



This document has been prepared by Macquarie Bank Limited ACN 008 583 542 ("MBL") in relation to its proposed offer of mandatorily convertible notes ("BCN") as described in this document. A Prospectus ¹ in respect of BCN was lodged with ASIC on 15 September 2014. The initial Prospectus does not contain the Margin. A Replacement Prospectus containing this information will be lodged with ASIC once the Margin is determined (expected to be on or about 23 September 2014). The Prospectus is only available within Australia. The initial Prospectus can be obtained electronically from www.MacquarieBCNOffer.com.au or a paper copy can be requested by contacting the BCN Offer Information Line on 1300 634 564 (within Australia) or on +61 3 9415 4230 (International), Monday to Friday – 8.30am to 5.30pm (Sydney time). Applications under the General Offer and Securityholder Offer can only be made online at www.MacquarieBCNOffer.com.au. Please call your broker for information on how to apply under the Broker Firm Offer.

This document is not a prospectus or other disclosure document under Australian law and does not constitute an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. The Offer of BCN will be made in, or accompanied by a copy of the Prospectus and anyone who wants to invest in BCN will need to complete the Application Form. The information provided in this document is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Prospectus in full before deciding to invest in BCN and consider the risks that could affect the performance of BCN and MGL Ordinary Shares. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in BCN.

So far as laws and regulatory requirements permit, MBL, Macquarie Group Limited ACN 122 169 279 ("MGL"), their related companies, associated entities, the Joint Lead Managers, and any officer, employee, agent, adviser or contractor thereof do not warrant or represent that the information, recommendations, opinions or conclusions contained in this document ("Information") is accurate, reliable, complete or current. The Information is indicative and prepared for information purposes only and does not purport to contain all matters relevant to BCN.

The Information is not intended to be relied upon and in all cases anyone proposing to use the Information should independently verify and check its accuracy, completeness, reliability and suitability and obtain appropriate professional advice. The Information is not intended to create any legal or fiduciary relationship and nothing contained in this document will be considered an invitation to engage in business, a recommendation, guidance, an inducement, a proposal, advice or a solicitation to provide investment, financial or banking services or an invitation to invest, buy, sell or deal in any securities or other financial instruments.

The Information is subject to change without notice, but MBL shall not be under any duty to update or correct it. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. Diagrams used in this document are illustrative only and may not necessarily be shown to scale. Unless otherwise defined, capitalised terms in this document have the meaning given to them in the Prospectus.

BCN do not constitute deposit liabilities, are not protected accounts or other accounts and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction, by any member of MBL, the Macquarie Group or by any other party.

Investment products such as BCN are subject to risks including loss of income and principal invested. MBL does not warrant or guarantee the future performance of MBL, MGL or the investment performance of BCN or MGL Ordinary Shares (including market price). Information about key risks of investing in BCN are detailed in sections 1.3 and 4 of the Prospectus.

The distribution of this presentation or the Prospectus in jurisdictions outside Australia may be restricted by law. Any person who comes into possession of this presentation or the Prospectus should seek advice on, and observe all such restrictions. Failure to comply with these restrictions may violate securities laws. In particular, BCN have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S of the Securities Act), except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. None of this presentation, the Prospectus, Application Form, or other materials relating to the offer of BCN may be distributed in the United States.

Subject to any terms implied by law and which cannot be excluded, neither MBL nor the Joint Lead Managers shall be liable for any errors, omissions, defects or misrepresentations in the Information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the Information. If any law prohibits the exclusion of such liability, MBL limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

¹ Capitalised terms have the meaning set out in the Prospectus



Overview 01

Macquarie Bank Capital Notes Offer Overview



Issuer	Macquarie Bank Limited ("MBL")
Type of security	 Fully paid, subordinated, non-cumulative, unsecured, mandatorily convertible, perpetual capital notes ("BCN")
Offer size	\$400 million, with the ability to raise more or less
Use of proceeds	 BCN will constitute Additional Tier 1 Capital of the Issuer which satisfies the APRA regulatory capital requirements The net proceeds of the Offer will be used for general corporate funding and capital management purposes
Distributions	 BCN are scheduled to pay floating rate cash distributions on a semi-annual basis The first distribution is scheduled for 24 March 2015 (subject to the payment conditions) The Margin will be determined by a Bookbuild and is expected to be between 3.10% and 3.30%
Face value	\$100 per BCN but may be reduced following an Automatic Exchange Event or Acquisition Event
Term	 BCN are perpetual and may never be Exchanged, Redeemed or Resold if the Exchange Conditions are not met BCN will Exchange into MGL Ordinary Shares on 24 March 2023, subject to certain Exchange Conditions being satisfied, unless they are Exchanged, Redeemed or Written-Off earlier If the Exchange Conditions have not been satisfied on the above date then BCN will Exchange on the next Distribution Payment Date on which the Exchange Conditions are satisfied, unless they are Exchanged, Redeemed or Written-Off earlier
Quotation	Expected to be traded under ASX code "MBLPA"
Offer Structure	 The Offer comprises the: Broker Firm Offer – offer to retail and high net worth clients of Syndicate Brokers; Securityholder Offer – offer to Eligible Securityholders (Australian registered holders of MGL Ordinary Shares, MIS or MCN); and General Offer – offer to members of the general public who are resident in Australia
Joint Lead Managers	 ANZ Securities Limited; Citigroup Global Markets Australia Pty Limited; Commonwealth Bank of Australia; Evans and Partners Pty Limited; J.P. Morgan Australia Limited; Macquarie Capital (Australia) Limited; Morgans Financial Limited and National Australia Bank Limited



