

MACQUARIE BANK LIMITED, LONDON BRANCH

(ABN 46 008 583 542)

(incorporated with limited liability in the Commonwealth of Australia)

COMMODITY-LINKED NOTE AND CERTIFICATE PROGRAMME

Under this Commodity-linked Note and Certificate Programme (the "**Programme**"), Macquarie Bank Limited, London Branch (the "**Issuer**") may from time to time issue direct, unsecured, unsubordinated and unconditional notes ("**Notes**") or certificates ("**Certificates**" and, together with Notes, "**Instruments**"). Instruments relating to a specified commodity index or basket of commodity indices ("**Commodity-linked Instruments**") may be issued on the terms set out in this Base Prospectus as completed by the final terms prepared in connection with such Tranche (the "**Final Terms**"). Instruments may also be issued under the Programme on terms set out in a pricing supplement or a prospectus, incorporating by reference the whole or any part of this Base Prospectus (a "**Pricing Supplement**" or a "**Series Prospectus**", respectively) (or by any other similar document, which together with a Pricing Supplement and a Series Prospectus, are the "**Alternative Drawdown Documents**" and each an "**Alternative Drawdown Document**").

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**") and Commission Regulation (EC) 809/2004 (as amended) (the "**Prospectus Regulation**").

Instruments may also bear interest (in the case of Notes). Each issue of Notes will be issued on the terms set out herein which are relevant to such Notes under "*Terms and Conditions of the Notes*" on pages 37 to 63 of this Base Prospectus (the "**Note Conditions**"). Each issue of Certificates will be issued on the terms set out herein which are relevant to such Certificates under "*Terms and Conditions of the Certificates*" on pages 72 to 82 of this Base Prospectus (the "**Certificate Conditions**" and together with the Note Conditions, the "**Base Conditions**"). Commodity-linked Instruments will be issued on the basis of the relevant Base Conditions, as supplemented by the Additional Terms and Conditions on pages 87 to 90 of this Base Prospectus.

Macquarie Bank Limited, London Branch does not constitute a separate legal entity from Macquarie Bank Limited ("**Macquarie Bank**") and the obligations incurred by Macquarie Bank in issuing Instruments through a branch outside Australia are obligations of Macquarie Bank as a whole.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed US\$500,000,000 (or its equivalent in other currencies).

An investment in Instruments issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" on pages 9 to 25 of this Base Prospectus.

Application will be made to the Luxembourg Stock Exchange for Instruments issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). Instruments issued under the Programme may also be admitted to trading or listed on the Euro MTF exchange regulated market operated by the Luxembourg Stock Exchange, or another or further stock exchange(s), multilateral trading facility(ies) or market(s). Unlisted Instruments may also be issued. The applicable Final Terms or Alternative Drawdown Document (the "**Issue Terms**") will state whether or not the relevant Instruments are to be admitted to trading and/or listed and, if so, on which stock exchange(s) and/or multilateral trading facility(ies) and/or market(s).

This document has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 as amended (the "**Prospectus Act 2005**") on prospectuses for securities which implements the Prospectus Directive (Directive 2003/71/EC, as amended) into Luxembourg law. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. The Issuer may request the CSSF to provide competent authorities in additional Member States within the European Economic Area with a notification attesting that this base prospectus has been drawn up in accordance with the Prospectus Act 2005.

The Instruments have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Instruments will be offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). See "*Form of the Notes*", "*Form of Certificates*", as applicable, for a description of the manner in which Instruments will be issued. Instruments are subject to certain restrictions on resale and transfer, see "*Subscription and Sale*".

This Base Prospectus and the documents incorporated in this Base Prospectus by reference (see "*Documents Incorporated by Reference*" on pages 26 to 27 of this Base Prospectus) are published on the Luxembourg Stock Exchange's internet site www.bourse.lu and available on the internet site www.macquarie.com.au.

The date of this Base Prospectus is 11 April 2014.

IMPORTANT NOTICES

This Base Prospectus constitutes 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 Instruments, 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 and the risks associated with an investment in the Instruments.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Neither the delivery of this Base Prospectus nor any Issue Terms nor any sale made in connection herewith at any time shall under any circumstances, create the implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof or that any other information supplied in connection with the Instruments is correct as of any time subsequent to the date on which it is supplied.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus and/or in the relevant Issue Terms in connection with the issue or sale of the Instruments and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer (as defined in the section headed “*General Description of the Programme*”) or any other person.

Neither this Base Prospectus nor any Issue Terms constitutes an offer of, or an invitation by or on behalf of the Issuer or the Dealer or any other person to subscribe for, or purchase, any Instruments.

Macquarie Bank Limited is a subsidiary of Macquarie Group Limited (ABN 94 122 169 279) (“MGL”) and in this Base Prospectus references to the “Macquarie Group” are references to MGL and its controlled entities and references to the “Banking Group” are references to Macquarie Bank Limited and its controlled entities.

Other than Macquarie Bank Limited, any Macquarie Group entity noted in this Base Prospectus is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). That entity’s obligations do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of that entity, unless noted otherwise

The distribution of this Base Prospectus and the offering or sale of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealer to inform themselves about and to observe any such restriction. The publication of this Base Prospectus is not intended as an offer or solicitation for the purchase or sale of any Instruments in any jurisdiction where such offer or solicitation would violate the laws of such jurisdiction. The Instruments have not been and will not be registered under the Securities Act and may include Instruments in bearer form that are subject to U.S. tax law requirements. The Issuer has not registered and will not register under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Consequently, the Instruments 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 such term is defined in Regulation S under the Securities Act) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act.

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 (the “Corporations Act”).

For a description of certain restrictions on offers and sales of Instruments and on distribution of this Base Prospectus, see the section headed “*Subscription and Sale*” on pages 104 to 106 inclusive of this Base Prospectus

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY INSTRUMENTS FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE INSTRUMENTS TO AN INVESTOR BY AN

OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE INSTRUMENTS AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

The Internet site addresses in this Base Prospectus which 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.

The Dealer has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Instruments and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealer.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Instruments (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Instruments should purchase any Instruments. Each investor contemplating purchasing any Instruments 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 the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Instruments constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealer to any person to subscribe for or to purchase any Instruments. No advice is given in respect of the tax treatment of investors in connection with any investment in any Instruments and each investor is advised to consult its own professional adviser.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Instruments shall in any circumstances imply that the information contained herein concerning the Issuer 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 in the document containing the same. The Dealer expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Instruments of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Instruments in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Instruments may be restricted by law in certain jurisdictions. The Issuer and the Dealer do not represent that this Base Prospectus may be lawfully distributed, or that any Instruments 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 assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealer which is intended to permit a public offering of any Instruments or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Instruments 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. Persons into whose possession this Base Prospectus or any Instruments may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Instruments. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Instruments in The Commonwealth of Australia, the United States of America, the European Economic Area and the United Kingdom. See "*Subscription and Sale*".

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of Instruments which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Instruments may only do so (i) in circumstances in which no obligation arises for the Issuer or the Dealer 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, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Instruments in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Instruments being offered, including the merits and risks involved. None of the Dealer or the Issuer makes any representation to any investor in the Instruments regarding the legality of its investment under any applicable laws. Any investor in the Instruments should be able to bear the economic risk of an investment in the Instruments for an indefinite period of time.

In this Base Prospectus, references to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars, references to "GBP" and "£" are to Pounds Sterling, references to "AUD" and "A\$" are to Australian dollars and all references to "euro", "EUR" and "€" refer to the 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.

U.S. INFORMATION

The distribution of this Base Prospectus and the offering or sale of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealer to inform themselves about and to observe any such restriction. The publication of this Base Prospectus is not intended as an offer or solicitation for the purchase or sale of any Instruments in any jurisdiction where such offer or solicitation would violate the laws of such jurisdiction. The Instruments have not been and will not be registered under the Securities Act and will not be approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act of 1936, as amended (the "Commodity Exchange Act"), and may include Instruments in bearer form that are subject to U.S. tax law requirements. The Issuer has not registered and will not register under the Investment Company Act. Consequently, the Instruments 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 such term is defined in Regulation S under the Securities Act) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act.

Instruments in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain

transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

AUSTRALIAN BANKING LEGISLATION

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

The 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 available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Instruments). 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. Changes to applicable law may extend the liabilities required to be preferred by law.

The Banking Act also provides that certain other debts of an ADI due to APRA shall in a winding-up of an ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of that ADI. Further, section 86 of the Reserve Bank Act 1959 of Australia provides that in a winding-up of an ADI, debts due by an ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The Instruments do not constitute a protected account of, or (unless expressly provided in the relevant Issue Terms) a deposit with, the Issuer. The liabilities which are preferred by law to the claim of a holder in respect of an Instrument may be substantial and the Base Conditions (as defined in the section headed "General Description of the Programme") do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

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SUMMARY OF THE CERTIFICATES 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 an 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 (ABN 46 008 583 542) (" Macquarie Bank "), acting through its London Branch
B.2	Domicile, legal form, legislation and country of incorporation	Macquarie Bank is a corporation constituted with limited liability and operating under the laws of the Commonwealth of Australia.
B.4b	Known trends	[Except as described in Element D.2 below under the heading " <i>Legal, regulatory and compliance risk</i> ", there have been no known trends that are material to the prospects of Macquarie Bank for at least the current financial year.]
B.5	Group structure	<p>Macquarie Bank is an indirect subsidiary of Macquarie Group Limited ("MGL") which, together with its controlled entities (the "Macquarie Group"), comprises a "Banking Group" and a "Non-Banking Group". Macquarie Bank and its subsidiaries constitute the "Banking Group" activities of the Macquarie Group.</p> <p>Macquarie Bank's ultimate parent entity is MGL and Macquarie Bank's immediate parent entity is Macquarie B.H. Pty Ltd (ABN 86 124 071 432). 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.</p>
B.9	Profit forecast or estimate	Not applicable; Macquarie Bank does not make profit forecasts or estimates.

B.10	Qualifications in the auditor's review report	Not applicable - the independent auditor's review report dated 1 November 2013 was unqualified.		
B.12	Selected historical financial information	The table below sets out the summary financial information of Macquarie Bank and Macquarie Bank and its consolidated subsidiaries for the two years ended 31 March 2012 and 31 March 2013 and of Macquarie Bank for the six months ended 30 September 2012 and 30 September 2013. The information has been presented in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.		
		Consolidated Half-year to 30 September 2013 A\$M	Consolidated Year to 31 March 2013 A\$M	Bank Year to 31 March 2013 A\$M
		376	674	821
		138,633	130,000	116,023
		Profit		
		2,556	4,644	3,112
		(1,967)	(3,615)	(2,205)
		589	1,029	907
		(213)	(355)	(86)
		376	674	821
		(2)	(3)	-
		(9)	(21)	-
		-	-	(4)
		365	650	817
		Consolidated Half-year to 30 September 2012 A\$M	Consolidated Year to 31 March 2012 A\$M	Bank Year to 31 March 2012 A\$M
		376	640	298
		136,499	136,169	109,847
		Profit		
		2,234	4,711	2,504
		(1,702)	(3,828)	(2,206)
		532	883	298
		(156)	(243)	-
		376	640	298
		(2)	(5)	-
		(11)	(26)	-
		-	-	(4)
		363	609	294

		<p>¹⁾ 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 2013.</p> <p>There has been no significant change in the financial or trading position of Macquarie Bank since the half year ended on 30 September 2013, being the date as at which the latest unaudited half-year financial statements of Macquarie Bank consolidated with its subsidiaries were made up.</p>
B.13	Recent events to the issuer	Not applicable; there have been no events that are material to the prospects of Macquarie Bank for at least the current financial year.
B.14	Dependence upon other entities within the group	<p>Please read Element B.5 together with the information below.</p> <p>Macquarie Bank is an indirect subsidiary of MGL and as at 30 September 2013, Macquarie Bank conducted its operations directly and indirectly through 487 subsidiaries.</p>
B.15	Description of the issuer's principal activities	Macquarie Bank is a global provider of banking, financial, advisory, and investment and funds management services. Macquarie Bank is a client driven business which generates income by providing a diversified range of services to clients. Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.
B.16	Control of the issuer	Macquarie Bank's ultimate parent entity is MGL and Macquarie Bank's immediate parent entity is Macquarie B.H. Pty Ltd. 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.

Section C – Securities

C.1	Description of securities	<p>Certificates relating to the performance of [<i>Index/indices</i>]</p> <p>The Certificates are [not] to be consolidated or form a single series with the Certificates of an existing series.</p> <p>The security identification number is [].</p>
C.2	Currency of securities	The " Specified Currency " is [EUR] [USD] [GBP]
C.5	Restrictions on free transferability of the securities	<p>The offering, sale, delivery and transfer of Certificates and the distribution of this Base Prospectus and other material in relation to any Certificates are subject to restrictions including, in particular, restrictions in Australia, the United States of America, the European Economic Area and the United Kingdom.</p> <p>In addition, the Certificates may be subject to certain restrictions on re-sales and transfers.</p>
C.8	<p>A description of the rights attached to the securities, including</p> <ul style="list-style-type: none"> • ranking • limitations to those rights 	<p><i>Status:</i> Certificates will rank pari passu without any preference among themselves. Claims against Macquarie Bank in respect of the Certificates will rank at least equally with the claims of other unsecured and unsubordinated creditors of Macquarie Bank (except creditors mandatorily preferred by law). The rights attaching to the Certificates are subject to the ability of the Issuer to fulfil its obligations under the Certificates. If the Issuer becomes insolvent, investors may not be able to get back any of their investment.</p> <p><i>Rights</i> Certificateholders are entitled to receive the Cash Settlement Amount upon the expiry of the Certificates.</p> <p><i>No proprietary interest in underlying:</i> Investors in the Certificates do not have any rights in respect of any underlying commodity index or indices, or any commodity underlying such index or indices, and shall</p>

		<p>have no right to call for any such underlying commodity to be delivered to them.</p> <p><i>Governing law:</i> The Certificates are governed by English law.</p>
C.11	Admission to trading	<p>Application has been made for Certificates issued under the Programme during the twelve month period from the date of this Base Prospectus to be 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 2004/39/EC.</p>
C.15	How the value of the investment is affected by the value of the underlying	<p>Assuming all other factors being equal, as the level of the commodity index or indices referenced by the Certificates increases, the value of the Certificates will increase, and as the level of the commodity index or indices referenced by the Certificates decreases, the value of the Certificates will decrease</p> <p>Certificates may reference an index which, within its terms, leverages the performance of the relevant underlying commodity or commodities by applying a multiplier to an underlying unleveraged index which linearly tracks the performance of the relevant underlying commodity or commodities (the "Benchmark Index"). In such case, the effect of changes in the level or price of the commodity index or indices to which such Commodity-linked Instruments will be increased, increasing the risk that an investor will lose some or all of its investment.</p> <p>The Certificates may reference short indices, where the level of such index will inversely track the level of an underlying Benchmark Index, meaning that as the level of such Benchmark Index (and the price of the commodity or commodities underlying such Benchmark Index) rise, the level of the index will fall, and vice versa.</p>
C.16	Expiration date	<p>The "Expiration Date" of the Certificates is [].</p> <p><i>[Issuer call option:</i> The Issuer may by delivering [not less than 1 nor more than 30] days' notice to the Certificateholders accelerate the expiration date in respect of all (but not some) of the Certificates to the date specified in such notice.]</p> <p><i>[Holder put option:</i> Each Certificateholder may by delivering not less than 1 no more than 30 days' notice to the relevant clearing system, with a copy to the Issuer and the Principal Certificate Agent, accelerate the expiration date in respect of all (but not some) of the Certificates held by such Certificateholder to the date specified in such notice.]</p>
C.17	Settlement procedure	<p>The Certificate 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.</p>
C.18	How the return on derivative securities takes place	<p>The Certificates will be cash settled and the Issuer will pay the Cash Settlement Amount to the investors on the applicable Settlement Date.</p> <p>The "Settlement Date" will be the fifth business day following the applicable Expiration Date as of which the Cash Settlement Amount will be determined.</p>
C.19	Exercise price or the final reference price:	<p>The Cash Settlement Amount of a Certificate will be an amount in the Specified Currency equal to the product of (i) the Settlement Price, (ii) one unit of the applicable Specified Currency, and (iii) the applicable Multiplier.</p> <p>"Multiplier" means [].</p>

		<p>"Pricing Date" means the Expiration Date.</p> <p>"Settlement Price" means [the level of the referenced commodity index on the Pricing Date/the sum of the levels of each referenced commodity index on the Pricing Date, multiplied by the applicable Weighting].</p>			
C.20	A description of the type of the underlying and where the information on the underlying can be found	<i>Index</i>	<i>Index Sponsor</i>	<i>[Weighting]</i>	<i>Reference Source</i>
		[]	[]	[]	[]
		[The <i>[Index]</i> is a [leveraged/short] index which multiplies the performance of the <i>[Benchmark Index]</i> by a factor of [].]			

Section D – Risks

D.2	Key risks regarding the issuer	<p>There are a range of economic and commercial risks which will affect Macquarie Bank's business, many of which are not in the control of Macquarie Bank or the Banking Group. The performance of all of the Banking Group's major businesses can be influenced by external market and regulatory conditions. If the Banking Group's businesses were affected by adverse circumstances, overall earnings would suffer significantly. The Banking Group's risk management framework incorporates active management and monitoring of those risks which may create the potential for Macquarie Bank and the Banking Group to suffer loss.</p> <p>The following are the key risks relating to the Issuer:</p> <p><i>Global market and economic conditions</i></p> <p>Global market conditions are subject to periods of volatility and change, which can negatively impact market liquidity, increase credit spreads and reduce funding availability. Global economic conditions remain uncertain. If the economic climate worsens in the future, including due to ongoing sovereign debt concerns in Europe and concerns about the United States and global growth, or concerns of a systemic shock, the Banking Group's financial performance, business or strategy may be adversely affected.</p> <p><i>Liquidity and funding risk</i></p> <p>The Banking Group's businesses operate in or depend on the operation of global markets, either directly or indirectly, through exposures in securities, loans, derivatives and other activities. In particular, uncertainty in global credit markets, increased funding costs, constrained access to funding, and the decline in equity and capital market activity have impacted transaction flow in a range of industry sectors, all of which has adversely impacted the Banking Group's financial performance.</p> <p>The Banking Group is exposed to the risk that it may become unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to the Banking 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. In difficult credit and debt markets the Banking Group may be forced to find alternative funding sources or fund its operations at a higher cost.</p> <p><i>Legal, regulatory and compliance risk</i></p> <p>Many of the Banking Group's businesses are highly regulated, including regulation relating to prudential and liquidity requirements. Failure to comply with legal and regulatory requirements, including tax laws and regulations, and rules relating to corruption and illegal</p>			
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D.6	Key risks regarding the securities	<p>Certificates may not be a suitable investment for all investors as they involve a high degree of risk. Purchasers should be prepared to sustain a total loss of the purchase price of their Certificates.</p> <p>An investment in Certificates exposes investors to significant risks not associated with investments in more conventional debt or equity securities.</p> <p><i>Liquidity</i></p> <p>Upon issuance, the Certificates may not have an established trading market. Although the Certificates may be listed on an exchange, there is no assurance that a trading market for the Certificates will</p>

		<p>ever develop or be maintained if developed.</p> <p><i>Exposure to the performance of the referenced commodity index or indices</i></p> <p>Fluctuations in the value of the relevant commodity index or indices will affect the value of Certificates. Purchasers of Certificates risk losing their entire investment if the value of the relevant commodity index or indices does not move in the anticipated direction.</p> <p><i>No claim in respect of any underlying commodity</i></p> <p>A Certificate will not represent a claim or direct interest in any commodity underlying any commodity index referenced by it.</p> <p><i>The performance of a commodity index may not track the performance of the relevant physical commodities underlying that commodity index</i></p> <p>Fees and adjustments and any other amounts deducted from (or added to) the performance of each commodity index, the impact such fees may have on the level of each such commodity index and the circumstances in which any such fees and adjustments may change. As a result of such fees and adjustments, an investment in a Commodity Index-linked Instrument will not replicate the performance of the underlying commodity index or indices.</p> <p><i>Delay between pricing and settlement</i></p> <p>There is a delay between the Pricing Date and the Expiration Date. A holder of a Certificate will have no right to benefit from the positive performance of the relevant commodity index or indices in the period from and including such Pricing Date to the Settlement Date.</p> <p><i>Market disruption event and disrupted day</i></p> <p>If a market disruption event has occurred or exists on the Pricing Date, any consequential postponement of the Pricing Date or any alternative provisions for valuation provided in any Instruments may have an adverse effect on the value of such Instruments.</p> <p><i>Leverage</i></p> <p>Certificates giving investors a leveraged and/or short exposure to the performance of the relevant Benchmark Index will be more risky than an unleveraged investment in such Benchmark Index. Relatively small changes in the value of the relevant Benchmark Index may cause investors in leveraged Certificates to lose some, or all, of their investment in an accelerated timescale.</p>
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Section E – Offer

E.2b	Reasons for the offer and use of proceeds	<p>Not applicable; No offer to the public will be made pursuant to the Base Prospectus.</p> <p>Proceeds realised from the issuance of Certificates will be used by Macquarie Bank for the Banking Group's general corporate purposes.</p>
E.3	Terms and Conditions of the offer	<p>Not applicable; No offer to the public will be made pursuant to the Base Prospectus.</p>
E.4	Interests material to the issue/offer including conflicts of interests	<p>Macquarie Bank and its affiliates may also engage in trading activities (including hedging activities) related to the interest underlying any Certificates and other instruments related to the interest underlying any Certificates 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 Certificates. Macquarie Bank and its affiliates may</p>

		also act as underwriter in connection with future offerings of shares or other securities related to an issue of Certificates 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 Certificates.
E.7	Expenses charged to the investor	The Issuer may withhold or deduct from any amount payable to the Certificateholder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding, deduction or other payment, whether realised or expected, arising in connection with any payment pursuant to the terms of the Certificates or in respect of a related hedge position. The expenses are estimated to be [].

RISK FACTORS

The Issuer believes that the investment considerations described below represent the principal risks inherent in investing in Instruments issued under the Programme, but the Issuer may be unable to pay any cash amounts (including interest, principal or other amounts) in connection with any Instruments 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. These investment considerations are not intended to be exhaustive and represent contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Investors should read this Base Prospectus and the information incorporated by reference herein in its entirety.

Potential investors should consult their own financial, tax and legal advisers as to the risks and investment considerations arising from an investment in the Instruments, the appropriate tools to analyse such an investment, and consider the suitability of such an investment in the context of the particular circumstances of each investor.

Macquarie Bank is an ADI under the Banking Act. See "Australian Banking Legislation" on page vi of this Base Prospectus.

Terms used but not otherwise defined in this section have the meanings given to them in the Base Conditions.

1. **Factors that may affect the Issuer's ability to fulfil its obligations under Instruments issued under the Programme**

The value, trading price and liquidity of the Instruments depends upon, amongst other things, the ability of Macquarie Bank to fulfil its obligations under the Instruments which, in turn is primarily dependent on the financial prospects of Macquarie Bank and the Banking 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 Bank and the Banking 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 Banking Group's major businesses can be influenced by external market and regulatory conditions. If all or most of the Banking Group's businesses were affected by adverse circumstances at or about the same time, overall earnings would suffer significantly.

The Banking 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 Bank and the Banking Group to suffer loss.

The Banking Group's business and financial condition has been and may continue to be negatively impacted by adverse credit, economic and other market conditions, which may have an adverse impact on the Banking Group's financial condition and liquidity

The Banking Group's businesses operate in or depend on the operation of global markets, either directly or indirectly, through exposures in securities, loans, derivatives and other activities. In particular, uncertainty in global credit markets, increased funding costs, constrained access to funding, and the decline in equity and capital market activity have impacted transaction flow in a range of industry sectors, all of which has adversely impacted the Banking Group's financial performance.

The Banking Group may continue to endure similar or heightened adverse impacts in the future, depending upon factors such as whether economies in the United States and Europe recover and the rate at which any recovery occurs. The Banking Group may also 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 U.S. recovery, slowing growth in emerging economies or departure of a European country from the Euro zone or the market perception of any such events would disrupt global funding markets and the global financial system more generally. The Banking Group may also be impacted indirectly through its counterparties that may have direct exposure to U.S. and European sovereigns and financial institutions.

The Banking Group's liquidity, profitability and businesses may be adversely affected by an inability to access international capital markets or by an increase in its cost of funding

The Banking Group is exposed to the risk that it may become unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to the Banking Group's businesses. The Banking Group's 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. In difficult credit and debt markets, the Banking Group may be forced to find alternative funding sources or fund its operations at a higher cost.

