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Macquarie Bank Ltd.

Primary Credit Analyst:
Lisa Barrett, Melbourne + 61 3 9631 2081; lisa.barrett@spglobal.com

Secondary Contacts:
Nico N DeLange, Sydney + 61 2 9255 9887; nico.delange@spglobal.com
Sharad Jain, Melbourne + 61 3 9631 2077; sharad.jain@spglobal.com

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Macquarie Bank Ltd.

SACP	a-
Anchor	bbb+	
Business Position	Adequate	0
Capital and Earnings	Strong	+1
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

\+

Support	+2
ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	+2

\+

Additional Factors	0

Issuer Credit Rating

A+/Stable/A-1

Credit Highlights

Key strengths	Key risks
Well-diversified business across asset classes and geographies.	Capital market-facing businesses focused on volatile markets and products.
Strong capitalization.	More complex credit, market, and operational risks than traditional banks.
Likely to receive financial support from Australian government, if needed.	

We expect Macquarie Bank Ltd.'s (MBL) well-diversified business position across asset classes and geographies to continue supporting its earnings profile. The bank's robust capitalization will remain a strength to its credit profile. We expect credit losses to revert to pre-COVID levels, which were low, over the next two years.

In our view, MBL's risk-management capabilities and track record are very good. However, MBL's exposure to more volatile markets and products and thus the more complex nature of the bank's credit, market, and operational risks relative to local and international peers, offsets these strengths to an extent.

The ratings on MBL also benefit from our expectation that there is a moderately high likelihood of the Australian government providing timely financial support to MBL, if needed.

Outlook: Stable

The outlook on MBL is stable. We expect MBL's credit losses over the next two years to return to their pre-COVID levels. Consequently, we expect earnings to remain sound despite low interest rates. In our view, MBL will also maintain a strong risk-adjusted capital ratio (RAC) above 10% over the next two years. There is headroom in our rating on MBL to tolerate some weakening in the group credit profile. This is because we expect government support, if needed, to flow directly to MBL.

Upside scenario

We see very limited upside to our issuer credit ratings on MBL over the next two years.

Alternative scenario: We see a one-in-three possibility that Australian banks will face reduced industry risks over the next two years. We believe that the Australian banking system's funding profile has improved in the past 10 years on the back of growing customer deposits and falling offshore borrowings. In our opinion, the stronger systemwide funding metrics could be sustained despite a likely modest weakening over the next three years as the COVID-19-driven rise in customer deposits in 2020 unwinds and the Reserve Bank of Australia's (RBA) term funding matures.

If we form a view that industry risks facing Australian banks have reduced sustainably, all else being equal, we expect to:

- Revise MBL's stand-alone credit profit (SACP) by one notch to 'a' from 'a-'.
- Maintain our 'A+' long-term issuer credit rating on MBL, reducing the uplift in our issuer credit rating on MBL above the bank's SACP to one notch from two notches. This uplift reflects our assessment of the likelihood of extraordinary support from the Australian government.
- Raise by one notch our rating on each of the Tier-1 and Tier-2 regulatory capital instruments issued by MBL, in line with the revision in the bank's SACP.

Downside scenario

The ratings on MBL have substantial headroom because we have a stable outlook on Australia. We also expect the bank's RAC ratio to remain strong and comfortably above 10% over the next two years. As such, we see limited downside over this period.

Nevertheless, low interest rates, a limited supply of housing stock, and higher migration levels following the reopening of borders could result in a resurgence in house prices and household debt. This would exacerbate economic risks faced by banks in Australia and could exert some downside pressures on our assessment of economic risks in the country. Our ratings on MBL would also be at risk if we were to lower our ratings on Australia.

