

Income Statements
 Statements of comprehensive income
 Statements of financial position
 Statements of changes in equity
 Statements of cash flows
 Notes to the financial statements
 Directors' declaration
 Independent auditor's report



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MACQUARIE BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Our opinion

In our opinion, the accompanying financial report of Macquarie Bank Limited (the Company) and its controlled entities (together the 'Consolidated Entity') is in accordance with the *Corporations Act 2001* (Cth), including:

- a) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 31 March 2017 and of their financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth).

What we have audited

Macquarie Bank Limited's financial report comprises:

- the Company and the Consolidated Entity statements of financial position as at 31 March 2017
- the Company and the Consolidated Entity income statements for the year then ended
- the Company and the Consolidated Entity statements of comprehensive income for the year then ended
- the Company and the Consolidated Entity statements of changes in equity for the year then ended
- the Company and the Consolidated Entity statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

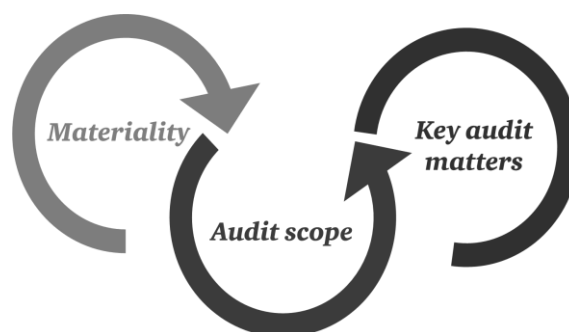
We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* (Cth) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

The Consolidated Entity is structured into four global operating groups and a corporate segment. The Consolidated Entity has operations in multiple overseas locations, including sites in Gurugram, Jacksonville and Manila which undertake operational activities that are important to the financial reporting processes. The Consolidated Entity's financial report is a consolidation of the four global operating groups and the corporate segment.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Consolidated Entity, its accounting processes and controls, and the industry in which it operates.



Consolidated Entity materiality

For the purpose of our Consolidated Entity audit we used overall materiality of \$110 million, which represents approximately 1% of the Consolidated Entity's net assets. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

We chose net assets as the benchmark and, in our view, as the Consolidated Entity is a wholly owned subsidiary with listed debt, net assets represents an important benchmark against which the performance of the Consolidated Entity is measured by relevant stakeholders. We selected 1% based on our professional judgement, noting it is within the range of commonly accepted thresholds.

Consolidated Entity audit scope

Our overall approach to setting our audit scope was to focus our audit in areas where we identified a higher risk of material misstatement to the financial report, including areas where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. To conduct this risk assessment, we considered the inherent risks facing the Consolidated Entity, including those arising from its respective business operations, and how the Consolidated Entity manages these risks. We also considered a number of other factors including the design and implementation of the Consolidated Entity's control environment relevant to the audit, the appropriateness of the use of the going concern basis of accounting in the preparation of the financial report and the risk of management override of key controls.

We aligned our audit to the Consolidated Entity's structure by instructing a divisional audit team for each of the four global operating groups and the corporate segment. These divisional audit teams established an audit strategy tailored for each operating group and the corporate segment, in consultation with the central audit team.

Given the extent of the overseas operations of the Consolidated Entity, the divisional audit teams instructed a number of audit teams in overseas locations to perform audit procedures ranging



from an audit of financial information to specified risk focussed audit procedures. The central audit team determined the level of supervision and direction it needed to have over the audit work performed by the divisional audit teams, including over the divisional audit teams' review and supervision of the overseas audit teams they, in turn instructed. As part of the overall supervision of our audit and to develop our understanding of the Consolidated Entity's global operations, the central audit team or the divisional audit teams also visited overseas locations, including Gurugram, Houston, Jacksonville, London, Manila, New York, San Francisco and Singapore.