The Banking Group relies on debt markets for funding its businesses. If the Banking Group's current sources of funding prove to be insufficient, the Banking Group may be forced to seek alternative financing. The availability of alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, the Banking Group's credit ratings and credit capacity. The cost of these alternatives may be more expensive than the Banking Group's current sources of funding or include other unfavourable terms, or the Banking Group may be unable to raise as much funding as it needs to support its business activities. This could slow the growth rate of the Banking Group's businesses, cause the Banking Group to reduce its term assets and increase the Banking Group's cost of funding, all of which could reduce the Banking Group's profitability and may have an adverse impact on Macquarie Bank's ability to fulfil its obligations under the Instruments. Other risks associated with funding that the Banking Group may face are over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources.

General business and economic conditions are key considerations in determining the Banking Group's access to capital markets, cost of funding and ability to meet its liquidity needs. These include, but are not limited to, changes in interest rates, inflation, monetary supply, commodities volatility and results, fluctuations in both debt and equity capital markets, relative changes in foreign exchange rates, consumer confidence and the relative strength of the economies in which the Banking Group operates. Renewed turbulence or a worsening general economic climate, such as in Europe or the United States, could adversely impact any or all of these factors. Should conditions remain uncertain for a prolonged period, or deteriorate further, the Banking Group's funding costs may increase and may limit the Banking Group's ability to replace, in a timely manner, maturing liabilities, which could adversely affect its ability to fund and grow its business or otherwise have a material impact on the Banking Group.

Since 2008, governments and central banks around the globe (including in the United States, Europe and Japan) have taken steps to increase liquidity, restore confidence in financial systems and bolster economic growth. There can be no assurance, however, that such measures will result in a sustained long-term stabilisation of financial markets. In addition, governments have begun to withdraw or alter their support of such relief measures and it is not clear what long term effect these actions, or the consequential impacts of substantial fiscal stimulus on the budgets of sovereigns, will have on global economic conditions or the Banking Group's financial condition. If access to public bond markets over the medium term worsens, and other existing avenues of term funding become unavailable, the Banking Group may need to consider selling securities or other liquid assets. In the event the Banking Group is required to sell assets, there is no assurance that the Banking Group will be able to obtain favourable prices on the assets it offers for sale or will be able to successfully complete asset sales at an acceptable price or in an acceptable timeframe. The sale of income earning assets may also adversely impact the Banking Groups' income in future periods. If these occur, the Banking Group's profitability and business may be adversely affected.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among the financial institutions. As a result, concerns, whether well-founded or not, about, or default by, any large financial institution, or by a sovereign that guarantees the indebtedness or other commercial transactions of such an institution, could cause further market-wide liquidity problems which may adversely affect the profitability and business of Macquarie Bank and the Banking Group.

Regulatory changes or a failure to comply with regulatory standards, law or policies may adversely affect the Banking Group's business, operations or financial condition

Some of the Banking Group's businesses are highly regulated, including regulation relating to prudential and liquidity requirements. Failure to comply with legal and regulatory requirements, including tax laws and regulations, and rules relating to corruption and illegal payments and money

laundering, or government policies, may have an adverse effect on the Banking Group and its reputation among customers and regulators in the market.

The Banking Group is supervised by a number of different regulators. In Australia, the Banking Group's key regulators include APRA, the RBA, ASIC, ASX Limited ("**ASX**"), the Australian Securities Exchange Limited ("**Australian Futures Exchange**") and the Australian Competition Consumer Commission ("**ACCC**"). Outside Australia, some of the Banking Group's key regulators include the United States Securities Exchange Commission, 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.

Many of these regulators have broad administrative power to regulate and intervene in the operations of the businesses of the Banking Group. In particular, APRA has power under the Banking Act (a) to investigate Macquarie Bank's affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions), 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. The exercise of these broad administrative powers by one or more regulators could have a material adverse effect on the Banking Group and its business, reputation, prospects, financial performance or financial condition.

Regulation is becoming increasingly more extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which the Banking Group operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

The Banking Group could also be adversely affected by future changes in legal, regulatory and compliance requirements (including requirements relating to licensing and the management of conflicts of interest). In particular, any change in regulation of the Banking Group to increase the requirements for capital adequacy or liquidity, or a change in accounting standards, could have an adverse effect on the Banking Group's businesses.

A number of regulatory changes have been implemented or proposed in various jurisdictions as a result of the global economic crisis, which may significantly alter the regulatory framework and may adversely affect the Banking Group's competitive position and profitability. In particular, APRA, the Basel Committee on Banking Supervision and regulators in other jurisdictions where the Banking Group has a presence have released discussion papers and in some instances final regulations in regard to strengthening the resilience of the banking and insurance sectors, including proposals to strengthen capital and liquidity requirements for the banking sector. In addition, the United States has passed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act which significantly affects financial institutions and financial activities in the United States. It is not possible to predict what further future regulatory or related changes may result from the global economic crisis or the effect any such changes would have on the Banking Group and its businesses.

Future growth, including through acquisitions and other corporate transactions, or exiting or restructuring existing businesses may expose the Macquarie Group to additional risks and costs

Future growth of the Banking Group and the Macquarie Group, including through acquisitions, mergers and other corporate transactions, as well as planned business initiatives and expansions of existing businesses, may place significant demands on the Banking Group's risk management and operational infrastructure and result in increased expenses.

Activities to expand its operations may also bring the Banking Group into contact, directly or indirectly, with individuals and entities that are new clients, with new asset classes and other new products or new markets. These business activities expose the Banking Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties and investors, along with these activities being exposed to the range of risks described in this Base Prospectus. If these risks eventuate, they may have a negative impact on the Banking Group's results, financial conditions or operations.

The Banking Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses.

With respect to acquisitions, the Banking Group may become subject to unknown liabilities of an acquired business, may not achieve expected synergies, cost savings or may otherwise incur losses. The Banking Group may lose market share or customers, or may face disruptions to operations and the Banking Group's management time may be diverted to facilitate the integration of acquired businesses.

Changes and increased volatility in currency exchange rates may adversely impact the Banking Group's financial results and its financial and regulatory capital positions

Investors should be aware that exchange rate movements may also adversely impact the Banking Group's future financial results. The Banking Group's financial statements are presented in Australian dollars. However a portion of the Banking Group's operating income is derived from offshore business activities, which are conducted in a broad range of currencies. Changes in the rate at which the Australian dollar is exchangeable for other currencies may adversely impact the Banking Group's financial results and operations and its regulatory capital and funding position. In particular, the Banking Group's regulatory capital position may be adversely impacted by a depreciating Australian dollar, which increases the capital requirement for assets denominated in currencies other than Australian dollars. Further, where the Banking Group conducts business activities offshore, capital and funding are generally deployed locally and thus the Banking Group's capital is held in, and funding is sourced from, a broad range of currencies.

The Banking Group's business is subject to the risk of loss associated with falling prices in the equity and other markets in which it operates

Market risk is the exposure to adverse changes in the value of the Banking Group's trading portfolios as a result of changes in market prices or volatility, including risks arising from foreign exchange rates, interest rates, equities, commodities, derivatives (which are subject to settlement and other risks) and the correlation of market prices and rates within and across markets. Any decline in global asset markets, including equity, property, and other asset markets, or in market liquidity, could require the Banking Group to hold its investment assets for longer, or sell these assets at a lower price than historically expected and this may impact the Banking Group's rate of return on these assets and require funding for longer periods than anticipated. If any of these occur, they may have an adverse impact on the Banking Group's results of operations and financial condition. In addition, a decline in asset prices could negatively impact the fees the Banking Group receives from funds that it manages and that it invests in such assets.

The Banking Group's trading income may be adversely impacted during time of subdued market conditions and client activity. Furthermore, declining asset prices could adversely impact the Banking Group's customers and the security the Banking Group holds against loans, which may impact the Banking Group's results of operations due to default. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value.

Failure of the Banking Group to maintain its credit ratings could adversely affect its cost of funds, liquidity, competitive position and access to capital markets

Certain Banking Group entities are assigned credit ratings by various rating agencies based on an evaluation of a number of factors, including the Banking Group's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources and disciplined liquidity monitoring procedures.

If one or more of these credit ratings were downgraded, suspended, withdrawn or placed on review, this could have the effect of increasing the cost of funds raised by the Banking Group from financial markets, reducing the Banking Group's ability to access certain capital markets, triggering the Banking Group's obligations under certain of its contracts, and/or adversely impacting the willingness of counterparties to deal with the Banking Group.

A rating downgrade, suspension, withdrawal or review could be driven by the occurrence of one or more of the risk factors described in this Base Prospectus or by other events.

Competitive pressure, both in the financial services industry as well as in the other industries in which the Banking Group operates, could adversely impact its business and results of operation

The Banking Group faces significant competition from local and international competitors, which compete vigorously for participation in the various markets and sectors across which the Banking Group operates. In particular, the Banking Group competes, both in Australia and internationally, with asset managers, retail and commercial banks, investment banking firms, and other investment and service firms. Any trend toward 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. The effect of competitive market conditions, especially in the Banking Group's main markets, products and services, may lead to an erosion in the Banking Group's market share or margins and adversely impact the Banking Group's business and results of operation.

Movements in interest rates may affect earnings or the value of the Banking Group

Interest rate risk arises from a variety of sources including mismatches between the re-pricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates may affect earnings or the value of the Banking Group.

An increase in the failure of third parties to honour their commitments in connection with the Banking Group's trading, lending or other activities, including the funds that it manages, may adversely impact its business

The Banking Group is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations. The Banking Group assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to the Banking Group on a timely basis. The resultant credit exposure will depend on a number of factors, including the financial condition of the counterparty, the value of property the Banking Group holds as collateral and the market value of the counterparty instruments and obligations the Banking Group holds as well as the extent to which the Banking Group hedges such credit exposures.

Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. To the extent the Banking Group's credit exposure increases, it could have an adverse effect on the Banking Group's business and profitability if material unexpected credit losses occur. The Banking Group is also subject to the risk that its rights against third parties may not be enforceable in all circumstances which may adversely impact the Banking Group's business and profitability.

The Banking Group is exposed to operational risk, which may adversely affect its business, operations and financial condition

The daily operations of the Banking Group may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including failure of the Banking Group's business systems or those of its counterparties and service providers), fraud (including fraud or other misconduct by employees), compliance with legal and regulatory obligations, counterparty performance, business continuity planning, legal and litigation risk, environmental obligations, data integrity and processing risk, managing conflicts of interests and key person risk.

To mitigate the risks across the Banking Group's business activities, the Banking Group maintains third party insurance and self-insurance that it considers to be prudent for the scope and scale of its activities. If the Banking Group's insurance carriers fail to perform their obligations, the Banking Group's third party insurance cover is insufficient or its self-insurance is too great for a particular matter or group of related matters, its net loss could adversely impact its results and operations.

While the Banking Group has adopted policies and procedures to control exposure to, and limit the extent of, these risks, there are inherent limitations in any risk management control system and control breakdowns and system failures can occur.

Notwithstanding the foregoing, this risk factor should not be taken as implying that the Issuer or any other member of the Banking Group or the Macquarie Group (as relevant) will be unable to comply

with its obligations in respect of securities admitted to the Official List or (in the case of the Issuer) as a supervised firm regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Banking Group is also subject to the risk that its agreements do not reflect the commercial intent of the parties, especially for complex transactions including those which involve derivatives.

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

The Banking Group is reliant on the ability to hire and retain appropriately qualified staff. In order to do this, the Banking Group must compensate employees at or above market levels. Current or future laws or regulatory or public scrutiny may restrict the Banking Group's ability to move its staff from one jurisdiction to another or change the way the Banking Group remunerates its employees. If the Banking Group is unable to continue to attract and retain qualified employees, its performance, including its competitive position, could be materially adversely affected.

The Banking Group is substantially dependent on its brand and reputation

The Banking Group's ability to attract and retain customers is substantially dependent on its brand and reputation. If the Banking Group suffers damage to its reputation, including damage to the brands used by members of the Banking Group or the Macquarie Group and the funds they manage, this could reduce business volume as clients might be reluctant to do business with the Banking Group due to their negative perceptions. Reputational issues can arise for many reasons, including actual or alleged breaches of regulation or conflicts of interests. This would adversely impact the Banking Group's earnings.

The Banking Group's operations are exposed to potential tax liabilities that could have an adverse impact on its results of operation and reputation

The Banking Group is exposed to risks arising from the manner in which Australian and international tax regimes may be applied and enforced, both in terms of its compliance and the tax aspects of transactions on which the Banking Group works with clients and other third parties. The Banking Group's international, multi-jurisdictional platform increases the Banking Group's 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 the Banking Group operates are known to have become more active in their tax collection activities.

While the Banking 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 the Banking Group's reputation and affected business areas, significantly increase its own tax liability and expose the Banking Group to legal, regulatory and other actions.

Litigation, regulatory actions and contingent liabilities may adversely impact the Banking Group's results of operations.

The Banking Group may, from time to time, be subject to material litigation, regulatory actions and contingent liabilities, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory violations, which, if they crystallise, may adversely impact upon the Banking Group's results of operation and financial condition in future periods or the Banking Group's reputation. The Banking Group regularly obtains legal advice and makes 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 the Banking Group's reputation or brand, thereby adversely affecting its business.

The Banking Group's physical oil and commodities related activities expose it to the risk of unforeseen, hostile or catastrophic events that may expose it to significant liabilities and costs

The Banking Group's physical oil and commodities-related activities are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside the Banking Group's control. These include natural and man-made disasters, accidents, terrorist attacks or other hostile or catastrophic events. In addition, the Banking Group relies on third party suppliers or service providers to perform their contractual obligations, and any failure on their part could adversely affect the Banking Group's business. In addition, the Banking Group may not be able to obtain insurance to cover some of these risks and the insurance that the Banking Group has obtained may be inadequate to cover its losses. The occurrence of any such events may prevent the Banking Group from performing under its agreements with clients, may impair its operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm.

Poor performance of funds would cause a decline in the Banking Group's revenue and results of operations and may adversely affect the Banking Group's ability to raise capital for future funds

The Banking Group's financial condition and results of operation are directly and indirectly affected by the results of the funds or the assets it and other members of the Macquarie Group manage, particularly the Banking Group's and the Macquarie Group's managed funds. Revenue from these funds are derived principally from three sources: (i) management fees, based on assets under management; (ii) incentive income, based on the performance of the funds; and (iii) investment income based on investments in the funds. If the value of the managed funds decline, the assets under management would also decline, which would result in a decrease in management fees received by the Banking Group. If any of these funds perform poorly due to market conditions or underperformance by the Banking Group or the Macquarie Group, this may cause a decline in assets under management and the Banking Group's revenue and results of operations. This may also adversely affect the Banking Group's ability to raise capital for future funds and may affect the Banking Group's brand and reputation.

The Banking Group may experience writedowns of its funds management and other assets

Market volatility has, in recent years, impacted the value of the Banking Group and the Banking Group's managed funds. Future valuations, in light of factors then prevailing, may result in impairments to the investments in these funds. In addition, at the time of any sale of any investments in their funds, the price ultimately realised will depend on the demand in the market at the time and may be materially lower than their current market value. Any of these factors could require the Banking Group or the Macquarie Group to make write downs on the investments in their funds management assets and other investments and assets, which may be significant and may have an adverse effect on the results of their operations and financial condition in future periods.

2. Risks relating to Instruments and the market generally

Australian insolvency laws

In the event that Macquarie Bank becomes insolvent, insolvency proceedings will be governed by Australian law or the law of another jurisdiction determined in accordance with Australian law. Australian insolvency laws are, and the laws of that other jurisdiction can be expected to be, different from the insolvency laws of 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 Instrumentholders and Macquarie Bank's shareholders under Australian law may be different from the treatment and ranking of Instrumentholders 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 Instruments

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

The Instruments are not guaranteed by the Commonwealth of Australia.

The Instruments are unsecured obligations

The Instruments will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu and without prejudice among themselves. Claims against the Issuer in respect of Instruments rank at least equally with the claims of its unsecured and unsubordinated creditors (except creditors mandatorily preferred by law).

The Instruments 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 Instruments and the information contained or incorporated by reference in this Base Prospectus or the applicable Issue 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.

In addition, an investment in Commodity-linked Instruments exposes investors to significant risks not associated with investments in more conventional debt or equity securities such as debt or equity securities, including, but not limited to, the risks set out below.

Some Instruments are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Instruments which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how such Instruments will perform under changing conditions, the resulting effects on the value of those Instruments and the impact this investment will have on the potential investor's overall investment portfolio.

Certain issues of Instruments involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment.

The Instruments may not be liquid

Upon issuance, the Instruments may not have an established trading market. Although the Instruments may be listed on an exchange, there is no assurance that a trading market for the Instruments will ever develop or be maintained if developed. In addition to Macquarie Bank's creditworthiness, many factors affect the trading market for, and trading value of, the Instruments. These factors include but are not limited to the complexity and volatility of the index or formula applicable to the Instruments (if any); the method of calculating the payments due in respect of the Instruments; the time remaining to the stated maturity of the Instruments; the outstanding amount of the Instruments; any redemption features of the Instruments; the amount of other debt securities linked to the index or formula applicable to the Instruments (if any); the level, direction and volatility of market interest rates generally; investor confidence and market liquidity; and Macquarie Bank's financial condition and results of operations.

Instruments issued under the Programme may have no established trading market when issued. The Dealer (if any) have no obligation to make a market in the Instruments and unless such Dealer can do so voluntarily, a market in the Instruments may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Instruments generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Instruments.

In addition, investors should be aware of the risk that global credit market conditions may result in a general lack of liquidity in the secondary market for instruments similar to the Instruments. Such lack of liquidity may result in investors suffering losses on the Instruments in secondary re-sales even if there is no decline in the performance of Macquarie Bank or the relevant underlying to which payments on the Instruments may be linked.

There may be a limited number of buyers if and when an investor decides to sell Instruments. The Instruments may only be resold or transferred (i) in a transaction not subject to registration under the Securities Act in reliance on Regulation S, (ii) to Macquarie Bank or any of its subsidiaries, or (iv) to a Dealer that is a party to a Programme Agreement. Macquarie Bank and/or its Affiliates have no obligation to make a market with respect to the Instruments and make no commitment to make a market in or repurchase the Instruments. These factors may affect the price an investor receives for such Instruments or the ability to sell such Instruments at all. In addition, Instruments that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. Investors should not purchase Instruments unless they understand all of the investment risks involving the Instruments.

The Instruments are subject to transfer restrictions

The Instruments have not been, and will not be, registered under the Securities Act or any other applicable state securities laws. If the Instruments are offered to investors in the United States, such Instruments will be offered in private transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Instruments are subject to certain restrictions on the resale and other transfer thereof until the Instrument mature as set forth under "Important Notices" and "Notice to Purchasers and Transfer Restrictions". As a result of these restrictions, there can be no assurance as to the existence of a secondary market for the Instruments or the liquidity of such market if one develops. Consequently, investors must be able to bear the economic risk of an investment in the Instruments for an indefinite period of time.

Investors may not be able to enforce judgments obtained in foreign courts against Macquarie Bank

Macquarie Bank is incorporated in Australia, most of its directors and executive officers reside in Australia and most of the assets of Macquarie Bank are located within Australia. Investors may not be able to effect service of process on Macquarie Bank's directors and executive officers or enforce judgments against them or Macquarie Bank within Australia. There is doubt as to whether an Australian court would enforce a judgment of liability obtained outside Australia against Macquarie Bank predicated solely upon the securities laws of that jurisdiction.

The Issuer may make certain modifications to the Instruments without the consent of the Holders

The relevant Base Conditions provide that the relevant Agent and the Issuer may, without the consent of Holders, agree to (i) any modification (subject to certain specific exceptions) of the Instruments or the Agency Agreement which is not prejudicial to the interests of the Holders or (ii) any modification of the Instruments or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.

Meetings of Holders

The relevant Base Conditions contain provisions for calling meetings of Instrumentholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Potential conflicts of interest

Neither the Issuer, the Dealer (if any) nor the Calculation Agent are acting in a fiduciary capacity vis-a-vis the Holders nor are they providing any advice to the Holders under this Base Prospectus. As such, the general law duties that fiduciaries have to their clients do not govern the relationships between the Issuer, the Dealer (if any) and the Calculation Agent on the one hand and the Holders on the other hand.

The Issuer and/or any of its Affiliates or agents may engage in activities that may result in conflicts of interests between their own financial interests and those of their respective Affiliates or agents on the one hand and the interests of the Holders on the other hand. The Issuer and/or any of its Affiliates or agents may also engage in trading activities (including hedging activities) related to the commodity index or indices underlying any Instruments and other instruments or derivative products based on or related to the commodity index or indices underlying any Instruments for their

proprietary accounts or for other accounts under their management. The Issuer and/or any of its Affiliates or agents may also issue other derivative instruments in respect of the commodity index or indices underlying Instruments. Neither the Issuer, its Affiliates, nor any of its agents are obliged to disclose any non-public information they may possess in respect of such commodity index or indices.

The Calculation Agent is Macquarie Bank Limited, London Branch which, when acting in such capacity, will make certain determinations and calculate amounts payable to Holders. Under certain circumstances, the Issuer (or an affiliate) acting as the Calculation Agent could give rise to potential conflicts of interest between the Calculation Agent and the Instrumentholders.

Holders have no claim in respect of any underlying commodity

A Commodity-linked Instrument will not represent a claim or direct interest in any commodity underlying any commodity index referenced by it and, in the event of any loss, a Holder will not have recourse under an Instrument to any such underlying commodity.

Instruments subject to optional early redemption or cancellation by the Issuer

If the Issuer determines that the performance of its obligations under the Instruments or that any arrangements made to hedge the Issuer's obligations under the Instruments has or will become illegal in whole or in part for any reason, the Issuer may redeem or cancel the Instruments, as applicable.

In addition if, after giving effect to any applicable fallback provisions or events specified in any applicable Additional Terms and Conditions or the applicable Issue Terms, the Issuer is prevented from performing its obligations to make a payment in respect of the Instruments as a result of any force majeure, act of state, strike, blockade or similar circumstance or, if the Issuer determines in good faith that it has become impossible or impractical for it to perform such obligations as a result of any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls, the Issuer may redeem or cancel the Instruments, as applicable.

In respect of a Series of Notes for which tax gross-up is applicable, the Issuer will have the right to redeem the Notes early in the event that it is required to gross-up payments as a result of the imposition of certain taxes.

If the Issuer redeems or cancels the Instruments in the circumstances described above, then the Issuer will, in the case of Notes, redeem each Note at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, or cancel each Certificate at the Early Cancellation Amount (for the avoidance of doubt, in each case less Associated Costs). This may result in the holder of the Instruments receiving an amount less than the principal amount of the Notes or the purchase price of the Certificates, as applicable, and in certain circumstances such amount may be zero.

No tax gross-up in respect of certain series of Notes

If the applicable Issue Terms specify that tax gross-up is not applicable, the Issuer will not be obliged to gross up any payments in respect of the Notes and will not be liable for or otherwise be obliged to pay any tax, duty, withholding, deduction or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Notes and all payments made by the Issuer will be made subject to any such tax, duty, withholding, deduction or other payment which may be required to be made, paid, withheld or deducted.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and US Treasury regulations promulgated thereunder that took effect on 28 January 2013, as amended from time to time (together "**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that

does not provide information sufficient to determine whether such investor is a U.S. person or should otherwise be treated as holding a United States Account of the Issuer (a "**Recalcitrant Holder**").

FATCA implementation is being phased in from 1 July 2014 for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 01 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes or Certificates issued or materially modified on or after the "grandfathering date", which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term 'foreign passthru payment' are filed with the Federal Register; and (ii) any Notes or Certificates characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes or Certificates are issued before the grandfathering date, and additional Notes or additional Certificates of the same series are issued on or after that date, the additional Notes or additional Certificates may not be treated as grandfathered, which may have negative consequences for the existing Notes or existing Certificates, including a negative impact on market price.

The United States and a number of other jurisdictions announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a "Reporting FI" that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The US IRS announced in Notice 2013-43 its intention to provide a list of jurisdictions that will be treated as having in effect an IGA, even though that IGA may not have entered into force as of 1 July 2014.

The United Kingdom has entered into a Model 1 IGA with the U.S. therefore the Issuer will be required to comply with FATCA under United Kingdom legislation implementing such intergovernmental agreement with the U.S.

The Issuer is currently not expected to be required to make any FATCA Withholdings from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes, Receipts, or Coupons or Certificates are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes, Receipts, or Coupons or Certificates is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If a FATCA Withholding were to be made from interest, principal or other payments made in respect of the Notes, Receipts, or Coupons or Certificates, neither the Issuer nor any paying agent nor any other person would, pursuant to the terms and conditions of the Notes or the terms and conditions of the Certificates, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

In the case of Notes or Certificates which are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes or the Certificates by the Issuer or any paying agent for such clearing system, given that each of the entities in the payment chain between the Issuer and the clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes or the Certificates. The documentation expressly contemplates the possibility that, in certain specific circumstances, the Notes may convert into, or be exchanged for, notes in definitive form and therefore cease to be

held through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding.

