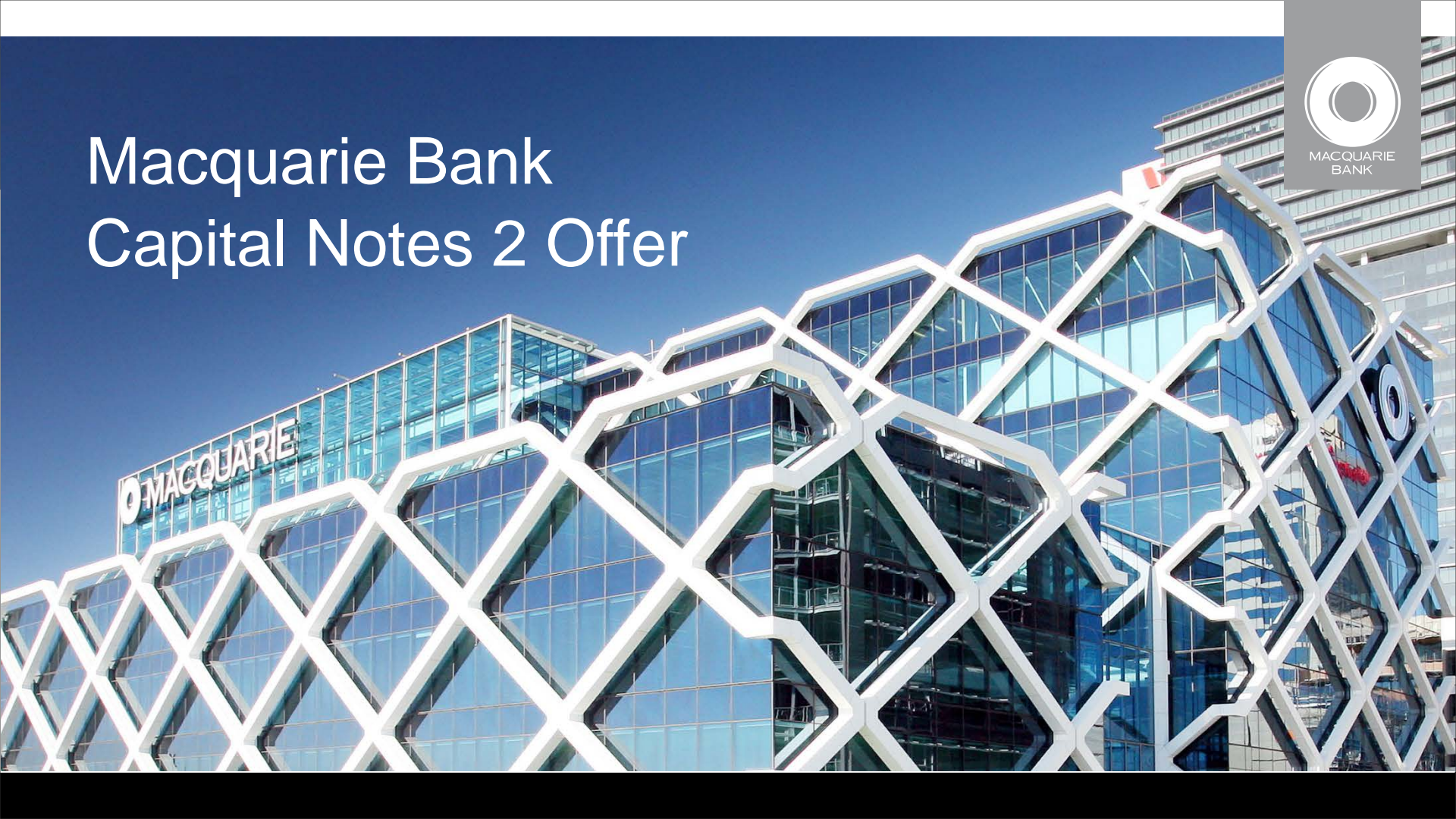


Macquarie Bank Capital Notes 2 Offer



Important notice and disclaimer



This presentation is dated 11 February 2020 and has been prepared by Macquarie Bank Limited ABN 46 008 583 542 ("MBL") in relation to its proposed offer of Macquarie Bank Capital Notes 2 ("BCN2") as described in this presentation. A Prospectus¹ in respect of BCN2 was lodged with ASIC on 11 February 2020. The initial Prospectus does not contain the Margin. A Replacement Prospectus containing this information will be lodged with ASIC once the Margin is determined (expected to be on or about 19 February 2020). The Prospectus is only available within Australia. The initial Prospectus can be obtained electronically from www.MBCN2Offer.com.au or a paper copy can be requested by contacting the BCN2 Offer Information Line on 1300 005 027 (within Australia) or on +61 2 8023 5474 (International), Monday to Friday – 8.30am to 5.30pm (AEDT). Applications under the Reinvestment Offer and Securityholder Offer can be made online at www.MBCN2Offer.com.au. Please call your Syndicate Broker for information on how to apply under the Broker Firm Offer.

This presentation is not a prospectus or other disclosure document under Australian law and does not constitute or form any part of an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. The Offer of BCN2 will be made in, or accompanied by a copy of the replacement Prospectus and any decision to invest in BCN2 must be made solely on the basis of the information contained in the replacement Prospectus. Anyone who wants to invest in BCN2 will need to complete the Application Form. The information provided in this presentation is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the replacement Prospectus in full before deciding to invest in BCN2 and consider the risks that could affect the performance of BCN2 and MGL Ordinary Shares. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in BCN2.

To the maximum extent permitted by law, MBL, MGL, its related companies, associated entities, the Joint Lead Managers, and any affiliate, officer, employee, agent, adviser or contractor thereof ("**Related Parties**") do not warrant or represent that the information, recommendations, opinions or conclusions contained in this presentation ("**Information**") is accurate, reliable, complete or current. The Information is indicative and prepared for information purposes only and does not purport to contain all matters relevant to BCN2. To the maximum extent permitted by law, MBL, MGL, their related companies, associated entities, each JLM and each of their Related Parties expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this presentation and make no representation or warranty as to the currency, accuracy, reliability or completeness of this presentation.

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BCN2 do not constitute deposit liabilities, are not protected accounts of MBL under the Banking Act or other accounts and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction, by any member of MBL, MGL, the Macquarie Group or by any other party.

Investment products such as BCN2 are subject to risks including loss of income and principal invested. MGL does not warrant or guarantee the future performance of MGL or the investment performance of BCN2 or MGL Ordinary Shares (including market price). Information about key risks of investing in BCN2 are detailed in sections 1.3 and 4 of the Prospectus.

The distribution of this presentation or the Prospectus in jurisdictions outside Australia may be restricted by law. Any person who comes into possession of this presentation or the Prospectus should seek advice on, and observe all such restrictions. Failure to comply with these restrictions may violate securities laws. In particular, BCN2 have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S of the Securities Act), except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. None of this presentation, the Prospectus, Application Form, or other materials relating to the offer of BCN2 may be distributed in the United States.

The Joint Lead Managers and their Related Parties have not been responsible for the preparation of, and have not authorised, permitted or caused the issue, dispatch or provision of this presentation and do not make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

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¹Capitalised terms have the meaning set out in the Prospectus

ASIC Guidance



Please consider ASIC Guidance before investing.

www.moneysmart.gov.au/investing

BCN2 are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the BCN2 Terms and risks of investing in BCN2 and consider whether it is an appropriate investment for your particular circumstances.

