

## **CHAIRMAN'S ADDRESS**

### **MACQUARIE BANK LIMITED ANNUAL GENERAL MEETING**

**24 JULY 2014**

**LEVEL3 AUDITORIUM, 1 MARTIN PLACE, SYDNEY**

### **CHECK AGAINST DELIVERY**

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Good afternoon ladies and gentlemen and welcome to Macquarie Bank's 2014 Annual General Meeting.

I'm Kevin McCann, Chairman of the Bank's Board.

The Company Secretary has confirmed that a quorum is present, so I formally declare the meeting open.

With me today are Dennis Leong, the Company Secretary, Mary Reemst, the Bank's Managing Director and Chief Executive Officer, and next to her Patrick Upfold, our Chief Financial Officer.

Macquarie Bank is part of the Macquarie Group. I note that Macquarie Income Security holders were also invited to the Macquarie Group AGM which was held earlier today. My address and the presentation from the Group AGM were lodged with the ASX this morning and are available on the Macquarie website, along with a webcast of the meeting.

The Bank's operating results were broadly covered at the Macquarie Group AGM held earlier today. I will therefore make only a brief comment on the Macquarie Bank result for the year ended 31 March 2014 before we move to the formal business, at which time Patrick Upfold will be available to answer questions regarding the management of Macquarie Bank.

Recording devices, photographic equipment and mobile phones may not be used during this meeting.

As reported in May, the Bank's net operating income for the year to 31 March 2014 was \$A5.5 billion, an increase of 19 per cent on the previous year.

Profit after tax attributable to MBL equity holders was \$A752 million, which was an increase of 16 per cent on the previous year.

Throughout the year, the consolidated entity's liquidity risk management framework operated effectively ensuring funding requirements were met and sufficient liquidity was maintained. The consolidated entity remains well capitalised and at 30 June 2014 had an APRA Basel III common equity tier 1 capital ratio of 9.5 per cent.

Further details on the Bank's result and a review of the Bank's operations are available in Macquarie Bank's 2014 Annual Report.

Before moving on the formal business of the meeting, I will touch on other key Board and management matters.

As we announced last month, Helen Nugent and Peter Kirby will retire today as Directors of Macquarie Group and Macquarie Bank. Catherine Livingstone and John Niland have also retired as Directors during the year.

Helen has been a Board member for 15 years and Chairman of the Board Remuneration Committee since its inception in 2001.

Her banking and strategic expertise has been invaluable to the Board, while her deep knowledge, both of Macquarie and remuneration best practice, has helped shape the policies and structures that have been integral to Macquarie's success.

The Board has greatly appreciated Helen's extraordinary efforts and diligence in communicating Macquarie's remuneration philosophy and design to our shareholders and corporate governance advisers

Peter has been a Board member for 11 years. We have valued his expertise in international and Australian business, industry and management and particularly his input on operational and workplace matters.

We have greatly appreciated the counsel, insights and expertise they have brought to the Board's deliberations over an extended period.

They have always fulfilled their responsibilities as Directors with great dedication and diligence and in the best interests of Macquarie's shareholders.

We have particularly valued their constructive ideas and their collegiality.

We will miss them both. However, we know that Helen will remain busy in corporate and community activities, especially as Chairman of Veda, and Peter in his role as Chairman of Dulux.

Three new Directors joined the Macquarie Group and Macquarie Bank Boards during the year.

Professor Gary Banks, Patricia Cross and Nicola Wakefield Evans bring valuable skills to the Board.

Gary Banks was appointed to the MGL and MBL Boards on 1 August 2013. Gary was Chairman of the Productivity Commission from its inception in 1998 until 2012. He is currently Dean and CEO of the Australia and New Zealand School of Government.

Patricia Cross was appointed to the MGL and MBL Boards on 7 August 2013. Patricia has extensive experience in international capital markets and risk management. She is currently a director of Aviva plc and Chairman of the Commonwealth Superannuation Corporation.

Nicola Wakefield Evans was appointed to the MGL and MBL Boards on 7 February 2014. Nicola has 20 years experience as a corporate finance partner of King & Wood Mallesons and more than 29 years legal experience. She is currently a director of Lend Lease, Toll and BUPA.

In key management changes, earlier this month Mary Reemst became Managing Director and CEO of Macquarie Bank, having served as Macquarie's Head of Credit within the Risk Management Group for 11 years.

Mary replaced Greg Ward, who remains as Deputy Managing Director of Macquarie Group and Head of the Banking and Financial Services Group. The Board thanks Greg for his strong commitment and efforts as Managing Director and CEO of the Bank.

Mary has also joined Macquarie's Executive Committee, along with Chief Financial Officer Patrick Upfold, and Ben Brazil, who is the Co-Head of Corporate and Asset Finance.

I will now turn to the formal business of the meeting.