BASE PROSPECTUS FOR THE ISSUE OF WARRANTS

MACQUARIE BANK LIMITED

(ABN 46 008 583 542)
(Incorporated with limited liability in the Commonwealth of Australia)

Warrant Programme

ISSUER
Macquarie Bank Limited

PRINCIPAL WARRANT AGENT
Deutsche Bank AG, London Branch

LUXEMBOURG WARRANT AGENT
Deutsche Bank Luxembourg S.A.

LUXEMBOURG LISTING AGENT
Deutsche Bank Luxembourg S.A.

REGISTRAR
Deutsche Bank Luxembourg S.A.

This document comprises a base prospectus of Macquarie Bank Limited for the purposes of Article 5.4 of Directive 2003/71/EC.

The date of this Base Prospectus is 21 November 2018.

Introduction

Any Warrants (as defined below) issued on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Warrants issued before the date of this Base Prospectus. Macquarie Bank has previously published, and may in the future publish, other prospectuses or offering documents in relation to the issue of other warrants.

Under the terms of its Warrant Programme described in this Base Prospectus ("**Programme**"), Macquarie Bank Limited (ABN 46 008 583 542) ("**Issuer**", "**Macquarie**", "**Macquarie Bank**" or "**Bank**") may from time to time issue warrants ("**Warrants**") of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices ("**Index Warrants**") or a specified security or a basket of securities ("**Security Warrants**"), but excluding warrants defined under Article 17 of the Commission Regulation (EC) No 809/2004. Each issue of Warrants will be issued on the terms and conditions set out in the section entitled "Terms and Conditions of the Warrants" on pages 52 to 87 inclusive of this Base Prospectus and on such additional terms and conditions as will be set out in the final terms ("**Final Terms**") for the issue of such Warrants (together, the "**Terms and Conditions**"). Each Final Terms with respect to Warrants to be listed and traded on the Luxembourg Stock Exchange's regulated market (the "**Regulated Market**") will be delivered to the *Commission de Surveillance du Secteur Financier* ("**CSSF**") on or prior to the date of listing of such Warrants. Macquarie Bank shall have complete discretion as to what type of Warrants it issues and when.

This Base Prospectus is published, and the Final Terms for each issue of Warrants to be listed on the Luxembourg Stock Exchange will be published, on the Luxembourg Stock Exchange's internet site www.bourse.lu.

The Warrants of each issue may be sold by Macquarie Bank and/or any Manager (as defined under "General Description of the Programme" on pages 45 to 48 inclusive of this Base Prospectus) of an issue of Warrants (as applicable to such issue of Warrants) at such time and at such prices as Macquarie Bank and/or the Manager(s) may select. There is no obligation upon Macquarie Bank or any Manager to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of Macquarie Bank.

The form of the Final Terms is set out on pages 88 to 92 inclusive of this Base Prospectus and will specify with respect to the issue of Warrants to which it relates, *inter alia,* the specific designation of the Warrants, the aggregate number and type of the Warrants, the date of issue of the Warrants, the issue price, the exercise price, the underlying asset or index to which the Warrants relate, the exercise period or date and certain other terms relating to the offering and sale of the Warrants. The Final Terms relating to an issue of Warrants will be attached to, or endorsed upon, the Global Warrant (as defined below) representing such Warrants.

Each issue of Warrants will entitle the holder thereof (on due exercise and, if applicable, subject to certification as to non-U.S. beneficial ownership) either to receive a cash amount (if any) calculated in accordance with the relevant terms or to receive physical delivery of the underlying assets against payment of a specified sum, all as set forth herein and in the applicable Final Terms.

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of expiring worthless. Potential investors

should be prepared to sustain a total loss of the purchase price of their Warrants. See "Risk Factors" on pages 21 to 44 inclusive of this Base Prospectus.

Application has been made to the CSSF in its capacity as competent authority for the purposes of Directive 2003/71/EC of the European Parliament and the Council of 4 November, 2003 ("**Prospectus Directive**") to approve this document as a "base prospectus". By approving this Base Prospectus, CSSF shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Law on prospectuses for securities. Application has also been made for Warrants issued under the Programme during the twelve month period from the date of this Base Prospectus to be admitted to the official list and traded on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended. Macquarie Bank may also issue unlisted Warrants.

Warrants will be issued in uncertificated registered form. Each issue of Warrants will be constituted and represented by a global warrant (each a "**Global Warrant**") executed as a deed poll in favour of the holders of those Warrants from time to time and which will be issued and deposited with a common depositary on behalf of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") on the date of issue of the relevant Warrants. Definitive Warrants will not be issued.

Amounts payable under the Warrants may be calculated by reference to one or more "benchmarks" (as specified in the applicable Final Terms) for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "**Benchmark Regulation**"). In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the "benchmark" is included in the register of administrators of the European Securities and Markets Authority ("**ESMA**") under Article 36 of the Benchmark Regulation.

Important Notice

This Base Prospectus has not been, nor will be, lodged with the Australian Securities and Investments Commission ("ASIC") and is not a 'prospectus' or other 'disclosure document' for the purposes of the Corporations Act 2001 of Australia ("Corporations Act"). In addition, see the selling restrictions set out under the heading "Offering and Sale" on pages 119 to 131 inclusive of this Base Prospectus.

Base Prospectus

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and is provided for the purpose of giving information with regard to the Issuer and its subsidiaries, which, according to the particular nature of the Issuer and the Warrants, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus has been prepared on the basis that any offer of Warrants in any Member State of the EEA which has implemented the Prospectus Directive (each a "**Relevant EEA State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant EEA State, from the requirement to publish a prospectus for offers of Warrants. Accordingly any person making or intending to make an offer in that Relevant EEA State of Warrants which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Warrants may only do so in the circumstances in which no obligation arises for the relevant Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Warrants in circumstances in which an obligation arises for an Issuer or any Manager to publish or supplement a prospectus for such offer.

Prohibition of sales to EEA retail investors

The Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Responsibility

Macquarie Bank accepts responsibility for the information contained in this Base Prospectus. To the best of Macquarie Bank's knowledge (after having taken reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

Documents incorporated by reference

This Base Prospectus is to be read and construed in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference" on pages 49 to 51 inclusive of this Base Prospectus). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated by reference and form part of this Base Prospectus.

Internet site addresses in this Base Prospectus are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Base Prospectus.

No independent verification or advice

No Manager has independently verified all of the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of any information contained in this Base Prospectus or any further information supplied in connection with the Programme.

Neither this Base Prospectus nor any information provided in connection with the Warrants is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by Macquarie Bank or any Manager that any recipient of this Base Prospectus purchase any Warrants or any rights in respect of any Warrants. Each investor contemplating purchasing any Warrants or any rights in respect of any Warrants should make (and shall be deemed to have made) its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of Macquarie Bank.

No advice is given in respect of the taxation treatment of investors in connection with investment in any Warrants and each investor is advised to consult its own professional adviser.

Currency of information

Neither the delivery of this Base Prospectus nor any sale made in connection with this Base Prospectus at any time implies that the information contained herein concerning Macquarie Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated. Investors should review, amongst other things, the documents deemed to be incorporated herein by reference, when deciding whether or not to purchase any Warrants.

No review of affairs of Macquarie Bank or the Group

No Manager undertakes to review the financial condition or affairs of Macquarie Bank and its controlled entities ("**Group**") during the life of the Programme or to advise any investor in the Warrants of any information coming to the attention of such Manager.

No Macquarie Bank or the Group as underlying securities or indices

In respect of Index Warrants (as defined in Condition 3 below), the specified index or basket or indices to which such Index Warrants relate shall not be (a) any index composed by Macquarie Bank or the Group or any legal entity belonging to the same group as Macquarie Bank, or (b) any

index provided by a legal entity or a natural person acting in association with, or on behalf of Macquarie Bank or the Group.

In respect of Security Warrants (as defined in Condition 3 below), the issuer or issuers of the specified share of shares to which such Security Warrants relate shall not be Macquarie Bank or the Group or any legal entity belonging to the same group as Macquarie Bank.

Risk factors

An investment in the Warrants involves risks that include, without limitation; those described in "Risk Factors" on pages 21 to 44 inclusive of this Base Prospectus.

No authorisation

No person has been authorised to give any information or make any representations not contained in this Base Prospectus in connection with Macquarie Bank, the Group, the Programme or the issue or sale of the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by Macquarie Bank or any Manager.

Distribution

The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), and trading in the Warrants has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1936. Warrants may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) at any time, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Warrants will be exercisable by the holder only upon certification as to non-U.S. beneficial ownership unless the Final Terms relating to a Warrant expressly provides otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. See "Offering and Sale – United States" on pages 120 and 121 of this Base Prospectus.

The distribution of this Base Prospectus and any Final Terms and the offer or sale of Warrants may be restricted by law in certain jurisdictions. Neither Macquarie Bank nor any Manager represents that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, except for registration of this Base Prospectus, no action has been taken by Macquarie Bank or a Manager which would permit a public offering of any Warrants or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Managers have represented that all offers and sales by them will be made on the same terms.

Persons into whose possession this Base Prospectus or any Warrants come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in Australia, the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea,

India, Canada, the People's Republic of China, Malaysia, Mexico and Taiwan (see "Offering and Sale" on pages 119 to 131 inclusive of this Base Prospectus).

The Warrants create options exercisable by the relevant holder. There is no obligation upon any holder to exercise his or her Warrant nor, in the absence of such exercise, any obligation on Macquarie Bank to pay any amount or deliver any asset to any holder of a Warrant. The Warrants will be exercisable in the manner set forth herein and in the applicable Final Terms.

No offer

Neither this Base Prospectus nor any other information provided in connection with the Warrants or the Programme is intended to, nor does it, constitute an offer or invitation by or on behalf of Macquarie Bank or any other person to subscribe for, purchase or otherwise deal in any Warrants nor is it intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any Warrants.

Australian banking legislation

Macquarie Bank is an "authorised deposit-taking institution" ("**ADI**") as that term is defined under the Banking Act 1959 of Australia ("**Banking Act**").

The Australian Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are to be available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including the Warrants). These specified liabilities include certain obligations of the ADI to the Australian Prudential Regulation Authority ("**APRA**") in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia ("**RBA**") and certain other debts to APRA. A "**protected account**" is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

Warrants issued under the Programme are not protected accounts for the purposes of the Financial Claims Scheme and are not deposit liabilities of Macquarie Bank. They are unsecured obligations of Macquarie Bank and in the event of the winding up of Macquarie Bank would rank equally with other unsecured obligations of Macquarie Bank and ahead of subordinated debt and obligations to shareholders (in their capacity as such).

Warrants are not guaranteed by the Australian Government or by any other party.

References to currencies

In this Base Prospectus, references to "**A$**" and "**Australian Dollars**" are to the lawful currency of the Commonwealth of Australia, references to "**Japanese Yen**" are to the lawful currency of Japan and references to "**€**" and "**euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time.

Supplement to the Prospectus

If at any time Macquarie Bank shall be required to prepare a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive, Macquarie Bank will prepare and make available an appropriate supplement to this Base Prospectus or a further prospectus which, in respect of any subsequent issue of Warrants to be listed and traded on the Regulated Market of

the Luxembourg Stock Exchange, shall constitute a supplement to the prospectus as required by Article 16 of the Prospectus Directive, subject to approval by the CSSF.

Macquarie Bank has undertaken, in connection with the listing of the Warrants, that if at any time while any Warrants are listed and traded on the Regulated Market of the Luxembourg Stock Exchange there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Warrants and whose inclusion in this Base Prospectus or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Macquarie Bank and the rights attaching to the Warrants, Macquarie Bank will prepare and make available a supplement to this Base Prospectus or a further prospectus for use in connection with any subsequent issue of Warrants to be listed and traded on the Regulated Market of the Luxembourg Stock Exchange.

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Summary of the Programme

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

A.1	Introduction and warning	This summary should be read as introduction to the Base Prospectus. Any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the Issuer	Not applicable. No offer to the public will be made pursuant to the Base Prospectus.

Section B – Issuer and any guarantor

B.1	Legal and commercial name	Macquarie Bank Limited ("**MBL**")
B.2	Domicile, legal form, legislation and country of incorporation	MBL is incorporated and domiciled in Australia. It is a corporation constituted with limited liability under the laws of the Commonwealth of Australia. MBL's registered office and principal place of business is Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

<table>
<tr><td>B.4b</td><td>Known trends</td><td>Other than the matters disclosed in item B.12, there have been no known trends that are material to the prospects of MBL for at least the current financial year ending 31 March 2019.</td></tr>
<tr><td>B.5</td><td>Group structure</td><td>MBL is an indirect wholly owned subsidiary of Macquarie Group Limited (“MGL”), an ASX listed company comprising a “Banking Group” and a “Non-Banking Group”. MBL forms part of the “Banking Group”.</td></tr>
<tr><td>B.9</td><td>Profit forecasts</td><td>Not applicable; MBL does not make profit forecasts or estimates.</td></tr>
<tr><td>B.10</td><td>Qualifications in the auditor’s report</td><td>Not applicable; The independent auditor’s reports dated 5 May 2017 and 4 May 2018, and the independent auditor’s review report dated 2 November 2018, were unqualified.</td></tr>
<tr><td>B.12</td><td>Selected historical financial information</td><td>The table below sets out the summary financial information of MBL for the two years ended 31 March 2017 and 31 March 2018 and the six months ended 30 September 2017 and 30 September 2018. The information has been prepared in accordance with International Financial Reporting Standards.
<table>
<tr><th></th><th>Consolidated Half-year to 30 September 2018 A$m</th><th>Consolidated Year to 31 March 2018 A$m</th><th>Bank Year to 31 March 2018 A$m</th></tr>
<tr><td>Profit after income tax</td><td>746</td><td>1,583</td><td>2,019</td></tr>
<tr><td>Total assets</td><td>184,879</td><td>173,218</td><td>161,633</td></tr>
<tr><td>Profit</td><td></td><td></td><td></td></tr>
<tr><td>Net operating income</td><td>3,242</td><td>6,163</td><td>5,237</td></tr>
<tr><td>Total operating expenses</td><td>(2,176)</td><td>(4,010)</td><td>(2,967)</td></tr>
<tr><td>Operating profit before income tax</td><td>1,066</td><td>2,153</td><td>2,270</td></tr>
<tr><td>Income tax expense</td><td>(320)</td><td>(570)</td><td>(251)</td></tr>
<tr><td>Profit after income tax</td><td>746</td><td>1,583</td><td>2,019</td></tr>
<tr><td>Loss attributable to non-controlling interests</td><td>(4)</td><td>(1)</td><td>-</td></tr>
<tr><td>Distributions paid or provided for on Macquarie Income Securities</td><td>(7)</td><td>(14)</td><td>-</td></tr>
<tr><td>Profit attributable to ordinary equity holders</td><td>735</td><td>1,568</td><td>2,019</td></tr>
</table>
</td></tr>
</table>

	Consolidated Half-year to 30 September 2017 A$m	Consolidated Year to 31 March 2017 A$m	Bank Year to 31 March 2017 A$m
Profit after income tax	648	1,224	648
Total assets	171,217	167,441	161,539

Profit			
Net operating income	2,854	5,821	3,782
Total operating expenses	(1,999)	(4,088)	(3,061)
Operating profit before income tax	855	1,733	721
Income tax expense	(207)	(509)	(73)
Profit after income tax	648	1,224	648
Loss attributable to non-controlling interests	3	12	-
Distributions paid or provided for on Macquarie Income Securities	(7)	(15)	-
Profit attributable to ordinary equity holders	644	1,221	648

There has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements being 31 March 2018.

Macquarie Bank has agreed to sell its Corporate and Asset Finance's ("CAF") Principal Finance and Transportation Finance businesses to the Non-Banking Group of MGL with an effective date proposed to be 10 December 2018, together with a proposed capital return from MBL to MGL. The proposed capital return is not expected to have a material impact on MBL's ability to fund new investments in core businesses, or to fund investments consistent with its current strategy.

Other than the matters disclosed above, there has been no significant change in the financial or trading position of MBL since the half year ended on 30 September 2018, being the date as at which the latest unaudited half-year financial statements of MBL consolidated with its subsidiaries were made up.

B.13	Recent events to the issuer	Other than the matters disclosed in item B.12 above, there have been no events that are material to the prospects of MBL for at least the current financial year ending 31 March 2019.
B.14	Dependence upon other entities within the group	Please read Element B.5 together with the information below. MBL is an indirect subsidiary of MGL and as at 30 September 2018, MBL conducted its operations directly and indirectly through its subsidiaries. Not applicable; MBL is not dependent upon other entities within MGL and its controlled entities.

B.15	Description of the issuer's principal activities	MBL's expertise covers asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. MBL acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to clients.
B.16	Control of the issuer	MBL is an indirect wholly owned subsidiary of MGL, an ASX listed company, comprising a "Banking Group" and a "Non-Banking Group". MBL forms part of the "Banking Group".

Section C – Securities

C.1	Description of securities including security identification number	[American Style / European Style] [Cash Settled / Physical Delivery] [Call / Put] Warrants relating to the [ordinary shares of [Security]/[basket of Securities]] / [Index] / [basket of Indices] [with coupon]. The Warrants are [not] to be consolidated or form a single series with the Warrants of an existing series. International Security Identification Number ("**ISIN**") is [•].
C.2	Currency of securities	The Settlement currency is [•]
C.5	Restrictions on free transferability of the securities	The offering, sale, delivery and transfer of Warrants and the distribution of this Base Prospectus and other material in relation to any Warrants are subject to restrictions including, in particular, restrictions in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, the People's Republic of China, Malaysia, Mexico and Taiwan. In addition, the Warrants may be subject to certain restrictions on resales and transfers.
C.8	A description of the rights attached to the securities, including • ranking • limitations to those rights	Warrantholders are entitled to receive the Cash Settlement Amount (in the case of a Cash Settled Warrant) or the Entitlement (in the case of a Physical Delivery Warrant, subject to payment of the Exercise Price by the Warrantholders) (refer to C.18 below). Warrants will rank pari passu without any preference among themselves. Claims against MBL in respect of the Warrants will rank at least equally with the claims of other unsecured and unsubordinated creditors of MBL (except creditors mandatorily preferred by law). The rights attaching to the Warrants are subject to the ability of the Issuer to fulfil its obligations under the Warrants. If the Issuer becomes

		insolvent, investors may not be able to get back any of its investment. Warrantholders will have no proprietary interest in the underlying assets and/or any instrument used for the purposes of hedging obligations under the Warrants. [The Minimum Exercise Number and Maximum Exercise Number are [•].] The terms and conditions of the Warrants permit the Issuer and the Calculation Agent (as the case may be), on the occurrence of certain events and in certain circumstances, without the Warrantholders' consent, to make adjustments to the terms and conditions of the Warrants, to redeem the Warrants prior to maturity, (where applicable) to postpone valuation of the underlying asset(s) or scheduled payments under the Warrants, to change the currency in which the terms of the Warrants are denominated, to substitute the Issuer with another permitted entity subject to certain conditions, and to take certain other actions with regard to the Warrants and the underlying asset(s).
C.11	Admission to trading on a regulated market	Application has been made for Warrants issued under the Programme during the twelve month period from the date of this Base Prospectus to be traded on the Luxembourg Stock Exchange's regulated market.
C.15	How the value of the investment is affected by the value of the underlying	Assuming all other factors being equal, (i) for call warrants linked to a security or an index, or a basket of securities or indices, when the price of the security/securities or index/indices increases, the value of the warrants increases and when the price of the security/securities or index/indices decreases, the value of the warrant decreases. (ii) for put warrants, when the price of the security/securities or index/indices increases, the warrant price decreases and when the price of the security/securities or index/indices decreases, the value of the warrant increases.
C.16	Exercise date/ expiration date	The exercise date/ expiration date of the Warrants is [•].
C.17	Settlement procedure	The Warrant will be deposited with a depository common to Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V. All settlements will be done through such clearing systems.
C.18	How the return on derivative securities	[The Warrants will be cash settled and the Issuer will pay the Cash Settlement Amount to the investors at expiry.]

	takes place	[The Warrants will be physical settled and` investors will receive the Entitlement subject to payment of the relevant Exercise Price at expiry.] [In the case of a warrant relating to a specified security or a basket of securities ("**Security Warrant**"), if Cash Dividend is applicable and if the ex-date of the ordinary dividends of the security payable in cash falls after the Trade Date (being [•]) and prior to the Exercise Date (being [•]), the Issuer shall pay to each Warrantholder the Cash Dividend. "**Cash Dividend**" means a cash amount equivalent to the Cash Dividend Percentage (being [•]) multiplied by the gross cash dividend or distribution per Security (converted into the Settlement Currency (being [•]) at the relevant exchange rate.] [In the case of a Warrant with coupon, the Issuer will pay a Coupon Amount to the investors on the Coupon Payment Date. "**Coupon Amount**" means [[•] / an amount determined by the Calculation Agent in its sole discretion by multiplying the Calculation Amount and the Coupon Rate calculated with reference to the relevant Calculation Period] ["**Calculation Amount**" means [•] "**Calculation Period**" means the period from [and including] / [but excluding] [•] to [and including] / [but excluding] [•] "**Coupon Rate**" means [•] [p.a.]]] *[Insert for Call Warrants, Hedge Execution is not applicable and Averaging is not applicable]* Cash Settlement Amount per Warrant = (Settlement Price - Exercise Price*) x Cash Settlement Amount Percentage;] *[Insert for Put Warrants, Hedge Execution is not applicable and Averaging is not applicable]* Cash Settlement Amount per Warrant = (Exercise Price - Settlement Price) x Cash Settlement Amount Percentage;] *[Insert for Call Warrants, Hedge Execution is not applicable and Averaging is applicable]* Cash Settlement Amount per Warrant = (the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price*) x Cash Settlement Amount Percentage;]

		[Insert for Put Warrants, Hedge Execution is not applicable and Averaging is applicable] Cash Settlement Amount per Warrant = (Exercise Price - the arithmetic mean of the Settlement Prices for all the Averaging Dates) x Cash Settlement Amount Percentage] [and less any tax, duties, costs, commissions and fees.] [(* to be deducted at the sole discretion of the Issuer)] ["**Averaging Date**" means [●]] ["**Cash Settlement Amount Percentage**" means [●]] ["**Settlement Price**" means, [in respect of Warrants relating to a basket of indices, an amount equal to the sum of the values calculated for each index as [the official closing level for each index] [the level of each index determined by the Calculation Agent in good faith at the Relevant Time (being [●])] on [the Valuation Date]/ [an Averaging Date], multiplied by the relevant Multiplier (being [●]);] [in respect of Warrants relating to a single index, an amount equal to [the official closing value of the index] [the level of the index determined by the Calculation Agent in good faith at the Relevant Time (being [●])] on [the Valuation Date] [an Averaging Date]] [in respect of Security Warrants relating to a basket of securities, an amount equal to the sum of the values calculated for each security as [the official closing price] [the price at the Relevant Time (being [•])] on [the Valuation Date] [an Averaging Date] quoted on the relevant Exchange for such security on [the Valuation Date] [an Averaging Date] (or if in the opinion of the Calculation Agent, [any such closing price] [the price at the Relevant Time] on [the Valuation Date] [such Averaging Date] cannot be so determined and no market disruption event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of [the closing fair market buying price] [the fair market buying price at the Relevant Time] on [the Valuation Date] [such Averaging Date]) and [the closing fair market selling price] [the fair market selling price at the Relevant Time] on [the Valuation Date] [such Averaging Date]) for the relevant security whose [closing price] [price at the Relevant Time] on [the Valuation Date] [such Averaging Date]) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it

		by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant security or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier (being [●])[, each such value to be converted into the Settlement Currency (being [•]) at the relevant exchange rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent]] [in the case of Security Warrants relating to a single security, an amount equal to [the official closing price] [the price at the Relevant Time (being [•])] on [the Valuation Date] [an Averaging Date] quoted on the relevant Exchange for such security on [the Valuation Date] [an Averaging Date] (or if, in the opinion of the Calculation Agent, no such [closing price] [price at the Relevant Time] on [the Valuation Date] [such Averaging Date] can be determined and no market disruption event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the [closing fair market buying price] [the fair market buying price at the Relevant Time] on [the Valuation Date] [Averaging Date] and [the closing fair market selling price] [the fair market selling price at the Relevant Time] on [the Valuation Date] [such Averaging Date] for the security based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the security or on such other factors as the Calculation Agent shall decide)[, such amount to be converted into the Settlement Currency at the relevant exchange rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent]]] "Valuation Date" means the first trading day following the exercise date of the relevant Warrant unless, in the opinion of the Calculation Agent, a market disruption has occurred on that day. *[Insert for Call Warrants where Hedge Execution is applicable]* Cash Settlement Amount per Warrant = (Hedge Execution Price - Exercise Price*) x Cash Settlement Amount Percentage] [(* to be deducted at the sole discretion of the Issuer)] *[Insert for Put Warrants where Hedge Execution is applicable]*

		Cash Settlement Amount per Warrant = (Exercise Price – Hedge Execution Price) x Cash Settlement Amount Percentage] [and less any tax, duties, costs, commissions and other fees incurred or to be incurred by the Issuer or its affiliate in connection with such unwind, converted into the Settlement Currency at the relevant exchange rate] ["**Hedge Execution Price**" means an amount obtained (after deduction of all exercise expenses relating to the relevant Warrantholder) by the Issuer in selling its hedge positions (or where part or all of the hedge positions are instruments other than the underlying asset of the Warrant, (including but not limited to derivative contracts, exchange traded funds, depository receipts or alternate securities), the implied value of the relevant underlying asset (or the constituents of such underlying asset, as the case may be), as determined in the sole discretion of the Calculation Agent, shall be deemed to be the value (or part of the value) attained by the Issuer in selling its hedge positions] *[Insert for Physical Delivery Warrants]* "**Entitlement**" means the quantity of the security that a Warrantholder is entitled to receive on the Settlement Date (being [●]) .]
C.19	Exercise price	"**Exercise Price**" means [•]
C.20	A description of the type of the underlying and where the information on the underlying can be found	[Ordinary shares of [company name] / A Shares of [company name] / [index name]] Company/Index website: [•]

Section D – Risks

D.2	Key risks regarding the issuer	The following are the key risks relating to the Issuer: *Economic Risk* MBL's and the Group's business and financial condition has been and may be negatively impacted by adverse global credit and other market conditions. Economic conditions, particularly in Australia, the United States, Europe and Asia, may have a negative impact on MBL's and the Group's business and financial condition. *Market Risk*

		MBL's and the Group's businesses may be impacted by fluctuations in short-term and long-term interest rates, inflation, monetary supply, commodities, foreign exchange rates and equity prices in the markets in which MBL and the Group operate. *Funding Risk* MBL and the Group rely on equity and debt markets for funding their business. Further instability in these markets may affect MBL's and the Group's ability to access funding, particularly the ability to issue long-term debt securities, to replace maturing liabilities in a timely manner and to access the funding necessary to grow their businesses. In addition, an increase in credit spreads may increase MBL's and the Group's cost of funding. *Liquidity Risk* MBL and the Group are exposed to the risk that they may become unable to meet their financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to MBL's and the Group's businesses. Liquidity could be impaired by an inability to access credit and debt markets, an inability to sell assets or unforeseen outflows of cash or collateral. *Regulatory Risk* Global economic conditions have led to changes that significantly alter the regulatory framework in which MBL and the Group operate. Failure to comply with legal and regulatory requirements, including tax laws and regulations, and rules relating to conflicts of interest, corrupt and illegal payments and money laundering, or government policies in a timely manner, may have an adverse effect on their reputation among customers and regulators in the market. There is also increased scrutiny from regulators and legislative bodies which may recommend regulatory changes that, if implemented, would require MBL and the Group to change business practices in ways that make its business less profitable. There is also increased scrutiny from law enforcement agencies with respect to matters relating to the financial services sector generally, which could adversely affect MBL and the Group's reputation, and result in enforcement action and penalties. *Credit Rating Risk* If one or more of the credit ratings assigned to MBL or the Group are downgraded this could have the effect of increasing the cost of funds raised by MBL or the Group from financial markets, reducing MBL's or the Group's ability to access certain capital markets, triggering MBL's or the

		Group's obligations under certain contracts, and/or adversely impacting the willingness of counterparties to deal with MBL or the Group. If any of the risks described in this section actually occur, the businesses, competitive position, financial performance, financial condition, operations, prospects or reputation of MBL, as well as other entities within the Group, could be materially and adversely affected, with the result that the value, trading price and/or liquidity of MBL's equity and debt securities (including the Warrants) could decline, with the result that investors could lose all or part of their investment.
D.6	Risk warning that investors may lose value of entire investment or part of it / key risks regarding the securities	The following are the key risks relating to the Warrants: *Fluctuations in the value of the underlying* Fluctuations in the price of the underlying will affect the value of Warrants. When the price of the underlying increases, the value of call Warrants increases and the value of put Warrants decreases. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction. *Other factors in the value of the Warrant* Other factors that may be relevant in determining the price of a warrant include the expected price volatility of the relevant underlying, the expected dividends or yield on the relevant underlying, interest rates and time remaining to maturity of the Warrant. *Withholdings and or deductions* The holder may not receive payment of the full amounts due in respect of the Warrants as a result of amounts being withheld by MBL in order to comply with applicable law. *Illiquidity* Warrants may have no established trading market when issued, and one may never develop, or may be illiquid. In such case, investors may not be able to sell their Warrants easily or at favourable prices. *Change in law* Investors are exposed to the risk of changes in law or regulation affecting the value of the Warrants held by them. If any of the risks described in this section actually occur, the value, trading price and/or liquidity of the Warrants could

		decline, and investors could lose all or part of their investment.

Section E – Offer

E.2b	Reasons for the offer and use of proceeds	No offer to the public will be made pursuant to the Base Prospectus. Proceeds realised from the issuance of Warrants will be used by MBL for the Group's general corporate purposes. However, instruments issued under this Base Prospectus may be admitted to trading.
E.3	Terms and Conditions of the offer	No offer to the public will be made pursuant to the Base Prospectus. However, instruments issued under this Base Prospectus may be admitted to trading.
E.4	Conflict of interest	MBL and its affiliates may also engage in trading activities (including hedging activities) related to the interest underlying any Warrants and other instruments related to the interest underlying any Warrants for their proprietary accounts or for other accounts under their management. MBL and its affiliates may also issue other derivative instruments in respect of the interest underlying Warrants. MBL and its affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Warrants or may act as financial adviser to certain Security Issuers or Basket Security Issuers or in a commercial banking capacity for certain Security Issuers or Basket Security Issuers. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Warrants.
E.7	Expenses charged to the investor	The Issuer may withhold or deduct from any amount payable to the warrantholder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment, whether realised or expected, arising in connection with any payment pursuant to the terms of the Warrants or in respect of a related hedge position. The expense is estimated to be [•].