ASIC has published guidance which may be relevant to your consideration of whether to invest in BCN2 – namely, information for retail investors who are considering investing in hybrid securities. You can find this guidance by searching “hybrid securities” at www.moneysmart.gov.au/investing.

ASIC’s guidance includes a series of questions you may wish to ask yourself, and a short quiz you can complete, to check your understanding of how hybrids work, their features and the risks of investing in them.



MACQUARIE
BANK

Overview of the Macquarie Group

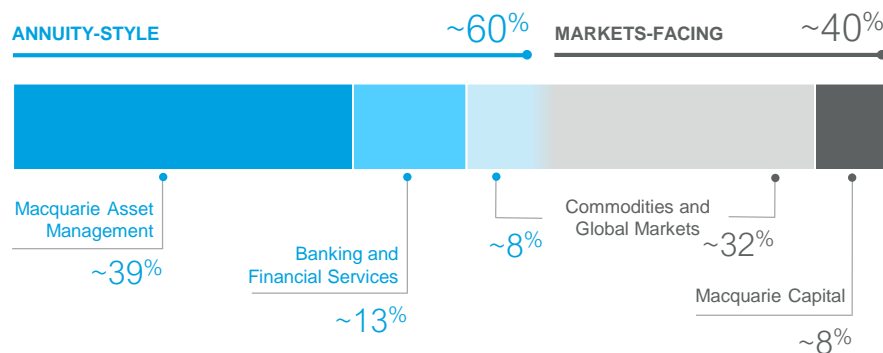
01

Macquarie Overview



Global diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities

Macquarie Group overview¹



Global presence²



1H20 net profit **\$A1,457m**
FY19 net profit **\$A2,982m**

\$A587.5b
assets under management
as at 31 Dec 19

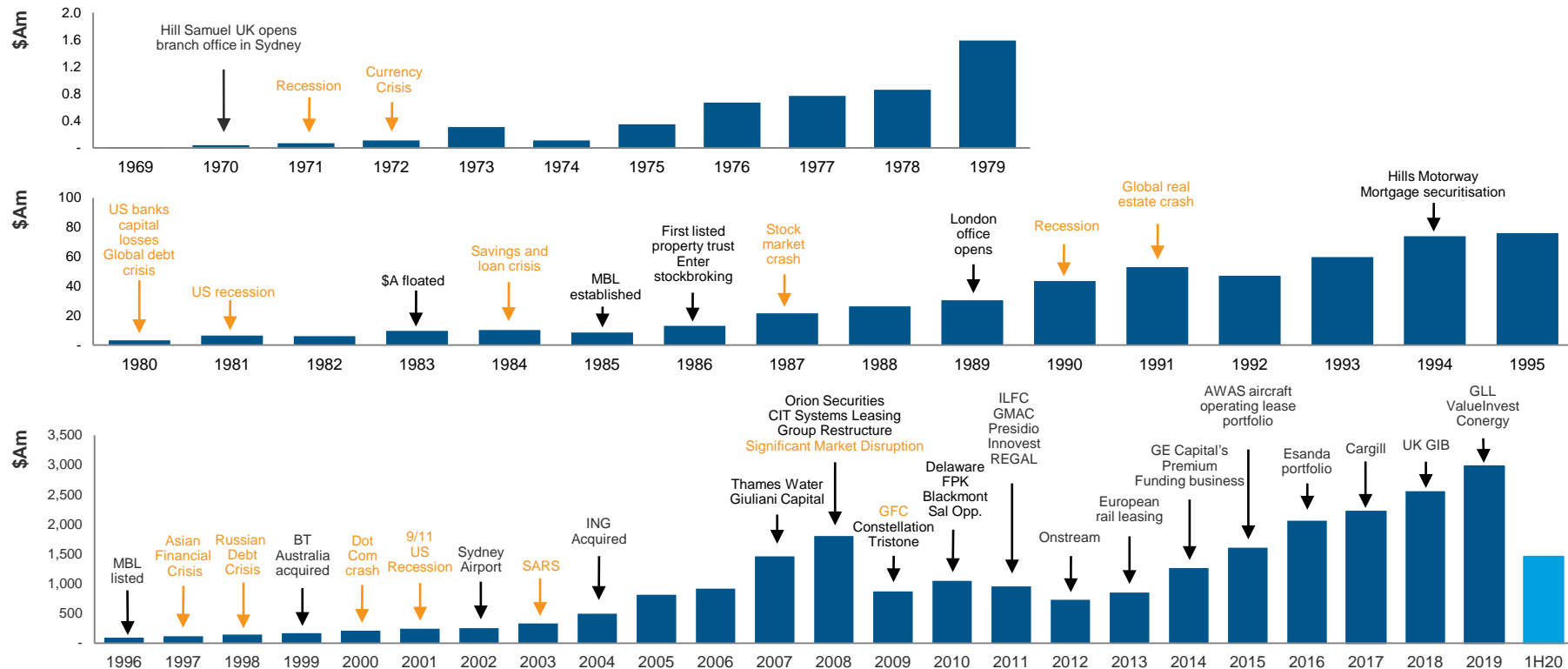
MBL
A/A2/A+
credit rating

APRA primary regulator
for MBL & MGL

15,760 employees²,
operating in
31 markets

1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Pie chart is based on 1H20 net profit contribution from operating groups as reported at the results announcement on 1 Nov 2019. 2. Employees and global locations as at 30 Sep 19. Includes staff employed in certain operationally segregated subsidiaries throughout the presentation

50 years of profitability

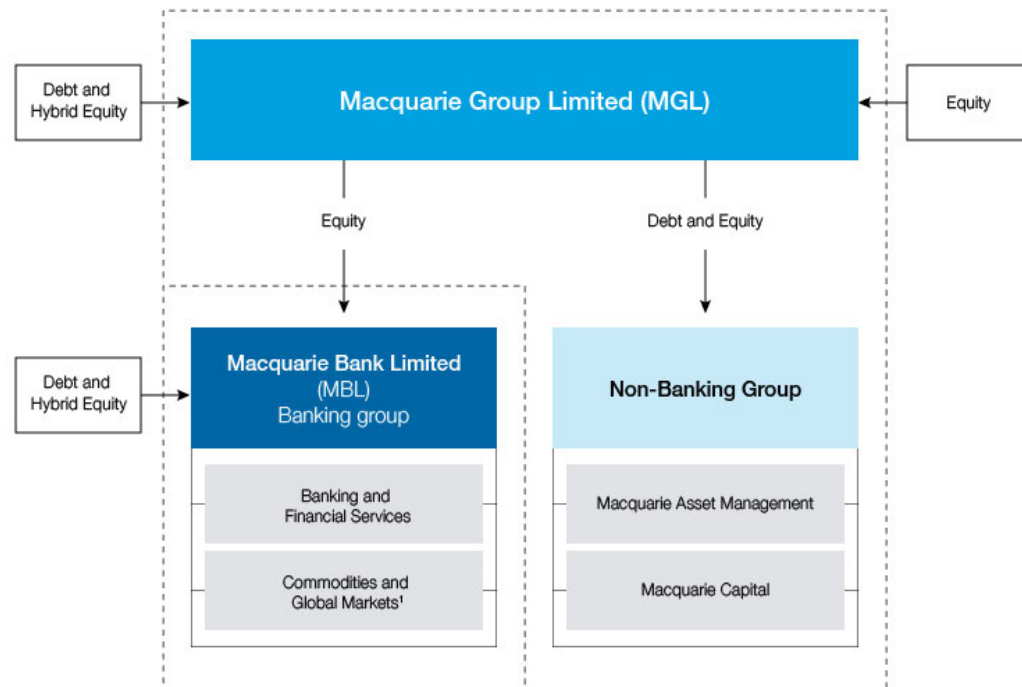


Above dates refer to Macquarie financial years.