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 may also 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 that each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms and/or 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 Notes, Receipts, Coupons or Certificates are discharged once it has paid the depository for the clearing system (as legal owner of the Notes, Receipts, Coupons or Certificates) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER AND THE NOTES AND THE CERTIFICATES IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS AND CERTIFICATE HOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCE.

Exercise of discretion by Macquarie Bank

Instrumentholders should note that some provisions of the Base Conditions confer discretions on Macquarie Bank. The manner of exercise or non-exercise of these discretions could adversely affect the value of the relevant Instruments.

Change of Law

The Base Conditions are based on the relevant law in effect as at the date of the issue of the relevant Instruments. No assurance can be given as to the impact of any possible judicial decision, change to law or administrative practice after the date of issue of the relevant Instruments.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Instruments are legal investments for it, (2) Instruments can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Instruments. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments under any applicable risk-based capital or similar rules.

3. **Additional risks related to Notes and the market for Notes**

Risks related to the structure of a particular issue of Notes

A broad range of different Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. The risks of a particular Note will depend on the terms of such Note, but may include, without limitation, the possibility of significant changes in the values of the applicable interest rates or commodity indices. Investors in Notes could lose all or a substantial portion of their investment.

Such risks generally depend on factors over which Macquarie Bank has no control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant underlying or reference securities, assets or other property. Neither the current nor the historical price, value or performance of the relevant interest rates or commodity indices should be taken as an indication of future price, value or performance during the term of any Note.

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

- (i) the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options; or
- (ii) investments where the amount of principal and/or interest payable (if any) is based on the performance of one or more commodity indices.

Issue price and optional redemption risks

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks relating to denominations of an integral multiple in excess of the minimum Specified Denomination

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Bearer Note or Definitive Registered Note in respect of such holding (should definitive bearer Notes or definitive registered certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Bearer Notes or Definitive Registered Notes are issued, holders should be aware that Definitive Bearer Notes or Definitive Registered Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the relevant specified currency ("**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) or the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes,

(ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Investors will also incur conversion cost (being the buy or sell spread) when they convert between their local currency and the Specified Currency. In addition, events may occur that from a legal or practical perspective make it impossible or not reasonably practicable to convert one currency into another currency, as may be required in order to make a determination or payment in respect of the Notes. The occurrence of such inconvertibility events may result in payment under the Notes being delayed and/or an investor receiving payment in a currency other than the Specified Currency.

Interest rate risks

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Notes.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for interest-bearing securities issued at par value. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to interest-bearing securities issued at par value with comparable maturities.

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices.

4. Additional risks related to Certificates and the market for Certificates

Risks related to the structure of a particular issue of Certificates and the market for Certificates generally

The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Investors in Certificates should recognise that their Certificates may expire worthless. Investors should be prepared to sustain a total loss of the purchase price of their Certificates. This risk reflects the nature of a Certificate 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 Cash Settlement Amount). See "*Certain factors affecting the value and trading price of Certificates*" below.

The risk of the loss of some or all of the purchase price of a Certificate upon expiration means that, in order to recover and realise a return upon investment, an investor in a Certificate must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant commodity index (or basket of commodity indices). Assuming all other factors are held constant, the more a Certificate is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that investors in such Certificates will lose all or part of their investment. The only means through which a holder can realise value from the Certificate prior to the Expiration Date in relation to such Certificate is to sell it at its then market price in an available secondary market. See "*Possible illiquidity of the Certificates in the secondary market*" below.

Certificates 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 Certificates are similar to those generally applicable to other options, warrants or certificates of private corporate issuers. The price of a Certificate from time to time will generally be affected by the level of the underlying commodity index or indices of the to which the relevant Certificate relates more than any other single factor. Other factors that may be relevant in determining the price of a Certificate include:

- the expected price volatility of the relevant commodity index or indices;
- the expected yield (if any) on the relevant commodity index or indices;
- interest rates;

- time remaining to maturity of the Certificate; and
- the nature of exercise rights attaching to the Certificate.

Certain factors affecting the value and trading price of Certificates

The Cash Settlement Amount at any time prior to expiration is typically expected to be less than the trading price of such Certificates at that time. The difference between the trading price and the Cash Settlement Amount will reflect, among other things, the "time value" of the Certificates. The "time value" of the Certificates will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference commodity (or basket of commodity indices) as specified in the applicable Issue Terms.

Before exercising or selling Certificates, Instrumentholders should carefully consider, among other things, (i) the trading price of the Certificates, (ii) the value and volatility of the reference commodity (or basket of commodity indices) as specified in the applicable Issue Terms, (iii) the time remaining to expiration, (iv) the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference commodity (or basket of commodity indices) as specified in the applicable Issue Terms and (viii) any related transaction costs.

An optional exercise feature in Certificates is likely to limit their market value. In the case of an optional exercise feature, during any period (as specified in the applicable Issue Terms) when the Issuer may elect to exercise Certificates, the market value of those Certificates generally will not rise substantially above the price at which they can be exercised. This also may be true prior to any exercise period. Potential investors should be aware that in certain circumstances, an optional exercise of the Certificates by the Issuer may result in a loss of all or a substantial portion of their investment.

Certain considerations regarding hedging

Prospective investors intending to invest in Certificates to hedge against the market risk associated with investing in a commodity index (or basket of commodity indices) should recognise the complexities of utilising Certificates in this manner. For example, the value of the Certificates may not exactly correlate with the value of the commodity index (or basket of commodity indices). Due to fluctuating supply and demand for the Certificates, there is no assurance that their value will correlate with movements of the commodity index (or basket of commodity 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.

Possible illiquidity of the Certificates in the secondary market

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

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

The Issuer may issue Certificates but retain them on its books for later distribution or cancellation. Accordingly, investors should not assume that there is liquidity in the market for Certificates by virtue of the issue size of a particular Series.

The terms and conditions of the Certificates do not allow a Certificateholder to transfer a number of Certificates less than the Minimum Trading Amount

The terms and conditions of a Certificate only allow a Certificateholder to transfer, in any single transaction, a number of Certificates greater than or equal to the Minimum Trading Amount. If a Certificateholder holds a number of Certificates less than the Minimum Trading Amount, under the terms of the Certificates, it will not be able to transfer the Certificates it holds, and will be required to hold such Certificates until the Expiration Date.

5. **Additional risks related to Commodity-linked Instruments**

General risks relating to Commodity-linked Instruments

The Issuer may issue Commodity-linked Instruments where the Final Redemption Amount or Cash Settlement Amount is dependent upon the price or changes in the level of the referenced commodity index or basket of commodity indices.

An investment in Commodity-linked Instruments may bear similar market risks to a direct commodity investment and investors should take advice accordingly. An investment in Commodity-linked Instruments will entail significant risks not associated with a conventional debt security.

Factors affecting the performance of commodities may adversely affect the value of the Commodity-linked Instruments; commodity prices may be more volatile than other asset classes

Fluctuations in the value of the relevant commodity index or indices will affect the value of Commodity-linked Instruments. Purchasers of Commodity-linked Instruments risk losing their entire investment if the value of the relevant commodity index or indices does not move in the anticipated direction.

Trading in commodities is speculative and may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes and suspensions or disruptions of market trading activities in commodities and related contracts. Commodity prices may be more volatile than other asset classes, making investments in commodities riskier than other investments.

The performance of a commodity index may not track the performance of the relevant physical commodities underlying that commodity index

Prospective investors in Commodity-linked Instruments should carry out their own detailed review of the composition and calculation of each applicable commodity index and the rules relating thereto, and ensure that they understand the fees and adjustments and any other amounts deducted from (or added to) the performance of each such commodity index, the impact such fees may have on the level of each such commodity index and the circumstances in which any such fees and adjustments may change. As a result of such fees and adjustments, an investment in a Commodity Index-linked Instrument will not replicate the performance of the underlying commodity index or indices.

Commodity-linked Instruments which are exposed to the market for carbon emissions trading may contain additional risks

Commodity-linked Instruments which reference a commodity index or indices relating to the carbon emissions trading market may carry additional risks. Trading in carbon emissions is a developing market and is highly speculative and volatile. The carbon emissions trading market has been and may again be subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, in respect of the emissions trading market in Europe, EU Allowances (EUAs) have been allegedly stolen or "phished" from the national registries of several European countries and from the carbon trading accounts of market participants. This has caused severe market disruption in the European carbon trading market with delivery of EUAs suspended for

significant periods. Such market disruption would have a detrimental impact on the value or settlement of Commodity-linked Instruments exposed to the European carbon trading market.

There is a delay between the Pricing Date and the Final Redemption Date of any Commodity-linked Linked Notes, or the Settlement Date of any Certificates

There will be a period of five Commodity Business Days between the date on which the Settlement Price is determined for the purposes of calculating the Final Redemption Amount in respect of a Commodity Index-linked Note, or the Cash Settlement Amount in respect of a Certificate, and the day on which such Final Redemption Amount or Cash Settlement Amount is paid by the Issuer to the Holder of such Commodity-linked Note or Certificate. Accordingly, such Holder will have no right to benefit from the positive performance of the relevant commodity index or indices in the period from and including such Pricing Date to such payment date.

Market disruption event and disrupted day

In the case of Commodity-linked Instruments, if the Calculation Agent determines that a market disruption event has occurred or exists on the Pricing Date, any consequential postponement of the Pricing Date or any alternative provisions for valuation provided in any Instruments may have an adverse effect on the value of such Instruments.

Leverage will magnify the effect of changes in the referenced commodity index or indices

Commodity-linked Instruments may reference an index which, within its terms, leverages the performance of the relevant underlying commodity or commodities by applying a multiplier to an underlying unleveraged index which linearly tracks the performance of the relevant underlying commodity or commodities (the "**Benchmark Index**"). In such case, the effect of changes in the level or price of the commodity index or indices to which such Commodity-linked Instruments will be increased, increasing the risk that an investor will lose some or all of its investment.

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 Prospectus Regulation.

Macquarie Bank Annual reports

The 2012 annual report and 2013 annual report of Macquarie Bank, which include the audited annual financial statements of Macquarie Bank and Macquarie Bank consolidated with its controlled entities for the financial years ended 31 March 2012 and 2013, and the auditor's report in respect of such financial statements, shall be deemed to be incorporated by reference into, and to form part of, this Base Prospectus.

The financial report of Macquarie Bank and Macquarie Bank consolidated with its subsidiaries for the financial years ended 31 March 2012 and 2013 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 the Independent Audit Report, can be located in the 2013 annual report (and in the case of the financial year ended 31 March 2012, also in the 2012 annual report) on the following pages:

	2013 Annual Report	2012 Annual Report
Income Statements	41	42
Statements of Comprehensive Income	42	43
Statements of Financial Position	43	44-45
Statements of Changes in Equity	44-45	46-47
Statements of Cash Flows	46-47	48-49
Notes to the Financial Statements	48-151	50-153
Directors' Declaration	152	154
Independent Audit Report	153	155

Interim Directors' Report and Financial Report for the half-year ended 30 September 2013

The Interim Directors' Report and 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 2012, 31 March 2013 and 30 September 2013 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 2012, 31 March 2013 and 30 September 2013 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 2013 Interim Directors' Report and Financial Report on the following pages:

2013 Interim Directors' Report and Financial Report

Consolidated Income Statement (<i>Income Statement</i>)	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position (<i>Balance Sheet</i>)	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows (<i>Cash Flow Statement</i>)	8
Notes to the Consolidated Financial Statements	9-38
Directors' Declaration	39
Independent Auditor's Review Report	40

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 Prospectus Regulation.

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 Paying Agents or Certificate Agents (save that the Issue Terms relating to an unlisted Instruments will only be provided to a holder of such Instruments and such holder must produce evidence satisfactory to the relevant Paying Agent or Certificate Agent as to the identity of such holder). Requests for such documents should be directed to the specified office of the Principal Paying Agent or Principal Certificate Agent in London or the Paying Agent or Certificate 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 the internet site www.macquarie.com.au.

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.

GENERAL DESCRIPTION OF THE PROGRAMME

The following description of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by (in the case of Certificates only) the Summary and (in the case of Notes and Certificates) the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Instruments, the applicable Issue Terms.

The Issuer and any Dealer (if any) may agree that Instruments shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Instruments.

This description constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Prospectus Regulation.

Words or expressions defined or used in the Terms and Conditions of the Notes (the "**Note Conditions**") or in the Terms and Conditions of the Certificates (the "**Certificate Conditions**"), (together, the "**Base Conditions**"), as the case may be, shall, unless the contrary intention appears, have the same meaning in this description.

Programme Parties

Issuer: Macquarie Bank Limited (ABN 46 008 583 542) ("**Macquarie Bank**"), 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, acting through its London Branch

Macquarie Bank is a global provider of banking, financial, advisory, investment and funds management services. Macquarie Bank is a client driven business which generates income by providing a diversified range of services to clients. Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.

Description: Commodity-linked Note and Certificate Programme.

Principal Paying Agent: Deutsche Bank AG, London Branch

Principal Certificate Agent: Deutsche Bank AG, London Branch

Calculation Agent: Macquarie Bank Limited, London Branch

Dealer: Macquarie Bank International Limited

Luxembourg Paying Agent: Deutsche Bank Luxembourg S.A.

Luxembourg Certificate Agent: Deutsche Bank Luxembourg S.A.

Transfer Agent: Deutsche Bank Luxembourg S.A.

Registrar: Deutsche Bank Luxembourg S.A.

No trustee or other organisation has been appointed to represent investors in Instruments issued under the Programme.

Notes

Issue Price: The Issuer may issue Notes at any issue price which is at par or a discount to, or a premium over, par as specified in the relevant Issue Terms or (in other cases) as agreed between the Issuer and the Dealer (if applicable).

Terms of Notes: Notes may be denominated in Sterling, Euro or U.S. Dollars with any maturity, subject to compliance with all applicable legal and/or

regulatory restrictions.

Notes may bear interest at one or more fixed or floating rates, or may not bear interest.

Notes may redeem at a fixed redemption amount or at a redemption amount that is linked to the performance of one or more commodity indices.

Unless otherwise specified in the applicable Issue Terms (for instance, that the relevant Notes will be redeemable at the option of the Issuer and/or the Noteholders), such Notes may not be redeemed prior to their stated maturity other than in the following circumstances: (i) in specified instalments (if specified in the applicable Issue Terms), (ii) for taxation reasons (if stated in the applicable Issue Terms), (iii) following an Event of Default and acceleration of the Notes or (iv) if as a result of a change in law or regulation or a judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, the Issuer's obligations under the Notes or any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited.

Issue Terms:

Notes may be issued under the Programme on terms set out in a document that constitutes Final Terms for the purposes of Article 5.4 of the Prospectus Directive ("**Final Terms**").

Notes may also be issued on terms set out in a pricing supplement, series prospectus or similar document relating to the Notes, incorporating by reference the whole or any part of this Base Prospectus, which does not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive (an "**Alternative Drawdown Document**").

The Final Terms or Alternative Drawdown Document issued by the Issuer in relation to any Notes constitutes the "**Issue Terms**" with respect to such Notes.

Form of Notes:

The Notes of each Series will be issued in bearer form (such Notes being "**Bearer Notes**") or in registered form (such Notes being "**Registered Notes**") as specified in the applicable Issue Terms.

Bearer Notes may not be exchanged for Registered Notes and vice versa.

Definitive Bearer Notes (other than Zero Coupon Notes) will be issued with Coupons attached.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person (other than

Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Global Registered Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Settlement of Notes:

Settlement of Notes shall be by way of cash payment.

Denomination of the Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the Dealer (if any) and as indicated in the applicable Issue Terms, save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Events of Default:

The terms of the Notes contain, among others, events of default covering non-payment or non-delivery and relating to the insolvency of the Issuer (as described in Note Condition 11).

Taxation:

If the applicable Issue Terms specify that taxation gross-up is applicable, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Tax Jurisdiction as provided in Note Condition 9 unless any such deduction is required by law. In the event that any such deduction is required by law, payment will be made after such amounts have been deducted and the Issuer will, subject to certain limitations and exceptions, pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the deduction shall equal the respective amounts which would have been receivable in the absence of such deduction.

If the applicable Issue Terms specify that taxation gross-up is not applicable, all payments in respect of the Notes will be made subject to withholding taxes imposed by the Tax Jurisdiction as provided in Note Condition 9 and the Issuer will not be obliged to gross up any payments in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding, deduction or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding, deduction or other payment which may be required to be made, paid, withheld or deducted. The Issuer may, but is under no obligation to, take steps to mitigate the burden of such tax, duty or withholding applied to the Notes (as deemed appropriate by the Issuer in its sole discretion).

Certificates

Issue Price:

The Issuer may issue Certificates at such price as shall be determined by the Issuer and specified in the applicable Issue Terms (if any) or (in other cases) as agreed between Issuer and the Dealer (if applicable).

Terms of Certificates:

Certificates may be linked to one or more commodity indices on such terms and as may be determined by the Issuer and specified

in the applicable Issue Terms. Certificates may be denominated in Sterling, Euro or U.S. Dollars with any term, subject to compliance with all applicable legal and/or regulatory restrictions.

Issue Terms: Certificates may be issued under the Programme on terms set out in a document that constitutes Final Terms for the purposes of Article 5.4 of the Prospectus Directive ("**Final Terms**").

Certificates may also be issued on terms set out in a pricing supplement, series prospectus or similar document relating to the Certificates, incorporating by reference the whole or any part of this Base Prospectus, which does not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive (an "**Alternative Drawdown Document**").

The Final Terms or Alternative Drawdown Document issued by the Issuer in relation to any Certificates constitutes the "**Issue Terms**" with respect to such Certificates.

Form of Certificates: Certificates will be issued in uncertificated registered form. Each issue of Certificates will be constituted and represented by a Global Registered Certificate executed as a deed poll in favour of the holders of those Certificates from time to time and which will be issued and deposited with a common depository on behalf of Clearstream, Luxembourg and Euroclear on the date of issue of the relevant Certificates. Definitive Certificates 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 Certificates (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Certificates 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 Certificate Agents as the holder of such amount of Certificates for all purposes.

Certificates will be issued outside the United States in reliance on Regulation S.

Settlement of Certificates: Settlement of Certificates shall be by way of cash payment.

Minimum Purchase Amount: The terms and conditions of the Certificates require an investor to subscribe a number of Certificates at least equal to the Minimum Purchase Amount specified in the applicable Issue Terms (which shall be subject to a minimum of EUR 100,000).

Minimum Trading Amount: The terms and conditions of the Certificates only allow an investor to trade, in any single transaction, a number of Certificates at least equal to the Minimum Trading Amount specified in the applicable Issue Terms (which shall be subject to a minimum of EUR 100,000).

Exercise of Certificates: Certificates will be automatically exercised on the Expiration Date if they are "In-The-Money" at that time.

Issuer Call or Put: The applicable Issue Terms will specify if the expiration date Certificates can be accelerated as a result of an Issuer Call and/or a Holder Put.

Expenses and Taxation: A holder of a Certificate must 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 the Certificate.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding, deduction or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate and all payments made by the Issuer shall be made subject to any such tax, duty, withholding, deduction or other payment which may be required to be made, paid, withheld or deducted.

Commodity-linked Instruments

Amounts payable in respect of Commodity-linked Instruments will be calculated by reference to a single commodity index or a basket of commodity indices.

If certain disruption events occur with respect to valuation of a commodity index reference by any Commodity-linked Instruments, such valuation may be postponed and/or may be made by the Calculation Agent. Commodity-linked Instruments linked to a commodity index may be subject to adjustment if such commodity index is modified or cancelled and there is no successor acceptable to the Calculation Agent or if the index Sponsor fails to calculate and announce the index.

General

Currencies:	U.S. Dollars, Sterling or Euro.
Status of the Instruments:	The Instruments will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> and without prejudice among themselves. Claims against the Issuer in respect of Instruments rank at least equally with the claims of its unsecured and unsubordinated creditors (except creditors mandatorily preferred by law).
Governing Law:	The Instruments and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, the laws of England.
Approval, listing and admission to trading:	<p>Application has been made by the Issuer to the CSSF as competent authority under and in accordance with Prospectus Act 2005 to approve this document as a base prospectus. Application will also be made to the Luxembourg Stock Exchange for Instruments issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>The applicable Issue Terms will state whether or not the relevant Instruments are to be admitted to trading and/or listed and, if so, on which stock exchange(s) and/or multilateral trading facility(ies) and/or markets.</p> <p>Unlisted Instruments may also be issued as shall be specified in the applicable Issue Terms.</p> <p><i>No assurance can be given that such listing can be obtained and/or maintained.</i></p>
Clearing Systems:	Euroclear, Clearstream, Luxembourg and any other clearing system as may be specified in the applicable Issue Terms.
Selling and Transfer Restrictions:	The offering, sale, delivery and transfer of Instruments and the distribution of this Base Prospectus and other materials in relation to any Instruments are subject to restrictions including, in particular,

restrictions in Australia, the United States of America, the European Economic Area and the United Kingdom. See "*Subscription and Sale*" on pages 104 to 106, inclusive, of this Base Prospectus.

In addition, the Instruments may be subject to certain restrictions on re-sales and transfers in the sections headed "*Important Notices*" on pages iii to vi, inclusive, of this Base Prospectus.

Risk Factors:

There are certain factors which may affect the ability of the Issuer and its subsidiaries (together, the "**Banking Group**") to fulfil its obligations under Instruments issued under the Programme. Investors should note that the risks relating to a particular issue of Instruments include risks relating to the Issuer, the Banking Group and the Macquarie Group, the market generally (such as economic and political events, liquidity risk and exchange rate and interest rate risks), general risks relating to the Instruments (such as redemption provisions, reinvestment risk and modification and substitution of conditions) and other legal and investment considerations. Investors should be aware that there may also be structural risks inherent in particular Instruments, including with respect to Commodity-linked Instruments, risks relating to unsecured obligations, market disruption, settlement disruption, expenses and taxation, no claim in respect of any underlying commodity, modification, meetings, hedging and potential conflicts of interest, illegality and cancellation, optional redemption (in the case of Notes), minimum denomination (in the case of Notes), factors affecting the value and trading price of Certificates, time lag after exercise (in the case of Certificates), minimum exercise amount (in the case of Certificates) and limitations on exercise. See "*Risk Factors*" on pages 9 to 25 inclusive of this Base Prospectus.

In addition, there are certain factors which are relevant for the purpose of assessing market risks associated with the Instruments issued under the Programme and the credit risks associated with the Issuer. These are also included under "*Risk Factors*" on pages 9 to 25 of this Base Prospectus and include the fact that the Instruments may not be a suitable investment for all investors, certain risks relating to the structure of a particular issue of Instruments and certain market and credit risks.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN HOW THE AMOUNT PAYABLE AND/OR DELIVERABLE ON THE INSTRUMENTS AND ANY PERIODIC INTEREST (IN THE CASE OF NOTES) ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY INSTRUMENTS.

FORM OF INSTRUMENTS

Form of the Notes

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Notes will be issued outside the United States in reliance on Regulation S.

Bearer Notes

Where TEFRA D is specified in the applicable Issue Terms, each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or, if TEFRA D is not so specified in the applicable Issue Terms, a permanent global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**").

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Issue Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Issue Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes.

The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) without any requirement for certification.

The applicable Issue Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depository for Euroclear and Clearstream, Luxembourg, as the case may be, on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note).

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or such other clearing system as may be specified in the applicable Issue Terms, as applicable.

Registered Notes

The Registered Notes of each Tranche will be offered and sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form (a "**Global Registered Note**"). Beneficial interests in a Global Registered Note may not be offered or sold to, or for the account or benefit of, a U.S. person and such Global Registered Note will bear a legend regarding such restrictions on transfer.

Global Registered Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Persons holding beneficial interests in Global Registered Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Bearer Notes in fully registered form.

The Global Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Global Registered Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.5) as the registered holder of the Global Registered Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Registered Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Notes in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Registered Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Global Registered Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Registered Note. No beneficial

owner of an interest in a Global Registered Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "Subscription and Sale" and "Notice to Purchasers and Transfer Restrictions".**

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of any applicable period that by law or regulation would require such Notes not to be fungible.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Issue Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 11 April 2014 and executed by the Issuer.

The Issuer may agree with the Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Form of the Certificates

The Certificates of each Series will be in registered form. The Certificates will be represented by a global certificate (the "**Global Registered Certificate**") which will be deposited with a Common Depositary.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions applicable to the Notes issued under the Programme. Such Terms and Conditions as completed by, in the case of Commodity-linked Notes only, the Additional Terms and Conditions for Commodity-linked Instruments set out in the Annex to these Terms and Conditions, and Part A of the applicable Issue Terms, or subject to completion, amendment and/or variation in accordance with the relevant section of an Alternative Drawdown Document, as the case may be, shall be applicable to the Notes.