Risk Factors

Macquarie Bank believes that the following risk factors may affect its ability to fulfil its obligations under the Warrants issued under the Programme. All of these investment considerations are contingencies which may or may not occur and Macquarie Bank is not in a position to express a view on the likelihood of any such contingency occurring.

Investment considerations which Macquarie Bank believes may be material for the purpose of assessing the risks associated with Warrants issued under the Programme and the market for Warrants generally are also described below.

Macquarie Bank believes that the investment considerations described below represent the principal risks inherent in investing in the Warrants issued under the Programme, but the Issuer may be unable to meet its obligations under the Warrants for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Potential investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated by reference herein) and consult their own financial, tax and legal advisers as to the risks and investment considerations arising from an investment in the Warrants, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of the particular circumstances of each investor.

*Macquarie Bank is an ADI as that term is defined under the Banking Act 1959 of Australia ("**Banking Act**").*

See "Australian banking legislation" on page 6 of this Base Prospectus for important information about the Banking Act.

(a) Factors that may affect the Issuer's ability to fulfil its obligations under Warrants issued under the Programme

The value of the Warrants depends upon, amongst other things, the ability of Macquarie to fulfil its obligations under the Warrants which, in turn is primarily dependent on the financial condition and prospects of Macquarie and the Group.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by Macquarie and the Group, including those that encompass a broad range of economic and commercial risks, many of which are not within their control. The performance of all of the Group's major businesses can be influenced by external market and regulatory conditions. If all or most of the Group's businesses were affected by adverse circumstances at or about the same time, overall earnings would suffer significantly. The Group's risk management framework incorporates active management and monitoring of risks including market, credit, equity, liquidity, operational, compliance, foreign exchange, legal, regulatory and reputation risks. These risks create the potential for Macquarie and the Group to suffer loss.

Macquarie's and the Group's business and financial condition has been and may be negatively affected by adverse global credit and other market conditions. Economic conditions, particularly in Australia, the United States, Europe and Asia, may have a negative effect on Macquarie's and the Group's financial condition and liquidity.

The Group's businesses operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. In particular, past

uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, constrained access to funding and the decline in equity and capital market activity have adversely affected and may again affect transaction flow in a range of industry sectors. If repeated, such factors could adversely impact Macquarie's and the Group's financial performance.

The Group may face new costs and challenges as a result of general economic and geopolitical events and conditions. For instance, a European sovereign default, slowdown in the United States or Chinese economies, slowing growth in emerging economies, the departure of the United Kingdom or another member country from the Euro zone or the market's anticipation of such events could disrupt global funding markets and the global financial system more generally. Macquarie and the Group may also be impacted indirectly through counterparties that have direct exposure to European sovereigns and financial institutions.

In the aftermath of the global financial crisis that began in 2007, governments, regulators and central banks took a number of steps to increase liquidity and to restore investor and public confidence, including reducing official interest rates, increasing government spending and budget deficits and "quantitative easing" programs. As the global economic environment improved, a number of the extraordinary measures have been curtailed or withdrawn. The withdrawal of such measures may create or contribute to uncertainty and volatility in global credit markets and reduce economic growth.

Macquarie's and the Group's businesses, including transaction execution, funds management and lending businesses, have been and may be adversely affected by market uncertainty, volatility or lack of confidence due to general declines in economic activity and other unfavourable economic, geopolitical or market conditions or by the impact of changes in foreign exchange rates.

Poor economic conditions and other adverse geopolitical conditions and developments, such as growing tensions between the U.S. and China relating to tariff levels and reciprocal trade, the ongoing negotiations between the United Kingdom and the European Union to determine the terms of the United Kingdom's departure from the European Union and the evolving situation in the Korean peninsula, can adversely affect and have adversely affected investor and client confidence, resulting in declines in the size and number of underwritings and financial advisory transactions and increased market risk as a result of increased volatility, which could have an adverse effect on the Group's revenues and its profit margins. For example, client facilitation fee income may be, and has been, impacted by transaction volumes.

The Group's trading income may be adversely affected during times of subdued market conditions and client activity and increased market risk can lead to trading losses or cause the Group to reduce the size of its trading businesses in order to limit its risk exposure. Market conditions, as well as declines in asset values, may cause the Group's clients to transfer their assets out of the Group's funds or other products or their brokerage accounts and result in reduced net revenues, principally in the Group's funds management business. The Group's funds management fee income, including base and performance fees, may be adversely affected by volatility in equity values and returns from the Group's managed funds. The value and performance of the Group's loan portfolio may also be adversely affected by deteriorating economic conditions. The Group assesses the credit quality of its loan portfolio and the value of its proprietary investments, including its investments in managed funds, for impairment at each reporting date. The Group's returns from asset sales may also decrease if economic conditions deteriorate. In addition, if financial markets decline, revenues from the Group's variable annuity products are likely to decrease. In addition, increases in volatility increase the level of the Group's risk weighted assets and increase the Group's capital requirements. Increased capital requirements may require the Group to raise additional capital at a time, and on terms, which may be less favorable than the Group would otherwise achieve during stable market conditions.

Macquarie's and the Group's liquidity, profitability and businesses may be adversely affected by an inability to access international capital markets or by an increase in their cost of funding.

Liquidity is essential to Macquarie's and the Group's businesses, and Macquarie and entities in the Group rely on credit and equity markets to fund their operations. Macquarie's and the Group's liquidity may be impaired if they are unable to access debt markets or sell assets or they experience unforeseen outflows of cash or collateral. Macquarie's and the Group's liquidity may also be impaired due to circumstances that Macquarie and entities in the Group may be unable to control, such as general market disruptions, which may occur suddenly and dramatically, an operational problem that affects Macquarie and the Group or Macquarie's and the Group's trading clients, or changes in Macquarie's and the Group's credit spreads, which are market-driven and subject at times to unpredictable and highly volatile movements.

General business and economic conditions significantly affect Macquarie's and the Group's access to credit and equity capital markets, cost of funding and ability to meet their liquidity needs. Factors such as changes in short-term and long-term interest rates, inflation, monetary supply, volatility in commodity prices, fluctuations in debt and equity capital markets, relative changes in foreign exchange rates, consumer confidence and changes in the strength of the economies in which Macquarie and the Group operate can all affect their ability to raise capital. Renewed turbulence or a worsening general economic climate could adversely impact any or all of these factors. If conditions deteriorate or remain uncertain for a prolonged period, Macquarie's and the Group's funding costs may increase and may limit Macquarie's and the Group's ability to replace maturing liabilities, which could adversely affect Macquarie's and the Group's ability to fund and grow their businesses.

If Macquarie's or any Group entity's current sources of funding prove to be insufficient, they may be forced to seek alternative financing, which could include selling liquid securities or other assets. The availability of alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, Macquarie's credit ratings and the Group's credit capacity. The cost of these alternatives may be more expensive than the Group's current sources of funding or include other unfavourable terms, or Macquarie and the Group may be unable to raise as much funding as they need to support their business activities. This could slow the growth rate of the Group's businesses, cause Macquarie and the Group to reduce their term assets and increase Macquarie's cost of funding.

Many of Macquarie's and the Group's businesses are highly regulated and they could be adversely affected by temporary and permanent changes in regulations and regulatory policy or unintended consequences from such changes and increased compliance requirements, particularly for financial institutions.

The Group operates various kinds of businesses across multiple jurisdictions and some of its businesses operate across more than one jurisdiction or sector and are regulated by more than one regulator. Additionally, some members of the Group own or manage assets and businesses that are regulated. The Group's businesses include an "authorised deposit-taking institution (ADI)" in Australia (regulated by APRA), bank branches in the United Kingdom, the Dubai International Finance Centre, Singapore, Hong Kong and South Korea and representative offices in the United States, New Zealand and Switzerland. The regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of Macquarie's securities or creditors. In addition, as a diversified financial institution, many of the Group's businesses are subject to financial services regulation other than prudential banking regulation.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal policies. Changes to laws, regulations or policies, including changes in interpretation or

implementation of laws, regulations or policies, could substantially affect Macquarie and the Group or their businesses, the products and services Macquarie and the Group offer or the value of their assets, or have unintended consequences across Macquarie's and the Group's businesses. These may include changing required levels of liquidity and capital adequacy, increasing tax burdens generally or on financial institutions or transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the culture in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which Macquarie and the Group operate, and may lead to further significant changes of this kind. In Australia, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ("Royal Commission") was established in December 2017. In September 2018, the Royal Commission released an interim report. It is expected to release the final report in February 2019. The Royal Commission may result in adverse findings against the Macquarie Group, and is likely to result in the imposition of further regulatory measures on the banking industry and changes to industry practices. Those findings and changes may adversely affect the reputation and the profitability of the Macquarie Group.

In some countries in which the Group does business or may in the future do business, in particular in emerging markets, the laws and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for the Group to determine the requirements of local laws in every market. The Group's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally.

In addition, regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. The nature and impact of future changes are unpredictable, beyond Macquarie's and the Group's control and may result in potentially conflicting requirements, resulting in additional legal and compliance expense and changes to their business practices that adversely affect the Group's profitability.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to Macquarie as an ADI. Any such event could result in changes to the organisational structure of the Macquarie Group and adversely affect the Group.

The Group is also subject in its operations worldwide to rules and regulations relating to corrupt and illegal payments and money laundering ("AML"), as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of the Group's operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that it may be found in violation of such rules or regulations and any such violation could subject the Group to significant penalties, revocation, suspension, restriction or variation of conditions of operating licenses, adverse reputational consequences, litigation by third parties (including potentially class actions) or limitations on their ability to do business. Emerging technologies, such as cryptocurrencies, could limit the Group's ability to track the movement of funds. The Group's ability to comply with these laws is dependent on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability.

Macquarie and the Group may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and Macquarie's and the Group's business operations, capital, liquidity and risk management, compensation and other

matters, has increased dramatically over the past several years. The financial crisis and the subsequent political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, investigations and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming, expensive, can adversely affect investor confidence and can divert the time and effort of Macquarie's staff (including senior management) from its business. Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, and regulators have become aggressive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. If they are subject to adverse regulatory findings, the financial penalties could have a material adverse effect on their results of operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on Macquarie's reputation with clients and on the morale and performance of its employees.

Changes and increased volatility in currency exchange rates may adversely impact Macquarie's financial results and its financial and regulatory capital positions.

While Macquarie's consolidated financial statements are presented in Australian dollars, a significant portion of the operating income of the Group is derived, and operating expenses are incurred, from its offshore business activities, which are conducted in a broad range of currencies. Changes in the rate at which the Australian dollar is translated from other currencies can impact Macquarie's financial statements and the economics of its business.

Although the Group seeks to carefully manage its exposure to foreign currencies, in part, through matching of assets and liabilities in local currencies and through the use of foreign exchange forward contracts to hedge its exposure, the Group is still exposed to exchange risk. Insofar as any member of the Group is unable to hedge or has not completely hedged its exposure to currencies other than the Australian dollar, Macquarie's reported profit or foreign currency translation reserve would be affected.

In addition, because Macquarie's regulatory capital position is assessed in Australian dollars, its capital ratios may be adversely impacted by a depreciating Australian dollar, which increases the capital requirement for assets denominated in currencies other than Australian dollars.

Macquarie's and the Group's business may be adversely affected by their failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses.

Macquarie and/or other entities in the Group are continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to their operations. Macquarie's and/or the Group's completed and prospective acquisitions and growth initiatives may cause them to become subject to unknown liabilities of the acquired or new business and additional or different regulations.

Any time Macquarie and such other Group entities make an acquisition, they may over value the acquisition, they may not achieve expected synergies, they may achieve lower than expected cost savings or otherwise incur losses, they may lose customers and market share, they may face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business into their management's time may be diverted to facilitate the integration of the acquired business into Macquarie. Macquarie or the Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses.

Where Macquarie's and/or the Group's acquisitions are in foreign jurisdictions, or are in emerging or growth economies in particular, they may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk in emerging and growth markets.

Macquarie's and the Group's businesses depend on Macquarie's brand and reputation.

Macquarie believes its reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business. Many companies in the Group and many of the funds managed by entities owned, in whole or in part, by the Group and the Macquarie Group use the Macquarie name. Macquarie does not control those entities that are not in the Group, but their actions may reflect directly on its reputation.

Macquarie's and the Group's business may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or funds that the Group has promoted or is associated with, as investors and lenders may associate such entities and funds with the name, brand and reputation of the Group and the Macquarie Group and other Macquarie-managed funds. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming Macquarie's and the Group's reputation and the reputation of other entities that use the Macquarie name.

Competitive pressure, both in the financial services industry, as well as in the other industries in which Macquarie and the Group operate, could adversely impact its business.

Macquarie and the Group face significant competition from local and international competitors, which compete vigorously in the markets and sectors across which the Group operates. Macquarie and the Group compete, both in Australia and internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets they manage and services they provide. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. In addition, digital technologies and business models are changing consumer behavior and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilizing new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that challenge, and could potentially disrupt, traditional financial services. Macquarie and the Group face competition from established providers of financial services as well as from businesses developed by non-financial services companies. Macquarie believes that it and the Group will continue to experience pricing pressures in the future as some of their competitors seek to obtain or increase market share.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. In recent years, competition in the financial services industry has also increased as large insurance and banking industry participants have sought to establish themselves in markets that are perceived to offer higher growth potential and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships. Many of Macquarie's and the Group's competitors are larger than they are and may have significantly greater financial resources than the Group does and/or may be able to offer a wider range of products which may enhance their competitive position.

Macquarie and the Group also depend on their ability to offer products and services that match evolving customer preferences. If they are not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, they may lose customers to their competitors. The effect of competitive market conditions, especially in Macquarie's and the Group's main markets, products and services, may lead to an erosion in Macquarie's and the Group's market share or margins and could adversely impact the Group's businesses, prospects, results of operations or financial condition.

Macquarie's and the Group's ability to retain and attract qualified employees is critical to the success of their business and the failure to do so may materially adversely affect their performance.

Macquarie's and the Group's employees are their most important resource, and their performance largely depends on the talents and efforts of highly skilled individuals. Macquarie's and the Group's continued ability to compete effectively in their businesses and to expand into new business areas and geographic regions depends on their ability to retain and motivate their existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds and venture capital funds, for qualified employees has historically been intense and they expect it to increase during periods of economic growth.

In order to attract and retain qualified employees, Macquarie and the Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, Macquarie may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require Macquarie and the Group to further alter their remuneration practices in ways that could adversely affect their ability to attract and retain qualified and talented employees.

In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict Macquarie's and the Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact Macquarie's and the Group's ability to take advantage of business and growth opportunities or potential efficiencies, which could adversely affect their profitability.

Macquarie's and the Group's businesses are subject to the risk of loss associated with falling prices in the equity and other markets in which they operate.

Macquarie and the Group are exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of their advisory and other fees due to changes in interest rates, exchange rates, equity and commodity prices, and credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors. Macquarie and the Group trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and is an active price maker in the derivatives market. Certain financial instruments that Macquarie and/or the Group hold and contracts to which they are a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. The Group may incur losses as a result of decreased market prices for products they trade, which decreases the

valuation of their trading and investment positions, including their interest rate and credit products, currency, commodity and equity positions.

In addition, reductions in equity market prices or increases in interest rates may reduce the value of their clients' portfolios, which in turn may reduce the fees Macquarie and the Group earn for managing assets in certain parts of their business. Increases in interest rates or attractive prices for other investments could cause Macquarie's and the Group's clients to transfer their assets out of their funds or other products.

Defaults by one or more other large financial institutions or counterparties could adversely affect financial markets generally.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions globally that may further affect Macquarie and the Group. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that Macquarie and the Group interact with on a daily basis. If any of Macquarie's and the Group's counterpart financial institutions fail, their financial exposures to that institution may lose some or all of their value. The failure of one financial institution may also affect the soundness of other financial institutions with which they transact, resulting in additional failures, financial instruments losing their value and liquidity, and interruptions to capital markets. Any of these events would have a serious adverse effect on Macquarie's and the Group's liquidity, profitability and value.

An increase in the failure of third parties to honour their commitments in connection with Macquarie's and the Group's trading, lending and other activities, including funds that they manage, may adversely impact their business.

Macquarie and the Group are exposed to the potential for credit-related losses as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. Macquarie and the Group are also exposed to potential concentration risk arising from large individual exposures or groups of exposures. Like any financial services organisation, Macquarie and the Group assume counterparty risk in connection with their lending, trading, derivatives and other businesses where they rely on the ability of third parties to satisfy their financial obligations to them on a timely basis. Their recovery of the value of the resulting credit exposure may be adversely affected by a number of factors, including declines in the financial condition of the counterparty, the value of property Macquarie and the Group hold as collateral and the market value of the counterparty instruments and obligations Macquarie and the Group hold. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. To the extent Macquarie's and the Group's credit exposure increases, it could have an adverse effect on their business and profitability if material unexpected credit losses occur. Macquarie and the Group are also subject to the risk that their rights against third parties may not be enforceable in all circumstances. Macquarie's and the Group's inability to enforce their rights may result in losses.

Credit constraints of purchasers of Macquarie and the Group's investment assets or on their clients may impact their income.

Historically, Macquarie and the Group have generated a portion of their income from the sale of assets to third parties, including their funds. If buyers are unable to obtain financing to purchase assets that Macquarie and the Group currently hold or purchase with the intention to sell in the future, they may be required to hold investment assets for longer period than they intend or sell these assets at lower prices than they historically would have expected to achieve, which may

lower Macquarie's and the Group's rate of return on these investments and require funding for periods longer than they have anticipated.

Failure to maintain Macquarie's or the Group's credit ratings could adversely affect its cost of funds, liquidity, competitive position and access to capital markets.

The credit ratings assigned to certain Group entities, including Macquarie, by rating agencies are based on an evaluation of a number of factors, including the Group's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and its key operating environments, including the availability of systemic support in Australia. In addition, a credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not related to the Group.

If these Group entities fail to maintain their current credit ratings, this could (i) adversely affect Macquarie's or the Group's cost of funds and related margins, liquidity, competitive position, the willingness of counterparties to transact with the Group and its ability to access capital markets or (ii) trigger Macquarie's or a Group entity's obligations under certain bilateral provisions in some of its trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the Group or require it to post additional collateral. Termination of Macquarie's or a Group entity's trading and collateralised financing contracts could cause it to sustain losses and impair its liquidity by requiring it to find other sources of financing or to make significant cash payments or securities movements.

Macquarie and the Group may incur losses as a result of ineffective risk management processes and strategies.

While Macquarie and the Group employ a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, Macquarie and the Group may, in the course of their activities, incur losses. There can be no assurance that the risk management processes and strategies that Macquarie and the Group have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on Macquarie's and the Group's managerial, legal, accounting, IT, risk management, operational and financial resources and may expose them to additional risks.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. The Group's future growth will depend, among other things, on its ability to integrate new businesses, maintain an operating platform and management system sufficient to address its growth, attract employees and other factors described herein. If the Group does not manage its expanding operations effectively, its ability to generate revenue and control its expenses could be adversely affected.

A number of the Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact with new clients, new asset classes and other new products or new markets. These business activities expose the Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from IT systems, and reputational concerns with the manner in which these businesses are being operated or conducted.

Macquarie and the Group may experience write-downs of their investments, loans and other assets.

The Group recorded A$46 million of credit and other impairment charges for the half year ended 30 September 2018, including A$44 million for credit impairment charges, and A$2 million for other impairment charges on interests in associates and joint ventures, intangible assets and other non-financial assets. Further credit and other impairments may be required in future periods if the market value of assets similar to those held were to decline.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces Macquarie's and the Group's ability to limit losses in such positions and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios, increase their funding costs and generally require them to maintain additional capital.

The Group relies on services provided by Macquarie Group.

Under services agreements, Macquarie Group provides shared services to the Group. These shared services include risk management, financial operations and economic research services, information technology, treasury, settlement services, equity markets operation services, human resources, business services, company secretarial and investor relations, media relations and corporate communications, taxation, business improvement and strategy, central executive services, accommodation and related services, other group-wide services and business shared services. Other than exercising its rights under those services agreements, the Group has no direct control over the provision of those services, Macquarie Group's continued provision of those services or the cost at which such services are provided. Any failure by the Macquarie Group to continue to provide those services or an increase in the cost of those services will have an adverse impact on the Group's results or operations.

Apart from their rights under services agreements, Macquarie and the Group have no control over the management, operations or business of entities in the Macquarie Group that are not part of the Group.

Entities in the Macquarie Group that are not part of the Group may compete and establish businesses that compete with the businesses of the Group and those other entities are not obligated to support the businesses of the Group. Other than APRA prudential standards and capital adequacy requirements, there are no regulations or agreements governing the allocation of future business between the Group and the Non-Banking Group.

Macquarie's and the Group's business operations expose them to potential tax liabilities that could have an adverse impact on their results of operations and their reputation.

Macquarie and the Group are exposed to risks arising from the manner in which the Australian and international tax regimes may be applied and enforced, both in terms of their own tax compliance and the tax aspects of transactions on which they work with clients and other third parties. Macquarie's and the Group's international, multi-jurisdictional platform increases their tax risks. In addition, as a result of increased funding needs by governments employing fiscal stimulus measures, revenue authorities in many of the jurisdictions in which Macquarie and the Group operate have become more active in their tax collection activities. While the Group believes that it has in place controls and procedures that are designed to ensure that transactions involving third parties comply with applicable tax laws and regulations, any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect its reputation and affected business areas, significantly increase its own tax liability and expose it to legal, regulatory and other actions.

Macquarie and the Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failed internal or external operational systems, processes, people including conduct by their employees, contractors and external service providers, or systems or external events.

Macquarie and the Group's businesses depend on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. As Macquarie's and the Group's client base, business activities and geographical reach expands, developing and maintaining their operational systems and infrastructure becomes increasingly challenging. Macquarie and the Group must continuously update these systems to support their operations and growth, which may entail significant costs and risks of successful integration. Macquarie's and the Group's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond their control, such as a spike in transaction volume or disruption in internet services provided by third parties.

Macquarie and the Group are exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems, such as from the disruption or failure of their IT systems, or from external suppliers and service providers, including cloud-based outsourced technology platforms, or external events. Such operational risks may include theft and fraud, employment practices and workplace safety, improper business practices, mishandling of client monies or assets, client suitability and servicing risks, product complexity and pricing, and valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations.

There is increasing regulatory and public scrutiny concerning outsourced and off-shore activities and their associated risks, including, for example, the appropriate management and control of confidential data. If Macquarie and the Group fail to manage these risks appropriately, they may incur financial losses and/or regulatory intervention and penalties, and their reputation and ability to retain and attract clients may be adversely affected.

In addition, there have been a number of highly publicised cases around the world involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and Macquarie and the Group run the risk that employee, contractor and external service provider misconduct could occur. In addition, risk could occur through the provision of products and services to Macquarie's and the Group's customers that do not meet their needs, such as through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), poor product design and implementation, selling products and services outside of customer target markets or a failure to adequately provide the products or services they had agreed to provide a customer. It is not always possible to deter or prevent employee misconduct and the precautions Macquarie and the Group take to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage.

In addition, Macquarie and the Group face the risk of operational failure, termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries Macquarie and the Group use to facilitate their securities or derivatives transactions, and as Macquarie's and the Group's interconnectivity with their clients and counterparties grows, the risk to them of failures in their clients' and counterparties' systems also grows. Any such failure, termination or constraint could adversely affect Macquarie's and the Group's ability to effect or settle transactions, service their clients, manage their exposure to risk, meet their obligations to counterparties or expand their businesses or result in financial loss or liability to their clients and counterparties, impairment of their liquidity, disruption of their businesses, regulatory intervention or reputational damage.

A cyber attack, information or security breach, or a technology failure of Macquarie and the Group or of a third party could adversely affect Macquarie's and the Group's ability to conduct their businesses, manage their exposure to risk or expand their businesses, result in the disclosure or misuse of confidential or proprietary information, and increase their costs to maintain and update their operational and security systems and infrastructure.

Macquarie's and the Group's businesses depend on the security and efficacy of their information technology systems, as well as those of third parties with whom they interact or on whom they rely. Their businesses rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in their computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access their network, products and services, Macquarie's and the Group's customers and other third parties may use personal mobile devices or computing devices that are outside of Macquarie's and the Group's network environment and are subject to their own cybersecurity risks. Macquarie and the Group implement measures designed to protect the security, confidentiality, integrity and availability of their computer systems, software and networks, including maintaining the confidentiality of information that may reside on those systems. However, there can be no assurances that Macquarie's and the Group's security measures will provide absolute security.

Information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of attackers (including hackers, organised criminals, terrorist organisations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage). Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent. The techniques used by hackers change frequently, may not be recognised until launched and may not be recognised until well after a breach has occurred. Additionally, the existence of cyber attacks or security breaches at third parties with access to their data, such as vendors, may not be disclosed to them in a timely manner. Macquarie and the Group, their customers, regulators and other third parties have been subject to, and are likely to continue to be the target of, cyber attacks. Macquarie's and the Group's computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service or information attacks, phishing attacks, computer viruses or other malicious code and other events that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of Macquarie and the Group, their employees, their customers or of third parties, damages to systems, or otherwise material disruption to Macquarie's and the Group's or their customers' or other third parties' network access or business operations. As cyber threats continue to evolve, Macquarie and the Group may have to significantly increase the resources they allocate to enhance their protective measures or to investigate and remediate any information security vulnerabilities or incidents. Despite efforts to protect the integrity of their systems and implement controls, processes, policies and other protective measures, Macquarie and the Group may not be able to anticipate all security breaches or implement preventive measures against such security breaches. Cyber threats are rapidly evolving and they may not be able to anticipate or prevent all such attacks.

Information security threats may also occur as a result of Macquarie's and the Group's plans to continue to implement internet banking and mobile banking channel strategies, develop additional remote connectivity solutions and outsource some of their business operations. They face indirect technology, cybersecurity and operational risks relating to the customers, clients, external service providers and other third parties with whom they do business or upon whom they rely to facilitate or enable their business activities, including financial counterparties, financial intermediaries (such as clearing agents, exchanges and clearing houses), vendors, regulators, providers of critical infrastructure (such as internet access and electrical power), retailers for whom they process

transactions, as well as other third parties with whom their clients do business, can also be sources of operational risk to them, including with respect to security breaches affecting such parties, breakdowns or failures of the systems or misconduct by the employees, contractors or external service providers of such parties and cyber attacks. Such incidents may require the Group to take steps to protect the integrity of its own operational systems or to safeguard its confidential information and that of its clients, thereby increasing its operational costs and potentially diminishing customer satisfaction.

As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including Macquarie and the Group. This consolidation interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated, often on an accelerated basis. Any third party technology failure, cyber attack or other information or security breach, termination or constraint could, among other things, adversely affect their ability to effect transactions, service their clients, manage their exposure to risk or expand their businesses.

Although to date Macquarie and the Group have not experienced any material losses or suffered other material consequences relating to technology failure, cyber attacks or other information or security breaches, whether directed at them or at third parties, there can be no assurance that they will not suffer such losses or other consequences in the future. It is possible that the Group may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated and can evolve rapidly, and perpetrators can be well resourced. Cyber attacks or other information or security breaches, whether directed at them or third parties, may result in a material loss or have adverse consequences for the Group, including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the Group. Furthermore, the public perception that a cyber attack on their systems has been successful, whether or not this perception is correct, may damage its reputation with customers and third parties with whom it does business.

The Group's businesses, including its commodities activities and particularly its physical commodities trading businesses, are subject to the risk of unforeseen, hostile or potential catastrophic events, and environmental, reputational and other risks that may expose it to significant liabilities and costs.

The Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts) leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events. Additionally, rising climate change concerns may lead to additional regulation that could increase the operating costs and/or reduce the profitability of the Group's investments. In addition, the Group relies on third party suppliers or service providers to perform their contractual obligations. If they are affected by such events, they may be unable to perform their obligations and any failure on their part could adversely affect the Group's business. The Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses.

The occurrence of any such events may prevent Macquarie and the Group from performing under their agreements with clients, may impair their operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm.

Conflicts of interest could limit the Group's current and future business opportunities.

As the Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Group. While Macquarie believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients or counterparties to enter into transactions may be adversely affected if Macquarie fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions.

Litigation and regulatory actions may adversely impact Macquarie's and the Group's results of operations.

Macquarie and the Group may, from time to time, be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory violations, which, if they crystallise, may adversely impact upon their results of operations and financial condition in future periods or their reputation. Macquarie and the Group regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm Macquarie's and the Group's reputation or brand, thereby adversely affecting their business.

In conducting its businesses around the world, the Group is subject to political, economic, market, reputational, legal, operational, regulatory and other risks.

In conducting its businesses and maintaining and supporting its global operations, the Group is subject to risks of possible nationalisation and/or confiscation of assets, expropriation, price controls, capital controls, redenomination risk, exchange controls, protectionist trade policies, economic sanctions and other restrictive governmental actions, unfavourable political and diplomatic developments and changes in legislation. These risks are particularly elevated in emerging markets. The Group could also be affected by disease outbreaks, which may adversely affect local or regional economies and inhibit international trade and travel. A number of jurisdictions in which the Group does business have been negatively affected by slow growth rates or recessionary conditions, market volatility and/or political unrest. The political and economic environment in Europe has improved but remains challenging and the current degree of political and economic uncertainty could increase. In the United Kingdom, the ongoing negotiation of the terms of the exit of the United Kingdom from the European Union continues to inject uncertainty.

The Group could suffer losses due to environmental and social factors

The Group and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change, climate change related impact, or external event (including fire, storm, flood, earthquake, pandemic, civil unrest or terrorism events) in any of these locations has the potential to disrupt business activities, impact the Group's operations, damage property and otherwise affect the value of assets held in the affected locations and the Group's ability to recover amounts owing to it. In addition, such an event or environmental change (as the case may be) could have an adverse impact on economic activity,

consumer and investor confidence, or the levels of volatility in financial markets, all of which could adversely affect the Group's business, prospects, financial performance or financial condition.