Macquarie funding structure



- MGL and MBL are Macquarie's two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements
- MBL provides funding to the Bank Group
- MGL provides funding predominately to the Non-Bank Group



MGL

1H20 result: \$A1,457m up 11% on 1H19; down 13% on 2H19



Net operating income
Total operating expenses
Operating profit before income tax
Income tax expense
<i>Effective tax rate¹ (%)</i>
(Profit)/loss attributable to non-controlling interests
Profit attributable to MGL shareholders

Annualised return on equity (%)
Basic earnings per share
Dividend per ordinary share

1H20 \$Am	2H19 \$Am	1H19 \$Am
6,320	6,924	5,830
(4,480)	(4,762)	(4,125)
1,840	2,162	1,705
(376)	(505)	(374)
<i>20.5</i>	<i>23.2</i>	<i>22.2</i>
(7)	15	(21)
1,457	1,672	1,310

16.4	19.5	16.3
\$A4.30	\$A4.95	\$A3.88
\$A2.50	\$A3.60	\$A2.15

1H20 v 1H19	1H20 v 2H19
↑ 8%	↓ 9%
↑ 9%	↓ 6%
↑ 8%	↓ 15%
↑ 1%	↓ 26%
↑ 11%	↓ 13%
↑ 1%	↓ 16%
↑ 11%	↓ 13%
↑ 16%	↓ 31%

1. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

MBL

1H20 result: \$A992m up 35% on 1H19, down 23% on 2H19



	1H20 \$Am	2H19 \$Am	1H19 \$Am	1H20 v 1H19	1H20 v 2H19
Net operating income	3,430	3,046	2,865	⬆️ 20%	⬆️ 13%
Total operating expenses	(2,108)	(2,444)	(1,988)	⬆️ 6%	⬇️ 14%
Operating profit from continuing operations before income tax	1,322	602	877	⬆️ 51%	⬆️ 120%
Income tax expense from continuing operations	(324)	(135)	(259)	⬆️ 25%	⬆️ 140%
<i>Effective tax rate¹ (%)</i>	<i>24.5</i>	<i>22.4</i>	<i>29.7</i>		
Profit from continuing operations after income tax	998	467	618	⬆️ 61%	⬆️ 114%
Profit from discontinued operations after income tax	-	828	128	⬇️ 100%	⬇️ 100%
Profit from continuing and discontinued operations after income tax	998	1,295	746	⬆️ 34%	⬇️ 23%
Profit attributable to non-controlling interests	-	-	(4)	⬇️ 100%	-
Profit attributable to equity holders of MBL	998	1,295	742	⬆️ 35%	⬇️ 23%
Distribution paid or provided for on Macquarie Income Securities	(6)	(8)	(7)	⬇️ 14%	⬇️ 25%
Profit attributable to the ordinary equity holder of MBL	992	1,287	735	⬆️ 35%	⬇️ 23%

1. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

Diversification by region



International income 69% of total income¹
Total staff² 15,760; international staff 58% of total

Americas



2,803

TOTAL INCOME¹
\$A1,857m

Assets under management

\$A270.5b

Employing 21,000+ people⁴

CANADA

Calgary
Montreal
Toronto
Vancouver

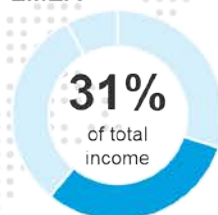
USA

Austin
Boston
Chicago
Denver
Houston
Jacksonville
Los Angeles
Minneapolis
Nashville
New York
Orlando
Philadelphia
San Diego
San Francisco
San Jose
Wainut Creek

LATIN AMERICA

Mexico City
Sao Paulo
Santiago

EMEA



2,453

TOTAL INCOME¹
\$A1,891m

Assets under management

\$A122.1b

Employing 50,000+ people⁴

EUROPE

Amsterdam
Brantree
Dublin
Edinburgh
Frankfurt
Geneva
London
Luxembourg
Madrid
Munich
Paris
Reading
Vienna
Zurich

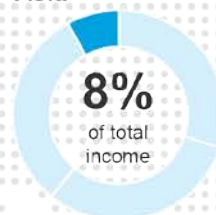
MIDDLE-EAST

Dubai

SOUTH AFRICA

Cape Town
Johannesburg

Asia



3,911

TOTAL INCOME¹
\$A488m

Assets under management

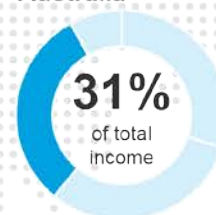
\$A61.1b

Employing 41,000+ people⁴

ASIA

Bangkok
Beijing
Guangzhou
Hong Kong
Hsin-Chu
Jakarta
Kuala Lumpur
Manila
Mumbai
Seoul
Shanghai
Singapore
Taipei
Tokyo