Overview of Macquarie Bank Limited 02

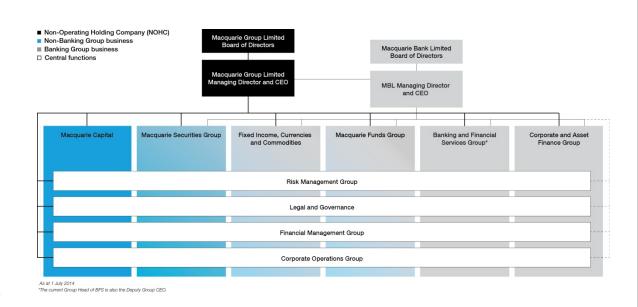


Macquarie Bank Limited Organisational structure



Overview of MBL

- Macquarie Bank Limited ("MBL") undertakes the Bank Group activities of the Macquarie Group
- At 31 March 2014, MBL employed over 5,400 people, had total assets of \$A139.9 billion, and total equity of \$A9.5 billion
- The Bank Group has five operating groups:
 - Corporate & Asset Finance;
 - Banking & Financial Services;
 - Macquarie Funds (excluding the Macquarie Infrastructure and Real Assets division);
 - Fixed Income, Currencies & Commodities (excluding certain assets of the Credit Trading business and some other less financially significant activities); and
 - Macquarie Securities (excluding certain activities of the Cash division and the Derivatives division, in each case, in certain jurisdictions)



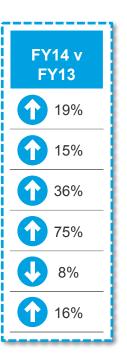
Macquarie Bank Limited Historical financial performance



MBL's Consolidated Income Statement

Net operating income
Total operating expenses
Operating profit before income tax
Income tax expense
Profit attributable to non-controlling interests and shares
Profit attributable to ordinary equity holders of MBL

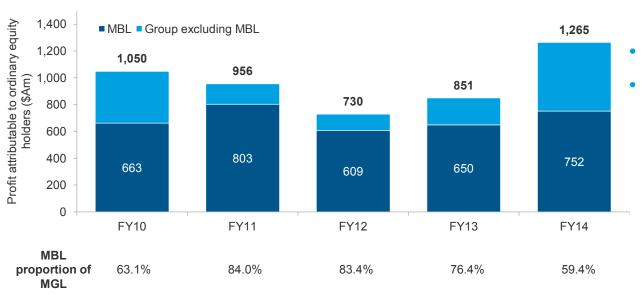
FY14 \$Am	FY13 \$Am
5,486	4,601
(4,091)	(3,572)
1,395	1,029
(621)	(355)
(22)	(24)
752	650



Macquarie Bank Limited Macquarie Bank proportion of Macquarie Group



MBL is a significant contributor to Macquarie Group's profit



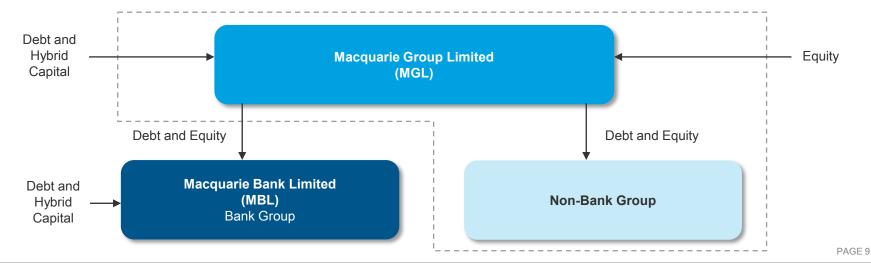
- In FY14, MBL profit was 59.4% of the Macquarie Group profit
- This result was impacted by the gain from Sydney Airports received in the non-bank group in FY14

Macquarie Bank Limited Group funding structure



Macquarie Group Limited (MGL) and MBL are the Group's two primary external funding vehicles

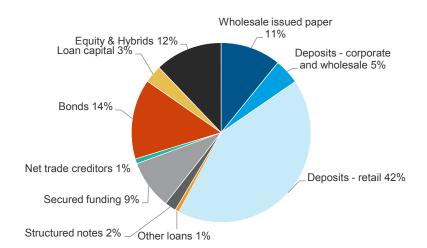
- MGL and MBL have separate and distinct funding, capital and liquidity management arrangements
- MBL provides funding to the Bank Group
 - MBL has a higher credit rating than MGL
- MGL provides funding predominantly to the Non-Bank Group



Macquarie Bank Limited Well diversified funding sources

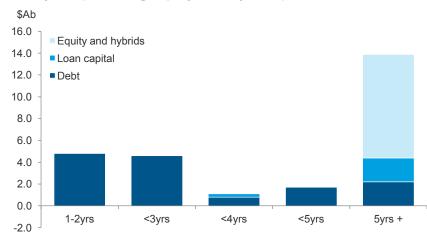


Diversity of MBL funding sources



- Well diversified funding sources
- Minimal reliance on short term wholesale funding markets
- Deposit base represents 47% of total funding sources

MBL term funding (drawn and undrawn¹) maturing beyond one year (including equity and hybrids)



 Term funding beyond one year (excluding equity) has a weighted average term to maturity of 3.6 years

Includes \$A0.2b of undrawn term facilities for the Group.

