

## 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 45 to 71 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 82 to 92 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 Commodity-linked Conditions on pages 98 to 101 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 U.S.\$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 10 to 33 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 2014/65/EU). 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 only approves this Base Prospectus for the purposes of admitting Instruments to trading on the regulated market of the Luxembourg Stock Exchange. 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 United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. 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 defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and the Instruments forming part of a may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the United States Commodity Futures Trading Commission (the "**CFTC**"), as amended, modified or supplemented from time to time, under the Commodity Exchange Act, as amended (the "**CEA**"), (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**"). 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 34 to 35 of this Base Prospectus) are published on the Luxembourg Stock Exchange's internet site [www.bourse.lu](http://www.bourse.lu) and available on the internet site [www.macquarie.com.au](http://www.macquarie.com.au).

The date of this Base Prospectus is 7 September 2018.

## IMPORTANT NOTICES

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’, nor a ‘product disclosure statement’ for the purposes of the Corporations Act 2001 of Australia (“Corporations Act”).

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

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 118 to 121 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. The Dealer accepts no 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 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 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 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.

#### CREDIT RATINGS

There are references in this Base Prospectus to credit ratings. A credit rating is not a recommendation to buy, sell or hold any Instruments and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

The credit ratings assigned to Macquarie Bank have been issued by Standard & Poor’s (Australia) Pty Ltd, Moody’s Investors Service Pty Limited and Fitch Australia Pty Ltd, none of which is established in the European Union or has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, their credit ratings are endorsed on an on-going basis by Standard & Poor’s Credit Market Services Europe Limited, Moody’s Investors Services Limited and Fitch Ratings Limited, respectively pursuant to and in accordance with the CRA Regulation. Each of Standard & Poor’s Credit Market Services Europe Limited, Moody’s Investors Services Limited and Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation and, as such, is included in the list of the credit rating agencies published by the European Securities and Markets Authority on its website (“ESMA”). In a report dated 18 April 2012, ESMA concluded that, overall, the Australian Legal and Supervisory framework is equivalent to the European Union regulatory regime for credit rating agencies according to what is provided in Article 5(6) of the CRA Regulation.

#### 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 CFTC under the CEA, 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 United States Investment Company Act of 1940, as amended. Consequently, the Instruments may not be offered, sold, resold, delivered or transferred at any time within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in 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 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 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 do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

#### **THE INSTRUMENTS ARE NOT PROTECTED BY THE FINANCIAL SERVICES COMPENSATION SCHEME**

The Instruments to be issued under the Programme are not protected by the United Kingdom's Financial Services Compensation Scheme (“FSCS”). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, you may lose all or part of your investment in any Instruments.

#### **EEA RETAIL INVESTORS**

If the Final Terms in respect of any of the Instruments includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Instruments are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of:

- (A) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”);
- (B) a customer within the meaning of Directive 2002/92/EC, as amended (the “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (C) not a qualified investor as defined in the Prospectus Directive (2003/71/EC), as amended.

Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **MiFID II PRODUCT GOVERNANCE/TARGET MARKET**

The Final Terms in respect of any Instrument may include a legend entitled “MiFID II Product Governance” which will outline the outcome of the target market assessment in respect of the Instruments and which channels for distribution of the Instrument are appropriate. Any person subsequently offering, selling or recommending the Instruments (a “distributor”) should take into consideration the target market assessment; however, a distributor is subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instrument (either by adopting or refining the target market assessment) and determining appropriate distribution channels.

Determination will be made in relation to each issue about whether, for the purpose of the MiFID product Governance rules under the EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”) any Dealer subscribing for any Instruments in a manufacturer in respect of such Instruments but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

#### **EU BENCHMARK REGULATION**

Interest and/or other amounts payable under the Instruments may be calculated by reference to: (i) LIBOR or EURIBOR; or (ii) any other reference rate which may constitute a benchmark under the Benchmark Regulation (Regulation (EU) 2016/1011) (the “BMR”), in each case as specified in the applicable Final Terms. As at the date of this Prospectus, the administrator of LIBOR is included on the register of administrators established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the BMR. As far as the Issuer is aware, in respect of EURIBOR, the transitional provisions in Article 51 of the BMR apply, such that administrator is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Where a reference rate is neither LIBOR nor EURIBOR, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR. Transitional provisions in the BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, Macquarie Bank does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

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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 warnings	This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Certificates should be based on consideration of this Base Prospectus as a whole by the investor. Where a claim relating to the information contained in this 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 this 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 this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in such Certificates.
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) (" <b>Macquarie Bank</b> "), acting through its London Branch
B.2	Domicile, legal form, legislation and country of incorporation	Macquarie Bank is incorporated and domiciled under the laws of the Commonwealth of Australia as a public company limited by shares.
B.4b	Known trends	Not applicable – There are no known trends affecting Macquarie Bank and the industries in which it operates.
B.5	The Issuer's group	Macquarie Bank's ultimate parent entity is Macquarie Group Limited (ABN 94 122 169 279). Macquarie Bank's immediate parent entity is Macquarie B.H. Pty Limited (ABN 86 124 071 432). References to the "Macquarie Bank Group" are references to Macquarie Bank and its controlled entities.
B.9	Profit forecast or estimate	Not applicable – Macquarie Bank does not make profit forecasts or estimates.

