

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

7 March 2022

Update

 Rate this Research

#### RATINGS

##### Macquarie Bank Limited

Domicile	Sydney, New South Wales, Australia
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Macquarie Bank Limited

Update following rating affirmation, outlook changed to positive

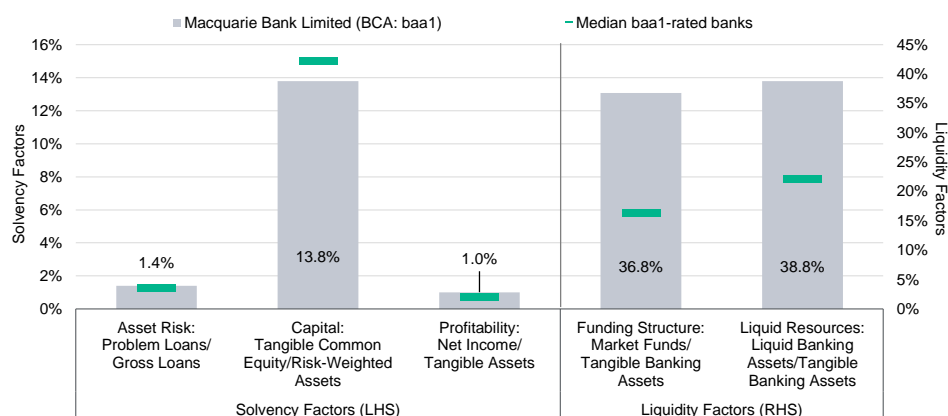
### Summary

On 14 February, we affirmed the A2 long-term rating and baa1 baseline credit assessment of [Macquarie Bank Limited](#) (MBL) and changed its outlook to positive from stable, reflecting the potential improvement in the bank's asset risk profile with the significant growth in MBL's retail banking franchise, which has seen its market share of residential mortgage lending in Australia rise to 4.2%. The A2 rating includes two notches of uplift to reflect our view that depositors and senior bondholders would benefit from systemic support, if needed.

MBL is the principal banking operating entity of [Macquarie Group Limited](#) (MGL, rated A3 stable). Please refer to MGL's Credit Opinion for details of the credit profile of the consolidated Macquarie group. Our rating view of MGL's and MBL's standalone credit profiles balances the risks of the group's continual evolution, and the evolution of its earnings profile – which places greater emphasis on annuity-like businesses with a lower reliance on the potentially more volatile trading and capital markets businesses -- against the credit positives of the group's strong capitalization and liquidity metrics and very strong risk management framework.

Exhibit 1

#### Rating Scorecard - Key Financial Ratios



Source: Moody's Financial Metrics

## Credit strengths

- » Very strong capital levels with prudent capital management.
- » High levels of liquidity with a conservative liquidity policy.
- » Improving profitability as business lines grow.

## Credit challenges

- » High levels of wholesale market funding.
- » Growing revenues from capital markets business potentially introduce higher earnings volatility.
- » Diverse nature of MBL's operations, which raises the level of operational complexities and risk management challenges.

## Rating outlook

The rating outlook is positive reflecting the potential improvement in the bank's asset risk profile with the significant growth in MBL's retail banking franchise, which has seen its market share of residential mortgage lending in Australia rise to 4.2%. We consider the rise in mortgage lending, which has historically been a low loss asset class, as providing an offset to the group's trading and investment banking activities. The outlook also reflects the group's strong and improving profitability as its franchise matures across a number of business lines.

## Factors that could lead to an upgrade

The ratings could be upgraded if (1) growth in residential mortgage lending is sustained without any material deterioration in residential mortgage problem loans, or (2) if earnings continue to improve with net income to tangible assets remaining above 1.5% on a group consolidated basis.

## Factors that could lead to a downgrade

With the ratings on positive outlook a downgrade is unlikely. However, the outlook could return to stable if (1) the funding intensity of the group's balance sheet continues to rise, (2) if earnings volatility leads to lower profitability with net income to tangible assets falling below 1.25% on a group consolidated basis, or (3) if residential mortgage lending problem loans rise materially.