Australia³



6,537

TOTAL INCOME¹
\$A1,913m

Assets under management

\$A109.7b

Employing 10,000+ people⁴

AUSTRALIA

Adelaide
Brisbane
Cairns
Gold Coast
Manly
Melbourne
Newcastle
Perth
Sydney

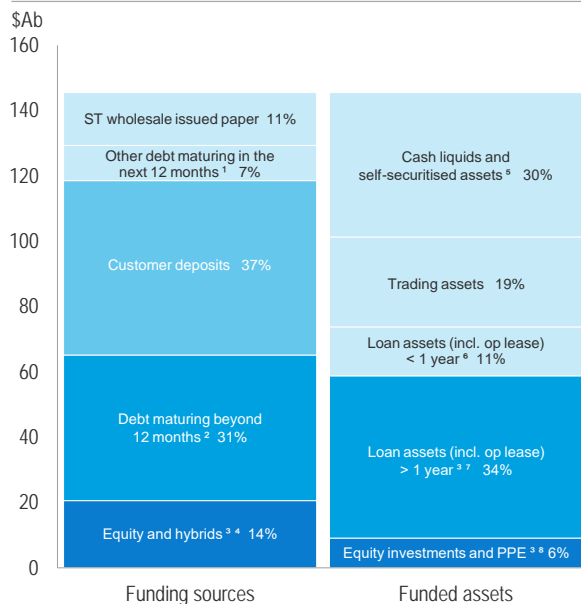
NEW ZEALAND

Auckland

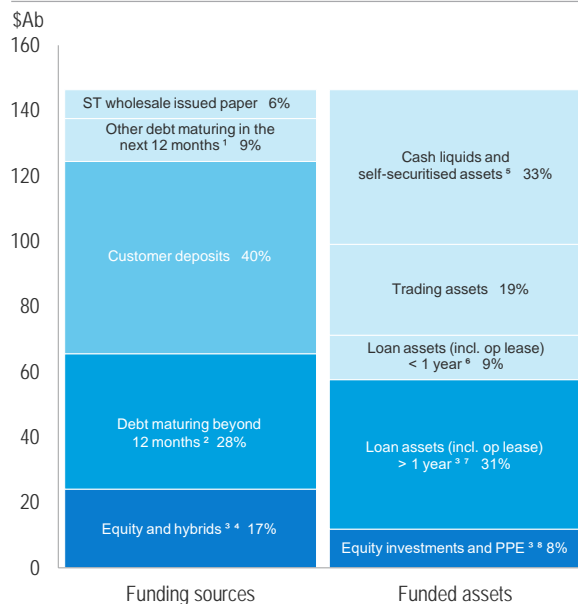
Funded balance sheet remains strong

Term liabilities exceed term assets

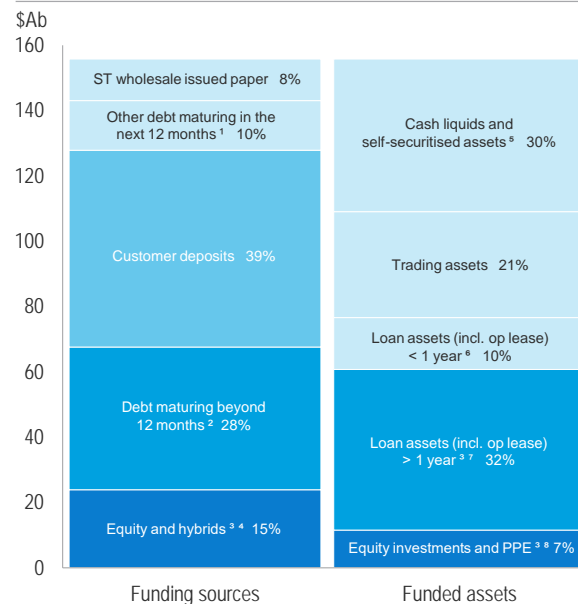
31 Dec 2018



30 Sep 2019



31 Dec 2019

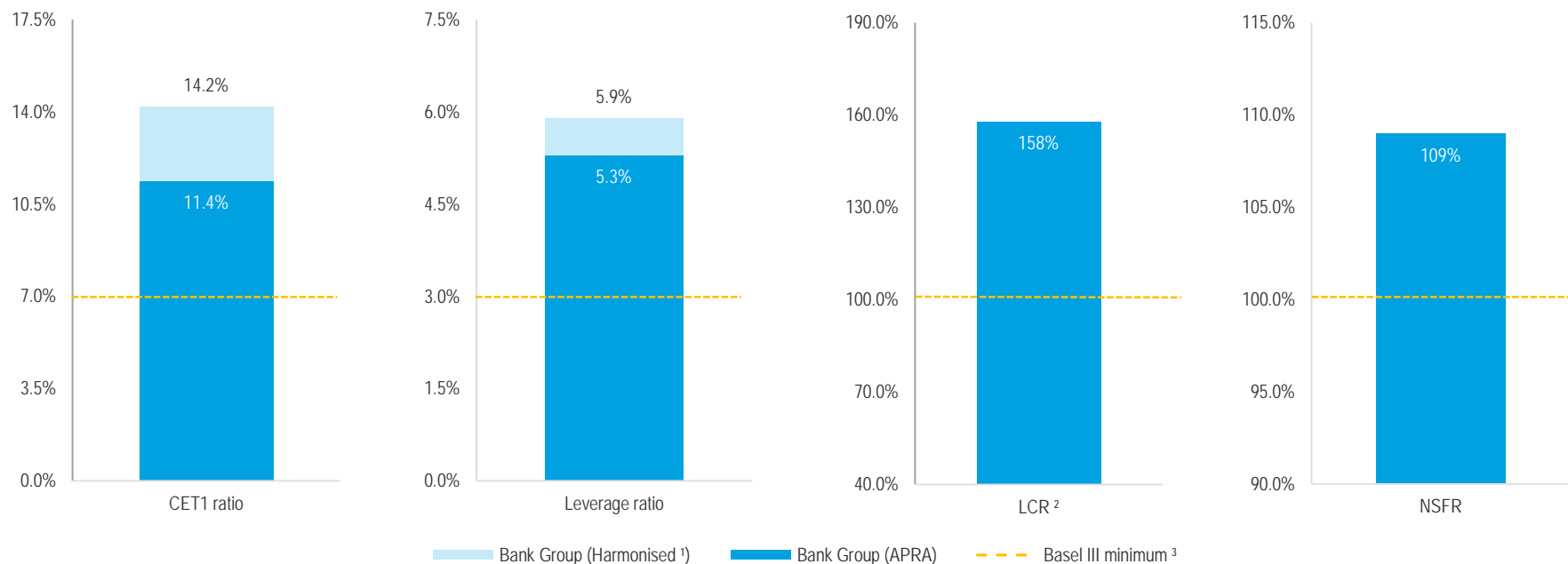


These charts represent Macquarie's funded balance sheets at the respective dates noted above. The funded balance sheet is a representation of Macquarie's net funding requirements, and therefore differs from the statutory balance sheet by excluding certain items such as non-recourse self-funded assets and certain accounting gross-ups. 1. 'Other debt maturing in the next 12 months' includes Structured Funding, Bonds, Other Loans, Subordinated debt maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 months' includes Subordinated debt not maturing within next 12 months. 3. Non-controlling interests netted down in 'Equity and hybrids', 'Equity investments and PPE' and 'Loan assets (incl. op lease) > 1 year'. 4. Hybrid instruments include Macquarie Income Securities, Macquarie Additional Capital Securities, Macquarie Capital Notes 2, 3 & 4 and Macquarie Bank Capital Notes. 5. 'Cash, liquids and self-securitized assets' includes self-securitisation of repo eligible Australian assets originated by Macquarie, a portion of which Macquarie can utilise as collateral in the Reserve Bank of Australia's Committed Liquidity Facility. 6. 'Loan Assets (incl. op lease) < 1 year' includes Net Trade Debtors. 7. 'Loan Assets (incl. op lease) > 1 year' includes Debt Investment Securities. 8. 'Equity investments and PPE' includes Macquarie's co-investments in Macquarie-managed funds and equity investments.

Strong regulatory ratios



Bank Group (Dec 19)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III. 2. Average LCR for Dec 19 quarter is based on an average of daily observations. 3. Includes the capital conservation buffer in the minimum CET1 ratio requirement. In Nov 18, APRA released a draft update to 'Prudential Standard APS 110 Capital Adequacy' proposing a minimum requirement for the leverage ratio of 3.5% effective 1 Jan 22.

Regulatory Update



Australia

- APRA is currently undertaking regulatory reviews in a number of areas, including:
 - Finalisation of Basel III - APRA is still finalising rules for Australian banks to ensure that their capital levels can be considered 'unquestionably strong'¹
 - In Dec 19, APRA noted that it is giving consideration to the introduction of a non-zero default level for the countercyclical capital buffer (CCyB), as part of its broader reforms to the ADI capital framework²
 - In Dec 19, APRA released final standards on Operational Risk (APS 115), with the key update to the Jun 19 draft standards being confirmation of a 1 Jan 21 implementation date³
 - In Oct 19, APRA released its draft standards relating to APS 111, including changes to the capital treatment of investments in banking and insurance subsidiaries⁴, with implementation from 1 Jan 21.
 - In Sep 19, APRA commenced a second consultation on capital calculation and risk management requirements relating to Interest Rate Risk in the Banking Book⁵
 - Loss-absorbing capacity (LAC) - APRA released a 'response to submissions' paper in Jul 19 outlining its approach for LAC to support the orderly resolution of Australian ADIs⁶
 - APRA has confirmed that MBL will be subject to additional LAC requirements, consistent with the approach for the major banks
 - In Jan 19, the Basel Committee on Banking Supervision (BCBS) released revisions to the market risk framework⁷, with implementation from 1 Jan 22. APRA is yet to release draft standards
 - In Nov 18, APRA released draft prudential standards on its implementation of a minimum requirement for the leverage ratio of 3.5% expected to be effective from 1 Jan 22⁸. MBL's APRA leverage ratio was 5.3% at 31 Dec 19
 - In Aug 18, APRA released a discussion paper setting out potential options to improve the transparency, international comparability and flexibility of the capital framework. The proposals are not intended to change the amount of capital that ADIs are required to hold⁹
- As previously noted, APRA is in discussions with Macquarie on resolution planning and intragroup funding. These discussions are progressing and Macquarie will continue working on these initiatives in consultation with APRA.
- Based on the current information available, it is Macquarie's expectation that it will have sufficient capital to accommodate likely additional regulatory Tier 1 capital requirements as a result of the above changes, noting that some of them are at an early stage of review and hence the final impact is uncertain