B.10	Qualifications in the auditor's report	Not applicable – No qualifications are contained in the auditor's reports dated 5 May 2017 (in respect of the financial year ended 31 March 2017) or 4 May 2018 (in respect of the financial year ended 31 March 2018).																																																																																																																			
B.12	Selected historical key financial information of the Issuer, no material adverse change statement and description of significant changes in financial or trading position of the Issuer	<p><i>Selected historical key financial information from Income Statements</i></p> <table border="1"> <thead> <tr> <th></th> <th>Consol. 2018 A\$m</th> <th>Consol. 2017 A\$m</th> <th>Bank 2018 A\$m</th> <th>Bank 2017 A\$m</th> </tr> </thead> <tbody> <tr> <td>Net interest income</td> <td>2,018</td> <td>2,170</td> <td>1,483</td> <td>1,786</td> </tr> <tr> <td>Net operating income</td> <td>6,163</td> <td>5,821</td> <td>5,237</td> <td>3,782</td> </tr> <tr> <td>Total operating expenses</td> <td>(4,010)</td> <td>(4,088)</td> <td>2,967</td> <td>(3,061)</td> </tr> <tr> <td><b>Operating profit before income tax</b></td> <td><b>2,153</b></td> <td><b>1,733</b></td> <td><b>2,270</b></td> <td><b>721</b></td> </tr> <tr> <td>Income tax expense</td> <td>(570)</td> <td>(509)</td> <td>251</td> <td>(73)</td> </tr> <tr> <td>Profit after income tax</td> <td>1,583</td> <td>1,224</td> <td>2,019</td> <td>648</td> </tr> <tr> <td>(Profit)/Loss attributable to non-controlling</td> <td>(1)</td> <td>12</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Profit attributable to equity holders of Macquarie Bank Limited</b></td> <td><b>1,582</b></td> <td><b>1,236</b></td> <td><b>2,019</b></td> <td><b>648</b></td> </tr> <tr> <td>Distributions paid or provided for on Macquarie Income Securities</td> <td>(14)</td> <td>(15)</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Profit attributable to ordinary equity holders of Macquarie Bank Limited</b></td> <td><b>1,568</b></td> <td><b>1,221</b></td> <td><b>2,019</b></td> <td><b>648</b></td> </tr> </tbody> </table> <p><i>Selected historical key financial information from Statements of Financial Position</i></p> <table border="1"> <thead> <tr> <th></th> <th>Consol. 2018 A\$m</th> <th>Consol. 2017 A\$m</th> <th>Bank 2018 A\$m</th> <th>Bank 2017 A\$m</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>ASSETS</b></td> </tr> <tr> <td>Total assets</td> <td>173,218</td> <td>167,441</td> <td>161,633</td> <td>161,539</td> </tr> <tr> <td colspan="5"><b>LIABILITIES</b></td> </tr> <tr> <td>Total liabilities excluding loan capital</td> <td>155,859</td> <td>150,238</td> <td>145,977</td> <td>146,331</td> </tr> <tr> <td>Loan capital</td> <td>4,256</td> <td>4,615</td> <td>4,256</td> <td>4,615</td> </tr> <tr> <td><b>Total liabilities</b></td> <td><b>160,115</b></td> <td><b>154,853</b></td> <td><b>150,233</b></td> <td><b>150,946</b></td> </tr> <tr> <td><b>Net assets</b></td> <td><b>13,103</b></td> <td><b>12,588</b></td> <td><b>11,400</b></td> <td><b>10,593</b></td> </tr> <tr> <td colspan="5"><b>EQUITY</b></td> </tr> <tr> <td>Total capital and reserves attributable to equity holders of Macquarie Bank Limited</td> <td>13,091</td> <td>12,580</td> <td>11,400</td> <td>10,593</td> </tr> <tr> <td>Non-controlling interests</td> <td>12</td> <td>8</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total equity</b></td> <td><b>13,103</b></td> <td><b>12,588</b></td> <td><b>11,400</b></td> <td><b>10,593</b></td> </tr> </tbody> </table>		Consol. 2018 A\$m	Consol. 2017 A\$m	Bank 2018 A\$m	Bank 2017 A\$m	Net interest income	2,018	2,170	1,483	1,786	Net operating income	6,163	5,821	5,237	3,782	Total operating expenses	(4,010)	(4,088)	2,967	(3,061)	<b>Operating profit before income tax</b>	<b>2,153</b>	<b>1,733</b>	<b>2,270</b>	<b>721</b>	Income tax expense	(570)	(509)	251	(73)	Profit after income tax	1,583	1,224	2,019	648	(Profit)/Loss attributable to non-controlling	(1)	12	-	-	<b>Profit attributable to equity holders of Macquarie Bank Limited</b>	<b>1,582</b>	<b>1,236</b>	<b>2,019</b>	<b>648</b>	Distributions paid or provided for on Macquarie Income Securities	(14)	(15)	-	-	<b>Profit attributable to ordinary equity holders of Macquarie Bank Limited</b>	<b>1,568</b>	<b>1,221</b>	<b>2,019</b>	<b>648</b>		Consol. 2018 A\$m	Consol. 2017 A\$m	Bank 2018 A\$m	Bank 2017 A\$m	<b>ASSETS</b>					Total assets	173,218	167,441	161,633	161,539	<b>LIABILITIES</b>					Total liabilities excluding loan capital	155,859	150,238	145,977	146,331	Loan capital	4,256	4,615	4,256	4,615	<b>Total liabilities</b>	<b>160,115</b>	<b>154,853</b>	<b>150,233</b>	<b>150,946</b>	<b>Net assets</b>	<b>13,103</b>	<b>12,588</b>	<b>11,400</b>	<b>10,593</b>	<b>EQUITY</b>					Total capital and reserves attributable to equity holders of Macquarie Bank Limited	13,091	12,580	11,400	10,593	Non-controlling interests	12	8	-	-	<b>Total equity</b>	<b>13,103</b>	<b>12,588</b>	<b>11,400</b>	<b>10,593</b>
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		The financial information above is selected historical key financial information of Macquarie Bank and of Macquarie Bank consolidated with its controlled entities
	No material adverse change statement	There has been no material adverse change in the prospects of Macquarie Bank or the Macquarie Bank Group since 31 March 2018, being the end date for the last financial period for which audited financial statements of Macquarie Bank and Macquarie Bank consolidated with its controlled entities have been published.
	Significant changes in the financial or trading position	Not applicable - there has been no significant change in the financial or trading position of Macquarie Bank or the Macquarie Bank Group since 31 March 2018, being the end date for the last financial period for which audited financial statements of Macquarie Bank and Macquarie Bank consolidated with its controlled entities have been published.
B.13	Recent events material to the evaluation of the Issuer's solvency	Not applicable – there are no recent events particular to Macquarie Bank which are to a material extent relevant to the evaluation of Macquarie Bank's solvency.
B.14	Dependence upon other members of the Issuer's group	<p>Not applicable – Macquarie Bank is not financially dependent upon other entities within the Macquarie Group.</p> <p>Macquarie Bank's income in part relies upon the income derived from the operations of its subsidiaries. In addition, Macquarie Group provides shared services to the Macquarie Bank Group, such as risk management, financial operations and economic research services, information technology, treasury, human resources, other group-wide services and business shared services. Other than exercising its rights under those agreements, the Macquarie Bank Group has no direct control over the provision of those services, Macquarie Group's continued provision of those services or the cost of those services.</p>
B.15	Description of the issuer's principal activities	Macquarie Bank is a global provider of asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. MBL acts primarily as an investment intermediary for institutional, corporate, government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to clients.
B.16	Ownership and control	Macquarie B.H. Pty Limited owns the whole of the issued ordinary share capital of, and is the controlling member of, Macquarie Bank. Macquarie B.H. Pty Limited is in turn wholly-owned and controlled by Macquarie Group Limited.