A downgrade of MBL's BCA could occur if the bank increases risk appetite leading to credit quality deterioration, or if there are any indications of control or risk management failures. A significant deterioration in the domestic operating environment or any material regulatory, compliance or risk management failures could also lead to a downgrade of the bank's BCA. A lower BCA would likely lead to a credit rating downgrade.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Macquarie Bank Limited (Consolidated Financials) [1]

	09-21 <sup>2</sup>	03-21 <sup>2</sup>	03-20 <sup>2</sup>	03-19 <sup>2</sup>	03-18 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (AUD Million)	231,629.0	198,649.0	183,535.0	152,222.0	162,435.0	10.7 <sup>4</sup>
Total Assets (USD Million)	167,317.3	151,300.9	112,332.8	108,130.6	124,595.4	8.8 <sup>4</sup>
Tangible Common Equity (AUD Million)	15,977.5	14,030.0	13,788.9	10,763.3	12,479.0	7.3 <sup>4</sup>
Tangible Common Equity (USD Million)	11,541.4	10,685.9	8,439.5	7,645.7	9,572.0	5.5 <sup>4</sup>
Problem Loans / Gross Loans (%)	1.1	1.3	1.3	1.8	1.1	1.3 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	13.8	14.9	14.4	13.9	13.6	14.1 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	7.2	9.0	8.1	11.9	7.1	8.7 <sup>5</sup>
Net Interest Margin (%)	1.2	1.2	1.3	1.4	1.4	1.3 <sup>5</sup>
PPI / Average RWA (%)	2.4	2.8	2.4	1.8	2.2	2.3 <sup>6</sup>
Net Income / Tangible Assets (%)	1.1	0.8	0.8	1.3	1.0	1.0 <sup>5</sup>
Cost / Income Ratio (%)	68.4	64.2	68.5	73.6	68.7	68.7 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	40.8	36.8	45.5	42.7	48.2	42.8 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	32.3	38.8	33.5	37.2	35.2	35.4 <sup>5</sup>
Gross Loans / Due to Customers (%)	120.3	118.6	131.5	131.3	135.6	127.4 <sup>5</sup>

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

## Profile

Macquarie Bank Limited (MBL) is a Sydney-based authorised deposit-taking institution that provides banking services to institutional, corporate and retail clients and counterparties around the world. As of 31 December 2021, MBL held a market share of 4.4% in Australia in terms of total resident assets. As of 30 September 2021, MBL had total assets of AUD 306.1 billion.

MBL is a wholly owned subsidiary of Macquarie Group Limited (MGL). The other main operating subsidiaries held by MGL are [Macquarie Financial Holdings Pty. Limited](#) (MFHPL, rated A3 positive) and Macquarie Asset Management Holdings, both providers of non-banking services.

## Detailed credit considerations

### Macquarie's asset risk profile is improving with the growth in its residential mortgage lending book

Macquarie asset risk profile is improving with its deliberate strategy of growing its retail bank by focusing on residential mortgage lending in Australia. This asset class has proven track record of stability, with inherently low loss rates given the structure of the mortgage market where lenders have full recourse to borrowers in the event of default and with the bulk of new origination done with loan-to-value ratios (LVRs) below 80%. The bank has increased its share of the Australian mortgage market from 1.8% at the end of 2017 to 4.2% at the end of 2021, making them the 5th largest mortgage lender in the country behind the 4-major banks.

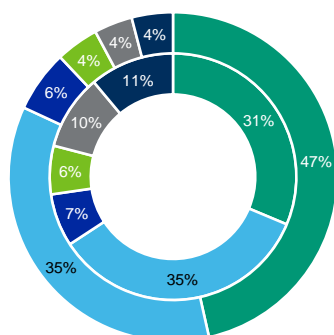
This development has led to a significant shift in the bank's credit exposures, with residential mortgages now representing 47% of gross credit exposures, up from 31% in 2017 (Exhibit 3). This growth is likely to lead to a more stable and predictable performance of its loan portfolio and reduce the likelihood of large losses. At the same time the quality of its corporate lending portfolio has also been improving (Exhibit 4).