Key Metrics

Macquarie Bank Ltd.--Key Ratios And Forecasts

	--Fiscal year ended March 31--				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	9.7	17.1	7.2	5.4	4.4
Growth in customer loans	18.9	12.9	20.0	10.0	8.0

Macquarie Bank Ltd.--Key Ratios And Forecasts (cont.)					
	--Fiscal year ended March 31--				
(%)	2019a	2020a	2021f	2022f	2023f
Growth in total assets	33.5	(4.1)	11.9	7.5	6.5
Net interest income/average earning assets (NIM)	1.4	1.2	1.3	1.3	1.2
Cost to income ratio	63.7	61.6	59.8	59.0	58.8
Return on average common equity	11.8	12.0	15.4	13.0	12.8
Return on assets	0.7	0.8	1.0	0.8	0.8
New loan loss provisions/average customer loans	0.6	0.3	0.1	0.1	0.1
Gross nonperforming assets/customer loans	1.3	1.3	1.4	1.2	1.0
Net charge-offs/average customer loans	0.2	0.1	0.1	0.1	0.1
Risk-adjusted capital ratio	13.4	13.2	12.7	12.2	12.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: Resilient Economy, Conservative Regulations, And Risk Appetite Mitigate COVID-19 Challenges

The starting point for our ratings on MBL--similar to all banks operating predominantly in Australia--reflects our assessment of Australia's macro environment. This is because MBL still has about 60% of its total credit exposure in its home market of Australia, notwithstanding its diversification. Another 15% is in the U.K., 10% in the U.S., and the remainder broadly spread across a range of jurisdictions.

Australia benefits from being a wealthy, open, and resilient economy that has performed relatively well during and after economic and external shocks. In our base case, we do not expect the Australian economic recovery to be derailed by periodic and localized COVID-19 infections that have emerged--and may continue to emerge--after the country successfully contained the spread of the pandemic in 2020. The recovery follows the first recession in the country in almost 30 years, triggered by the COVID-19 outbreak and containment measures.

Property-price growth has resumed on the back of the economic recovery, and improved consumer and business sentiment. We believe economic growth, improving employment conditions, and low interest rates will continue to drive property-price appreciation over the next two years. That said, we expect the regulators to take timely action to mitigate risks to the stability of the financial system from a house-price resurgence and high household debt. We forecast credit losses over the next two years to revert to pre-COVID levels.

We consider Australia's prudential regulatory standards to be conservative. We also believe the country's banking industry structure supports stability; a small number of strong retail and commercial banks dominate the sector. Low interest rates will curtail bank earnings over the next two years.

Still, bank earnings should remain sufficient to absorb credit losses. Strong growth in customer deposits and substantial monetary support from the RBA since the COVID-19 outbreak have alleviated funding and liquidity risks for Australian banks. Over the past 10 years, an increase in deposits by domestic customers helped Australian banks progressively reduce their reliance on offshore borrowings. Nevertheless, Australian banks' material dependence on external borrowings exposes them to a disruption in access to funding as well as a rise in borrowing costs.

Business Position: Well-Diversified Across Asset Classes And Geographies

MBL's revenue streams are well-diversified across products and its product concentration in various sectors compares favorably with peers'. MBL is the registered bank in the Macquarie Group Ltd. (MGL; BBB+/Stable/A-2). The bank primarily houses the group's retail banking, asset finance, business banking, wealth management, risk management, and trading businesses.

MBL's business benefits from its strong market position and market share in its Australian home market. The bank has identified niches across personal banking, business banking, wealth management, vehicle finance, specialized asset finance, and commodities and financial markets business lines. Over more than 20 years, MBL has successfully fended off competition in most core business lines from foreign international financial institutions and investment banks.