### 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 “ <b>Specified Currency</b> ” is [EUR] [USD] [GBP].
C.5	Restrictions on free	The offering, sale, delivery and transfer of Certificates and the

	transferability of the securities	<p>distribution of the 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"> <li>• ranking</li> <li>• limitations to those rights</li> </ul>	<p><i>Status:</i> Certificates will rank <i>pari passu</i> 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).</p> <p><i>Rights:</i> Certificateholders are entitled to receive the Cash Settlement Amount, if any, upon the expiry of the Certificates.</p> <p><i>Minimum Purchase Amount:</i> 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).</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 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 on a regulated market	<p>Application has been made for Certificates issued under the Programme during the twelve month period from the date of the 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 2014/65/EU.</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/indices] referenced by the Certificates increases, the value of the Certificates will increase, and as the level of the commodity [index/indices] referenced by the Certificates decreases, the value of the Certificates will decrease. [Each index referenced by the Certificates is allocated a “<b>Weighting</b>”. Changes in the level of an index with a high weighting will have a greater proportionate effect on the value of the Certificates than changes in the level of an index with a low weighting.]</p> <p>[The [Index/Indices], which [is/are] referenced by the Certificates, [is a leveraged index/are leveraged indices]. A leveraged index is 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 tracks the performance of the relevant underlying commodity or commodities (the “<b>Benchmark Index</b>”). In such case, the effect of changes in the level or price of such Benchmark Index will be increased, increasing the risk that an investor will lose some or all of its investment.]</p> <p>[The [Index/Indices], which [is/are] referenced by the Certificates, [is a short index/are short indices]. A short index is an index whose level will inversely track the performance of the relevant underlying commodity or commodities by applying a multiplier to an underlying unleveraged index which tracks the performance of the relevant</p>

