in accordance with this paragraph (7) shall be carried forward and taken into account in determining whether any subsequent adjustment shall be made.

(8) Announcement of adjustment to Issue Date VWAP

If MBL determines an adjustment to the Issue Date VWAP under paragraphs (5) and (6) above, such an adjustment will be:

- (a) determined as soon as reasonably practicable following the relevant event; and
- (b) notified to holders of the Subordinated Notes (an “**Adjustment Notice**”) within 10 Business Days of MBL determining the adjustment.

and the adjustment set out in the Adjustment Notice will be final and binding on holders of the Subordinated Notes and the terms of the Subordinated Notes will be construed accordingly.

(9) Failure to Exchange

Except where the Subordinated Notes are required to be Written-Off, and subject to paragraph (11)(g) below, if, in respect of an Exchange of a Subordinated Note or any portion thereof, MGL fails to issue the MGL Ordinary Shares to, or in accordance with the instructions of, the relevant holder of that Subordinated Note on the applicable Non-Viability Date or to the Sale Agent where paragraph (11) below applies, the Principal Amount of that Subordinated Note or portion thereof shall nonetheless be transferred and dealt with in accordance with paragraphs (1)(a), (1)(f) and (1)(g) above and the remedies of any holder of that Subordinated Note in

respect of that failure are limited to seeking an order for specific performance of MGL's obligations to issue MGL Ordinary Shares.

If, in respect of an Exchange of a Subordinated Note or portion thereof, that Subordinated Note or portion thereof is not transferred on the Non-Viability Date free from Encumbrance to MGL or its Approved Nominee, MGL shall issue the Exchange Number of MGL Ordinary Shares to the holder in respect of that Subordinated Note and all rights of the relevant holder (and any person claiming through the holder) in such Subordinated Note or portion thereof are taken to have ceased and that Subordinated Note or portion thereof shall be cancelled.

This paragraph (9) does not affect the obligation of MGL to deliver the MGL Ordinary Shares or of the holder of a relevant Subordinated Note to transfer that Subordinated Note or portion thereof when required in accordance with its terms.

(10) Subordinated Notes held in a clearing system

Subject to where Write-Off applies, if:

- (a) any Subordinated Note or portion thereof is required to be Exchanged; and
- (b) the holder of that Subordinated Note is the operator of a clearing system or a nominee for a common depository for any one or more clearing systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant clearing system or clearing systems),

then, with effect from the Non-Viability Date:

- (c) the holder's rights in relation to each such Subordinated Note or portion thereof being Exchanged are deemed to have been immediately and irrevocably terminated in respect of such amount Exchanged;
- (d) MGL will issue the relevant aggregate Exchange Number of MGL Ordinary Shares due to such holder in uncertificated form through MGL's share registry provider to a Sale Agent appointed as provided below in accordance with and subject to this section for no additional consideration to hold on trust for delivery or sale for the benefit of the participants in, or members of, the relevant clearing system or clearing systems who held interests in the corresponding Subordinated Notes through the relevant clearing system or clearing systems immediately prior to Exchange ("**Clearing System Participants**"); and
- (e) each such Clearing System Participant will, in respect of its proportional entitlement to an interest in that Subordinated Note, be entitled to receive MGL Ordinary Shares (or the proceeds of the sale of MGL Ordinary Shares) from the Sale Agent in accordance with, and subject to, this section as though references to the "holder" or "registered holder" of any Subordinated Note or a portion thereof are to the Clearing System Participant and references to MGL issuing MGL Ordinary Shares to the holder are to the Sale Agent delivering to the Clearing System Participant the MGL Ordinary Shares issued to the Sale Agent under paragraph (10)(d).

(11) Holders of Subordinated Notes whose MGL Ordinary Shares are to be sold

Subject to where Write-Off applies, if any Subordinated Note or portion thereof is required to be Exchanged and if:

- (a) the registered holder of that Subordinated Note has notified MBL that it does not wish to receive MGL Ordinary Shares as a result of the Exchange (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the

Issue Date and no less than 15 Business Days prior to the Non-Viability Date;

- (b) the registered holder of that Subordinated Note either has an address in the register which is a place outside Australia or is believed by MBL or MGL to not be a resident of Australia (in either case, the Subordinated Note holder being a “**Foreign Holder**”);
- (c) for any reason (whether or not due to the fault of the holder):
 - (i) MBL or MGL does not receive any information required by it in accordance with the terms of that Subordinated Note so as to impede MGL from issuing the MGL Ordinary Shares to the holder of that Subordinated Note on the Non-Viability Date; or
 - (ii) a FATCA Withholding is required to be made in respect of any MGL Ordinary Shares to be delivered as a result of that Exchange; or
- (d) MGL is of the opinion that under an Applicable Shareholding Law, the registered holder of that Subordinated Note is prohibited from acquiring some or all of the Exchange Number of MGL Ordinary Shares on the Non-Viability Date;

then, subject to paragraph (11)(e) below and without limiting paragraph (10), MBL will use reasonable endeavors to appoint a Sale Agent (which is not MBL or any Related Entity of MBL) on such terms as MBL considers reasonable, who will act in accordance with paragraph (11)(f) where MBL, MGL and the Sale Agent can be satisfied that the obligation in paragraph (11)(f) may be performed in respect of the relevant Subordinated Note and the relevant MGL Ordinary Shares in accordance with all applicable laws and without MBL, MGL or the Sale Agent having to take steps which any of them regard as unacceptable or onerous.