Either (i) the full text of these Terms and Conditions together with the Additional Terms and Conditions for Commodity-linked Instruments (if applicable) and the relevant provisions of Part A of the applicable Issue Terms or the relevant section of an Alternative Drawdown Document, as the case may be, or (ii) these Terms and Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on any Bearer Note or on any Certificate relating to a Registered Note.

In respect of the Notes, "Issue Terms" means the applicable "Final Terms" for the purposes of Article 5.4 of the Prospectus Directive completed by the Issuer which specifies the issue details of the Notes or, in all other cases, the applicable terms and conditions set out in the "Alternative Drawdown Document" which may include a pricing supplement, a prospectus relating to the Notes or other similar document incorporating by reference the whole or any part of these Terms and Conditions and the Additional Conditions set out in the Annex to these Terms and Conditions (if applicable). References in the Conditions to Notes are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Instruments may be issued pursuant to the Programme (as defined below) which are described in the applicable Alternative Drawdown Document as being "Certificates", notwithstanding that such Instruments are issued on the basis of these Terms and Conditions. For the purposes thereof, references in these Terms and Conditions to a "Note" or "Notes" shall be read and construed as references to a "Certificate" or "Certificates", respectively.

Capitalised terms used but not otherwise defined in these Terms and Conditions shall have the meaning given to them in the applicable Additional Terms and Conditions or the applicable Issue Terms, as the case may be.

This Note is one of a Series (as defined below) of notes (the "**Notes**") issued by Macquarie Bank Limited, London Branch (the "**Issuer**") pursuant to and in accordance with the Agency Agreement (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any Notes in bearer form ("**Bearer Notes**"), whether Definitive Bearer Notes (issued in exchange for a Global Note) or Notes represented by a Global Note in bearer form ("**Bearer Global Notes**"); and
- (d) any Notes in registered form ("**Registered Notes**"), whether Definitive Bearer Notes or Notes represented by a Global Note in registered form ("**Global Registered Notes**").

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement dated 11 April 2014 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and entered into between, *inter alia*, the Issuer, Deutsche Bank AG, London Branch in its capacity as the principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor to Deutsche Bank AG, London in its capacity as such), Deutsche Bank Luxembourg S.A. as the paying agent in Luxembourg (the "**Luxembourg Paying Agent**", which expression shall include any successor to Deutsche Bank AG, London in its capacity as such) and any other Agents named therein.

The expression "**Agents**" shall include the Principal Paying Agent and any transfer agent ("**Transfer Agent**"), and any registrar ("**Registrar**") and any other paying agents subsequently appointed (together

with the Principal Paying Agent and the Luxembourg Paying Agent, the "**Paying Agents**"), successors thereto in such capacity and any additional or substitute agents appointed to the Programme from time to time. Macquarie Bank Limited, London Branch shall undertake the duties of calculation agent (the "**Calculation Agent**") in respect of the Notes.

Interest bearing Definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Issue Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to "Coupons" or "coupons" shall, unless the context otherwise requires, be deemed to include a reference to "Talons" or "talons". Definitive Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

With respect to the Notes of any Series, "**Conditions**" means these Terms and Conditions as modified and supplemented by any Additional Terms and Conditions and further subject to completion and amendment, and as completed by the applicable Issue Terms, provided that where such Notes are issued by way of Final Terms pursuant to the Prospectus Directive, the Conditions may not be amended, supplemented or varied by the provisions of the Final Terms.

References to a particularly numbered master Condition shall be construed as a reference to the master Condition so numbered in the master Conditions. Any reference to "**Noteholders**" or "**Holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 11 April 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent. Copies of the applicable Issue Terms are available for viewing at the specified office of the Issuer and each Paying Agent and copies may be obtained from those specified offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Issue Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Deed of Covenant and the applicable Issue Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Issue Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Issue Terms, the applicable Issue Terms will prevail.

1. **Form, denomination and title**

The Notes are in bearer form or in registered form as specified in the applicable Issue Terms and, in the case of Definitive Bearer Notes, serially numbered, in the Specified Currency and the Specified Denomination(s).

Notes will be issued in such denominations as may be agreed between the Issuer and the Dealer (if any) and as indicated in the applicable Issue Terms, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or

equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note will be EUR100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency, determined using the market exchange rate as at the Issue Date).

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing depending on the Interest Basis specified in the applicable Issue Terms.

This Note may be an Instalment Note, a Commodity Index-linked Note or a combination of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Issue Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes 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 any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Global Registered Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Issue Terms or as may otherwise be approved by the Issuer, and the Principal Paying Agent.

2. Transfers of Registered Notes

2.1 *Transfers of interests in Global Registered Notes*

Transfers of beneficial interests in Global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Registered Note only in the authorised denominations set out in the applicable Issue Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 ***Transfers of Registered Notes in definitive form***

Subject as provided in Conditions 2.5 and 2.6 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Issue Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe. Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

2.3 ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 ***Costs of registration***

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 ***Closed periods***

No Noteholder may require the transfer of a Registered Note to be registered (a) during the period of 15 days ending on the due date for redemption of that Note, (b) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 8.4 or (c) after any such Note has been drawn for redemption in whole or in part.

2.6 ***Exchanges and transfers of Registered Notes generally***

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Global Registered Note of the same type at any time. Holders of Bearer Notes cannot exchange their Notes for Registered Notes and vice versa.

2.7 ***Definitions***

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

"**CEA**" means the United States Commodity Exchange Act of 1936, as amended.

"**Dealer**" means Macquarie Bank International Limited;

"**Regulation S**" means Regulation S under the Securities Act;

"**Global Registered Note**" means a Global Registered Note representing Notes sold outside the United States in reliance on Regulation S; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

3. Status of the Notes

The Notes and any related Receipts and Coupons are direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank equally among themselves. Claims against the Issuer in respect of Notes, Receipts and Coupons rank at least equally with the claims of its unsecured and unsubordinated creditors (except creditors mandatorily preferred by law).

4. Redenomination

Where redenomination is specified in the applicable Issue Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders on giving prior notice to the Principal Paying Agent, Registrar (if applicable), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (A) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed, the Paying Agents and the Registrar of such deemed amendments;
- (B) save to the extent that an Exchange Notice has been given in accordance with paragraph (D) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (C) if Definitive Bearer Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the case of Notes in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (D) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (E) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (F) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
- (1) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (2) in the case of Definitive Bearer Notes, by applying the Rate of Interest to the Calculation Amount,
- and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;
- (G) if the Notes are Floating Rate Notes, the applicable Issue Terms will specify any relevant changes to the provisions relating to interest; and
- (H) such other changes shall be made to this condition as the Issuer may decide, after consultation with the Paying Agents, and as may be specified in the notice, to conform it to conventions applicable to instruments denominated in euro.

5. Definitions

For the purposes of these Terms and Conditions, the following the following expressions have the following meanings:

"Accrual Yield" if applicable, has the meaning specified in the applicable Issue Terms:

"Calculation Amount" means, in respect of a Note, the amount in the Specified Currency specified the applicable Issue Terms.

"Commodity-linked Note" means a Note for which the Redemption/Payment Basis specified in the applicable Issue Terms is "Commodity-linked Note".

"Commodity Business Day" has the meaning given to it in Additional Condition 1.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with Condition 6:

- (A) if **"Actual/Actual (ICMA)"** is specified in the applicable Issue Terms:
- (1) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; or
 - (2) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (a) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (B) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (C) if "**Actual/365 (Fixed)**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 365;
- (D) if "**Actual/365 (Sterling)**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (E) if "**Actual/360**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 360;
- (F) if "**30/360 (ICMA)**" is specified in the applicable Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (G) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (H) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; or

- (I) if "30E/360 (ISDA)" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**Established Rate**" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**euro**" means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on the European Union (signed in Maastricht on 7 February 1992);

"**Index Level**" has the meaning given to it in Additional Condition 1.

"**Initial Price**", in relation to each Commodity-linked Note on the Initial Pricing Date, means:

- (A) in the case of Commodity-linked Notes relating to a single Commodity Index, the Index Level in respect of such Commodity Index and the Initial Pricing Date; or

- (B) in the case of Commodity-linked Notes relating to a Basket of Commodity Indices, an amount equal to the sum of the Index Level in respect of each Commodity Index comprised in the Basket of Commodity Indices on the Initial Pricing Date multiplied by the applicable Weighting.

"Initial Pricing Date" means the day specified as such in the applicable Issue Terms or, if such day is not a Commodity Business Day, the next following Commodity Business Day.

"Pricing Date" means the day that falls five Commodity Business Days prior to the Maturity Date, provided that, in the case of a Cessation of Calculation of Commodity Index as described in Additional Condition 4.3, the Pricing Date shall be the Commodity Business Day falling immediately prior to the effective cancellation of the Commodity Index.

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

"Reference Banks" means those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

"Reference Rate" means: (i) the Sterling London interbank offered rate ("**GBP LIBOR**"); (ii) the U.S. dollar London interbank offered rate ("**USD LIBOR**"); (iii) the Swiss Franc London Interbank offered rate ("CHF LIBOR") or the Eurozone interbank offered rate ("**EURIBOR**") for the designated maturity as specified in the relevant applicable Issue Terms.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service on which the Reference Rate may be published (if Screen Rate Determination applies) as may be specified in the applicable Issue Terms and any successor thereto.

"Settlement Price", in relation to each Note on a Pricing Date, means:

- (A) in the case of Commodity-linked Notes relating to a single Commodity Index, the Index Level in respect of such Commodity Index and such Pricing Date; or
- (B) in the case of Commodity-linked Notes relating to a Basket of Commodity Indices, the sum of the Index Level in respect of each Index comprised in the Basket of Commodity Indices multiplied by the applicable Weighting.

"Specified Currency" means USD, EUR or GBP, as specified in the applicable Issue Terms.

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

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

"Weighting" means, in respect of each Commodity Index comprised in a Basket of Commodity Indices, the percentage specified in the applicable Issue Terms.

6. Interest

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form except as provided in the applicable Issue Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Issue Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Issue Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

6.2 **Interest on Floating Rate Notes**

(A) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (1) the Specified Interest Payment Date(s) in each year specified in the applicable Issue Terms; or
- (2) if no Specified Interest Payment Date(s) is/are specified in the applicable Issue Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Issue Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) in any case where Specified Periods are specified in accordance with Condition (2) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of II below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (c) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**Business Day**" means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Day Centre specified in the applicable Issue Terms, or, if no Business Day Centre is so specified, in London; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (as defined in the applicable Issue Terms or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

(B) *Rate of Interest in respect of Floating Rate Notes*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in accordance with "ISDA Determination" or "Screen Rate Determination", as specified in the applicable Issue Terms.

(1) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Issue Terms) the Margin (if any).

For the purposes of this sub paragraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (a) the Floating Rate Option is as specified in the applicable Issue Terms;
- (b) the Designated Maturity is a period specified in the applicable Issue Terms; and
- (c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate for the Specified Currency (being GBP, EUR, or USD) ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Issue Terms.

For the purposes of this sub-paragraph (1), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Issue Terms, the Minimum Rate of Interest shall be deemed to be zero.

(2) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (a) the offered quotation (where "Offered Quotation" is specified as applicable in the applicable Issue Terms); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations (where "Arithmetic Mean" is specified as applicable in the applicable Issue Terms),

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Issue Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph:

- (A) if the Relevant Screen Page is not available or, if in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Screen Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Screen Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations, as calculated by the Agent; and
- (B) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Screen Rate for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Screen Time on the relevant Interest Determination Date, for deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate by leading banks in the relevant inter-bank market or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Screen Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the relevant inter-bank market, provided that, if the Screen Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Screen Rate shall be determined as at the

last preceding Interest Determination Date for the last preceding Interest Period.

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Issue Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Issue Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent in the case of Floating Rate Notes will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (1) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (2) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

(E) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph (E), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(F) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this

Condition 6.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall [(in the absence of wilful default, bad faith, manifest error or proven error)] be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (A) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (B) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 15.

7. **Payments**

7.1 **Method of payment**

In respect of Bearer Notes only, subject as provided below:

- (A) payments in a Specified Currency other than euro or U.S. dollars will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;
- (B) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (C) payments in U.S. dollars will be made by transfer to a U.S. dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 7, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States.

7.2 **Payments subject to any fiscal or other laws and regulations**

All payments in respect of the Notes, Receipts and Coupons will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives but without prejudice to the provisions of Condition 9 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of Condition 9 (*Taxation*)).

7.3 **Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of

interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Commodity-linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Commodity-linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

7.4 *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note (by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, and such record shall be prima facie evidence that the payment in question has been made, and such payment will discharge the obligations of the Issuer.

7.5 **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment may instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.6 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments or make a claim with respect to payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such

Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (A) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.7 **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until (i) if "Following" is specified in the applicable Issue Terms, the next following Payment Day or (ii), if "Modified Following" is specified in the applicable Issue Terms, the next following Payment Day unless that Payment Day falls in the next calendar month, in which case the first preceding Payment Day, in the relevant place and shall not be entitled to further interest or other payment in respect of such delay or amendment. For these purposes, "**Payment Day**" means any day which (subject to Condition 10) is:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (1) (in the case of Notes held in definitive form only) the relevant place of presentation; and
 - (2) each Financial Centre specified in the applicable Issue Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open and commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Frankfurt.

7.8 **Interpretation of principal and interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (A) any additional amounts which may be payable with respect to principal under Condition 9;
- (B) the Final Redemption Amount of the Notes;
- (C) the Early Redemption Amount of the Notes;
- (D) the Optional Redemption Amount(s) (if any) of the Notes;
- (E) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (F) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.6(C)); and

- (G) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

7.9 **Definition of Affiliate**

"Affiliate" means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

8. **Redemption and purchase**

8.1 **Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount, which shall be an amount in the Specified Currency specified in the applicable Issue Terms, provided that the Final Redemption Amount in respect of a Commodity Index-linked Note will be determined in accordance with Condition 8.2.

8.2 **Redemption of Commodity-linked Notes**

The Final Redemption Amount in respect of a Commodity Index-linked Note shall be calculated by the Calculation Agent in accordance with the following formula, subject to a minimum of zero:

Final Redemption Amount = Calculation Amount (1 + Index Performance) × Multiplier; where:

"Index Performance" means the performance of the Index over the term of the Commodity-linked Note, as determined by the Calculation Agent in accordance with the following formula:

$$\text{Index Performance} = \frac{\text{Settlement Price}}{\text{Initial Price}} - 1$$

"Multiplier" means an integral factor that may be applied in determining the Final Redemption Amount in respect of a Commodity Index-linked Note, which shall be one unless otherwise specified in the applicable Issue Terms.

"Initial Price" and **"Settlement Price"** have the meanings given to them in Condition 5.

The Final Redemption Amount will be rounded to the nearest two decimal places in the relevant Specified Currency, 0.005 being rounded upwards.

8.3 **Redemption for Tax Reasons**

If tax gross-up under Condition 9.1 is stated as being applicable in the applicable Issue Terms, the Issuer may redeem the Notes, in whole, but not in part, at any time or on any Interest Payment Date (if applicable) at their Early Redemption Amount, together, if appropriate, with accrued interest to (but excluding) the date fixed for redemption, if:

- (A) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8.1 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9.1) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by an authorised officer/person of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and confirming that the Issuer has received an opinion from independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 8.3 will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Notice of intention to redeem Notes will be given at least once in accordance with Condition 15 not less than 30 days nor more than 60 days prior to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such additional amounts remains in effect and cannot be avoided by the Issuer's taking reasonable measures available to it. From and after any redemption date, if monies for the redemption of Notes shall have been made available for redemption on such redemption date, such Notes shall cease to bear interest, if applicable, and the only right of the holders of such Notes and any Receipts or Coupons appertaining thereto shall be to receive payment of the Early Redemption Amount and, if appropriate, all unpaid interest accrued to such redemption date.

8.4 *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Issue Terms, the Issuer may, having given:

- (A) not less than 1 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (B) not less than 15 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Issue Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount in each case as may be specified in the applicable Issue Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Bearer Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by Definitive Bearer Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 1 day prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

8.5 *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Issue Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 1 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Issue Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 8.5 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Issue Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear and/or Clearstream, Luxembourg to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 8.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.5 and instead to declare such Note forthwith due and payable pursuant to Condition 11.

8.6 **Early Redemption Amounts**

The Early Redemption Amount shall be calculated as follows:

- (A) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (B) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Issue Terms or, if no such amount or manner is so specified in the applicable Issue Terms, at its nominal amount; or
- (C) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} + \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price (as specified in the applicable Issue Terms); and

"**AY**" means the Accrual Yield (as defined in Condition 5) expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

If "**Market Value less Associated Costs**" is specified as the Early Redemption Amount in the applicable Issue Terms the Early Redemption Amount in respect of each nominal amount of Notes equal to the Calculation Amount shall be an amount, determined by the Calculation Agent on the [second] Business Day immediately preceding the due date for the early redemption of the Notes, which represents the fair market value of such Notes (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and provided that no account shall be taken of the financial condition or creditworthiness of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.

As used herein:

"Associated Costs" means an amount per nominal amount of the Notes equal to the Calculation Amount equal to such Notes' *pro rata* share of the total amount of any and all costs associated or incurred by the Issuer or any Affiliate in connection with such early redemption, including, without limitation, any costs associated with unwinding any funding or other financing relating to the Notes and any costs associated with unwinding or reinstating any hedge positions relating to the Notes, all as determined by the Calculation Agent in its sole discretion.

8.7 ***Instalments***

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.6 above.

8.8 ***Illegality***

In the event that the Issuer determines in good faith that the performance of the Issuer's obligations under the Notes or that any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 1 nor more than 30 days' notice to Noteholders in accordance with Condition 15 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.9 ***Force Majeure and Impossibility***

If, after giving effect to any applicable fallback provision or remedy specified in these Conditions or the Additional Terms and Conditions, the Issuer is prevented from performing or hedging its obligations to make a payment in respect of the Notes as a result of any force majeure, act of state, strike, blockade or similar circumstance or, if the Issuer determines in good faith that it has become impossible or impractical for it to perform or hedge such obligations as a result of any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls (including any event which has the effect of hindering, limiting or restricting the exchange of a relevant currency into the Specified Currency), the Issuer having given not less than 1 nor more than 30 days' notice to Noteholders in accordance with Condition 15 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.10 ***Purchases***

The Issuer or any of its Affiliates may, but is not obliged to, at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

8.11 ***Cancellation***

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.9 above

(together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

8.12 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2, 8.3 or 8.4 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.6(C) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (A) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (B) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. **Taxation**

9.1 If tax gross up is stated as being applicable in the applicable Issue Terms, all payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (A) presented for payment in the Tax Jurisdiction; or
- (B) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (C) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.7); or
- (D) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (E) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (F) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note, Receipt or Coupon is presented for payment; or
- (G) in such other circumstances as may be specified in the applicable Issue Terms.

As used herein:

- (1) **"Tax Jurisdiction"** means the United Kingdom; and

- (2) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

9.2 If tax gross up is stated as being not applicable in the applicable Issue Terms, all amounts payable in respect of the Notes, Receipts and Coupons shall be made subject to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature which may be required to be withheld or deducted, and the Issuer will not be obliged to gross up or otherwise pay any additional amount in respect of any payments in respect of the Notes, Receipts or Coupons and shall not be liable for or otherwise obliged to pay any tax, duty, withholding, deduction or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note, Receipt or Coupon and all payments made by or on behalf of the Issuer shall be made subject to any such tax, duty, withholding, deduction or other payment which may be required to be made, paid, withheld or deducted. The Issuer may, but is under no obligation to, take steps to mitigate the burden of such tax, duty, withholding or deduction applying to the Notes, Receipts or Coupons (as deemed appropriate by the Issuer in its sole discretion).

10. **Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined below) therefor.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. **Events of Default**

If any of the events specified below (each an "**Event of Default**") occur, then by notice to the Issuer at the specified office of the Principal Paying Agent, effective upon receipt of such notice by the Principal Paying Agent, (1) in the case of the Event of Default specified in paragraphs (A) or (C) any holder of Notes may declare that all the Notes held by that Noteholder are immediately due and repayable, or (2) in the case of (B), holders of not less than 25 per cent. of the principal amount of Notes of a Series outstanding may declare that all the Notes of that Series are immediately due and repayable. The Events of Default in respect of the Notes are:

- (A) **Non-payment** the Issuer fails to pay any principal or any interest in respect of the, in each case within 30 days of the relevant due date; or
- (B) **Other obligations** the Issuer defaults in performance or observance of or compliance with any of its other obligations set out in the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 60 Business Days after notice requiring such default to be remedied shall have been given to the Issuer by a Noteholder; or
- (C) **winding-up** an order is made for the winding-up of the Issuer or a resolution is passed for the winding-up of the Issuer other than for the purposes of a solvent reconstruction or amalgamation and such order shall have remained in force undischarged and unstayed for a period of 30 days.

Upon any such notice being given to the Issuer, such Notes shall immediately become due and payable at their Early Redemption Amount, Provided that, it shall not be an Event of Default under (a) above if the Issuer fails to pay such amount (i) in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction, (ii) as a result of any act or omission of the relevant clearing system, (iii) as a result of any Noteholder failing to comply with its obligations

in respect of the Notes (including, without limitation, to pay any applicable expenses or taxes) or (iv) by reason of force majeure.

12. **Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and/or the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. **Paying Agents and Calculation Agent**

13.1 ***Paying Agents***

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (A) there will at all times be a Principal Paying Agent and, if the Notes are Registered Notes, a Registrar;
- (B) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (C) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13.2 ***Calculation Agent***

In relation to each issue of Notes, the Calculation Agent (whether it be Macquarie Bank or another entity) 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 Noteholders, Receiptholders or Couponholders. All calculations and determinations made in respect of the Notes by the Calculation Agent shall be in its sole and absolute discretion, in good faith, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Paying Agents and the Noteholders, Receiptholders or Couponholders. The Calculation Agent shall promptly notify the Issuer and the Principal Paying Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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

14. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. **Notices**

All notices regarding the Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing.

Until such time as any Definitive Bearer Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

If the Notes are listed on the Luxembourg Stock Exchange, notices shall be published on the Luxembourg Stock Exchange's internet site www.bourse.lu and, in addition, for 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 will be deemed to have been given on the date of the first publication.

16. **Meetings of noteholders, modification and waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by the Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the Rate of Interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons present and holding or representing not less than two-thirds in nominal amount of the

Notes for the time being outstanding, or at any adjourned such meeting one or more persons present and holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders. Resolutions can be passed in writing if passed unanimously.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (A) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (B) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law, rules or regulations.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17. **Further issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

If the Issuer issues further Notes of the same Series during the initial 40-day restricted period applicable to the outstanding Notes of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering of such further issue of Notes and the Issue Date of such further issue of Notes. In addition, if the Issuer issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated with and form a single Series with the outstanding Notes.

18. **Consolidation or merger**

The Issuer may consolidate with, or sell or convey all or substantially all of its assets to, or merge with or into any other company provided that in any such case, (i) either the Issuer shall be the continuing company, or the successor company shall expressly assume the due and punctual payment of all amounts (including additional amounts as provided in Condition 8) payable with respect to the Notes, Receipts and Coupons, according to their tenor, and the due and punctual performance and observance of all of the obligations under the Conditions to be performed by the Issuer by an amendment to the Agency Agreement executed by, *inter alios*, such successor company and the Principal Paying Agent, and (ii) immediately after giving effect to such transaction, no Event of Default under Condition 11, and no event which, with notice or lapse of time or both, would become such an Event of Default shall have happened and be continuing. In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor company, such successor company shall succeed to and be substituted for the Issuer, with the same effect as if it had been named herein as the Issuer, and the Issuer, except in the event of a conveyance by way of lease, shall be relieved of any further obligations under the Conditions and the Agency Agreement.

19. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. **Substitution of the Issuer**

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

- (A) the Issuer unconditionally and irrevocably guaranteeing in favour of each Noteholders the performance of all obligations by the Substitute under the Notes;
- (B) all actions, conditions and things required to be taken, fulfilled and done to ensure that the Notes 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 Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (D) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes 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 Notes; and
- (F) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 15.

21. **Governing law and submission to jurisdiction**

21.1 **Governing law**

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons shall be governed by, and construed in accordance with, English law.

21.2 **Submission to jurisdiction**

In relation to any legal action or proceedings arising out of or in connection with the Notes, Receipts or Coupons ("**Proceedings**"), the courts of England have non-exclusive jurisdiction and the Issuer and the Noteholders, Receiptholders and Couponholders submit to the non-exclusive jurisdiction of the English courts. The Issuer and the Noteholders, Receiptholders and Couponholders waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum.