		underlying commodity or commodities (the “ <b>Benchmark Index</b> ”), 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 short index will fall, and vice versa.]			
C.16	Expiration date	<p>The “<b>Expiration Date</b>” of the Certificates is [ ].</p> <p>[<i>Issuer call option</i>: The Issuer may by delivering [not less than 5 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 15 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	The Certificate will be deposited with Clearstream Banking S.A. and/or Euroclear Bank S.A./N.V and/or any additional or alternative clearing system approved by the Issuer and the Principal Certificate Agent from time to time and notified to the Certificateholders. All settlements will be made through such clearing systems.			
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 “<b>Settlement Date</b>” will be the fifth business day following the Pricing Date, provided that if the Certificates reference a basket of commodity indices and a market disruption event has resulted in a Pricing Date for one or more commodity indices being adjusted, the Settlement Date shall be the fifth business day next following the last occurring Pricing Date in relation to any referenced commodity index.</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, [and such amount shall not be less than the Minimum Cash Settlement Amount.]</p> <p>“<b>Multiplier</b>” means [ ].</p> <p>[“<b>Minimum Cash Settlement Amount</b>” means [ ].]</p> <p>“<b>Pricing Date</b>” 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 a commodity index, the Pricing Date shall be the commodity business day falling immediately prior to the effective cancellation of such commodity index.</p> <p>“<b>Settlement Price</b>” 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	<i>Index</i>	<i>Index Sponsor</i>	<i>[Weighting]</i>	<i>Reference Source</i>

where the information on the underlying can be found	[ ]	[ ]	[ ]	[ ]
	[ ]	[ ]	[ ]	[ ]
	[The [Index] is a [leveraged/short] index which multiplies the performance of the [Benchmark Index] by a factor of [-] [ ].]			

## Section D – Risks

D.2	Key risks that are specific to the Issuer	<p>The following are the key risks relating to the Issuer:</p> <p><i>Economic risk</i></p> <p>Macquarie Bank's and the Macquarie Bank Group's business and financial condition has been and may be negatively impacted by adverse global credit and other market conditions. Economic conditions, particularly in Australia, the United States, Europe and Asia, may have a negative impact on Macquarie Bank's and the Macquarie Bank Group's business and financial condition.</p> <p><i>Market risk</i></p> <p>Macquarie Bank's and the Macquarie Bank Group's businesses may be impacted by fluctuations in short-term and long-term interest rates, inflation, monetary supply, commodities, foreign exchange rates and equity prices in the markets in which Macquarie Bank and the Macquarie Bank Group operate.</p> <p><i>Funding risk</i></p> <p>Macquarie Bank and the Macquarie Bank Group rely on equity and debt markets for funding their businesses. Further instability in these markets may affect Macquarie Bank's and the Macquarie Bank Group's ability to access funding, particularly the ability to issue long-term debt securities, to replace maturing liabilities in a timely manner and to access the funding necessary to grow their businesses. In addition, an increase in credit spreads may increase Macquarie Bank's and the Macquarie Bank Group's cost of funding.</p> <p><i>Liquidity risk</i></p> <p>Macquarie Bank and the Macquarie Bank Group are exposed to the risk that they may become unable to meet their financial commitments when they fall due, which could arise due to mismatches in cashflows. Liquidity is essential to Macquarie Bank's and the Macquarie Bank 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.</p> <p><i>Regulatory risk</i></p> <p>Global economic conditions have led to changes that significantly alter the regulatory framework in which Macquarie Bank and the Macquarie Bank Group operate. Failure to comply with legal and regulatory requirements, including tax laws and regulations, and rules relating to conflicts of interest, corrupt and illegal payments and money laundering, or government policies, in a timely manner may have an adverse effect on their reputation among customers and</p>
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		<p>regulators in the market. There is also increased scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally.</p> <p><i>Credit Rating risk</i></p> <p>If one or more of the credit ratings assigned to Macquarie Bank or the Macquarie Bank Group are downgraded this could have the effect of increasing the cost of funds raised by Macquarie Bank or the Macquarie Bank Group from financial markets, reducing Macquarie Bank's or the Macquarie Bank Group's ability to access certain capital markets, triggering Macquarie Bank's or the Macquarie Bank Group's obligations under certain contracts, and/or adversely impacting the willingness of counterparties to deal with Macquarie Bank or the Macquarie Bank Group.</p> <p>If any of the risks described in this section actually occur, the businesses, competitive position, financial performance, financial condition, operations, prospects or reputation of Macquarie Bank, as well as other entities within the Macquarie Group, could be materially and adversely affected, with the result that the value, trading price and/or liquidity of Macquarie Bank's equity and debt securities (including the Certificates) could decline, and investors could lose all or part of their investment.</p>
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 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 Certificate will not replicate the performance of the underlying</p>