On the Non-Viability Date:

- (e) where paragraph (11)(a), (11)(b), 11(c)(ii) or (11)(d) above applies, MGL will issue the Exchange Number of MGL Ordinary Shares to the holder of that Subordinated Note only to the extent (if at all) that:
 - (i) where paragraph (11)(a) above applies, the holder’s notice referred to in paragraph 11(a) indicates the holder wishes to receive them;
 - (ii) where paragraph (11)(b) above applies, the Foreign Holder has notified MBL that it wishes to receive MGL Ordinary Shares as a result of the Exchange (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Date, and MGL is satisfied that the laws of both Australia and the Foreign Holder’s country of residence permit the issue of the Exchange Number of MGL Ordinary Shares to the Foreign Holder as contemplated by this paragraph (but as to which MGL is not bound to enquire), either unconditionally or after compliance with conditions which MGL, in its absolute discretion, regards as acceptable and not unduly onerous;
 - (iii) where paragraph (11)(c)(ii) above applies, MGL, in its absolute discretion, considers that it can do so in accordance with the requirements applicable to the relevant FATCA Withholding without it having to take steps which it regards as unacceptable or onerous; or
 - (iv) where paragraph (11)(d) above applies, the issue would, in MGL’s opinion, result in the holder receiving the maximum number of MGL Ordinary Shares the holder is permitted to acquire in compliance with Applicable Shareholding Law as at the Non-Viability Date;
- (f) otherwise, subject to paragraph (11)(g) below and any other circumstances where Write-Off applies, MGL will issue the balance of the Exchange Number of MGL Ordinary

Shares in respect of that holder to the Sale Agent on the terms that, at the first reasonable opportunity to sell the MGL Ordinary Shares, the Sale Agent will arrange for their sale and pay to the holder of the relevant Subordinated Note on a date determined by the Sale Agent a cash amount equal to the Attributable Proceeds of the holder of that Subordinated Note (and, where a FATCA Withholding has been required to be made, will remit the cash amount referable to the FATCA Withholding to, or as directed by, the relevant authority or agency). The issue of MGL Ordinary Shares to the Sale Agent will satisfy all obligations of MGL and its Related Bodies Corporate in connection with the Exchange, that Subordinated Note or portion thereof will be deemed Exchanged and will be dealt with in accordance with paragraph (1) and, on and from the issue of MGL Ordinary Shares, the rights of the holder of that Subordinated Note the subject of this paragraph (11) are limited to its rights in respect of the MGL Ordinary Shares or the Attributable Proceeds as provided in this paragraph (11); and

- (g) where paragraph (10) or paragraph (11)(f) above applies in respect of a holder of a Subordinated Note and a Sale Agent is unable to be appointed, or any of MGL or the Sale Agent is of the opinion that the issue of MGL Ordinary Shares to the Sale Agent and subsequent delivery or sale in accordance with paragraph (10) or paragraph (11)(f) cannot be undertaken in accordance with Applicable Shareholding Law or other applicable law (or can be undertaken in accordance with Applicable Shareholding Law or applicable law only after MGL or the Sale Agent take steps which any of MBL, MGL or the Sale Agent regard as onerous) then, without in any way limiting other circumstances where Write-Off may apply as described in this document, if either or both of MGL and the Sale Agent is of the opinion that the issue of MGL Ordinary Shares cannot be undertaken within 5 Business Days of the Non-Viability Date to the Sale Agent in accordance with paragraph (11)(f) above or otherwise to the holder of that Subordinated Note in accordance with paragraph (11), then that Subordinated Note or portion thereof will be Written-Off.

Nothing in this paragraph (11) will affect the Exchange of any Subordinated Note or portion thereof to any holder of that Subordinated Note which is not a person to which any of paragraphs (11)(a) to (11)(d) applies.

For the purpose of this paragraph (11), none of MBL, MGL, the Sale Agent or any other person owes any obligations or duties to the Subordinated Note holders in relation to the price at which MGL Ordinary Shares are sold or has any liability for any loss suffered by a Subordinated Note holder as a result of the sale of MGL Ordinary Shares.

(12) Certain Definitions

For the purposes of this “— Exchange Mechanics” section the following terms will have the meanings below:

“Applicable Shareholding Law” means any law in force in Australia or any relevant foreign jurisdiction which limits or restricts the number of ordinary shares in MBL, MGL or any of their respective Related Bodies Corporate in which a person may have an interest or over which it may have a right or power, including, without limitation, Chapter 6 of the Australian Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia.

“Approved Nominee” means in connection with an Exchange, a subsidiary of MGL which is (i) nominated by MGL; and (ii) a holding company of MBL on the applicable Non-Viability Date, which has been approved by APRA prior to the Non-Viability Date to be an approved nominee for the purposes of the Exchange.

“ASX Listing Rules” means the listing rules of the ASX as amended, varied or waived (whether in respect of MBL, MGL or generally) from time to time.

“ASX Operating Rules” means the market operating rules of the ASX as amended, varied or waived (whether in respect of MBL, MGL or generally) from time to time.

“ASX Settlement Operating Rules” means the settlement operating rules of the ASX as amended, varied or waived (whether in respect of MBL, MGL or generally) from time to time.

“ASX Trading Day” means a business day within the meaning of the ASX Listing Rules on which trading in MGL Ordinary Shares takes place.

“Attributable Proceeds” means, in respect of a holder of a Subordinated Note to whom paragraph (11)(g) above applies, an amount equal to: (i) the net proceeds of the sale of such MGL Ordinary Shares, actually received after deducting any applicable brokerage, stamp duties and other taxes (including, without limitation, any FATCA Withholding), charges and expenses, divided by the number of such MGL Ordinary Shares issued and sold; multiplied by (ii) the number of MGL Ordinary Shares issued and sold in accordance with paragraph (11)(g) in respect of that Subordinated Note.

“Daily VWAP” means the volume weighted average sale price of MGL Ordinary Shares sold on the ASX on a day but does not include any “Crossing” transacted outside the “Open Session State”, or any “Special Crossing” transaction at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over MGL Ordinary Shares.

“Encumbrance” means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 2009 of Australia) and any other arrangement of any kind having the same effect as any of the foregoing.

“Exchange Amount” means the Principal Amount of any Subordinated Note or portion thereof that is to be Exchanged on the Non-Viability Date.

“Exchange Floor Price” means 20% of the Issue Date VWAP (expressed as a U.S. Dollar Amount).