Exhibit 3

### Residential mortgages have grown significantly

#### Gross credit exposure composition

■ Residential mortgages ■ Corporate ■ SME ■ Bank ■ Other retail ■ Other assets

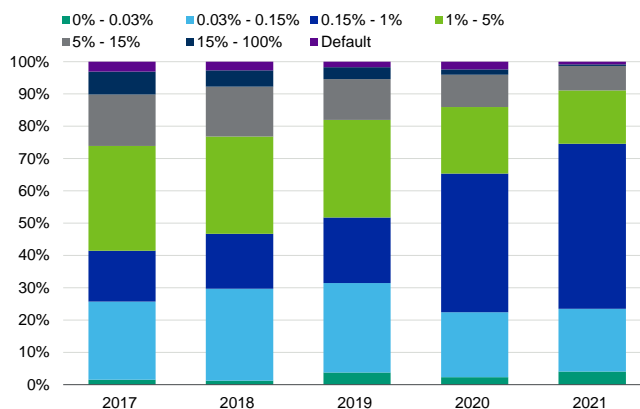


Inner ring is FY2017 outer ring is FY21  
Source: Macquarie Bank Pillar 3 disclosures

Exhibit 4

### Corporate credit quality is improving

#### Corporate exposures by probability of default



Source: Macquarie Bank Pillar 3 disclosures

Non-lending risk is well managed and risk management is a relative strength of the group. Macquarie has a well-embedded risk culture and the firm's track record and ability to limit earnings volatility are positive. The group is active in capital markets; however, the risk is well managed through the use of netting and collateral arrangements and a strict adherence to trading limits. Macquarie sets a Global Risk Limit that constrains the group's aggregate level of risk. The Global Risk Limit references to capital and earnings and is an input to the group's risk appetite statement which is reviewed by the Board and used to quantify the group's aggregate risk appetite.

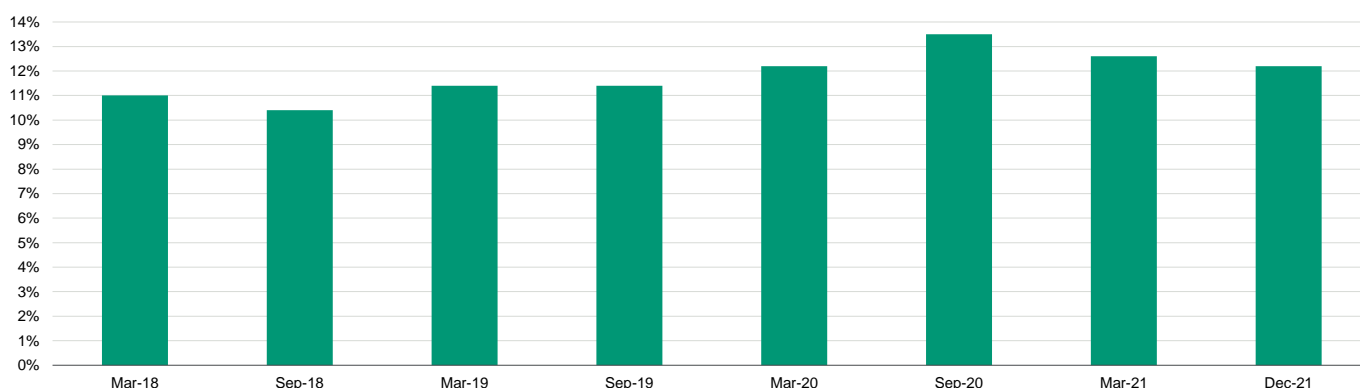
MBL's trading risk is manageable and compares well with peers. The bank has low levels of Level 3 assets in its fair value hierarchy at around 10% compared to the peer group average of just over 18%. The banks' asset composition is also more heavily weighted towards lending than peers and as such the firm's trading and investment portfolio represents a lower proportion of total assets trading at 17% of total assets, relative to peers.

### Macquarie's capital position and capital management is a relative strength underpinning its credit profile

MGL's capital requirements are a combination of Basel III capital requirements for its banking operations contained within MBL and additional capital requirements in respect of its non-banking operations calculated on the basis of an economic capital adequacy model (reviewed by the Australian Prudential Regulation Authority). Please refer to MGL's credit opinion for details of the overall group's capital positioning.

As at 31 December 2021, MBL, MGL's banking subsidiary, reported a Common Equity Tier 1 (CET 1) ratio of 12.2%, calculated with APRA's capital methodology (Exhibit 6) and a self-reported "Harmonized" Basel III ratio of 15.4%. On an overall group basis, as at 31 December 2021, Macquarie had AUD 11.5 billion of capital buffers relative to APRA's requirements, assuming a minimum Tier 1 ratio of 8.5% of the banking group's risk-weighted assets.