		<p>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 Certificates may have an adverse effect on the value of such Certificates.</p> <p><i>Leveraged indices</i></p> <p>Certificates giving investors a leveraged 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> <p><i>Short indices</i></p> <p>Certificates giving investors a short exposure to the performance of the relevant Benchmark Index may expose an investor to greater risk than an investment in such Benchmark Index which does not give a short exposure to the same Benchmark Index. Investors should be aware that a rise in the Benchmark index will correlate to a fall in the level of the short index, and vice versa, which will affect the value of the Certificates.</p>
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**Section E – Offer**

E.2b	Reasons for the offer and use of proceeds	<p>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 Macquarie Bank Group’s general corporate purposes.</p> <p>However, instruments issued under this Base Prospectus may be admitted to trading.</p>
E.3	Terms and Conditions of the offer	<p>No offer to the public will be made pursuant to the Base Prospectus.</p> <p>However, instruments issued under this Base Prospectus may be admitted to trading.</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 any commodity index or indices underlying any Certificates and other instruments related to any commodity index or indices 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 any commodity index or indices underlying Certificates. [Macquarie Bank and its affiliates may also underwrite or issue other securities or financial instruments linked to a commodity index or indices, and may license the commodity index</p>



		or indices for publication or for use by unaffiliated third parties. Such activities could present certain conflicts of interest, could affect the value of any commodity index or indices and could adversely affect the value of such Certificates.]
E.7	Expenses charged to the investor	[ ] / [Not Applicable. No expenses are charged to investors.]

## RISK FACTORS

This section describes the risks the Issuer believes may be material for the purpose of assessing the risks associated with Instruments and the market for Instruments generally. They are not an exhaustive description of all the risks associated with an investment in Instruments and the Issuer may be unable to fulfil its payment or other obligations under or in connection with the Instruments due to a factor which the Issuer did not consider to be a material risk based on information currently available to it or which it may not currently be able to anticipate.

If any of the risks described below (or an unlisted risk) actually occur, the value, trading price and liquidity of the Instruments could decline, and an investor could lose all or part of their investment. These factors are 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.

Prospective investors should note that the risks relating to Macquarie Bank and the Macquarie Bank Group, its industry and the Instruments summarised in the “*Summary of the Certificates Programme*” section of this Base Prospectus are the risks that Macquarie Bank believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Instruments. However, as the risks which Macquarie Bank faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the “*Summary of the Certificates Programme*” section of this Base Prospectus but also, among other things, the risks and uncertainties described below.

*Terms used but not otherwise defined in this section have the meanings given to them in the relevant 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 condition and prospects of Macquarie Bank and the Macquarie Bank Group.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial and economic risks to which the entity is exposed, many of which are not within their control.

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

The Macquarie Group's businesses operate in or depend on the operation of global markets, either directly or indirectly, including through exposures in securities, loans, derivatives and other activities. In particular, past uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, constrained access to funding, and the decline in equity and capital market activity have impacted and may again impact transaction flow in a range of industry sectors. If repeated, such factors could adversely impact the Macquarie Bank Group's financial performance.

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

Governments, regulators and central banks globally have taken numerous steps to increase liquidity and to restore investor and public confidence since the global financial crisis. While the global economic environment has since improved, there can be no assurance as to the impact that the withdrawal of relief measures such as “quantitative easing” programs (or the consequential

impacts of substantial fiscal stimulus on the budgets of sovereigns) will have on global economic conditions or on Macquarie Bank's businesses, prospects, results of operation or financial condition.

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

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

The Macquarie Bank Group's trading income may be adversely impacted during times of subdued market conditions and client activity and increased market risk can lead to trading losses or cause the Macquarie Bank Group to reduce the size of its trading businesses in order to limit its risk exposure. Market conditions, as well as declines in asset values, may cause the Macquarie Bank Group's clients to transfer their assets out of the Macquarie Bank Group's funds or other products or their brokerage accounts and result in reduced net revenues, principally in the Macquarie Bank Group's funds management business. The Macquarie Bank Group's funds management fee income, including base and performance fees, may be impacted by volatility in equity values and returns from the Macquarie Bank Group's managed funds.