Macquarie Bank Limited Basel III Common Equity Tier 1 (CET1) Ratio



- Strong Bank Group APRA Basel III CET1 ratio Common Equity Tier 1: 9.6%; Tier 1: 10.6%
- Basel III applies only to the Bank Group and not the Non-Bank Group

Bank Group Common Equity Tier 1 (CET1) Ratio: Basel III (Mar 14)



^{&#}x27;Harmonised' Basel III figures assume alignment with BIS in areas where APRA differs from the BIS. APRA Basel III CET1 ratio at Sep 13 – Bank Group: 9.8%; Bank Group including Non-Bank Group surplus: 10.8%.

Includes MBL 2H14 P&L less dividends paid from MBL to MGL as well as other movements in capital supply and requirements (including MBL capital initiatives relating to the SYD distribution).

APRA Basel III 'super-equivalence' includes full CET1 deductions of equity investments (0.7%); deconsolidated subsidiaries (0.6%); DTAs and other impacts (0.5%).

Macquarie Bank Limited Capital position



MBL's Level 1 and Level 2 capital ratios are set out in the tables below

APRA Basel III capital ratios	As at 31 March 2014	As at 31 March 2013	Proforma ¹ as at 31 March 2014
Level 2 Macquarie Bank Group Common Equity Tier 1 Capital ratio	9.6%	9.7%	9.6%
Level 2 Macquarie Bank Group Tier 1 Capital ratio	10.6%	10.8%	11.2%
Level 2 Macquarie Bank Group Total Capital ratio	12.6%	13.5%	13.2%

APRA Basel III capital ratios	As at 31 March 2014	As at 31 March 2013	Proforma as at 31 March 2014
Level 1 Macquarie Bank Group Common Equity Tier 1 Capital ratio	8.6%	9.1%	8.6%
Level 1 Macquarie Bank Group Tier 1 Capital ratio	9.6%	10.3%	10.2%
Level 1 Macquarie Bank Group Total Capital ratio	11.7%	13.1%	12.3%

The pro-forma position as at 31 March 2014 reflects the issue of \$400m BCN.





BCN Key Terms Distributions



	Distributions on BCN are discretionary, non-cumulative floating rate payments
Distributions	 Distributions are scheduled to be paid in arrears commencing on 24 March 2015 and thereafter semi-annually, subject to the Payment Conditions, until BCN are Exchanged, Redeemed, Resold or Written Off
	 A Distribution will be paid subject to the Payment Conditions, including MBL's discretion
	 Distributions are expected to be franked at the same rate as dividends on MGL Ordinary Shares. MGL currently franks dividends on MGL Ordinary Shares at 40%
	Distribution Rate = (Reference Rate + Margin) x Franking Adjustment Factor
Distribution Rate	 Reference Rate means the 180-day bank bill swap rate (BBSW) on the first day of the relevant Distribution Period
	 Margin is expected to be in the range of 3.10% to 3.30%, and will be set by way of Bookbuild. The final margin is expected to be announced to the market on 19 September 2014
	 If for any reason a Distribution has not been paid on a Distribution Payment Date, unless it is paid within 10 Business Days of that date, MBL must not:
	 determine, declare or pay a dividend on MBL Ordinary Shares; or
District of an d October	 undertake any Buy-Back or Capital Reduction,
Dividend and Capital Restrictions	from the Distribution Payment Date until and including the next Distribution Payment Date, subject to certain exceptions, without the approval of a Special Resolution of the BCN Holders
	There is no restriction on MGL dividends. This is not allowed by APRA in order for BCN to be regulatory capital for MBL.
	 The BCN Terms contain no events of default and accordingly, failure to pay a Distribution when scheduled will not constitute an event of default

BCN Key Terms Mandatory Exchange



Mandatory Exchange

- The Issuer must Exchange BCN into MGL Ordinary Shares on 24 March 2023 (if BCN have not been Redeemed, Exchanged or Written-Off beforehand) provided that certain Exchange Conditions are satisfied
- The conditions to Mandatory Exchange and the associated Exchange calculations are designed to ensure that if Exchange occurs BCN Holders will receive approximately \$101 worth of MGL Ordinary Shares for each BCN held, and that the MGL Ordinary Shares they receive following the Exchange are capable of being sold on ASX

Mandatory Exchange

Conditions

- Exchange on a Mandatory Exchange Date cannot occur unless all four Exchange Conditions are satisfied
- In summary, the Exchange Conditions are as follows:
 - First Exchange Condition: the Daily VWAP on the 25th Business Day immediately preceding the Relevant Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;
 - Second Exchange Condition: the VWAP during the 20 ASX Trading Days immediately preceding the Relevant Mandatory Exchange Date is such that the number of MGL Ordinary Shares to be issued would be less than or equal to the applicable Maximum Exchange Number;
 - Third Exchange Condition: no Suspension Event applies in respect of the Relevant Mandatory Exchange Date (broadly, a Suspension Event occurs where MGL Ordinary Shares have been suspended from trading for the 5 preceding Business Days); and
 - Fourth Exchange Condition: MGL is not Delisted as at the Relevant Mandatory Exchange Date (broadly, MGL will be Delisted where MGL Ordinary Shares cease to be listed on ASX or where an Inability Event subsists).