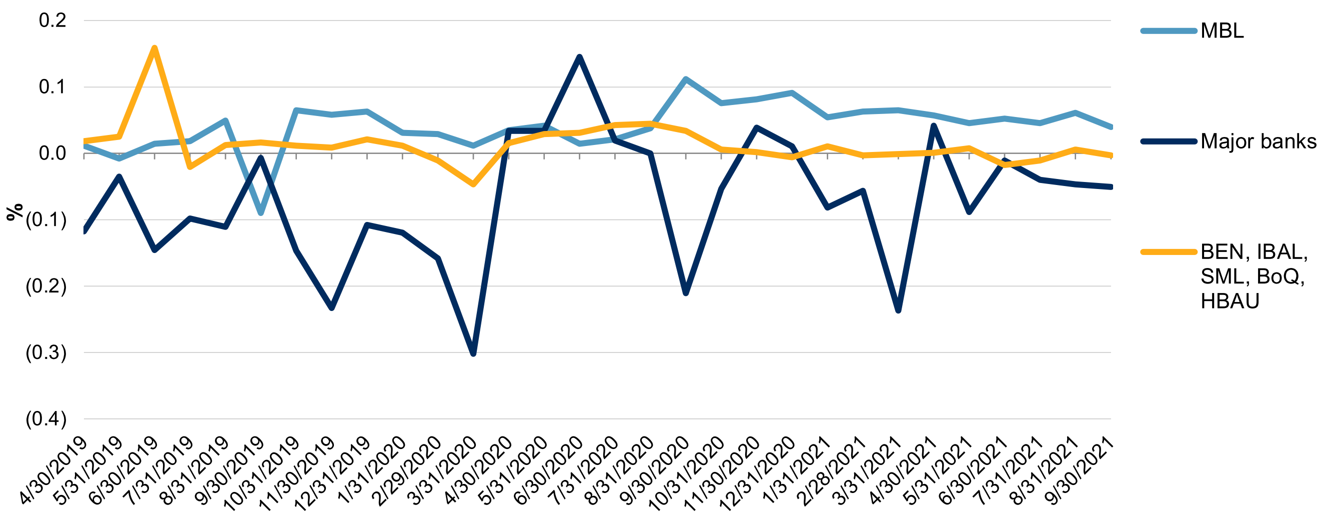
The bank's strategic focus on increasing income from repeatable stable income sources supports its business stability. In our opinion, MBL's targeted product mix diversifies the bank's earnings between market-facing operations and repeatable stable-income offerings to deliver solid returns in a range of market conditions.

MBL operates in some markets with higher complexity and volatility, which act as a counterbalance to our view of the bank's business stability. This particularly contrasts with the relatively vanilla retail and commercial banking activities of Australia's major banks. While MBL's business position is diverse relative to its size, by international standards, it is smaller than some highly-rated financial institutions with corporate, commodities, and financial markets business lines. The bank also has a smaller market position in domestic retail and commercial banking than Australia's four major banking groups.

MBL's investment and rebuilding of its technology stack has enabled it to grow above system levels. This includes its investment in a real-time core banking platform for loans and retail deposits. The bank's growth in residential mortgages and retail deposits has been significantly above system levels over the past year. The same applies to its growth in lower loan-to-value-ratio and owner-occupier mortgages, both of which we view as lower-risk. As a result, it has gained market share (see chart 1 below).

Chart 1

Macquarie Bank Ltd.'s Domestic Market-Share Gain Has Been The Strongest Among The Larger ADIs In Australia Over The Past 12 Months
Month on month movement in market share



ADIs--Authorized deposit-taking institutions. For Bendigo and Adelaide Bank Ltd. (BEN), ING Bank (Australia) Ltd. (IBAL), Suncorp-Metway Ltd. (SML), Bank of Queensland Ltd. (BoQ) and HSBC Bank Australia Ltd. (HBAU), the market share is calculated as the sum of loans of these ADIs divided by system ADI loan balance. Source: APRA Monthly ADI Statistics, S&P Global Ratings.

Capital And Earnings: Strong Level Of Capitalization To Continue

We forecast MBL's RAC ratio will remain strong at about 11%-12% over the next two years. As of March 31, 2021, the RAC ratio for the bank was 13.2%.

MBL's loan growth will remain well above our expectations for the broader Australian banking system over the next year. We believe the bank's net interest margin will remain under pressure with Australia's historically low interest rates and competitive lending environment, while credit losses and thus earnings will revert to pre-COVID levels over the next two years. Finally, we expect that MBL's dividend payout ratio will be toward the lower end of the group's targeted range of 50%-70%.

We expect management to take any actions required to maintain the RAC ratio above 10%. Actions could include lowering the dividend payout ratio; divesting stand-alone assets, businesses, and investments; or raising external capital.

MBL maintains its regulatory capital well above the Australian Prudential Regulation Authority's (APRA) minimum standards. As of Sept. 30, 2021, the bank's APRA Basel III Common Equity Tier 1 capital ratio was 11.7%, down from 12.6% six months earlier.