The work performed by the divisional audit teams and the overseas audit teams, together with additional audit procedures performed by the central audit team such as procedures over the Consolidated Entity consolidation and the financial report disclosures, provided us with the information we needed for our opinion on the Consolidated Entity financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. We have communicated the key audit matters to the Board Audit Committee. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Company and the Consolidated Entity audits conducted.

Key audit matter	How our audit addressed the key audit matter
<p>Provisions for loan losses Refer to Note 10</p> <p>The Consolidated Entity holds both specific and collective impairment provisions over loan assets. Specific impairment provisions are created when the impairment of an individual loan is recognised. The collective impairment provision is intended to cover losses in the existing overall loan portfolio which have not yet been individually identified.</p> <p>The identification of loans that are deteriorating and the assessment of the present value of expected future cash flows in determining specific impairment provisions are inherently uncertain, involving various assumptions and judgments.</p> <p>In estimating the collective impairment provisions, judgement is required in the design of the models used and the selection of assumptions adopted, such as the estimate of the likelihood of default and the potential loss given default. A management overlay is also included in the overall collective provision to reflect emerging trends or particular situations which are not captured by these models.</p> <p>Given the extent of judgment involved, we considered this to be a key audit matter.</p>	<p>Our procedures included evaluating and testing certain controls relating to the timely recognition and measurement of impairments for loan losses.</p> <p>For specific loan loss provisions, we examined a sample of individual loan exposures. We applied judgment in selecting this sample, including consideration of sectors that may pose an increased risk of uncertainty, including oil and gas, commodities and certain geographic regions of the Australian property market. We also evaluated a sample of loan assets written off or disposed of to assess, with the benefit of hindsight, the Consolidated Entity's ability to accurately estimate specific loan loss provisions. For the collective provisions, assisted by our experts, we tested on a sample basis:</p> <ul style="list-style-type: none"> – the appropriateness of design and use of models used by the Consolidated Entity, and – the appropriateness of the assumptions adopted and data used in the models, by our knowledge of industry developments and the actual loss experience of the Consolidated Entity. <p>We also examined and assessed the analysis performed by the Consolidated Entity in determining the management overlay.</p> <p>We assessed the appropriateness of the Consolidated Entity's disclosure in the financial report.</p>
<p>Valuation of financial assets and liabilities held at fair value Refer to Note 38</p> <p>The Consolidated Entity exercises judgement in valuing certain assets and liabilities at fair value where there is limited supporting external evidence. Under Australian Accounting Standards, these items are classified as Level 3 financial instruments when their valuation is determined using models which use significant unobservable inputs. Unobservable inputs are those for which regularly traded market prices or readily comparable fair values are not available.</p> <p>For the Consolidated Entity, these Level 3 financial instruments predominantly consist of derivatives and unlisted equity and debt investments. Judgement is required in estimating the fair value of these financial instruments in determining appropriate models, assumptions and inputs.</p> <p>Given the extent of judgement involved in valuing these Level 3</p>	<p>Our procedures included assessing the design and testing the operating effectiveness of certain controls relating to Level 3 financial instruments, including controls over:</p> <ul style="list-style-type: none"> – approval and validation of the models adopted – accuracy of data feeds and inputs to models – the Consolidated Entity's process for testing valuations, and – governance and review. <p>For derivatives, we assessed a sample of valuations by considering the modelling approaches and inputs, assisted by our valuation experts. We also considered a sample of collateral disputes, gains and losses on disposals and other events to help assess the appropriateness of the valuations.</p> <p>For a sample of unlisted equity and debt investments, we assessed the appropriateness of the valuation methodologies</p>

Income Statements
 Statements of comprehensive income
 Statements of financial position
 Statements of changes in equity
 Statements of cash flows
 Notes to the financial statements
 Directors' declaration
 Independent auditor's report