The Macquarie Bank Group's loan portfolio may also be impacted by deteriorating economic conditions. The Macquarie Bank Group assesses the credit quality of its loan portfolio and the value of its proprietary investments, including its investments in managed funds, for impairment at each reporting date. The Macquarie Bank Group's returns from asset sales are also subject to the current economic climate. In addition, if financial markets decline, revenues from the Macquarie Bank Group's variable annuity products are likely to decrease. In addition, increases in volatility increase the level of the Macquarie Bank Group's risk weighted assets and increase the Macquarie Bank Group's capital requirements. Increased capital requirements may require the Macquarie Bank Group to raise additional capital at a time, and on terms, which may be less favourable than the Macquarie Bank Group would otherwise achieve during stable market conditions. If this occurs, then this may have an impact on Macquarie Bank's financial performance.

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

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

General business and economic conditions are key considerations in determining Macquarie Bank's and the Macquarie Bank Group's access to credit and equity capital markets, cost of funding and ability to meet their liquidity needs. The impact of these include, but are not limited to, changes in short-term and long-term interest rates, inflation, monetary supply, volatility in commodity prices, fluctuations in both debt and equity capital markets, relative changes in foreign

exchange rates, consumer confidence and changes in the strength of the economies in which Macquarie Bank and the Macquarie Bank Group operate. Renewed turbulence or a worsening general economic climate could adversely impact any or all of these factors. Should conditions remain uncertain for a prolonged period, or deteriorate further, Macquarie Bank's and the Macquarie Bank Group's funding costs may increase and may limit Macquarie Bank's and the Macquarie Bank Group's ability to replace, in a timely manner, maturing liabilities, which could adversely affect Macquarie Bank's and the Macquarie Bank Group's ability to fund and grow their business or otherwise have a material impact on Macquarie Bank and the Macquarie Bank Group.

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

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

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

Regulatory agencies and governments frequently review banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal policies, for possible changes. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect Macquarie Bank and the Macquarie Bank Group or their businesses, the products and services Macquarie Bank and the Macquarie Bank Group offer or the value of their assets, or have unintended consequences or impacts across Macquarie Bank's and the Macquarie Bank Group's business. These may include changing required levels of liquidity and capital adequacy, increasing tax burdens generally and on financial transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the culture in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which Macquarie Bank and the Macquarie Bank Group operate, and may lead to further significant changes of this kind. In Australia, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ("**Royal Commission**") was established in December 2017, with the final report expected to be released in February 2019. The Royal Commission may result in adverse findings against or relevant to the Macquarie Bank Group and may impose further regulatory measures on the banking industry. These findings could adversely affect the reputation and the profitability of the Macquarie Bank Group.

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

In addition, regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. The nature and impact of future changes are unpredictable, beyond Macquarie Bank's and the Macquarie Bank Group's control and may result in potentially conflicting requirements and such changes could adversely affect the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

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

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

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

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

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

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

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

Investors should be aware that exchange rate movements may adversely impact the Macquarie Bank Group's future financial results. The Macquarie Bank 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.

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

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

Macquarie Bank and such other Macquarie Bank Group entities may over value the acquisition, may not achieve expected synergies from the acquisition, may achieve lower than expected cost savings or otherwise incur losses, may lose customers and market share, may face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business into the Macquarie Bank Group or their management's time may be diverted to facilitate the integration of the acquired business into Macquarie Bank or the relevant Macquarie Bank Group entity. Macquarie Bank and other entities in the Macquarie Bank Group are continually evaluating strategic opportunities associated with outsourcing, exiting or restructuring existing businesses. This may impact on Macquarie Bank and the Macquarie Bank Group's assets, liabilities or profits and may have a negative impact on Macquarie Bank's and/or the Macquarie Bank Group's businesses, prospects, results of operation or financial condition. Where Macquarie Bank's and/or the Macquarie Bank Group's acquisitions are in foreign jurisdictions, or are in emerging or growth economies in particular, they may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk in emerging and growth markets.

In addition, there are current and prospective strategic risks associated with timely business decisions, proper implementation of decisions or responsiveness to changes in Macquarie Bank's and the Macquarie Bank Group's current operating environment.

***Macquarie Bank's and the Macquarie Bank Group's businesses are substantially dependent on the Macquarie Group's brand and reputation.***

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

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

***Competitive pressure, both in the financial services industry, as well as in the other industries in which Macquarie Bank and the Macquarie Bank Group operates, could adversely impact their business and results of operation.***

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

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. In recent years, competition in the financial services industry has also increased as large insurance and banking industry participants have sought to establish themselves in markets that are perceived to offer higher growth potential and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships. Many of Macquarie Bank's and the Macquarie Bank Group's competitors are larger than they are and may have significantly greater financial resources than the Macquarie Bank Group and/or may be able to offer a wider range of products which may enhance their competitive position.