Risk Position: Strong Risk-Management Outcomes Despite Complex Business

MBL's risk profile reflects the group's strong risk-management capabilities and outcomes in the context of a wide and complex range of credit and noncredit risk exposure across various businesses and geographies. We believe the group's organizational structure is well- aligned with its operating activities. The group's streamlining of its operating activities has resulted in some moderation of its complexity. In our view, this supports management's ability to oversee and manage associated risks across different business lines. In addition, we are of the view that the group has sustained its good risk-management outcomes over time and that there are no signs of an increase in risk appetite. This is further supported by MBL's orientation of its earnings toward repeatable and sustainable income sources.

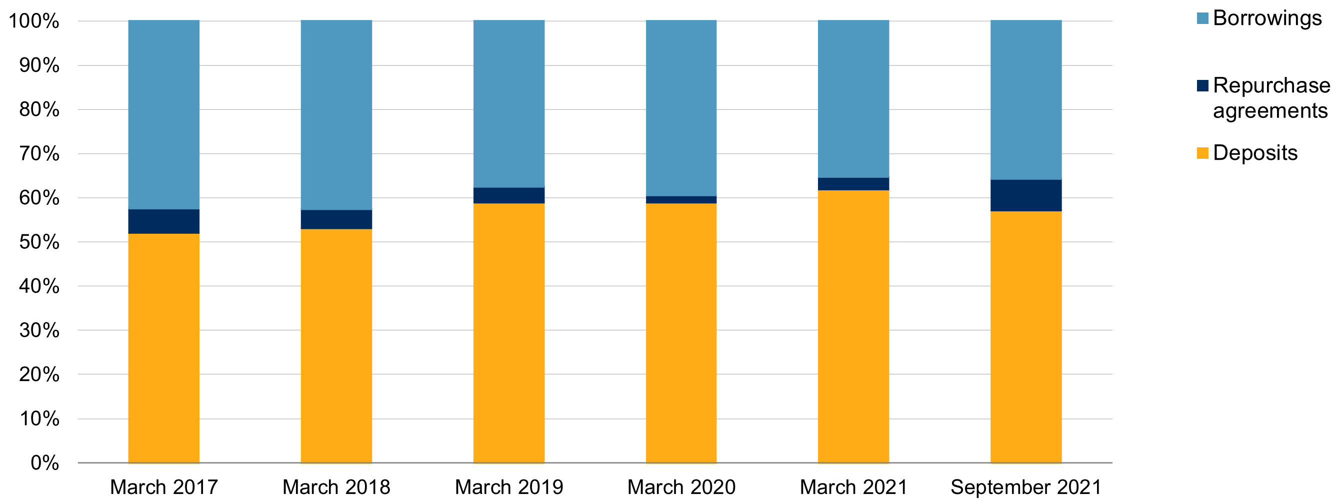
In line with the broader Macquarie group, MBL's risk management practices are commensurate with the somewhat unique and more complex nature of its business activities, compared with Australian major banks. MBL leverages the group's risk-appetite framework, which we view as well developed. We understand that MBL and the group delegate the ownership of risk at the business-unit level and focus on understanding the worst-case outcomes. Also, the risk-management team performs independent reviews, as needed. In addition, the activities of MBL are well-diversified in terms of geography and products.

Funding And Liquidity: Funding Profile Broadly Consistent With That Of The Australian Banking System

While we consider MBL to be partly reliant on wholesale funding, we do not consider the bank's funding profile to be materially different from that of the Australian banking system. MBL's funding metrics are broadly similar to the other large banks' in Australia, taking into account idiosyncratic features associated with MBL's business base compared with retail and commercial banks. We retain our view that Australia's major banks demonstrate some qualitative funding strengths compared with MBL and all other Australian financial institutions. These include superior deposit-gathering capabilities, branch coverage, and the inculcation of their brands in the Australian retail sector. That said, MBL's funding profile over the past years indicates a higher propensity toward deposits (see chart 1). MBL's net stable funding ratio was 122% as of Sept. 30, 2021, on par with that of the Australian major banks.

Chart 2

Macquarie Bank Ltd. Has Been Moving Toward More Deposits For Its Funding Over The Years.