Key audit matter	How our audit addressed the key audit matter
<p>financial instruments, we considered this to be a key audit matter.</p>	<p>applied, and assessed the sensitivity of the Consolidated Entity's valuations to alternative methodologies and assumptions where appropriate. We also evaluated a sample of disposals to assess, with the benefit of hindsight, the Consolidated Entity's ability to estimate fair values.</p> <p>We assessed the appropriateness of the Consolidated Entity's disclosures in the financial report.</p>
<p>Impairment of aircraft assets and recognition and measurement of supplemental income and maintenance liabilities Refer to Note 2, 13 and 21</p>	
<p>The Consolidated Entity holds a portfolio of aircraft assets which it leases to various airlines. At year end, the Consolidated Entity considered whether there were any indicators that these assets might be impaired. The Consolidated Entity then also compared the carrying amount of individual aircraft assets to the higher of their value-in-use and fair value less costs of disposal.</p> <p>Value-in-use is the calculation of the net present value of the cash flows expected from the Consolidated Entity's use of an aircraft. This calculation requires an estimation of the expected future cash flows associated with the use of an aircraft and its eventual sale. The Consolidated Entity also obtains independent valuation reports for certain aircraft held by the Consolidated Entity from external appraisers to assist in developing their estimates of the value-in-use and fair value less cost of disposal.</p> <p>Under these aircraft leases, certain lessees are obliged to maintain the condition of the aircraft at specified standards. As part of this arrangement, these lessees make additional payments to the Consolidated Entity based on aircraft utilisation, which are recorded as supplemental income. In some cases, these payments are deferred until the end of the lease. The Consolidated Entity also estimates and accrues for the liability for major maintenance events expected to occur during the lease.</p> <p>Given the extent of judgement required in respect of impairment, and the recognition and measurement of supplemental income and maintenance liabilities over the term of the associated lease, we considered this to be a key audit matter.</p>	<p>Our procedures in relation to impairment included updating our understanding of prevailing market conditions and factors that could materially affect the fair value and usage of aircraft assets, and considering whether these may represent indicators of impairment.</p> <p>Our procedures also included:</p> <ul style="list-style-type: none"> – evaluating the appropriateness of the impairment assessment methodology and selected assumptions in the value-in-use calculations – assessing the competency, capability and objectivity of external appraisers, as well as the appropriateness of methodologies and assumptions used by the appraisers, and – comparing the realised value of certain aircraft sold during the year against the carrying value to assess, with the benefit of hindsight, the Consolidated Entity's ability to accurately make estimates. <p>Our procedures with respect to the recognition and measurement of supplemental income and expense relating to aircraft maintenance included:</p> <ul style="list-style-type: none"> – performing a retrospective review of a sample of end of lease settlements against projections to assess, with the benefit of hindsight, the Consolidated Entity's ability to estimate supplemental income – evaluating the appropriateness of the maintenance reserve accrual methodology and selected assumptions and inputs used. <p>We assessed the appropriateness of the Consolidated Entity's disclosure in the financial report.</p>
<p>IT systems and controls over financial reporting</p>	
<p>The Consolidated Entity's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Consolidated Entity's controls over IT systems include:</p> <ul style="list-style-type: none"> – the framework of governance over IT systems – controls over program development and changes – access to programs, data and IT operations, and – governance over generic and privileged user accounts. <p>Given the reliance on the IT systems in the financial reporting process, we considered this to be a key audit matter.</p>	<p>Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting.</p> <p>We also carried out direct tests, on a sample basis, of system functionality that was key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls.</p> <p>When considered appropriate we performed alternative audit procedures on the financial information that was key to our audit testing produced by the IT systems.</p>
<p>Provisions for tax payable and deferred tax liabilities Refer to Note 18 and 21</p>	
<p>The Consolidated Entity is subject to taxation in a number of jurisdictions. The assessment of the amounts expected to be paid to tax authorities is considered initially by the Consolidated Entity at a local level and then reviewed centrally, with consideration</p>	<p>Our procedures included evaluating the analysis conducted by the Consolidated Entity which sets out the basis for judgements made in respect of the ultimate amounts expected to be paid to tax authorities.</p>



INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MACQUARIE BANK LIMITED
 CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p>given to particular tax positions in certain jurisdictions. In some cases, the treatment of tax positions requires judgement to estimate the ultimate amounts of tax that will be paid.</p> <p>Given the extent of judgement involved, we considered this to be a key audit matter.</p>	<p>We used our understanding of the business, assisted by PwC tax experts and perused a risk focused selection of correspondence with tax authorities and external advice obtained by the Consolidated Entity to challenge the completeness and quantum of the provisions for tax. We independently considered the likelihood of additional tax exposures occurring based on our knowledge of tax legislation, applicable precedent and industry developments, noting the level of judgement involved.</p> <p>We assessed the appropriateness of the Consolidated Entity's disclosure in the financial report.</p>

Other information

The directors are responsible for the other information. The other information comprises Operating and Financial Review, Directors' Report, Additional Investor Information and Glossary included in the Consolidated Entity's annual report for the year ended 31 March 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Income Statements
 Statements of comprehensive income
 Statements of financial position
 Statements of changes in equity
 Statements of cash flows
 Notes to the financial statements
 Directors' declaration
 Independent auditor's report



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar1.pdf for the Company and at www.auasb.gov.au/auditors_files/ar2.pdf for the Consolidated Entity. This description forms part of our audit report.

PricewaterhouseCoopers

K.G. Smith

Partner

Sydney
 5 May 2017

Liability limited by a scheme approved under Professional Standards Legislation.

REPORT ON THE REMUNERATION REPORT

Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 45 of the Directors' Report for the year ended 31 March 2017.

In our opinion, the remuneration report of Macquarie Bank Limited for the year ended 31 March 2017 complies with section 300A of the *Corporations Act 2001* (Cth).

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001* (Cth). Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

**FURTHER
INFORMATION**

Additional Investor Information
Glossary

4

ADDITIONAL INVESTOR INFORMATION

SHAREHOLDER CALENDAR

2017

Date	Event
17 July	Payment date for MIS distribution
27 July	AGM
25 September	Payment date for BCN distribution
30 September	Financial half-year end
16 October	Payment date for MIS distribution
27 October ⁽¹⁾	Half-year result announcement

2018

Date	Event
15 January	Payment date for MIS distribution
26 March	Payment date for BCN distribution
31 March	Financial year end
16 April	Payment date for MIS distribution

2017 ANNUAL GENERAL MEETING

Macquarie Bank Limited's 2017 Annual General Meeting (AGM) will be held in the Conference Room of Macquarie's Melbourne Office, Level 23, 101 Collins Street, Melbourne Victoria 3000, after the MGL AGM but not before 2:00pm on Thursday, 27 July 2017. Details of the business of the meeting will be forwarded to shareholders separately.

DISTRIBUTION DETAILS

Macquarie Bank Limited

MBL makes distribution payments twice annually in arrears in respect of the BCN on or about 24 March and September each year.

Macquarie Finance Limited

MFL makes interest payments quarterly in arrears in respect of MIS on or about 15 January, April, July and October each year.



Dates and payment rates are listed at macquarie.com/investors

STOCK EXCHANGE LISTING

Hybrid security	Stock exchange listing	Trading code
Macquarie Income Securities (MIS)	ASX	MBLHB
Macquarie Bank Capital Notes (BCN)	ASX	MBLPA
Macquarie Exchangeable Capital Securities (Macquarie ECS)	Singapore Stock Exchange (SGX)	2AQB
Macquarie Additional Capital Securities (MACS)	SGX	6F6B

Macquarie Bank also has debt securities quoted on the London Stock Exchange, Luxembourg Stock Exchange (LuxSE), SIX Swiss Exchange (Switzerland), SGX, Tokyo Stock Exchange and the Taipei Exchange (GreTai Securities Market). Macquarie Bank also has warrants quoted on the LuxSE, SGX, Hong Kong Stock Exchange and the ASX.