Exhibit 5

**Common Equity Tier 1 ratio**

Source: Bank disclosures, Moody's Investors Service

**MBL's profitability has been relatively over a period of time**

MBL represents between 55% - 60% of the group's aggregate pre-tax profits, with significant profit contribution being driven from the group's other businesses, which is outside the regulated banking arm. The growth of the bank's loan book, particularly residential mortgage lending, is likely to have a number of impacts on the bank's reported profitability. We expect it will potentially lead to higher risk adjusted returns on capital and also provides earnings with positive leverage to an increasing interest rate environment. Given the growth in the bank's deposit franchise, this could lead to a widening interest spread and a higher net interest margin, leading to improvements and a strengthening of the bank's profit profile.

Trading revenues as a proportion of total revenues have been on the rise in the last few years from the deliberate growth in the bank's commodities business, which has become an important and growing part of its strategy. This has resulted in trading revenues increasing to around 43% in 2021 from around 26% in 2016. The increase in commodities related trading income is primarily driven by two aspects: client hedging activity (risk management products) and demand and supply imbalances within energy markets (inventory management and trading). Both these activities benefit during periods of price volatility; however, we expect risk management products to be a more stable given this is client driven flow activity. We expect inventory management will continue to be a more volatile source of earnings. This is because opportunities for increase in inventory management and trading will likely be driven by dislocation in the energy markets or heightened price volatility.

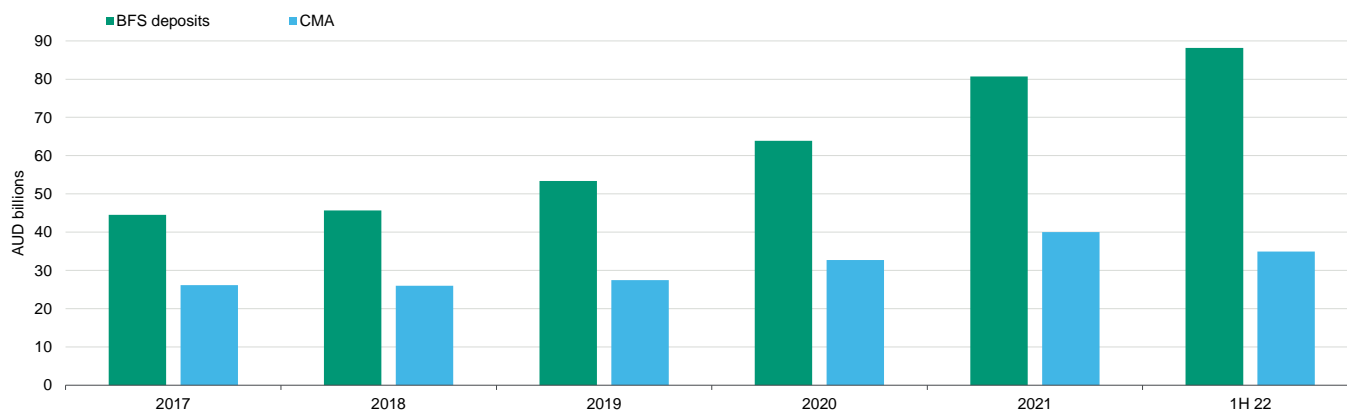
Macquarie's earnings profile is bolstered when considering the consolidated group, with high levels of profits being generated by the asset management business, and the more traditional investment banking business. Please see Macquarie Group Limited credit opinion for more.

**High levels of market funding, but strong deposit growth provides some counterbalance**

MBL has a high reliance on market funding, reflected by its market fund ratio of c.41% as at 1H 22 (30 September 2021), however, its reliance on market funding has reduced recent years. The bank's deposit strategy is focused on growing the deposit base, which represents a stable and reliable source of funding and reduces reliance on wholesale funding markets.