BCN Key Terms Automatic Exchange



Automatic Exchange	 The Issuer is required to immediately Exchange some or all BCN into MGL Ordinary Shares where a Common Equity Tier 1 Trigger Event or a Non-Viability Event occurs (referred to as an "Automatic Exchange" following an "Automatic Exchange Event")
Common Equity Tier 1 Trigger Event	 A Common Equity Tier 1 Trigger Event occurs if MBL determines, or APRA notifies MBL in writing that it believes, that the Common Equity Tier 1 Ratio of MBL is equal to or less than 5.125%
	A Non-Viability Event means APRA:
Non-Viability Event	 has issued a written notice to MBL that the Exchange of BCN or the exchange or conversion into MGL Ordinary Shares, or write-off, of other Relevant Tier 1 Securities is necessary because without such exchange, conversion or write-off, APRA considers MBL would become non-viable; or
	 has notified the Issuer in writing that it has determined that without a public sector injection of capital, or equivalent support, MBL would become non-viable

- The Exchange Conditions do not apply to an Automatic Exchange. The number of MGL Ordinary Shares that BCN Holders will receive on an Automatic Exchange will not be greater than the Maximum Exchange Number applicable to the date on which the Automatic Exchange Event occurs
- As an Automatic Exchange would most likely occur during a time of financial difficulty for MBL, depending on the market price of MGL Ordinary Shares at
 the relevant time, BCN Holders may receive less, or significantly less, than \$101 worth of MGL Ordinary Shares per BCN and a BCN Holder may suffer loss
 as a consequence
- If BCN cannot be Exchanged for any reason within 5 Business Days of the Automatic Exchange Event, they must be Written-Off
- If a Write-Off occurs, the BCN Holder's rights under that BCN are immediately and irrevocably terminated for no consideration and BCN Holders will suffer a total loss of their investment

BCN Key Terms Summary of certain events that may occur during the term of BCN



Event	When could this occur?	Consequences	Is APRA approval required?	Do conditions apply?	What value will a BCN holder receive (per BCN)?	In what form will the value be provided to BCN Holders?
Tax Event or Regulatory Event	At any time	Exchange all or some BCN for MGL Ordinary Shares at the Issuer's option	No	Yes	Approximately \$101 ¹	Variable number of MGL Ordinary Shares
		Redemption or Resale of all or some BCN at the Issuer's option	Yes	Yes	\$100	Cash
Acquisition Event	At any time	All BCN Exchanged for MGL Ordinary Shares	No	Yes	Approximately \$101¹ (except in limited circumstances)	Variable number of MGL Ordinary Shares
Automatic Exchange Event	At any time	All BCN Exchanged for MGL Ordinary Shares or Written-Off	No	No	Depending on the market price of MGL Ordinary Shares at the time, up to approximately \$101¹ but maybe significantly less or zero	Variable number of MGL Ordinary Shares – if the Issuer is unable to Exchange BCN for MGL Ordinary Shares BCN will be Written-Off and BCN Holders receive no value.
Optional Exchange Date	24 March 2020, 24 September 2020 or 24 March 2021	Exchange all or some BCN for MGL Ordinary Shares at the Issuer's option	No	Yes	Approximately \$101 ¹	Variable number of MGL Ordinary Shares
		Redemption or Resale of all or some BCN at the Issuer's option	Yes	Yes	\$100	Cash
Scheduled Mandatory Exchange Date	24 March 2023 ²	Exchange of all BCN for MGL Ordinary Shares	No	Yes	Approximately \$101 ¹	Variable number of MGL Ordinary Shares

The number of MGL Ordinary Shares received will be determined by VWAP over a period immediately prior to Exchange. The value of MGL ordinary shares received on Exchange may be more or less than \$101. Subject to the exchange conditions, which may never occur. BCN may remain on issue indefinitely.

BCN Key Terms Comparison between BCN a





Feature	Term deposit	MIS	MCN	BCN	MGL Ordinary Shares
Issuer	Bank, credit union or building society (e.g. MBL)	MBL and Macquarie Finance Ltd (ACN 001 214 964)	MGL	MBL	MGL
Guarantee under the Australian government Financial Claims Scheme	Yes ¹	No	No	No	No
Term	One month to five years (usually)	Perpetual	Perpetual ²	Perpetual ³	Perpetual
Distribution rate	Fixed (usually)	Floating	Floating, adjusted for franking	Floating, adjusted for franking ⁴	Variable dividends
Distribution payment dates	End of term or per annum (usually)	Quarterly	Semi-annually	Semi-annually ⁵	Semi-annually (usually)
Distributions are discretionary	No	Yes	Yes	Yes	Yes
Frankable distributions	No	No	Yes	Yes	Yes
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Common Equity Tier 1 Trigger provisions	No	No	No	Yes	No
Non-Viability provisions	No	No	Yes	Yes	Not applicable

^{1.} On or after 1 January 2013, the limit in relation to protected account(s) that an account holder has with a declared ADI as at a particular time is \$250,000.