1. 'Revisions to the capital framework for ADIs'; 14 Feb 18; 'APRA responds to first phase of consultation on revisions to ADI capital framework'; 17 Jun 19. 2. 'APRA flags setting countercyclical capital buffer at non-zero default level'; 11 Dec 2019. 3. 'APRA finalises updated prudential standard on operational risk requirements for ADIs'; 11 Dec 2019. 4. 'Revisions to APS 111 Capital Adequacy: Measurement of Capital'; 15 Oct 19. 5. 'Response to submissions: Interest rate risk in the banking book for authorised deposit-taking institutions'; 4 Sep 19. 6. 'Response to submissions - loss-absorbing capacity'; 9 Jul 19. 7. 'Minimum capital requirements for market risk'; 14 Jan 19. 8. 'Draft Prudential Standard APS 110 Capital Adequacy' and 'Response to submissions: Leverage ratio requirement for ADIs'; 27 Nov 18. 9. 'Improving the transparency, comparability and flexibility of the ADI capital framework'; 14 Aug 18.

Regulatory Update



Australia continued

- In Jul 19, APRA released a draft prudential standard CPS 511 aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. A three-month consultation period closed 23 Oct 2019 during which Macquarie lodged its submission. APRA is yet to release final prudential standards
- In Jan 20, consistent with the Royal Commission recommendations, Federal Treasury released a proposals paper outlining its plan to extend BEAR to a new regime, FAR (Financial Accountability Regime) to include all APRA regulated entities. In a similar way to BEAR impacting ADIs, FAR will add a personal accountability regime to insurers and responsible superannuation entities. Treasury has commenced the consultation process and called for submissions by 14 Feb 2020. Macquarie is participating in the process and will make a submission

Brexit

- As previously stated, Macquarie does not believe that the UK's withdrawal from the European Union (EU) will be a material event for the Group
- Macquarie now has all its required licences to carry on regulated activity in Europe
- Macquarie has a longstanding and deep commitment to the UK as the hub for the EMEA region's operations and this will continue to be the case. Macquarie has been in the UK for 30 years with approximately 2,000 staff based there as at 31 Dec 2019
- Many of Macquarie's EMEA business lines have successfully built out from a strong UK hub to create a meaningful presence across continental Europe

Germany

- Macquarie continues to cooperate with German authorities in relation to an historical German lending transaction in 2011
- As indicated previously, the industry-wide investigation relating to dividend trading continues and Macquarie has been responding to requests for information about its activities
- As part of their industry-wide investigation, the authorities have recently designated as suspects approximately 60 current and former Macquarie staff in relation to historical short selling-related activities, most of whom are no longer at Macquarie and some of whom were already named in relation to the 2011 lending matter, including the MGL CEO
- The total amount at issue is not material and MGL has provided for the matter. We note that no current staff members have been interviewed to date

Current credit ratings



	Macquarie Bank Limited			Macquarie Group Limited		
	Long-term rating	Long-term rating outlook	Short-term rating	Long-term rating	Long-term rating outlook	Short-term rating
Moody's	A2	Stable	P-1	A3	Stable	P-2
Fitch	A	Stable	F-1	A-	Stable	F-2
S&P	A+	Stable	A-1	BBB+	Stable	A-2



MACQUARIE
BANK

Outlook 02

Short term



- While the impact of future market conditions makes forecasting difficult, we continue to expect the Group's result for FY20 to be slightly down on FY19
- Our short-term outlook remains subject to a range of factors including:
 - The completion rate of transactions and period-end reviews
 - Market conditions and the impact of geopolitical events
 - The impact of foreign exchange
 - Potential regulatory changes and tax uncertainties
 - Geographic composition of income

Medium term



- Macquarie remains well-positioned to deliver superior performance in the medium term
- Deep expertise in major markets
- Build on our strength in business and geographic diversity and continue to adapt our portfolio mix to changing market conditions
 - Annuity-style income is primarily provided by two Operating Groups' businesses which are delivering superior returns following years of investment and acquisitions
 - Macquarie Asset Management and Banking and Financial Services
 - Two markets-facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
 - Commodities and Global Markets and Macquarie Capital
- Ongoing program to identify cost saving initiatives and efficiency
- Strong and conservative balance sheet
 - Well-matched funding profile with minimal reliance on short-term wholesale funding
 - Surplus funding and capital available to support growth
- Proven risk management framework and culture

Medium term



Annuity-style businesses

Non-Banking
Group

Macquarie Asset Management (MAM)

- Leading specialist global asset manager, well-placed to grow assets under management through its diversified product offering, track record and experienced local investment teams

Banking
Group

Banking and Financial Services (BFS)

- Strong growth opportunities through intermediary and direct retail client distribution, platforms and client service
- Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments
- Modernising technology to improve client experience and support growth

Markets-facing businesses

Non-Banking
Group

Macquarie Capital (MacCap)

- Positioned to benefit from any improvement in M&A and capital markets activity
- Continues to tailor the business offering to current opportunities, market conditions and strengths in each sector and region
- Opportunities for project development and balance sheet investment by the group and in support of partners and clients subject to market conditions

Banking
Group

Commodities and Global Markets¹ (CGM)

- Opportunities to grow commodities business, both organically and through acquisition
- Development of institutional and corporate coverage for specialised credit, rates and foreign exchange products
- Tailored finance solutions globally across a variety of industries and asset classes
- Growing the client base across all regions
- Leveraging a strong market position in Asia-Pacific through investment in the equities platform
- Continued investment in asset finance portfolio

1. Note certain assets of the Credit Markets business, certain activities of the Cash Equities business and the Commodity Markets and Finance business and some other less financially significant activities are undertaken from within the Non-Banking Group.

Approximate business Basel III Capital and ROE



As at 30 Sep 19

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. 1H20 Return on Ordinary Equity ²	Approx. 13-year Average Return on Ordinary Equity ³
Annuity-style businesses	7.9		
Macquarie Asset Management	3.7		
Banking and Financial Services	4.2	24%	22%
Markets-facing businesses	8.7		
Commodities and Global Markets	5.0		
Macquarie Capital	3.7	18%	16%
Corporate	0.4		
Total regulatory capital requirement @ 8.5%	17.1		
Group surplus	6.7		
Total APRA Basel III capital supply	23.8⁴	16.4%	14%

Note: Differences in totals due to rounding. 1. Operating Group capital allocations are based on 30 Jun 19 allocations adjusted for material movements over the Sep 19 quarter. 2. NPAT used in the calculation of approx. 1H20 ROE is based on Operating Groups' annualised net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements which are based on the quarterly average capital usage from FY07 to 1H20, inclusive. 3. 13-year average covers FY07 to FY19, inclusive, and has not been adjusted for the impact of business restructures or changes in internal P&L and capital attribution. 4. Comprising of \$A19.7b of ordinary equity and \$A4.1b of hybrids.