Failure of the Group's insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations.

The Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the Group's carriers fail to perform their obligations to the Group and/or its third party cover is insufficient for a particular matter or group of related matters, its net loss exposure could adversely impact its results of operations.

The Group is subject to risks in using custodians.

Certain products the Group manages depend on the services of custodians to carry out certain securities transactions. In the event of the insolvency of a custodian, the Group might not be able to recover equivalent assets in full (including any cash held on its behalf) as they may rank among the custodian's unsecured creditors in relation to assets which the custodian borrows, lends or otherwise uses. In addition, the cash held with a custodian in connection with these products may not be segregated from the custodian's own cash, and the creditors of these products will therefore rank as unsecured creditors in relation to the cash they have deposited.

(b) Risks relating to Warrants generally

Australian insolvency laws

In the event that Macquarie Bank becomes insolvent, insolvency proceedings will be governed by Australian law. Australian insolvency laws are different from the insolvency laws in other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act, which provides for the potential re-organisation of an insolvent company, differs significantly from similar provisions under the insolvency laws of other jurisdictions. If Macquarie Bank becomes insolvent, the treatment and ranking of holders of Warrants and Macquarie Bank's shareholders under Australian law may be different from the treatment and ranking of holders of Warrants and Macquarie Bank's shareholders if Macquarie Bank were subject to the bankruptcy laws or the insolvency laws of other jurisdictions.

No third party guarantees for the issue of Warrants

Investors should be aware that no guarantee is given in relation to the Warrants by the shareholders of Macquarie Bank or any other person.

The Warrants are not guaranteed by the Commonwealth of Australia.

Warrants may not be a suitable investment for all investors

Investors should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of investing in a particular issue of Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or Final Terms as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstances.

Risks relating to particular Warrants and the market generally

The Warrants involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise

that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "Certain Factors Affecting the Value and Trading Price of Warrants" below.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant reference security (or basket of securities) or index (or basket of indices). Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market. See "Possible Illiquidity of the Warrants in the Secondary Market" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant equity security or value of the basket of equity securities will affect the value of Security Warrants. Assuming all other factors being equal, (i) for call Warrants linked to a security or an index, or a basket of securities or indices, when the price of the security/securities or index/indices increases, the value of the Warrants increases and when the price of the security/securities or index/indices decreases, the value of the Warrant decreases, and (ii) for put Warrants, when the price of the security/securities or index/indices increases, the Warrant price decreases and when the price of the security/securities or index/indices decreases, the value of the Warrant increases. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

Macquarie Bank may issue several issues of Warrants relating to various reference securities or indices. However, no assurance can be given that Macquarie Bank will issue any Warrants other than the Warrants to which a particular Final Terms relates. At any given time, the number of Warrants outstanding may be substantial. Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. The price of a Warrant from time to time will generally be affected by the market price of the underlying security (or securities in the case of a basket of securities) or index (or indices in the case of a basket of indices) to which the relevant warrant relates more than any other single factor. Other factors that may be relevant in determining the price of a warrant include:

- the expected price volatility of the relevant underlying security (or securities) or index (or indices);
- the expected dividends or yield (if any) on the relevant underlying security (or securities) or index (or indices);
- interest rates; and
- time remaining to maturity of the Warrant.

In addition, certain issues of Warrants may not be an appropriate investment for investors who are inexperienced with respect to:

- the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options; or

- investments where the amount of principal and/or interest payable (if any) is based on the price, value, performance or some other factor and/or the creditworthiness of one or more entities.

Certain Factors Affecting the Value and Trading Price of Warrants

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price ("Physical Settlement Value") (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference security (or basket of securities) or index (or basket of indices). Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the reference security (or basket of securities) or index (or basket of indices), as well as by a number of other interrelated factors, including those specified herein.

In particular, assuming all other factors being equal, for call Warrants linked to a security or an index, or a basket of securities or indices, when the price of the underlying increases, the value of the Warrants increases and when the price of the underlying decreases, the value of the Warrant decreases. For put Warrants, when the price of the underlying increases, the Warrant price decreases and when the price of the underlying decreases, the value of the Warrant increases.

Before exercising or selling Warrants, Warrantholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the reference security (or basket of securities) or index (or basket of indices), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference security (or basket of securities) or index (or basket of indices) and (viii) any related transaction costs.

Limitations on Exercise

If so indicated in the Final Terms, Macquarie Bank will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and Macquarie Bank elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of Macquarie Bank or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum Exercise Amount

If so indicated in the Final Terms, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a reference security (or basket of securities) or index (or basket of indices), should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the reference security (or basket of securities) or index (or basket of indices). Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the reference security (or basket of securities) or index (or basket of indices). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index or basket.

Effect of Credit Rating Reduction

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of Macquarie Bank's creditworthiness. Such perceptions may be influenced by the ratings accorded to Macquarie Bank's outstanding securities by rating services such as Moody's Investors Service Limited, Standard & Poor's Ratings Services and Fitch Ratings Ltd. A reduction in the rating, if any, accorded to outstanding debt securities of Macquarie Bank, by any such rating agency could result in a reduction in the trading value of the Warrants.

Moody's Investors Service Limited and Fitch Ratings Limited are registered as credit rating agencies in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended); as such they are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.

Time Lag after Exercise

There will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies). The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

Possible Illiquidity of the Warrants in the Secondary Market

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. Macquarie Bank may, but is not obliged to, list Warrants on a stock exchange. Also, to the extent Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

Macquarie Bank may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation. Macquarie Bank may, but is not obliged to, be a market-maker for an issue of Warrants. Even if Macquarie Bank is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. In addition, affiliates of Macquarie Bank may purchase Warrants at the time of their initial distribution and from time to time thereafter. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realise value.

Exercise Procedure and Exercise Notice

Warrantholders who wish to exercise their Warrants should ensure they follow the proper exercise procedures. If the Warrants are not properly exercised they will lapse.

Potential Adjustment Events

In relation to Security Warrants, certain corporate events may occur which result in an adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any other Terms and Conditions of the Warrants and/or the applicable Final Terms. Such corporate events include reconstructions of capital, cash returns of capital, bonus issues, rights issues and extraordinary dividends. Macquarie Bank will notify the Warrantholders of any such adjustment.

Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency in relation to a Security

In relation to Security Warrants, the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency (each as defined in Condition 15(B)(2)(b) of the Terms and Conditions of the Warrants) in relation to a Security may result in an adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any other Terms and Conditions of the Warrants and/or the applicable Final Terms or the cancellation of the relevant Warrants. Macquarie Bank will notify the Warrantholders of the occurrence of any such event and the action to be taken in relation to such event.

Exercise of Discretion by Macquarie Bank

Warrantholders should note that some provisions of the Terms and Conditions of the Warrants confer discretion on Macquarie Bank. The manner of exercise or non-exercise of these discretions could adversely affect the value of the Warrants.

Potential Conflicts of Interest

Macquarie Bank and its affiliates may also engage in trading activities (including hedging activities) related to the interest underlying any Warrants and other instruments or derivative products based on or related to the interest underlying any Warrants for their proprietary accounts or for other accounts under their management. Macquarie Bank and its affiliates may also issue other derivative instruments in respect of the interest underlying Warrants. Macquarie Bank and its affiliates may also act as underwriter in connection with future offerings of shares or other

securities related to an issue of Warrants or may act as financial adviser to certain Security Issuers or Basket Security Issuers or in a commercial banking capacity for certain Security Issuers or Basket Security Issuers. Macquarie Bank will undertake the duties of calculation agent in respect of the Warrants unless another entity is specified in the applicable Final Terms. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Warrants. For the avoidance of doubt, the underlying of the Warrants shall not be any shares of Macquarie Bank or its affiliates.

Legal considerations

Legal considerations may restrict certain investments. The investment activities of certain investors are or may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent (i) Warrants are legal investments for it and (ii) other restrictions apply to its purchase of any Warrants.

The Terms and Conditions of the Warrants are based on the relevant law in effect as at the date of the issue of the relevant Warrants. No assurance can be given as to the impact of any possible change to law or administrative practice after the date of issue of the relevant Warrants.

Further, changes in governmental policy and regulation may also have an impact on Macquarie Bank. In addition to changes in laws and regulations, the policies and practices of government regulators may change and political and diplomatic developments may have an unexpected or adverse impact on market conditions generally or specifically affect the activities, business or practices of Macquarie Bank or the Terms and Conditions of the Warrants.

Exchange rate risk related to the Warrants

If you purchase Warrants by a currency other than the settlement currency, you will be subject to the exchange rate movement of such currencies and incur conversion cost (being the buy/sell spread). If the underlying asset is denominated in a currency different from the settlement currency, you will also be subject to the exchange rate movement of such currencies. Market movement of currencies may adversely impact the payout of the Warrants.

Exchange traded fund (ETF) Risk

Where an underlying is an ETF, you are exposed to the political, economic, currency and other risks related to the synthetic ETF's underlying index. If such ETF invests in derivatives, you are exposed to the credit risk of the counterparties of such derivatives. You should consider the potential contagion and concentration risk of such counterparties. If the ETF has underlying collateral, the market value of the collateral may fall substantially when the ETF seeks to realise the collateral. A higher liquidity risk is involved if an ETF involves derivatives that do not have an active market, and wider bid-offer spreads in the price of derivatives may results in losses in ETF. There may also be disparity between the performance of the ETF and the index due to, for example, failure of tracking strategy, fees and expenses. Also, where the index that the ETF tracks is subject to restricted access, the efficiency in unit creation and redemption to keep the ETF price in line with its net asset value (NAV) may be disrupted, causing the ETF to trade at a higher premium to its NAV and hence suffer loss. For any dealing of structured products with ETFs as underlying, you should have read and understood all relevant product information (including offering documents) of the ETFs before placing your order.

Emerging markets risk

Where the underlying asset is listed on or otherwise related to emerging market countries, investors should note that the economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases,

governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect.

Emerging market regions are also subject to special risks including: generally less liquid and less efficient securities markets; generally greater price volatility, exchange rate fluctuations and foreign exchange control; higher volatility of the value of debt; imposition of restrictions on the expatriation of funds or other assets; foreign exchange control; less publicly available information about issuers; uncertain and changing tax regimes; less liquidity; less well regulated markets; different accounting and disclosure standard; governmental interference; social, economic and political uncertainties and the risk of expropriation of assets.

No proprietary interest in the underlying asset

The Warrantholder will have no proprietary interest in the underlying assets and/or any instrument used for the purposes of hedging obligations under the Warrants.

Illegality and impracticability

If the Issuer determines that the performance of its obligation under the Warrants has become illegal or impracticable, it may cancel the Warrants and an investor may sustain loss as a result.

Change in Law, Hedging Disruption and Increased Cost of Hedging

If Change in Law, Hedging Disruption or Increased Cost of Hedging occurs, the Issuer may adjust the terms of the Warrants in its sole discretion or early terminate the Warrants at the fair market value less any hedging cost. In such case, you may lose a substantial part of your investment.

FX disruption

If FX Disruption (including impossibility or impracticability to convert any amount into the Settlement Currency, to transfer or repatriate any amount outside of the country in which the Hedge Positions are traded or to obtain firm quote for relevant foreign exchange rate) occurs, is continuing or exists on or prior to any date on which a payment is scheduled to be made, the Issuer may either suspend the settlement, settle in another currency or terminate the Warrants early. You may not be able to get back your investment on the scheduled date if the Issuer suspends the settlement and you may lose your entire investment if the suspension is not lifted. If the Warrants are settled in another currency or terminated early, the amount you receive can be substantially less than your initial investment.

Taxes

Each Warrantholder will assume and be solely responsible for all taxes, duties and/or expenses arising in connection with any payment of a Cash Settlement Amount or other amount payable in accordance with the terms of the Warrants. In addition, the Issuer shall have the right to withhold or deduct from any amount payable to Warrantholders such amount as shall be necessary to account for any tax, duty, charge, withholding or other payment, whether realized or expected, in respect of any hedging transactions in respect of any Warrants. The Warrantholder is also required to indemnify the Issuer against any loss or cost in respect of tax paid or to be paid in accordance with the hedging transaction. The Issuer may determine the amount of any applicable capital gain tax on a first-in-first-out basis or such other basis at its discretion. If such tax is determined on a first-in-first-out basis, the tax subject to deduction, withholding and/or indemnity may be determined by reference to the overall position of the Issuer (or a counterparty of the Issuer) in the relevant asset which may include not only the Hedge Position for a particular series of Warrant but also Hedge Position for all other financial instruments issued, or transactions entered into, by the Issuer and/or its affiliates (or a counterparty of the Issuer) and proprietary

position of the Issuer and/or its affiliates (or a counterparty of the Issuer). The amount of capital gain tax attributable to a particular series of Warrants would depend on the timing of the unwinding of the Hedge Positions for such Warrants relative to the timing for unwinding the Hedge Positions for other financial instruments or transactions over the same underlying assets or disposal of the proprietary positions of the Issuer (and/or its affiliates or a counterparty of the Issuer). It is possible that the Warrantholder may suffer adverse tax consequence if the capital gain tax is determined on a first-in-first-out basis.

U.S. Foreign Account Tax Compliance Act

Under Sections 1471-1474 of the U.S. Internal Revenue Code ("FATCA", enacted in 2010 as part of the Hiring Incentives to Restore Employment Act), certain foreign financial institutions (such as Macquarie Bank) will be required to provide the U.S. Internal Revenue Service with information on accounts held by U.S. persons or be subject to a 30% U.S. withholding tax on all, or a portion of, certain payments it receives. Compliance with FATCA will require substantial investment in a documentation and reporting framework. In the absence of compliance with FATCA, Macquarie Bank could be exposed to a withholding tax which would reduce the cash available to be paid by Macquarie Bank. In addition, under FATCA, Macquarie Bank or other financial institutions through which payments on the Warrants are made or through which an investor owns its Warrants may be required to withhold amounts on the Warrants if (i) there is a "non-participating" non-U.S. financial institution in the payment chain or (ii) the Warrants are treated as "financial accounts" for purposes of FATCA and the investor does not provide certain information, which may include the name, address and taxpayer identification number with respect to direct and certain indirect U.S. investors.

While the Warrants are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Warrants are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer or registered holder of the Warrants) and the Issuer has therefore has no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

Prospective investors should refer to the section "United States Taxation – Foreign Account Tax Compliance Act" on pages 139 to 142 of this Base Prospectus.

Risks associated with the reform of equity index and other 'benchmarks'

Equity indices, the London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate, commodity, foreign exchange rate and other types of indices which are deemed to be 'benchmarks' are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such 'benchmarks' to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Warrants linked to such a 'benchmark'.

Key international proposals for reform of 'benchmarks' include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the Benchmark Regulation.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. A review published by IOSCO in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, with widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmark Regulation. The Benchmark Regulation entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmark Regulation will apply from 1 January 2018, except that the regime for 'critical' benchmarks applies from 30 June 2016.

The Benchmark Regulation will apply to 'contributors', 'administrators' and 'users' of 'benchmarks' in the EU, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain 'equivalence' conditions in its local jurisdiction, to be 'recognised' by the authorities of a Member State pending an equivalence decision or to be 'endorsed' for such purpose by an EU competent authority) and to comply with requirements in relation to the administration of 'benchmarks' and (ii) ban the use of 'benchmarks' of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called 'critical benchmark' indices such as LIBOR and EURIBOR, will apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including 'proprietary' indices or strategies) which are referenced in certain financial instruments (securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or 'systematic internaliser'), certain financial contracts and investment funds. Different types of 'benchmark' are subject to more or less stringent requirements, and in particular a lighter touch regime will apply where a 'benchmark' is not based on interest rates or commodities and the total average value of financial instruments, financial contracts or investment funds referring to a benchmark over the past six months is less than €50bn, subject to further conditions.

The Benchmark Regulation could have a material impact on Warrants linked to a 'benchmark' rate or index, including in any of the following circumstances:

1. an index or rate which is a 'benchmark' could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the 'equivalence' conditions, is not

'recognised' pending such a decision and is not 'endorsed' for such purpose. In such event, depending on the particular 'benchmark' and the applicable terms of the Warrants, the Warrants could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and

2. the methodology or other terms of the 'benchmark' could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Warrants..

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of 'benchmarks' could increase the costs and risks of administering or otherwise participating in the setting of a 'benchmark' and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain 'benchmarks', trigger changes in the rules or methodologies used in certain 'benchmarks' or lead to the disappearance of certain 'benchmarks'. The disappearance of a 'benchmark' or changes in the manner of administration of a 'benchmark' could result in adjustment to the terms and conditions, early redemption, discretionary valuation, delisting or other consequence in relation to Warrants linked to such 'benchmark'. Any such consequence could have a material adverse effect on the value of and return on any such Warrants.

General Description of the Programme

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. It should be read, in relation to any Warrants, in conjunction with the Final Terms and, to the extent applicable, the Terms and Conditions. This overview is qualified in its entirety by the remainder of this Base Prospectus and any decision to invest in the Warrants should be based on a consideration of this Base Prospectus as a whole, including without limitation, the "Risk Factors" on pages 21 to 44 inclusive of this Base Prospectus and the documents incorporated herein by reference into this Base Prospectus (see "Documents Incorporated by Reference" on pages 49 to 51) inclusive of this Base Prospectus). Words or expressions defined or used in the Terms and Conditions shall, unless the contrary intention appears, have the same meaning in this overview.

Issuer:	Macquarie Bank Limited (ABN 46 008 583 542), a corporation constituted with limited liability under the laws of the Commonwealth of Australia and authorised to carry on banking business in the Commonwealth of Australia and the United Kingdom. Macquarie Bank's expertise covers asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Macquarie Bank acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to clients. Macquarie Bank may offer Warrants acting through its head office in Sydney or its London Branch as specified in the applicable Final Terms (if any) or (in other cases) as agreed with the relevant Manager. On 8 August 1994 Macquarie Bank Limited opened a London Branch. On 21 October 1994, Macquarie Bank Limited was registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR002678) in England and Wales. Macquarie Bank Limited, London Branch is an authorised person for the purposes of section 19 of the FSMA and is authorised and regulated by the FCA (Firm No. 170934). In the United Kingdom, Macquarie Bank Limited, London Branch, conducts regulated banking business. Macquarie Bank has a right of substitution as set out in Condition 13 ("**Substitution of the Issuer**") on page 74 of this Base Prospectus.
Description:	Warrant Programme.
Managers:	Macquarie Bank may from time to time appoint one or more Managers in respect of an issue of Warrants.

Agents:	Deutsche Bank AG, London Branch has been appointed as principal warrant agent and Deutsche Bank Luxembourg S.A. has been appointed as Luxembourg warrant agent and Luxembourg listing agent for all Warrants listed on the Luxembourg Stock Exchange. Macquarie Bank Limited has been appointed as calculation agent. No trustee or other organisation has been appointed to represent investors in Warrants issued under the Programme.
Registrar:	Deutsche Bank Luxembourg S.A.
Programme:	A programme allowing for the issuance of Warrants of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices or a specified security or a basket of securities (subject to applicable legal and regulatory restrictions) as specified in the applicable Final Terms. As at the date of this Base Prospectus, there shall be no Warrants issued in relation to proprietary indices The applicable Final Terms will also specify whether Warrants are American-style Warrants or European-style Warrants, whether settlement shall be by way of cash payment or physical delivery, whether the Warrants are call Warrants or put Warrants, whether any coupon is payable and whether Warrants shall only be exercisable in units and whether averaging will apply.
Distribution:	Warrants may be distributed on a syndicated or non-syndicated basis.
Programme Term:	The Programme will not have a fixed maturity date.
Method of Issue:	Macquarie Bank may from time to time issue Warrants in one or more Series.
Issue Price:	Warrants may be issued at an issue price which is at par or at a discount to, or premium over, par, and on a fully or partly paid basis and will be specified in the relevant Final Terms (if any) or (in other cases) as agreed between Macquarie Bank and the relevant Manager(s).
Final Terms:	Each Final Terms will provide particular information relating to a particular issue of Warrants.

Form of Warrants:	Warrants will be issued in uncertificated registered form. Each issue of Warrants will be constituted and represented by a Global Warrant executed as a deed poll in favour of the holders of those Warrants from time to time and which will be issued and deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear on the date of issue of the relevant Warrants. Definitive Warrants will not be issued. Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Warrant Agents as the holder of such amount of Warrants for all purposes.
Use of Proceeds:	Proceeds realised from the issuance of Warrants will be used by Macquarie Bank for the Group's general corporate purposes.
Settlement Currencies:	The settlement currency will be set out in the applicable Final Terms.
Status of the Warrants:	Warrants will be direct and unsecured obligations of Macquarie Bank. Warrants will rank *pari passu* without any preference among themselves. Claims against Macquarie Bank in respect of the Warrants will rank at least equally with the claims of other unsecured and unsubordinated creditors of Macquarie Bank (except creditors mandatorily preferred by law).
Governing Law:	The Warrants will be governed by English law.
Listing and admission to trading:	Warrants issued under the Programme may be listed on the official list of Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or unlisted. Application has been made for Warrants to be issued by Macquarie Bank under the Programme during the period of twelve months from the date of this Base Prospectus for listing on the official list and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended.
Selling and transfer restrictions:	The offering, sale, delivery and transfer of Warrants and the distribution of this Base Prospectus and other material in relation to any Warrants are subject to restrictions as may apply in any country in connection with the offering and sale of a particular Tranche of Warrants including, in particular,

restrictions in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, the People's Republic of China, Malaysia, Mexico and Taiwan. See "Offering and Sale" on pages 119 to 131 inclusive of this Base Prospectus.

The various categories of potential investors include experienced investors, financial institutions, hedge funds, mutual funds and retirement funds. The Warrants may not be offered, sold, delivered or transferred to retail investors, That is, a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU or a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU.

In addition, the Warrants may be subject to certain restrictions on resales and transfers set out in the section entitled "Important Notice" on pages 3 to 7 inclusive of this Base Prospectus.

Documents Incorporated by Reference

The documents described below shall be incorporated by reference in and form part of this Base Prospectus, save that any statement contained in any document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any document incorporated by reference in any of the documents described below does not form part of this Base Prospectus. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Regulation (EC) No 809/2004 of 29 April 2004 (the "**Prospectus Regulation**").

Macquarie Bank Annual Reports

The 2017 Annual Report and 2018 Annual Report of Macquarie Bank, which include the audited Annual Financial Report of Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2017 and 2018, and the auditor's report in respect of the Financial Report, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus.

The Financial Report of Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2017 and 2018 includes Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, Notes to the Financial Statements and the Directors' Declaration. The Financial Report and Independent Audit Report can be located in the 2018 Annual Report (and in the case of the financial year ended 31 March 2017, also in the 2017 Annual Report) on the following pages:

	2018 Annual Report	2017 Annual Report
Income Statements	43	50
Statements of Comprehensive Income	44	51
Statements of Financial Position	45	52
Statements of Changes in Equity	46-47	53-54
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See "Selected Financial Information" on pages 116 to 118 inclusive of this Base Prospectus for further information on the audited annual financial statements of Macquarie Bank consolidated with its subsidiaries.

Interim Financial Report for the half-year ended 30 September 2018

The Interim Financial Report of Macquarie Bank, which includes the unaudited financial statements of Macquarie Bank consolidated with its subsidiaries for the half years ended 30 September 2017, 31 March 2018 and 30 September 2018 and the independent auditor's review

report in respect of such financial statements, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus.

The unaudited financial statements of Macquarie Bank consolidated with its subsidiaries for the half years ended 30 September 2017, 31 March 2018 and 30 September 2018 includes the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Notes to the Consolidated Financial Statements, Directors' Declaration and the Independent Auditor's Review Report. These can be located in the 2018 Interim Financial Report on the following pages:

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Macquarie Bank will provide, without charge, upon the written request of any person, a copy of any or all of the documents which, or portions of which, are incorporated in this Base Prospectus by reference. Written requests for such documents should be directed to Macquarie Bank at its office set out at the end of this Base Prospectus. In addition, such documents will be available for inspection and available free of charge at the offices of the Warrant Agents (save that a Final Terms relating to an unlisted Warrant will only be provided to a holder of such Warrant and such holder must produce evidence satisfactory to the relevant Warrant Agent as to the identity of such holder). Requests for such documents should be directed to the specified office of the Principal Warrant Agent in London or the Warrant Agent in Luxembourg.

Documents incorporated in this Base Prospectus by reference are also published on the Luxembourg Stock Exchange's internet site www.bourse.lu and available on Macquarie Bank's internet site https://www.macquarie.com/au/about/investors/reports.

All information which Macquarie Bank has published or made available to the public in compliance with its obligations under the laws of the Commonwealth of Australia dealing with the regulation of securities, issuers of securities and securities markets has been released to the Australian Securities Exchange operated by ASX Limited ("**ASX**") in compliance with the continuous disclosure requirements of the ASX Listing Rules. Announcements made by Macquarie Bank

under such rules are available on ASX's internet site www.asx.com.au (Macquarie Bank's ASX code is "MBL").

Internet site addresses in this Base Prospectus are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Base Prospectus.

Terms and Conditions of the Warrants

The following is the text of the Terms and Conditions of the Warrants which (subject to completion) will be attached to each Global Warrant (as defined below).

The applicable Final Terms (or the relevant provisions thereof) will be attached to each Global Warrant.

The Warrants of this series (such Warrants being hereinafter referred to as the "**Warrants**") are constituted by a global warrant ("**Global Warrant**") and are issued pursuant to an amended and restated Master Warrant Agreement dated 20 October 2006 (as amended and supplemented from time to time) ("**Warrant Agreement**") between Macquarie Bank Limited as issuer ("**Issuer**"), Deutsche Bank AG, London Branch as principal warrant agent ("**Principal Warrant Agent**", which expression shall include any successor principal warrant agent) and Deutsche Bank Luxembourg, S.A. as warrant agent ("**Warrant Agent**" and, together with the Principal Warrant Agent, the "**Warrant Agents**", which expression shall include any additional or successor warrant agents) and registrar ("**Registrar**"). The Issuer shall undertake the duties of calculation agent ("**Calculation Agent**") in respect of the Warrants as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Warrants, include such other specified calculation agent.

No Warrants in definitive form will be issued. The Global Warrant has been deposited with a depositary ("**Common Depositary**") common to Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**"). The Warrants are either listed or unlisted. If the Warrants are intended to be listed, application will be made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. No assurances can be given that such application for listing will be granted, (or if granted, will be granted by the Issue Date).

The applicable Final Terms for the Warrants is attached to the Global Warrant. References herein to the "applicable Final Terms" are to the Final Term or Final Terms (in the case of any further warrants issued pursuant to Condition 12 and forming a single series with the Warrants) attached to the Global Warrant.

Copies of the Warrant Agreement (which contains the form of the Final Terms) and the applicable Final Terms may be obtained during normal office hours from the specified office of each Warrant Agent, save that if the Warrants are unlisted, the applicable Final Terms will only be obtainable by a Warrantholder and such Warrantholder must produce evidence satisfactory to the relevant Warrant Agent as to identity.

Words and expressions defined in the Warrant Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders (as defined in Condition 1(*B*)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Warrant Agreement (insofar as they relate to the Warrants) and the applicable Final Terms, which are binding on them.

The Issuer may, at its sole discretion, and without further notice, increase or reduce the number of Warrants being issued.

1. Type, Title and Transfer

(A) Type

The Warrants are Index Warrants or Security Warrants as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Warrants or Security Warrants, are set out in Condition 15.

The applicable Final Terms will indicate whether the Warrants are American style Warrants ("**American Style Warrants**") or European style Warrants ("**European Style Warrants**"), whether settlement shall be by way of cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**"), whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"), whether a coupon is payable, whether the Warrants may only be exercised in Units and whether Averaging will apply to the Warrants. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice (referred to in Condition 5(*A*)) which purports to exercise Warrants in breach of this provision shall be void and of no effect. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, in the case of a Market Disruption Event (as defined in Condition 15) occurring on an Averaging Date, whether Omission, Postponement or Modified Postponement (referred to in Condition 3 below) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants, which include an option at the Issuer's election to request cash settlement of such Warrant and where settlement is to be by way of cash payment, and references in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is to be by way of physical delivery.

(B) Title to Warrants

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Warrants (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Warrant Agents as the holder of such amount of Warrants for all purposes (and the expressions "**Warrantholder**" and "**holder of Warrants**" and related expressions shall be construed accordingly).

(C) Transfers of Warrants

All transactions (including transfers of Warrants) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 5.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative

clearing system approved by the Issuer and the Principal Warrant Agent from time to time and notified to the Warrantholders in accordance with Condition 10.

2. Status of the Warrants

The Warrants are direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. Claims against the Issuer rank at least equally with the claims of its unsecured and unsubordinated creditors (except creditors mandatorily preferred by law).

3. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

"**Actual Exercise Date**" means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 6(*A*)(ii), the date during the Exercise Period on which the Warrant is actually or is deemed exercised (in the case of American Style Warrants (as more fully set out in Condition 4(*A*)(i)));

"**Averaging**" means, where specified as applicable in the Final Terms, that the arithmetic mean of the Settlement Prices on each Averaging Date is a component of the calculation of Cash Settlement Amount.