The growth in MBL's retail banking activities has enabled the bank to boost its share of the retail deposit market, going from a market share of 0.9% as at March 2013 to 2.4% by December 2021. Household deposit growth has been in line with growth in its mortgage book, but the bank has also benefited from the significant fiscal and monetary stimulus over the last two years which has led to elevated savings rate in Australia and surge in retail deposits across the banking system. Furthermore, the bank also benefits from the strong growth in its wealth management operations. This is an important source of deposit for the bank as its Cash Management Account is offered to wealth management clients and advisers on the platform and has also experienced strong growth at around 9% compounded annually over the last 5 years (Exhibit 6).

Exhibit 6

**Deposit growth has been very strong**

Note 1: CMA is Cash Management Account and BFS is Banking and Financial Services. Note 2: BFS deposits are those placed with Banking and Financial Services and include products such as the CMA, Transaction and Savings Account, Term Deposits and Relationship Banking deposits. Counterparties primarily consist of individuals, self-managed super funds, and small-medium enterprises.

Source: Macquarie group public financial disclosures

**Strong liquidity profile**

On a consolidated level, MGL's liquidity metrics remain strong. As at 30 September 2021, the group's cash and liquid asset portfolio stood at AUD 57.9 billion and at 31 December 2021, MBL's quarterly daily average Liquidity Coverage Ratios was 177%. MGL's standard liquidity policy is to ensure that at least twelve months' maturities can be met from internal sources. This is reflected in MBL's very high 'a1' Liquid Resources score.

The group's external wholesale funding is chiefly raised by MBL. The bank has also successfully grown its deposit base, up 9% in the half ending 30 September 2021. Factors we would view to support the stickiness of such deposits are the fact that they are transaction accounts with relatively small average balances, such that there would be a high degree of coverage by Australia's Financial Claims Scheme (a form of deposit insurance).

**MBL's rating is supported by Australia's strong operating environment**

Australia's [Strong+](#) Macro Profile reflects the country's very high degree of economic robustness, institutional and government financial strength, and low susceptibility to event risk. Australia's economy grew uninterrupted for 28 years before the pandemic, and unemployment remains low. Our baseline scenario projects the country's real GDP growth to be 3.3% in 2022.

The government's economic support package has provided financial assistance to companies and individuals, effectively mitigating the negative impact of reduced activity caused by the pandemic. Fiscal measures and partial government guarantees have provided credit to small and medium-sized enterprises, while wage subsidies and debt rescheduling efforts by banks have relieved the immediate pressure on borrowers and minimized a potential wave of bankruptcies.

Government wage subsidy payments and bank loan forbearance expired at the end of March 2021, which will highlight the underlying impact of the pandemic on residential mortgage quality and small business loans. Household debt is high, with household debt/annualized disposable income at 185% as of September 2021. However, employment growth, low interest rates, rebounding house prices and low LVRs on home loans, and small business loans that are typically secured by residential properties should provide buffers to asset quality.

Australian banks' very strong pricing power has historically been supported by the high level of concentration in the banking sector. While loan loss charges increased during the pandemic and loan volumes declined, rebounding economic conditions are once again supporting demand for credit. To date, banks have successfully preserved their NIMs as lower funding costs, assisted by low-cost funding facilities from the RBA, offset the impact of the low interest rate environment on interest income.

Australia's structural reliance on external financing remains a key vulnerability. However, Australian banks have been extending the term structure of their wholesale market funding for a number of years and pre-funding upcoming maturities well in advance. The

RBA's committed liquidity facility, combined with its bond purchases and term-repo operations, has boosted system-level liquidity. A temporary reciprocal swap line arrangement between the RBA and the US Federal Reserve has facilitated access to US dollar liquidity.

MBL's gross credit exposures are domiciled 65% in Australia, 17% in EMEA, 14% in Americas and 4% in Asia Pacific. These exposure lead to a weighted average Macro Profile of Strong+.

## ESG considerations

### Macquarie Bank Limited's ESG Credit Impact Score is Neutral-to-Low CIS-2

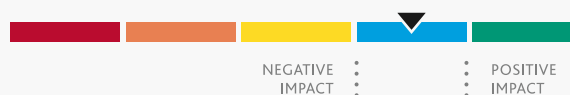
Exhibit 7

#### ESG Credit Impact Score

# CIS-2

## Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



Source: Moody's Investors Service

MBL's ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting the limited credit impact of environmental and social risk factors on the ratings to date, and low governance risks.

