



MACQUARIE

Macquarie Group Limited

Macquarie Bank Limited Covered Bond Programme

June 2020

This presentation contains summary information based upon the current Macquarie Bank Limited Covered Bond Base Prospectus. Please read the Disclaimer on Page 2.

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Unless otherwise specified all information is as at 31 March 2020. All amounts are in Australian dollars unless otherwise indicated.

Certain financial information in this presentation is prepared on a different basis to the Macquarie Group Limited Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

This presentation provides further detail in relation to key elements of Macquarie Group Limited's financial performance and financial position. It also provides an analysis of the funding profile of the Group because maintaining the structural integrity of the Group's balance sheet requires active management of both asset and liability portfolios. Active management of the funded balance sheet enables the Group to strengthen its liquidity and funding position.

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Any additional financial information in this presentation which is not included in the Macquarie Group Limited Financial Report was not subject to independent audit or review by PricewaterhouseCoopers. Numbers are subject to rounding and may not fully reconcile.

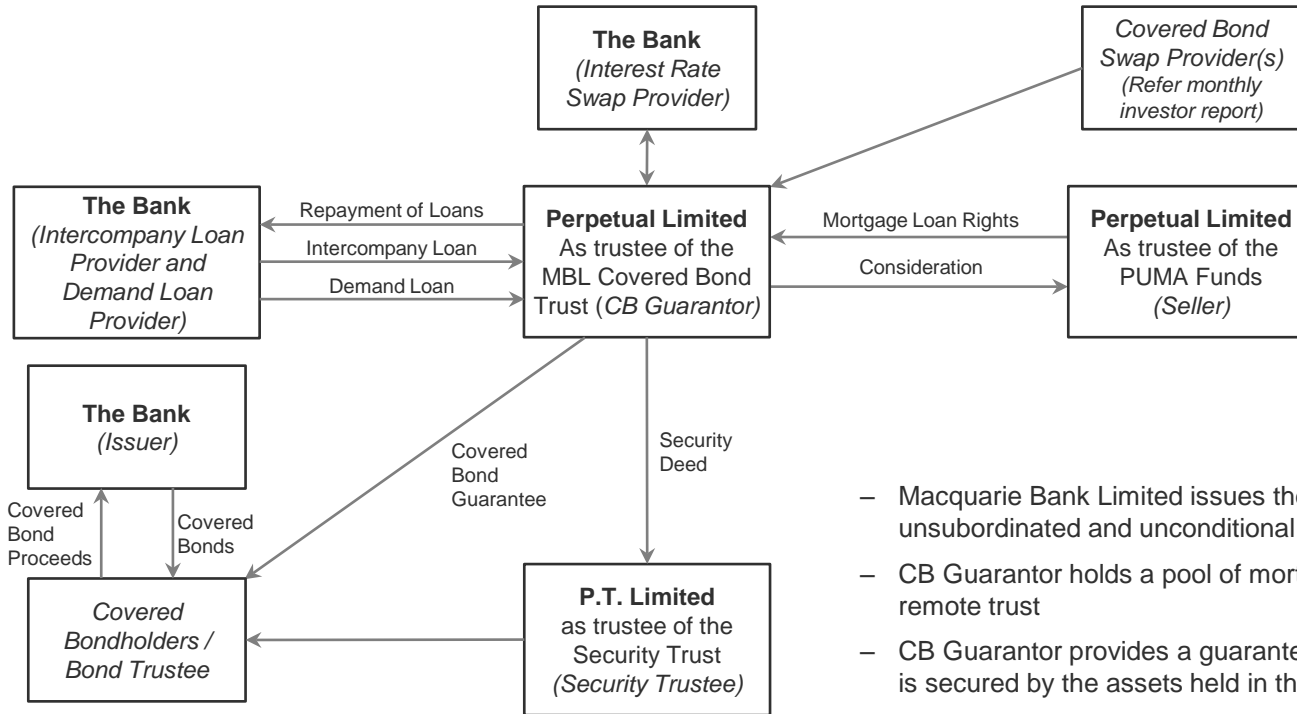
Macquarie Covered Bond Programme Overview