Source: S&P Global Ratings.

In our view, the group adequately manages its funding risks, notwithstanding the structural funding weaknesses inherent to the Australian banking system. The group prepares a funding strategy on an annual basis and monitors progress against the strategy throughout the year. The funding strategy is reviewed by the asset and liability committee and approved by the board of the bank. We note that one of the aims of the funding strategy is to maintain the group's diversity of its current and projected funding sources.

MBL's liquidity is adequate, in our opinion, and we believe the bank can survive at least a six-month period of funding disruption. MBL had an average liquidity coverage ratio (LCR) of 179% as of the quarter ended Sept. 30, 2021. This was well above regulatory minimums and included MBL's APRA-approved Australian-dollar committed liquidity facility (CLF) allocation of A$9.7 billion from Aug. 1, 2021. With the end of the CLF effective Jan. 1, 2023, we expect MBL's LCR to fall but remain substantially above regulatory minimums. As of Sept. 30, 2021, MBL's broad liquid assets to short-term wholesale funding ratio was 1.6x, generally in line with the Australian major banks' 1.5x.

We believe MBL has good liquidity-management capabilities. Scenario analysis is central to the bank's liquidity management framework. The group models several liquidity scenarios covering both market-wide and name-specific crises. MGL's liquidity policy stipulates that both the bank and the group should be able to meet all obligations daily and during a period of stress of 12 months with constrained or no access to funding markets.

Support: Expected Timely Financial Support From The Australian Government Enhances Creditworthiness

Our issuer credit rating on MBL is two notches higher than the bank's SACP. We believe that the bank is moderately likely to receive timely financial support from the Australian government, if needed. This reflects our view that MBL is of moderate systemic importance to the Australian economy and financial system.

MBL has a somewhat unique role in Australia as the only Australian bank with some specialized commercial and investment banking business lines that we consider important to Australia's economic prosperity. Furthermore, in our view, there would likely be fewer market-based workout solutions for MBL's rescue in the unlikely event of a failure, than for the four major banks. MBL is highly interconnected with Australia's financial sector infrastructure, including as a major counterparty to other Australian institutions in derivatives markets. In addition, the Australian government remains highly supportive of private-sector banks in the country.

Our ratings on MBL are insulated from the MGL group credit profile. This is because we expect government support, if needed, to flow directly to MBL.

Additional Rating Factors

None.

Environmental, Social, And Governance (ESG) Factors

Consistent with the wider Macquarie group, ESG credit factors for MBL are broadly in line with those for its industry and domestic peers. In our view, MBL's risk management and governance frameworks are commensurate with the unique and complex nature, and broad range of, the group's businesses.

MBL's and the group's governance framework is sound, in our assessment. We believe Australian policymakers have increasingly called for greater penalties for lapses in governance, at least partly on the basis that these profitable banks must meet community expectations. We note that in the most recent inquiries by the Australian authorities, no significant adverse conduct issues have emerged that affected MBL's and the group's brand or reputation.

We consider that recent measures by MBL and all Australian banks could help the banks regain the social franchise that they lost over the past three years amid scrutiny and criticism by the Australian authorities and community. The measures included moratoriums offered on loan repayments to customers suffering from hardship due to COVID-19 and containment measures. Although some of the measures may have marginally hurt the Australian banks' earnings, we consider that the social benefits outweigh the potential costs.

We see environmental factors as less relevant (than social and governance factors) to the creditworthiness of the group. Still, we believe MBL is indirectly exposed to environmental factors because the bank operates predominantly in an economy where the commodities sector is significant. Evolution of domestic and global environment standards and legislations and changing customer preferences leading to a transition toward less carbon-intensive forms of energy could weaken the broader economy and consequently, the bank's lending portfolio.

Group Structure, Rated Subsidiaries, And Hybrids

We believe that Australia's legal and regulatory framework could allow the authorities to instigate the restructuring of a failing bank to the detriment of nondeferrable subordinated debt. Therefore, the issue ratings on MBL's non-Basel III nondeferrable subordinated debt are 'BBB+', or one notch below MBL's SACP. The issue ratings on MBL's Basel III nondeferrable subordinated debt are 'BBB', or two notches below MBL's SACP. For the Basel III instruments, we apply a one-notch additional deduction to reflect the contingency clause that requires mandatory conversion into common equity on the activation of a nonviability trigger.