Macquarie Bank and the Macquarie Bank Group are also dependent on their ability to offer products and services that match evolving customer preferences. If Macquarie Bank and the Macquarie Bank Group are not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, they may lose customers to their competitors. This could adversely affect the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

The effect of competitive market conditions, especially in Macquarie Bank's and the Macquarie Bank Group's main markets, products and services, may lead to an erosion in Macquarie Bank's and the Macquarie Bank Group's market share or margins and could adversely impact the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

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

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

In order to attract and retain qualified employees, Macquarie Bank and the Macquarie Bank Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the Macquarie Bank Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. Recent

market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, Macquarie Bank may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require Macquarie Bank and the Macquarie Bank Group to further alter their remuneration practices in ways that could adversely affect their ability to attract and retain qualified and talented employees.

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

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

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

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

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

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions globally that may further affect Macquarie Bank and the Macquarie Bank Group. This is sometimes referred to as "**systemic risk**" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that Macquarie Bank and the Macquarie Bank Group interacts with on a daily basis. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value by Macquarie Bank and the Macquarie Bank Group's ability to deal in those assets. If these risks eventuate, they may have an impact on the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

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

Macquarie Bank and the Macquarie Bank Group are exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. Macquarie Bank and the Macquarie Bank Group are also exposed to potential concentration risk arising from large individual exposures or groups of exposures. Like any financial services organisation, Macquarie Bank and the Macquarie Bank



Group assume counterparty risk in connection with their lending, trading, derivatives and other businesses where they rely on the ability of a third party to satisfy their financial obligations to them on a timely basis. The resulting credit exposure will depend on a number of factors, including declines in the financial condition of the counterparty, the value of property Macquarie Bank and the Macquarie Bank Group hold as collateral and the market value of the counterparty instruments and obligations Macquarie Bank and the Macquarie Bank Group holds. See Note 36.1 to the 2018 Annual Report for a description of the most significant regional, business segment and individual credit exposures where the Macquarie Bank Group believes there is a significant risk of loss. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. To the extent Macquarie Bank's and the Macquarie Bank Group's credit exposure increases, it could have an adverse effect on their business and profitability if material unexpected credit losses occur. Macquarie Bank and the Macquarie Bank Group are also subject to the risk that their rights against third parties may not be enforceable in all circumstances, which may also adversely impact the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

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

Historically, a portion of Macquarie Bank's and the Macquarie Bank Group's income has been generated from the sale of assets to third parties, including their funds. If buyers are unable to obtain financing to purchase assets that Macquarie Bank and the Macquarie Bank Group currently hold or purchase with the intention to sell in the future, Macquarie Bank and the Macquarie Bank Group may be required to hold investment assets for a longer period of time than they historically have or may sell these assets at lower prices than they historically would have expected to achieve, which may lower their rate of return on these investments and require funding for periods longer than they have anticipated.

***Failure of Macquarie Bank or the Macquarie Bank Group to maintain their credit ratings and those of their subsidiaries could adversely affect its cost of funds, liquidity, competitive position and access to capital markets.***

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

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

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

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

For a further discussion of Macquarie Bank's risk management policies and procedures, see Note 36 to the 2018 audited consolidated annual financial statements of Macquarie Bank and its controlled entities and the section entitled "Risk Management Report" in the 2018 Annual Report of Macquarie Group.

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

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

A number of the Macquarie Bank Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it 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 Macquarie Bank Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from IT systems, and reputational concerns with the manner in which these businesses are being operated or conducted. If these risks eventuate, they may have a negative impact on the Macquarie Bank Group's businesses, prospects, results of operation or financial condition.

***Macquarie Bank and the Macquarie Bank Group may experience writedowns of their investments, loans and other assets related to volatile market conditions.***

Macquarie Bank and its controlled entities recorded A\$69 million of impairment and provision charges for the year ended 31 March 2018, including A\$50 million of impairment charges on investment securities available-for-sale, intangible assets and other non-financial assets and interests in associates and joint ventures, and A\$19 million of provisions and recoveries on loans and other receivables. Further impairments and provisions may be required in future periods if the market value of assets similar to those held were to decline.

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

***The Macquarie Bank Group relies on services provided by Macquarie Group.***

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

***Apart from its rights under the services agreements, Macquarie Bank has no control over the management, operations or business of entities in the Macquarie Group that are not part of the Macquarie Bank Group.***

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

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

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

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

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

Macquarie Bank and the Macquarie Bank Group are exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems, such as from the disruption or failure of our IT systems, or from external suppliers and service providers including cloud-based outsourced technology platforms, or external events. Such operational risks may include theft and fraud, employment practices and workplace safety, improper business practices, mishandling of client monies or assets, client suitability and servicing risks, product complexity and pricing, and valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations. There is increasing regulatory and public scrutiny concerning outsourced and off-shore activities and their associated risks, including, for example, the appropriate management and control of confidential data. The failure to appropriately manage this risk, including where external service providers are used, may adversely impact the Macquarie Bank Group's businesses, prospects, reputation, results of operations, financial performance and position.

