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**ASX/Media Release****CONFIRMATION OF LIQUIDITY COVERAGE RATIO RESTATEMENT**

SYDNEY, 27 August 2019 – Macquarie Group (Macquarie) (ASX: MQG; ADR: MQBKY) today provides an update on its historical Liquidity Coverage Ratio (LCR) following APRA's announcement on 24 July 2019 and Macquarie's subsequent ASX release on 24 July 2019, relating to intra-group funding provided to Macquarie Bank Limited (MBL) by Macquarie Group Limited (MGL).

MGL raises long-term funding and places surplus funds with MBL, in the form of intra-group loans. Over the period July 2017 to March 2019, these loans represented around 5-15% of MBL's total debt funding and were included in the calculation of MBL's LCR according to their contractual tenor. They are documented under a master loan agreement, in place since 2007, which included a Material Adverse Change ("MAC") clause.

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

The historic "LCR restated" in the table below is calculated according to APRA's clarification, whereby intercompany loans impacted by the MAC clause are treated as outflows within the 30-day calendar window. "LCR pro forma" is calculated reflecting current contractual arrangements following the removal of the MAC clause in the master loan agreement between MGL and MBL. This results in the same LCR as originally reported for the period July 2017 to March 2019.

For the three months ended	30 Sep 2017	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019
LCR reported (%)	153	153	162	155	159	163	154
LCR restated (%)	126	113	100	88	87	91	105
LCR pro forma (%)	153	153	162	155	159	163	154
# of daily observations	64	61	62	62	65	63	61

The historical restatements have no impact on the overall financial or capital position of the consolidated Group. Macquarie notes APRA's comment that MBL is financially sound and maintains a strong liquidity and funding position. Macquarie will take this opportunity to work with APRA on intra-group arrangements between MGL and MBL and address any remaining concerns.

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