^{2.} Unless Redeemed, Exchanged or Written-Off earlier. Subject to the satisfaction of certain conditions, the MCN will be mandatorily exchanged on 7 June 2021 or the next distribution payment date on which those conditions are satisfied.

^{3.} Unless Redeemed, Exchanged or Written-Off earlier. Subject to the satisfaction of certain conditions, the BCN will be mandatorily Exchanged on a Mandatory Exchange Date in accordance with the BCN Terms.

The impact of franking is described in sections 2.1.2 and 2.1.3 of the Prospectus.

The first Distribution Payment Date is expected to be 167 days after the Issue Date.

BCN Key Terms Ranking in a winding up



- In a Winding Up of MBL, BCN will rank ahead of MBL Ordinary Shares, equally with Equal Ranking Obligations, but behind all Senior Creditors of MBL
- However, in a Winding Up of MBL, any return on BCN may be adversely affected or reduced to zero if APRA requires all or some BCN to be Exchanged or Written-Off on account of an Automatic Exchange Event
- If Exchange occurs, BCN Holders will become holders of MGL Ordinary Shares and rank equally with other holders of MGL Ordinary Shares. Those shares may be worth significantly less than the Issue Price of BCN

Ranking		Illustrative examples
Higher	Preferred and secured debt	Liabilities in relation to protected accounts under the Banking Act (including current accounts and term deposits) and other liabilities preferred by law including certain debts owed to APRA or the RBA, employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors
	Subordinated and unsecured debt	Subordinated and unsecured debt obligations
Lower	Preference shares and equal ranking securities	BCN and any securities expressed to rank equally with BCN, including MIS Preference Shares, MIPS Preference Shares and ECS
	MBL Ordinary shares	MBL Ordinary Shares



Investment Risks 04





Please consider ASIC Guidance before investing.

www.moneysmart.gov.au/investing

BCN are a complex investment and may be difficult to understand, even for experienced investors. You should ensure that you understand the BCN Terms and risks of investing in BCN and consider whether it is an appropriate investment for your particular circumstances.

ASIC has published guidance which may be relevant to your consideration of whether to invest in BCN – namely, information for retail investors who are considering investing in hybrid securities called "Hybrid securities and notes" (under the heading "Complex investments" at www.moneysmart.gov.au/investing). ASIC's guidance includes a series of questions you may wish to ask yourself, and a short quiz you can complete, to check your understanding of how hybrids work, their features and the risks of investing in them.

Free copies of this ASIC guidance can be obtained from ASIC's website at www.moneysmart.gov.au/investing or by calling ASIC on 1300 300 630 (from Australia) or +61 3 5177 3988 (from outside Australia).



The following is a summary of key risks only. You should read Section 4 "Investment risks" of the Prospectus in full before deciding to invest

- BCN are not deposit liabilities and are not protected accounts under the Banking Act Investments in BCN are an investment in MBL and may be affected by the ongoing performance, financial position and solvency of MBL and the Macquarie Group
- · Suitability BCN are a complex investment and may be difficult to understand, even for experienced investors
- Market price and liquidity of BCN The market price of BCN may fluctuate due to various factors, including poor financial performance by MBL and the Macquarie Group. Although BCN are to be quoted on ASX, there is no guarantee that a liquid market will develop for them
- Market Price and liquidity of MGL Ordinary Shares BCN Holders will receive MGL Ordinary Shares on an Exchange and will therefore be exposed to the market price and liquidity of MGL Ordinary Shares after an Exchange. The market price of MGL Ordinary Shares can also have an impact on whether, and on what terms, Exchange will occur
- **Distributions may not be paid** The BCN Terms do not oblige MBL to pay Distributions, which are only payable at MBL's discretion and subject to conditions. BCN Holders have no remedy for any non-payment.
- . Changes in Distribution Rate The Distribution Rate is depends on the Reference Rate which will fluctuate over time and is influenced by a number of factors
- · Distributions may or may not be franked The level of franking may change and future Distributions may or may not be franked
- Use of franking credits The value and availability of franking credits will differ depending on a BCN Holder's particular tax circumstances
- Dividend Restriction applies in limited circumstances The Dividend Restriction only applies to MBL in limited circumstances and does not apply to MGL Ordinary Shares
- Risks upon Exchange for MGL Ordinary Shares MGL Ordinary Shares are a different type of investment to BCN. For example, dividends on MGL Ordinary Shares are not determined by a formula and trade in a manner that is likely to be more volatile than that of BCN.
- BCN are perpetual securities The Exchange Conditions may never be satisfied and BCN may never be Exchanged, Redeemed or Resold
- Exchange, Redemption or Resale at the sole option of MBL An election by MBL to Exchange, Redeem or arrange a Resale may be disadvantageous to BCN Holders
- Cash payment only in limited circumstances BCN Holders will only receive a cash payment for their BCN where MBL chooses to Redeem or Resell BCN. There is no certainty that BCN Holders will receive a cash payment for their BCN
- . Exchange on an Acquisition Event An Exchange on an Acquisition Event may be disadvantageous to BCN Holders