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Issuer	Macquarie Bank Limited
Issuer Rating (S&P / Moody's / Fitch)	A+ / A2 / A
Programme Size	\$A5 billion
Expected Rating (Moody's / Fitch)	Aaa / AAA
Covered Bond Guarantor	Perpetual Limited as trustee of the MBL Covered Bond Trust
Covered Bond Guarantee	Guarantees payments of interest and principal following Issuer/CBG Event of Default (EOD), secured by the cover pool
Cover Pool	Australian first ranking residential mortgages, Substitution Assets and Authorised Investments
Cover Pool Monitor	PricewaterhouseCoopers
Over-collateralisation (OC)	Asset Percentage: Refer to Monthly Investor Report for contractual asset percentage, programme maximum of 95% (OC: 5.3%) Monthly Asset Coverage Test (ACT) Legislative minimum OC requirement of 103%
LVR Cap	For the purpose of the legislative test, loans are capped at 80% LVR
Governing Law	Asset and security documentation – NSW, Australia Regulation S Programme Agreement – English Bond documentation for European issuance – English
Listing	London Stock Exchange

Programme Structure



- Macquarie Bank Limited issues the covered bonds as direct, unsecured unsubordinated and unconditional obligations
- CB Guarantor holds a pool of mortgage loans (cover pool) in a bankruptcy remote trust
- CB Guarantor provides a guarantee to Covered Bondholders. This guarantee is secured by the assets held in the cover pool
- CB Guarantor is obliged to only pay Guaranteed Amounts after an Issuer EOD or, if earlier, a CB Guarantor EOD

MBL Cover Pool



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MBL Cover Pool Eligibility Criteria

At the time of sale under the Mortgage Sale Agreement, each loan will be:

- a loan where the stated term to maturity does not exceed 30 years and one month
- a loan which was advanced in, and is repayable, in Australian Dollars
- a loan with a current principal balance equal to or less than \$A2,500,000
- a loan where no payment due is in arrears by more than 30 days
- secured by a mortgage that constitutes a first mortgage over freehold land in Australia or over leasehold land in Australia, with a lease term of at least 10 years longer than the term of the loan, in either case where zoning and use of the property is for residential purposes

MBL Cover Pool

Please refer to current Monthly Investor Report for additional cover pool information.

Structural Enhancements



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Asset Coverage Test	The Asset Coverage Test (ACT) is performed monthly by the Trust Manager to ensure the Adjusted Aggregate Mortgage Loan Amount is at least equal to the \$A equivalent of all outstanding covered bonds.
Amortisation Test	The Amortisation Test (AMT) is performed monthly by the Trust Manager following the service of a Notice to Pay to ensure that the Amortisation Test Aggregate Mortgage Loan Amount is at least equal to the \$A equivalent of all outstanding covered bonds.
House Price Indexation	Under the ACT & AMT, the nominal value of assets in the collateral pool will be adjusted to reflect changes in house prices using the quarterly Australian Bureau of Statistics (ABS) Price Index for Established Houses (determined on the basis of a Weighted Average of the Eight Capital Cities). Information can be obtained from the ABS website (www.abs.gov.au)
Reserve Fund	A Reserve Fund to prefund three months covered bond interest and fees due & payable.
Interest Rate Swap	The Interest Rate Swap will convert mortgage loan receipts (and other asset cash flows) to a floating rate of interest based on the Bank Bill Swap Rate. MBL is the initial Interest Rate Swap provider.
Covered Bond Swap(s)	The Covered Bond Swap will, where necessary, convert receipts from the Interest Rate Swap into the required foreign currency and interest rate cash flows to match payments on the covered bonds. A third party bank is expected to provide the Covered Bond Swap.
Pre-maturity Reserve	To prefund hard bullet maturities. MBL does not expect to issue hard bullet maturity CBs.