FORM OF FINAL TERMS OF THE NOTES

Pro Forma Final Terms for an issue of Notes by Macquarie Bank Limited, London Branch under the Programme for the issue of Commodity-linked Notes and Certificates

Date: []

Series No.: []

MACQUARIE BANK LIMITED, LONDON BRANCH

(ABN 46 008 583 542)

**Issue of [Issue Size] [Title of Notes]
under the Macquarie Bank Limited
Commodity-linked Note and Certificate Programme**

PART A – CONTRACTUAL TERMS

The Notes issued by the Issuer will be subject to the Terms and Conditions and also to the following terms (the “**Final Terms**”) in relation to the Notes.

Terms used herein shall be deemed to be defined as such for the purposes of the Note Conditions (as may be amended and/or supplemented up to, and including, [insert Issue Date of first Tranche]) set forth in the Base Prospectus dated 11 April 2014 [and the Prospectus Supplement[s] dated [] [and []] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Base Prospectus”). For the purpose of these Final Terms, references to Final Terms in the Base Prospectus shall be read and construed as references to Final Terms in respect of the Notes. This document constitutes the applicable Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at www.bourse.lu [[and] during normal business hours at [address] [and copies may be obtained from [address].

1. (i) Series Number: []
(ii) Tranche Number: []
[(If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible.) []]
2. Specified Currency: [USD/EUR/GBP]
3. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
5. Specified Denominations: [Specify currency and amount] (Condition 1). *Where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€299,000]. No Notes in definitive form will be issued with a

denomination above [€299,000]."]

6. Calculation Amount: [USD/EUR/GBP] []
- (If only one Specified Denomination, insert the Specified Denomination)*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date [and Interest []
Commencement Date]:
- [(ii)] [Interest Commencement Date (if []
different from the Issue Date):
8. Maturity Date: [Fixed Rate Note - specify date/ Floating Rate Note - Interest Payment Date falling on or nearest to [specify month]] [(the "**Scheduled Maturity Date**")]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, each Note will be redeemed on the Maturity Date at the Final Redemption Amount as specified in paragraph 18.]
- [The Notes are Instalment Notes. Subject to any purchase and cancellation or early redemption, each Note will be redeemed on each Instalment Date by payment of the applicable Instalment Amount, as specified in paragraph 25.]
- [The Notes are Commodity-linked Notes. Subject to any purchase and cancellation or early redemption, each Note will be redeemed on the Maturity Date at the Final Redemption Amount, which will be determined in accordance with the Commodity-linked Note provisions specified in paragraph 19.]
11. Put/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
12. Tax gross-up obligation of the Issuer: [Applicable/Not Applicable]

Provisions relating to interest (if any) payable

13. Fixed Rate Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]

- (iii) Fixed Coupon Amount(s): per Calculation Amount
- (iv) Broken Amount(s): per Calculation Amount payable on the Interest Payment Date falling on /Not Applicable]
- (v) Day Count Fraction: Actual/Actual (ICMA)
Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360 (ICMA)
30/360
30E/360
30E/360 (ISDA)
- (vi) Determination Date(s): in each year
- [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)]
- (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
14. Floating Rate Notes: Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates:
- (ii) Business Day Convention: Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Business Day Centre(s):
- (Note that if no Business Day Centre is specified herein, the default Business Day location will be London under Condition 6.2(A)).*
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):
- (vi) Screen Rate Determination: Applicable/Not Applicable]
- (a) Offered Quotation: Applicable/Not Applicable]
- (b) Arithmetic Mean: Applicable/Not Applicable]
- (c) Reference Rate: [Not Applicable]
- (Either USD LIBOR, GBP LIBOR or EURIBOR)*
- (d) Interest Determination [Not Applicable]

	Date(s):	<i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>
	(e) Relevant Screen Page:	<input type="checkbox"/> [Not Applicable]
(vii)	ISDA Determination:	
	(a) Floating Rate Option:	<input type="checkbox"/> [Not Applicable]
	(b) Designated Maturity:	<input type="checkbox"/> [Not Applicable]
	(c) Reset Date:	<input type="checkbox"/> [Not Applicable]
(viii)	Margin(s):	[+/-] <input type="checkbox"/> per cent. per annum
(ix)	Minimum Rate of Interest:	<input type="checkbox"/> per cent. per annum
(x)	Maximum Rate of Interest:	<input type="checkbox"/> per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ICMA) 30/360 Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 (ICMA) 30/360 30E/360 30E/360 (ISDA)]
15.	Zero Coupon Notes:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	Accrual Yield:	<input type="checkbox"/> per cent. per annum
	Reference Price:	<input type="checkbox"/>
	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 8.6(C) (<i>Early Redemption Amounts</i>) and 8.12 (<i>Late payment on Zero Coupon Notes</i>) apply]

Provisions relating to redemption

16.	Issuer Call:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	<input type="checkbox"/>
(ii)	Optional Redemption Amount(s) of each Note:	<input type="checkbox"/> per Calculation Amount
(iii)	If redeemable in part:	

- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
17. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount of each Note: [] per Calculation Amount
18. Final Redemption Amount of each Note: [] per Calculation Amount/As determined in accordance with Condition 8.2]
19. Commodity-linked Note provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Commodity Index/Indices: [] *(N.B. No proprietary index may be specified)*
- (ii) Price Source: [] [Bloomberg page []] [Reuters Page []] [website of Index Sponsor]
- (iii) Exchange: []
- (iv) Initial Pricing Date: []
- (v) Multiplier: []
- (vi) Commodity Index Cut-off Date: []
- (vii) Common Pricing: [Applicable] [Not Applicable] *(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket of Commodity Indices)*
- (viii) Weighting: The weighting to be applied to each item comprising the Basket is [] *(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
20. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on an event of default or on an illegality: [/Market Value less Associated Costs] per Calculation Amount

General provisions applicable to the Notes

21. Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]]

[Registered Notes: Global Registered Certificate

22. Payment Day: [Following/Modified Following]

23. Financial Centre(s): [] [Not Applicable]

24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]

25. Details relating to Instalment Notes: [Applicable] [Not Applicable]

Instalment Date

Instalment Amount

[] [] per Calculation Amount]

[] [] per Calculation Amount]

26. Redenomination applicable: Redenomination [not] applicable

PART B – OTHER INFORMATION

Listing and admission to trading

Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's regulated market] and listed on the Official List of the Luxembourg Stock Exchange.] [The Notes will not be listed.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)

Estimate of total expenses related to admission to trading: [give details]

Interests of natural and legal persons involved in the issue

[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"[Save for any fees payable to the Dealer,]so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer"]

(If no conflicts have been disclosed, delete entire section)

Reasons for the offer, estimated net proceeds and total expenses

[Reasons for offer: []
(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)

Estimated net proceeds: []

Estimated total expenses: []

Yield (Fixed Rate Notes only)

Indication of yield: []

Operational information

ISIN Code: []

Common Code: []

Clearing System(s): [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]

[other]

U.S. Selling Restrictions: [TEFRA C/TEFRA D/Not Applicable]

Information about the past and the further performance of the underlying and its volatility

[Need to include details of the underlying, where pricing information about the underlying is available and where past and future performance and volatility of the underlying can be obtained.]

[The information relating to [•] [and [•]] contained herein has been accurately extracted from [insert information source(s) and, so far as the Issuer is aware, no information has been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions applicable to the Certificates issued under the Programme. Such Terms and Conditions, as modified and supplemented by the Additional Terms and Conditions for Commodity-linked Instruments set out in the Annex to these Terms and Conditions and further subject to completion in accordance with the provisions of Part A of the applicable Issue Terms, or to completion, amendment and/or variation in accordance with the relevant section of an Alternative Drawdown Document, as the case may be, shall be applicable to the Certificates.

Either (i) the full text of these Terms and Conditions together with the Additional Terms and Conditions for Commodity-linked Instruments and the relevant provisions of Part A of the applicable Issue Terms or the relevant section of an Alternative Drawdown Document, as the case may be, or (ii) these Terms and Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on any Certificate. In respect of the Certificates, "Issue Terms" means the applicable "Final Terms" for the purposes of Article 5.4 of the Prospectus Directive completed by the Issuer which specifies the issue details of the Certificates or, in all other cases, the applicable terms and conditions set out in the "Alternative Drawdown Document" which may include a pricing supplement, a prospectus relating to the Certificates or other similar document incorporating by reference the whole or any part of these Terms and Conditions and the Additional Conditions set out in the Annex to these Terms and Conditions. References in the Conditions to Certificates are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme.

The following are the Terms and Conditions of the Certificates which will be incorporated by reference into each Global Registered Certificate (as defined below).

The Additional Terms and Conditions contained in the Annex to these terms and conditions will apply to the Certificates.

Capitalised terms used but not otherwise defined in these Terms and Conditions shall have the meaning given to them in the applicable Additional Terms and Conditions or the applicable Issue Terms, as the case may be.

The Certificates of each Series (as defined below) (the "**Certificates**") shall be constituted by a Global Registered Certificate (as defined below) and issued by Macquarie Bank Limited, London Branch (the "**Issuer**").

The Certificates are issued pursuant to an agency agreement dated 11 April 2014 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and entered into between the Issuer, Deutsche Bank AG, London Branch as a principal certificate agent (the "**Principal Certificate Agent**", which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such) and Deutsche Bank Luxembourg S.A. as the certificate agent in Luxembourg (the "**Luxembourg Certificate Agent**", which expression shall include any successor to Deutsche Bank Luxembourg S.A. in its capacity as such) and the other agents named therein (together with the Principal Certificate Agent and the Luxembourg Certificate Agent, the "**Agents**").

Macquarie Bank Limited, London Branch shall undertake the duties of calculation agent (the "**Calculation Agent**") in respect of the Certificates.

As used herein, "**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, and/or Issue Prices.

The Certificates will be represented by a global registered certificate (the "**Global Registered Certificate**"). No Certificates in definitive form will be issued. Each Global Registered Certificate will be deposited with a common depository (a "**Common Depository**") for, and registered in the name of, a common nominee of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**").

With respect to the Certificates of any Series, "**Conditions**" means these Terms and Conditions as modified and supplemented by the Additional Terms and Conditions for Commodity-linked Instruments, as

completed by the applicable Issue Terms, provided that where such Certificates are issued by way of Final Terms pursuant to the Prospectus Directive, the Conditions may not be amended, supplemented or varied by the provisions of the Final Terms.

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

Words and expressions defined in the Agency Agreement or used in the applicable Issue Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Issue Terms, the applicable Issue Terms shall prevail. In the case of any inconsistency between the applicable Issue Terms and the Conditions, the applicable Issue Terms shall prevail.

The Certificateholders are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the Certificates) and the applicable Issue Terms, which are binding on them. The Certificateholders are further entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 11 April 2014 and made by the Issuer.

1. **Type, title and transfer**

1.1 **Type**

The Certificates issued under the Programme shall be commodity-linked certificates. Certificates will be automatically exercised on the Expiration Date.

1.2 **Title to Certificates**

The Certificates will be in registered form. In the case of Certificates represented by a Global Registered Certificate held through Clearstream, Luxembourg and/or Euroclear, subject as set forth in Condition 1.3 below:

- (A) with respect to the payment of any amount due under the terms and conditions of the Certificates, the person in whose name the Global Registered Certificate is registered; and
- (B) each person who is for the time being shown in the records of Clearstream, Luxembourg and/or of Euroclear as the holder of a particular amount of Certificates (in which regard any certificate or other document issued by Clearstream, Luxembourg and/or Euroclear as to the amount of Certificates 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 Agents as the holder of such amount of Certificates for all purposes.

1.3 **Purchase of Certificates**

The number of Certificates which may be purchased by a proposed investor must be equal to the Minimum Purchase Amount and any integral multiple thereof.

"Minimum Purchase Amount" means the minimum number of Certificates that may be sold to an investor as specified in the applicable Issue Terms, subject to a minimum of EUR100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, determined using the market exchange rate as at the Issue Date).

1.4 **Transfers of Certificates**

All transactions (including permitted transfers of Certificates) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg, Euroclear, in the case of Certificates represented by a Global Registered Certificate held through Clearstream, Luxembourg, Euroclear, subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or 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 Certificates may not be effected after the exercise or termination of such Certificates pursuant to

Condition 4.1.

Any reference herein to Euroclear or Clearstream, Luxembourg 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 Certificate Agent from time to time and notified to the Certificateholders in accordance with Condition 9.

Subject as stated above, transfers or exchanges of Certificates may only be made in accordance with the following provisions:

(A) *Transfers of interests in a Global Registered Certificate*

Transfers or exchanges of Certificates represented by a Global Registered Certificate to or for Certificates represented by the same or another Global Registered Certificate may be made only upon certification (substantially in the form of Transfer Certificate from time to time available from any Agent in the form from time to time available from any Agent) (a "**Transfer Certificate**") to the Principal Certificate Agent by the transferor (or, with respect to an exchange, the holder) thereof that such transfer or exchange, as the case may be, is being made to a non-U.S. person in an off-shore transaction pursuant to Regulation S in accordance with any applicable rules and regulations of the Principal Certificate Agent, Euroclear or Clearstream, Luxembourg, as the case may be.

(B) *Transfer procedure*

On the transfer or exchange date Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will instruct the Principal Certificate Agent to instruct Clearstream, Luxembourg and/or Euroclear, as the case may be, to credit the relevant account of the Clearstream, Luxembourg and/or Euroclear participant.

(C) *Minimum Trading Amount*

The number of Certificates which may be transferred by a Certificateholder in a single transaction must be equal to the Minimum Trading Amount and any integral multiple thereof.

"Minimum Trading Amount" means, the minimum number of Certificates that may be traded in a single transaction as specified in the applicable Issue Terms, subject to a minimum of EUR100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, determined using the market exchange rate as at the Issue Date).

2. **Status of the Certificates**

The Certificates are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. Claims against the Issuer in respect of Certificates 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 the following expressions have the following meanings:

"Business Day" means a day which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Day Centre specified in the applicable Issue Terms, or, if no Business Day Centre is so specified, in London and (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

"Call Option Date" means the date specified as such in the applicable Call Notice.

"Cash Settlement Amount" means the amount to which the Certificateholder is entitled in the Specified Currency in relation to each such Certificate, as determined by the Calculation Agent pursuant to Condition 4.

"Commodity Business Day" has the meaning given to it in Additional Condition 1.

"Exercise Business Day" means a day that is a Business Day.

"Expiration Date" means the date specified as such in the applicable Issue Terms, subject to acceleration by the Issuer in accordance with Condition 4.3, and acceleration by a Holder in accordance with Condition 4.4.

"Initial Price", in relation to each Certificate on the Initial Pricing Date, means:

- (A) in the case of Certificates relating to a single Commodity Index, the Index Level in respect of such Commodity Index and the Initial Pricing Date; or
- (B) in the case of Certificates relating to a Basket of Commodity Indices, the sum of the Index Level in respect of each Commodity Index comprised in the Basket of Commodity Indices on the Initial Pricing Date multiplied by the applicable Weighting.

"Index Level" has the meaning given to it in Additional Condition 1.

"Initial Pricing Date" means the Trade Date or such other day as may be specified as such in the applicable Issue Terms or, if such day is not a Commodity Business Day, the next following Commodity Business Day.

"Pricing Date" means the Expiration Date or, if such day is not a Commodity Business Day, the next following Commodity Business Day, provided that, in the case of a Cessation of Calculation of Commodity Index as described in Additional Condition 4.3, the Pricing Date shall be the Commodity Business Day falling immediately prior to the effective cancellation of the Commodity Index.

"Put Option Date" means the date specified as such in the applicable Put Notice.

"Settlement Date" means the fifth Business Day following the Pricing Date provided that if the Certificates are Certificates relating to a Basket of Commodity Indices and a Market Disruption Event (as set out in the applicable Additional Terms and Conditions) has resulted in a Pricing Date for one or more Commodity Indices being adjusted as set out in the definition of "Pricing Date" above, the Settlement Date shall be the fifth Business Day next following the last occurring Pricing Date in relation to any Commodity Index.

"Settlement Price", in relation to each Certificate on a Pricing Date, means:

- (A) in the case of Certificates relating to a single Commodity Index, the Index Level in respect of such Commodity Index and such Pricing Date; or
- (B) in the case of Certificates relating to a Basket of Commodity Indices, the sum of the Index Level in respect of each Index comprised in the Basket of Commodity Indices multiplied by the applicable Weighting.

"Specified Currency" means USD, EUR or GBP, as specified in the applicable Issue Terms.

"Weighting" means, in respect of each Commodity Index comprised in a Basket of Commodity Indices, the percentage specified in the applicable Issue Terms.

4. **Exercise and settlement**

4.1 **Exercise of Certificates**

Certificates will be automatically exercised by the Principal Certificate Agent on behalf of the Holders on the Expiration Date. The expression "exercise", "due exercise" and related expressions shall be construed to apply to any Certificates in accordance with this provision.

4.2 **Settlement of Certificates**

Each Certificate in respect of an Expiration Date entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount which shall be calculated by the Calculation Agent in accordance with the following formula, subject to a minimum of zero:

Cash Settlement Amount = Settlement Price × [\$/€/£]1 × Multiplier; where:

"Multiplier" means a factor that may be applied in determining the Cash Settlement Amount in respect of a Certificate, which shall be one unless otherwise specified in the applicable Issue Terms.

"Settlement Price" has the meaning given to it in Condition 3.

"[\$/€/£]1" means one unit of the Specified Currency.

The Cash Settlement Amount will be rounded to the nearest two decimal places in the Specified Currency, 0.005 being rounded upwards, with Certificates exercised at the same time by the same Certificateholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Certificates.

If, in the determination 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 Certificateholder's account at Clearstream, Luxembourg or Euroclear 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 Certificateholder's account as soon as reasonably practically after the original Settlement Date. The Issuer will not be liable to the Certificateholder for any interest in respect of the amount due or any loss or damage that such Certificateholder may suffer as a result of the existence of the Settlement Disruption Event.

For the purposes hereof **"Settlement Disruption Event"** means, in the determination 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).

4.3 **Issuer call option**

If "Issuer Call Option" is specified as applicable in the applicable Issue Terms, the Issuer may elect that all (but not some only) of the Certificates will be automatically exercised on the Call Option Date (as defined below).

In order to exercise the right to bring forward the Expiration Date of a Certificate the Issuer must deliver a notice of exercise (a **"Call Notice"**) to the Holders of the Certificates in accordance with Condition 9 not less than 1 nor more than 30 days' notice (or such other Issuer Call Option Notice Period as may be specified in the applicable Issue Terms) prior to the applicable Call Option Date.

4.4 **Holder Put option**

If "Holder Put Option" is specified as applicable in the applicable Issue Terms, a Holder may elect to bring forward the Expiration Date for his Certificates to the Put Option Date (as defined below).

In order to exercise the right to bring forward the Expiration Date of a Certificate the Holder must deliver to the Issuer in accordance with Condition 9 a duly completed notice of exercise (a **"Put Notice"**), in the form set out in the Agency Agreement, not less than 1 nor more than 30 days' notice (or such other Holder Put Option Notice Period as may be specified in the applicable Issue Terms) prior to the applicable Put Option Date.

Copies of the Put Notice are available at the specified offices of the Agents. Once delivered a Put Notice shall be irrevocable and the Certificates the subject of such notice may not be transferred.

4.5 **General**

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

All references in this Condition to "**Luxembourg or Brussels time**" shall, where Certificates 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.

5. **Settlement**

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Certificate to the Certificateholder's account with Clearstream, Luxembourg or Euroclear, as applicable, in accordance with the rules of Clearstream, Luxembourg or Euroclear,

in each case, for value on the Settlement Date. In the case of paragraph (B) above, the Issuer shall be discharged by payment to, or to the order of, Clearstream, Luxembourg or Euroclear, as applicable, in respect of the amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as applicable, as the holder of an amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as applicable, for his share of each such payment so made to, or to the order of, Clearstream, Luxembourg or Euroclear, as applicable.

6. **Events of Default and early cancellation**

6.1 ***Events of Default on Insolvency***

If an order is made for the winding-up of the Issuer or a resolution is passed for the winding-up of the Issuer other than for the purposes of a solvent reconstruction or amalgamation and such order shall have remained in force undischarged and unstayed for a period of 30 days, then any Certificateholder may, by written notice declare the Certificates immediately due and payable at the Early Cancellation Amount.

6.2 ***Illegality***

In the event that the Issuer determines that the performance of the Issuer's obligations under the Certificates or that any arrangements made to hedge the Issuer's obligations under the Certificates has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 1 nor more than 30 days' notice to Certificateholders in accordance with Condition 9, (which notice shall be irrevocable), may, on the expiry of such notice cancel all, but not some only, of the Certificates at the Early Cancellation Amount. 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.

6.3 ***Force Majeure and Impossibility***

If, after giving effect to any applicable fallback provision or remedy specified in these Conditions, the Additional Terms and Conditions or the applicable Issue Terms, as the case may be, the Issuer is prevented from performing or hedging its obligations to make a payment in respect of the Certificates as a result of any force majeure, act of state, strike, blockade or similar circumstance or, if the Issuer determines in good faith that it has become impossible or impractical for it to perform or hedge such obligations as a result of any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls (including any event which has the effect of hindering, limiting or restricting the exchange of a relevant currency into the Specified Currency), the Issuer having given not less than 1 nor more than 30 days' notice to Certificateholders in accordance with Condition 9 (which notice shall be irrevocable), may, on expiry of such notice cancel all, but not some only, of the Certificates at the Early Cancellation Amount (for the avoidance of doubt, less Associated Cost).

6.4 ***Early Cancellation Amount***

The "**Early Cancellation Amount**" in respect of a Certificate shall be an amount equal to the fair market value of such Certificate (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and provided that in the case of an early cancellation pursuant to Condition 6.1, no account shall be taken of the financial condition or creditworthiness of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the

Certificate. Payment will be made in such manner as shall be notified to the Certificateholders in accordance with Condition 9.

As used herein:

"Associated Costs" means, in respect of a Certificate, an amount equal to such Certificate's *pro rata* share of the total amount of any and all costs associated or incurred by the Issuer or any Affiliate in connection with such early cancellation, including, without limitation, any costs associated with unwinding any funding or other financing relating to the Certificates and any costs associated with unwinding or reinstating any hedge positions relating to the Certificates, all as determined by the Calculation Agent in its sole discretion.

7. **Purchases**

The Issuer or any of its Affiliates may, but is not obliged to, at any time purchase Certificates at any price in the open market or otherwise. Any Certificates so purchased may be held, reissued, resold or, at the option of the Issuer, surrendered to any Agent for cancellation.

"Affiliate" means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

8. **Agents, determinations and modifications**

8.1 **Agents**

The specified offices of the Agents are as set out at the end of this Base Prospectus.

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint further or additional Agents, provided that no termination of appointment of the Principal Certificate Agent shall become effective until a replacement Principal Certificate Agent shall have been appointed and provided that, so long as any of the Certificates are listed on a stock exchange, there shall be an 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 Agent will be given to Certificateholders in accordance with Condition 9, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes. In acting under the Agency Agreement, each 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 Certificateholders and any determinations and calculations made in respect of the Certificates by any Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders.

The Agency Agreement may be amended by the parties thereto, but without the consent of the Certificateholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Certificateholders.

8.2 **Calculation Agent**

In relation to each issue of Certificates, 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 Certificateholders. All calculations and determinations made in respect of the Certificates by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders. The Calculation Agent shall promptly notify the Issuer and the Principal Certificate Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Agents or the Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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

8.3 **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 Certificateholders.

8.4 **Modifications**

The Issuer may modify these Terms and Conditions and/or the Agency Agreement without the consent of the Certificateholders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Certificateholders or such modification is of a formal, minor or technical nature or is made to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein or to comply with mandatory provisions of law, rule or regulations. Any such modification shall be binding on the Certificateholder. Notice of any such modification will be given to the Certificateholders in accordance with Condition 9, provided that failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

The Agency Agreement contains provisions for convening meetings of the Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Certificates or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by the Certificateholders holding not less than 10 per cent. (by number) of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present and holding or representing a clear majority (by number) of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons present whatever the number of the Certificates so held or represented by them, except that at any meeting the business of which includes the modification of certain provisions of the Conditions of the Certificates (including modifying any Expiration Date, reducing or cancelling the Cash Settlement Amount or altering the Specified Currency), the quorum shall be one or more persons present and holding or representing not less than two-thirds (by number) of the Certificates of the time being outstanding, or at any adjourned such meeting one or more persons present and holding or representing not less than one-third (by number) of the Certificates for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Certificateholders shall be binding on all Certificateholders, whether or not they are present at the meeting. For the purposes of the provisions for convening meetings of the Certificateholders, any Certificates which are for the time being held by or for the benefit of the Issuer or any of its Affiliates shall (unless and until ceasing to be so held) be deemed not to remain outstanding. Resolutions can be passed in writing if passed unanimously.