“Issue Date” means the first date on which the Subordinated Notes were originally issued.

“Issue Date VWAP” means the VWAP during the 20 ASX Trading Days on which trading in MGL Ordinary Shares took place immediately preceding (but not including) the Issue Date (expressed as a U.S. Dollar Amount and as such number may be adjusted in accordance with paragraphs (4), (5) or (6) above).

“Non-Viability Date VWAP” means the VWAP during the VWAP Period (expressed as a U.S. Dollar Amount).

“Reclassification” means a division, consolidation or reclassification of MGL’s share capital (not involving any cash payment or other distribution or compensation to or by holders of MGL Ordinary Shares or to or by any entity in MGL Group).

“Related Entity” has the meaning given by APRA from time to time.

“Sale Agent” means a person appointed by MBL to sell MGL Ordinary Shares, and includes an agent of that person, which is not MBL or any Related Entity of MBL.

“U.S. Dollar Amount” means, in relation to any amount denominated in a currency other than U.S. Dollars, the amount converted into U.S. Dollars at the spot rate of exchange for the purchase by MGL of that currency with U.S. Dollars in the Sydney foreign exchange market on the VWAP Conversion Date determined by MBL in good faith having regard to the latest available market data.

"VWAP" means, subject to any adjustments described in paragraphs (2) or (3) above, for a period or relevant number of days, the average of the Daily VWAPs of MGL Ordinary Shares sold on the ASX during the relevant period or on the relevant days (such average being expressed as a U.S. Dollar Amount, rounded to the nearest full cent).

"VWAP Conversion Date" means:

- (a) for the Issue Date VWAP, the ASX Trading Day immediately preceding the Issue Date; and
- (b) for the Non-Viability Date VWAP, the ASX Trading Day immediately preceding the Non-Viability Date.

"VWAP Period" means, for the purposes of calculating the Non-Viability Date VWAP and the Exchange number, the 5 ASX Trading Days immediately preceding, but not including, the Non-Viability Date.

Mergers and Similar Transactions

We or MGL are generally permitted to consolidate or merge with another company or firm. We or MGL are also permitted to sell substantially all of our assets to another firm, or to buy substantially all of the assets of another company or firm. However, neither we nor MGL may take any of these actions unless all the following conditions are met:

- Where we or MGL consolidate or merge out of existence or sell substantially all of our or MGL's assets, except as otherwise indicated below, the other company or firm must be an entity organized as a corporation, trust or partnership and:
 - (i) in respect of a consolidation, merger, sale of assets or other transaction concerning us, it must expressly assume the due and punctual payment of the Principal Amount of and interest, if any, on the Subordinated Notes and the performance of every covenant of ours included in the Subordinated Notes and the Fiscal Agency Agreement; and
 - (ii) in respect of a consolidation, merger, sale of assets or other transaction concerning MGL, it or its ultimate holding company must expressly assume the performance of every covenant of MGL included in the Subordinated Notes and the MGL Deed of Undertaking.
- We deliver to the holders of the Subordinated Notes a certificate (signed by our chief executive or financial officer or treasurer) and opinion of counsel, each stating that the consolidation, merger, sale, lease or purchase of assets or other transaction complies with the terms of the Subordinated Notes.
- The merger, sale of assets or other transaction must not cause a default on the Subordinated Notes, and we must not already be in default under the Subordinated Notes, unless the consolidation, merger, sale of assets or other transaction would cure the default.
- If such company or firm is not organized and validly existing under the laws of Australia, it must expressly agree:
 - (i) to indemnify the holder of the Subordinated Notes against any tax, assessment or governmental charge required to be withheld or deducted from any payment to such holder as a consequence of such consolidation, merger, sale of assets or other transaction; and
 - (ii) that all payments pursuant to the Subordinated Notes must be made without withholding or deduction for or on account of any tax of whatever nature imposed or levied on behalf of the jurisdiction of organization of such company or firm, or any political subdivision or taxing authority thereof or therein, unless such tax is required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such company or firm will pay such additional amounts in order that the net amounts received by the holders of the Subordinated Notes after such withholding or deduction will equal the amount which would have been received in respect of the Subordinated Notes in the absence of such withholding or deduction, subject to the same exceptions as would apply with respect to the payment by us of additional amounts in respect of the Subordinated Notes (substituting the jurisdiction of organization of such company or firm for Australia); provided, however, that this indemnity shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of additional amounts on account of any such withholding or deduction.

Notwithstanding the above, neither we nor MGL are prevented from consolidating with or merging into any other person or conveying, transferring or leasing our respective properties and assets substantially as an entirety to any person, or from permitting any person to consolidate with or merge into us or MGL or to convey, transfer or lease our respective properties and assets substantially as an entirety to us or MGL where such consolidation, merger, conveyance, transfer or lease is:

- required by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including, without limitation the Australian Banking Act or the Australian FSTR Act, as used herein, and any amendments thereto, rules thereunder and any successor laws, amendments and rules); or
- determined by us or MGL, or by APRA (or any statutory manager or similar official appointed by it) to be necessary in order for us or MGL to be managed in a sound and prudent manner or for us, MGL or APRA (or any statutory manager or similar official appointed by it) to resolve any financial difficulties affecting us or MGL, in each case in accordance with law and prudential regulation applicable in the Commonwealth of Australia.

Existence

Subject to the provisions described under “— Mergers and Similar Transactions” above, we and MGL are each required to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights (charter and statutory) and franchises; provided, however, that each of us and MGL shall not be required to preserve any such right or franchise if our respective Boards of Directors determines that the preservation thereof is no longer desirable in the conduct of our respective businesses and that the loss thereof is not disadvantageous in any material respect to the holders of the Subordinated Notes or is:

- required by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including without limitation the Australian Banking Act or the Australian FSTR Act, which terms, as used herein, include any amendments thereto, rules thereunder and any successor laws, amendments and rules); or
- determined by us or MGL, or by APRA (or any statutory manager or similar official appointed by it), to be necessary in order for MBL or MGL to be managed in a sound and prudent manner or for us or MGL, or APRA (or any statutory manager or similar official appointed by it), to resolve any financial difficulties affecting each of us, in each case in accordance with law and prudential regulation applicable in the Commonwealth of Australia.