SECURITIES ON ISSUE

The following information is correct as at 31 March 2017.

Fully paid ordinary shares

Voting Rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has:

- i) one vote for each fully paid share held by the member, and
- ii) that proportion of a vote for any partly paid ordinary share held that the amount paid on the partly paid share bears to the total issue price of the share.

Macquarie Income Securities

Voting Rights

Holders of MIS, as holders of a stapled security that includes a preference share, have the right to vote at any general meeting of members of MBL only in one or more of the following circumstances and in no others:

- i) during a period when two consecutive Semi-Annual Dividends (as defined in the preference share terms) due and payable on the preference shares have not been paid in full, and no optional Dividend (as defined in the preference share terms) has been paid
- ii) on any proposal to reduce MBL's share capital
- iii) on any resolution to approve the terms of a buy-back agreement
- iv) on any proposal that affects the rights attaching to the preference shares
- v) on a proposal to wind up MBL
- vi) on any proposal for the disposal of the whole of MBL's property, business and undertaking
- vii) during the winding up of MBL.

In these circumstances, holders of MIS have the same rights as to attendance and voting (in respect of each preference share) as those conferred on holders of ordinary shares of MBL.

(1) These dates are subject to change.

20 largest holders

Registered holder	Number of MIS held	% of MIS
HSBC Custody Nominees (Australia) Limited	400,817	10.02
National Nominees Limited	134,335	3.36
JP Morgan Nominees Australia Limited	84,052	2.10
Navigator Australia Ltd <MLC Investment Sett A/C>	75,719	1.89
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	64,680	1.62
IOOF Investment Management Limited <IPS Super A/C>	55,629	1.39
BNP Paribas Noms Pty Ltd <DRP>	45,651	1.14
Jilliby Pty Ltd	34,984	0.87
Aust Executor Trustees Ltd <DDH Preferred Income Fund>	32,196	0.80
Citicorp Nominees Pty Limited	30,211	0.76
Bond Street Custodians Limited <CAJ - D09461 A/C>	25,000	0.63
Twenty Second Natro Pty Ltd <CAP Superannuation Fund A/C>	20,000	0.50
Australian Executor Trustees Limited <No 1 Account>	16,825	0.42
Argo Investments Limited	15,000	0.38
Catholic Church Endowment Society Inc	15,000	0.38
Pullington Investments Pty Ltd	15,000	0.38
Mrs Sharon Nicole Aldenton	14,924	0.37
JGW Investments Pty Ltd	13,500	0.34
HSBC Custody Nominees (Australia) Limited - A/C 2	12,491	0.31
UBS Nominees Pty Ltd <TP00014 10 A/C>	12,388	0.31
Total	1,118,402	27.96

Spread of securityholdings

Range	Number of MIS holders	Number of MIS
1 – 1,000	5,416	1,598,886
1,001 – 5,000	503	980,739
5,001 – 10,000	20	603,424
10,001 – 100,000	2	535,152
100,001 securities and over	37	281,799
Total	5,978	4,000,000

There were 6 securityholders (representing 14 MIS) who held less than a marketable parcel.

ADDITIONAL INVESTOR INFORMATION

CONTINUED

Macquarie Bank Capital Notes (BCN)**Voting Rights**

BCN are unsecured, subordinated notes issued by MBL. They are non-cumulative and mandatorily convertible. BCN holders have no voting rights in respect of MBL or MGL.