"**Averaging Date**" means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Trading Day, the immediately following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event (as set out in Condition 15) has occurred on that day. If there is a Market Disruption Event on that day, then:

(a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Settlement Price provided that, if through the operation of this provision there would not be an Averaging Date in respect of such Actual Exercise Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred; or

(b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms:

(i) where the Warrants are Index Warrants relating to a single Index or Security Warrants relating to a single Security, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the

final Averaging Date in relation to such Actual Exercise Date, then (A) that eighth Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and

(ii) where the Warrants are Index Warrants relating to a Basket of Indices or Security Warrants relating to a Basket of Securities, the Averaging Date for each Index or Security not affected by a Market Disruption Event shall be the originally designated Averaging Date ("**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by a Market Disruption Event shall be the first succeeding Valid Date (as defined below) in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the eighth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to such Actual Exercise Date, then (A) that eighth Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Trading Day is already an Averaging Date) in relation to such Index or Security, and (B) the Calculation Agent shall determine the relevant level or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below;

for the purposes of these Terms and Conditions "**Valid Date**" means a Trading Day on which there is no Market Disruption Event and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur;

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System (TARGET2) is open;

"**Business Day Centres**" means the principal financial centre for the Settlement Currency and the financial centre in which the Security, the basket of Securities or the constituents of the Index are listed;

"**Cash Dividend**" is applicable if so specified in the Final Terms, in which case, means a cash amount equivalent to the Cash Dividend Percentage multiplied by the gross cash dividend or distribution per Security declared by the Security Issuer (converted into the Settlement Currency at the Exchange Rate (a) as determined by the Calculation Agent in its sole and absolute discretion; (b) actually obtained by the Hedging Party, or (c) as set out in designated screen) for each Entitlement, less any tax, duties, costs, commissions and fees;

"**Cash Dividend Percentage**" means, the percentage specified as such in the applicable Final Terms if Cash Dividend is applicable;

"**Cash Settlement Amount**" means, in relation to Cash Settled Warrants, the amount to which the Warrantholder is entitled in the Settlement Currency in relation to each such

Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, as determined by the Calculation Agent pursuant to Condition 4;

"**Cash Settlement Amount Percentage**" means the percentage specified as such in the applicable Final Terms;

"**Calculation Amount**" means, in respect of a Warrant where coupon is payable, the amount specified as such in the applicable Final Terms;

"**Calculation Period**" means, in respect of a Warrant where coupon is payable and a Coupon Payment Date, the period specified as such in the applicable Final Terms, provided that if the Warrants are early redeemed for whatever reasons, the Calculation Period shall end on such early redemption date (inclusive). The Calculation Period will not be extended because of a Disruption Event;

"**Coupon Amount"** means, in respect of a Warrant where coupon is payable and a Coupon Payment Date, the amount specified as such in the applicable Final Terms (pro rata to the Calculation Period), or if no amount is so specified, an amount determined by the Calculation Agent in its sole discretion by multiplying the Calculation Amount and the Coupon Rate calculated with reference to the relevant Calculation Period;

"**Coupon Payment Date**" means, in respect of a Warrant where coupon is payable, the date specified as such in the applicable Final Terms;

"**Coupon Rate**" means, in respect of a Warrant where coupon is payable, the percentage specified as such in the applicable Final Terms;

"**Disruption Event**" means Change in Law, Hedging Disruption, Increased Cost of Hedging, FX Disruption and a Market Disruption Event;

"**Entitlement**" means, in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the quantity of the Relevant Asset or the Relevant Assets (as specified in the applicable Final Terms), as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant or Unit, as the case may be, following payment of the Exercise Price (and any other sums payable) rounded down as provided in Condition 4(*C*)(i), as determined by the Calculation Agent including any documents evidencing such Entitlement;

"**Exchange(s)**" means:

(a) in respect of an Index relating to Index Warrants, each exchange or quotation system on which the constituents of the Index is primarily listed, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange); and

(b) in respect of a Security relating to Security Warrants, each exchange or quotation system on which the Security is primarily listed, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Securities has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security

on such temporary substitute exchange or quotation system as on the original Exchange);

"**Exercise Date**" means the date specified as such in the applicable Final Terms, provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day. For the avoidance of doubt, the Calculation Agent may in its sole discretion extend the Exercise Date from time to time without notification;

"**Hedge Execution**" means, where specified as applicable in the Final Terms, that the Hedge Execution Price is a variable in the calculation of Cash Settlement Amount.

"**Hedge Positions**" means:

(i) any securities positions, derivatives positions, assets or other instruments or arrangements (however described) purchased, sold, entered into, maintained or held by or for the Hedging Party for the purpose of hedging any relevant price risk including, but not limited to, the equity and currency risk of the Warrant, or

(ii) any securities positions, derivatives positions, assets or other instruments or arrangements (however described) that may reasonably be purchased, sold, entered into, maintained or held by or for a hypothetical broker which such hypothetical broker would consider that it is necessary to hedge any relevant price risk including, but not limited to, the equity and currency risk of the Warrant;

"**Hedging Party**" means Macquarie Bank Limited and/or any of its affiliates or subsidiaries;

"Issue Price" means the price at which the Warrants will be offered, which is at par or at a discount to, or premium over, par, and on a fully or partly paid basis and will be specified in the applicable Final Terms;

"**Settlement Date**" means, in relation to each Actual Exercise Date, (i) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the Valuation Date provided that if a Market Disruption Event (as set out in Condition 15) has resulted in a Valuation Date for one or more Indices or Securities, as the case may be, being adjusted as set out in the definition of "Valuation Date" below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index or Security, as the case may be, or (ii) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date provided that where a Market Disruption Event (as set out in Condition 15) has resulted in an Averaging Date for one or more Indices or Securities, as the case may be, being adjusted as set out in the definition of "Averaging Date" above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index or Security, as the case may be, or such other date as is specified in the applicable Final Terms, provided that the Issuer may in its sole discretion postpone the Settlement Date until 31 days after the Valuation Date;

"**Settlement Price**" means, in relation to each Cash Settled Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be:

(a) in respect of Index Warrants, subject to Condition 15(*A*) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

(i) in the case of Index Warrants relating to a Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of: the values calculated for each Index

as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent in good faith at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and

(ii) in the case of Index Warrants relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing value of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent in good faith at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction;

(b) in respect of Security Warrants, subject to Condition 15(*B*) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

(i) in the case of Security Warrants relating to a Basket of Securities, an amount equal to the sum of: the values calculated for each Security as the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Security (as defined in Condition 15(*B*)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if in the opinion of the Calculation Agent, any such closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and no Market Disruption Event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Security whose closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Security or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and

(ii) in the case of Security Warrants relating to a single Security, an amount equal to the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Security (as defined in Condition 15(*B*)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, no such closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be determined and no Market Disruption Event has occurred and is continuing, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Security based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Security or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;

"**Trade Date**" means the day specified as such in the applicable Final Terms;

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event (as set out in Condition 15), would have been) a trading day of the Exchange(s) other than a day on which trading on any such Exchange is scheduled to close prior to its regular weekday closing time;

"**Valuation Date**" means the first Trading Day following the Actual Exercise Date of the relevant Warrant unless, in the opinion of the Calculation Agent, a Market Disruption Event (as set out in Condition 15) has occurred on that day. If there is a Market Disruption Event on that day, then:

(a) where the Warrants are Index Warrants relating to a single Index or Security Warrants relating to a single Security, the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the eight Trading Days immediately following the original date that (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the eighth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the Settlement Price:

(x) in the case of Index Warrants, by determining the level of the Index as of the Valuation Time on that eighth Trading Day in accordance with (subject to Condition 15(*A*)(2)) the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or if trading in the relevant security/commodity has been materially suspended or materially limited,

its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Trading Day of each security/commodity comprised in the Index; or

(y) in the case of Security Warrants, in accordance with its good faith estimate of the Settlement Price that would have prevailed but for the Market Disruption Event as of the Valuation Time on that eighth Trading Day; or

(b) where the Warrants are Index Warrants relating to a Basket of Indices or Security Warrants relating to a Basket of Securities, the Valuation Date for each Index or Security, as the case may be, not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Index or Security, as the case may be, affected (each an "Affected Item") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to the Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the eight Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the eighth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item,:

(x) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Trading Day of each security/commodity comprised in that Index; or

(y) in the case of a Security, its good faith estimate of the price for the Affected Item that would have prevailed but for the Market Disruption Event as of the Valuation Time on that eighth Trading Day,

and otherwise in accordance with the above provisions; and

"Valuation Time" means the Relevant Time specified in the applicable Final Terms or, in the case of Index Warrants or Security Warrants, if no Relevant Time is specified, the close of trading on the Exchange.

4. Exercise Rights

(A) Exercise Period

(i) American Style Warrants

American Style Warrants are exercisable on any Business Day during the Exercise Period.

Any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Business Day of the Exercise Period ("Expiration Date"), shall become void.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent, is referred to herein as the "Actual Exercise Date". If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall become void.

(ii) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date. Each Warrant will automatically be exercised at 1:30p.m. (Hong Kong time) on the Exercise Date, without notice being given to the Warrantholders, if the Calculation Agent determines that the Cash Settlement Amount is greater than zero.

Any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date, shall become void.

(B) Cash Settlement

If the Warrants are Cash Settled Warrants and if Hedge Execution is specified as not applicable in the Final Terms, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

(i) where Averaging is not specified in the applicable Final Terms:

(a) if such Warrants are Call Warrants

Cash Settlement Amount per Warrant = (Settlement Price - Exercise Price*) x Cash Settlement Amount Percentage;

(* to be deducted at the sole discretion of the Issuer)

(b) if such Warrants are Put Warrants,

Cash Settlement Amount per Warrant = (Exercise Price - Settlement Price) x Cash Settlement Amount Percentage; and

(ii) where Averaging is specified in the applicable Final Terms:

(a) if such Warrants are Call Warrants,

Cash Settlement Amount per Warrant = (the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price*) x Cash Settlement Amount Percentage;

(* to be deducted at the sole discretion of the Issuer)

(b) if such Warrants are Put Warrants,

Cash Settlement Amount per Warrant = (Exercise Price - the arithmetic mean of the Settlement Prices for all the Averaging Dates) x Cash Settlement Amount Percentage

and less any tax, duties, costs, commissions and fees.

Subject to Condition 11, if the Warrants are Cash Settled Warrants and if Hedge Execution is specified as applicable in the Final Terms, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount equal to:

(A) if such Warrants are Call Warrants, an amount obtained (after deduction of all Exercise Expenses relating to the relevant Warrantholder) by the Issuer in selling its Hedge Positions (or where part or all of the Hedge Positions are instruments other than the underlying asset of the Warrant, (including but not limited to derivative contracts, exchange traded funds, depository receipts or alternate securities), the implied value of the relevant underlying asset (or the constituents of such underlying asset, as the case may be), as determined in the sole discretion of the Calculation Agent, shall be deemed to be the value (or part of the value) attained by the Issuer in selling its Hedge Positions) ("Hedge Execution Price"), less the Exercise Price which shall be deducted at the sole discretion of the Issuer and less any tax, duties, costs, commissions and other fees incurred or to be incurred by the Issuer or its affiliate in connection with such unwind, converted into the Settlement Currency at the Exchange Rate, multiplied by Cash Settlement Amount Percentage. The Cash Settlement Amount can be calculated as per the following formula:

Cash Settlement Amount per Warrant = (Hedge Execution Price - Exercise Price*) x Cash Settlement Amount Percentage

(* to be deducted at the sole discretion of the Issuer)

(B) if such Warrants are Put Warrants, Exercise Price less the Hedge Execution Price and less any tax, duties, costs, commissions and other fees incurred or to be incurred by the Issuer or its affiliate in connection with such unwind, converted into the Settlement Currency at the Exchange Rate, multiplied by Cash Settlement Amount Percentage. The Cash Settlement Amount can be calculated as per the following formula:

Cash Settlement Amount per Warrant = (Exercise Price – Hedge Execution Price) x Cash Settlement Amount Percentage

If the Settlement Price or the Hedge Execution Price is not in the Settlement Currency, it will be converted into the Settlement Currency at the Exchange Rate (a) as determined by the Calculation Agent in its sole and absolute discretion; (b) actually obtained by the Hedging Party; or (c) as set out in designated screen, for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be.

The Issuer may determine the amount of any applicable capital gain tax to be deducted from the Cash Settlement Amount on a first-in-first-out basis or such other basis at its discretion.

If, in the opinion of the Calculation Agent, it is not possible for the Issuer to procure payment through Clearstream, Luxembourg or Euroclear (as the case may be) electronically by crediting the Warrantholder's account at Clearstream, Luxembourg or Euroclear (as specified in the relevant Exercise Notice pursuant to Condition 5(A)(1)(iv)) on the original Settlement Date, the Issuer shall use all its reasonable endeavours to procure payment through Clearstream, Luxembourg or Euroclear (as the case may be) electronically by crediting the Warrantholder's account as soon as reasonably practically after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

For the purposes hereof "Settlement Disruption Event" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot procure payment through Clearstream, Luxembourg or Euroclear (as the case may be).

(C) Physical Settlement

(i) Exercise Rights in relation to Physical Delivery Warrants

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price and any other sums payable.

Warrants or Units, as the case may be, exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be PROVIDED THAT the aggregate Entitlements in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following exercise of a Security Warrant which is a Physical Delivery Warrant, all dividends on the relevant Securities to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Securities executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Securities. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 5(*A*)(2)(vi).

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant

Warrant or Unit, as the case may be, by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or Unit, as the case may be, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

"Disruption Cash Settlement Price" in respect of any relevant Warrant or Unit, as the case may be, shall be the fair market value of such Warrant or Unit, as the case may be (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion); and

"Settlement Disruption Event" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s).

(D) Issuer's Option to Vary Settlement

Upon a valid exercise of Warrants in accordance with these Terms and Conditions, the Issuer may at its sole and unfettered discretion in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, elect not to pay the relevant Warrantholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Warrantholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders, as the case may be. Notification of such election will be given to Warrantholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

(E) General

None of the Issuer, the Calculation Agent and the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to "Luxembourg or Brussels time" shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

(F) Change in Law

On the occurrence of Change in Law, the Issuer may either make adjustment to the Warrant (including but not limited to postponement of any settlement date) or elect to redeem the Warrant early at the fair market value less any hedging cost. "Change in Law" means that, on or after the Trade Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (i) it has become, or there is a reasonable likelihood that it may be or will become, illegal to hold, acquire or dispose of any relevant securities or any Hedge Positions or (ii) it will incur, or there is a reasonable likelihood that it will incur, an increased cost in performing its obligations in relation to the Warrants or in maintaining its positions in the Warrants as an issuer, or it will or there is a reasonable likelihood that it will not be able to enjoy any cost saving (including saving on capital or liquidity charges) but for the Issuer making adjustment to the terms of the Warrants (including, without limitation, due to any increase in tax liability or capital or liquidity charge, decrease in tax benefit or capital or liquidity charge benefit or other adverse effect on the tax or capital or liquidity position of the Issuer and/or any of its affiliates).

(G) Hedging Disruption

On the occurrence of a Hedging Disruption and while it is continuing the Issuer may either make adjustment to the Warrants (including but not limited to postponement of any settlement date) or elect to redeem the Warrant early upon notice to the Warrantholder specifying the date of such termination, which may be the same day that the notice of Early Redemption is effective ("Early Redemption Notice") in which event the Calculation Agent will determine the value of the Warrant ("Hedge Disruption Redemption Value") payable by the Issuer converted into the Settlement Currency. The Early Redemption Notice will specify the date such Hedge Disruption Redemption Value is payable by the Issuer to the Warrantholder. If a Hedging Disruption occurs or is subsisting on the exercise date the Issuer may (in its sole discretion and without limitation to its rights above) defer the Exercise Date and Settlement Date (as the case may be). The Cash Settlement Amount payable on the deferred Settlement Date will be deemed to be an amount equal to the Hedge Disruption Redemption Value.

On the occurrence of an Increased Cost of Hedging, the Issuer will give prompt notice to the Warrantholder that such increased costs will be or there is a reasonable likelihood that it may be incurred and the Issuer may: (a) specify that commercially reasonable adjustment(s) will be made to the Warrant (including but not limited to postponement of any settlement date); or (b) the Issuer may give notice that it elects to redeem the Warrant

early, specifying the date of such Early Redemption, which may be the same day that the notice of Early Redemption is effective. The Calculation Agent will determine the Hedge Disruption Redemption Value payable by the Issuer to the Warrantholder. The Early Redemption Notice will specify the date such Hedge Disruption Redemption Value is payable by the Issuer to the Warrantholder. If Increased Cost of Hedging occurs or is subsisting on or around the Exercise Date, the Cash Settlement Amount will be deemed to be the Hedge Disruption Redemption Value.

Where:

"Hedging Disruption" means that the Issuer is unable after using commercially reasonable efforts, to (A) acquire establish, re-establish, substitute, maintain, unwind or dispose of its Hedge Positions under the Warrant or (B) freely realize, recover, receive, repatriate, remit or transfer the proceeds of its Hedge Positions.

"Increased Cost of Hedging" means that the Issuer would or there is a reasonable likelihood that it may (1) incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, charge, cost expense or fee to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of its Hedge Position or (B) realise, recover or remit the proceeds of its Hedge Position or (2) suffer any amount of tax, duty, charge, cost, expense or fee, or fail to or become unable to enjoy any cost saving (whether in relation to the Hedge Positions or maintaining its positions in the Warrants as an issuer) but for the Issuer making adjustment to the terms of the Warrants (including but not limited to postponement of any settlement date).

(H) FX Disruption

If FX Disruption (including Inconvertibility, Non-Transferability and Illiquidity) occurs, is continuing or exists on or prior to any date on which a payment is scheduled to be made, the Issuer may either (i) suspend the settlement so that the Settlement Date will be the 10th Business Day following the day on which the FX Disruption ceases to exist, (ii) settle in another currency or (iii) terminate the Warrants early at the fair market value less the hedging cost as determined by the Calculation Agent in its sole and absolute discretion. If the Issuer elects to suspend the Warrants, the Issuer shall nevertheless retain the right at all times to terminate the Warrants. The Issuer may adjust the payment obligations in respect of the Warrants to account for any funding (including internal funding costs) or other charges actually incurred by the Hedging Party as a result of or otherwise during such postponement.

Inconvertibility means it is impossible, impracticable or illegal for the Issuer and/or any of its affiliates to convert any amount to the Settlement Currency at the general exchange market, other than where such impossibility, impracticality or illegality is due solely to the failure of the Issuer and/or any if its affiliates to comply with any law, rule or regulation enacted by any governmental authority (unless such law, rule or regulation is enacted, enforced or re-interpreted after the Trade Date and it is impossible, impracticable or illegal for the Issuer and/or any of its affiliates to comply with such law, rule or regulation).

Non-Transferability means it is impossible, impracticable or illegal for the Issuer and/or any of its affiliates to deliver or repatriate the currency of the underlying asset or the Settlement Currency out of the country in which the Hedge Position are traded, or between accounts inside such country, other than where such impossibility, impracticality or illegality is due solely to the failure of the Issuer and/or any of its affiliates to comply with any law, rule or regulation enacted by any governmental authority (unless such law, rule or regulation is enacted, enforced or re-interpreted after the Trade Date and it is

impossible, impracticable or illegal for the Issuer and/or any of its affiliates to comply with such law, rule or regulation).

Illiquidity means it becomes impossible or impracticable to obtain a firm quote of the foreign exchange rate of the underlying asset currency and/or the Settlement Currency.

(I) Dividend

In respect of Security Warrants,

(i) if the ex-date of the ordinary dividends or distributions of the Security Issuer payable in cash falls after the Trade Date and prior to the Exercise Date, the Issuer shall pay to each Warrantholder the Cash Dividend.

The aggregate Cash Dividend amount to which each Warrantholder shall be entitled shall be paid or caused to be paid by the Issuer to the Warrantholders' within 5 Business Days following the actual cash dividend payment date of the cash dividends by the Security Issuer. Where the terms of a cash dividend declared by the Security Issuer entitles a securityholder to elect scrip dividend in lieu of cash, the Issuer shall treat such dividend payments as a cash dividend and the option to elect scrip shall not be available to a Warrantholder. Where there is a material change to the taxes and charges that have been, or will be imposed on the Issuer in relation to the receipt and payment of the cash dividend, due to any circumstance, the cash dividend amount applicable may be adjusted accordingly in good faith by the Issuer to take into account the commercial effect of such change.

(ii) If the ex-date of a dividend payable in scrip falls after the Trade Date and prior to the Exercise Date, the Issuer shall within 5 Business Days after the day the Security Issuer delivers its scrip dividend (or its value in cash) to its securityholders (or, if later, the day the Issuer receives such scrip dividend) and at its sole discretion, issue such whole number of additional Warrants to entitled Warrantholders (less any applicable taxes and other charges which have been, are or will be imposed on the Issuer in relation to the receipt and payment of the Scrip Dividend as determined by the Calculation Agent) equal to the number of Securities that would otherwise have been received (save as to the Exercise Date) (any fractional Warrant entitlement to be rounded down to the nearest whole Warrant).

Such payment, issue or delivery of warrants to each Warrantholder as of the relevant Warrants Record Date shall equal the number of Securities that would have been received as a dividend for the number of Securities (the latter number being equal to the aggregate number of Warrants held by such Warrantholder on the relevant Warrants Record Date) held by the Issuer (as if the Issuer were a holder of Securities) on the relevant Warrants Record Date.

(J) Coupon

If coupon is payable with respect to a Warrant, then in respect of a Calculation Period and a Coupon Payment Date, the Issuer shall pay to each Warrantholder the Coupon Amount on such Coupon Payment Date.

5. Exercise Procedure

(A) Exercise Notice

Unless the Warrants are automatically exercised, Warrants may only be exercised by the delivery, or the sending by tested telex (confirmed in writing), of a duly completed exercise notice (an "**Exercise Notice**") in the form set out in the Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 4 and this Condition.

(1) In the case of Cash Settled Warrants, the Exercise Notice shall:

(i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;

(ii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;

(iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's account with the Warrants being exercised;

(iv) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;

(v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants ("**Exercise Expenses**") and an authority to Clearstream, Luxembourg or Euroclear to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;

(vi) certify that each Warrant is not being exercised by or on behalf of a U.S. person (as defined in the Exercise Notice) and that such Warrant is not beneficially owned by a U.S. person, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; and

(vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

(2) In the case of Physical Delivery Warrants, the Exercise Notice shall:

(i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;

(ii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;

(iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's account with the Warrants being exercised;

(iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the Actual Exercise Date a specified account of the Warrantholder with Clearstream, Luxembourg and Euroclear, as the case may be, with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be, (together with any other amounts payable);

(v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants and/or the delivery or transfer of the Entitlement pursuant to the terms of such Warrants ("**Exercise Expenses**") and an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;

(vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;

(vii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the amount due upon exercise of the Warrants;

(viii) certify that each Warrant is not being exercised by or on behalf of a U.S. person (as defined in the Exercise Notice) and that such Warrant is not beneficially owned by a U.S. person, unless the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; and

(ix) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

(3) If Condition 4(*D*) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours.

(B) Verification of the Warrantholder

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the holder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Warrant Agent the series number and number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Warrant or Unit, as the case may be, being exercised. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Warrant Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(C) Settlement

(i) Cash Settled Warrants

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, to the Warrantholder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Exercise Expenses.

(ii) Physical Delivery Warrants

Subject to payment of the aggregate Exercise Prices and payment of any Exercise Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the Exercise Notice.

(D) Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in paragraph *(A)* above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Warrant Agent.

Any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 4(*A*)(i), in the case of American Style Warrants, or Condition 4(*A*)(ii), in the case of European Style Warrants, shall become void.

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Warrant Agents, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(E) Delivery of an Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants.

(F) Exercise Risk

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer and the Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg or Euroclear in relation to the performance of its duties in relation to the Warrants.

6. Minimum and Maximum Number of Warrants Exercisable

(A) American Style Warrants

This paragraph *(A)* applies only to American Style Warrants.

(i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

(ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "Quota"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each

additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(B) European Style Warrants

This paragraph *(B)* applies only to European Style Warrants.

The number of Warrants exercisable by any Warrantholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

7. Illegality and impracticability

If the Issuer determines that the performance of its obligations under the Warrants has become illegal or impracticable in whole or in part for any reason, the Issuer may cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Warrants then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, which amount shall be the fair market value of a Warrant or Unit, as the case may be, notwithstanding such illegality less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid by or on behalf of the Warrantholder, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10.

8. Purchases

The Issuer may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

9. Agents, Determinations and Modifications

(A) Warrant Agents

The specified offices of the Warrant Agents are as set out at the end of these Terms and Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Warrant Agent and to appoint further or additional Warrant Agents, provided that no termination of appointment of the Principal Warrant Agent shall become effective until a

replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on a stock exchange, there shall be a Warrant Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Warrant Agent will be given to Warrantholders in accordance with Condition 10. In acting under the Warrant Agreement, each Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders and any determinations and calculations made in respect of the Warrants by any Warrant Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders.

(B) Calculation Agent

In relation to each issue of Warrants, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders. All calculations and determinations made in respect of the Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders.

The Calculation Agent may delegate any of its obligations and functions to a third party as it deems appropriate.

(C) Determinations by the Issuer

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders.

(D) Modifications

The Issuer may modify these Terms and Conditions and/or the Warrant Agreement without the consent of the Warrantholders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Warrantholders or such modification is of a formal, minor or technical nature or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Warrantholders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

10. Notices

All notices to Warrantholders shall be valid if delivered (i) to Clearstream, Luxembourg and Euroclear for communication by them to the Warrantholders and (ii) if and so long as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange. If the Warrants are listed on the Luxembourg Stock Exchange, notices may be published on the Luxembourg Stock Exchange's internet site www.bourse.lu and so long as publication in a daily newspaper with general circulation in Luxembourg is required by the rules of the Luxembourg Stock Exchange, notices shall be published in the *d'Luxemburger Wort*. Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

11. Expenses and Taxation

(A) A holder of Warrants must pay all Exercise Expenses relating to such Warrants as provided above.

(B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. The Issuer may withhold or deduct from any amount payable to the warrantholder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment in respect of a Hedge Position. The Warrantholder shall indemnify the Issuer against any loss, cost or other liability sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment in respect of the Warrants and the Hedge Position. The indemnity shall survive the expiry of the Warrants or the sale of the Warrants by the Warrantholder.

The Issuer may deduct and/or withhold an amount from any payment made pursuant to the terms of the Warrants if it reasonably expects that tax or duty may be chargeable to such payment or the disposal of the Hedge Positions.

The Issuer may determine the amount of any applicable capital gain tax on a first-in-first-out basis or such other basis at its discretion. If such tax is determined on a first-in-first-out basis, the tax subject to deduction, withholding and/or indemnity may be determined by reference to the overall position of the Issuer (or a counterparty of the Issuer) in the relevant asset which may include not only the Hedge Position for a particular series of Warrant but also Hedge Position for all other financial instruments issued, or transactions entered into, by the Issuer and/or its affiliates (or a counterparty of the Issuer) and proprietary position of the Issuer and/or its affiliates (or a counterparty of the Issuer).

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of Warrantholders to create and issue further Warrants so as to be consolidated with and form a single series with the outstanding Warrants.

13. Substitution of the Issuer

The Issuer, or any previous substituted company may, at any time, without the consent of the Warrantholders, substitute for itself as principal obligor under the Warrants any company ("**Substitute**"), being the Issuer or any other company, subject to:

(a) the Issuer unconditionally and irrevocably guaranteeing in favour of each Warrantholder the performance of all obligations by the Substitute under the Warrants;

(b) all actions, conditions and things required to be taken, fulfilled and done to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;

(c) the Substitute shall have become party to the Warrant Agreement, with any appropriate consequential amendments, as if it had been an original party to it;

(d) each stock exchange on which the Warrants are listed shall have confirmed that, following the proposed substitution of the Substitute, the Warrants will continue to be listed on such stock exchange;

(e) if appropriate, the Substitute shall have appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Warrants; and

(f) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Warrantholders in accordance with Condition 10.

14. Governing Law and Jurisdiction

(A) The Warrants, the Global Warrant and the Warrant Agreement are governed by and shall be construed in accordance with English law.

(B) The Issuer agrees, for the exclusive benefit of the Warrantholders that the courts of England are to have jurisdiction to settle any disputes which may arises out of or in connection with the Warrants, the Global Warrant and the Warrant Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Warrants, the Global Warrant and the Warrant Agreement may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(C) The Issuer hereby appoints Macquarie Bank Limited, London Branch whose registered office is currently at Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD as its agent in England to receive service of process in any Proceedings in England based on the Warrants and the Global Warrant. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify the Warrantholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

15. Terms for Index Warrants and Security Warrants

(A) Index Warrants

(1) Market Disruption

For the purposes hereof:

"**Market Disruption Event**" shall mean, in relation to Warrants relating to a single Index or Basket of Indices, in respect of an Index, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time of:

(i) any suspension of or limitation imposed on trading by the Exchange(s) or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchanges or otherwise (a) relating to securities/commodities

that comprise 20 per cent. or more of the level of the relevant Index, or (b) in futures or options contracts relating to the relevant Index on the Exchange(s);

(ii) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on the relevant Exchange(s); or

(iii) the closure on any Trading Day of the relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) on such Trading Day and (ii) the submission deadline for orders to be entered in to the Exchange(s) system for execution at the Valuation Time on such Trading Day,

if, in the determination of the Calculation Agent, in any such case such suspension or limitation is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index at any time, if trading in a security/commodity included in that Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security/commodity to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security/commodity relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(2) Adjustments to an Index

(a) Successor Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the entity that is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and announces (directly or through an agent) the level of the Index on a regular basis ("Sponsor") but is calculated and announced by a successor to the Sponsor ("Successor Sponsor") acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index ("Successor Index") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor makes a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock, capitalisation, contracts or commodities and other routine events) or permanently cancels the

Index and no Successor Index exists, (ii) on a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor fails to calculate and announce a relevant Index, or (iii) the Calculation Agent reasonably considers that any authorisation, registration, recognition endorsement, equivalence decision, approval or inclusion in any official register in respect of the Index or the Sponsor or (if applicable) the Successor Sponsor has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer is not, or will not be, permitted under any applicable law or regulation to use the Index as the underlying index of the Warrants, then the Calculation Agent shall determine the Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities/commodities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange(s)). Alternatively, the Calculation Agent may determine the level for that Index using the closing level of the relevant spot-month index futures contract on that Valuation Date or that Averaging Date, if available.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Warrant Agent of any determination made by it pursuant to paragraph (b) above and the Principal Warrant Agent shall make available for inspection during normal office hours by Warrantholders copies of any such determinations.

(B) Security Warrants

For the purposes of this Condition 15(*B*):

"**Basket Security Issuer**" means a security issuer whose securities are included in the Basket of Securities and "Basket Security Issuers" means all such security issuers;

"**Securities**" and "**Security**" mean, subject to adjustment in accordance with this Condition 15(*B*), the shares or units of the relevant Basket Security Issuer and, in the case of an issue of Warrants relating to a single Security, such shares or units and related expressions shall be construed accordingly; and

"**Security Issuer**" means, in the case of an issue of Warrants relating to a single share or unit, the company or unit trust that has issued such share or unit.