BCN2 Offer 03

Macquarie Bank Capital Notes 2 Offer

Overview



Issuer	<ul style="list-style-type: none"> Macquarie Bank Limited (“MBL”)
Type of security	<ul style="list-style-type: none"> Fully paid, subordinated, non-cumulative, unsecured, mandatorily convertible, perpetual capital notes (“BCN2”), automatically convertible into Macquarie Group Limited (“MGL”) Ordinary Shares on the occurrence of an Automatic Exchange Event
Offer size	<ul style="list-style-type: none"> \$A400 million, with the ability to raise more or less
Use of proceeds	<ul style="list-style-type: none"> BCN2 will constitute regulatory capital of MBL under APRA’s prudential standards The net proceeds of the Offer will be used for general corporate funding and capital management purposes The capital raised partially offsets the redemption of \$A429m of BCNs which will be resold on 24 March 2020
Distributions	<ul style="list-style-type: none"> BCN2 are scheduled to pay floating rate cash distributions on a quarterly basis The first distribution is scheduled for 21 June 2020 (subject to the payment conditions)¹ The Margin will be determined by a Bookbuild and is expected to be between 2.90% and 3.10%
Face value	<ul style="list-style-type: none"> \$A100 per BCN2
Term	<ul style="list-style-type: none"> BCN2 are perpetual and may never be Exchanged or Redeemed if the Exchange Conditions are not met BCN2 will Exchange into MGL Ordinary Shares on 21 December 2028, subject to certain Exchange Conditions being satisfied, unless they are Exchanged, Redeemed or Written-Off earlier If the Exchange Conditions have not been satisfied on the above date then BCN2s will Exchange on the next Distribution Payment Date on which the Exchange Conditions are satisfied, unless they are Exchanged, Redeemed or Written-Off earlier BCN2 can be Resold or Redeemed (subject to APRA approval) or Exchanged on 22 December 2025², 22 June 2026² or 21 December 2026, or on the occurrence of a Tax Event or Regulatory Event, subject to certain conditions
Quotation	<ul style="list-style-type: none"> Expected to be traded under ASX code “MBLPB”
Offer Structure	<ul style="list-style-type: none"> The Offer comprises the: <ul style="list-style-type: none"> Reinvestment Offer: offer to Eligible BCN Holders who were an Australian resident registered holder of BCN at 7.00pm (AEDT) on 7 February 2020 Institutional Offer: offer to Institutional Investors who have received a firm allocation from the Joint Lead Managers; Broker Firm Offer: offer to Australian resident retail and high net worth clients of Syndicate Brokers; and Securityholder Offer: offer to Eligible Securityholders (Australian resident registered holders of MGL Ordinary Shares, MIS, MCN2, MCN3, MCN4 or BCN at 7.00pm (AEDT) on 7 February 2020).

1. Due to the Business Day convention, the first Distribution Payment Date is deferred from Sunday, 21 June 2020 to Monday, 22 June 2020. 2. Due to the Business Day convention, the first Scheduled Optional Exchange Date and the second Scheduled Optional Exchange Date are each deferred by 1 day.

BCN2 Key Terms

Distributions



Distributions

- Distributions on BCN2 are discretionary, non-cumulative floating rate payments
- Distributions are scheduled to be paid in arrears commencing on 21 June 2020 and thereafter quarterly, subject to the Payment Conditions, until BCN2 are Exchanged, Redeemed, Resold or Written Off
- Distribution payments are subject to the Payment Conditions, including MBL's discretion
- Distributions are expected to be franked at the same rate as dividends on MGL Ordinary Shares. MGL currently franks dividends on MGL Ordinary Shares at 40%

Distribution Rate

- $\text{Distribution Rate} = (\text{Reference Rate} + \text{Margin}) \times \text{Franking Adjustment Factor}$
- Reference Rate means, broadly, the 90-day bank bill swap rate (BBSW) on the first day of the relevant Distribution Period
- Margin is expected to be in the range of 2.90% to 3.10%, and will be set by way of Bookbuild. The final margin is expected to be announced to the market on 14 February 2020

Dividend / Capital Restrictions

- If for any reason a Distribution has not been paid on a Distribution Payment Date, unless it is paid within 10 Business Days of that date, in most cases MBL is restricted from paying any dividends or returning capital on MBL Ordinary Shares until the next Distribution Payment Date, subject to certain exceptions. There is no restriction on MGL.
- Distributions are non-cumulative, which means that if a Distribution has not been paid on a Distribution Payment Date, MBL has no obligation to pay the Distribution at a later date
- The BCN2 Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default

BCN2 Key Terms

Mandatory Exchange



Mandatory Exchange

- The Issuer must Exchange BCN2 into MGL Ordinary Shares on 21 December 2028 (if BCN2 have not been Redeemed, Exchanged or Written-Off beforehand) provided that certain Exchange Conditions are satisfied
- The conditions to Mandatory Exchange and the associated Exchange calculations are designed to ensure that if Exchange occurs, BCN2 Holders will receive approximately \$A101 worth of MGL Ordinary Shares for each BCN2 held, and that the MGL Ordinary Shares they receive following the Exchange are capable of being sold on ASX

Mandatory Exchange Conditions

- Exchange on a Mandatory Exchange Date cannot occur unless all four Exchange Conditions are satisfied and, if they are not satisfied, Exchange will be deferred to the next Scheduled Distribution Date on which all four Exchange Conditions are satisfied
- In summary, the Exchange Conditions are as follows:
 - **First Exchange Condition:** the Daily VWAP on the 25th Business Day immediately preceding the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;
 - **Second Exchange Condition:** the VWAP during the 20 ASX Trading Days immediately preceding the Relevant Mandatory Exchange Date is such that the number of MGL Ordinary Shares to be issued would be less than or equal to the applicable Maximum Exchange Number;
 - **Third Exchange Condition:** no Suspension Event applies in respect of the Relevant Mandatory Exchange Date (broadly, a Suspension Event occurs where MGL Ordinary Shares have been suspended from trading for the 5 preceding Business Days); and
 - **Fourth Exchange Condition:** MGL is not Delisted as at the Relevant Mandatory Exchange Date (broadly, MGL will be Delisted where MGL Ordinary Shares cease to be listed on ASX or where an Inability Event subsists)

BCN2 Key Terms

Optional Exchange and Exchange on an Automatic Exchange Event or Acquisition Event



Optional Exchange

- MBL may choose to Exchange all or some BCN2 on 22 December 2025, 22 June 2026 or 21 December 2026 or if there has been a Tax Event or a Regulatory Event (subject to certain conditions)

Automatic Exchange

- MBL will be required to immediately Exchange all or some BCN2 (or if Exchange has not occurred within 5 Business Days, Write-Off all or some BCN2) if a Non-Viability Event or a Common Equity Tier 1 Trigger Event occurs
- A Common Equity Tier 1 Trigger Event occurs if MBL determines, or APRA notifies MBL in writing that it believes, that the Common Equity Tier 1 Ratio of MBL is equal to or less than 5.125%
- Broadly, a Non-Viability Event means APRA has notified MBL in writing that:
 - Relevant Securities must be subject to Loss Absorption because, without such Loss Absorption, APRA considers the issuer would become non-viable; or
 - APRA has determined that without a public sector injection of capital, or equivalent support, MBL would become non-viable.