Default, remedies and waiver of default

Events of Default

The “Events of Default” in respect of the Subordinated Notes are:

- (a) If either we fail to pay any part of the Principal Amount in respect of the Subordinated Notes within 14 days of the relevant due date or we fail to pay any amount of interest in respect of the Subordinated Notes within 30 days of the relevant due date; for the avoidance of doubt, if the condition to payment described in paragraph (ii) under the heading “— Status and Subordination of Subordinated Notes — Prior to the commencement of a Winding-Up of the Bank” is not satisfied, then we are not obliged to make payment and, accordingly, no amount is due and the Event of Default in this paragraph (a) cannot occur; or
- (b) Either an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed for our Winding-Up in Australia, in each case other than in connection with a scheme of amalgamation or reconstruction not involving our bankruptcy or insolvency.

If the Event of Default specified in paragraph (b) above occurs, then, subject to the section entitled “— Remedies for holders of Subordinated Notes if an Event of Default occurs” below, by notice to us

at the specified office of the Fiscal Agent, effective upon receipt of such notice by the Fiscal Agent, (1) any holder of Subordinated Notes may declare that all the Subordinated Notes held by that holder are immediately due and repayable, or (2) holders of not less than 25% of the outstanding Subordinated Notes may declare that all the Subordinated Notes are immediately due and repayable, and, in each case, each holder of such Subordinated Notes may prove or claim in our Winding-Up of MBL, subject to the matters set forth under the heading “— Status and Subordination of Subordinated Notes”.

Remedies for holders of Subordinated Notes if an Event of Default occurs

In the event of the occurrence of either of the Events of Default set out above in “— Events of Default”, in addition to the right to give notice in respect of the Event of Default specified in paragraph (b) of that section, the holder of any Subordinated Notes may institute proceedings for our Winding-Up of MBL or, subject to the matters set forth under the heading “— Status and Subordination of Subordinated Notes”, for proving or claiming in any Winding-Up of MBL.

No remedy against us (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of our payment obligations), other than the institution of proceedings for Winding-Up or, subject to the matters set forth under the heading “— Status and Subordination of Subordinated Notes”, for proving or claiming in any Winding-Up, shall be available to the holders of any Subordinated Notes for the recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by us of any obligation, condition or provision binding on us under the terms of the Subordinated Notes. In particular, no holders of any Subordinated Notes shall be entitled to exercise any right of set-off or counterclaim which, but for the restrictions on any set-off described in “— Status and Subordination of Subordinated Notes” and the matters otherwise set forth in this paragraph, may be available to such holders of Subordinated Notes against amounts owing by us in respect of such Subordinated Notes (whether prior to, or following, any bankruptcy, Winding-Up or sequestration of us).

On our Winding-Up, holders of the Subordinated Notes shall only be entitled to prove for any sums payable in respect of the Subordinated Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. The holders of the Subordinated Notes waive to the fullest extent permitted by law any right to prove in any such Winding-Up as a creditor ranking for payment in any other manner.

Modification of the Subordinated Notes, the Fiscal Agency Agreement or the MGL Deed of Undertaking and Waiver of Covenants

The prior written approval of APRA is required to modify, amend or supplement the terms of the Subordinated Notes, the Fiscal Agency Agreement or MGL Deed of Undertaking, insofar as it affects the Subordinated Notes, or to give consents or waivers in respect of the Subordinated Notes or take other actions where such modification, amendment, supplement, consent, waiver or other action may affect the eligibility of the Subordinated Notes as Tier 2 Capital of MBL.

If we are able to obtain APRA's prior written approval, there are three types of changes we can make to the Fiscal Agency Agreement, the Subordinated Notes and MGL Deed of Undertaking and these changes might subject the holders to U.S. federal tax.

Changes requiring each holder's approval

First, there are changes that cannot be made without the written consent or the affirmative vote or approval of each holder affected by the change. Here is a list of those types of changes:

- change the due date for the payment of principal of, or any installment of interest on any Subordinated Note;
- reduce the Principal Amount of any Subordinated Note, the portion of any Principal Amount that is payable upon acceleration of the maturity of the Subordinated Note, the interest rate or any premium payable upon redemption;
- change the subordination provisions of a Subordinated Note, the Deed of Undertaking or Exchange features (other than adjustments contemplated by the terms of the Subordinated Notes) in a manner adverse to the interests of any holder of the Subordinated Note;
- change the currency of any payment on a Subordinated Note;
- change our obligation to pay additional amounts;
- shorten the period during which redemption of the Subordinated Notes is not permitted or permit redemption during a period not previously permitted;
- change the place of payment on a Subordinated Note;
- reduce the percentage of Principal Amount of the Subordinated Notes outstanding necessary to modify, amend or supplement the Fiscal Agency Agreement or the Subordinated Notes or to waive past defaults or future compliance;
- reduce the percentage of Principal Amount of the Subordinated Notes outstanding required to adopt a resolution or the required quorum at any meeting of holders of Subordinated Notes at which a resolution is adopted; or
- change any provision in a Subordinated Note with respect to redemption at the holders' option in any manner adverse to the interests of any holder of the Subordinated Notes.

Changes not requiring approval

The second type of change does not require any approval by holders of the Subordinated Notes. These changes are limited to curing any ambiguity or curing, correcting or supplementing any defective provision, adding to our or MGL's covenants or surrendering our rights, evidencing the succession of another corporation to MBL or MGL and the assumption by any such successor of the covenants and obligations of MBL in respect of the Subordinated Notes or in the Fiscal Agency Agreement or of MGL in the MGL Deed of Undertaking, or modifying the Fiscal Agency Agreement, the Subordinated Notes or MGL Deed of Undertaking in any manner determined by us, MGL and the Fiscal Agent to be consistent with the Subordinated Notes and not materially adverse to the interest of holders of Subordinated Notes.