The issue ratings on MBL's Basel III-complaint hybrid capital instruments (Macquarie Additional Capital Securities) are four notches below the SACP. We apply a one-notch additional deduction to reflect the contingency clause that requires mandatory conversion into common equity on the activation of a nonviability trigger.

Key Statistics

Table 1

Macquarie Bank Ltd.--Key Figures

	--Year ended March 31--				
(Mil. A$)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	305,984.0	216,690.0	225,643.0	168,863.0	172,356.0
Customer loans (gross)	110,252.0	99,768.0	88,407.0	74,331.0	80,806.0
Adjusted common equity	15,493.0	13,640.0	13,316.0	10,313.0	11,244.0
Operating revenues	3,801.0	6,770.0	5,782.0	5,269.0	5,421.0
Noninterest expenses	2,532.0	4,172.0	3,681.0	3,636.0	3,370.0
Core earnings	896.8	1,691.4	1,172.4	1,264.3	1,492.5

*Data as of Sept. 30.

Table 2

Macquarie Bank Ltd.--Business Position

	--Year ended March 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (currency in mil.)	4,256.0	6,779.0	6,205.0	6,235.0	5,589.0
Commercial banking/total revenues from business line	41.1	41.0	42.2	36.9	31.3
Commercial and retail banking/total revenues from business line	41.1	41.0	42.2	36.9	31.3
Trading and sales income/total revenues from business line	58.6	59.3	55.3	39.9	30.6
Corporate finance/total revenues from business line	N/A	N/A	N/A	9.6	27.6
Asset management/total revenues from business line	N/A	N/A	N/A	N/A	3.1
Other revenues/total revenues from business line	0.3	(0.4)	2.5	13.7	7.4
Investment banking/total revenues from business line	58.6	59.3	55.3	49.4	58.2
Return on average common equity	16.5	12.0	11.8	17.3	12.6

*Data as of Sept. 30. N/A--Not applicable.

Table 3

Macquarie Bank Ltd.--Capital And Earnings					
	--Year ended March 31--				
(%)	2021*	2020	2019	2018	2017
Tier 1 capital ratio	13.7	14.3	13.6	13.5	12.8
S&P Global Ratings' RAC ratio before diversification	N/A	N/A	N/A	12.2	N/A
S&P Global Ratings' RAC ratio after diversification	N/A	N/A	N/A	11.7	N/A
Adjusted common equity/total adjusted capital	86.9	88.9	91.0	86.4	87.6
Double leverage	N.M.	53.7	51.7	56.6	64.8
Net interest income/operating revenues	32.0	30.9	35.3	37.5	37.2
Fee income/operating revenues	17.0	11.8	10.2	8.6	5.0
Market-sensitive income/operating revenues	45.7	50.3	45.3	48.2	36.2
Cost to income ratio	66.6	61.6	63.7	69.0	62.2
Preprovision operating income/average assets	1.0	1.2	1.1	1.0	1.2
Core earnings/average managed assets	0.7	0.8	0.6	0.7	0.9

*Data as of Sept. 30. N/A--Not applicable. N.M.--Not meaningful. RAC--Risk-adjusted capital.

Table 4

Macquarie Bank Ltd.--Risk-Adjusted Capital Framework Data					
(Mil. A$)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government and central banks	15,859.0	1,199.0	8.0	198.0	1.0
Of which regional governments and local authorities	1,589.0	0.0	0.0	59.0	4.0
Institutions and central counterparties	28,996.0	2,159.0	7.0	6,604.0	23.0
Corporate	43,388.0	37,012.0	85.0	36,547.0	84.0
Retail	94,208.0	30,117.0	32.0	32,619.0	35.0
Of which mortgage	81,529.0	22,151.0	27.0	23,914.0	29.0
Securitization§	2,956.0	759.0	26.0	1,985.0	67.0
Other assets†	2,233.0	2,412.0	108.0	4,532.0	203.0
Total credit risk	187,640.0	73,658.0	39.0	82,484.0	44.0
Credit valuation adjustment					
Total credit valuation adjustment	--	2,073.0	--	2,694.0	--
Market risk					
Equity in the banking book	329.0	0.0	0.0	2,618.0	796.0
Trading book market risk	--	5,660.0	--	8,038.0	--
Total market risk	--	5,660.0	--	10,656.0	--
Operational risk					
Total operational risk	--	10,337.0	--	20,207.0	--

Table 4

Macquarie Bank Ltd.--Risk-Adjusted Capital Framework Data (cont.)