Investment risks continued



The following is a summary of key risks only. You should read Section 4 "Investment risks" of the Prospectus in full before deciding to invest

- Impact of an Automatic Exchange Event If an Automatic Exchange Event occurs, there are many ways in which, and a greater likelihood that, a BCN Holder may lose some or all of their investment
- Impact of failure to Exchange and Write-Off If BCN are not Exchanged within 5 Business Days of an Automatic Exchange Date then the MGL Ordinary Shares will not be issued and the relevant BCN will be Written-Off
- MGL Ordinary Shares issued to the Sale Agent BCN Holders may have their MGL Ordinary Shares issued to the Sale Agent on Exchange and the proceeds of their sale may be less than the investment in BCN or zero
- Restrictions on rights and ranking in a Winding Up BCN are unsecured and subordinated obligations of MBL and rank behind Senior Creditors
- Other securities issued by MBL or MGL Future issues of securities by MBL or MGL may dilute the claim of BCN Holders or reduce the value or liquidity of their investment
- · Credit rating risk While unrated, the performance of BCN could still be affected by changes to credit ratings
- Regulatory treatment Changes in the regulatory treatment of BCN (including by APRA) may have adverse consequences including an Exchange on a Regulatory Event
- Tax consequences Changes in the tax treatment of BCN may have adverse consequences for BCN Holders including an Exchange on a Tax Event
- Powers of APRA and ADI statutory managers APRA may appoint an ADI statutory manager to take control of MBL's business
- Accounting standards Changes to accounting standards may affect the reported earnings and financial position of MBL and its ability to pay Distributions
- · Shareholding limits Various laws may restrict the number of MGL Ordinary Shares that any person may hold and could lead to a Write-Off instead of Exchange
- . FATCA withholding and information reporting MBL may deduct or withhold from BCN in respect of FATCA payments
- · Amendment of BCN Terms or BCN Deed Poll In certain circumstances the BCN Terms or BCN Deed Poll could be amended to the detriment of BCN Holders
- Risks associated with MBL and the Macquarie Group Risks associated with MBL and the Macquarie Group are relevant to an investment in BCN because they may affect MBL's ability to fulfil its obligations under the BCN Terms, the market value of BCN and the market value of, and any dividends paid on, MGL Ordinary Shares issued on an Exchange of BCN. Key risks relating to an investment in MBL and the Macquarie Group are set out in section 4.2 of the Prospectus
- This list of investment considerations is not exhaustive. Please read the Prospectus, seek professional guidance and consider the suitability of and investment in BCN for your particular circumstances.



Overview of Macquarie Group Limited 05



Macquarie Group Limited Overview of FY14 result



- Net profit \$A1,265m, up \$A414m (or 49%) on FY13
- Operating income \$A8.1b, up \$A1.5b (or 22%) on FY13
- As foreshadowed:
 - Macquarie's annuity-style businesses (Macquarie Funds, Corporate and Asset Finance, and Banking and Financial Services) continued to perform well with FY14 combined net profit contribution up \$A445m (or 26%) on FY13
 - Macquarie's capital markets facing businesses (Macquarie Securities, Macquarie Capital, and Fixed Income, Currencies and Commodities) delivered a significantly improved result with FY14 combined net profit contribution up \$A450m (or 68%) on FY13
- Operating expenses \$A6.0b, up \$A774m (or 15%) on FY13
 - Employment expenses¹ \$A3.7b, up \$A463m (or 14%) on FY13
- Increase in the effective tax rate to 39.5% from 38.5% in FY13
- EPS \$A3.84, up 53% on FY13
- Return on equity 11.1%, up from 7.8% in FY13
- Full year ordinary dividend of \$A2.60, up 30% on FY13 full year ordinary dividend of \$A2.00
 - In addition, eligible shareholders benefited from the SYD distribution in Jan 14 which comprised a special dividend of \$A1.16 (40% franked) and a return of capital of \$A2.57 per share²

Incorporates non-compensation employment expenses including on-costs, staff procurement and staff training

^{2.} Prior to the Consolidation (as defined in the Explanatory Memorandum for the General Meeting held on 12 Dec 13) of 1 MQG share into 0.9438 of a MQG share.

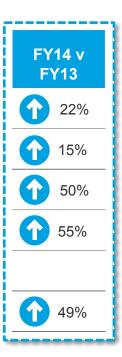
Macquarie Group FY14 result



Net operating income		
Total operating expenses		
Operating profit before income tax		
Income tax expense		
Profit attributable to non-controlling interests		
Profit attributable to MGL shareholders		

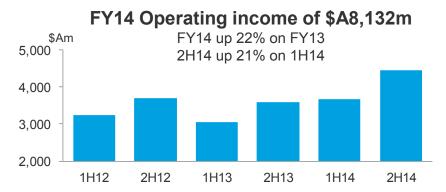
2H14 \$Am	1H14 \$Am
4,453	3,679
(3,157)	(2,869)
1,296	810
(520)	(307)
(12)	(2)
764	501

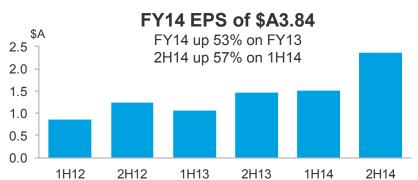
FY14 \$Am	FY13 \$Am
8,132	6,657
(6,026)	(5,252)
2,106	1,405
(827)	(533)
(14)	(21)
1,265	851