Changes requiring majority approval

Any other change to the Fiscal Agency Agreement, the Subordinated Notes and the MGL Deed of Undertaking would require the following approval (in addition to the prior written approval of APRA):

- the written consent of the holders of at least 50% of the aggregate Principal Amount of the Subordinated Notes effected at the time outstanding; or
- the adoption of a resolution at a meeting at which a quorum of holders is present by 50% of the aggregate Principal Amount of the Subordinated Notes effected at the time outstanding represented at the meeting.

The same 50% approval would be required for us to obtain a waiver of any of our respective covenants in the Fiscal Agency Agreement, the Subordinated Notes or MGL Deed of Undertaking. Such covenants include the promises we and MGL each make about merging, which we describe above

under “— Mergers and Similar Transactions”. If the holders approve a waiver of a covenant, neither we nor MGL will have to comply with it.

These defined majorities are able to bind all holders of the Subordinated Notes, including holders who did not provide written consent or attend and vote at a relevant meeting and holders who voted in a manner contrary to the majority.

The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in aggregate Principal Amount of the Subordinated Notes at the time outstanding and, at any reconvened meeting adjourned for lack of a quorum, 25% of the aggregate Principal Amount of the Subordinated Notes outstanding. For purposes of determining whether holders of the aggregate Principal Amount of Subordinated Notes required for any action or vote, or for any quorum, have taken the action or vote, or constitute a quorum, the Principal Amount of any particular Subordinated Note may differ from its Principal Amount at Stated Maturity Date but will not exceed its stated face amount upon original issuance.

Unless otherwise indicated, we will be entitled to set any day as a record date for determining which holders of book-entry Subordinated Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal Agency Agreement. In addition, record dates for any book-entry Subordinated Note may be set in accordance with procedures established by the Depositary from time to time. Therefore, record dates for book-entry Subordinated Notes may differ from those for other Subordinated Notes. Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Fiscal Agency Agreement or any Subordinated Notes or request a waiver.

Only outstanding Subordinated Notes are eligible

Only holders of outstanding Subordinated Notes will be eligible to participate in any action by holders of Subordinated Notes. Also, we will count only outstanding Subordinated Notes in determining whether the various percentage requirements for taking action have been met. For these purposes, a Subordinated Note will not be “**outstanding**”:

- if it has been surrendered for cancellation;
- if we have called such Subordinated Note for redemption or it has become due and payable at maturity or otherwise and we have deposited or set aside, in trust for its holder, money for its payment or redemption;
- if it is in lieu of or in substitution for other Subordinated Notes that have been authenticated and delivered;
- if we or one of our affiliates is the owner; or
- if it has been Exchanged or Written-Off in full.

Form, exchange and transfer of Subordinated Notes

If any Subordinated Notes cease to be issued in registered global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise, in denominations of US\$200,000 or integral multiple of US\$1,000 in excess thereof.

Holders may exchange their Subordinated Notes for Subordinated Notes of smaller denominations or combine them into fewer Subordinated Notes of larger denominations, as long as the total Principal Amount is not changed.

Holders may exchange or transfer their Subordinated Notes at the office of the Fiscal Agent. They may also replace lost, stolen, destroyed or mutilated Subordinated Notes at that office. We have appointed the Fiscal Agent to act as our agent for registering Subordinated Notes in the names of holders and transferring and replacing Subordinated Notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their Subordinated Notes, but they may be required to pay for any tax or other governmental charge and certain other related expenses associated with the exchange or transfer and any other reasonable expenses (including the fees and expenses of the Fiscal Agent) in connection with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any Subordinated Notes.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any Subordinated Notes are redeemable and we redeem less than all those Subordinated Notes, we may block the transfer or exchange of those Subordinated Notes during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing, and refuse to register transfers of or exchange any Subordinated Note selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any Subordinated Note being partially redeemed.

If a Subordinated Note is issued as a Global Note, only the Depositary — e.g., DTC, Euroclear and Clearstream, Luxembourg — will be entitled to transfer and exchange the Subordinated Note as described in this subsection, since the Depositary will be the sole holder of the Subordinated Note.

The rules for exchange described above apply to exchange of Subordinated Notes for other Subordinated Notes of the same kind.

Payment mechanics for Subordinated Notes

Who receives payment?

If interest is due on a Subordinated Note on an Interest Payment Date, we will pay the interest to the person in whose name the Subordinated Note is registered at the close of business on the Regular Record Date relating to the Interest Payment Date, see “— Payment and Record Dates for interest” below. If interest is due at the Stated Maturity Date, we will pay the interest to the person entitled to receive the principal of the Subordinated Note. If principal or another amount besides interest is due on a Subordinated Note at the Stated Maturity Date, we will pay the amount to the holder of the Subordinated Note against surrender of the Subordinated Note at a proper place of payment or, in the case of a Global Note, in accordance with the applicable policies of the Depositary, which will be DTC, Euroclear or Clearstream, Luxembourg.

Payment and Record Dates for interest

Interest will be payable on the Subordinated Notes semiannually in arrears on March 3 and September 3 of each year, beginning on September 3, 2021 at the rate of 3.052% per annum to the persons in

whose names the Subordinated Notes are registered at the close of business on the Regular Record Date. Interest will be paid on the basis of a 360-day year comprised of twelve 30-day calendar months. If any Interest Payment Date for the Subordinated Notes falls on a day that is not a Business Day, the interest payment shall be postponed to the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the Interest Payment Date. If the Stated Maturity Date or any earlier redemption date falls on a day that is not a Business Day, payment of the Principal Amount and interest otherwise due on such day will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such maturity, or redemption date, as the case may be.