20 largest holders

Registered holder	Number of BCN held	% of BCN
Navigator Australia Ltd <MLC Investment Sett A/C>	133,107	3.10
HSBC Custody Nominees (Australia) Limited	115,296	2.68
IOOF Investment Management Limited <IPS Super A/C>	86,839	2.02
Citicorp Nominees Pty Limited	82,256	1.92
Netwealth Investments Limited <Wrap Services A/C>	81,351	1.89
BNP Paribas Noms Pty Ltd <DRP>	77,874	1.81
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	69,488	1.62
JP Morgan Nominees Australia Limited	61,972	1.44
Mr Zhiliang Yang	60,000	1.40
National Nominees Limited	48,075	1.12
RBC Investor Services Australia Nominees Pty Limited <Multiport A/C>	41,954	0.98
Netwealth Investments Limited <Super Services A/C>	40,991	0.95
Federation University Australia	25,826	0.60
Mutual Trust Pty Ltd	23,930	0.56
Pacific Development Corporation Pty Ltd	22,600	0.53
Pelatron Pty Ltd	22,500	0.52
IOOF Investment Management Limited <IPS IDPS A/C>	19,285	0.45
VIP Finance Pty Ltd	18,000	0.42
HSBC Custody Nominees (Australia) Limited - A/C 2	17,456	0.41
Australian Executor Trustees Limited <No 1 Account>	15,491	0.36
Total	1,064,291	24.78

Spread of noteholdings

Range	Number of BCN holders	Number of BCN
1 – 1,000	5,756	1,902,834
1,001 – 5,000	472	988,002
5,001 – 10,000	25	902,866
10,001 – 100,000	2	248,403
100,001 notes and over	30	252,000
Total	6,285	4,294,105

There were 3 noteholders (representing 7 BCN) who held less than a marketable parcel.

Macquarie Income Preferred Securities (MIPS)**Voting Rights**

Unpaid preference shares were issued by MBL as part of the MIPS issue. MIPS have now been fully redeemed, although the unpaid preference shares remain on issue and are held by Macquarie B.H. Pty Limited, the immediate parent of MBL. While these preference shares remain unpaid, they have no voting rights in respect of meetings of members of MBL. If paid up, these preference shares will have the same voting rights as holders of MIS, except that instead of having a right to vote in situation i) above, they have a right to vote at any general meeting of members of MBL during a period in which a dividend has been declared on the preference shares but the dividend has not been paid in full by the relevant dividend payment date.

Register of holders

MBL issued convertible debentures and 350,000 unpaid preference shares as part of the MIPS. The convertible debentures were fully redeemed on 22 June 2015. The unpaid preference shares are held by Macquarie B.H. Pty Limited. The register in respect of the preference shares is kept at MBL's principal administrative office at 50 Martin Place, Sydney NSW 2000; telephone number +61 2 8232 3333.

Macquarie Additional Capital Securities (MACS)**Voting Rights**

MACS are unsecured subordinated notes issued by MBL, acting through its London Branch that may be exchanged for MGL ordinary shares in certain limited circumstances. MACS holders have no voting rights in respect of meetings of members of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

Single Shareholder

As at 31 March 2017, the \$US250 million of MACS were held by one holder, Cede & Co, as authorised representative for the Depository Trust Company being the common depository for the MACS global security. The Bank of New York Mellon as Registrar keeps the register in respect of MACS.

Macquarie Exchangeable Capital Securities (Macquarie ECS)**Voting Rights**

Macquarie ECS are Exchangeable Capital securities issued by MBL, acting through its London Branch. They may convert into a variable number of MGL ordinary shares on 20 June 2017 or at other times, subject to various conditions. Holders of Macquarie ECS have no voting rights in respect of meetings of members of MBL and have no voting rights in respect of meetings of members of MGL prior to conversion.

ENQUIRIES**Share Registry**

Investors who wish to enquire about any administrative matter relating to their MIS or BCN securityholding are invited to contact the Share Registry at:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 Australia
Telephone: +61 1300 554 096
Email: macquarie@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

All other enquiries related to a MIS or BCN holding can be directed to:

Investor Relations:

Macquarie Group
Level 6, 50 Martin Place
Sydney NSW 2000 Australia
Telephone: +61 2 8232 3333
Email: macquarie.shareholders@macquarie.com
Website: macquarie.com/investors

Macquarie Bank's Company Secretary, Dennis Leong, can be contacted on the above number and email address.