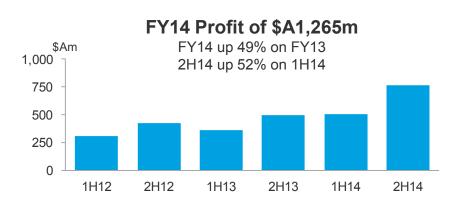


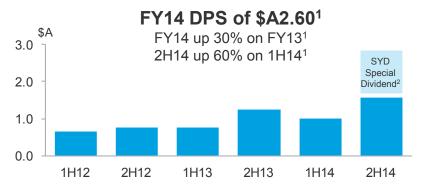
Financial performance











Excludes return of capital component from the SYD distribution of \$A2.57 per share.

Excludes special dividend of \$A1.16 from the SYD distribution.

Diversified by region

International income 68% of total income¹
Total staff 13,913; International staff 53% of total

Middle East

Abu Dhabi

Dubai



Europe, Middle East & Africa²

Income: \$A1,574m (20% of total) Staff: 1,248

Europe Amsterdam Dublin Frankfurt Geneva Glasgow London Luxembourg Moscow Munich Paris Vienna Zurich

South Africa Cape Town Johannesburg

Asia

Income: \$A1,043m (13% of total) Staff: 3,447

Asia Bangkok

Australia

Adelaide

Brisbane

Canberra

Gold Coast

Melbourne

Sunshine Coast

Albury

Perth

Sydney

Beijing Mumbai Gurgaon Seoul Hong Kong Shanghai Hsin - Chu Singapore Jakarta Taipei Kuala Lumpur Tokyo

Manila

New Zealand

Auckland Christchurch Wellington

Australia³

Income: \$A2,456m (32% of total)

Staff: 6,533

Americas

Income: \$A2,709m (35% of total) Staff: 2,685

Canada Calgary Montreal Toronto Vancouver

Latin America Mexico City Ribeirao Preto Sao Paulo

USA

Atlanta
Austin
Boston
Chicago
Denver
Detroit
Houston
Irvine
Los Angeles
Nashville
New York
Philadelphia
Rolling Meadows

San Diego

San Jose

San Francisco

Includes New Zealand

Net operating income excluding earnings on capital and other corporate items.

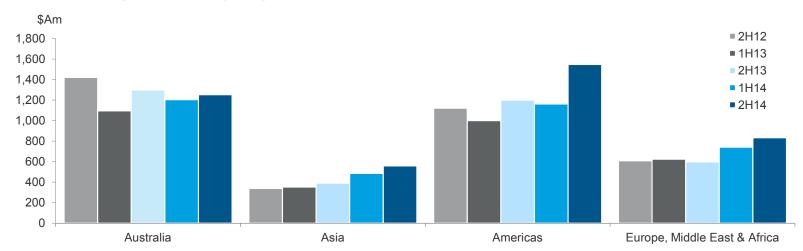
^{2.} Excludes staff in Macquarie First South joint venture and staff seconded to Macquarie Renaissance joint venture (Moscow).

Macquarie Group Limited Diversified income



- 68% of operating income¹ in FY14 was generated offshore
- FX movements estimated to have approx. 7% favourable impact on the FY14 result compared to FY13

Net operating income by region



Macquarie Group Limited Strong funding and balance sheet position

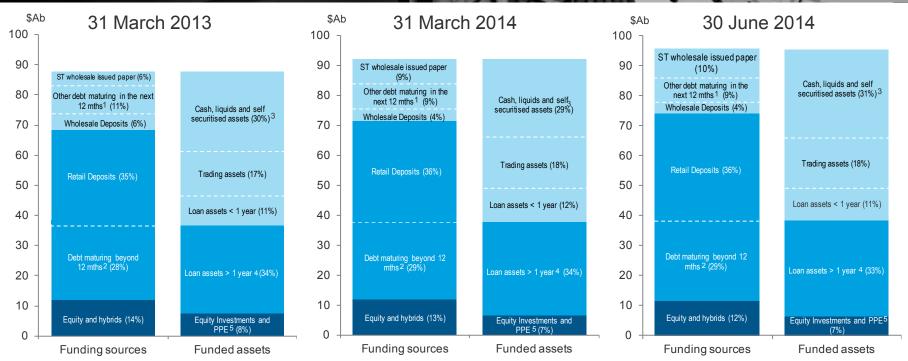


- Diverse and stable funding base, minimal reliance on short term wholesale funding markets
- Surplus funding capacity continues to be deployed
- Retail deposits¹ continuing to grow, up 7% to \$A33.3b at Mar 14 from \$A31.0b at Mar 13
- \$A17.4b of new term funding raised since Mar 13

^{1.} Retail deposits are a subset of total deposits per the funded balance sheet (\$A36.9b at 31 Mar 14), which differs from total deposits per the statutory balance sheet (\$A42.4b at 31 Mar 14). The funded balance sheet excludes any deposits which do not represent a funding source for the Group.