How we will make payments

Payments on Global Notes. We will make payments on a Global Note in accordance with the applicable policies as in effect from time to time of the Depositary, which will be DTC, Euroclear or Clearstream, Luxembourg. Under those policies, we will pay directly to the Depositary, or its nominee, and not to any indirect owners who own beneficial interests in the Global Note. An indirect owner's right to receive those payments will be governed by the rules and practices of the Depositary and its participants.

Payments on Non-Global Notes. We will make payments on a Subordinated Note in non-global, registered form as follows. We will pay interest that is due on an Interest Payment Date by check mailed on the Interest Payment Date to the holder at its address shown on the Fiscal Agent's records as of the close of business on the Regular Record Date. We will make all other payments by check at the office of the Paying Agent described below, against surrender of the Subordinated Note. All payments by check will be made in next-day funds — i.e., funds that become available on the day after the check is cashed.

Alternatively, if a non-Global Note has a face amount of at least US\$5,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the Subordinated Note by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the Paying Agent appropriate wire transfer instructions at least five Business Days before the requested wire payment is due. In the case of any interest payment due on an Interest Payment Date, the instructions must be given by the person or entity who is the holder on the relevant Regular Record Date. In the case of any other payment, payment will be made only after the Subordinated Note is surrendered to the Paying Agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive payments on their Subordinated Notes.

Paying Agent

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices Subordinated Notes in non-global entry form may be surrendered for payment at their maturity. We call each of those financial institutions a “**Paying Agent**”. We may add, replace or terminate Paying Agents from time to time; provided that at all times there will be a Paying Agent in the Borough of Manhattan, The City of New York. We may also choose to act as our own Paying Agent. Initially, we have appointed The Bank of New York Mellon, as the Paying Agent. We must notify the Fiscal Agent of changes in the Paying Agents.

Unclaimed payments

Claims against us for payment in respect of the Subordinated Notes remaining unclaimed will become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate payment date.

Notices

Notices to be given to holders of a Global Note will be given only to the Depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of Subordinated Notes not in global form will be sent by mail to the respective addresses of the holders as they appear

in the Fiscal Agent's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder. Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

Our relationship with the Fiscal Agent

The Bank of New York Mellon is serving as the Fiscal Agent for the Subordinated Notes issued under the Fiscal Agency Agreement.

Successor fiscal agent

The Fiscal Agency Agreement provides that the Fiscal Agent may be removed by us at any time or may resign upon 30 days prior written notice to us or any shorter period that we accept, effective upon the acceptance by a successor fiscal agent of its appointment. The Fiscal Agency Agreement provides that any successor fiscal agent must have an established place of business in the Borough of Manhattan, The City of New York. We must notify the holders of the Subordinated Notes of the appointment of a successor fiscal agent.

Governing law

The Fiscal Agency Agreement and the Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York without reference to the State of New York principles regarding conflicts of laws, except that all matters governing authorization and execution of the Subordinated Notes and the Fiscal Agency Agreement by MBL, the subordination and Exchange and Write-Off provisions of the Subordinated Notes and the MGL Deed of Undertaking will be governed by the laws of the State of New South Wales, Australia and the laws of the Commonwealth of Australia. We have appointed Macquarie Holdings (USA) Inc. located at 125 West 55th Street, New York, New York 10019, as our agent for service of process in The City of New York in connection with any action arising out of the sale of the Subordinated Notes or enforcement of the terms of the Fiscal Agency Agreement.

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DESCRIPTION OF RIGHTS AND LIABILITIES ATTACHING TO THE MGL ORDINARY SHARES

The rights and liabilities attaching to the MGL Ordinary Shares to be issued on Exchange of the Subordinated Notes are set out in the constitution of MGL and are also regulated by the Australian Corporations Act, the ASX Listing Rules and the laws of the Commonwealth of Australia. The following summarizes some, but not all of the material rights and liabilities attaching to the MGL Ordinary Shares. The following does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of MGL's constitution which is incorporated by reference into this document, the Australian Corporations Act, the ASX Listing Rules and the laws of the Commonwealth of Australia.

General

A copy of MGL's constitution, with such amendments as were approved on December 12, 2013, is available on the website of ASX at www.asx.com.au. MGL's constitution is largely comparable to the articles of incorporation and by-laws of a corporation organized in the United States. Under MGL's constitution there is no limit on how many shares MGL may have on issue at any time. The voting directors of MGL are authorized to provide for the issue of fully paid Ordinary Shares on terms determined by the directors, at the issue price that the directors determine and at the time that the directors determine. The voting directors may also provide for the cancellation of shares, the issue of shares with any preferential, deferred or special rights, privileges or conditions, or any restrictions relating to any shares in regard to dividends, voting, return of capital or otherwise.

The rights that attach to MGL Ordinary Shares are detailed in MGL's constitution and may only be varied with the sanction of a special resolution of a meeting of the Shareholders or with the consent in writing of three-quarters of Shareholders, as described further under "– Variation of Rights" below.

For more information on the Australian law limitations on the right of non-residents or non-citizens of Australia to hold, own or vote on MGL Ordinary Shares, see "Applicable Shareholding Law" under "Description of the Subordinated Notes – Exchange of Subordinated Notes on Non-Viability of MBL with a fall back to Write-Off – Exchange Mechanics".

General Meetings and Voting

The voting directors of MGL may convene and arrange to hold a meeting of Shareholders at any time, but must do so if required to do so under the Australian Corporations Act (including that a general meeting must be convened where members with at least 5% of the votes that may be cast at the general meeting, who are entitled to vote at the general meeting, have so requested and annual general meetings must be convened at least once each calendar year and, in any event, within 5 months after the end of MGL's financial year). Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of MGL and to receive all notices, accounts and other documents required to be furnished to Shareholders under MGL's constitution, the Australian Corporations Act and the ASX Listing Rules. Shareholders may attend in person or by proxy and vote on issues requiring a shareholders' resolution at general meetings. Such issues include the election of directors of MGL and any changes to the constitution of MGL. Notice is given to Shareholders when those meetings are to be held and of the items of business to be considered.

