

# Liquidity Coverage Ratio Disclosure – LCR Restatement July 17 to March 19

## Liquidity Coverage Ratio (LCR) disclosure

### APS 330

The LCR requires sufficient levels of unencumbered, high-quality liquid assets (HQLA) to be held to meet expected net cash outflows (NCOs) under a regulator-defined stress scenario lasting 30 calendar days.

MBL notes APRA's announcement on 24 July 2019, which relates to intra-group funding provided to MBL by 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 funding and have been included in the calculation of MBL's Liquidity Coverage Ratio ("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 has 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 there will be no impact on MBL's LCR calculation going forward.

"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 3 months to 30 September 2017	For the 3 months to 31 December 2017	For the 3 months to 31 March 2018	For the 3 months to 30 June 2018	For the 3 months to 30 September 2018	For the 3 months to 31 December 2018	For the 3 months to 31 March 2019
LCR <i>reported</i> (%)	153	153	162	155	159	163	154
LCR <i>restated</i> (%)	126	113	100	88	87	91	105
LCR <i>pro forma</i> (%)	153	153	162	155	159	163	154
# of daily observations	64	61	62	62	65	63	61

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