Structural Enhancements – Ratings Triggers



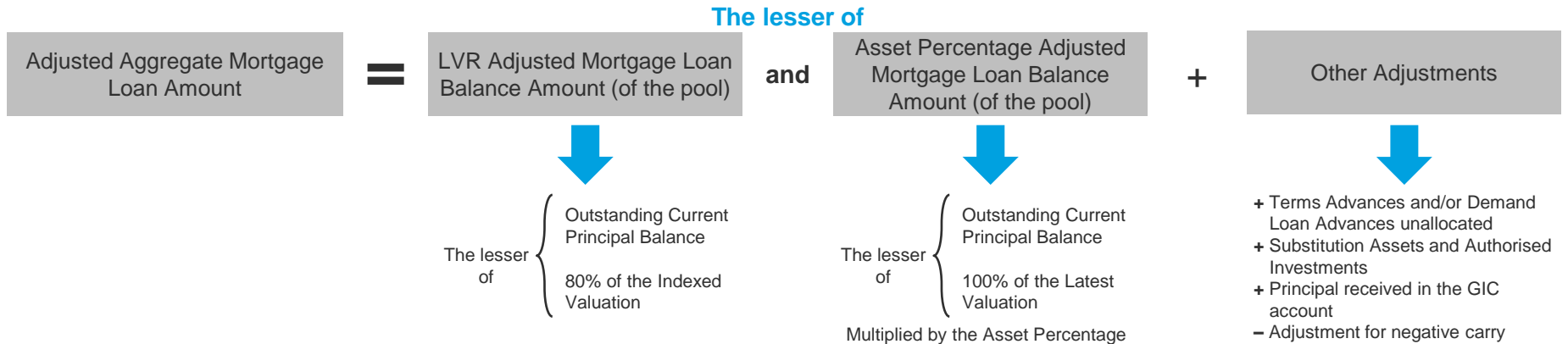
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	Fitch	Moody's
Covered Bond Rating	Covered Bond may lose its AAA rating if Macquarie Bank's rating falls to BBB+	Covered Bond may lose its Aaa rating if Macquarie Bank's counterparty rating falls below A3(cr)
Swap Provider (Interest Rate Swap or Covered Bond Swap)	<p>Rating falls below F1/A Swap must be cash collateralised (one-way CSA) within 14 calendar days of a ratings trigger event</p> <p>Rating falls below F2/BBB+ Swap provider must take additional measures (may include to replace itself, obtain guarantee on swap)</p>	<p>Counterparty rating falls below P1/A2 Swap must be cash collateralised (one-way CSA) within 30 calendar days of a ratings trigger event</p> <p>Counterparty rating falls below P2/A3 Swap provider must take additional measures (may include to replace itself, obtain guarantee on swap)</p>
GIC Account	<p>Rating falls below F1/A Covered Bond Guarantor must transfer the trust bank account from MBL to a third party</p>	<p>Counterparty rating falls below P1 Covered Bond Guarantor must transfer the trust bank account from MBL to a third party</p>
Servicer	<p>Rating falls below F1/A Macquarie will be required to transfer all collections to the GIC Account within 2 local business days</p> <p>Rating falls below BBB- Use reasonable endeavours to put in place a standby servicing arrangement Required to notify borrowers to direct repayments directly to the CBG</p>	<p>Counterparty rating falls below P1 Macquarie will be required to transfer all collections to the GIC Account within 2 local business days</p> <p>Rating falls below Baa3 Use reasonable endeavours to put in place a standby servicing arrangement Required to notify borrowers to direct repayments directly to the CBG</p>

Asset Coverage Test (ACT)

The Trust Manager must ensure the ACT is satisfied on each monthly Determination Date. The Cover Pool Monitor reviews the ACT calculations every six months¹.