Acquisition Event

- MBL will be required to Exchange all BCN2 for MGL Ordinary Shares if an Acquisition Event occurs (broadly, a change of control of MBL by takeover bid, scheme of arrangement or otherwise), provided certain conditions are met

- The Exchange Conditions applicable to Mandatory Exchange do not apply to Exchange in the case of an Acquisition Event, Common Equity Tier 1 Trigger Event or a Non-Viability Event. Certain other conditions apply to exchange in the case of an Acquisition Event, and no conditions apply to Exchange in the case of a Non-Viability Event or Common Equity Tier 1 Trigger Event ("**Automatic Exchange Events**"). The number of MGL Ordinary Shares that BCN2 Holders will receive on Exchange (including in the case of an Acquisition Event or Automatic Exchange Events) will not be greater than the Maximum Exchange Number applicable to the date on which the relevant Exchange occurs
- As an Acquisition Event or an Automatic Exchange Event may occur at any time, including during a time of financial difficulty for MBL and MGL, depending on the market price of MGL Ordinary Shares at the time of Exchange, BCN2 Holders may receive less, or significantly less, than \$A101 worth of MGL Ordinary Shares per BCN2 and a BCN2 Holder may suffer loss as a consequence
- If BCN2 which are required to be Exchanged are not Exchanged for any reason within 5 Business Days of the Automatic Exchange Event, they must be Written-Off
- If a Write-Off occurs, the BCN2 Holder's rights under that BCN2 are immediately and irrevocably terminated for no consideration and BCN2 Holders will suffer a total loss of their investment.

BCN2 Key Terms

Summary of certain events that may occur while BCN2 are on issue



Event	When could this occur?	Consequences	APRA approval required?	Do conditions apply?	What value will a BCN2 holder receive (per BCN2)?	In what form will the value be provided to BCN2 Holders?
Tax Event or Regulatory Event	At any time	Exchange all or some BCN2 for MGL Ordinary Shares at MBL's option	No	Yes	Approximately \$A101 ¹	Variable number of MGL Ordinary Shares
		Redemption or Resale of all or some BCN2 at MBL's option	Yes	Yes	\$A100	Cash
Acquisition Event	At any time	All BCN2 Exchanged for MGL Ordinary Shares	No	Yes	Approximately \$A101 ¹ (except in limited circumstances)	Variable number of MGL Ordinary Shares
Automatic Exchange Event	At any time	All BCN2 Exchanged for MGL Ordinary Shares or Written-Off	No	No	Depending on the market price of MGL Ordinary Shares at the time, up to approximately \$A101 ¹ but maybe significantly less or zero	Variable number of MGL Ordinary Shares – if BCN2 are not Exchanged for MGL Ordinary Shares BCN2 will be Written-Off and BCN2 Holders receive no value.
Optional Exchange Date	22 December 2025, 22 June 2026 or 21 December 2026	Exchange all or some BCN2 for MGL Ordinary Shares at MBL's option	No	Yes	Approximately \$A101 ¹	Variable number of MGL Ordinary Shares
		Redemption or Resale of all or some BCN2 at the Issuer's option	Yes	Yes	\$A100	Cash
Scheduled Mandatory Exchange Date	21 December 2028 ²	Exchange of all BCN2 for MGL Ordinary Shares	No	Yes	Approximately \$A101 ¹	Variable number of MGL Ordinary Shares

1. The number of MGL Ordinary Shares received will be determined by VWAP over a period immediately prior to Exchange. The value of MGL ordinary shares received on Exchange may be more or less than \$A101.

2. Subject to the exchange conditions, which may never occur. BCN2 may remain on issue indefinitely.

BCN2 Key Terms

Comparison between BCN2 and other Securities



Feature	Term deposit	MCN2, MCN3, MCN4	BCN	BCN2	MGL Ordinary Shares
Issuer	Bank, credit union or building society (e.g. MBL)	MGL	MBL	MBL	MGL
Eligible for protection under the Australian government Financial Claims Scheme	Yes ¹	No	No	No	No
Term	One month to five years (usually)	Perpetual ²	Perpetual ³	Perpetual ⁴	Perpetual
Distribution rate	Fixed (usually)	Floating, adjusted for franking	Floating, adjusted for franking	Floating, adjusted for franking ⁵	Variable dividends
Distribution payment dates	End of term or per annum (usually)	Semi-annually (MCN2), Quarterly (MCN3, MCN4)	Semi-annually	Quarterly	Semi-annually (usually)
Distributions are discretionary	No	Yes	Yes	Yes	Yes
Frankable distributions	No	Yes	Yes	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Non-Viability provisions	No	Yes	Yes	Yes	Not applicable
Common Equity Tier 1 Trigger provisions	No	No	Yes	Yes	Not applicable

1. At the date of this presentation, the limit in relation to protected account(s) that an account holder has with a declared ADI as at a particular time is \$250,000.

2. Unless redeemed, exchanged or written-off earlier. Subject to the satisfaction of certain conditions, the BCN will be mandatorily exchanged into MGL Ordinary Shares on a 24 March 2023 or the next distribution payment date on which those conditions are satisfied.

3. Unless redeemed, resold, converted, exchanged or written-off earlier in accordance with the terms of the BCN. Subject to the satisfaction of certain conditions, BCN will be mandatorily exchanged into MGL Ordinary Shares on 24 March 2023 or the next distribution payment date on which those conditions are satisfied.

4. Unless Redeemed, Exchanged or Written-Off earlier. Subject to the satisfaction of certain conditions, the BCN2 will be mandatorily Exchanged on a Mandatory Exchange Date as outlined in Section 2.3 of the Prospectus.

5. The impact of franking is described in sections 2.1.3 and 2.1.4 of the Prospectus.

BCN2 Key Terms

Ranking in a winding up



- In a Winding Up of MBL, BCN2 will rank ahead of MBL Ordinary Shares, equally with Equal Ranking Obligations, but behind all Senior Creditors of MBL
- However, any return on BCN2 may be adversely affected or reduced to zero if an Automatic Exchange Event occurs. If a Automatic Exchange Event occurs, some or all of the BCN2 are to be Exchanged or, if that does not occur, Written-Off. In this situation, the BCN2 Holders will become holders of MGL Ordinary Shares (and rank equally with other MGL Ordinary Shares) or will have their BCN2 Written-Off in which case they will have no further claim on MGL
- If Exchange occurs, BCN2 Holders will become holders of MGL Ordinary Shares and their claims in respect of those Shares rank equally with other holders of MGL Ordinary Shares. Those shares may be worth significantly less than the Issue Price of BCN2

Ranking	Illustrative examples	
<div>Higher</div> <div>↑</div> <div>↓</div> <div>Lower</div>	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors
	Subordinated and unsecured debt	Subordinated and unsecured debt obligations
	Preference shares and equal ranking securities	Equal Ranking Obligations and BCN2 (if a an Automatic Exchange Event has not occurred)
	MBL Ordinary shares	MBL Ordinary Shares



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Investment Risks 04

Key Risks



Outlined below are some of the key risks associated with an investment in BCN2

- There are risks associated with an investment in BCN2, many of which are outside the control of MGL. These risks include those in Section 1.3 and Section 5 of the Prospectus.
- Before applying for BCN2, you should read the Prospectus in full, seek professional guidance and consider the suitability of an investment in BCN2 for your particular circumstances.
- The key risks outlined in this presentation are not exhaustive and are in summary form only.
- For a full list of risk factors associated with an investment in BCN2 and the Macquarie Group, see Section 1.3 and Section 5 of the Prospectus