(1) **Market Disruption**

For the purposes hereof:

"**Market Disruption Event**" shall mean, in relation to Warrants relating to a single Security or a Basket of Securities, in respect of a Security, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in:

(i) any suspension of or limitation imposed on trading by the Exchange(s) or otherwise and whether by reason of movements in price exceeding limits

permitted by the Exchange(s) or otherwise (a) relating to the Security on the Exchange, or (b) in futures or options contracts relating to the Security on the Exchange(s);

(ii) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Securities on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Security on the relevant Exchange(s); or

(iii) the closure on any Trading Day of the Security on the relevant Exchange(s) prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) on such Trading Day and (ii) the submission deadline for orders to be entered in to the Exchange(s) system for execution at the Valuation Time on such Trading Day,

if in the determination of the Calculation Agent, in any such case such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(2) Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency

(a) For the purposes hereof:

"Potential Adjustment Event" means any of the following:

(i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event) or a free distribution or dividend of any such Securities to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the relevant Securities of (a) such Securities or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Security Issuer or Security Issuer, as the case may be, equally or proportionately with such payments to holders of such Securities or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Security Issuer or Security Issuer, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an extraordinary dividend;

(iv) a call by a Basket Security Issuer or Security Issuer, as the case may be, in respect of relevant Securities that are not fully paid;

(v) a repurchase by the Basket Security Issuer or Security Issuer, as the case may be, of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) in respect of a Basket Security Issuer or Security Issuer, as the case may be, an event that results in any securityholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Basket Security Issuer or Security Issuer, as the case may be, pursuant to a securityholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

(vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Securities.

Following the declaration by the Basket Security Issuer or Security Issuer, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Securities and, if so, will (a) (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment; (b) issue additional Warrants (or warrants of the Issuer on substantially the same term of the Warrants (save as to the Exercise Date)); or (c) early redeem or terminate the Warrants. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Securities traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and the date from which such adjustment is effective and giving brief details of the Potential Adjustment Event.

If the ex-date in regard to any rights issue of the Securities fall after the Trade Date and prior to the Exercise Date, the Issuer shall issue or effect the delivery of either (i) a number of further Warrants to the Warrantholder; or (ii) the cash equivalent of such further Warrants relative to the number of Warrants held by the Warrantholder on the Warrants Record Date, subject to (a) the written consent of the Warrantholder to participate in respect of the corresponding rights issue of the Securities, and (b) the full payment of the equivalent amount in the Settlement Currency by the Warrantholder to the Issuer for the subscription of such further Warrants (including but not limited to all Warrantholder's Expenses subscribing for the equivalent number of Securities).

Such Warrants will be issued by the Issuer as soon as practicable after the Rights Securities Receipt Date. In case the Rights Securities Receipt Date falls on or after the Exercise Date, the Issuer has absolute discretion to either pay an equivalent amount in the Settlement Currency or issue such number of warrants on substantially the same term of the Warrants (save as to the Exercise Date) to

reflect the market value of such Securities on or about the Rights Securities Receipt Date. The market value of such Securities is determined by the Calculation Agent in its absolute discretion.

"Right Securities Receipt Date" means the date upon which the Securities issued under a rights issue would have been received by a holder of the Securities under the prevailing market practice."

Where the Exercise Date is, or is deemed to be, the Warrants Record Date under these Conditions (as set out below), a Warrantholder shall only be entitled to the Cash Dividend or Scrip Dividend (as the case may be) if the Securities are trading ex dividend on the Exercise Date.

In consultation with the Issuer, the Calculation Agent shall determine the Warrants Record Date. The "Warrants Record Date" shall mean, in respect of a dividend or rights issue, a date and time by which a Warrantholder must be registered as a holder of the relevant Warrants in order to be entitled to the Cash Dividend, Scrip Dividend or any rights issue (as the case may be).

In determining the Warrants Record Date, the Calculation Agent shall take into consideration the date fixed by the Security Issuer for entitlement of its securityholders to payment of the dividend or participate in the relevant rights issue, as the case may be, and shall endeavour but shall not be obligated to appoint the same date.

As at the Warrants Record Date, the Calculation Agent on behalf of the Issuer shall have sole and absolute discretion to determine the list of Warrantholders and such decision of the Calculation Agent shall be final and conclusive for the purposes of these Conditions and the obligations of the Issuer to pay any Cash Dividend or Scrip Dividend (as the case may be) or otherwise. No person who becomes registered as a holder of the relevant Warrants at any time following the Warrants Record Date shall be entitled to a Cash Dividend or Scrip Dividend payment or any entitlements.

Respect of any rights issue for the Securities, additional Instruments will be issued to entitled Instrument holders, subject to (i) the Issuer receiving written consent of the Instrument holder to participate in the corresponding rights issue of the Security; and (ii) receipt of the full payment of the USD equivalent amount by the Issuer from the Instrument holder for the subscription of such Instruments (inclusive of any applicable tax and other charges as determined by the Calculation Agent).

(b) For the purposes hereof:

"De-listing" means, in respect of any relevant Securities, that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Security Issuer or Security Issuer, as the case may be, (i) all

the Securities of that Basket Security Issuer or Security Issuer, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Securities of that Basket Security Issuer or Security Issuer, as the case may be, become legally prohibited from transferring them.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding security exchange of the Basket Security Issuer or Security Issuer, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding security exchange in which such Basket Security Issuer or Security Issuer, as the case may be, is the continuing entity and which does not result in any such reclassification or change of all such Securities outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Securities of such Basket Security Issuer or Security Issuer, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding security exchange of the relevant Basket Security Issuer or Security Issuer, as the case may be, or its subsidiaries with or into another entity in which the Basket Security Issuer or Security Issuer, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Securities immediately following such event ("Reverse Merger"), in each case if the Merger Date is on or before, in the case of Physical Delivery Warrants, the relevant Actual Exercise Date or, in any other case, the final Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Warrant.

"Nationalisation" means that all the Securities or all the assets or substantially all the assets of the Basket Security Issuer or Security Issuer, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting securities of the Basket Security Issuer or Security Issuer, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to a Security, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion (a) the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment and/or (b) in respect of a Merger Event, the whole number of replacement warrants of the Issuer relating to the securities of the successor entity under the Merger Event on substantially the same Conditions as the Warrants (save as to Exercise Date) (the "**Merger Warrants**") (any fractional Merger Warrants to be rounded down to the nearest whole Merger Warrants) to be issued by the Issuer to reflect such Merger Event and, subject to the relevant Warrantholder paying all Warrantholder's Expenses in relation thereto and, upon such determination, the Issuer will, as soon as practicable determine the effective date of that adjustment and/or the date of issue of such Merger Warrants and issue such Merger Warrants to the Warrantholders, to be distributed between Warrantholders in proportion to the ratio that each Warrantholder's holding of Warrants at the time of the issue of the Merger Warrants bears to the total number of Warrants outstanding on such date. Upon the issue of Merger Warrants to any Warrantholder, such Warrantholder's holding of Warrants will be cancelled and the Issuer shall have no further obligations in respect of such cancelled Warrants. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Securities traded on that options exchange;

(ii) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10; or

(iii) following such adjustment to the settlement terms of options on the Securities traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select ("**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Securities are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the

Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

(c) Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto and the date from which the adjustment is effective. However, Warrantholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which notice thereof is given to the Warrantholders.

(d) The Calculation Agent may in its sole discretion make any other adjustments to the Conditions of the Warrants that it deems necessary from time to time in order to maintain the theoretical value of the Warrants.

(e) By subscribing for or purchasing the Warrants, each Warrantholder acknowledges and agrees that the Issuer or any of its affiliates may make such disclosure to any legal or regulatory body or authority as the Issuer or any of its affiliates shall consider necessary or appropriate regarding the Warrants or the Hedge Positions. In addition, each Warrantholder represents to the Issuer that its purchase of the Warrants has not resulted in and will not result in any violation by itself or the Issuer of any applicable laws and regulations and such representation is deemed to be repeated at all times until the termination of the Warrants.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(3) China Connect Service

Where the Final Terms relating to the Warrant specifies that China Connect Service terms are applicable, Condition 3 shall be amended by adding the following defined terms in alphabetical order. The following defined terms shall be read together with, and shall supplement, those definitions under Condition 3. In respect of the same definition, the following defined terms and the definition under Condition 3 shall both apply to the extent they are reconcilable. In case of any inconsistencies, the defined terms in this section shall prevail.

"China Connect Business Day" means any Trading Day on which the China Connect Service is open for order-routing during its regular order-routing sessions, notwithstanding the China Connect Service closing prior to its scheduled closing time (without regard to any order-routing outside of the regular order-routing session hours).

"China Connect Disruption" means (i) any suspension of or limitation imposed on routing of orders (including in respect of buy orders only, sell orders only or both buy and sell orders) through the China Connect Service , relating to the share on the Exchange (or in the case of an Index Warrant, relating to securities that comprise 20 percent or more of

the level of the relevant index) or (ii) any event (other than a China Connect Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of the market participants in general to enter orders in respect of shares through the China Connect Service (or in the case of an Index Warrant, in securities that comprise 20 percent or more of the level of the relevant index)

"**China Connect Early Closure**" means the closure on any China Connect Business Day of the China Connect Service (provided that, in the case of an Index Warrant, securities that comprise 20 percent or more of the level of the relevant Index are securities that are order-routed through the China Connect Service) prior to its scheduled closing time unless such earlier closing time is announced by SEHK or the Exchange, as the case may be, at least one hour prior to the earlier of (i) the actual closing time for order-routing through the China Connect Service on such China Connect Business Day and (ii) the submission deadline for orders to be entered into the China Connect Service system for execution on the Exchange at the Valuation Time on such China Connect Business Day.

"**China Connect Service**" means the securities trading and clearing links programme developed by the Exchange, The Stock Exchange of Hong Kong Limited ("**SEHK**"), China Securities Depository and Clearing Corporation ("**CSDCC**") and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), through which (i) SEHK and/or its affiliates provides order-routing and other related services for certain eligible securities traded on the Exchange and (ii) CSDCC and HKSCC provides clearing, settlement, depository and other services in relation to such securities.

"**China Connect Service Termination**" means, on or after the Trade Date, the announcement by one or more of the Exchange, SEHK, the CSDCC, HKSCC or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the shares through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary.

"**China Connect Share Disqualification**" means, on or after the Trade Date, the shares cease to be accepted as "China Connect Securities" (as defined in the rules of the exchange of SEHK) for the purpose of the China Connect Service.

"**Hedging Disruption**" shall include (without limitation) (i) any inability to hedge by the Hedging Party or its affiliates as a result of compliance with any foreign ownership restrictions imposed by the issuer of any share, any exchange or any court, tribunal, government or regulatory authority in the People's Republic of China excluding Hong Kong, Macau and Taiwan ("**PRC**") or Hong Kong; (ii) China Connect Share Disqualification; (iii) China Connect Service Termination; and (iv) for the avoidance of doubt, using commercially reasonable efforts to hedge the risks with respect to the Transaction referred to in Hedging Disruption does not include the use of any quota granted to such Hedging Party or its affiliates under the Qualified Foreign Institutional Investor ("**QFII**") or Renminbi Qualified Foreign Institutional Investor ("**RQFII**") schemes.

"**Market Disruption Event**" includes (i) a China Connect Disruption or (ii) a China Connect Early Closure.

"**Trading Day**" means any day that is (or, but for the occurrence of a Market Disruption Event (as set out in Condition 15), would have been) (i) a trading day of the Exchange(s) other than a day on which trading on any such Exchange is scheduled to close prior to

its regular weekday closing time and, if applicable, (ii) the China Connect Service is scheduled to be open for order-routing for its regular order-routing sessions;

16. Adjustments for European Monetary Union

The Issuer may, without the consent of the Warrantholders, on giving notice to the Warrantholders in accordance with Condition 10:

(i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro.

The election will have effect as follows:

(A) where the Settlement Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Warrants will be made solely in euro as though references in the Warrants to the Settlement Currency were to euro;

(B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency ("Original Currency") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and

(C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or

(ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this Condition which falls on or after the date on which the

country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 109 *l*(4) of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**National Currency Unit**" means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

"**Treaty**" means the treaty establishing the European Community, as amended.

17. Additional Representations

If the Warrants are directly or indirectly linked to China A shares, the Warrants may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in the PRC, or to any Domestic Investor as defined in the Administrative Rules of Securities Accounts of China Securities Depository and Clearing Corporation Limited. China A shares refer to shares of companies incorporated in the PRC, traded on stock exchanges in the PRC and which are denominated in renminbi.

"**Domestic Investor**" is defined in the Administrative Rules of Securities Accounts of China Securities Depository and Clearing Corporation Limited and includes the following:

(i) PRC citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan);

(ii) PRC citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan;

(iii) Legal persons registered in the PRC (excluding Hong Kong, Macau and Taiwan).

"**Legal persons registered in the PRC**" excludes foreign entities incorporated or organised in other jurisdictions even though they may have an office (i.e. a branch) in the PRC.

"**PRC citizens**" used in the rules do not include persons who are permanent residents of Hong Kong, Macau or Taiwan.

Each purchaser of the Warrants linked to China A Shares therefore represents to the Issuer that:

(a) it is not a Domestic Investor;

(b) it is not owned in whole or in part, directly or indirectly, by one or more Domestic Investors;

(c) it will not sell, transfer, assign, novate or otherwise dispose of Warrants linked to A shares to any transferee without prior written consent of Macquarie Bank Limited;

(d) all amounts paid or to be paid by it under the Warrants do not involve money financed by or sourced from any Domestic Investor.

Each purchaser of the Warrants linked to Taiwan listed shares is deemed to have represented, warranted and undertaken to the Issuer upon its purchase of the Warrants that:

(a) it is not purchasing the Warrants for the specific benefit or account of (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of the PRC or (B) any residents of the Republic of China ("**Taiwan**"), corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of Taiwan;

(b) it will not sell, transfer, assign, novate or otherwise dispose of the Warrants to or for the specific benefit or account of (i) any residents of the PRC, corporations in the PRC, or corporations outside the PRC which are beneficially owned by residents of the PRC or (ii) any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan which are beneficially owned by residents of Taiwan; and

(c) details of the Warrants (including the identity of the Warrantholder) may, (1) upon request or order by any competent authority, regulatory or enforcement organization, governmental or otherwise, including the stock exchange on which the underlying shares are listed, (2) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise), and releases a party (and its Affiliates) from the duty of confidentiality owed to the other in relation to such information.

Consequences of misrepresentations

If any of the representations as set out in the preceding paragraph proves to be incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated; or if a Warrantholder fails to comply with or perform any agreement or obligation undertaken by it in the above representations, the Issuer may early terminate the relevant Warrants at the fair market value less any hedging cost as determined by the Calculation Agent in its sole and absolute discretion.

18. Contracts (Rights of Third Parties) Act 1999

The Warrants do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 ("**Act**") to enforce any term of the Warrants but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

Form of Final Terms

Final Terms for an issue by Macquarie Bank Limited under the Warrant Programme for the issue of Warrants relating to a single Security, a Basket of Securities, a single Index or a Basket of Indices.

FINAL TERMS

Date: [•]
Series No.: [•]

MACQUARIE BANK LIMITED
(ABN 46 008 583 542)

[Issue Size] [Call/Put] Warrants
relating to the [ordinary shares of [Security Issuer]]/ [Index]

issued pursuant to the Macquarie Bank Limited
Warrant Programme

This document constitutes the Final Terms in relation to the issue of Warrants as described herein. Terms used herein shall have the meanings given to them in the base prospectus dated 21 November 2018 [and the Supplement dated [•] (together,] the "Prospectus") issued in relation to the programme for the issue of Warrants by Macquarie Bank Limited (the "Programme"). These Final Terms must be read in conjunction with the Prospectus.

These Final Terms have been prepared for the purpose of Article 5(4) of Directive 2003/71/EC and must be read in conjunction with the Prospectus and any supplement, which are published in accordance with Article 14 of Directive 2003/71/EC on the website of the Luxembourg Stock Exchange: www.bourse.lu. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

Type	[American Style / European Style] [Cash Settled / Physical Delivery] [Call / Put] Warrants relating to the [ordinary shares of [Security Issuer] / [Basket of Securities]] / [Index]/ [Basket of Indices] [with coupon]
Issue Size	[•]
Issue Date	[•]
Issue Price per Warrant	[Currency] [Issue Price]
Exercise Price	[Currency] [•]
Payout of the Warrants	[For Cash Settled Warrants: Hedge Execution: Applicable/ Not applicable Cash Settlement Amount Percentage: [•]

	[Calculation Amount: [●] Calculation Period: From [and including]/[but excluding] [●] to [and including]/[but excluding] [●] [Coupon Amount: [●]] Coupon Payment Date: [●] Coupon Rate: [•] [p.a.]] Cash Dividend: Applicable/ Not applicable [Cash Dividend Percentage: [•]] [Trade Date: [•]] [Units: [•]] [Entitlement: [•]] [Multiplier: [•]] [Relevant Time: [•]] [Exchange Rate: [•]] Averaging: Applicable/ Not applicable [Averaging Dates: [•]] [[Omission] / [Postponement]/ [Modified Postponement] applies]
Settlement Currency	[•]
Exercise Date/ expiration date/ Exercise Period	[•]
Settlement Date	[the date determined by the Calculation Agent being no later than the fifth Business Day following the Valuation Date, or as amended by the Calculation Agent from time to time without notification, provided that if a Market Disruption Event has resulted in a Valuation Date for the Securities being adjusted as set out in the definition of "Valuation Date" in Condition 3, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to the Securities.]/ [•]
Underlying/ Relevant Asset	[Security / Index/ Basket of Securities/ Basket of Indices]

	[name(s) of the issuer of the Security or Basket of Securities] [ISIN of the underlying] [the relevant weighting of each security within a basket of securities and where pricing information is available] [Where the underlying is an index need to include the name of the index, the name of the index sponsor and details of where the information about the index can be obtained, where the underlying is a basket if indices, information relating to the relevant weightings of each index in the basket] [Where the underlying is an index, include: [specify benchmark(s)] [is/are] provided by [insert administrator(s) legal name(s)] [repeat as necessary]. [As at the date of these Final Terms, [insert administrator(s) legal name(s)] [appear[s]]/[[does]/[do] not appear] [repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. [As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that Regulation] [repeat as necessary] OR [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [insert administrator(s) legal name(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). [repeat as necessary].]] [China Connect Service terms are applicable.]
Limitation on rights	Maximum Exercise Number: [•] Minimum Exercise Number: [•]
Euroclear and Clearstream name and address	[Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Luxembourg] [Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg]
Total proceeds	[•]
Expenses and taxes	[•]

Interest of natural and legal persons involved in the issue	[So far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer.]/ [•]
Third party information	[Not Applicable / The information included in these Final Terms under "Additional provisions relating to the underlying" (the "Share Company Information") consists of extracts from or summaries of information that is publicly available on [source] in respect of the Share Company and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarising the Share Company Information. As far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. No further or other responsibility (express or implied) in respect of the Share Company Information is accepted by the Issuer.]
Listing and admission to trading	[Not Applicable] / [Application [has been] [will be] made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the regulated market of and listed on the Official List of the Luxembourg Stock Exchange][with effect from, at the earliest, the Issue Date.] [In the case of a further issue, include: The existing Warrants are [unlisted]/ [listed on the Luxembourg Stock Exchange]]
Placing and Underwriting	[Not applicable] / [name and address of the coordinators, placers, paying agents, depository agents in each country, entities agreeing to underwrite the issue on a firm commitment or under "best efforts" agreements whether partially or not, and date of underwriting agreement]
ISIN	[•]
Common Code	[•]
Information about the past and the further performance of the underlying and its volatility can be obtained from	[•]
Additional provisions relating to the underlying	[Country of Incorporation: [•]] [Place of Listing: [•]]

	[Date of Listing: [•]] [Par Value: [•]] [Financial information: [•]] [Dividend information: [•]] [Historical price/level information: [•]]

Macquarie Bank Limited

Information about Macquarie Bank Limited

Macquarie Bank Limited (ABN 46 008 583 542) is registered with the Australian Business Register and is headquartered in Sydney.

MBL's registered office and principal place of business is Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia. The telephone number of its principal place of business is +612-8232-3333.

Macquarie Bank is a corporation constituted with limited liability under the laws of the Commonwealth of Australia regulated by the APRA as an ADI in Australia and by the Financial Conduct Authority in the United Kingdom as to banking business with Professional and Eligible Counterparties. Macquarie Bank complies with all applicable corporate governance requirements under Australian law.

MBL, the predecessor of MGL, has its origins as the merchant bank Hill Samuel Australia Limited, created in 1969 as a wholly owned subsidiary of Hill Samuel & Co Limited, London. MBL was incorporated on 26 April 1983 under the Companies Act 1981. MBL obtained an Australian banking license as MBL in 1985 and in 1996, MBL was publicly listed on the ASX.

MBL's ordinary shares were listed on the ASX from 29 July 1996 until the corporate restructuring of the Macquarie Group in November 2007. Prior to the restructure, MBL was a widely held ASX-listed public company and engaged in certain investment banking activities through Macquarie Capital. On 19 November, 2007, when the restructure was completed, MBL became an indirect wholly owned subsidiary of Macquarie Group Limited (ABN 94 122 169 279) ("MGL"), a new ASX-listed company, and MBL Group transferred to the Non-Banking Group most of the assets and businesses of Macquarie Capital, and some less financially significant assets and businesses of the former Equity Markets group (now part of Commodities & Global Markets) and Treasury & Commodities (now part of Commodities & Global Markets). Although MBL's ordinary shares are no longer listed on the ASX, MBL's Macquarie Income Securities continue to be listed on the ASX and, accordingly, MBL remains subject to the disclosure and other requirements of the ASX as they apply to companies with debt securities listed on the ASX.

At 30 September 2018 Macquarie Bank Group employed 4,600 people and had total assets of A$184.88 billion, a Harmonised Basel III Tier 1 capital ratio of 13.0%, a Harmonised Basel III Common Equity Tier 1 ratio of 14.8% and total equity of A$13.05 billion. For the half year ending 30 September 2018, Macquarie Bank Group's net operating income was A$3.24 billion and profit attributable to ordinary equity holders was A$735 million.

As an Australian company, MBL has the legal capacity and powers of an individual both in and outside Australia.

Organisational Structure

MBL comprises four operating groups: Corporate & Asset Finance; Banking & Financial Services; Macquarie Asset Management (excluding the Macquarie Infrastructure and Real Assets division and the Macquarie Investment Management division) and Commodities & Global Markets (excluding certain assets of the Credit Markets business, certain activities of the Cash Equities business and some other less financially significant activities).

MGL Group provides shared services to both the Banking Group and the Non-Banking Group through the Corporate segment. The Corporate segment is not considered an operating group and comprises four central functions: Risk Management, Legal and Governance, Financial Management and Corporate Operations. Shared services include: Risk Management, Finance, Information Technology, Group Treasury, Settlement Services, Equity Markets Operations, Human Resources Services, Business Services, Company Secretarial, Corporate Communications and Investor Relations Services, Taxation Services, Business Improvement and Strategy Services, Central Executive Services, Other Group-wide Services, Business Shared Services, and other services as may be agreed from time to time.

Business Group Overview

Macquarie Asset Management (excluding the Macquarie Infrastructure and Real Assets and Macquarie Investment Management divisions)

Macquarie Asset Management operates businesses in both the Banking Group and the Non-Banking Group. In the Banking Group, Macquarie Asset Management offers a range of investment solutions for its fiduciary clients within the infrastructure debt sector. In addition, it provides financing solutions for ship owners, hedge funds, private equity and private credit funds as well as real estate funds along with a market leading capability in arranging and underwriting Export Credit Agency backed debt facilities. In the Non-Banking Group, Macquarie Asset Management provides clients with access to a diverse range of capabilities and products including infrastructure, real assets, equities, fixed income, liquid alternatives and multi-asset investment management solutions.

Corporate and Asset Finance

Corporate & Asset Finance consists of an Asset Finance business which provides specialist finance and asset management solutions globally, and a Principal Finance business which provides flexible primary financing solutions, and engages in secondary market investing across the capital structure.

Banking and Financial Services

Banking & Financial Services is in the Banking Group and comprises MBL's retail banking and financial services businesses, providing a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients.

Commodities & Global Markets (excluding certain assets of the Credit Markets business, certain activities of the Cash Equities business and some other less financially significant activities)

Commodities and Global Markets operates in both the Banking Group and the Non-Banking Group, with certain assets of the Credit Markets business, certain activities of the Cash Equities business and some other less financially significant activities in the Non-Banking Group. Commodities & Global Markets provides clients with an integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities. The platform covers more than 25 markets and over 160 products, and has evolved over more than three decades to provide clients with access to markets, financing, financial hedging, research and market analysis and physical execution.

Principal Markets

Macquarie Bank's expertise covers asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. Macquarie Bank acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to clients.

Indication of any Significant New Products and/or Activities

Any indication of significant new products and/or activities (if any) is described in Note 3 of Macquarie Bank's 2018 Interim Report (on page 42) for the half-year ended 30 September 2018.

Trend Information

Other than the matters disclosed under "Significant change in the Issuer's financial position", there has been no material adverse change in the prospects of Macquarie Bank since the date of its last published audited financial statements (such date being 31 March 2018).

Except as may be described in this Base Prospectus (including as set out under "Risk Factors" on pages 21 to 44 inclusive of this Base Prospectus) or released to the ASX in compliance with the continuous disclosure requirements of the Listing Rules of the ASX, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Macquarie Bank's solvency or prospects for at least the current financial year ending 31 March 2019.

Profit Estimate

Macquarie Bank does not make profit forecasts or estimates.

Major Shareholders

As at the date of this Base Prospectus, Macquarie B.H. Pty Limited is the sole voting member of Macquarie Bank. Macquarie B.H. Pty Limited is wholly-owned by MGL. As of 30 September 2018, Macquarie Bank had 589,276,303 fully paid ordinary shares on issue and the share capital of A$9,327,441,763.74.

Although the Issuer is an indirect subsidiary of MGL, the majority of the Macquarie Bank board of directors are independent directors. The Managing Director and Chief Executive Officer of Macquarie Bank is also a director. Taking into account Macquarie Bank's status as a subsidiary, the primary role of the Macquarie Bank board of directors is to promote the long-term health and prosperity of Macquarie Bank, while being mindful of the obligations it must discharge as an authorised deposit-taking institution.

Preference Shares

As at the date of this Base Prospectus, Macquarie Bank also has on issue 4,000,000 non-cumulative redeemable preference shares, issued in connection with Macquarie Bank's Macquarie Income Securities and fully-paid to A$400,000,000.

Lawsuits and Contingent liabilities

Macquarie Bank is an indirect subsidiary of MGL. Macquarie Group is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Group is subject to lawsuits from time to time.

Revenue authorities undertake risk reviews and audits as part of their normal activities. We have assessed those matters which have been identified in such reviews and audits as well as other taxation claims and litigation, including seeking advice where appropriate, and consider that Macquarie Group currently holds appropriate provisions.

There are no, nor have there been, governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Macquarie Bank or the Macquarie Group is aware) in the 12 month period prior to the date of this document which may have or have had a significant effect on the financial position or profitability of Macquarie Bank.

Regulatory oversight and recent developments

In Australia, the key regulators that supervise and regulate the Macquarie Group's activities are APRA, the RBA, ASIC, the ASX, the Australian Securities Exchange Limited (as operator of the ASX24 market formerly known as the Sydney Futures Exchange), the ACCC and the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**").

APRA is the prudential regulator of the Australian financial services industry. APRA establishes and enforces prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions under APRA's supervision are met within a stable, efficient and competitive financial system. Macquarie Bank is an ADI under the Banking Act and, as such, is subject to prudential regulation and supervision by APRA.

The Banking Act confers wide powers on APRA which are to be exercised ultimately for the protection of depositors of ADIs in Australia and for the promotion of financial system stability in Australia. In particular, APRA has power under the Banking Act (a) to investigate Macquarie Bank's affairs and/or issue a direction to it (such a direction to comply with a prudential requirement, to conduct an audit, to remove a director or senior manager, to ensure a director or senior manager does not take part in the management or conduct of the business, to appoint a person as a director or senior manager, not to undertake any financial obligation on behalf of any other person among other things), and (b) if Macquarie Bank becomes unable to meet its obligations or suspends payment (and in certain other limited circumstances), to appoint an "ADI statutory manager" to take control of Macquarie Bank's business.

In its supervision of Macquarie Bank and other ADIs, APRA focuses on capital adequacy, liquidity, market risk, credit risk, operational risk, interest rate risk, associations with related entities, large exposures to unrelated entities, funds management, securitisation, outsourcing, business continuity management, covered bond activities and governance. APRA discharges its responsibilities by requiring ADIs to regularly provide it with information as requested as well as reports which set forth a broad range of information, including financial and statistical information relating to their financial position and information in respect of prudential and other matters. APRA's approach to the assessment of an ADI's capital adequacy and liquidity risk management is based on the risk based capital adequacy framework set out in the Basel Committee on Banking Supervision's ("**Basel Committee**") publications, "*International Convergence of Capital Measurement and Capital Standards a Revised Framework*" ("**Basel II**"), revised in June 2006 and "*A global regulatory framework for more resilient banks and banking systems*" ("**Basel III**"), released in December 2010 and revised in June 2011.

In December 2017 the Basel Committee finalised reforms **("Basel III: Finalising post-crisis reforms")** to amend the calculation of certain risk weighted assets under Basel III. Subsequently in February 2018, APRA released their proposed revisions to the capital framework as part of their aim to ensure Australian banks are 'unquestionably strong' by 1 January 2020. This revised framework considers Basel's finalised reforms.

In exercising its powers, APRA works closely with the RBA. The RBA is Australia's central bank and an active participant in the financial markets. It also manages Australia's foreign reserves, issues Australian currency notes, serves as a banker to the Australian Government and, through the Payment Systems Board, supervises the payment system.

ASIC is Australia's corporate, markets and financial services regulator, which regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit.

ASX is Australia's primary securities market and the Macquarie Income Securities, Macquarie Group Capital Notes and MGL's ordinary shares are listed on ASX. MBL and MGL each have a contractual obligation to comply with ASX's listing rules, which have the statutory backing of the Corporations Act.

The ASX24 market provides exchange traded and over-the-counter services and regulates the cash and derivative trades that Macquarie Bank executes through the ASX24 as a market participant in the ASX24. This business is conducted primarily within the Group.