At a general meeting, every Shareholder present in person or by proxy or attorney or representative has one vote on a show of hands and, on a poll, one vote per fully paid MGL Ordinary Share (and, subject to the terms on which they are issued, a proportion of a vote for shares partly paid, equal to the proportion the amount paid on the share bears to its total issue price). For more information on matters related to general meetings and voting, see Sections 7 and 8 of MGL's constitution and Chapter 2G of the Australian Corporations Act.

The Subordinated Notes do not create or confer any voting rights in respect of MGL Ordinary Shares, MGL or any other member of MGL Group at any time prior to Exchange.

Dividends

MGL generally pays a dividend on the MGL Ordinary Shares twice yearly. Such dividends are paid at the discretion of the voting directors of MGL.

Subject to the Australian Corporations Act, the terms of the MGL constitution and rights of holders (if any) of shares issued with any special rights, the voting directors of MGL may from time to time determine to pay a dividend, on all of the shares of a particular class. Dividends may only be paid by an Australian company where the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend and, before determining to pay any dividend, MGL must be in compliance with the Australian Corporations Act and APRA's prudential standards as they apply to MGL and the MGL Group. Interest is not payable by MGL on any dividend. MGL's voting directors may fix the amount, the time of payment and the method for payment of the dividend. The voting directors may deduct from the dividend payable to an ordinary Shareholder all sums presently payable by the Shareholder to MGL on account of calls or otherwise in relation to MGL Ordinary Shares. MGL also has a dividend reinvestment plan, see "– Dividend Reinvestment Plan" below.

See Section 1.1 in each of MGL's 2021 Half Year Management Discussion and Analysis Report, 2020 Fiscal Year Management Discussion and Analysis Report and MGL's 2019 Fiscal Year Management Discussion and Analysis Report, which are each incorporated by reference into this offering memorandum, for further information on the historical dividends paid by MGL on MGL Ordinary Shares over these historical periods.

Dividend Reinvestment Plan

MGL presently operates a Dividend Reinvestment Plan ("DRP"). It is optional and offers ordinary Shareholders in Australia and New Zealand the opportunity to acquire fully paid MGL Ordinary Shares without transaction costs. A Shareholder can elect to participate in or terminate their involvement in the DRP at any time. A discount of 1.5% currently applies to MGL Ordinary Shares allocated under the DRP. For further information regarding the DRP, see Notes 5 and 19 in MGL's consolidated financial statements for the half year ended 30 September 2020 included in MGL's Interim Financial Report and Notes 5 and 25 in MGL's audited consolidated financial statements for the 2020 fiscal year included in MGL's 2020 Annual Report.

Changes to the rights of Shareholders

MGL's constitution has effect as a contract between MGL and each Shareholder, between MGL and each director and company secretary, and between a Shareholder and each other Shareholder, under which each person agrees to observe and perform the constitution and rules so far as they apply to that person. In accordance with MGL's constitution and the Australian Corporations Act, MGL may modify or repeal its constitution, or a provision of its constitution, by a special resolution that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

A Banking Act statutory manager appointed by APRA has power under the Australian Banking Act to, among other things, cancel shares or rights to acquire shares in MGL or vary or cancel rights attached to shares, notwithstanding the constitution, the Australian Corporations Act, the terms of any contract to which MGL is party or the listing rules of any financial market in whose list MGL is included (including the ASX).

Rights to Redemption

MGL Ordinary Shares may not be redeemed at the election of a Shareholder.

Variation of Rights

The rights attaching to MGL Ordinary Shares or of any other class of shares in MGL may be varied in accordance with MGL's constitution, including with the sanction of a special resolution passed at a

meeting of the holders of shares of that class or with the written consent of the holders of at least three quarters of the issued shares of that class.

Limitations on ownership and changes in control of MGL Ordinary Shares

MGL's constitution contains limitations on the rights to own securities in MGL. In addition, there are detailed Australian laws and regulations which govern the acquisition of interests in MGL, including, without limitation:

- Chapter 6 of the Australian Corporations Act, which imposes requirements upon the acquisition of control over issued voting shares and voting power in MGL, including restrictions and procedures that will generally apply where a relevant interest of at least 20% of the total votes attaching to voting shares of MGL is acquired;
- the Foreign Acquisitions and Takeovers Act 1975 of Australia, which regulates foreign investment in Australia (including investments in MGL) and that may require notifications be made and/or approvals be obtained in relation to such investments;
- the Financial Sector (Shareholdings) Act 1998 of Australia, which may require prior approval be obtained for the acquisition of a stake of more than 20% in Australian financial sector companies, such as MGL; and
- Part IV of the Competition and Consumer Act 2010 of Australia, which may restrict any direct and indirect acquisition of interests in MGL where that acquisition is considered to impact competition in the sectors in Australia in which MGL operates.

The application of these requirements, and of the provisions of other laws and regulations, may depend upon the identity of the person acquiring the interest in MGL, and each investor must understand the effect that such laws and regulations may have upon any acquisition by them of interests in MGL in light of their own circumstances,

Calls on MGL Ordinary Shares

To the extent permitted by law, under MGL's constitution, MGL has a first and paramount lien on every share for all due and unpaid calls and installments in respect of that share, all money which MGL is required by law to pay, and has paid, in respect of that share, reasonable interest on the amount due from the date it becomes due until payment, and reasonable expenses of MGL in respect of the default on payment.

Holders of MGL Ordinary Shares (which will be fully-paid) have no liability for further capital calls by MGL. MGL voting directors may, in respect of any partly-paid shares in MGL:

- make calls on a member in respect of any money unpaid on the shares of that member, if the money is not by terms of issue of those shares made payable at fixed times;
- make a call payable by installments; and
- revoke or postpone a call.