9. **Notices**

All notices to Certificateholders shall be valid if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the holders of the Certificates on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

If the Certificates are listed on the Luxembourg Stock Exchange, notices shall be published on the Luxembourg Stock Exchange's internet site www.bourse.lu and, in addition, for 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 will be deemed to have been given on the date of the first publication.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Certificate Agent. Such notice may be given by any Certificateholder to the Principal Certificate Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Certificate Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

10. **Expenses and taxation**

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 Certificates. All payments made by the Issuer in respect of the Certificates shall be made subject to (i) any applicable fiscal or other laws, regulations and directives, and (ii) any tax, duty, withholding,

deduction or other payment which may be required to be made, paid, withheld or deducted, which, for the avoidance of doubt, includes any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. The Issuer shall not be obliged to gross up or otherwise pay any additional amounts in respect of any payments in respect of the Certificates. The Issuer may, but is under no obligation to, take steps to mitigate the burden of such tax, duty, withholding or deduction applying to the Certificates (as deemed appropriate by the Issuer in its sole discretion).

11. **Further issues**

The Issuer shall be at liberty from time to time without the consent of Certificateholders to create and issue further Certificates having terms and conditions the same or substantially the same as the Certificates and so that the same shall be consolidated and form a single Series with the outstanding.

12. **Substitution of the Issuer**

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

- (A) the Issuer unconditionally and irrevocably guaranteeing in favour of each Certificateholder the performance of all obligations by the Substitute under the Certificates;
- (B) all actions, conditions and things required to be taken, fulfilled and done to ensure that the Certificates 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 Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (D) each stock exchange on which the Certificates are listed shall have confirmed that, following the proposed substitution of the Substitute, the Certificates 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 Certificates; and
- (F) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 9.

13. **Governing law and jurisdiction**

13.1 **Governing law**

The Certificates, the Global Registered Certificate and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Certificates, the Global Registered Certificate and the Agency Agreement shall be governed by, and construed in accordance with, English law.

13.2 **Submission to jurisdiction**

In relation to any legal action or proceedings arising out of or in connection with the Certificates ("**Proceedings**"), the courts of England have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Certificates (including a dispute relating to any non-contractual obligations arising out of or in connection with the Certificates) and the Issuer and the Certificateholders submit to the non-exclusive jurisdiction of the English courts. The Issuer and the Certificateholders waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum.

14. Adjustments for European monetary union

The Issuer may, without the consent of the Certificateholders, on giving notice to the Certificateholders in accordance with Condition 9:

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

The election will have effect as follows:

- (1) where the Specified Currency of the Certificates is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Specified Currency shall be deemed to be an amount of euro converted from the original Specified 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 cash payments in respect of the Certificates will be made solely in euro as though references to the Specified Currency were to euro;
 - (2) 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
 - (3) 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
- (B) require that the Calculation Agent make such adjustments to the Multiplier and/or the Index Level and/or any other terms of these Terms and Conditions and/or the Issue 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 Index Level and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Agents shall be liable to any Certificateholder 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 Certificateholders pursuant to this Condition 14 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 1091(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.

15. **Contracts (Rights of Third Parties) Act 1999**

The Certificates 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 Certificates 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 OF THE CERTIFICATES

Pro Forma Final Terms for an issue of Certificates by Macquarie Bank Limited, London Branch under the Programme for the issue of Commodity-linked Notes and Certificates

Date: []

Series No.: []

MACQUARIE BANK LIMITED, LONDON BRANCH

(ABN 46 008 583 542)

Issue of [*Issue size*] [*Title of Certificates*] under the Macquarie Bank Limited Commodity-linked Note and Certificate Programme

PART A – CONTRACTUAL TERMS

The Certificates issued by the Issuer will be subject to the Terms and Conditions and also to the following terms (the “**Final Terms**”) in relation to the Certificates.

Terms used herein shall be deemed to be defined as such for the purposes of the Certificate Conditions (as may be amended and/or supplemented up to, and including, [*insert Issue Date of first Tranche*]) set forth in the Base Prospectus dated 11 April 2014 [and the Prospectus Supplement[s] dated [] [and []]] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Base Prospectus”). For the purpose of these Final Terms, references to Final Terms in the Base Prospectus shall be read and construed as references to Final Terms in respect of the Certificates. This document constitutes the applicable Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these applicable Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at www.bourse.lu [[and] during normal business hours at [*address*] [and copies may be obtained from [*address*].

1. Series Number: []
Tranche Number: []
[(If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible.) []
2. Issue Date: []
3. Expiration Date: [], provided that, if such date is not an Exercise Business Day, the Expiration Date shall be the immediately [preceding/succeeding] Exercise Business Day.
4. Aggregate Number of Certificates being issued:
 - (i) Series: []
 - (ii) Tranche: []
5. Issue Price: []
6. Business Day Centre(s): []
7. Specified Currency: [USD/EUR/GBP]

8. Issuer Call Option: [Applicable/Not Applicable]
 [If Applicable:
 - Issuer Call Option Notice Period: [As per Condition 4.3/ Not less [] and not more than [] Business Days prior to the Call Option Date.]
9. Holder Put Option: [Applicable/Not Applicable]
 [If Applicable:
 - Holder Put Option Notice Period: [As per Condition 4.4/ Not less [] and not more than [] Business Days prior to the Put Option Date.]
10. Commodity Index/Indices: [] (*N.B. No proprietary index may be specified*)
11. Price Source: [] [Bloomberg page []] [Reuters Page []] [*website of Index Sponsor*]
12. Exchange: []
13. Initial Pricing Date: []
14. Commodity Index Cut-off Date: []
15. Multiplier: []
16. Common Pricing: [Applicable] [Not Applicable] (*N.B. Only applicable in relation to Commodity Linked Certificates relating to a Basket of Commodity Indices*)
17. Weighting: The weighting to be applied to each item comprising the Basket is [] (*N.B. Only applicable in relation to Commodity Linked Certificates relating to a Basket*)

PART B – OTHER INFORMATION

Listing and admission to trading

Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on [the Luxembourg Stock Exchange's regulated market] and listed on the Official List of the Luxembourg Stock Exchange.] [The Certificates will not be listed.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)

Estimate of total expenses related to admission to trading: [give details]

Interests of natural and legal persons involved in the issue

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"[Save for any fees payable to the Dealer,] so far as the Issuer is aware, no person involved in the issue of the Certificates has an interest material to the offer"

(If no conflicts have been disclosed, delete entire section)

Reasons for the offer, estimated net proceeds and total expenses

[Reasons for offer: []
(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)

Estimated net proceeds: []

Estimated total expenses: []

Operational information

ISIN Code: []

Common Code: []

Clearing System(s): [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]

[other]

Minimum Purchase Amount: []

Minimum Trading Amount: []

Information about the past and the further performance of the underlying and its volatility

[Need to include details of [the/each] commodity index, where pricing information about [the/each] commodity index is available, the relevant weighting of each commodity index within a [basket of commodity indices/commodity indices] and where past and future performance and volatility of [the commodity index/basket of commodity indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the

circumstances when the risks are most evident.]

[The information relating to [] [and []] contained herein has been accurately extracted from [insert information source(s) and, so far as the Issuer is aware, no information has been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

ANNEX TO THE TERMS AND CONDITIONS: ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED INSTRUMENTS

The terms and conditions applicable to Commodity-linked Notes shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Commodity-linked Instruments set out below (the "**Commodity-linked Conditions**"). The terms and conditions applicable to Certificates shall comprise the terms and conditions of the Certificates (the "**Certificate Conditions**", and together with the Note Conditions, the "**Base Conditions**") and the Commodity-linked Conditions, in each case subject to completion in the applicable Issue Terms. In the event of any inconsistency between the Base Conditions and the Commodity-linked Conditions, the Commodity-linked Conditions shall prevail. In the event of any inconsistency between (a) the Base Conditions and/or the Commodity-linked Conditions and (b) the applicable Issue Terms, the applicable Issue Terms shall prevail. References in the Commodity-linked Conditions to (i) "Instrument" and "Instruments" shall be deemed to be references to "Note" and "Notes" or "Certificate" and "Certificates" as the context requires and (ii) "Holder" or "Holders" and "Instrumentholder" or "Instrumentholders" shall be deemed to be references to a holder or the holders, as the case may be, of relevant Instruments. Capitalised terms used but not otherwise defined in these Commodity-linked Conditions shall have the meaning given to them in the Base Conditions or the applicable Issue Terms, as the case may be.

1. Definitions applicable to Commodity-linked Instruments

"Basket of Commodity Indices" means, in relation to a particular Instrument, a basket composed of Commodity Indices in the relative proportions specified in the applicable Issue Terms.

"Calculation Agent Determination" means that the Calculation Agent will determine the Index Level, taking into consideration the latest available quotation for the relevant Index Level and any other information that in good faith it deems relevant.

"Commodity Business Day" means in respect of a Commodity Index:

- (i) for each Index Level which is a price announced or published by an Exchange, a day that is (or would have been, but for the occurrence of a Market Disruption Event) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and
- (ii) for each Index Level which is not a price announced or published by an Exchange, a day in respect of which the Price Source publishes (or would have published, but for the occurrence of a Market Disruption Event) the Index Level.

"Commodity Index Cut-off Date" means, in respect of the Initial Pricing Date or a Pricing Date (or, if different, the day on which the price for that Initial Pricing Date or Pricing Date would, in the ordinary course, be determined), the date specified in the applicable Issue Terms, or if not so specified, the day falling two Business Days immediately preceding the relevant Payment Date or Settlement Date, as applicable of the amount calculated in respect of such Initial Pricing Date or Pricing Date (or other date as aforesaid).

"Commodity Index" means, subject to adjustment in accordance with the Commodity-linked Conditions, an index comprising various commodities or commodity prices, as specified in the applicable Issue Terms.

"Exchange(s)" means the exchange or principal trading market specified in the applicable Issue Terms.

"Index Level" means for the Initial Pricing Date or any Pricing Date, the official closing value of the Commodity Index in respect of such Pricing Date, as specified on the Price Source, subject to the occurrence of a Market Disruption Event.

"Index Sponsor" means 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 Commodity Index on a regular basis

"Market Disruption Event" means the occurrence of any of the following events, with respect to a Commodity Index:

- (A) a temporary or permanent failure by the applicable Exchange or other Price Source to announce or publish (x) the Index Level or (y) the closing price for any futures contract included in the Commodity Index (a "**Futures Underlier**");
- (B) a material limitation, suspension or disruption of trading in one or more Futures Underlier which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues;
- (C) the closing price for any Futures Underlier is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules; or
- (D) trading on the applicable trading facility for a Futures Underlier is suspended or interrupted prior to the time at which the regular session is scheduled to close, and trading does not resume at least 10 minutes prior to the scheduled closing time.

"**Price Source**" means the publication (or such other origin of reference) containing (or reporting) the Index Level (or prices from which the Index Level is calculated) specified in the applicable Issue Terms.

2. **Terms relating to Calculation of Prices**

2.1 **Common Pricing**

With respect to Commodity-linked Instruments relating to a Basket of Commodity Indices, if "Common Pricing" is specified in the applicable Issue Terms as:

- (A) "Applicable" then, no date will be a Pricing Date unless such date is a day on which all referenced Index Levels are (or but for the occurrence of a Market Disruption Event would have been) scheduled to be published or announced.
- (B) "Not Applicable" then, a date will be a Pricing Date regardless of whether such date is a day on which all referenced Index Levels are (or but for the occurrence of a Market Disruption Event would have been) scheduled to be published or announced.

- 2.2 For the avoidance of doubt, in case of both (i) and (ii) above if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Commodity Index in a Basket of Commodity Indices (each an "**Affected Commodity**"), the Index Level of each Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the Index Level for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallbacks.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Holders and the Issuer, except in the case of manifest error.

2.3 **Correction to Published Prices**

For purposes of determining or calculating the Index Level, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine an Index Level is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier the day falling two Commodity Business Days preceding the date on which payment of any amount to be calculated by reference to such Index Level is to be made), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

3. **Market Disruption and Disruption Fallback**

If, in the determination of the Calculation Agent, a Market Disruption Event has occurred and is continuing on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be determined), the Index Level for that Pricing Date will be determined by the Calculation Agent using:

- (1) with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event, the closing prices of each such contract on the applicable determination date; and
- (2) with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract.

Subject as provided below, the Calculation Agent shall determine the Index Level by reference to the closing prices determined in (1) and (2) above using the then current method for calculating the Index Level.

Where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on an applicable determination date and continues to exist as of the relevant Commodity Index Cut-off Date for such applicable determination date, Calculation Agent Determination shall apply.

4. **Adjustments to a Commodity Index**

4.1 ***Successor Index Sponsor Calculates and Reports a Commodity Index***

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Issuer, 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 Commodity Index, then in each case that index (the "**Successor Index**") will be deemed to be the Commodity Index.

4.2 ***Modification of Commodity Index***

If on or prior to a Pricing Date the relevant Index Sponsor makes a material change in the formula for or the method of calculating the Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events) (an "**Index Adjustment Event**"), then the Calculation Agent may at its option calculate the Index Level using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event.

4.3 ***Cessation of Calculation of Commodity Index***

If the Index Sponsor permanently cancels the Commodity Index and there is no Successor Index Sponsor or Successor Index, (i) the Notes will redeem on the Maturity Date at the Early Redemption Amount (determined on the basis of Market Value less Associated Costs), or (ii) the Certificates will automatically redeem on the Expiration Date at the Early Cancellation Amount.

4.4 ***Corrections to a Commodity Index***

If the level of the Commodity Index published on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be determined) by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Certificates (a "**Relevant Calculation**") is subsequently corrected and the correction (the "**Corrected Commodity Index Level**") published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Commodity Index Level shall be deemed to be the relevant level for such Commodity Index on such Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be determined) and the Calculation Agent shall use such Corrected Commodity Index Level in determining the relevant level or price.

For the avoidance of doubt, where adjustments are made to a relevant Commodity Index in accordance with 4.1, 4.2 or 4.3 above, no Market Disruption Event will have occurred under paragraph (C) of the definition of "Market Disruption Event" in Commodity-linked Condition 1 above.

5. Index Disclaimer

The Instruments are not sponsored, endorsed, sold, or promoted by the Commodity Index or the Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Commodity Index and/or the levels at which the Commodity Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Commodity Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Instruments. The Issuer shall have no liability to the Instrumentholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment, or maintenance of the Commodity Index. Except as may be disclosed prior to the Issue Date and specified in the relevant Final Terms, none of the Issuer, the Calculation Agent or any of their respective affiliates has any affiliation with or control over the Commodity Index or Index Sponsor or any control over the computation, composition, or dissemination of the Commodity Index. Although the Calculation Agent will obtain information concerning the Commodity Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty, or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates, or the Calculation Agent as to the accuracy, completeness, and timeliness of information concerning the Commodity Index. In addition, no representation or warranty of any type, as to condition, satisfactory quality, performance or fitness for purpose are given, or duty or liability is assumed, by the Issuer, its affiliates, or the Calculation Agent in respect of the Commodity Index or any data included in or omissions from the Commodity Index, or the use of the Commodity Index in connection with the Instruments and all those representations and warranties are excluded, save to the extent that such exclusion is prohibited by law.

MACQUARIE BANK LIMITED

Information about Macquarie Bank Limited

Macquarie Bank Limited ("**Macquarie Bank**") (ABN 46 008 583 542) is headquartered in Sydney, Australia and directly and through its subsidiaries, engages in Australian and international financial services businesses.

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.

Macquarie Bank began in 1969 as the merchant bank Hill Samuel Australia Limited, a wholly owned subsidiary of Hill Samuel & Co Limited, London. Macquarie Bank was incorporated on 26 April 1983 under the Companies Act 1981. Authority for Macquarie Bank to conduct banking business in Australia was received from the Australian Federal Treasurer on 28 February 1985.

Macquarie Bank's ordinary shares were listed on the Australian Securities Exchange operated by ASX Limited ("**ASX**") on 29 July 1996 until the corporate restructuring of the Macquarie Group in November 2007. As part of the restructure, Macquarie Bank became an indirect subsidiary of Macquarie Group Limited (ABN 94 122 169 279) ("**MGL**"), a new ASX listed company comprising a "Banking Group" and a "Non-Banking Group". Macquarie Bank and its subsidiaries comprise the "Banking Group" activities of the Macquarie Group. Macquarie Bank's ultimate parent entity is MGL and Macquarie Bank's immediate parent entity is Macquarie B.H. Pty Ltd (ABN 86 124 071 432). Both MGL and Macquarie B.H. Pty Ltd are incorporated in Australia.

Although Macquarie Bank's ordinary shares are no longer listed on ASX, Macquarie Bank's Macquarie Income Securities continue to be listed on ASX and accordingly, Macquarie Bank remains subject to the disclosure and other requirements of ASX as they apply to ASX Debt Listings.

At 30 September 2013, Macquarie Bank employed 5,828 people and had total assets of A\$138.6 billion and a Harmonised Basel III Tier 1 capital ratio of 12.8 per cent., a Harmonised Basel III Common Equity Tier 1 ratio of 11.8 per cent. and total equity of A\$9.4 billion. For the half year ending 30 September 2013, Macquarie Bank's total operating income was A\$2.6 billion and profit attributable to ordinary equity holders was A\$365 million.

As at 30 September 2013, Macquarie Bank conducted its operations directly and indirectly through 487 subsidiaries organised in over 21 countries.

Macquarie Bank's registered office is Level 3, 25 National Circuit, Forrest, Australian Capital Territory 2603, Australia. Its principal place of business is No. 1 Martin Place, Sydney, New South Wales 2000, Australia. The telephone number of its principal place of business is +61 2 8232 3333.

Organisational Structure

Macquarie Bank comprises five operating groups: Corporate & Asset Finance; Banking & Financial Services; Macquarie Funds (excluding the Macquarie Infrastructure and Real Assets division); Fixed Income, Currencies & Commodities (excluding certain assets of the Credit Trading business and some other less financially significant activities) and Macquarie Securities (excluding the Cash division, and certain activities of the Derivatives division, in certain jurisdictions).

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, Media Relations, 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

Fixed Income, Currencies and Commodities (excluding certain assets of the Credit Trading business and some other less financially significant activities)

Fixed Income, Currencies & Commodities is a client and counterparty driven business, offering risk management services, trading in select physical commodities, financing and access to markets through specialization in fixed income, currency and commodity markets. Fixed Income, Currencies & Commodities' products and services range from exchange traded futures, over-the-counter derivatives and customized risk management solutions, physical supply and purchase agreements, equity and asset investments and other financing arrangements. Clients are typically large producers or consumers of commodities, or those exposed to price movement risks in interest rates, currencies and commodities, or funds and other financial institutions looking to invest in those markets.

Banking and Financial Services

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

Macquarie Funds (excluding the Macquarie Infrastructure and Real Assets division)

Macquarie Funds is Macquarie Bank's funds management business. Macquarie Funds is a full service asset manager, offering a diverse range of capabilities and products including securities investment management and fund and equity-based solutions.

Macquarie Infrastructure and Real Assets division of Macquarie Funds resides in the Non-Banking Group and manages alternative assets, specialising in infrastructure, energy, real estate and agriculture via public and private funds, co-investments, partnerships and separately managed accounts.

Macquarie Securities (excluding the Cash division, and certain activities of the Derivatives division, in certain jurisdictions)

Macquarie Securities activities include retail derivatives and arbitrage trading activities, including sales of retail derivatives, arbitrage trading, equity finance and capital management.

The activities of the cash division of Macquarie Securities include cash equities broking and equity capital markets services.

Effective 1 October 2012, Macquarie Securities transferred its Asian derivatives sales and cash equities sales activities from the Non-Banking Group to the Banking Group.

Corporate and Asset Finance

Corporate & Asset Finance provides innovative and traditional capital, finance and related services to clients operating in selected international markets. Corporate and Asset Finance specializes in corporate debt and asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment.

Principal Markets

Macquarie Bank is a global provider of banking, financial, advisory, investment and funds management services, headquartered in Sydney, Australia.

Macquarie Bank acts on behalf of institutional, corporate and retail clients and counterparties around the world.

Trend Information

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 2013).

Except as described in the section of this Base Prospectus headed "Risk Factors", under the heading "Factors that may affect the Issuer's ability to fulfil its obligations under Instruments issued under the Programme", there are no known trends, uncertainties, demands, commitments or events that are

reasonably likely to have a material effect on Macquarie Bank's prospects for at least the current financial year.

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 2013, Macquarie Bank had 501,561,948 fully paid ordinary shares on issue.

Preference Shares

As at the date of this Base Prospectus, Macquarie Bank also has on issue 4,000,000 non-cumulative preference shares, issued in connection with Macquarie Bank's Macquarie Income Securities and fully-paid to A\$400,000,000 and £42,500,000 unpaid non-cumulative redeemable preference shares, issued in connection with Macquarie Bank's Macquarie Income Preferred Securities.

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 has been subject to lawsuits most of which have lapsed without further action.

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 Futures Exchange and the ACCC.

Macquarie Bank has corporate governance and policy frameworks designed to meet APRA's requirements for ADIs.

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. In its supervision of Macquarie Bank and other ADIs, APRA focuses on capital adequacy, liquidity, market risk, credit risk, operational risk, associations with related entities, large exposures to unrelated entities and funds management and securitization activities. APRA discharges its responsibilities by requiring ADIs to regularly provide it with 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.

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 banker to the Australian Government and, through the Payment Systems Board, supervises the payments system.

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

ASX is Australia's primary securities market. The Macquarie Income Securities and MGL's ordinary shares and Macquarie Group Capital Notes are listed on ASX. Macquarie Bank has 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 we execute through the ASX24 as a market participant in the ASX24. This business is conducted primarily within the Banking 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. 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.

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 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.

Recent developments

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.

In December 2010 the Basel Committee on Banking Supervision announced a revised global regulatory capital framework, known as Basel III. The framework includes higher capital requirements and better quality capital, requirements to ensure loss absorbency at the point of non-viability, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of a liquidity coverage ratio and net stable funding ratio.

Key implications for Macquarie Bank of APRA's implementation of the Basel III framework are more conservative risk-weighting of assets and a stricter capital deduction regime, increased minimum capital ratios, additional capital conservation and countercyclical buffers and a revised definition of eligible capital. However, until final standards are implemented, it is not possible to predict the final impact of the reforms that will be adopted by APRA and, in particular, their impact on the capital structure or businesses of Macquarie Bank.

APRA's final prudential standards on its implementation of the Basel III reforms to the capital framework for counterparty credit risk and other credit exposure came into effect on 1 January 2013. Under these prudential standards, APRA extended its existing capital framework for counterparty credit risk in bilateral transactions to be the sum of the existing counterparty credit default component that applies under its existing prudential standards and a risk capital Credit Value Adjustment ("CVA") risk capital charge. The CVA risk capital charge is intended to cover the risk of mark-to-market losses on the expected counterparty credit risk arising from bilateral OTC derivatives. APRA also adopted Basel III reforms on capital charges for exposure to central counterparties arising from over the counter derivatives, exchange traded derivatives and securities financing transactions. These prudential standards will require Macquarie Bank to hold more capital for its counterparty credit risk exposures and other credit exposures.

The United States Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law in the United States on 21 July 2010. The Act contains a wide range of provisions that will affect financial institutions operating in the United States or trading with US persons, including Macquarie Bank, Macquarie Energy LLC and other Macquarie Group's U.S. and foreign subsidiaries. Included under the Dodd-Frank Act are reforms designed to reduce systemic risk presented by very large financial firms, promote enhanced supervision, regulation and prudential standards for financial firms, establish comprehensive supervision of financial markets, impose new limitations on permissible financial institution activities and investments, expand regulation of the derivatives markets, protect consumers and investors from financial abuse, and provide the US government with the tools needed to manage a financial crisis. Many aspects of the legislation required, or will require, final rulemaking by US federal supervisory agencies for full implementation. The Macquarie Group's businesses are affected by a variety of new regulations under the Dodd-Frank Act primarily in relation to: (i), greater regulation of over-the-counter derivatives, including stricter capital and margin requirements, the centralised execution, and clearing and reporting of standardised over-the-counter derivatives, and heightened supervision and required registration of over-the-counter swap dealers; and (ii) increased regulation of investment advisers.