The ACCC is Australia's competition regulator. Its key responsibilities include ensuring that corporations do not act in a way that may have the effect of eliminating or reducing competition and pricing practices, and to oversee product safety and liability issues, pricing practices and third-party access to facilities of national significance. The ACCC's consumer protection activities complement those of Australia state and territory consumer affairs agencies that administer the unfair trading legislation of those jurisdictions.

AUSTRAC is Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit. It works collaboratively with Australian industries and businesses (including certain entities of the Macquarie Group) in their compliance with anti-money laundering and counter-terrorism financing legislation. As Australia's financial intelligence unit, AUSTRAC contributes to investigative and law enforcement work to combat financial crime and prosecute criminals in Australia and overseas.

Revenue authorities undertake risk reviews and audits as part of their normal activities. Macquarie Bank have assessed those matters which having been identified in such reviews and audits as well as other taxation claims and litigation, including seeking advice where appropriate, and consider that the Macquarie Bank and the Banking Group currently hold appropriate provisions.

Outside Australia, some of the Macquarie Group's key regulators include the United States Securities Exchange Commission, the United States Commodity Futures Trading Commission, the United States Financial Industry Regulatory Authority, the United Kingdom Financial Conduct Authority and Prudential Regulation Authority, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the Korean Financial Supervisory Service and the Bank of Korea.

As with other financial services providers, Macquarie Bank continues to face increased supervision and regulation in most of the jurisdictions in which it operates, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation.

Basel III framework - Liquidity

APRA's final prudential standards and practice guides implementing the global liquidity standards issued by the Basel Committee in the Basel III framework came into effect on 1 January 2018 (and were last amended in December 2016). In line with the liquidity standards contained within the Basel III framework, APRA introduced the Liquidity Coverage Ratio ("LCR") as part of its liquidity and funding framework, which became a prudential requirement on 1 January 2015.

In addition to implementing the LCR, pursuant to APRA Prudential Standard APS 210 - Liquidity, APRA has implemented the Net Stable Funding Ratio ("NSFR") into its liquidity and funding framework. The NSFR is a 12 month structural funding metric, which requires that 'available stable funding' is sufficient to cover 'required stable funding', where 'stable funding' has an actual or assumed maturity of greater than 12 months. The new standard came into effect on 1 January 2018, consistent with the international timetable agreed to by the Basel Committee. MBL currently complies with the requirements of the LCR & NSFR.

APRA's prudential supervision – Capital adequacy – "unquestionably strong"

On 19 July 2017, APRA released an Information Paper on its assessment of the additional capital required for the Australian banking sector to have capital ratios that are considered "unquestionably strong". APRA indicated that for ADIs using an internal ratings based ("IRB") approach to credit risk, it will be necessary to raise minimum capital requirements by around an average of 150 basis points in order to be considered "unquestionably strong".

On 14 February 2018, APRA released two discussion papers for consultation on revisions to the capital framework based on the Basel III reforms and to better align the framework to current risks. Such revisions to the capital framework include: (i) lower risk weights for low loan-to-value mortgage loans, and higher risk weights for interest-only loans and loans for investment purposes, than those applied under APRA's current framework; (ii) amendments to the treatment of exposures to small- to medium-sized enterprises ("SME"), including those secured by residential property under the standardised and IRB approaches; (iii) changes to the loss given default ("LGD") estimates applied by ADIs under the foundation IRB approach, including higher LGD estimates for senior unsecured exposures; (iv) constraints on IRB ADIs' use of their own parameter estimates for particular exposures, and an overall floor on risk weighted assets relative to the standardised approach; and (v) a single replacement methodology for the current advanced and standardised approaches to operational risk.

The two discussion papers reinforced APRA's previous guidance. As the final form of the framework remains uncertain, there may be a broader range of potential outcomes for individual banks. Based on existing guidance, the Group's surplus capital position remains sufficient to accommodate likely additional requirements.

Following the release of the discussion papers, APRA expects to release draft prudential standards on the standardised and IRB approaches to credit risk in late 2018 and further draft prudential standards incorporating the remaining Basel III provisions in 2019. APRA intends for all revisions to the capital framework to take effect in early 2021.

The discussion papers also outlined potential revisions to the leverage ratio requirements for ADIs, including APRA's intention to apply a minimum leverage ratio for ADIs, expressed as the ratio of Tier 1 Capital to total exposures. In calibrating the ratio, APRA intends to apply a differential minimum leverage ratio requirement for standardised ADIs and IRB ADIs. In consideration of inherent measurement challenges, APRA is proposing a minimum leverage ratio of 4% for IRB ADIs and 3% for standardised ADIs. APRA proposes to implement the leverage ratio as a minimum requirement starting in July 2019.

On 14 August 2018, APRA released a discussion paper on the topic of improving the transparency, comparability and flexibility of the ADI capital framework. APRA takes a more conservative approach to the definition of capital and the calculation of risk-weighted assets (in some areas) than the international standards set by the Basel Committee. The discussion paper invites feedback on two proposed methodologies to address this issue. The proposals do not seek to alter the level of capital ADIs will be required to hold in order to meet unquestionably strong capital benchmarks. APRA intends to consult on draft revised prudential standards incorporating the outcome of this consultation in 2019. This will occur in parallel with the revisions to the ADI capital framework outlined in the discussion papers published on 14 February 2018.

Counterparty credit risk

In accordance with Basel III reforms, APRA has finalised the revised standards on the approach to Counterparty Credit Risk. These revisions, in the form of a new Prudential Standard APS 180 and a revised Prudential Standard APS 112, will see the Current Exposure Method (CEM), the measurement approach for derivative exposures, being replaced by the Standardised Approach to Counterparty Credit Risk (SA-CCR). The new requirements are scheduled to take effect on 1 July 2019.

Australian Major Bank Levy

On 9 May 2017, the Australian Government announced its 2017-2018 Federal Budget, introducing a major bank levy (the "Commonwealth Government Major Bank Levy") affecting Australia's five largest banks: Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited, Westpac Banking Corporation, National Australia Bank and MBL. The enacting legislation commenced on 24 June 2017.

The Commonwealth Government Major Bank Levy applies to ADIs with licensed entity liabilities of greater than A$100 billion as of 1 July 2017 (including MBL), calculated quarterly as 0.015 per cent of relevant liabilities as at each APRA mandated quarterly reporting date (for an annualised rate of 0.06 per cent). The amount of liabilities on which the Commonwealth Government Major Bank Levy is payable is the total reported liabilities of the ADI for the quarter, reduced by the sum of the following amounts in relation to each ADI (each calculated for the quarter, in relation to the ADI, and as reported under an "applicable reporting standard" to be determined by APRA): total Additional Tier 1 Capital; total holdings of deposits protected by the Financial Claims Scheme; an amount equal to the lesser of the derivative assets and derivative liabilities; the exchange settlement account balance held with the RBA; and any other amounts of a kind determined by the Minister in a legislative instrument. Liabilities subject to the levy will include items such as corporate bonds, commercial paper, certificates of deposit and Tier 2 capital instruments.

Banking Executive Accountability Regime

In February 2018 the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 was passed by Parliament introducing a new bank executive accountability regime known as "BEAR". The intention of BEAR is to improve the operating culture of all ADIs and their subsidiaries, introducing transparency and personal accountability into the banking sector. ADIs will have legal obligations to conduct their business with honesty and integrity and to defer the variable remuneration (bonuses) of certain senior executives. With increased powers, APRA will be able to investigate potential breaches, penalise ADIs and accountable persons and disqualify persons from the industry for breach. Large ADIs will need to be BEAR compliant by 1

July 2018, while smaller and medium sized institutions (including MBL) will have an extra 12 months to comply with the new regime.

Obligations that will apply to both ADIs and 'accountable persons' are to:

- act with honesty, integrity, and with due skill, care and diligence;
- deal with APRA in an open, cooperative and constructive way; and
- take reasonable steps in conducting business to prevent matters from arising that would adversely affect the ADI's prudential standard or reputation.

Using experience gained through the implementation of the Senior Manager's Regime in the UK, MBL is developing an approach to the practical implementation of the new legislation and working on the application of the new BEAR regime to the Group risk framework.

APRA's prudential supervision – Associations with Related Entities

On 2 July 2018, APRA released a discussion paper, "*Revisions to the related entities framework for ADIs*" in which it outlined proposed revisions to *APS 222 – Associations with Related Entities*. Among other things, APRA intends to attempt to further mitigate the flow of contagion risk to an ADI, particularly from related entities, and incorporate changes to the revised large exposures framework published in December 2017.

The proposed revisions to the regulatory framework for related entities of ADIs include:

i. broadening the definition of related entities to include, among other things, substantial shareholders, individual board directors and other related individuals;
ii. explicitly addressing "step-in risk" by incorporating guidance from the Basel Committee;
iii. tightening certain limits on exposure to related entities in line with limits on exposures to unrelated entities in the revised APS 221;
iv. removing the ability for certain overseas subsidiaries to be consolidated with the standalone ADI for prudential purposes; and
v. updating existing reporting requirements to align with the changes to the framework.

These changes are intended to strengthen the ability of ADIs to monitor, limit and control risks arising from transactions and other associations with their related entities. The consultation period was open until 28 September 2018. APRA intends for the finalised framework to apply from 1 January 2020, and in certain circumstances be subject to a transitional period.

Enhanced criminal and civil penalties for corporate and financial sector misconduct

On 24 October 2018, the Australian Government introduced a bill in Parliament to strengthen criminal and civil penalties for corporate and financial sector misconduct. The bill is based on recommendations from the ASIC Enforcement Review Taskforce. If passed, the bill will double maximum imprisonment penalties, from five years to 10 years in some cases. Civil penalties are also contemplated to increase by more than tenfold for corporations and more than fivefold for individuals. The financial penalty for individuals for civil contraventions will be increased from A$200,000 to A$1.05 million, or three times the benefit gained/loss avoided (whichever is greatest) from the contravention. For corporations, the financial penalty for civil contraventions will be increased from A$1 million to A$10.5 million, or three times the benefit gained/loss avoided, or 10% of annual turnover (capped at A$210 million). The bill introduced by the Australian Government also proposes to expand the range of contraventions subject to civil penalties as

well as give the courts the power to seek additional remedies to strip wrongdoers of profits illegally obtained or losses avoided.

ASIC's guidance on code of ethics compliance schemes for financial advisers

On 28 September 2018, ASIC released guidance on its proposed approach to approving and overseeing compliance schemes for financial advisers ("**Regulatory Guide 269 Approval and oversight of compliance schemes for financial advisers**"). From 1 January 2020, all financial advisers must be covered by an ASIC-approved compliance scheme under which their compliance with a new single, uniform code of ethics will be monitored and enforced. Regulatory Guide 269 sets out, among other things, ASIC's process and criteria for determining whether to grant approval to a compliance scheme. The code of ethics is being developed by the Financial Adviser Standards and Ethics Authority ("**FASEA**"), with consultation on an exposure draft of the code of ethics having closed on 1 June 2018. The final code of ethics has not yet been released by FASEA. In the event that there are significant changes from the draft code, ASIC may need to revise its guidance when the final code is released.

ASIC review of selected financial services groups' compliance with the breach reporting obligation

On 25 September 2018, ASIC released a report which examined the breach reporting processes of 12 financial services groups, including the "big four" Australian banks (ANZ, CBA, NAB and Westpac), AMP and the Macquarie Group. The review considered the institutions' compliance with reporting requirements under section 912D of the Corporations Act 2001 (Cth), which requires that all Australian Financial Services licensees report to ASIC a "significant breach" within 10 business days of becoming aware of it. ASIC announced that it has identified serious, unacceptable delays by financial institutions in reporting, addressing and remediating significant breaches of the law.

ASIC has concluded that all ADIs could improve their breach reporting processes, although ASIC acknowledges the issues and inadequacies in the current framework. It is worth noting that ASIC states that the "the findings do not affect all the reviewed banking group to the same extent; in general, the major financial groups took longer to identify, investigate, report and remediate significant breaches." The eight non-major banks performed better than the four major banks, and Macquarie also performed better on average than the eight non-major banks.

ASIC consultation on proposed changes to the capital requirements for market participants

On 4 July 2018, ASIC released a consultation paper proposing changes to the capital requirements for market participants, which prescribe the minimum amount of capital a participant must hold. Market participants (other than principal traders or clearing participants) of the ASX, ASX 24, Chi-X, NSXA and FEX markets are subject to the financial requirements of the ASIC capital market integrity rules. The consultation paper sets out the proposals to improve and simplify the capital requirements, including further consolidation of the two market integrity capital rulebooks into a single capital rulebook (the ASIC Market Integrity Rules (Capital) 2018). ASIC proposes to increase the minimum core capital requirement for securities market participants to $500,000, as well as introducing new rules such as an underwriting risk requirement. ASIC intends to release the feedback report and finalize the ASIC capital market integrity rules by

February 2019, with the ASIC capital market integrity rules to commence in 2019. ASIC also intends for the regulatory guide to be released in 2019.

ASIC powers to intervene in the design and distribution of financial products

On 20 September 2018, the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 was introduced into the House of Representatives. The Bill was also referred to the Senate Economics Legislation Committee for inquiry and its report was due on 9 November 2018. The Macquarie Group and MBL will continue to monitor the impact that the Design and Distribution Bill may have on MBL's issuance and distribution of financial products to retail clients.

Insolvency reform

On 18 September 2017, the Australian Government passed reforms to Australian insolvency laws, including the introduction of an "ipso facto" moratorium. The new ipso facto regime came into effect in Australia on 1 July 2018 and will apply to ipso facto rights arising under contracts, agreements or arrangements entered into after 1 July 2018, subject to certain exclusions. On 21 June 2018, the Australian federal government introduced regulations setting out the types of contracts and contractual rights which will be excluded from the stay (the "Regulations").

The Regulations provide, among other things, that any ipso facto rights under a contract, agreement or arrangement that is or governs securities, financial products, bonds, promissory notes or derivatives will be exempt from the moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds, promissory notes or derivatives is also excluded from the stay. Accordingly, the Regulations should exclude the Warrants and certain other related arrangements from the stay. As the legislation and the Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Warrants or related arrangements from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Warrants or related arrangements conditioned solely on the occurrence of events giving rise to ipso facto rights.

Code of Banking Practice 2016 review

The Code of Banking Practice (or the Banking Code of Practice, as the revised code is called) (the "Code") is the banking industry's customer charter on best banking practice standards. On 31 July 2018, ASIC approved the Code. Each Australian Bankers Association member that has adopted the Code is required to implement its provisions by 31 July 2019. The Code brings many improvements to the way in which banks deliver services and products to customers. For the first time, small business customers are also given protections under the new Code. There are other initiatives which are still in progress, including the measures related to the independent review of product sales commissions and product based payments. The Code is the banking industry's customer charter on best banking practice standards. It sets out the banking industry's key commitments and obligations to customers on standards of practice, disclosure and principles

of conduct for their banking services. The new Code will come into effect on 1 July 1 2019. Until that time, the current edition of the Code, published in 2013, shall continue to apply.

MBL has advised the Australian Bankers Association of its intention to subscribe to the revised Code. Work is underway to amend relevant policies, processes, documentation and systems.

Australian Productivity Commission Inquiry into Competition in the Australian Financial System

On 3 August 2018, the Australian Productivity Commission publicly released its inquiry report entitled "Competition in the Australian Financial System." The Australian Productivity Commission's report broadly concluded that the Australian financial system may be exposed to use of entrenched market power, resulting in unnecessary fees and low-value products for Australians. The report set out a number of recommendations which include:

- a ban on trail commissions and a restriction on the clawback of commissions from brokers. All brokers, advisers and lender employees who deliver home loans should have a clear legally-backed best interest obligation to their clients; and

- all banks should appoint a Principal Integrity Officer to report to the board on how payments made by the institution align with the institution's best interests duty.

The ACCC has highlighted competition issues in the financial sector as an enforcement priority for the calendar year 2018.

Open Banking

On 9 February 2018, the Australian Government released a review into open banking entitled "Open Banking: customers, choice, convenience, confidence", which provides guidance on the Australian Government's preferred approach to implementing an open data regime. On 9 May 2018, the Australian Government publicly accepted the recommendations made by the review and undertook to begin a phased implementation of the Open Banking regime from 1 July 2019. From that date, all major banks will be required to make data available on credit and debit card, deposit and transaction accounts, and must do the same in respect of mortgages by 1 February 2020. All non-major banks (including MBL) will be subject to a 12-month delay on timelines.

The regime is expected to increase competition among banks while reducing barriers to entry for new providers, allowing customers to benefit from a broader suite of financial products and services. The report indicated that the types of data to be shared will include all current and historical transactional data across deposits and lending products, achieved via application programming interfaces only at a customer's explicit request.

ASIC enforcement personnel in banks

On 7 August 2018, the Australian Government announced that ASIC shall receive additional funding to support its enforcement capabilities and enable it to undertake new regulatory activities and investigations. Part of this funding is intended to be used to implement a new supervisory approach in respect of Australia's five largest financial institutions, which will involve ASIC embedding its own staff within these institutions to monitor governance and compliance actions. While there are no immediate plans for ASIC employees to be embedded within MBL, it is possible that this, or other similar regulatory measures, may be implemented in future.

In addition, there have also been a series of legislative changes and other regulatory releases from regulators in the various jurisdictions in which the Group operates resulting in significant regulatory

change for financial institutions, the legal and practical implications of which may not yet be fully understood.

United States

- *Banking regulations*

  In the United States, MBL operates solely through representative offices, which by law may only perform representational and administrative functions and therefore cannot engage in banking business. These offices are generally limited to soliciting business on behalf of MBL, which must then be approved and booked offshore, and performing administrative tasks as directed by MBL. The Group's representative offices are licensed by individual states, namely the states of New York, Illinois and Texas, and are subject to periodic examination by the applicable state licensing authority and regional Federal Reserve Banks, which are subject to oversight by the Board of Governors of the Federal Reserve System (the "FRB").

- *Derivatives regulations*

  The Dodd-Frank Act has resulted in, and will continue to result in, significant changes in the regulation of the U.S. financial services industry, including reforming the financial supervisory and regulatory framework in the United States. In particular, the Dodd-Frank Act amended the commodities and securities laws to create a regulatory regime for swaps and other derivatives, subject to the jurisdiction and regulations of the applicable U.S. regulatory agency, such as the FRB, the U.S. Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC"). MBL and its U.S. subsidiary Macquarie Energy LLC ("MELLC") are provisionally registered as swap dealers with the CFTC and MBL anticipates registering as a security-based swap dealer with the SEC once registration is required. Most of the rules to be adopted by the CFTC, which has jurisdiction over swaps, have been adopted and are effective. To date, the SEC has not implemented most of the Dodd-Frank Act reforms relating to security-based swaps.

  Pursuant to the CFTC's Comparability Determination for Australia, MBL's compliance with certain provisions and requirements under the applicable Australian regulatory regimes is sufficient to meet certain CFTC requirements to which MBL would otherwise be subject. In its capacity solely as a swap dealer, MBL became subject to the FRB's variation margin requirements in 2017 and expects to be subject to the phased compliance for initial margin requirements in September 2019 or September 2020. As a swap dealer regulated by the FRB, MBL is subject to the FRB's capital requirements. MELLC is subject to only CFTC regulations in this regard and not the Australian regulations or the FRB margin and capital requirements.

- *Anti-money laundering regulations*

  The MBL representative offices as well as the Group's U.S. futures commission merchant, securities broker- dealers and mutual funds managed or sponsored by the Group's subsidiaries are subject to AML laws and regulations, including regulations issued by the

U.S. Treasury Department's Financial Crimes Enforcement Network ("**FinCEN**") to implement various AML requirements of the Bank Secrecy Act (the "**Bank Secrecy Act**"), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**USA PATRIOT Act**").

The Bank Secrecy Act, as amended by the USA PATRIOT Act, requires U.S. representative offices of foreign banks and U.S. futures commission merchants, securities broker-dealers and mutual funds to establish and maintain written AML compliance programs that include the following components: (i) a system of internal controls to assure ongoing compliance with the applicable AML laws and regulations; (ii) independent testing for compliance to be conducted by the institution's personnel or by a qualified outside party; (iii) the designation of an individual or individuals responsible for coordinating and monitoring day-to-day compliance; (iv) training for appropriate personnel; and (v) the establishment of a risk-based customer due diligence procedure, including procedures designed to identify and verify the identities of the beneficial owners of legal entity customers.

On 11 May 2016, FinCEN published its final rule on customer due diligence requirements for financial institutions, which requires financial institutions subject to the customer identification program requirement, such as U.S. representative offices of foreign banks and U.S. futures commission merchants, securities broker-dealers and mutual funds, to develop and implement a written AML compliance program that also includes, at a minimum, the implementation of appropriate risk-based procedures for conducting ongoing customer due diligence, to include, but not be limited to: (i) understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (ii) conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. The final rule also introduces a beneficial ownership requirement, which requires that these financial institutions establish and maintain written procedures reasonably designed to identify and verify the identities of the "beneficial owners" of "legal entity customers," and to include such procedures in their AML compliance program. Although these requirements became effective on 11 July 2016, institutions were required to comply with these requirements as of 11 May 2018.

United Kingdom

- *U.K. Regulators*

The Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority ("**PRA**") are responsible for the regulation of financial business in the United Kingdom, including banking, investment business, consumer credit and insurance. Deposit-taking institutions, insurers and significant investment firms are dual-regulated, with the PRA responsible for the authorisation, prudential regulation and day-to-day supervision of such firms, and the FCA responsible for regulating conduct of business requirements.

Other U.K. regulators that impact the Group's business include the Gas and Electricity Markets Authority, which regulates the U.K. gas and electricity industry. The Information

Commissioner's Office is responsible for regulating compliance with legislation in the United Kingdom governing data protection, electronic communications, freedom of information and environmental information.

- *Macquarie Group U.K. Regulated Entities*

  MBL operates a branch, MBL LB, and a subsidiary, Macquarie Bank International Ltd ("**MBIL**"), in the United Kingdom. APRA remains the lead prudential regulator for MBL LB, with regulatory oversight by the FCA and PRA. MBIL, a U.K. incorporated subsidiary is authorised and regulated by the FCA and PRA as a bank.

  As regulated entities, MBIL and MBL LB are required to comply with U.K. legislation and the regulatory requirements set forth by the FCA and PRA in their handbooks of rules and guidance (collectively, the "Rules"), as applicable. The Rules include requirements as to capital adequacy, liquidity adequacy, systems and controls, corporate governance, market conduct, conduct of business and the treatment of customers, the application of which varies depending on whether it is a subsidiary or a branch of MBL. MGL also has five subsidiaries in the U.K., Macquarie Infrastructure and Real Assets (Europe) Limited ("**MIRAEL**"), Macquarie Capital (Europe) Limited ("**MCEL**"), Macquarie Investment Management Europe Limited ("**MIMEL**"), Macquarie Corporate and Asset Finance 1 Limited ("**MCAF**") and Green Investment Group Management Limited ("**GIGML**") authorised and regulated by the FCA. MIRAEL and GIGML are authorised as an alternative investment fund manager ("**AIFM**") pursuant to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773), which implements the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the United Kingdom, and is able to manage qualifying alternative investment funds and market such funds to professional investors in the United Kingdom and across Europe. MCEL is authorised and regulated by the FCA as a full-scope investment firm. MIMEL is authorised and regulated by the FCA as a limited-scope investment firm. MCAF is authorised and regulated by the FCA as a consumer credit firm.

  In many cases, the Rules reflect the requirements set out in European Union Regulations and implement applicable European Union Directives (such as the Capital Requirements Regulation (575/2013) ("**CRR**") and Capital Requirements Directive (2013/36) ("**CRD IV**"), which relate to regulatory capital requirements for banks and investment firms and came into force on 1 January 2014;and MiFID II and the Markets in Financial Instruments Regulation (600/2014/EU) ("**MiFIR**"), which relate to the carrying on of investment business and took effect on 3 January 2018). Under the Rules, regulated banks and certain investment firms are required to have an adequate liquidity contingency plan in place to deal with a liquidity crisis. A liquidity contingency plan is maintained for MGL and this covers the requirements for MBIL, MCEL and MBL LB.

- *Brexit*

  On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union (known as "Brexit"). This commenced the formal two-year process of negotiations

regarding the terms of the withdrawal and the framework of the future relationship between the United Kingdom and the European Union (the "**Article 50 Withdrawal Agreement**"). As part of those negotiations, the United Kingdom and the European Union have reached an agreement in principle on a transitional period which would extend the application of EU law and provide for continuing access to the European Union single market until the end of 2020. However, this agreement will not be binding until the Article 50 Withdrawal Agreement is formally agreed and ratified.

It remains uncertain whether the Article 50 Withdrawal Agreement will be finalized and ratified by the United Kingdom and the European Union ahead of the 29 March 2019 deadline. If it is not ratified, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the United Kingdom from that date and, absent an alternative agreement, there will be no transitional period. While continuing to negotiate the Article 50 Withdrawal Agreement, the U.K. Government has therefore commenced preparations for a "hard" Brexit or "no-deal" Brexit to minimize the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book on 30 March 2019. Neither the European Union authorities, such as the European Commission, nor the national regulators of the other European Union member states are currently creating legislative regimes similar to those being put in place by the U.K. authorities to enable continued access, for a time limited period, for U.K. firms in the event of a "hard" Brexit and the loss of passporting rights. U.K. firms and businesses are being warned to prepare on the basis that access rights into the European Union will be curtailed as of 29 March 2019.

- *U.K. Senior Managers and Certification Regimes*

  The PRA and the FCA have made major changes to the way individuals working for PRA supervised firms, including MBIL and MBL LB, are assessed and held accountable for the roles they perform. The changes were in response to perceived shortcomings in behavior and culture within firms following the financial crisis and recent conduct scandals. The changes were significant and introduced (i) a new Senior Managers Regime which is designed to clarify the lines of responsibility at the top of banks, enhance the regulator's ability to hold senior individuals accountable and require banks to regularly evaluate their senior managers for fitness and propriety; (ii) a Certification Regime (together with the Senior Managers Regime, the "SMCR") which requires firms to assess the fitness and propriety of certain employees who could pose a risk of significant harm to the firm or any of its customers; and (iii) a new set of "conduct" rules which set out high level principles and standards of behavior that will apply to all bank employees except those in ancillary service functions such as IT and catering. Banks and investment firms that are designated by the PRA became subject to the SMCR in March 2016.

  In July 2017, the FCA published its long-awaited proposals for extending the SMCR to solo-FCA regulated firms. The FCA also published a consultation on extending the scope of the regime to all authorised firms on 26 July 2017 followed by a consultation on individual accountability and transitioning FCA firms and individuals to the SMCR in

December 2017. The FCA published a policy statement including near final rules on 4 July 2018. Once the extended SMCR is brought into effect (which is currently anticipated to be in mid- to late-2019), almost every authorised firm will be subject to the new regime, which the FCA is proposing to tailor to the different types and sizes of firms which will be caught by the new rules. There will be three categories of firms:

1. Limited scope firms;

2. Core firms; and

3. Enhanced firms.

The proposals will apply to all Macquarie entities that are regulated by the FCA (except MBIL and MBL LB, which are already subject to the SMCR).

The FCA estimates that the vast majority of firms will fall in the Core firms category. While the Core firms iteration of the regime is similar to the current SMCR in some respects, it is notably less onerous both in scope and its administrative burden. For example, the rules as drafted only require executive directors, a Non-Executive Director Chair (if one is already appointed), the head of compliance, and the Money Laundering Reporting Officer to be senior managers. Individual heads of businesses are not expected to be named as senior managers. In addition, there is no requirement on a Core firm to produce a responsibilities map and the list of prescribed responsibilities that must be assigned is reduced to reflect that there are fewer senior manager functions. It is likely that MCAF, MIRAEL, and MIMEL will be considered Core firms.

With respect to the Enhanced firms iteration of the proposed regime, a firm falls into the Enhanced firms category if it meets certain criteria. The first of which is whether a firm is either a significant IFPRU firm, as defined in the Investment Firms Prudential Sourcebook released by the FCA ("Significant IFPRU firm"), or a CASS large firm, as defined in the Client Assets Sourcebook released by the FCA. If a firm does not fall into one of these two categories, there are four financial tests that are applied. These are:

1. Assets under Management ("AUM") (calculated as a three-year rolling average) of £50 billion;

2. Revenue from intermediary activity of £35 million per year;

3. Revenue from consumer credit lending of £100 million per year; or

4. Currently has 10,000 or more outstanding regulated mortgages.

Given that it is expected that MCEL will be a Significant IFPRU firm by the time that the proposed regime is implemented, it is likely that MCEL will be considered an Enhanced firm.

With respect to the application of the AUM threshold to AIFMs such as MIRAEL, AIFMs are carved out of the Enhanced firms regime unless they have top-up permissions under the Markets in Financial Instruments Directive 2004/39/EC ("MiFID"). MIRAEL has MiFID top-up permissions.

The proposed regime for Enhanced firms effectively represents the 'as-is' extension of the existing SMCR that dual-regulated firms are already subject to. This means that as well as those captured under the Core firms regime, the CFO, CRO, COO, head of internal

audit, and business heads will be senior managers. A responsibilities map showing the whole governance structure of the entity will also need to be produced.

The only significant change that is likely to be introduced to the existing SMCR is a new prescribed responsibility for notification of and training in the Conduct Rules. This may be introduced into the existing SMCR prior to the go-live of the extension.

The FCA's near-final rules remain subject to commencement regulations to be made by HM Treasury which has determined that the extended regime will commence on 9 December 2019.

European Union

- *CRD V and CRR II*

In November 2016, the European Commission (the "EC") published a package of proposed amendments to CRD IV / CRR ("CRD V" and "CRR II", respectively). The proposals seek to implement some of the remaining aspects of Basel III and reforms which reflect EC findings on the impact of CRD IV on bank financing of the EU economy. Certain of the proposed changes such as new market risk rules, standardized approach to counterparty risk, details on the leverage ratio and net stable funding requirements and the tightening of the large exposures limit will particularly impact capital requirements. The proposals also seek to require financial holding companies in the European Union to become authorised and subject to direct supervision under the CRD IV. This will place formal direct responsibility on holding companies for compliance with consolidated prudential requirements for financial groups. The proposals also require third-country groups above a certain threshold with two or more credit institutions or investment firms in the European Union to establish an intermediate EU holding company. The minimum requirement for own funds and eligible liabilities provisions in the CRR are also amended to bring the requirement in line with the Financial Stability Board's final total loss absorbing capacity term sheet standards for globally significant institutions.