Website

 To view the Annual Reports, presentations, distribution information and other investor information is available at macquarie.com/investors

GLOSSARY

Defined term	Definition	Defined term	Definition
A		C	
AASB	Australian Accounting Standards Board	CAF	Corporate and Asset Finance Group
the Act	Corporations Act 2001 (Cth)	CAGR	compound annual growth rate
ADI	authorised deposit-taking institution	Central Service Groups	the Central Service Groups consist of RMG, LGL, FMG and COG
AGM	Annual General Meeting	CEO	Managing Director and Chief Executive Officer
AICD	Australian Institute of Company Directors	CGM	Commodities and Global Markets Group
AMA	Advanced Measurement Approach	CFO	Chief Financial Officer
Annual Report	MBL's 2017 Annual Report	COG	Corporate Operations Group
ANZ	Australia and New Zealand	the Company, MBL	Macquarie Bank Limited ABN 46 008 583 542
APRA	Australian Prudential Regulation Authority	Comparable Key Management Personnel (Comparable KMP)	Executive KMP who were members of the Executive Committee for the full year in both FY2017 and FY2016
ASIC	Australian Securities & Investments Commission	the Consolidated Entity, Macquarie Bank	MBL and its subsidiaries
ASX	Australian Securities Exchange or ASX Limited ABN 98 008 624 691 and the market operated by ASX Limited	Corporate	head office and central support functions including Group Treasury
ATO	Australian Taxation Office	CRO	Chief Risk Officer
B		CVA	credit valuation adjustments
BAC	Board Audit Committee	D	
Bank Group	MBL and its subsidiaries	Deed	Deed of Access, Indemnity, Insurance and Disclosure
Banking Group	the Banking Group comprises BFS, CAF and certain business activities of CGM and MAM	Deed Poll	Indemnity and Insurance Deed Poll dated 12 September 2007
BBSW	Australian Financial Markets Association's bank-bill rate published daily on AAP Reuters webpage. The Australian equivalent of LIBOR, SIBOR, etc	Directors	the Voting Directors of MBL (unless the context indicates otherwise)
BCN	Macquarie Bank Capital Notes	Divisions	named divisions within the Macquarie Group
BFS	Banking and Financial Services Group	DPS Plan	Deferred Profit Share Plan
the Board, Macquarie Bank Board	The Board of Voting Directors of Macquarie Bank Limited	DSU	Deferred Share Unit issued under the MEREP
BRC	Board Remuneration Committee	DVA	debit valuation adjustments
BRiC	Board Risk Committee		
Businesses	the areas within the Operating Groups carrying out various operations		