Exhibit 8

#### ESG Issuer Profile Scores

### ENVIRONMENTAL

## E-3

### Moderately Negative



### SOCIAL

## S-4

### Highly Negative



### GOVERNANCE

## G-2

### Neutral-to-Low



Source: Moody's Investors Service

## Environmental

MBL faces moderate exposure to environmental risks, in line with peers, primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In response, MBL has developed climate risk management and reporting frameworks by incorporating environmental considerations in its strategy and lending policies, including policies related to financing of coal-related businesses.

## Social

MBL faces high industrywide social risks from customer relations (regulatory risk, litigation exposure and high compliance standards), and the area of data security and customer privacy. While the Australian regulators' focus on mis-selling and misrepresentation have identified weaknesses in some policies and procedures, extensive remedial actions are well progressed at addressing these deficiencies. The bank also faces industrywide moderate social risks related to societal trends – in particular, digitalization --- and the extent to which such measures could hurt earnings.

## Governance

MBL faces low governance risks. The bank's risk management, policies and procedures are in line with industry's practices and are suitable for its risk appetite. While the bank has incurred significant charges for customer remediation and regulatory capital add-ons for operational risk, its track record on execution highlights the strength of the group's risk management and controls capabilities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Support and structural considerations

### Strong potential for government support

We judge the probability of systemic support for MBL in the event of stress to be high. This is based on MBL's significant position in the Australian financial market. Additionally, the regulator's own Probability And Impact Rating System - which measures the systemic impact of the failure of an individual institution - uses asset size as a major input. As one of Australia's larger banks, MBL scores well by this metric. It also plays a significant role in Australia's financial markets. Although the bank does not have a big presence in the retail deposit market, it has been growing consistently and its overall deposits are comparable in size to Australia's regional banks. In recognition of these factors, MBL's A2 senior ratings benefit from 2 notches of government support.

### MBL's relationship to the ratings of its operating subsidiaries

MBL's A2 rating is positioned one notch above the A3 rating of MGL. MBL dominates the group both in terms of assets and earnings. MGL's rating is positioned in line with Moody's usual notching practice for holding companies, which recognizes the structural subordination of MGL's creditors to those of its principal operating subsidiary.

Other than MBL, we assign the ratings to [Macquarie Financial Holdings Pty Limited](#) (MFHPL), an intermediate holding company for some of the group's non-bank's entities, excluding the asset management operations. Given the closely interlinked operations, MFHPL's issuer rating incorporates uplift for systemic support as a result of its close integration with the bank.

We continue to view the Macquarie businesses as closely intertwined, with a high degree of operational and financial linkages. However, should in the medium-to-long run the transfer serve to sharpen the boundaries between the group's bank and non-bank entities, it could lead to greater divergence of their credit profiles and rating outcomes.

### No rating uplift from parental support

MBL's ratings do not include any uplift from the potential for support from its parent, MGL because (i) MGL is rated lower as a result of being structurally subordinated to its operating subsidiaries, (ii) MGL's and MBL's performance are highly correlated as a result of their close operational integration and (iii) the group holds its liquidity resources at the operating company level.

In practice there is some potential for MGL to provide additional capital support to MBL -- but also for capital to flow the other way. MGL is the listed entity that would raise additional capital for the group if required. The regulator has also publicly indicated that so long as regulated entities -- such as both MBL and MGL -- individually meet minimum regulatory capital requirements, it is ambivalent where surplus capital is held within a group structure. Therefore, given that MBL operates at a relatively high level of capital, and in view of the close operational integration of MBL and the rest of the group, there is also a possibility that capital and dividends could flow from MBL up to MGL at certain times.

### Loss Given Failure analysis

There is currently no statutory bail-in in Australia. As a result, we do not consider Australia to have an operational resolution regime (as defined in our Banks rating methodology). We apply a basic Loss Given Failure approach in rating Australian banks' junior securities.

To determine whether Australia has an operational resolution regime, we take both the current resolution framework and Australian policymakers' public stance into account. Although Australia is a member of the Financial Stability Board, which has highlighted the lack of statutory bail-in as a gap compared with international standards, the authorities have so far adopted a more nuanced public stance on this issue.



In contrast to loss-absorbing capacity requirements in many other jurisdictions, the Australian Prudential Regulation Authority (APRA) has not proposed a new form of loss-absorbing instrument or a statutory bail-in framework. There are also no proposed legislative changes to impose explicit burden-sharing on bank creditors.