The final capital framework to be established in the European Union under CRD V/ CRR II differs from Basel III in certain areas. Following the EC's legislative proposals published in November 2016, the Council of the European Union has agreed its negotiating position, set out in compromise proposals published in May 2018. The European Parliament has also agreed its negotiating position. As the CRD V / CRR II legislative proposals continue to be negotiated by European policy-makers it is not possible to anticipate their final content or definite time of application though early 2019 remains a possible date.

In December 2017, the Basel Committee finalized further changes to the Basel III framework which include amendments to the standardized approaches to credit risk and operational risk and the introduction of a capital floor. These proposals will need to be transposed into EU law before coming into force. The Basel Committee has recommended implementation commencing in 2022, however timing of implementation in the European Union is uncertain.

These and other future changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates, including the implementation of CRD V / CRR II, and

Basel III final rules, and certain potential consequences of Brexit may require members of the Group to raise additional capital. If the Group is unable to raise the requisite capital, it may be required to reduce the amount of its risk-weighted assets, which may not occur on a timely basis or achieve prices which would otherwise be attractive to it.

- *BRRD and BRRD 2*

  As a result of the EU Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**") providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that certain EU entities or branches of the Group (such as MBIL and MBL LB) and/or certain other EU group companies could be subject to certain resolution actions under relevant national implementations of the BRRD. Certain amendments to the BRRD may be made as a result of proposals published by the European Commission on 23 November 2016 relating to EU implementation of the Financial Stability Board's total loss-absorbing capacity standard and other reforms (known as "*BRRD 2*"), including extending the "write down and conversion power" to cover non-own funds MREL-eligible liabilities of entities in a banking group other than the resolution entity. The end of 2018 is a possible date for the conclusion of dialogue in the European Parliament and Council of the EU on BRRD 2 though a formal adoption date is not possible to predict.

Further changes may occur driven by policy, prudential or political factors.

The Group reviews these changes and releases, engages with government, regulators and industry bodies and amends its systems, processes and operations to align with changes and new regulatory requirements as they occur. Further information on the risk management and other policies of the Group is contained in the documents incorporated by reference into this Base Prospectus (see "Documents incorporated by reference" on pages 49 to 51 of this Base Prospectus).

Material Contracts

There are no material contracts that are not entered into in the ordinary course of Macquarie Bank's business which could result in Macquarie Bank or any entity within the Group being under an obligation or entitlement that is material to Macquarie Bank's ability to meet its obligations to holders of Warrants in respect of the Warrants.

Principal investment activity

Since the date of Macquarie Bank's last published audited financial statements (such date being 31 March 2018), and other than as released to the ASX prior to the date of this Base Prospectus, Macquarie Bank has not made any principal investments that are material to its ability to meet its obligations to Warrantholders in respect of the Warrants.

Significant change in the Issuer's financial position

Macquarie Bank has agreed to sell its Corporate and Asset Finance's ("**CAF**") Principal Finance and Transportation Finance businesses (the "**Businesses**") to the Non-Banking Group of MGL. The transfers are intended to simplify the structure of the Macquarie Group by better reflecting the latest activities of individual parts of the Businesses.

Macquarie Bank has entered into two restructure deeds with the Non-Banking Group members of the Macquarie Group whereby it has agreed to transfer all of the economic risk and benefit and decision making in relation to these CAF businesses from the Macquarie Bank Group to the Non-Banking Group on the effective date which is currently proposed to be 10 December 2018. The post-tax profit of these CAF businesses included in the consolidated Macquarie Bank results for the half year ended 30 September 2018 was approximately A$150million, of the total A$735million attributable to ordinary shareholders.

CAF Principal Finance provides flexible primary financing solutions and engages in secondary market investing across the capital structure. CAF Transportation Finance involves the financing of aircraft, rotorcraft and rail assets. These businesses are reported as part of the CAF operating segment and will be transferred for consideration reflecting fair value, currently estimated at approximately A$7.4billion[1].

As a consequence of the transfer, Macquarie Bank will deconsolidate the net assets of these CAF businesses resulting in an increase in equity of approximately $0.3billion which, subject to satisfaction of all applicable legal requirements, Macquarie Bank expects to pay as a dividend to MGL[2]. Additionally, it is proposed to return up to $2.04 billion in capital from Macquarie Bank to MGL[2], which will be surplus to Macquarie Bank's requirements, subject to shareholder approval. The balance of the consideration received will be predominately used to reduce the borrowings of Macquarie Bank.

The Australian Prudential Regulation Authority (APRA) has given approval for the capital return. A meeting of Macquarie Bank shareholders (which includes holders of Macquarie Income Securities) will be held at 10.30 am on 10 December 2018[3] at Macquarie's Sydney head office to request shareholder approval for the capital return.

As a result of the internal restructure (including the capital return), Macquarie Bank expects its regulatory Common Equity Tier 1 ratio to increase by approximately 0.7%, from 10.4% reported at 30 September 2018 to 11.1% on a pro-forma basis[4]. The internal restructure (including the capital return) is not expected to affect Macquarie Bank's credit ratings.

The proposed capital return is not expected to have a material impact on Macquarie Bank's ability to fund new investments in core businesses, or to fund investments consistent with its current strategy.

Other than the matters disclosed above, there has been no significant change in the financial or trading position of Macquarie Bank since the half-year ended 30 September 2018, being the date as at which the latest unaudited half-year financial statements of Macquarie Bank consolidated with its subsidiaries were made up.

Directors of Macquarie Bank

The persons named below are Voting Directors of Macquarie Bank under Macquarie Bank's constitution and exercise the powers of directors for the purposes of the Corporations Act. All

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[1] Estimated valuation position in Australian dollars. The valuation will be updated to reflect the business position and exchange rates at the time of transfer. Accordingly, the dividend will be adjusted to reflect the value at the effective date, expected to be 10 December 2018.

[2] Via the intermediate holding company, Macquarie B.H. Pty Ltd.

[3] Indicative meeting date subject to change.

[4] Estimated Level 2 capital impact based on the current business position. The ultimate impact will reflect changes to the business position and exchange rates at the effective date, expected to be 10 December 2018.

members of the Board of Voting Directors of Macquarie Bank have the business address of Level 6, 50 Martin Place, Sydney, NSW, 2000.

Peter H Warne

BA (Macquarie), FAICD
Independent Chairman since 1 April 2016
Independent Voting Director since July 2007
Member of the Board Risk Committee

Other current positions

Mr Warne is a Director of ASX Limited, New South Wales Treasury Corporation and a Member of the Macquarie University Faculty of Business and Economics Industry Advisory Board.

Mary J Reemst

BA (Macquarie), Dip Fin Mgt (Accountancy) (UNE), MAICD
Managing Director and Chief Executive Officer since July 2014

Other current positions

Ms Reemst is a Director of the Australian Bankers' Association, the Australian Financial Markets Association and the Financial Markets Foundation for Children. She is on the board of Asylum Seekers Centre Incorporated and the Sisters of Charity Foundation.

Nicholas W Moore

BCom LLB (UNSW), FCA
Executive Voting Director since May 2008
Managing Director and Chief Executive Officer of MGL since May 2008

Other current positions

Mr Moore is Chairman of Screen Australia, Sydney Opera House Trust and the University of NSW Business School Advisory Council, and a Director of the Centre for Independent Studies.

Shemara R Wikramanayake

BCom, LLB (UNSW)
Managing Director and Chief Executive Officer-designate of MGL
Executive Voting Director since August 2018

Other current positions

Ms Wikramanayake is a founding Commissioner of the Global Commission on Adaptation, and is the Chair of the Macquarie Group Foundation.

Gary R Banks AO

BEc (Hons) (Monash), MEc (ANU)
Independent Voting Director since August 2013
Member of the Board Risk Committee

Other current positions

Professor Banks is a Professorial Fellow at the University of Melbourne. He is Chairperson of the Australian Statistics Advisory Council. He is also a Senior Fellow at the Centre for Independent Studies. He chairs the OECD's Regulatory Policy Committee and is a Member of the Melbourne Institute's Advisory Board, and the NSW Government's Economic Development Advisory Panel.

Jillian R Broadbent AO

BA (Maths & Economics) (Sydney)
Independent Voting Director since November 2018
Member of the Board Risk Committee

Other current positions

Ms Broadbent is the Chair of the Board of Swiss Re Life and Health Australia, Chancellor of the University of Wollongong and is currently a director of Woolworths Limited, the National Portrait Gallery of Australia and the Sydney Dance Company.

Gordon M Cairns

MA (Hons) (Edin)
Independent Voting Director since November 2014
Member of the Board Risk Committee

Other current positions

Mr Cairns is Chairman of Woolworths Limited and Origin Energy Limited. He is a Director of World Education Australia.

Philip M Coffey

BEc (Hons)(Adelaide), GAICD, SF Finsia
Independent Voting Director since August 2018
Member of the Board Risk Committee

Other current positions

Mr Coffey is a Non-Executive Director of Lendlease Corporation Limited, a member of the Clean Energy Finance Corporation Board and Chairman of the Westpac Bicentennial Foundation.

Michael J Coleman

MCom (UNSW), FCA, FCPA, FAICD
Independent Voting Director since November 2012
Chairman of the Board Audit Committee
Member of the Board Risk Committee

Other current positions

Mr Coleman is an Adjunct Professor at the Australian School of Business at the University of New South Wales, Chairman of Planet Ark Environmental Foundation and Chairman of Bingo Industries Limited. Mr Coleman is also a board member of Legal Aid NSW, a member of the National Board and of the NSW Council of the Australian Institute of Company Directors (AICD) and Chairman of the Reporting Committee of the AICD.

Diane J Grady AM

BA (Mills), MA (Hawaii), MBA (Harv), FAICD

Independent Voting Director since May 2011
Member of the Board Risk Committee

Other current positions

Ms Grady is a Director of Tennis Australia, a member of the Centre for Ethical Leadership, the Heads Over Heels Advisory Board and the NFP Chairs Forum and is Chair of The Hunger Project Australia. She is also a Director on the Grant Thornton Australia Board.

Michael J Hawker AM

BSc (Sydney), FAICD, SF Fin, FAIM, FIoD
Independent Voting Director since March 2010
Chairman of the Board Risk Committee
Member of the Board Audit Committee

Other current positions

Mr Hawker is a Director of Aviva Plc Group, the largest insurance provider in the UK, the Lead Independent Director of Washington H. Soul Pattinson and Company Limited, a Non-Executive Director of Rugby World Cup Limited and Chairman of the George Institute for Global Health.

Glenn R Stevens AC

BEc (Hons) (Sydney), MA (Econ) (UWO)
Independent Voting Director since November 2017
Member of the Board Audit Committee
Member of the Board Risk Committee

Other current positions

Mr Stevens has an advisory role at Ellerston Capital's Global Macro Fund and is on the Investment Committee of NWQ Capital Management. He is Chair of the NSW Generations Fund Advisory Board, a Director of the Anika Foundation and the Lowy Institute, Deputy Chair of the Temora Aviation Museum and a volunteer pilot for Angel Flight.

Nicola M Wakefield Evans

BJuris/BLaw (UNSW), FAICD
Independent Voting Director since February 2014
Member of the Board Audit Committee
Member of the Board Risk Committee

Other current positions

Ms Wakefield Evans is a director of Lendlease Corporation Limited, BUPA ANZ Healthcare Holdings Pty Ltd, BUPA ANZ Insurance Pty Ltd, Clean Energy Finance Corporation and Chief Executive Women, and is Chair of the 30% Club Australia. She is also a member of the Takeovers Panel, the National Board of the Australian Institute of Company Directors and The University of New South Wales Foundation Limited Board.

Board Committees

The Board Audit Committee ("**BAC**"), and the Board Risk Committee are joint Committees of Macquarie Bank and MGL.

The members of the BAC are Michael Coleman (Chairman), Michael Hawker, Glenn Stevens and Nicola Wakefield Evans. The main objective of the BAC is to assist the Boards of Voting Directors of Macquarie Bank and MGL in fulfilling the Boards' responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Macquarie Group.

All Non-Executive Directors of Macquarie Bank and MGL are members of the Board Risk Committee. The Chairman of the Committee is Michael Hawker. The main objective of the Board Risk Committee is to assist the Boards of Voting Directors of Macquarie Bank and MGL by providing oversight of the implementation and operation of the Macquarie Group's risk management framework.

Director Duties and Conflicts of Interest

No member of the Macquarie Bank Board has a material conflict of interest between their duties to Macquarie Bank and their personal interests or other duties.

In broad terms, the Directors of Macquarie Bank have duties to Macquarie Bank including to:

- act with care and diligence;
- exercise their powers and discharge their duties in good faith and in the best interests of Macquarie Bank, and for a proper purpose;
- not improperly use their position to gain an advantage for themselves or someone else or to cause detriment to Macquarie Bank; and
- not improperly use information they have obtained as a result of their position to gain an advantage for themselves or someone else or to cause detriment to Macquarie Bank.

In the event that a material conflict of interest between the duties of a Director to Macquarie Bank and their personal interests arises, a Director with a conflict will:

- notify the other Directors of their interest in the matter when the conflict arises (unless a standing notice regarding the material personal interest has already been given to the other Directors); and
- not receive the relevant Board paper nor be present whilst the matter that they have an interest in is being considered at a Directors' meeting and subsequently not vote on the matter unless the Board (excluding the relevant Board member) resolves otherwise.

Selected Financial Information

Key financial information

For the purposes of Item 3.1 of Annex IV under Commission Regulation (EC) No. 809/2004, the information set out in this section extracts key financial figures of Macquarie Bank and is qualified in its entirety by the information included elsewhere in this Base Prospectus (in particular, see the annual reports and financial statements which are incorporated herein by reference (see "Documents Incorporated by Reference" on pages 49 to 51 inclusive of this Base Prospectus) and the "Selected financial information" on pages 116 to 118 inclusive of this Base Prospectus).

Financial highlights for Macquarie Bank Limited for 2018

	Consolidated Half-year to 30 September 2018 A$m	Consolidated Year to 31 March 2018[(1)] A$m	Bank Year to 31 March 2018[(1)] A$m
Profit after income tax	746	1,583	2,019
Total assets	184,879	173,218	161,633
Profit			
Net operating income	3,242	6,163	5,237
Total operating expenses	(2,176)	(4,010)	(2,967)
Operating profit before income tax	1,066	2,153	2,270
Income tax expense	(320)	(570)	(251)
Profit before income tax	746	1,583	2,019
Loss attributable to non-controlling interests	(4)	(1)	-
Distributions paid or provided on Macquarie Income Securities	(7)	(14)	-
Profit attributable to ordinary equity holders	735	1,568	2,019

Financial highlights for Macquarie Bank Limited for 2017

	Consolidated Half-year to 30 September 2017 A$m	Consolidated Year to 31 March 2017[(1)] A$m	Bank Year to 31 March 2017[(1)] A$m
Profit after income tax	648	1,224	648
Total assets	171,217	167,441	161,539
Profit			
Net operating income	2,854	5,821	3,782
Total operating expenses	(1,999)	(4,088)	(3,061)
Operating profit before income tax	855	1,733	721
Income tax expense	(207)	(509)	(73)
Profit after income tax	648	1,224	648
Loss attributable to non-controlling interests	3	12	-
Distributions paid or provided on Macquarie Income Securities	(7)	(15)	-
Profit attributable to ordinary equity holders	644	1,221	648

(1) As published in the 2017 Annual Report of Macquarie Bank Limited.

Selected financial information

The selected audited financial information on page 116 of this Base Prospectus has been extracted from the 2018 Annual Report of Macquarie Bank consolidated with its subsidiaries for the financial year ended 31 March 2018.

The unaudited financial information on page 116 of this Base Prospectus has been extracted from the Interim Financial Report of Macquarie Bank consolidated with its subsidiaries for the half year ended 30 September 2018.

Macquarie Bank is required to prepare financial statements for itself consolidated with its subsidiaries in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards.

The auditor of Macquarie Bank is PricewaterhouseCoopers, an independent registered public accounting firm, being an Australian partnership ("**PwC Australia**"). PwC Australia partners are members or affiliate members of The Institute of Chartered Accountants in Australia.

PwC Australia has audited the financial statements included in Macquarie Bank's 2017 and 2018 Annual Report for the financial years ended 31 March 2017 and 31 March 2018 in accordance with Australian Auditing Standards. The Independent Audit Reports dated 5 May 2017 and 4 May 2018 were unqualified.

PwC Australia has reviewed the unaudited financial statements included in Macquarie Bank's Interim Financial Report for the half years ended 30 September 2017, 31 March 2018 and 30 September 2018 in accordance with Australian Auditing Standards. The Independent Auditor's Review Report dated 2 November 2018 was unqualified.

Limitation on Auditors' Liability

As members of the Institute of Chartered Accountants in Australia (the "**Institute**"), PwC Australia are participants in an Institute scheme which limits the liability of its members. This scheme has been approved under the Professional Standards Act of 1994 of New South Wales, Australia.

Schemes submitted by the Institute have been scrutinised and approved by the Professional Standards Council and subsequently by the NSW Attorney General. The scheme has also been approved by the Commonwealth, giving effect to the limitation on liability in relation to any claim for misleading or deceptive conduct under the Australian Consumer Law, the Corporations Act 2001 or the ASIC Act 2001.

The Institute scheme, which came into effect on 8 October 2014, limits the maximum liability for damages arising out of a cause of action for occupational liability (the "**Limitation Amount**") which may be awarded against a person to whom the scheme applies with regard to fees payable for audit services to which the cause of action relates, being a reasonable charge for the service provided or which was failed to be provided, as follows:

(a) Where the fee is less than $100,000, the Limitation Amount is $2,000,000
(b) Where the fee is greater than or equal to $100,000 but is less than $300,000, the Limitation Amount is $5,000,000

(c) Where the fee is greater than or equal to $300,000 but is less than $500,000, the Limitation Amount is $10,000,000
(d) Where the fee is greater than or equal to $500,000 but is less than $1,000,000, the Limitation Amount is $20,000,000
(e) Where the fee is greater than or equal to $1,000,000 but is less than $2,500,000, the Limitation Amount is $50,000,000
(f) Where the fee is greater than or equal to $2,500,000 the Limitation Amount is $75,000,000

Offering and Sale

No action has been or will be taken by the Issuer that would permit a public offering of any Warrants or possession or distribution of any offering material in relation to any Warrants in any jurisdiction where action for that purpose is required. No offers, sales, re-offers, re-sales or deliveries of any Warrants, or distribution of any this Base Prospectus, any Final Terms, circular, advertisement or other offering material relating to any Warrants, may be made in or from any country or jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or any Manager or Purchaser.

1 General

This Base Prospectus has not been, and will not be, lodged with ASIC and is not a 'prospectus' or other 'disclosure document' for the purposes of the Corporations Act.

Except for registration of this Base Prospectus by the Luxembourg Stock Exchange, no action has been taken in any country or jurisdiction that would permit a public offering of any of the Warrants, or possession or distribution of this Base Prospectus, any Final Terms, circular, advertisement or other offering material relating to any Warrants, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Base Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Warrants or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Warrants under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Manager shall have responsibility therefor. In accordance with the above, any Warrants purchased by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Warrants in such country or jurisdiction.

In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in Australia, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Korea, India, Canada, People's Republic of China, Malaysia, Mexico and Taiwan as set out below.

No money market instruments having a maturity at issue of less than 12 months will be offered to the public or admitted to trading on a regulated market under this Base Prospectus.

2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Warrant has been, or will be, lodged with ASIC. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that, unless the relevant Final Terms otherwise provides, it:

(a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Warrants in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to any Warrants in Australia,

unless (i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in other currencies and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable laws and regulations in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act), (iii) the offer or invitation is not made to a person who is a "retail client" for the purpose of section 761G of the Corporations Act, and (iv) such action does not require any document to be lodged with ASIC.

3 United States

No Warrants of any series have been, or will be, registered under the United States Securities Act of 1933, as amended ("**Securities Act**"). Trading in the Warrants has not been, and will not be, approved on an exchange or board of trade or otherwise by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. No Warrants of any series, or interests therein, may at any time be offered, sold, resold, traded or delivered, directly or indirectly, in or into the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction ("**United States**") or directly or indirectly offered, sold, resold, traded or delivered to, or for the account or benefit of, any person ("**U.S. person**") who is (i) an individual who is a citizen or resident of the United States, (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States, (iii) any estate or trust, the income of which is subject to United States federal income taxation regardless of the source of its income, (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust, (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above, or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act ("**Regulation S**") or, to the extent applicable, in regulations adopted under the United States Commodity Exchange Act of 1936. Consequently, any offer, sale, re-sale, trade or delivery made, directly or indirectly, into the United States or to, for the account or benefit of, a U.S. person will not be recognised, except (a) if the Final Terms relating to the Warrant expressly provide otherwise in connection with an offering of the Warrant pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act, then within the United States, to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (b) in countries outside the United States to persons that are not, and are not acting for the account or benefit of, U.S. persons in offshore transactions in accordance with Regulation S.

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that it will not at any time offer, sell, resell, trade or deliver, directly or indirectly, Warrants of such series in the United States or to, or for the account or

benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Warrants of any series must represent and agree with a Manager of such series or the seller of such Warrants that (i) it will not at any time offer, sell, resell, trade or deliver, directly or indirectly, any Warrants of such series so purchased in or into the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any Warrants of such series for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales, trades or deliveries of any Warrants of such series (otherwise acquired), directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person.

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will also be required to represent and agree and will be deemed to have represented and agreed, and any person purchasing Warrants of such series must represent and agree, to send each person who purchases any Warrants of such series from it a written confirmation (which shall include the definitions of “United States” and “U.S. persons” set forth herein) by acceptance of such confirmation stating that the Warrants have not been registered under the Securities Act, and stating that, such purchaser agrees that it will not at any time offer, sell, resell, trade or deliver Warrants, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person. Any person exercising a Warrant will be required to represent that it is not a U.S. person nor is it acting for the account or benefit of any U.S person. See “Terms and Conditions of the Warrants, Condition 5 - Exercise Procedure”.

4 European Economic Area

Each Manager of an issue of Warrants has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, and will be deemed to have represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the "Prospectus Directive"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants.

This European Economic Area selling restriction is in addition to any other selling restrictions set out in this Base Prospectus.

5 United Kingdom

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that:

(a) in respect of Warrants having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Warrants would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act, as amended (the "FSMA") by us;

(b) it has complied with, and will comply with, all applicable provisions of the FSMA in respect of anything done in relation to any Warrants in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Warrants in circumstances in which section 21(1) of the FSMA does or where applicable would not, if the Issuer was not an authorised person, not apply to the Issuer.

6 Hong Kong

Each Manager of an issue of Warrants acknowledges and agrees that the Warrants have not been authorised by the Hong Kong Securities and Futures Commission. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme will be required to represent and agree, and will be deemed to have represented and agreed, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Warrants other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and

Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

7 Singapore

The Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Each Manager or Purchaser of an issue of Warrants, and each further Manager appointed under the Programme will be required to represent, warrant and agree, and will be deemed to have represented, warranted and agreed, that the Warrants may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Warrants be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than:

(a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended ("SFA");

(b) to a relevant person (as defined in section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Manager or Purchaser of an issue of Warrants, and each further Manager appointed under the Programme, will be required to further represent, warrant and agree, and will be deemed to have represented, warranted and agreed to notify (whether through the distribution of this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Warrants or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Warrants from and through that Manager, namely a person who is:

(1) a corporation (which is not an accredited investor(as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined under Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor (under Section 274 of the SFA), or to a relevant person (as defined under Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) of the SFA (in the case of a corporation) or Section 276(4)(i)(B) of the SFA (in the case of a trust), and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

8 Japan

No Warrants of any Series have been or will be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and, accordingly, each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree that it has not offered or sold and will not offer or sell any Warrants, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

9 Korea

No Warrants of any Series have been or will be registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea ("**Korea**").

Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that Warrants have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. Each Manager of an issue of Warrants has undertaken, and each further Manager appointed under the Programme will be required to undertake to ensure that any securities dealer to which it sells any Warrants confirms that it is purchasing such Warrants as principal and agrees with such Manager that it will comply with the restrictions described above.

10 India

Without limiting the below, each Manager of an issue of Warrants, and each further

Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that it has not offered, sold or transferred and will not offer, sell or transfer in India, directly or indirectly, by means of any document, any Warrants (a) other than to persons permitted to acquire the Warrants under Indian law, whether as a principal or an agent, or (b) in circumstances which would constitute an offering to the public within the meaning of the Companies Act, 2013 of India, and that this Base Prospectus and any document by means of which it offers the Warrants will not be generally distributed or circulated in India and will be for the sole consideration and exclusive use of the persons permitted to acquire the Warrants under Indian law to whom it is issued or passed on.

No Warrants of any Series have been or will be approved by the Securities and Exchange Board of India ("**SEBI**"), Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in it. This Base Prospectus has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with the Registrar of Companies in India.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Warrants and must comply with all relevant Indian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Warrants under applicable laws and regulations and that it is not prohibited under any law or regulation in India from acquiring, owning or selling the Warrants.

Further, by its purchase of any Warrants, on the date of purchase and on each day the Warrants are being held, each Warrantholder will be deemed to represent and warrant that its purchase of the Warrants is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

(a) the Warrants shall not be offered, sold or transferred to (i) an Indian Resident (as such term is defined under regulation 2 of the Foreign Exchange Management (Transfer or issue of security by a Person Resident outside India) Regulations, 2017 ("**FEMA**"), or (ii) a "non-resident Indian" (as such term is defined in the FEMA (each (i) and (ii), a "Restricted Entity"), or (iii) an unregulated broad based fund which is classified as a Category II foreign portfolio investor by virtue of its investment manager being appropriately regulated, (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulation 2014 of India and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time (collectively referred to as the "FPI Regulations")) (iv) a Category III foreign portfolio investor other than a Grandfathered Client (each of (iii) and (iv), a "Prohibited Entity");

(b) the Warrants shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity or a Prohibited Entity.

For the purposes of this representation, a "**controller**" means any person/entity or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) that, in respect of a person/entity who (i) is/are entitled to exercise, or control the exercise of, a majority or more of the voting power of such person/entity, (ii) holds or is otherwise entitled to a majority or more of the economic interest in such person/entity, or (iii) who in fact exercises control over such person/entity.

For the purposes of this representation, "**control**" includes the right to appoint a

majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. However, a director or officer will not be considered to be in control, merely by virtue of holding such position.

Notwithstanding the foregoing definition, in the case only where a person's/entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such person's/entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the person's/entity's financial, investment and/or operating policies.

Contributions by Restricted Entities including those of Restricted Entities' controlled Investment Manager should be below 25% from a single Indian Resident and in aggregate should be below 50% to corpus of a Warrantholder;

(c) the Warrants shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back ODI can be entered into against the Warrants;

(d) the Warrants shall only be offered to a "person regulated by an appropriate foreign regulatory authority" or otherwise permitted to subscribe or deal in ODIs by SEBI (as such term and/or requirements relating thereto are defined, specified or otherwise interpreted for the purposes of Regulation 22 of the FPI Regulations) and to those who meets conditions for issuance of Offshore Derivative Instruments as stipulated under the circular issued by SEBI dated 24 November 2014 (an "Eligible Entity");

(e) the Warrants shall not be offered, sold or transferred to any person/entity who has an "opaque structure", as the term is defined in Regulation 32(1)(f) of the FPI Regulations. Where such person/entity has an opaque structure:

I. such person/entity is regulated in its home jurisdiction;

II. each fund or sub fund which will be making investments in India through the ODI transactions, satisfies the broad based fund criteria, as set out in Explanation 2 to Regulation 5(b) of the FPI Regulations; and

III. such person/entity undertakes to provide information regarding its beneficial owners as and when a Macquarie Group entity or SEBI seeks this information, as the case may be;

(f) where the Warrants are offered, sold or transferred to a multi class share vehicle by constitution that has more than one class of shares or an equivalent structure, either (i) a common portfolio is being maintained for all classes of shares and the vehicle satisfies the broad based fund criteria, or (ii) a segregated portfolio is being maintained for separate classes of shares and the class of shares which will be making investments in India through the ODI transactions, satisfies the broad based fund criteria;

(g) the Warrants shall not be purchased with the intent of circumventing or otherwise

avoiding any requirements applicable under the FPI Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Warrants with, Restricted Entities, Prohibited Entities and persons/entities who are not Eligible Entities); and

(h) the Warrants cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by the Warrantholder nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity, a Prohibited Entity or an entity which is not an Eligible Entity. Save for any transfer(s) to an Approved Entity or Pre-Approved Transferee (as defined below, prior to any Transfer being undertaken in respect of any ODI:

I. the prior written consent of Issuer shall be obtained by the holder and;

(i) the holder shall issue a written notice ("**Transfer Notice**") to the Issuer in such form as Issuer may determine for the purpose of obtaining such prior written consent; and

(j) the Issuer entity's associates/affiliates shall have absolute discretion in granting or withholding such prior written consent;

II. upon receipt of the Transfer Notice, the Issuer shall have the right to require the person/entity to whom the Transfer is proposed to be made ("**Proposed Transferee**") to provide, and the relevant holder shall procure that the Proposed Transferee promptly provides the Issuers or its associates/affiliates (as the case may be) with, all such information that the Issuer or its associates/affiliates (as the case may be) may require with respect to its or their client on-boarding programme, policies or procedures, anti-money laundering programme, policies or procedures or other such programme, policies or procedures (as the case may be) (collectively, "Client Identification Programme");

III. the Proposed Transferee shall issue a written undertaking ("**Transferee Undertaking**") to the Issuer or its associates/affiliates in such form as the Issuer or its associates/affiliates may determine.

For avoidance of doubt it is clarified that this paragraph (h) shall not apply: (i) in the event the Transfer is pursuant to a direct sale and purchase of the ODIs to and by any Issuer entity or its associates/affiliates, or (ii) to the registration on behalf of the holder of any ODI in the name of any custodian, sub-custodian or nominee. Further, a Proposed Transferee who has obtained the written consent of the Issuer or its associates/affiliates in respect of a Transfer pursuant to this paragraph (h) shall for the purposes hereof hereafter constitute a "Pre-Approved Transferee";

(i) that in the case where a holder or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of any ODI, or any interest in any ODI, to, or enter into any back-to-back ODI or enter into an agreement or arrangement with respect to any of the foregoing with, an Approved Entity or a Pre-Approved Transferee (each, an "Approved Entity/Pre-Approved Transferee Transfer"), such holder shall issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the

Approved Entity/Pre-Approved Transferee Transfer; and

(j) any other selling restrictions that the relevant regulatory authorities may impose from time to time.