Defined term	Definition	Defined term	Definition
E		M	
ECAM	Economic Capital Adequacy Model	Macquarie Bank, the Consolidated Entity	MBL and its subsidiaries
ECL	expected credit losses	MBL, the Company	Macquarie Bank Limited ABN 46 008 583 542
ECS, Macquarie ECS	Macquarie Exchangeable Capital Securities	Macquarie Board, the Board	the Board of Voting Directors of MGL
EMEA	Europe, Middle East and Africa	Macquarie ECS, ECS	Macquarie Exchangeable Capital Securities
EPS	earnings per share	MGL ordinary shares, MQG	MGL fully paid ordinary shares
ESP	Macquarie Group Employee Share Plan	Macquarie Group	MGL and its subsidiaries
Executive Director	Macquarie Group's most senior employees including Group Heads, Division Heads and senior business unit managers	Malus	The discretion of the Board (from 2012) to reduce or eliminate unvested profit share amounts where it determines that an employee's action or inaction has caused the Macquarie Group significant reputational harm, caused a significant or unexpected financial loss or caused the Macquarie Group to make a material financial restatement
Executive Key Management Personnel (Executive KMP)	Members of the Executive Committee of MBL	MAM	Macquarie Asset Management Group
Executive Voting Director	an executive board member	Management	Division Directors and Executive Directors who have management or risk responsibility for a Division or business area
F-H		MBHPL	Macquarie B.H. Pty Limited
FIRB	Foundation Internal Ratings Based Approach	MCN	Macquarie Group Capital Notes
FMG	Financial Management Group	MCN2	Macquarie Group Capital Notes 2
FVA	funding value adjustment	MEREP	Macquarie Group Employee Retained Equity Plan
I-J		MFHPL	Macquarie Financial Holdings Pty Limited
IASB	International Accounting Standards Board	MFHPL Consolidated Entity	MFHPL and its subsidiaries
ICAAP	Internal Capital Adequacy Standards Board	MFL	Macquarie Finance Limited
IFRS	International Financial Reporting Standards	MFL Note	An unsecured debt obligation of MFL, issued to a trustee on behalf of the holders of the MIS
IT	information technology	MGESOP	Macquarie Group Employee Share Option Plan
K		MGL	Macquarie Group Limited, ABN 94 122 169 279
Key Management Personnel (KMP)	all Voting Directors and members of the Executive Committee of MBL		
L			
LMI	lender's mortgage insurance		
LuxSE	Luxembourg Stock Exchange		
LVRs	loan to value ratios		

GLOSSARY
 CONTINUED

Defined term	Definition	Defined term	Definition
M		R	
MGSA	Macquarie Group Services Australia Pty Limited	RAS	Risk Appetite Statement
MGSSAP	Macquarie Group Staff Share Acquisition Plan	RMG	Risk Management Group
MIM	Macquarie Investment Management	ROE	return on ordinary equity
MIPS	Macquarie Income Preferred Securities	RSU	Restricted Share Unit issued under the MEREP
MIS	Macquarie Income Securities	S	
N		Senior Executive	Macquarie Group's combined Division Director and Executive Director population
NCD	negotiable certificates of deposit	Senior Management	Members of Macquarie Group's Executive Committee and Executive Directors who have a significant management or risk responsibility in the organisation
NCI	non-controlling interests	SEs	structured entities
NED	Non-Executive Director	SFE	Sydney Futures Exchange
Non-Bank Group	MGL, MFHPL and its subsidiaries	SGX	Singapore Stock Exchange
Non-Banking Group	The Non-Banking Group comprises Macquarie Capital and some business activities of MAM and CGM that use certain offshore regulated entities of the Non-Banking Group	SPE	Special Purpose Entity
NPAT	net profit after tax	Statutory Remuneration	statutory remuneration disclosures are prepared in accordance with Australian Accounting Standards and as disclosed throughout the Remuneration Report
O		SYD	ASX-listed Sydney Airport
OCI	other comprehensive income	SYD Distribution	in-specie distribution of Sydney Airport stapled securities to MGL ordinary shareholders on 13 January 2014
OECD	Organisation for Economic Co-operation and Development	SYD Securities	SYD stapled securities
Operating Groups	The Operating Groups consist of MAM, CAF, BFS, CGM and Macquarie Capital	T-U	
OTC	over-the-counter	TSR	total shareholder return
P		V	
Post-2009 DPS	retained profit share which is deferred to future periods and held as a notional investment in Macquarie Group managed-fund equity	VaR	Value-at-Risk
PSU	Performance Share Unit issued under the MEREP	Voting Directors	the Voting Directors of MBL as defined in the MBL Constitution
PwC	PricewaterhouseCoopers	W-Z	
		WHS	Work Health and Safety
		WHSE	work health, safety and environmental

Contact Details

Macquarie Bank
Principal Administrative Office

50 Martin Place
Sydney NSW 2000
Australia

Tel: +61 2 8232 3333

Registered Office
Macquarie Bank Limited

Level 6, 50 Martin Place
Sydney NSW 2000
Australia

Tel: +61 2 8232 3333