Upon notice, each holder of partly-paid shares in MGL must pay to MGL, by the time or times and at the place specified by MGL, the amount called on that shareholder's shares. If the requirements of notice are not satisfied by the date specified in the notice, MGL may make a further call for that amount plus an amount of interest, failing satisfaction of which, the voting directors may, by resolution, forfeit the relevant partly-paid shares.

Winding Up

In the event that MGL were ever wound up, all creditors and holders of any classes of shares or other securities issued by MGL that have a preferential right in respect of the distribution of assets in a

winding up would be paid out before any distribution to Shareholders. Any surplus available after the claims of all creditors and other preferential rights were satisfied would be distributed among Shareholders in accordance with Section 18 of the MGL constitution and the Australian Corporations Act.

U.S. Transfer Restrictions

Any MGL Ordinary Shares which are issued upon an Exchange are subject to U.S. transfer restrictions, and may not be offered or sold except outside the United States in compliance with Regulation S, in the United States to qualified institutional buyers in compliance with Rule 144A, or in other transactions exempt from registration under the Securities Act.

Transfer of MGL Ordinary Shares

Subject to the U.S. transfer restrictions described above, MGL Ordinary Shares may be transferred by written transfer instrument in any usual or common form, or any other form approved by the ASX or MGL's directors, or any manner permitted by the settlement rules of ASX Settlement Pty Limited ("ASX Settlement Operating Rules").

A transfer of MGL Ordinary Shares must be made in accordance with MGL's constitution, the Australian Corporations Act (and subject to any restrictions under that Act), the ASX Listing Rules and the ASX Settlement Operating Rules. The voting directors have the power to refuse to register a transfer of MGL Ordinary Shares in certain circumstances, including where the transfer is in breach of the ASX Listing Rules.

Share Buy-Back

MGL is entitled to buy-back MGL Ordinary Shares in accordance with the requirements of the Australian Corporations Act and the ASX Listing Rules. MGL Ordinary Shares acquired by MGL under a buy-back must be cancelled in accordance with the Australian Corporations Act.

Annual Report

Shareholders have the opportunity to receive each year a copy of MGL's annual report which provides a review of MGL Group's performance as a whole during the previous financial year.

CHESS

Shareholders hold MGL Ordinary Shares through the ASX's settlement system known as the Clearing House Electronic Sub-Register System, or CHESS. CHESS is an automated transfer and settlement system operated by ASX Settlement Pty Limited for the paperless registration and transfer of securities. MGL does not issue share certificates to Shareholders. Instead, following transfer, MGL will provide Shareholders with a holding statement that sets out the number of MGL Ordinary Shares registered in such Shareholder's name.

Constitution provisions governing disclosure of shareholdings

There are no provisions in MGL's constitution which provide an ownership threshold above which share ownership must be disclosed. However, Chapter 6 of the Australian Corporations Act requires a person to disclose certain prescribed information to MGL and the ASX if the person has or ceases to have a 'substantial holding' in the Company. The term 'substantial holding' is defined in the Australian Corporations Act as broadly, a relevant interest in 5% or more of the total number of votes attaching to voting shares and is not limited to direct shareholdings. For further information, see "— Major Shareholders" below.

The Australian Corporations Act also permits MGL or ASIC to direct any Shareholder of MGL to make certain disclosures in respect of their interest in MGL's shares and the interest held by any other person in those shares.

Major Shareholders

MGL is not directly or indirectly controlled by another corporation, any government or any other natural or legal persons, separately or jointly. The section of MGL's 2020 Annual Report entitled "Further Information" lists the persons registered by MGL as substantial shareholders as at the date of that report, having declared a relevant interest in MGL Ordinary Shares in accordance with the Australian Corporations Act of 5% or more of MGL Ordinary Shares.

Employee Share Plans and Executive Remuneration

The principal employee share scheme operated by MGL Group is called the Macquarie Group Employee Retained Equity Plan ("MEREP"). The MEREP is used to deliver remuneration, including deferred and performance-based remuneration, in the form of MGL Ordinary Shares. The main award type under the MEREP are Restricted Share Units ("RSUs"). A RSU is a beneficial interest in a MGL Ordinary Share held on behalf of a MEREP participant by the plan trustee (Trust). A similar award type available under the MEREP are Restricted Shares, which are MGL Ordinary Shares transferred from the Trust and held by a MEREP participant subject to restrictions on disposal, vesting and forfeiture rules. Deferred share units ("DSUs") are also allocated under MEREP. A DSU represents the right to receive, on exercise of the DSU, either a share held in the Trust or a newly issued share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. Remuneration for the most senior executives, known as the Executive Committee, is also comprised of Performance Share Units ("PSUs") allocated under the MEREP. PSUs are allocated to Executive Committee members based on their performance, vest after four years and are exercisable subject to the achievement of two performance indicators. For further information regarding MEREP, see Note 30 in MGL's audited consolidated financial statements for the 2020 fiscal year included in MGL's 2020 Annual Report. For further information regarding performance-based remuneration in the form of PSUs allocated to MGL's Executive Committee, see Section 1 in the "Directors Report — Remuneration Report" in MGL's 2020 Annual Report.

MGL Group also presently operates an Employee Share Plan ("ESP") whereby each fiscal year, eligible employees are offered up to A\$1,000 worth of fully paid MGL Ordinary Shares for no cash payment. MGL Ordinary Shares allocated under the ESP have sale restrictions and rank equally with all other fully paid Ordinary Shares then on issue. For further information regarding the ESP, see Note 30 in MGL's audited consolidated financial statements for the 2020 fiscal year included in MGL's 2020 Annual Report.

Preference Shares

MGL may issue preference shares (including redeemable preference shares) and issued shares may be converted into preference shares on the terms as set out in schedule 1 of the MGL constitution or otherwise approved by special resolution. Only in limited circumstances will preference shareholders have rights to move or second resolutions or vote at any general meeting of MGL. Whilst, as at the date of this document, MGL has not issued any preference shares, there is no limit on the amount of preference shares which MGL may issue in the future.

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