Effective 1 January 2011, the United Kingdom introduced a new bank levy to apply to all accounting periods ending subsequent to the effective date. In respect of non-UK banking groups operating in the United

Kingdom, the bank levy will apply to the notional consolidated balance sheets of its UK branches, UK entities and their worldwide subsidiaries and branches. The bank levy will be calculated by reference to chargeable equity and liabilities included in the consolidated balance sheet at different rates for short term chargeable liabilities and long term chargeable equity and liabilities. The bank levy is not applicable on the first £20 billion of chargeable equity and liabilities on the consolidated balance sheet. Based on the 31 March 2013 balance sheet position, it is not anticipated that the Banking Group will be impacted by the bank levy on the basis that its chargeable liabilities and equity are expected to be below £20 billion for the full accounting period. The Banking Group will continue to monitor its position on a regular basis.

In addition, there have also been a series of legislative changes and other regulatory releases from regulators in the various jurisdictions in which the Banking Group operates proposing significant regulatory change for financial institutions.

These include:

- further capital reforms for conglomerate banking groups and institutions designated by APRA as domestically important financial institutions;
- recovery and resolution planning requirements;
- the imposition of levies on banking activities;
- greater regulation of derivatives, particularly over-the-counter (OTC) derivatives, including stricter capital and margin requirements, the centralised execution and clearing of standardised OTC derivatives and heightened supervision and required registration of swap dealers and major swap participants;
- increased regulation of investment advisers and the provision of financial advice;
- new laws and regulation relating to data protection and privacy, consumer credit and consumer protection and personal property securities;
- changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration and superannuation, competition legislation and bribery and anti-money laundering laws.

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

The Banking 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 Banking Group is contained in the documents incorporated by reference into this Base Prospectus (see "*Documents incorporated by reference*" on pages 26 to 27 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 Banking Group being under an obligation or entitlement that is material to Macquarie Bank's ability to meet its obligations to holders of Instruments in respect of the Instruments.

Principal investment activity

Since the date of Macquarie Bank's last published audited financial statements (such date being 31 March 2013), 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 Instrumentholders in respect of the Instruments.

Significant change in the Issuer's financial position

There has been no significant change in the financial or trading position of Macquarie Bank since the half-year ended 30 September 2013, being the date as at which the latest unaudited half-year financial statements of Macquarie Bank consolidated with its subsidiaries were made up.

Documents on Display

Copies of the following documents may be inspected on the internet site, www.macquarie.com.au:

- constitution of Macquarie Bank;
- the annual and financial reports of Macquarie Bank for each of the two financial years preceding the publication of this Base Prospectus; and
- the 2013 Interim Directors' Report and Financial Report of Macquarie Bank consolidated with its subsidiaries for the half year ended 30 September 2013.

Directors of Macquarie Bank

The persons named below are Voting Directors of Macquarie Bank and exercise the powers of directors for the purposes of the Corporations Act. All members of the Board of Voting Directors of Macquarie Bank have the business address of No. 1 Martin Place, Sydney, NSW, 2000.

H Kevin McCann AM, BA LLB (Hons) (Syd), LLM (Harv), FAICD (age 73)

Independent Chairman since 17 March 2011

Independent Voting Director since December 1996 (of Macquarie Group since August 2007)

Kevin McCann is currently a Director of the United States Studies Centre at the University of Sydney, a Director of Evans and Partners and a Director of Sydney Institute of Marine Science. Mr McCann is a Fellow of the University of Sydney Senate, Chair of its Safety and Risk Management Committee and member of its Finance and Audit, Investment and Commercialisation and Nominations and Appointments Committees. Mr McCann is also a member of the University of Sydney Business School Advisory Board. He is Chairman of the National Library of Australia Foundation, a member of the European Australian Business Council, the Corporate Governance Committee of the Australian Institute of Company Directors, and the Evans and Partners Advisory Board. Mr McCann was a Partner (from 1970 to 2004) and Chairman of Allens Arthur Robinson, a leading firm of Australian lawyers. He practiced as a commercial lawyer specialising in Mergers and Acquisitions, Mineral and Resources Law and Capital Markets Transactions. He was previously Chairman of Origin Energy Limited, Triako Resources Limited, Healthscope Limited and ING Management Limited and a Director of BlueScope Steel Limited.

Greg C Ward, BEc (Macquarie), MEc (Macquarie), FCA, F Fin (age 45)

Managing Director and Chief Executive Officer since December 2011

Executive Voting Director since December 2011

Greg Ward joined Macquarie on listing in 1996 and was appointed Chief Financial Officer in 1997. In December 2011, Mr Ward became the Managing Director and Chief Executive Officer of Macquarie Bank Limited and a member of its Board. He is also the Deputy Managing Director and a member of the Board Risk Committee of Macquarie Group Limited.

Prior to working with Macquarie, Mr Ward held senior roles with Westpac Banking Corporation and PricewaterhouseCoopers. Mr Ward was also an inaugural member of the Federal Treasury's Financial Reporting Panel and served as a Board member of the Australian Accounting Standards Board from September 1999 to February 2003. Mr Ward is currently a member of the Macquarie University Council and a director of the Financial Markets Foundation for Children.

Nicholas W Moore, BCom LLB (UNSW), FCA (age 55)

Executive Voting Director of Macquarie Bank since May 2008 (of Macquarie Group since February 2008)

Nicholas Moore joined Macquarie's Corporate Services Division in 1986. In 1996, Mr Moore was appointed Head of the Project and Structured Finance Division. In 1998 he was appointed Head of the Asset and Infrastructure Group and then Head of the Investment Banking Group on its inception in 2001. In this role, he oversaw significant growth in Macquarie's net income through the global growth of the advisory, fund management, financing and securities businesses. Currently, Mr Moore is also Chairman of the Police and Community Youth Clubs NSW Limited, a Director of the Centre for Independent Studies and Chairman of the University of NSW Business School Advisory Council.

Gary R Banks AO, BEc (Hons) (Monash), MEc (ANU) (age 64)

Independent Voting Director since August 2013 (of Macquarie Group since August 2013)

Member of the Board Audit Committee

Gary Banks is Dean and Chief Executive Officer of the Australia and New Zealand School of Government (ANZSOG). He was Chairman of the Australian Productivity Commission from its inception in 1998 until 2012. He is a Professorial Fellow at Melbourne University and Adjunct Professor at the Australian National University. Professor Banks currently chairs the Regulatory Policy Committee of the Organisation for Economic Co-operation and Development (OECD) and is a Member of the Advisory Board of the Melbourne Institute and the Prime Minister's Business Advisory Council. He was previously a Senior Economist with the GATT Secretariat in Geneva, Visiting Fellow at the Trade Policy Research Centre in London, Projects Director with the Centre for International Economics in Canberra and has been a consultant to the World Bank and World Trade Organisation. He chaired the Regulation Taskforce in 2006 and the Infrastructure Stream at the Prime Minister's 2020 Summit.

Michael J Coleman, MComm (UNSW), FCA, FCPA, FAICD (age 63)

Independent Voting Director since November 2012 (of Macquarie Group since November 2012)

Chairman of the Board Audit Committee

Michael Coleman was a senior audit partner with KPMG for 30 years. He was KPMG's inaugural National Managing Partner Assurance and Advisory from 1998 to 2002, National Managing Partner for Risk and Regulation from 2002 to 2010 and Regional Leader for Asia Pacific Quality and Risk Management from 2002 to 2011. Mr Coleman is currently Deputy Chairman of the Financial Reporting Council, a member of the Audit Committee of the Reserve Bank of Australia, Chairman of the Reporting Committee of the Australian Institute of Company Directors and a member of the Advisory Board of Norton Rose Fulbright Australia. He is also Chairman of Planet Ark Environmental Foundation, Chair of the Advisory Board of the Centre for Accounting and Assurance Services Research at UNSW and a Director of Osteoporosis Australia. Previously Mr Coleman was Chairman of ING Management Limited.

Patricia A Cross, BSc (Hons) (Georgetown), FAICD (age 54)

Independent Voting Director since August 2013 (of Macquarie Group since August 2013)

Member of the Board Audit Committee

Patricia Cross is currently a director of Aviva plc and the Australian Institute of Company Directors, and a founding director of the Grattan Institute. She is also an Australian Indigenous Education Foundation ambassador. Ms Cross has extensive international financial and banking experience, through senior executive roles with Chase Manhattan Bank and Chase Investment Bank, Banque Nationale de Paris and National Australia Bank. At National Australia Bank, Ms Cross was responsible for the Wholesale Banking and Finance Division and was a member of the Executive Committee. Previously she was a Director of Qantas Airways Limited, National Australia Bank Limited, JBWere Limited, Wesfarmers Limited, AMP Limited, and Suncorp-Metway Limited, and Chairman of Qantas Superannuation Limited.

Ms Cross has held a number of honorary government positions, including five years as a founding member of the Financial Sector Advisory Council, APEC Business Advisory Council, and as a member of the Panel of Experts to the Australia as a Financial Centre Forum. She has also served on a wide range of not for profit boards, including the Murdoch Children's Research Institute.

Diane J Grady AM, BA (Mills), MA (Hawaii), MBA (Harv), FAICD (age 65)

Independent Voting Director since May 2011 (of Macquarie Group since May 2011)

Ms Grady has been a full time independent director of public companies and not-for-profit boards since 1994. She is currently a member of the McKinsey Advisory Council, the Centre for Ethical Leadership/Melbourne Business School, the NSW Innovation and Productivity Council and the Heads Over Heels Advisory Board. She is Chair of Ascham School and the Hunger Project Australia. Previously she was a Director of BlueScope Steel Limited, Woolworths Limited, Goodman Group, Wattyl Limited, Lend Lease US Office Trust, Lend Lease Limited, MLC and a Trustee of the Sydney Opera House. She was also President of Chief Executive Women and chaired the group's taskforce which published the CEO Kit for Attracting and Retaining Female Talent.

Ms Grady was formerly a partner at McKinsey & Company where she spent 15 years consulting to clients in a broad range of industries on strategic and operational issues. She was a worldwide leader of the firm's Organisation and Change Management Practice and the first woman outside the United States to be

elected to McKinsey's global partnership. In Australia, she headed McKinsey's Consumer Goods, Retailing and Marketing Practice Group. Ms Grady was made a member of the Order of Australia in 2009 for her contribution to business and to the promotion of women leaders and in 2001 received a Centenary Medal for service to Australian society through business leadership.

Michael J Hawker AM, BSc (Sydney), FAICD, SF Fin (age 54)

Independent Voting Director since March 2010 (of Macquarie Group since March 2010)

Member of the Board Audit Committee

Michael Hawker was Chief Executive Officer and Managing Director of Insurance Australia Group from 2001 to 2008. From 1995 to 2001, Mr Hawker held a range of positions at Westpac, including Group Executive of Business and Consumer Banking and General Manager of Financial Markets. Prior to this, he held a number of positions at Citibank, including Deputy Managing Director for Australia and subsequently Executive Director, Head of Derivatives, Europe. Currently, Mr Hawker is Chairman of the George Institute for Global Health, a member of the George Institute for Global Health (UK) and a Director of Aviva Plc Group, the largest insurance provider in the UK. He is also Director of Washington H Soul Pattinson and Company Limited and Chairman of Australian Rugby Union and SANZAR (South African, New Zealand and Australian Rugby). Mr Hawker is a member of the International Rugby Board Council, the Executive Committee of the International Rugby Board and of the board of trustees of the Giant Steps Foundation. He was previously President of the Insurance Council of Australia, Chairman of the Australian Financial Markets Association, a board member of the Geneva Association and a member of the Financial Sector Advisory Council. Mr Hawker is additionally the founder of the Australian Business in the Community Network.

Peter M Kirby BEc (Rhodes), BEc (Hons) (Natal), MA (Manch), MBA (Wits), FAICD (age 66)

Independent Voting Director since June 2003 (of Macquarie Group since August 2007)

Member of the Board Audit Committee

Peter Kirby was Managing Director and Chief Executive Officer of CSR Limited from 1998 to March 2003. He was a member of the Board of the Business Council of Australia from 2001 to 2003. Mr Kirby received the Centenary Medal in 2003. Prior to joining CSR, he was with the Imperial Chemical Industries PLC group (ICI) for 25 years in a variety of senior management positions around the world, including Chairman/CEO of ICI Paints, responsible for the group's coatings businesses worldwide, and a member of the Executive Board of ICI PLC, with responsibility for ICI Americas and the western hemisphere. Currently he is Chairman of DuluxGroup Limited. Mr Kirby's previous directorships include Chairman and Director of Medibank Private Limited, Director of Orica Limited and the Beacon Foundation.

Helen M Nugent AO, BA (Hons) (Qld), PhD (Qld), MBA (Harv), HonDBus (Qld) (age 65)

Independent Voting Director since June 1999 (of Macquarie Group since August 2007)

Helen Nugent is currently Chairman of Funds SA, Chairman of Veda and a Director of Origin Energy Limited. Previously, Dr Nugent has been involved in the financial services sector as Director of Strategy at Westpac Banking Corporation, Chairman of Swiss Re (Australia) Limited and a Non-Executive Director of the State Bank of New South Wales and Mercantile Mutual. In addition, she was previously Chairman of Hudson (Australia and New Zealand) and a Director of UNiTAB, Carter Holt Harvey, Australia Post and Herbert Smith Freehills. She has also been a Partner at McKinsey and Company.

Dr Nugent has been actively involved in the arts and education. In the arts, she is Chairman of the National Portrait Gallery and was formerly Deputy Chairman of the Australia Council, Chairman of the Major Performing Arts Board of the Australia Council, Chairman of the Ministerial Inquiry into the Major Performing Arts and Deputy Chairman of Opera Australia. In education, she is currently Chancellor of Bond University and President of Cranbrook School. Dr Nugent is also a member of the Australian Olympic Foundation's Investment Advisory Committee. Previously she was a member of the Bradley Review into Higher Education and Professor in Management and Director of the MBA Program at the Australian Graduate School of Management.

Nicola M Wakefield Evans, BJuris/BLaw (UNSW) (age 53)

Independent Voting Director since February 2014 (of Macquarie Group since February 2014)

Nicola Wakefield Evans is currently a director of Lend Lease Corporation Limited, Toll Holdings Limited and BUPA Australia & New Zealand Group. She is also a member of the Advisory Board at the University of New South Wales Law School and a director of Asialink at the University of Melbourne. Ms Wakefield

Evans has extensive experience as a corporate finance lawyer at King & Wood Mallesons (previously Mallesons Stephen Jaques), where she was a partner for over 20 years, including Managing Partner, Practice division (Sydney) from 2004 to 2007, and Managing Partner, International division in Hong Kong from 2007 to 2010.

Ms Wakefield Evans is a member of the Australian Institute of Company Directors, the International Bar Association and Chief Executive Women. She holds a Bachelor of Jurisprudence and Laws and is a qualified lawyer in Australia, Hong Kong and the United Kingdom. She was also included in the Australian Financial Review and Westpac Group's inaugural list of 'Australia's 100 Women of Influence'.

Peter H Warne, BA (Macquarie), FAICD (age 58)

Independent Voting Director since July 2007 (of Macquarie Group since August 2007)

Peter Warne was Head of Bankers Trust Australia Limited's (BTAL) Financial Markets Group from 1988 to 1999. Prior to this he held a number of roles at BTAL. Mr Warne was a Director of the Sydney Futures Exchange (SFE) from 1990 and served as Deputy Chairman from 1995 to 1999. When the SFE merged with the Australian Securities Exchange (ASX Limited) in July 2006, he became a Director of ASX Limited, a position he still holds. Currently, Mr Warne is on the boards of other listed entities, including Chairman of ALE Property Group, Chairman of OzForex Group Limited and Deputy Chairman of Crowe Horwath Australasia Limited. He is also a Director of Securities Research Centre of Asia Pacific Limited and of New South Wales Treasury Corporation, a member of the Advisory Board of the Australian Office of Financial Management and a Patron of Macquarie University Foundation. He is a former Director of Next Financial Limited, Macquarie Capital Alliance Group and a former Chairman and Director of TEYS Limited.

Board Committees

The members of the Board Audit Committee ("**BAC**") are Michael Coleman (Chairman), Gary Banks, Patricia Cross, Michael Hawker and Peter Kirby. The main objective of the BAC is to assist the Board of Voting Directors of MGL and Macquarie Bank in fulfilling the Boards' responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Macquarie Group.

Director duties and conflict of interest

The independence of Directors of Macquarie Bank is reviewed annually by the Macquarie Group Board Governance and Compliance Committee ("**BGCC**"). The Macquarie Bank Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Macquarie Bank Board. Based on Macquarie Bank's criteria for assessing director independence, each independent director is asked to confirm whether they have any interests or relationships that may impact their ability to act in the best interests of Macquarie Bank or independently of management. Disclosed interests are reviewed by the Macquarie BGCC to determine whether their interest would materially interfere with the exercise of a non-executive director's independent judgment. Materiality is assessed having regard to each individual director's circumstances, the circumstances of the supplier, customer or advisor and any other significant relationships with Macquarie Bank or its subsidiaries.

A Voting Director of Macquarie Bank will be considered independent if not a member of management and if they meet the following criteria:

- is not a substantial shareholder of Macquarie Bank or of a company holding more than five per cent of Macquarie Bank's voting stock or an officer of or otherwise associated directly with a shareholder holding more than five per cent of Macquarie Bank's voting stock;
- has not within the last three years been employed in an executive capacity by the company or another group member or been a director after ceasing to hold any such employment;
- is not and has not within the last three years been a principal or employee of a material professional adviser to Macquarie Bank and its entities. A Voting Director who is or within the last three years has been a principal or employee of a professional adviser will not participate in any consideration of the possible appointment of the professional adviser and will not participate in the provision of any service to Macquarie Bank by the professional adviser;

- is not a material supplier or customer of Macquarie Bank or its entities or an officer of or otherwise associated directly or indirectly with a material supplier or customer. Has no material contractual relationship with Macquarie Bank or any of its associates other than as a director;
- is not a director of any of Macquarie Bank's subsidiaries or responsible entities, other than Macquarie Group Limited and any intermediate holding company; and
- has no other interest or relationship that could interfere with the Voting Director's ability to act in the best interests of Macquarie Bank and independently of management.

Macquarie Bank's ten non-executive Directors, being H Kevin McCann, Gary R Banks, Michael J Coleman, Patricia A Cross, Diane J Grady, Michael J Hawker, Peter M Kirby, Helen M Nugent, Nicola M Wakefield Evans and Peter H Warne are each considered to be independent.

All Directors are required to disclose any material personal interest in a matter that relates to the affairs of Macquarie Bank and any conflict or potential conflict of interest upon appointment and then update the Macquarie Bank Board on an ongoing basis.

Macquarie Bank has systems and protocols in place to identify a conflict of interest and a framework for managing conflicts. The Board has guidelines for its members for declaring and dealing with potential conflicts of interest that include:

- Board members declaring their interests as required under the Act, the ASX Listing Rules and general law requirements
- Board members with a material personal interest in a matter not receiving the relevant Board paper and not being present at a Board meeting during the consideration of the matter and subsequent vote, unless the Board (excluding the relevant Board member) resolves otherwise
- Board members with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.

As at the date of this Base Prospectus, taking into account the above criteria and relationships, there are no material existing conflicts of interest and, other than in respect of any dealings between Macquarie Bank and any of the companies listed above in the biographies of each Director which may arise in the future and be referred to the Board of Directors of the Bank, no potential conflicts of interest exist between any duties owed to Macquarie Bank by its Directors and the private interests or other duties of those Directors.

As noted above, all Directors are required to disclose any conflict or potential conflict of interest on an ongoing basis. In respect of conflicts or potential conflicts of interest that may arise in the future, Macquarie Bank will manage those conflicts in accordance with the Australian Corporations Act, any other applicable law and the other procedures referred to above.

Preparation of financial statements

Macquarie Bank is required to prepare financial statements for itself and 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**"), acting through its office at Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000, 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 2013 Annual Report for the financial years ended 31 March 2012 and 31 March 2013 in accordance with Australian Auditing Standards. The Independent Audit Report dated 3 May 2013 was unqualified.

PwC Australia has reviewed the unaudited financial statements included in Macquarie Bank's Interim Directors' Report and Financial Report for the half years ended 30 September 2012, 31 March 2013 and 30 September 2013 in accordance with Australian Auditing Standards. The Independent Auditor's Review Report dated 1 November 2013 was unqualified.

Limitation on Auditors' Liability

PwC Australia may be able to assert a limitation of liability with respect to claims arising out of its audit and review reports described above to the extent it is subject to the limitations set forth in the Professional Standards Act of 1994 of New South Wales, Australia (the "**Professional Standards Act**") and the interim Institute of Chartered Accountants in Australia (NSW) Scheme adopted by The Institute of Chartered Accountants in Australia and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (the "**Interim NSW Accountants Scheme**") (or, in relation to matters occurring prior to 7 October 2013, the predecessor scheme).

The Professional Standards Act and the Interim NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising directly or vicariously from anything done or omitted by it in New South Wales in the performance of its professional services to Macquarie Bank, including, without limitation, its audits of Macquarie Bank's financial statements, to a maximum liability for audit work of A\$75 million and for other work of A\$2 million (where the claim arises from a service in respect of which the fee is A\$150,000 or less) or A\$20 million (where the claim arises from a service in respect of which the fee is greater than A\$150,000) (or, in relation to matters occurring prior to 7 October 2013, A\$20 million). The limit does not apply to claims for breach of trust, fraud or dishonesty. The Interim NSW Accountants Scheme is scheduled to expire on 7 October 2014.

These limitations of liability may limit enforcement in Australian courts of any judgment under foreign laws rendered against PwC Australia based on, or related to, its audit of the financial statements of Macquarie Bank. Substantially all of PwC Australia's assets are located in Australia. However, the Professional Standards Act and the Interim NSW Accountants Scheme have not been subject to judicial consideration and therefore how the limitations will be applied by the courts and the effect of the limitations on the enforcement of foreign judgments is untested.

NOTICE TO PURCHASERS AND TRANSFER RESTRICTIONS

The Instruments have not been registered under the Securities Act or the securities laws of any state and have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**") or any U.S. state securities authority. Neither the SEC nor any state securities authority in any other jurisdiction has passed upon the accuracy or adequacy of this Base Prospectus. Trading in the Instruments has not been approved by the Commodity Futures Trading Commission pursuant to the Commodity Exchange Act. Any representation to the contrary is unlawful.

As a result of the following restrictions, purchasers of Instruments are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Instruments.

Each recipient of this Base Prospectus or purchaser of Instruments will be deemed to have acknowledged, represented and agreed as follows:

1. It understands that the Instruments have not been and will not be registered under the Securities Act or any other applicable securities law and, accordingly, none of the Instruments may be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless in accordance with and subject to applicable law and the transfer restrictions described herein.
2. It is a purchaser acquiring Instruments in an offshore transaction occurring outside the United States within the meaning of Regulation S and that it is not a "U.S. person" (and is not acquiring such Instruments for the account or benefit of a U.S. person) within the meaning of Regulation S.
3. It will offer, sell or otherwise transfer Instruments it has purchased on its own behalf and on behalf of any account for which it is purchasing the Instruments, (a) in a transaction not subject to registration under the Securities Act in reliance on Regulation S, (b) to Macquarie Bank or any of its subsidiaries, or (c) to a Dealer that is a party to the Programme Agreement (the "**Programme Agreement**"), dated 11 April 2014 among the Issuer and the Dealer, as amended or supplemented from time to time. It acknowledges that each Instrument will contain a legend substantially to the effect of the foregoing paragraph 1, this paragraph 3 and the following paragraph 4 and that the Issuer is under no obligation to remove such legend from any Instrument, to register the offer and sale of any Instrument under the Securities Act or to take any other steps to cause any Instrument to become freely tradable.
4. It is not a fiduciary of a pension, profit-sharing or other employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), it is not purchasing the Instruments on behalf of or with "plan assets" of any such plan, and it is not a governmental or church or other plan ("**non-ERISA arrangement**") subject to provisions under applicable federal, state, local or foreign law that are similar to the requirements of ERISA or Section 4975 of the Code ("**similar law**").
5. If it is acquiring any Instruments as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
6. It will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Instruments or has in its possession or distribute the Base Prospectus, any applicable Issue Terms and/or such other offering material relating to the Programme or the Instruments and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Instruments under the law and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, in all cases at its own expense, and neither Macquarie Bank nor the Dealer shall have responsibility therefor. In accordance with the above, any Instruments purchased by any such person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in Macquarie Bank being obliged to register any further prospectus or corresponding document relating to the Instruments in such jurisdiction.
7. It is not an Offshore Associate (as defined below) and, if it purchases the Instruments as part of the primary distribution of the Instruments, it will not sell any of the Instruments (or any interest in any of the Instruments) to any person as part of the primary distribution of the Instruments, if, at the time of such sale, its employees directly involved in the sale knew or had reasonable grounds to suspect

that, as a result of the sale, such Instruments would be acquired (directly or indirectly) by an Offshore Associate (other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of an Australian registered managed investment scheme). "Offshore Associate" means an associate (within the meaning of Section 128F(9) of the Income Tax Assessment Act of 1936 of Australia) of Macquarie Bank that is either a non-resident of Australia that does not acquire the Instruments in carrying on a business at or through a permanent establishment in Australia, or a resident of Australia that acquires the Instruments in carrying on a business at or through a permanent establishment outside Australia. For the avoidance of doubt, if employees of the purchaser directly involved in a sale of Instruments do not know or suspect that a person is an associate of Macquarie Bank, nothing in this paragraph 8 obliges it or its employees to make positive enquiries of that person to confirm that person is not an Offshore Associate.

