

Macquarie Bank Limited
ABN 46 008 583 542

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780
Internet www.macquarie.com.au

ASX release



MACQUARIE BANK LIMITED LAUNCHES \$400 MILLION MACQUARIE BANK CAPITAL NOTES OFFER

Sydney, 15 September 2014 – Macquarie Bank Limited (ASX: MBL) (MBL) today announced its intention to raise A\$400 million, with the ability to raise more or less, through the offer of Macquarie Bank Capital Notes (BCN). BCN are expected to be quoted on the Australian Securities Exchange (ASX) under the code MBLPA. BCN are fully paid, unsecured, subordinated, non-cumulative, mandatorily convertible notes issued by MBL at an Issue Price of \$100 per BCN. Distributions are scheduled to be paid semi-annually in arrears, subject to certain Payment Conditions.

Patrick Upfold, Macquarie CFO said, “Macquarie continues to have a strong balance sheet with well diversified funding sources and minimal reliance on short term wholesale funding markets. We have a strong capital base and the BCN Offer is consistent with Macquarie’s strategy to manage its capital mix and maintain a diverse source of funding.”

BCN will qualify as Additional Tier 1 Capital of MBL for Australian Prudential Regulation Authority purposes.

The offer of BCN is made under a Prospectus which was lodged with the Australian Securities and Investments Commission (ASIC) and ASX today. The offer is available only to investors resident in Australia and to certain institutional investors.

The Prospectus is available at www.MacquarieBCNOffer.com.au, or by calling the BCN Offer Information Line, as per the details below. A replacement Prospectus containing the Margin is expected to be made available on 23 September 2014 (Replacement Prospectus) when the BCN Offer opens.

Macquarie Capital (Australia) Limited has been appointed as Sole Arranger and a Joint Lead Manager. ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, Evans and Partners Pty Limited, J.P. Morgan Australia Limited, Morgans Financial Limited and National Australia Bank Limited have also been appointed as Joint Lead Managers (collectively JLMs).

More information about the Offer

The Offer is expected to open on 23 September 2014 and consists of:

- a Broker Firm Offer – to retail and high net worth clients of Syndicate Brokers, who are resident in Australia;
- a Securityholder Offer – to eligible holders of Macquarie Group Limited Ordinary Shares (ASX: MQG; ADR:MQBKY), Macquarie Group Capital Notes (ASX: MQGPA) or Macquarie Income Securities (ASX: MBLHB), who are resident in Australia; and
- a General Offer – to members of the general public who are resident in Australia.

Anyone who wants to invest in BCN will need to contact their Syndicate Broker (to apply under the Broker Firm Offer) or complete the online Application Form (to apply under the Securityholder Offer or General Offer) that will be available at www.MacquarieBCNOffer.com.au when the BCN Offer opens.

The closing date for the Securityholder Offer and the General Offer is expected to be 5.00pm (Sydney time) on 3 October 2014. The Closing Date for the Broker Firm Offer is expected to be 5.00pm (Sydney time) on 7 October 2014.

Further information

BCN are complex and not suitable for all investors. Potential investors should read the Replacement Prospectus in its entirety before deciding whether to apply to invest in BCN. If any part of the Replacement Prospectus is unclear, we recommend seeking guidance from a financial advisor or other professional adviser.

If you have any questions about BCN you can call the BCN Offer Information Line on 1300 634 564 (within Australia) or on +61 3 9415 4230 (International). The line is open from Monday to Friday 8.30am to 5.30pm (Sydney time), during the Offer Period. Applicants under the Broker Firm Offer may also call their Syndicate Broker.

Indicative timetable

Key dates for the offer	Date
Record date for determining Eligible Securityholders	7.00pm (Sydney time) Friday, 12 September 2014
Lodgement of the Prospectus with ASIC	Monday, 15 September 2014
Bookbuild period	Monday, 15 September 2014 – Friday, 19 September 2014
Announcement of the Margin	Friday, 19 September 2014
Lodgement of the replacement Prospectus with ASIC	Tuesday, 23 September 2014
Opening Date	Tuesday, 23 September 2014
Closing Date for the Securityholder Offer and General Offer	5.00pm (Sydney time) Friday, 3 October 2014
Closing Date for the Broker Firm Offer	5.00pm (Sydney time) Tuesday, 7 October 2014
Issue Date	Wednesday, 8 October 2014
BCN commence trading on ASX on a deferred settlement basis	Thursday, 9 October 2014
Holding Statements despatched by	Friday, 10 October 2014
BCN commence trading on ASX on a normal settlement basis	Monday, 13 October 2014
Key dates for BCN	
First semi-annual Distribution Payment Date	24 March 2015
First Scheduled Optional Exchange Date	24 March 2020
Scheduled Mandatory Exchange Date	24 March 2023

Dates may change

These dates are indicative only and may change without notice.

MBL, in consultation with the JLMs, may vary the timetable, including by extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before BCN are issued, in its discretion. As such, you are encouraged to apply as soon as possible after the Opening Date.

Definitions

Unless otherwise defined, capitalised words used in this announcement have the meanings given to them in the Prospectus.

Disclaimer

The information provided in this announcement and the Prospectus is not personal investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read the Replacement Prospectus in full before deciding to invest in BCN and consider the risks that could affect the performance of BCN.

This announcement does not constitute an offer of any securities (including the BCN) for sale or issue. No action has been taken to register or qualify BCN or the Offer or to otherwise permit a public offering of BCN outside Australia. In particular, this announcement does not constitute an offer of securities for sale in the United States. Neither the BCN nor the MGL Ordinary Shares

have been or will be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state or other jurisdiction of the United States, and they may not be offered, sold or resold in the United States or to, or for the benefit of, any "U.S. person" (as defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act.

Contacts:

Karen Khadi, Macquarie Group Investor Relations	+61 (2) 8232 3548
Lisa Jamieson, Macquarie Group Corporate Communications	+61 (2) 8232 6016