Key risk	Overview
Investments in BCN2 are not deposit liabilities and are not protected accounts under the Banking Act	<ul style="list-style-type: none">• Investments in BCN2 are not deposit liabilities and are not protected accounts under the Banking Act• Investments in BCN2 are an investment in MGL and may be affected by the ongoing performance, financial position and solvency of MGL and the Macquarie Group• BCN2 are not guaranteed by any government, government agency or compensation scheme of Australia, or any other person or any other jurisdiction
Suitability	<ul style="list-style-type: none">• BCN2 are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the BCN2 Terms and risks of investing in BCN2 and consider whether it is an appropriate investment for your particular circumstances

Key Risks



Key risk	Overview
Changes in Distribution rate	<ul style="list-style-type: none">• The Distribution Rate is calculated as the sum of the Reference Rate and the Margin (reduced where franking credits are attached) and is calculated for each Distribution Period• The Reference Rate will fluctuate (both increase and decrease) over time and is influenced by a number of factors• There is a risk that the Distribution Rate may become less attractive when compared to the rates of return available on comparable securities or investments
Level of franking	<ul style="list-style-type: none">• The level of franking of Distributions on BCN2 is affected by the level of MGL's available franking credits and MBL's distributable profits. MGL's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which the Macquarie Group makes profits and pays tax and the amount of other frankable distributions. MBL's distributable profits may also be affected by a wide range of factors including its level of earnings and other distributions it makes• The value and availability of franking credits to an BCN2 Holder will depend on that BCN2 Holder's particular circumstances and the tax laws at the time of the distribution
BCN2 are perpetual and may never be Exchanged, Redeemed or Resold	<ul style="list-style-type: none">• BCN2 are a perpetual instrument but will Exchange for Ordinary Shares on 21 December 2028 if they are still on issue, subject to the Exchange Conditions being satisfied. If the Exchange Conditions are not met on this date BCN2 will Exchange on the next quarterly Distribution Payment Date where the Exchange Conditions are all satisfied. There is no guarantee the Exchange Conditions will ever be satisfied and the Exchange may never occur

Key Risks



Key risk	Overview
MBL has rights for Exchange, Redemption or Resale at its election	<ul style="list-style-type: none">• MBL may elect to Exchange, Redeem or arrange a Resale of all or some BCN2 in certain circumstances, subject to a number of conditions, including prior written approval from APRA when required under the BCN2 Terms• Where required, APRA's approval is at the complete discretion of APRA and may or may not be granted• The choice to elect the Exchange, Redemption or Resale of all or some BCN2 is entirely at MGL's discretion and BCN2 Holders have no right to either request or alter the timing of any Exchange, Redemption or Resale• It is uncertain whether and when Exchange, Redemption or Resale may occur. The timing of any Exchange, Redemption or Resale may disadvantage BCN2 Holders and not coincide with their individual preferences or intended investment outcomes
Losses due to an Acquisition Event	<ul style="list-style-type: none">• If an Acquisition Event occurs, and the Directors determine it is in the best interests of BCN2 Holders, Exchange may occur even though BCN2 Holders would receive less than \$100 worth of MGL Ordinary Shares or even though those MGL Ordinary Shares are unlisted, and BCN2 Holders may suffer a loss as a result
Losses due to a Non-Viability Event	<ul style="list-style-type: none">• If Exchange occurs following a Non-Viability Event, BCN2 Holders may receive significantly less than \$100 worth of MGL Ordinary Shares• If, for any reason, an BCN2 which is required to be Exchanged is not Exchanged within 5 Business Days of the Automatic Exchange Event then the MGL Ordinary Shares will not be issued and that BCN2 will be Written-Off. In such cases, the BCN2 Holder will not receive any MGL Ordinary Shares in respect of these BCN2, have no further claim on MBL or MGL and suffer a loss of their investment.

Key Risks



Key risk

Overview

Restrictions on rights and ranking in a Winding Up of MBL

- BCN2 are not deposit liabilities or protected accounts of MBL or MGL or any other member of the Macquarie Group and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction or by any other person. The investment performance of BCN2 is not guaranteed by MGL, MBL or any other member of the Macquarie Group
- In the event of a Winding Up of MGL, BCN2 Holders will rank behind all Senior Creditors, equally with Equal Ranking Obligations and ahead of MBL Ordinary Shares. Any return in a Winding Up of MBL may be adversely affected if an Automatic Exchange Event occurs. If this happens some or all BCN2 will be required to be Exchanged or, if Exchange has not occurred within 5 Business Days of the Automatic Exchange Event, Written-Off. If a BCN2 is Exchanged, the BCN2 Holder will become a holder of MGL Ordinary Shares and those shares may be worth significantly less than their investment in BCN2
- Where BCN2 are Written-Off, as MGL Ordinary Shares will still be on issue, a BCN2 Holder is likely to be worse off than a holder of MGL Ordinary Shares
- If there is a shortfall of funds on a Winding Up of MBL, BCN2 Holders will lose some or all of their investment in any BCN2

Other risks

- The key risks outlined in this presentation are not exhaustive
- For a full list of risk factors associated with an investment in BCN2 and the Macquarie Group, see Section 1.3 and Section 5 of the Prospectus



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Key Dates and Contacts

05

Key Dates



KEY DATES FOR OFFER

DATE

Record date for Eligible Securityholders	Friday, 7 February 2020
Lodgement of Prospectus	Tuesday, 11 February 2020
Bookbuild period commences	Tuesday, 11 February 2020
Announcement of Margin	Friday, 14 February 2020
Lodgement of the replacement Prospectus	Wednesday, 19 February 2020
Opening Date for Offer	Wednesday, 19 February 2020
Closing Date for Offer	Wednesday, 18 March 2020
Issue Date	Tuesday, 24 March 2020
BCN2 commence trading on ASX (normal settlement)	Wednesday, 25 March 2020
Holding Statements despatched by	Monday, 30 March 2020

KEY DATES FOR BCN2

DATE

First Distribution Payment Date	21 June 2020 ¹
Scheduled Optional Exchange Date	21 December 2025, ² 21 June 2026 ³ and 21 December 2026
Scheduled Mandatory Exchange Date	Thursday 21 December 2028

KEY DATES FOR REINVESTMENT OFFER

DATE

Record date for Eligible BCN Holders	Friday, 7 February 2020
Opening Date for Reinvestment Offer	Wednesday, 19 February 2020
BCN cease trading	Wednesday, 11 March 2020
Record date for final distribution on BCN	Monday, 16 March 2020
Closing Date for Reinvestment Offer	Wednesday, 18 March 2020
Payment date for final distribution on BCN ⁴	Tuesday, 24 March 2020
Transfer of BCN to BCN Purchaser	Tuesday, 24 March 2020
Cash payment of \$100 per BCN	Tuesday, 24 March 2020

1. Due to the Business Day convention, the first Distribution Payment Date is deferred from 21 June 2020 to 22 June 2020. The Distribution Payment is subject to the Distribution Payment Conditions.
2. Due to the Business Day convention, the first Scheduled Optional Exchange Date is deferred from 21 December 2025 to 22 December 2025.
3. Due to the Business Day convention, the second Scheduled Optional Exchange Date is deferred from 21 June 2026 to 22 June 2026.
4. Subject to the distribution payment conditions in the BCN terms.

Key Contacts



Issuer		
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