Macquarie Group Limited Funded balance sheet remains strong





These charts represent MGL's funded balance sheets at the respective dates noted above. For details regarding reconciliation of the funded balance sheet to the Group's statutory balance sheet. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Loan Assets > 1 yr' includes Debt Investment Securities and Operating Lease Assets. 5. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

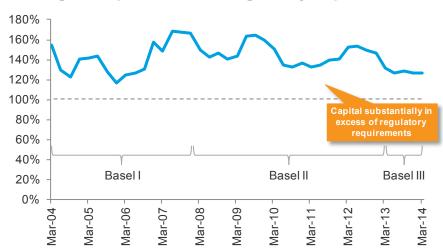
Conservative approach to capital and balance sheet management remains unchanged



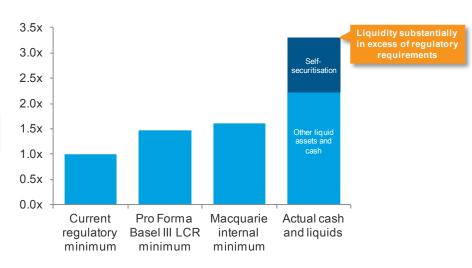
Despite the increase in regulatory initiatives, Macquarie's established conservative approach to capital
and balance sheet management has enabled it to absorb these additional regulatory requirements with
minimal change to our businesses

Group regulatory capital ratio

Eligible capital/minimum regulatory requirement



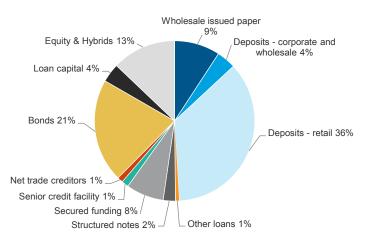
Group liquidity position



Macquarie Group Limited Well diversified funding sources

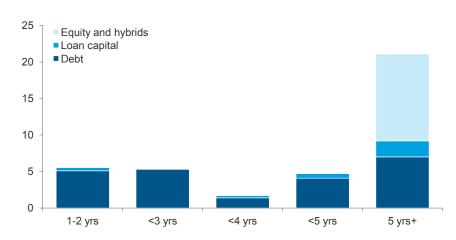


Diversity of MGL funding sources



- Well diversified funding sources
- Minimal reliance on short term wholesale funding markets
- Deposit base represents 40% of total funding sources

MGL term funding (drawn and undrawn¹) maturing beyond one year (including equity and hybrids)



 Term funding beyond one year (excluding equity) has a weighted average term to maturity of 4.5 years

Data as at 31 March 14.

. Includes \$A0.9b of undrawn term facilities for the Group.



Key Dates and Contacts 06







Record date for determining Eligible Securityholders	7.00pm (Sydney time) Friday, 12 September 2014
Lodgement of the Prospectus with ASIC	Monday, 15 September 2014
Bookbuild period	Monday, 15 September 2014 to Friday, 19 September 2014
Announcement of the Margin	Friday, 19 September 2014
Lodgement of the replacement Prospectus with ASIC	Tuesday, 23 September 2014
Opening Date	Tuesday, 23 September 2014
Closing Date for the Securityholder Offer and General Offer	5.00pm (Sydney time) Friday, 3 October 2014
Closing Date for the Broker Firm Offer	5.00pm (Sydney time) Tuesday, 7 October 2014
Issue Date	Wednesday, 8 October 2014
BCN commence trading on ASX on a deferred settlement basis	Thursday, 9 October 2014
Holding Statements despatched by	Friday, 10 October 2014
BCN commence trading on ASX on a normal settlement basis	Monday, 13 October 2014

KEY DATES FOR BCN	DATE
First Distribution Payment Date	Tuesday, 24 March 2015 (subject to the payment conditions)
Optional Exchange Date	Tuesday, 24 March 2020,
	Thursday, 24 September 2020 and
	Wednesday, 24 March 2021
Scheduled Mandatory Exchange Date	Friday, 24 March 2023
	PAGE 3



Lauren .			
Issuer			
Macquarie Bank Limited	Stuart Green, Group Treasurer	Brad Milson, Division Director	
	+61 2 8232 8845	+61 2 8232 7550	
Sole Arranger			
Macquarie Capital (Australia) Limited	Jacqui Vanzella	Scott Favaloro	
	+61 2 8232 4904	+61 3 9635 8072	
Joint Lead Managers			
ANZ Securities Limited	Adam Vise	Tariq Holdich	
	+61 3 8655 9320	+61 2 8037 0622	
Citigroup Global Markets Australia Pty Limited	Scott McMullen	Ollie Williams	
	+61 2 8225 4019	+61 2 8225 6428	
Commonwealth Bank of Australia	Truong Le	Trevor Franz	
	+61 2 9118 1205	+61 2 9118 1211	
Evans and Partners Pty Limited	Damian Pretty	Alex Morgan	
	+ 61 3 9631 9801	+ 61 3 9631 9847	
J.P. Morgan Australia Limited	Andrew Best	Duncan Beattie	
	+61 2 9003 8383	+61 2 9003 8358	
Morgans Financial Limited	Steven Wright	Anthony Kirk	
	+61 7 3334 4941	+61 7 3334 4898	
National Australia Bank Limited	Nicholas Chaplin	William Gillespie	
	+61 2 9237 9518	+61 2 9936 4835	