Asset Coverage Test is satisfied where the Adjusted Aggregate Mortgage Loan Amount is greater than or equal to \$Ae Covered Bonds



- No value is given to mortgages which are more than 90 days in arrears
- Reference index for indexation is the ABS Price Index for Established Houses
- Indexation is applied via the following method:
 - 85% of any increase in value
 - 100% of any decrease in value

- Asset Percentage is the lower of 95%, percentage notified by Fitch and/or Moody's, or percentage determined by Trust Manager



Failure to satisfy the Asset Coverage Test

The table below summarises the consequences of an Asset Coverage Test failure

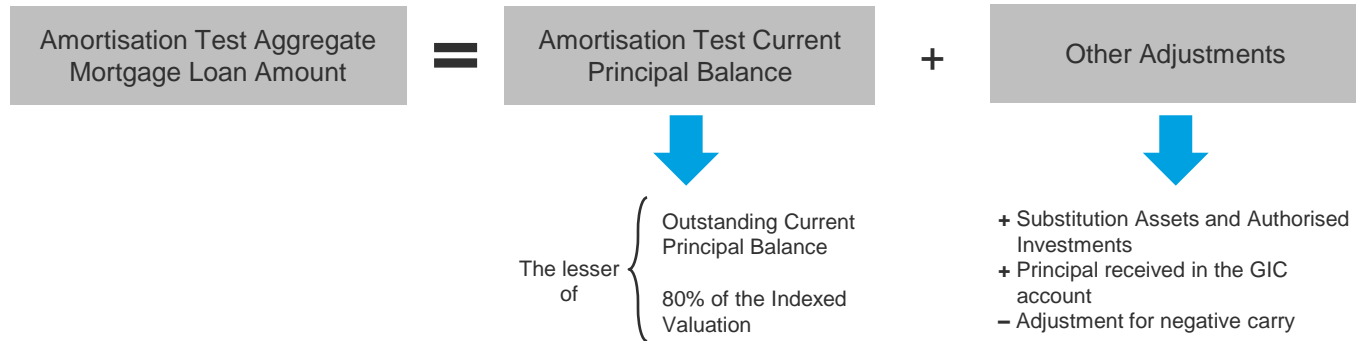
	First Determination Date (Month 0)	Second Determination Date (Month 1)	Third Determination Date (Month 2)
Event	ACT not satisfied	ACT still not satisfied	Issuer EOD (ACT still not satisfied and ACT Breach Notice not revoked by Bond Trustee)
Notification by Trust Manager	Must immediately notify amongst others the CBG, the Issuer, the Security Trustee and Bond Trustee of the event		
Actions	<ul style="list-style-type: none">Trust Manager takes action to satisfy the ACT by the next Determination Date	<ul style="list-style-type: none">Bond Trustee must serve an ACT Breach Notice on the CBGPayments under Demand and Intercompany loans stopNo further covered bonds can be issuedCover pool assets may be sold to satisfy ACT	<ul style="list-style-type: none">Bond Trustee entitled (and may also be required) to serve an Issuer Acceleration Notice (all CBs immediately due and payable by Issuer)Notice to Pay served on CBG<ul style="list-style-type: none">Guarantee priority of payments applies (CBG pays interest and principal on CBs when due)Substitution assets liquidatedCover pool assets may be sold if requiredAmortisation Test activates (ACT deactivates)

Note: This is only a summary. Please see the Macquarie Bank Limited Covered Bond Base Prospectus for a complete description.

Amortisation Test

The Amortisation Test is intended to ensure that the assets held by the CBG do not fall below a certain threshold sufficient to meet the obligations under the Covered Bond Guarantee. If not satisfied, this effectively triggers a CBG EOD and the post enforcement waterfall

Amortisation Test is satisfied when the Amortisation Test Aggregate Mortgage Loan Amount is greater than or equal to \$Ae Covered Bonds



- No value is given to mortgages which are more than 90 days in arrears
- Reference index for indexation is the ABS Price Index for Established Houses
- Indexation is applied via the following method:
 - 85% of any increase in value
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