In 2021, APRA announced that Australia's largest banks, including MBL, would need to lift Total Capital by 4.5 percentage points of RWA by 1 January 2026, increasing loss absorbing capacity to support their orderly resolution. Banks will be able to meet this requirement with existing capital instruments, including Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments.

### Counterparty Risk (CR) Assessment

#### **MBL's CR Assessment is A1(cr)/Prime-1(cr)**

The CR Assessment is positioned one notch above the bank's Adjusted Baseline Credit Assessment (a reflection of its standalone credit profile, including intragroup support) and, therefore, above the Preliminary Rating Assessment of senior unsecured debt obligations. The assessment reflects our view that the probability of default of obligations represented by the CR Assessment is lower than that of senior unsecured debt. We believe that, in the event of resolution, the specific senior obligations of the bank represented by the CR Assessment will be more likely to be preserved to limit contagion, minimize losses and avoid disruption of critical functions.

For MBL, the CR Assessment also benefits from government support in line with Moody's 'High' support assumptions on long-term issuer ratings and senior unsecured debt. This reflects Moody's view that any support provided by governmental authorities to the bank which benefits senior unsecured debt is very likely to benefit operating activities and obligations reflected by the CR Assessment as well, consistent with Moody's belief that governments are likely to maintain such operations as a going concern in order to reduce contagion and preserve the bank's critical functions.

### Counterparty Risk Ratings (CRRs)

#### **MBL's CRRs are A1/Prime-1**

The long-term CRRs are positioned one notch above the bank's Adjusted Baseline Credit Assessment and do not benefit from any government support, in line with our support assumptions on senior unsecured debt.

### About Moody's bank scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 9

### Macquarie Bank Limited

Macro Factors							
Weighted Macro Profile		Strong +	100%				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	1.4%	aa3	↔	a3	Quality of assets	Non lending credit risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	13.8%	a2	↔	a2	Nominal leverage	Risk-weighted capitalisation	
Profitability							
Net Income / Tangible Assets	1.0%	a3	↔	a3	Return on assets		
Combined Solvency Score		a1		a3			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	36.8%	ba2	↔	ba1	Market funding quality	Term structure	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	38.8%	a1	↔	a1	Quality of liquid assets	Additional liquidity resources	
Combined Liquidity Score		baa2		baa1			
Financial Profile				a3			
Qualitative Adjustments				Adjustment			
Business Diversification				1			
Opacity and Complexity				-1			
Corporate Behavior				0			
Total Qualitative Adjustments				0			
Sovereign or Affiliate constraint				Aaa			
BCA Scorecard-indicated Outcome - Range				a2 - baa1			
Assigned BCA				baa1			
Affiliate Support notching				0			
Adjusted BCA				baa1			
Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating	
Counterparty Risk Rating	1	0	a3	2	A1	A1	
Counterparty Risk Assessment	1	0	a3 (cr)	2	A1(cr)		
Deposits	0	0	baa1	2	A2	A2	
Senior unsecured bank debt	0	0	baa1	2	A2	A2	
Dated subordinated bank debt	-1	-1	baa3	0	Baa3 (hyb)	Baa3 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

## Ratings

Exhibit 10

Category	Moody's Rating
<b>MACQUARIE BANK LIMITED</b>	
Outlook	Positive
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Issuer Rating	A2
Senior Unsecured	A2
Subordinate	Baa3 (hyb)
Commercial Paper	P-1
Other Short Term	(P)P-1
<b>ULT PARENT: MACQUARIE GROUP LIMITED</b>	
Outlook	Positive
Issuer Rating	A3
Senior Unsecured	A3
ST Issuer Rating	P-2
Other Short Term	(P)P-2
<b>MACQUARIE BANK LIMITED, LONDON BRANCH</b>	
Outlook	Positive
Counterparty Risk Rating	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A2
Pref. Stock Non-cumulative	Ba1 (hyb)
<b>MACQUARIE BANK LIMITED, SINGAPORE BRANCH</b>	
Counterparty Risk Rating	A1/P-1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured MTN	(P)A2
<b>MACQUARIE FINANCE LIMITED</b>	
BACKED Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)

Source: Moody's Investors Service

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