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification	--	94,000.0	--	116,040.0	100.0
Total diversification/ Concentration adjustments	--	--	--	1,875.0	2.0
RWA after diversification	--	94,000.0	--	117,916.0	102.0
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		13,468.0	14.3	15,336.0	13.2
Capital ratio after adjustments‡		13,468.0	14.3	15,336.0	13.0

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of March 31, 2021, S&P Global Ratings.

Table 5

Macquarie Bank Ltd.--Risk Position

	--Year ended March 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	21.0	12.9	18.9	(8.0)	5.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	N/A	N/A	4.0	(0.2)
Total managed assets/adjusted common equity (x)	19.8	15.9	17.0	16.4	15.4
New loan loss provisions/average customer loans	0.2	0.3	0.6	0.2	0.0
Net charge-offs/average customer loans	0.1	0.1	0.2	0.1	0.5
Gross nonperforming assets/customer loans + other real estate owned	1.1	1.3	1.3	1.9	1.2
Loan loss reserves/gross nonperforming assets	62.6	58.2	58.5	37.1	37.6

*Data as of Sept. 30. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

Macquarie Bank Ltd.--Funding And Liquidity

	--Year ended March 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	56.0	60.3	56.8	57.7	48.0
Customer loans (net)/customer deposits	102.1	102.6	108.1	107.2	135.5
Long-term funding ratio	78.0	81.4	83.8	76.7	75.5
Stable funding ratio	105.2	108.4	112.0	96.5	94.7
Short-term wholesale funding/funding base	24.1	20.4	17.9	25.7	27.3
Broad liquid assets/short-term wholesale funding (x)	1.6	2.0	2.5	1.7	1.5
Net broad liquid assets/short-term customer deposits	29.6	38.3	55.8	35.7	27.6
Short-term wholesale funding/total wholesale funding	53.2	50.2	40.5	58.9	51.2

*Data as of Sept. 30.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019.
- General Criteria: Group Rating Methodology, July 1, 2019.
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019.
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017.
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017.
- General Criteria: Guarantee Criteria, Oct. 21, 2016.
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014.
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 20, 2013.
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013.
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013.
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012.
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011.
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011.
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011.

Related Research

- Major Australian Banks and Macquarie Bank Outlooks Revised to Stable On Sovereign Outlook Change; Ratings Affirmed, June 7, 2021.
- Banking Industry Country Risk Assessment: Australia, April 27, 2021.

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	**bbb+**	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of December 8, 2021)*

Macquarie Bank Ltd.	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
Foreign Currency	A+/A-1
Junior Subordinated	BB+
Preference Stock	BBB-
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	BBB
Subordinated	BBB+
Issuer Credit Ratings History	
07-Jun-2021	A+/Stable/A-1
07-Apr-2020	A+/Negative/A-1
11-Dec-2019	A+/Stable/A-1
09-Jul-2019	A/Positive/A-1
10-Dec-2018	A/Developing/A-1
Sovereign Rating	
Australia	AAA/Stable/A-1+
Related Entities	
Macquarie Bank Europe DAC	
Issuer Credit Rating	A+/Stable/A-1
Macquarie Bank Ltd. (London Branch)	
Senior Unsecured	A+
Macquarie Finance Ltd.	
Junior Subordinated	BBB-
Macquarie Financial Holdings Pty Ltd	
Issuer Credit Rating	BBB+/Stable/A-2

Ratings Detail (As Of December 8, 2021)*(cont.)	
Macquarie Group Ltd.	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
Short-Term Debt	A-2
Subordinated	BBB
Macquarie International Finance Ltd.	
Issuer Credit Rating	A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.