Further, by the purchase of any Warrants, each purchaser of the Warrants is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Warrants):

(i) the Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Warrants and any breach of these representations, warranties, agreements and undertaking to any Indian governmental or regulatory authorities (each an "Indian Authority") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Indian Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Indian Authority;

(ii) it shall ensure that investment (including synthetically through ODIs) by it, whether directly in its own name as a foreign portfolio investor or as an ODI subscriber, or by entities in the investor group (as such term is defined in Regulation 27(7) of the FPI Regulations) to which it belongs, in equity shares of each Indian company is below ten percent of the total issued capital of the company and it shall provide information in this regard to Issuer, as and when in such form and manner as may be required;

(iii) it will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Indian Authority from time to time;

(iv) It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("ODI Holder Obligations") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Warrants including these "India" selling restrictions, or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Warrants by the Issuer or its associates/affiliates;

(v) the holder agrees to provide such information and documents (including in relation to any procedures on identification and verification of identity as may be requested by Macquarie in relation to beneficial owners as stipulated under SEBI Circular no.

CIR/IMD/FPI/CIR/P/2018/131 dated 21 September 2018; and

(vi) it will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

11 Canada

The Warrants are not and will not be qualified for sale under the securities laws of any province or territory of Canada. Each Manager of an issue of Warrants, and each further Manager appointed under the Programme, will be required to represent and agree, and will be deemed to have represented and agreed, that:

(a) it has not offered, sold, delivered or transferred and will not offer, sell, deliver or transfer any Warrants, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with the applicable securities laws of any province or territory of Canada; and

(b) it has not and will not distribute or deliver the Base Prospectus or any Final Terms, advertisement or other offering material relating to the Warrants in Canada, other than in compliance with the applicable securities laws of any province or territory of Canada.

12 People's Republic of China

This Base Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any Warrants in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) ("**PRC**") to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Warrants may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC other than in full compliance with the relevant laws and regulations of the PRC, including but not limited to the PRC Securities Law, the Company Law and/or The Provisional Administrative Measures on Derivatives Business of Financial Institutions (as amended). Neither this Base Prospectus nor any material or information contained or incorporated by reference herein relating to the Programme or any advertisement or other offering material, in each case which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission or other relevant governmental authorities in the PRC, may be supplied to the public in the PRC or used in connection with any offer for the subscription, purchase or sale of the Warrants other than in compliance with all applicable laws and regulations in the PRC.

PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitation any such distribution of offering. In particular no action has been taken by the Issuer which would permit a public offering of any Warrants or distribution of this document in the PRC. Accordingly, the Warrants are not being offered or sold within the PRC by means of this Base Prospectus or any other document.

13 Malaysia

No proposal has been made, or will be made, to the Securities Commission of Malaysia for the approval of the issue or sale of the Warrants in Malaysia. Accordingly, each purchaser or subscriber of the Warrants will be deemed to represent and agree that it has not offered, sold, transferred or disposed, and will not offer, sell, transfer or dispose of, any Warrants, nor has it made, or will it make, this Base Prospectus or any other document or material the subject of an offer or invitation for subscription or purchase of any Warrants, whether directly or indirectly, to any person in Malaysia other than pursuant to an offer or invitation as specified in Schedule 6 of the Capital Markets and Services Act 2007 or as prescribed by the Minister of Finance under paragraph 229 (1) of the Capital Markets and Services Act 2007 and subject to the observance of all applicable laws and regulations in any jurisdiction (including Malaysia).

14 Mexico

The Warrants have not been, and will not be, registered with the Mexican National Registry of Securities (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comision Nacional Bancaria y de Valores*) nor with the Mexican Stock Exchange. Accordingly, the Warrants may not be offered or sold publicly in the United Mexican States ("**Mexico**"). This Base Prospectus and any applicable Final Terms may not be publicly distributed in Mexico. The Warrants may be privately placed in Mexico among institutional and qualified investors pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law.

15 Taiwan

The Warrants have not been, and will not be, registered with the Financial Supervisory Commission of Taiwan, the Republic of China ("**Taiwan**") pursuant to applicable securities laws and regulations. No person or entity in Taiwan is authorised to distribute or otherwise intermediate the offering of the Warrants or the provision of information relating to the Programme, including, but not limited to, this Base Prospectus. The Warrants may be made available for purchase outside Taiwan by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors), but may not be issued, offered or sold in Taiwan.

16 Changes to these selling restrictions

These selling restrictions may be changed by the Issuer including following a change, in or clarification of, a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country or jurisdiction concerned or any change in or introduction of any

of them or in their interpretation or administration. Any change will be set out in a supplement to this Base Prospectus.

Persons in whose hands this Base Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, transfer or deliver Warrants or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale, transfer or delivery by them of any Warrants under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and neither the Issuer Bank nor any Manager shall have responsibility therefore. In accordance with the above, any Warrant purchased by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in either Issuer being obliged to register this Base Prospectus or any further prospectus or corresponding document relating to the Warrants in such country or jurisdiction.

Taxation

General

Purchasers of Warrants may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Warrant.

TRANSACTIONS INVOLVING WARRANTS MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING WARRANTS SHOULD CONSULT THEIR OWN TAX ADVISERS.

Condition 11 ("**Expenses and Taxation**") on page 74 of this Base Prospectus should be considered carefully by all potential purchasers of any Warrants.

Australian withholding taxes

The following is a summary of the Australian withholding taxes that could be relevant in relation to the issue, transfer and settlement of the Warrants. This summary is not exhaustive and does not deal with:

- *any other Australian tax aspects of acquiring, holding or disposing of the Warrants (including Australian income taxes);*
- *the position of certain classes of Warrantholders; or*
- *the Australian tax aspects of acquiring, holding or disposing of the relevant Reference Assets if the Warrants are Physical Delivery Warrants.*

Prospective Warrantholders should also be aware that the final terms of issue of any Series of Warrants will affect the Australian tax treatment of that Series of Warrants.

This summary is a general guide and should be treated with appropriate caution. Prospective Warrantholders should consult their professional advisers on the tax implications of an investment in the Warrants for their particular circumstances.

*The Warrants may be issued by the Issuer acting through its Head Office in Sydney ("**MBL Head Office**") or through any of its branches outside of Australia as specified in the relevant Final Terms or as agreed with the relevant Manager ("**MBL Foreign Branch**"). There may be different Australian withholding tax consequences depending upon whether the Warrants are issued by MBL Head Office or by an MBL Foreign Branch.*

(i) Australian interest withholding tax ("IWT")

Payments made in respect of Warrants issued by MBL Head Office which are not "interest" for the purposes Division 11A of Part III to the Income Tax Assessment Act 1936 of Australia ("**Australian Tax Act**"), may be made without any withholding or deduction for or on account of Australian IWT. For these purposes, "interest" includes any amount in the nature of, or in substitution for, interest and certain other amounts.

Payments made in respect of the Warrants issued by an MBL Foreign Branch which do not have an Australian source may be made without any withholding or deduction for or on account of Australian IWT.

(ii) Australian dividend withholding tax ("DWT")

Australia may impose DWT at a rate of up to 30% on unfranked distributions paid in respect of equity interests held in an Australian company. However, to the extent that a Warrantholder does not hold an equity interest (and, therefore, receive any distributions), there should be no DWT imposed on any amounts received in respect of the Warrants.

(iii) Tax File Number ("TFN") and Australian Business Number ("ABN")

The Warrants should not be characterised as an "investment" to which Part VA of the Australian Tax Act applies. Therefore, the Warrants should be unaffected by the TFN quotation rules and there is no need for an investor to quote their TFN in connection with the acquisition of the Warrants.

However, in the case of Physical Delivery Warrants where a Warrantholder takes delivery of a Reference Asset at Settlement, an investor may be requested by the relevant investee company or entity for the provision of their TFN (or, in certain circumstances, their ABN). Whilst an investor is not required to provide their TFN (or ABN) to the relevant investee company or entity, investors that do not provide their TFN, or, in certain circumstances, their ABN, or other exemption details, may have tax withheld from dividends, interest and other income payments at the highest marginal tax rate in Australia plus the Medicare Levy (in aggregate, currently 47%).

(iv) Supply withholding taxes

The Warrants should not be subject to any "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("Taxation Administration Act").

(v) Goods and services tax ("GST")

None of the issue or receipt of the Warrants, the payments on the Warrants by Macquarie nor the redemption of Warrants will give rise to any GST liability in Australia. In the event that there is physical delivery of securities on redemption, no GST liability will arise in Australia.

(vi) Stamp duty

No stamp duty will be payable in Australia on the issue, transfer or redemption of the Warrants. In relation to physically settled Warrants, a stamp duty liability could arise in Australia, but no such duty should arise if the securities being transferred on physical settlement are listed on the Australian Stock Exchange or other exchange that is a member of the World Federation of Exchanges, and the securities being transferred do not represent a shareholding or unit-holding of 90% or more in the entity whose securities are being transferred.

(vii) Additional withholdings from certain payments to non-Australian residents

The Governor-General may make regulations requiring withholding from certain payments to non-Australian residents (other than payments of interest or other amounts which are

already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The possible application of any future regulations to the proceeds of any sale of the Warrants will need to be monitored.

(viii) Garnishee directions by the Commissioner of Taxation ("Commissioner")

The Commissioner may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 of the Taxation Administration Act (or any other analogous provision under another statute) requiring the Issuer to deduct from any payment to any other entity (including any Warrantholder) any amount in respect of tax payable by that other entity. If the Issuer is served with such a direction in respect of a Warrantholder, then the Issuer will comply with that direction and, accordingly, will make any deduction or withholding in connection with that direction.

For example, in broad terms, if an amount was owing by the Issuer to a Warrantholder and that Warrantholder had an outstanding Australian tax-related liability owing to the Commissioner, the Commissioner may issue a notice to the Issuer requiring the Issuer to pay the Commissioner instead the amount owing to the Warrantholder.

(ix) Issuer required to make a withholding or deduction on account of taxes

As set out in more detail in Condition 11 of this Base Prospectus, all payments made by the Issuer in respect of the Warrants will be made net of any withholding or deduction on account of taxes.

Whether or not the relevant withholding or deduction will be required to be made by the Issuer, the Guarantor or another entity on behalf of the Issuer (for example, the Paying Agent) will depend on the nature of the particular withholding or deduction, the character of the relevant payment and the Final Terms for that Series of Warrants.

United Kingdom Taxation

The following is a summary of the Issuer's understanding of certain aspects of the United Kingdom withholding tax, stamp duty and stamp duty reserve tax positions relating to the Warrants and is based on current law and published HM Revenue and Customs practice. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Warrantholders depends on their individual circumstances and on the precise terms of any given Warrants and may be subject to change in the future. Prospective Warrantholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

(i) Withholding taxes

1. *Annual payments*

Payments made on the Warrants by way of coupon which are treated as annual payments may be made without deduction of or withholding on account of United Kingdom income tax if those payments do not have a United Kingdom source.

If any such payments have a United Kingdom source then an amount may be required to be withheld on account of United Kingdom income tax at the basic rate (currently 20%).

2. *Manufactured payments*

An amount may be required to be withheld from payments on the Warrants which are "manufactured payments" and are made by the Issuer in the course of a trade carried on through a branch or agency in the United Kingdom.

To be a "manufactured payment" the payment must be made under arrangements which relate to the transfer of securities (for example, Warrants which provide for Physical Delivery) and the payment must be representative of a dividend or of interest payable on those securities. A "manufactured payment" will only be subject to withholding if: those securities are issued by a company UK real estate investment trust or by the principal company of a group UK real estate investment trust or the payment is representative of interest on securities issued by the government, a local authority or any other public authority of the United Kingdom or on securities (other than shares) issued by a company or other body which is resident in the United Kingdom.

3. *Interest*

For the purposes of this paragraph, references to "interest" are to payments which constitute interest for United Kingdom tax purposes and this may differ from any other meaning given to that term under any other law or under the terms and conditions of the Warrants. It is possible, depending on the precise terms of the Warrant in question, that payments made on a Warrant by way of coupon or on exercise could constitute interest for these purposes.

Payments on the Warrants which constitute interest may be made without deduction of or withholding on account of United Kingdom income tax if those payments do not have a United Kingdom source.

If any payments on the Warrants constitute interest and have a United Kingdom source, the Issuer, provided that it continues to be a bank within the meaning of section 991 of the Income Tax Act 2007, and provided that any such payments are made in the ordinary course of its business within the meaning of section 878 of that Act, will be entitled to make such payments without withholding or deduction for or on account of United Kingdom income tax.

Payments on the Warrants which constitute United Kingdom source interest may also be made without deduction of or withholding on account of United Kingdom income tax provided that the Warrants are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange. The Warrants will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Warrants are and remain so listed, interest on the Warrants which has a United Kingdom source will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Warrants that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%).

4. *Derivative contracts*

All payments on a Warrant may be made without deduction of or withholding on account of United Kingdom income tax (and so paragraphs 1 to 3 above do not apply to such payments) if the Warrant is issued by the Issuer as part of a trade to the extent carried on in the United Kingdom through a United Kingdom permanent establishment, and the profits and losses arising from the Warrant are calculated in accordance with Part 7 of the Corporation Tax Act 2009 ("**derivative contracts**").

5. *Other matters*

Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Warrantholder, HMRC can issue a notice to the Issuer to pay interest to the Warrantholder without deduction of tax (or for payments to be made with tax deducted at the rate provided for in the relevant double tax treaty).

6. *Further United Kingdom Income Tax Issues*

Payments on the Warrants that constitute United Kingdom source income for tax purposes may, as such, be subject to income tax by direct assessment even where paid without withholding.

However, payments which are either interest or annual payments (but not miscellaneous income) with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Warrantholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Warrantholder carries on a trade, profession or vocation in the United Kingdom. There are exemptions for payments received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Warrantholders.

(ii) Stamp Duty and Stamp Duty Reserve Tax (SDRT)

1. *Issue*

In relation to Warrants which provide for Physical Delivery and which for SDRT purposes constitute agreements to transfer an Entitlement, a charge may arise on issue unless the Entitlement to be delivered on settlement is not or are not "chargeable securities". In general terms, Entitlements which:

(a) are not interests in unit trust schemes;

(b) are issued by a body corporate incorporated outside of the United Kingdom;

(c) are not registered in a register kept in the United Kingdom; and

(d) do not give its holder the right to subscribe for, or otherwise acquire, a security (or an interest in, or right arising out of, a security) registered in a register kept in the United Kingdom,

are not "chargeable securities".

A Global Warrant or any instrument granting a Global Warrant may be subject to United Kingdom stamp duty if it is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom. Prospective purchasers of Warrants may wish to note, however, that, in the context of retail covered warrants listed on the London Stock Exchange, HM Revenue & Customs has indicated that no charge to stamp duty will arise on the grant of such warrants if cash-settled. It is not clear whether or not HMRC would be prepared to take such a view in relation to Warrants generally and in particular in relation to Warrants which provide for Physical Delivery. Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

2. *Transfer*

Stamp duty is chargeable on written instruments, and if transfers of Warrants are effected through a clearing system otherwise than by way of written instrument then generally no stamp duty should arise in respect of such a transfer. If a written instrument is used in respect of a transfer by way of sale, then any such instrument which is executed in the United Kingdom or which (if not executed in the United Kingdom) relates to any matter or thing done or to be done in the United Kingdom may be subject to stamp duty. Stamp duty would be charged at 0.5 per cent. of the sale consideration. If the consideration paid for a transfer of such Warrants is £1,000 or less and the instrument transferring the Warrants includes an appropriate certificate the stamp duty payable will be reduced to nil.

SDRT at 0.5% may be payable in relation to any agreement to transfer Warrants that provide for Physical Delivery either mandatorily or at the option of the Warrantholder, or otherwise give the Warrantholder the right to acquire stock, shares or loan capital (or interests in or rights arising out of stock, shares or loan capital) which stock, shares or loan capital:

(a) are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised, unless they are "exempt loan capital" (that is they are exempt under section 79 of the Finance Act 1986); or

(b) in the case of shares, are paired with shares issued by a body corporate incorporated in the United Kingdom.

3. *Exercise and redemption*

Stamp duty and SDRT may also be payable on a settlement of the Warrants that involves the delivery of an asset other than cash.

Luxembourg Taxation

The following information is of a general nature only and purports to set out certain material Luxembourg tax consequences of purchasing, owning and disposing of the Warrants. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or dispose of the Warrants. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it construed to be, legal or tax advice. Prospective purchasers of the Warrants should consult their own tax advisers as to the applicable tax consequences of the ownership of the Warrants, based on their particular circumstances. This information does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Base Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi), as well as personal income tax (impôt sur le revenu) generally. Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

(i) Non-resident holders of Warrants

Under Luxembourg general tax laws currently in force, there is no withholding tax upon exercise, settlement or disposal of the Warrants.

(ii) Resident holders of Warrants

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax upon exercise, settlement or disposal of the Warrants.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments under the Warrants coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

EU Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal for a Council Directive (the "**Draft Directive**") for a common financial transaction tax (the "**FTT**") in eleven Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and

Slovenia). However, Estonia has since stated it will not participate. The remaining ten Member States are seeking to adopt the FTT levy on an enhanced co-operation basis.

Pursuant to the Draft Directive, the FTT would be payable on "financial transactions" within its scope. Those transactions would broadly include derivatives and the purchase and sale of financial assets (bonds, equities, repos and stock lending) as well as material modifications of such transactions. It would exclude spot transactions in currency, commodities, etc., and insurance contracts, loan originations, credit cards, cash payments and the issuance of debt and equity instruments.

Under the Draft Directive the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would be payable on a financial transaction where at least one party is a financial institution (acting as agent or principal) and at least one party is established in a participating Member State. A party may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including where it is (a) a party which has a branch in a participating Member State, in respect of a financial transaction being carried out by that branch; (b) a financial institution that is a party (whether as agent or principal) to, or acting in the name of a party to, a financial transaction with a party deemed to be established in a participating Member State; (c) a financial institution that is a party (whether as agent or principal) to, or acting in the name of a party to, a financial transaction in relevant financial instruments issued in a participating Member State; or (d) a natural or legal person who is a party to a financial transaction in relevant financial instruments issued in a participating Member State.

Implementation of the Draft Directive in its present form in any of the participating Member States could result in increased transaction costs for:

(a) Macquarie Bank in relation to certain transactions entered into by it (as principal or agent) in certain circumstances; and
(b) investors in the secondary market who in certain circumstances sell or purchase notes issued by Macquarie Bank.

Although the European Union member states proposing to participate in a financial transaction tax issued a joint statement in December 2015 indicating their intention to make decisions on the remaining open issues by the end of June 2016, the proposal has not yet been finalised. The Council of the European Union most recently discussed the progress of work on these open issue on 6 December 2016, however further negotiations have been indefinitely postponed. The scope, legality and coming into force of any such tax remains uncertain, particularly in the context of the United Kingdom's proposed exit from the European Union, as the FTT could complicate any future trade deal negotiations between the United Kingdom and the European Union. Additional EU Member States may decide to participate and/or other participating Member States may decide to withdraw.

United States Taxation

Foreign Account Tax Compliance Act

Legislation commonly referred to as "FATCA" generally imposes withholding tax of 30 percent on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non–U.S. entities' jurisdiction may modify these requirements.

Pursuant to U.S. Treasury Regulations, this legislation generally will apply to (1) Warrants that pay U.S. source interest or other U.S source "fixed or determinable annual or periodic" ("**FDAP**"); income and (2) Warrants issued from 2018 through 2020 that are "delta-one" and could be treated as paying dividend equivalents pursuant to Section 871 (m) of the Internal Revenue Code (see detailed discussions below). Withholding (if applicable) will apply to payments of interest and FDAP income.

Macquarie Bank is classified as a "foreign financial institution" ("**FFI**") and expects that compliance with FATCA will require substantial investment in documentation and reporting framework. In the absence of compliance with FATCA, Macquarie Bank could be exposed to a withholding tax which would reduce the cash available to be paid by Macquarie Bank. In addition, under FATCA, Macquarie Bank or other financial institutions through which payments on the Warrants are made or through which an investor owns its Warrants may be required to withhold amounts on the Warrants if (i) there is a "non-participating" non-U.S. financial institution in the payment chain or (ii) the Warrants are treated as "financial accounts" for purposes of FATCA and the investor does not provide certain information, which may include the name, address and taxpayer identification number with respect to direct and certain indirect U.S. investors.

The Australian and the U.S. Governments signed an IGA ("**IGA**") in respect of FATCA on 28 April 2014. Under the IGA, Australian FFIs will generally be able to be treated as "deemed compliant" with FATCA. Depending on the nature of the relevant FFI, FATCA Withholding may not be required from payments made with respect to the Warrants other than in certain prescribed circumstances. However, under the IGA, an FFI may be required to provide the Australian Taxation Office with information on financial accounts (for example, the Warrants) held by U.S. persons or persons who should otherwise be treated as holding a "United States Account" of Macquarie Bank and on payments made to non-participating FFIs. Consequently, Warrantholders may be requested to provide certain information and certifications to Macquarie Bank and to any other financial institution through which payments on the Warrants are made in order for Macquarie Bank and other such financial institutions to comply with their FATCA obligations.

Macquarie Bank expects to be treated as a Reporting FI pursuant to the IGA and does not anticipate being obliged to deduct any withholding on account of FATCA ("**FATCA Withholding**") on payments it makes. Macquarie Bank also expects that any branch through which it issues Warrants will be treated as a Reporting FI pursuant to an IGA. There can be no assurance, however, that Macquarie Bank, or any branch through which it issues Warrants, will be treated as a Reporting FI or that it would in the future not be required to deduct FATCA Withholding from payments it makes.

If withholding applies to the Warrants, Macquarie Bank will not be required to pay any additional amounts with respect to amounts withheld. Prospective purchasers should consult their tax advisers regarding FATCA, including the availability of certain refunds or credits.

Whilst the Warrants are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide

each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Warrants are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer or registered holder of the Warrants) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

If an amount in respect of FATCA Withholding were to be deducted or withheld any payments made in respect of the Warrants, neither Macquarie Bank nor any paying agent nor any other person would, pursuant to the conditions of the Warrants, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less payments than expected.

Section 871(m): "U.S. Dividend Equivalent Withholding"

Section 871(m) of the Internal Revenue Code and the Treasury Regulations thereunder (Section 871(m)) impose a 30 per cent. (or lower treaty rate) withholding tax on "dividend equivalents" paid or deemed paid to mon U.S. Warrantholders with respect to certain financial instruments linked to U.S. equities ("U.S. Underlying Equities") or indices that include U.S. Underlying Equities. Section 871(m) generally applies to "specified equity instruments" ("Specified ELIs"), which are financial instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined based on tests set forth in the applicable Treasury Regulations and discussed further below. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury Regulations ("Qualified Indices") as well as securities that track such indices ("Qualified Index Securities"). Although the Section 871(m) regime was effective as of 2017, the regulations and IRS Notice 2018-72 phase in the application of Section 871(m) as follows: For financial instruments issued from 2018 through 2020, Section 871(m) will generally apply only to financial instruments that have a "delta" of one.

After 2020, Section 871(m) will apply, if, either (i) the "delta" of the relevant financial instrument is at least 0.80, if it is a "simple" contract, or (ii) the financial instrument meets a "substantial equivalence" test, if it is a "complex" contract.

Delta is generally defined as the ratio of the change in the fair market value of a financial instrument to a small change in the fair market value of the number of shares of the U.S. Underlying Equity. The "substantial equivalence" test measures whether a complex contract tracks its "initial hedge" (shares of the U.S. Underlying Equity that would fully hedge the contract) more closely than would a "benchmark" simple contract with a delta of 0.80.

The calculations are generally made at the "calculation date," which is the earlier of (i) the time of pricing of the Warrant, i.e., when all material terms have been agreed on, and (ii) the issuance of the Warrant. However, if the time of pricing is more than 14 calendar days before the issuance of the Warrant, the calculation date is the date of the issuance of the Warrant. Under these rules, information regarding the Issuer's final determinations for purposes of Section 871(m) may be available only after a non-U.S. Warrantholder agrees to acquire a Warrant. As a result, a non-U.S. Warrantholder should acquire such a Warrant only if it is willing to accept the risk that the Warrant is treated as a Specified ELI subject to withholding under Section 871(m).

If the terms of a Warrant are subject to a "significant modification" (for example, upon an Issuer substitution) the Warrant generally will be treated as reissued for this purpose at the time of the significant modification, in which case the Warrants could become Specified ELIs at that time.

If a Warrant is a Specified ELI, withholding in respect of dividend equivalents will, depending on the applicable withholding agent's circumstances, generally be required either (i) on the underlying dividend payment date or (ii) when cash payments are made on the Warrant or upon the date of maturity, lapse or other disposition by the non-U.S. Warrantholder of the Warrant, or possibly upon certain other events. Depending on the circumstances, the applicable withholding agent may withhold the required amounts from coupon or other payments on the Warrant, from proceeds of the retirement or other disposition of the Warrant, or from other cash or property of the non-U.S. Warrantholder held by the withholding agent.

The application of Section 871(m) to a Warrant may be affected if a non-U.S. Warrantholder enters into another transaction in connection with the acquisition of the Warrant. For example, if a non-U.S. Warrantholder enters into other transactions relating to a U.S. Underlying Equity, the non-U.S. Warrantholder could be subject to withholding tax or income tax liability under Section 871(m) even if the relevant Warrants are not Specified ELIs subject to Section 871(m) as a general matter. Non-U.S. Warrantholders should consult their tax advisers regarding the application of Section 871(m) in their particular circumstances.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Warrantholder's particular situation. Warrantholders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Warrants, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in federal or other tax.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") requires certain financial institutions to report information regarding certain accounts (which may include the Warrants) to their local tax authority and follow related due diligence procedures. Warrantholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

Use of Proceeds

Proceeds realised from the issuance of Warrants under the Programme will be used by Macquarie Bank for the Group's general corporate purposes.

General Information

Authorisation

1 Macquarie has obtained all necessary consents, approvals and authorisations in Australia in connection with the issue and performance of the Warrants. The establishment of the Programme and the issue of Warrants under it were duly authorised by Macquarie Bank on 22 February 2000 and the update of the Programme has been duly authorised by board delegated committees of Macquarie, most recently on 14 November 2018.

Commission Regulation (EC) No. 809/2004 of 29 April 2004

2 In accordance with Article 22(3) of Commission Regulation (EC) No. 809/2004 this Base Prospectus has been prepared using the following Annexes as provided in Annex XVIII Table of Combinations:

- Annex IV Minimum disclosure requirements for the debt and derivative securities registration document (schedule). (Debt and derivative securities with a denomination per unit of less than €100,000); and
- Annex XII Minimum disclosure requirements for the securities note for derivative securities (schedule); and

Auditors

3 The auditors of Macquarie Bank in Australia are PricewaterhouseCoopers.

Other issuance under the Programme

4 If Macquarie Bank wishes to issue Warrants to be listed on the Luxembourg Stock Exchange in a form not contemplated by this Base Prospectus, it will issue a replacement Base Prospectus describing the form (and terms and conditions) of such Warrants.

Documents available

5 For so long as any Warrants shall be outstanding or the Programme remains in effect, copies of the following documents may be inspected during normal business hours at, and copies of documents (c), (d) and (e) are available free of charge from, the specified office of the Principal Warrant Agent in London and the Warrant Agent for the time being in Luxembourg and/or from the principal administrative office of Macquarie Bank:

(a) the constitution of Macquarie Bank;

(b) the Warrant Agreement (which contains the form of the Global Warrant);

(c) the 2017 annual report and the 2018 annual report of Macquarie Bank which include the audited annual financial statements of Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2017 and 31 March 2018 and the auditor's reports in respect of such financial statements (see "Selected Financial Information - Selected financial information" on pages 116 to 118 inclusive of this Base Prospectus for further information on the financial statements of Macquarie Bank consolidated with its subsidiaries);

(d) the 2018 Interim Financial Report of Macquarie Bank which includes the unaudited financial statements of Macquarie Bank consolidated with its subsidiaries for the half years ended 30 September 2017, 31 March 2018 and 30 September 2018 and the auditor's review report in respect of such financial statements (see "Selected Financial Information - Selected financial information" on pages 116 to 118 inclusive of this Base Prospectus for further information on the half year financial statements of Macquarie Bank consolidated with its subsidiaries);

(e) each Final Terms for Warrants that are listed on the Luxembourg Stock Exchange;

(f) a copy of this Base Prospectus together with any supplement to the Base Prospectus;

(g) in the case of a syndicated issue of listed Warrants, the syndication agreement (or equivalent document); and

(h) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

This Base Prospectus, the Final Terms issued for each issue of Warrants to be listed on the Luxembourg Stock Exchange and the other documents incorporated by reference as set out in this Base Prospectus (see "Documents Incorporated by Reference" on pages 49 to 51 inclusive of this Base Prospectus) will be published on the Luxembourg Stock Exchange's internet site www.bourse.lu.

Clearing

6 The Warrants have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate Common Code and International Securities Identification Number for each issue of Warrants allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms. If the Warrants of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Australian approvals

7 No approvals are currently required under Australian law for or in connection with the issue of Warrants by Macquarie Bank or for, or in connection with, the performance and enforceability of such Warrants. However, the Banking (Foreign Exchange) Regulations and other regulations in Australia prohibit payments, transactions and dealings with assets or named individuals or entities subject to international sanctions or associated with terrorism.

Post issuance information

8 Macquarie Bank does not intend to provide any post-issuance information in relation to any assets underlying an issue of Warrants constituting derivative securities.

Directory

ISSUER

Macquarie Bank Limited
50 Martin Place
Sydney NSW 2000
Australia
Telephone: +61 2 8232 3573
Facsimile: +61 2 8232 6882
Attention: Head of Legal (Commodities and Global Markets)

PRINCIPAL WARRANT AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
Telephone: +44 (020) 7545 8000
Facsimile: +44 (020) 7547 5782
Attention: Trust & Securities Services

LUXEMBOURG WARRANT AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

LUXEMBOURG LISTING AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

REGISTRAR

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115
Luxembourg

AUDITORS to the Issuer

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo
GPO BOX 2650
Sydney NSW 2001