8. Macquarie Bank, the Dealer and others will rely upon the truth and accuracy of the foregoing and the following acknowledgments, representations and agreements and each purchaser agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of Instruments are no longer accurate, it shall promptly notify Macquarie Bank and the Dealer through which it purchased any Instruments.

SUBSCRIPTION AND SALE

Pursuant to the Programme Agreement dated 11 April 2014 (the "**Programme Agreement**"), the Instruments may be offered on a continuing basis through Macquarie Bank International Limited as dealer (the "**Dealer**"). However, the Issuer reserves the right to sell Instruments directly on its own behalf to parties other than the Dealer on terms as it may agree from time to time.

The Issuer will have the sole right to accept any offer made to it to purchase Instruments and may reject any such offer in whole or (subject to the terms of such offer) in part. The Dealer shall have the right, in its discretion reasonably exercised, to reject any offer to purchase Instruments made to it in whole or (subject to the terms of such offer) in part. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer for certain of their expenses in connection with the establishment of the Programme and the issue of Instruments under the Programme and to indemnify the Dealer against certain liabilities incurred by them in connection therewith.

No action has been or will be taken by the Issuer that would permit a public offering of any Instruments or possession or distribution of any offering material in relation to any Instruments in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Instruments, or distribution of any offering material relating to any Instruments, may be made in or from any 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.

General

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Instruments, and it will not directly or indirectly offer, sell, resell, re-offer or deliver Instruments or distribute the Base Prospectus, any Issue Terms, circular, advertisement or other offering material relating to the Instruments in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Neither the Issuer nor the Dealer represents that any Instruments may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In addition and unless the applicable Issue Terms provides otherwise, the Dealer has agreed that, in connection with the primary distribution of the Instruments, it will not sell Instruments to any person if, at the time of such sale, the employees of the Dealer aware of, or involved in, the sale knew or had reasonable grounds to suspect that, as a result of such sale, any Instruments or an interest in any Instruments were being, or would later be, acquired (directly or indirectly) by an associate of the Issuer for the purposes of section 128F(9) of the Income Tax Assessment Act 1936 of Australia ("**Australian Tax Act**") and associated regulations and, where applicable, any replacement legislation including, but not limited to, the Income Tax Assessment Act 1997 of Australia, except as permitted by section 128F(5) of the Australian Tax Act.

Except for registration of this Base Prospectus by the CSSF and the Luxembourg Stock Exchange, no action has been taken in any jurisdiction that would permit a public offering of any of the Instruments, or possession or distribution of the Base Prospectus or any other offering material or any Issuer Terms, 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 and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Instruments 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 Instruments under the law and regulations in force in any 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 the Dealer shall have responsibility therefor. In accordance with the above, any Instruments purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Instruments in such jurisdiction.

In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Instruments in Australia, the United States of America, the European Economic Area and the United Kingdom as set out below.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Instruments has been, or will be, lodged with ASIC. The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the applicable Issue Terms otherwise provides, it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Instruments 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 Instruments 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" as defined for the purposes of section 761G of the Corporations Act, and (iv) such action does not require any document to be lodged with ASIC.

The United States of America

The Instruments have not been and will not be registered under the Securities Act or under any securities laws of any state or jurisdiction of the United States and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Instruments are being offered and sold only outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S.

Instruments in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Instruments which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S, the Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Regulation S Instruments within the United States or to, or for the account or benefit of, U.S. persons. The Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to any other Dealer to which it sells any Instruments a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition an offer or sale of such Instruments within the United States by the Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Instruments which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation

thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

- (a) if the Issuer Terms in relation to the Instruments specify that an offer of those Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Issuer Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Issuer Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealer nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (b) to (d) above shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Instruments to the public**" in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The United Kingdom

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Instruments which have 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 Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 Instruments would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;
- (b) 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) received by it in connection with the issue or sale of those Instruments in circumstances in which section 21(1) of the FSMA would not, if Macquarie Bank was not an authorised person, apply to Macquarie Bank; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

TAXATION

Australian Taxation

*The following is a general summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, "**Australian Tax Act**"), the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") and any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this Base Prospectus, of payments of interest and certain other amounts on the Instruments to be issued by the Issuer under the Programme and certain other matters.*

This summary is not exhaustive and should be treated with appropriate caution. In particular, the summary does not deal with the position of certain classes of Holders (including dealers in securities, custodians or other third parties who hold Instruments on behalf of other persons). Prospective Holders should also be aware that particular terms of issue of any Series of Instruments may affect the tax treatment of that and other Series of Instruments.

This summary is not intended to be, nor should it be construed as legal or tax advice to any particular investor. Prospective holders of Instruments should consult their professional advisers on the taxation implications of an investment in the Instruments for their particular circumstances.

1. **Introduction**

The following is a summary of the Australian withholding taxes that could apply in relation to the issue, transfer and settlement of Instruments issued under the Programme. This summary is not exhaustive and does not deal with:

- any other Australian tax aspects of acquiring, holding or disposing of the Instruments (including Australian income taxes); or
- the position of certain classes of Holders.

The Australian Tax Act characterises securities as either "debt interests" (for all entities) or "equity interests" (for companies) including for the purposes of Australian interest withholding tax ("**IWT**") and dividend withholding tax. IWT is payable at a rate of 10% of the gross amount of interest paid by Macquarie Bank (except when the interest is an outgoing wholly incurred by Macquarie Bank in carrying on a business in a country outside Australia at or through a permanent establishment of Macquarie Bank in that country) to a non-resident of Australia (other than a non-resident acting at or through a permanent establishment in Australia) or a resident acting at or through a permanent establishment outside Australia unless an exemption is available. For these purposes, interest is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts.

2. **Australian IWT- Notes**

Macquarie Bank intends to issue Notes which are characterised as "debentures", and are not characterised as "equity interests", for the purposes of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian withholding tax consequences of payments of interest and certain other amounts on those Notes will be specified in the applicable Issue Terms (or another relevant supplement to this Base Prospectus).

Compliance with section 128F of the Australian Tax Act

Macquarie Bank intends to issue the Notes in a manner which will satisfy the requirements of the "public offer" test for the purposes of the exemption from Australian IWT in section 128F of the Australian Tax Act.

IWT exemptions under recent tax treaties

The Australian government has signed or announced new or amended double tax agreements with a number of countries (each a "**Specified Country**"). In broad terms once implemented, the relevant double tax agreements effectively prevent IWT applying to interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

- a "financial institution" which is a resident of a "Specified Country" and which is unrelated to and dealing wholly independently with Macquarie Bank. The term "financial institution" refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

The Australian Federal Treasury maintains a listing of Australia's double tax agreements which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at the Federal Treasury's Department's website.

3. **Australian IWT – Certificates**

Payments made in respect of Certificates, which are not "interest" for the purposes of section 128A(1AB) of the Australian Tax Act, may be made without any withholding or deduction for or on account of Australian IWT imposed under Division 11A of Part III of the Australian Tax Act.

4. **Bearer Notes - section 126 of the Australian Tax Act**

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of (currently) 45% on the payment of interest on Bearer Notes if Macquarie Bank fails to disclose the names and addresses of the holders of Bearer Notes to the Australian Taxation Office, but is limited in its application to persons in possession of Bearer Notes who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in the relevant Bearer Notes are held through Euroclear or Clearstream, Luxembourg, the Macquarie Bank intends to treat the operators of those clearing systems as the bearer of the Bearer Notes for the purposes of section 126 of the Australian Tax Act.

5. **Other Australian tax matters**

Under Australian laws as presently in effect:

- (i) *death duties* – no Instruments will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (ii) *stamp duty and other taxes* – Notes – no ad valorem stamp, issue, registration or similar taxes are payable in any Australian State or Territory on the issue or the transfer of any Notes.
- (iii) *stamp duty and other taxes - Certificates* – depending on the nature and location of the referenced commodity index or indices, stamp duty may be payable on the issue or transfer of the Certificates. Under the terms of the Certificates, an investor will be obliged to pay any stamp duty arising in respect of a Certificate. Accordingly, investors should seek their own stamp duty advice prior to making any investment decision.
- (iv) *TFN withholding taxes – Notes* – assuming the requirements of section 128F are satisfied with respect to the Notes, then the tax file number ("**TFN**") requirements under the Australian Tax Act do not apply to payments to a holder of Notes in registered form who is not a resident of Australia and does not hold those Notes in carrying on business at or through a permanent establishment in Australia. Payments to other persons in respect of the Notes may be subject to withholding where that person does not quote a TFN, (if applicable) an Australian Business Number or provide proof of an appropriate exemption;
- (v) *TFN withholding taxes – Certificates* – Certificates should not be characterised as an "investment" to which the TFN requirements under the Australian Tax Act applies. Therefore, the Certificates 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 Certificates;
- (vi) *supply (ABN) withholding tax* – payments in respect of the Instruments (whether in the form of Notes or Certificates) can be made free and clear of the "supply withholding tax" imposed under Australia's tax legislation;

- (vii) *goods and services tax (GST) – Notes* – none of the issue or receipt of the Notes, the payment of principal or interest by Macquarie Bank nor the disposal of Notes will give rise to any GST liability in Australia.
- (viii) *GST - Certificates* – [the issue, receipt, payment of principal (but not interest) and the disposal of the Certificates may be subject to GST in Australia.] Under the terms of the Certificates, an investor may be obliged to pay GST arising in respect of a Certificate. Accordingly, investors should seek their own GST advice prior to making any investment decision;
- (vii) *additional withholdings from certain payments to non-Australian residents* – section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-Australian residents. However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules. Further, 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 regulations promulgated prior to the date of this Base Prospectus are not relevant to payments in respect of the Instruments. The possible future application of any regulations to the proceeds of any sale of the Instruments will need to be monitored; and
- (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 holder) any amount in respect of tax payable by that other entity. If the Issuer is served with such a direction in respect of a holder, 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 holder and that holder 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 the amount owing to the holder.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and/or Certificates (together, the Instruments) and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments in respect of the Instrument, stamp duty and information reporting. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Instruments. The United Kingdom tax treatment of prospective holders of Instruments depends on their individual circumstances and may be subject to change in the future. The following is only a guide for issuances by Macquarie Bank and prospective holders of Instruments should seek their own professional advice.

Withholding tax on payments of interest on the Notes

- (a) Macquarie Bank, provided that it continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("**ITA 2007**"), and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 ITA 2007, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.
- (b) Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of ITA 2007. The Luxembourg Stock Exchange is a recognised stock exchange. Notes will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Main Market or the Euro MTF

Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax (whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business).

- (c) Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that, broadly, the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest or falls within a list of specified tax-exempt entities and bodies, provided that HM Revenue and Customs ("**HMRC**") has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.
- (d) Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, 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 holder of Notes, HMRC can (on application) issue a notice to the Issuer to pay interest to the holder of Notes without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Withholding tax on payments on the Certificates

The Issuer generally should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made under Certificates that are treated as derivatives for the purposes of Financial Reporting Standard 25 (or International Accounting Standard 32).

Payments made under Certificates that are not treated as derivatives for the purposes of Financial Reporting Standard 25 (or International Accounting Standard 32) may be required to be paid under deduction or withholding for or on account of United Kingdom income tax if such payments are regarded as interest (and none of the exemptions from withholding tax referred to in paragraphs (a) to (d) above apply) or annual payments for United Kingdom tax purposes. However, 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 holder of Certificates, HMRC can (on application) issue a notice to Macquarie Bank to pay interest or annual payments to the holder of Certificates without deduction of tax (or for interest or annual payments to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Stamp duty and stamp duty reserve tax ("SDRT") in respect of the Instruments

A charge to stamp duty or SDRT may, in certain circumstances, arise on the issue, transfer and/or settlement of Instruments and SDRT may also be payable in relation to any agreement to transfer Instruments. This will depend upon the Terms and Conditions of the relevant Instruments (as amended and supplemented by the applicable Issue Terms). Holders of Instruments should take their own advice from an appropriately qualified professional advisor in this regard.

Reporting of information in respect of the Instruments

HMRC has powers in certain circumstances to require persons paying or crediting interest in the ordinary course of its business to provide information to HMRC in respect of the interest paid or credited and the persons to whom the interest was so paid or credited. In certain circumstances, HMRC may be entitled to exchange such information with the tax authorities of other jurisdictions. Interest for this purpose includes any amount to which a person holding a deeply discounted security is entitled on redemption of that security.

Luxembourg Taxation

The following discussion is a summary of certain material Luxembourg tax considerations relating to (i) Securities issued by any of the Issuers where the Holder is tax resident in Luxembourg or has a tax presence in Luxembourg, or (ii) Securities where the Paying Agent is located in Luxembourg.

Resident individuals

Under the Luxembourg law of 23 December 2005 introducing withholding tax on certain interest payments derived from savings income, interest on Notes and Certificates paid by a Luxembourg paying agent to an individual Holder who is a resident of Luxembourg not holding the Notes or Certificates as business assets or to certain foreign residual entities securing the payment for the benefit of such individual Holder will be subject to a withholding tax of ten per cent. which will operate a full discharge of income tax due on such payments (see below under "*Securities where the Paying Agent is located in Luxembourg*").

An individual Holder who is a resident of Luxembourg not holding the Notes or Certificates as business assets will not be subject to taxation on capital gains (including foreign exchange gains) upon the disposal of the Notes or Certificates, unless the disposal of the Notes or Certificates precedes their acquisition or the Notes and Certificates are disposed of within six months of the date of acquisition. Upon redemption or exchange of the Notes or Certificates, the portion of the redemption or exchange price corresponding to accrued but unpaid interest (if any) is subject to the aforementioned ten per cent. withholding tax.

An individual holder of a Note or Certificate who is a resident of Luxembourg holding the Notes or Certificates as business assets will be subject to taxation as set forth in the paragraph "*Undertaking with a collective character established in Luxembourg*" set out below, except that the aforementioned ten per cent. withholding tax can be credited against the overall tax liability.

Undertaking with a collective character established in Luxembourg

Interest on Notes or Certificates paid by a Luxembourg paying agent to holders of a Note or Certificate who are not individuals will not be subject to any withholding tax.

Save where the holder of a Note or Certificate is exempt from taxation under Luxembourg law, a Holder who is an undertaking with a collective character resident in Luxembourg, or a non-resident Holder of the same type who has a permanent establishment in Luxembourg with which the holding of the Note or Certificates is connected, must, for corporate tax purposes, include in his taxable income (i) any interest received or accrued on the Notes or Certificates and (ii) the difference between the sale or redemption price (including accrued but unpaid interest, if any) and the lower of the cost or book value of the Notes or Certificates sold or redeemed (including foreign exchange gains).

Non-Residents

A holder of Notes or Certificates will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes or Certificates or the execution, performance and/or delivery of the Notes or Certificates.

Securities where the Paying Agent is located in Luxembourg

Resident Holders

If interest on Securities is paid to Luxembourg resident individuals or to certain foreign residual entities securing the payment for the benefit of such individuals by a Paying Agent established in Luxembourg, such individual Holder will be subject to a withholding tax of ten per cent. which will operate as a full discharge of income tax due on such payments. In case interest on Securities is paid to Luxembourg resident individuals or to certain foreign residual entities securing the payment for the benefit of such individuals by a Paying Agent established in a Member State of the EU or the EEA other than Luxembourg or in a State party to an international convention linked to the Savings Directive, the beneficiary may opt for the application of such withholding tax in accordance with the provisions of the law of 23 December 2005. In such case the beneficiary is responsible for the related payment and declaration obligations. This withholding tax represents the final tax liability for Luxembourg individual resident taxpayers acting in the course of the management of their private wealth.

Non-resident Holders

Under the existing laws of Luxembourg and except as provided for by the Luxembourg laws of 21 June 2005 implementing EU Savings Tax Directive there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Securities made to non-residents of Luxembourg through a paying agent established in Luxembourg.

EU Savings Directive

Under European Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period Luxembourg and Austria instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The rate of withholding in those jurisdictions is 35 per cent. In April 2013, the Luxembourg government announced its intention to end its transitional period and move to automatic exchange of information under the Directive with effect from 1 January 2015. Certain other jurisdictions, including Switzerland have enacted equivalent legislation which imposes a withholding tax in substantially the same circumstances as envisaged by the Directive. Holders of Notes, Receipts, Coupons or Certificates who are individuals should note that should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Directive or under equivalent legislation, no additional amounts would be payable by the Issuer pursuant to the provisions of Condition 9 of the terms and conditions of the Notes or Condition 10 of the terms and conditions of the Certificates.

The Proposed Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes, Receipts, Coupons or Certificates (including secondary market transactions) in certain circumstances. However, the issuance and subscription of Notes and Certificates should generally be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes, Receipts, Coupons or Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes, Receipts, Coupons or Certificates are advised to seek their own professional advice in relation to the FTT.

United States Taxation

Foreign Account Tax Compliance Act

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and US Treasury regulations promulgated thereunder that took effect on 28 January 2013, as amended from time to time (together "**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain

payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such investor is a U.S. person or should otherwise be treated as holding a United States Account of the Issuer (a “**Recalcitrant Holder**”).

FATCA implementation is being phased in from 1 July 2014 for payments from sources within the United States and is currently proposed to apply to “foreign passthru payments” (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 01 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes or Certificates issued or materially modified on or after the “grandfathering date”, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term ‘foreign passthru payment’ are filed with the Federal Register; and (ii) any Notes or Certificates characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes or Certificates are issued before the grandfathering date, and additional Notes or additional Certificates of the same series are issued on or after that date, the additional Notes or additional Certificates may not be treated as grandfathered, which may have negative consequences for the existing Notes or existing Certificates, including a negative impact on market price.

The United States and a number of other jurisdictions announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a “Reporting FI” that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a “**FATCA Withholding**”) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The US IRS announced in Notice 2013-43 its intention to provide a list of jurisdictions that will be treated as having in effect an IGA, even though that IGA may not have entered into force as of 1 July 2014.

The United Kingdom has entered into a Model 1 IGA with the U.S. therefore the Issuer will be required to comply with FATCA under United Kingdom legislation implementing such intergovernmental agreement with the U.S.

The Issuer is currently not expected to be required to make any FATCA Withholdings from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes, Receipts, Coupons or Certificates are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes, Receipts, Coupons or Certificates is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If a FATCA Withholding were to be made from interest, principal or other payments made in respect of the Notes, Receipts, Coupons or Certificates, neither the Issuer nor any paying agent nor any other person would, pursuant to the terms and conditions of the Notes or the terms and conditions of the Certificates, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

In the case of Notes or Certificates which are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes or the Certificates by the Issuer or any paying agent for such clearing system, given that each of the entities in the payment chain between the Issuer and the clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes or the Certificates. The documentation expressly contemplates the possibility that, in certain specific circumstances, the Notes may convert into, or be exchanged for, notes in definitive

form and therefore cease to be held through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding.

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 may also 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 that each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms and/or 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 Notes, Receipts, Coupons or Certificates are discharged once it has paid the depository for the clearing system (as legal owner of the Notes, Receipts, Coupons or Certificates) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER AND THE NOTES AND THE CERTIFICATES IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS AND CERTIFICATE HOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCE.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Australia in connection with the issue and performance of the Instruments. The establishment of the Programme and the issue of the Instruments by the Issuer was authorised by resolutions of the board of directors of the Issuer on 27 February 2014.
2. 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 2013.

There has been no significant change in the financial or trading position of Macquarie Bank since the half year ended on 30 September 2013, being the date as at which the latest unaudited half-year financial statements of Macquarie Bank consolidated with its subsidiaries were made up.
3. The Issuer is not involved in any litigation, governmental or arbitration proceedings which may have, or have had since its incorporation, a significant effect on its financial position, nor is the Issuer aware that such proceedings are pending or threatened.
4. The auditors of the Issuer in Australia are PricewaterhouseCoopers.
5. The Programme Agreement provides that the Issuer may issue Instruments in a form not contemplated by this Base Prospectus. If any such Instruments are to be listed on the Luxembourg Stock Exchange, the Issuer will issue a replacement Base Prospectus describing the form (and terms and conditions) of such Instruments.
6. For so long as any Instruments 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 (E), (F) and (G) are available free of charge from, the specified office of the Principal Paying Agent, the Principal Certificate Agent, any Paying Agent, the Registrar (as applicable) and/or from the registered office of the Issuer:
 - (A) the constitution of the Issuer;
 - (B) the Programme Agreement and any agreement which amends or supplements it;
 - (C) the Agency Agreement (which includes the forms of the Global and Definitive Notes, Receipts, Coupons and Talons and the forms of Global and Definitive Certificates);
 - (D) the Deed of Covenant for Notes and the Deed of Covenant for Certificates;
 - (E) the 2012 annual report and the 2013 annual report of Macquarie Bank which includes the audited annual financial statements of the Issuer and the Issuer consolidated with its subsidiaries for the financial years ended 31 March 2012 and 31 March 2013 and the auditor's reports in respect of such financial statements;
 - (F) the 2013 Interim Directors' Report and 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 2012, 31 March 2013 and 30 September 2013 and the auditor's review report in respect of such financial statements;
 - (G) any Issue Terms for Instruments that are listed on the Luxembourg Stock Exchange;
 - (H) a copy of this Base Prospectus, together with any supplement to this Base Prospectus; and
 - (I) 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.
7. The Base Prospectus and the other documents incorporated by reference as set out in this Base Prospectus (see "*Documents Incorporated by Reference*" on pages 26 to 27 of this Base Prospectus) are available on the internet site www.macquarie.com.au.
8. The Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg and any other clearing system as may be specified in the applicable Issue Terms. The appropriate Common Code and International Securities Identification Number ("ISIN") in relation to the Instruments of each Series will be specified in the relevant Issue Terms.

Pursuant to the Agency Agreement, the Principal Paying Agent or the Principal Certificate Agent as applicable) shall arrange that, where a further Tranche of Instruments is issued which is intended to form a single Series with an existing Tranche of Instruments, the Instruments of such further Tranche shall be assigned a Common Code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the Common Code and ISIN assigned to Instruments of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Instruments of such Tranche.

9. Bearer Instruments having a maturity of more than one year (other than Temporary Global Instruments) and any Coupon or Talon appertaining thereto will bear a legend substantially to the following effect: "Any United States person (as defined in the U.S. Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code".

10. Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) in certain circumstances on a reciprocal basis.

If a payment were to be made or collected through a Member State which has opted for a withholding system and tax, or in respect of tax, were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Instrument as a result of the imposition of such withholding tax. However, issuers are required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the above Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

11. No approvals are currently required under Australian law for or in connection with the issue of the Instruments by the Issuer or for or in connection with the performance and enforceability of such Instruments or Coupons. However:

(A) the specific approval of the RBA must be obtained in connection with certain payments and transactions for the purposes of the Banking (Foreign Exchange) Regulations 1959 of Australia and other regulations in Australia. In addition, it is an offence to supply, sell or transfer certain goods and services, or directly or indirectly make assets available to, or for the benefit of, certain persons or entities designated from time to time for the purposes of the Autonomous Sanctions Act 2011 of Australia, Autonomous Sanctions Regulations 2011 of Australia and other regulations in Australia, unless the Minister for Foreign Affairs has given a written notice to permit such to occur; and

(B) it is an offence to hold and use or deal with, allow to be used or dealt with, or facilitate the use of or dealing with certain assets, or to directly or indirectly make an asset available to certain named persons or entities associated with terrorism, pursuant to the Charter of the United Nations Act 1945 of Australia and the Charter of the United Nations (Dealing with Assets) Regulations 2008 of Australia, unless the Minister for Foreign Affairs has given a written notice to permit such to occur.

12. The Issuer does not intend to provide any post-issuance information in relation to any assets underlying an issue of Instruments constituting derivative securities.

13. The Issuer will publish a supplement to this Base Prospectus or new Base Prospectus in accordance with Article 16 of the Prospectus Directive in the event of any significant new factor, material mistake or inaccuracy.

14. No internet sites that are cited or referred to in this Base Prospectus shall be deemed to form part of, or to be incorporated by reference into, this Base Prospectus.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the sale of the Instruments for general corporate purposes, which include making a profit. A substantial portion of the proceeds from the issue of Instruments may be used to hedge market risk with respect to such Instruments. If in respect of any particular issue of Instruments, there is a particular identified use of proceeds, this will be stated in the applicable Issue Terms.

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