In addition, there have been a number of highly publicised cases around the world involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and Macquarie Bank and the Macquarie Bank Group run the risk that employee, contractor and external service provider misconduct could occur. In addition, risk could occur through the provision of products and services to Macquarie Bank's and Macquarie Bank Group's customers that do not meet their needs, such as through a failure to meet professional obligations to specific clients

(including fiduciary and suitability requirements), poor product design and implementation, selling products and services outside of customer target markets or a failure to adequately provide the products or services Macquarie Bank and Macquarie Bank Group had agreed to provide a customer. It is not always possible to deter or prevent employee misconduct and the precautions Macquarie Bank and the Macquarie Bank Group take to prevent and detect this activity may not be effective in all cases, which could result in financial losses and reputational damage that could adversely affect the Macquarie Bank Group's business, prospects, results of operation or financial condition.

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

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

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

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

anticipate all security breaches, nor may it be able to implement guaranteed preventive measures against such security breaches. Cyber threats are rapidly evolving and the Macquarie Bank Group may not be able to anticipate or prevent all such attacks.

Information security threats may also occur as a result of the Macquarie Bank Group's plans to continue to implement internet banking and mobile banking channel strategies, develop additional remote connectivity solutions and outsource some of the Macquarie Bank Group's business operations. The Macquarie Bank Group faces indirect technology, cybersecurity and operational risks relating to the customers, clients, external service providers and other third parties with whom it does business with or upon whom it relies to facilitate or enable its business activities, including financial counterparties, financial intermediaries (such as clearing agents, exchanges and clearing houses), vendors, regulators, providers of critical infrastructure (such as internet access and electrical power), retailers for whom it processes transactions, as well as other third parties with whom the Macquarie Bank Group's clients do business, can also be sources of operational risk to it, including with respect to security breaches affecting such parties, breakdowns or failures of the systems or misconduct by the employees, contractors or external service providers of such parties and cyber attacks. Such incidents may require the Macquarie Bank Group to take steps to protect the integrity of its own operational systems or to safeguard its confidential information and that of its clients, thereby increasing its operational costs and potentially diminishing customer satisfaction.

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

Although to date the Macquarie Bank Group has not experienced any material losses or suffered other material consequences relating to technology failure, cyber attacks or other information or security breaches, whether directed at it or at third parties, there can be no assurance that it will not suffer such losses or other consequences in the future. It is possible that the Macquarie Bank Group may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated and can evolve rapidly, and those that would perpetrate attacks can be well resourced.

Cyber attacks or other information or security breaches, whether directed at the Macquarie Bank Group or third parties, may result in a material loss or have adverse consequences for the Macquarie Bank Group including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the Macquarie Bank Group. Furthermore, the public perception that a cyber attack on its systems has been successful, whether or not this perception is correct, may damage the Macquarie Bank Group's reputation with customers and third parties with whom it does business.

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

The Macquarie Bank Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts) leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events. Additionally, rising climate change concerns may lead to additional regulation that could increase the operating costs and/or reduce the profitability of the Macquarie Bank Group's investments. In addition, the Macquarie Bank Group relies on third party suppliers or service providers to perform their contractual obligations, and any failure on their part could

adversely affect the Macquarie Bank Group's business. The Macquarie Bank Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses.

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

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

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

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

Macquarie Bank and the Macquarie Bank 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 their results of operation and financial condition in future periods or their reputation. Macquarie Bank and Macquarie Bank Group entities regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm Macquarie Bank's and the Macquarie Bank Group's reputation or brand, thereby adversely affecting their business.

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

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

Potential risks of default on sovereign debt in some jurisdictions could expose the Macquarie Bank Group to substantial losses. Risks in one nation can limit its opportunities for portfolio growth and negatively affect its operations in other nations. Market and economic disruptions of all types may affect consumer confidence levels and spending, corporate investment and job creation, bankruptcy rates, levels of incurrence and default on consumer and corporate debt, economic growth rates and asset values, among other factors. Any such unfavourable conditions or developments could have an adverse impact on its business.

Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world, may also adversely affect global financial markets, general economic and business conditions and the Macquarie Bank Group's ability to continue operating or trading in a country, which in turn may adversely affect the Macquarie Bank Group's businesses, prospects, results of operation and financial condition.

The Macquarie Bank 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 Macquarie Bank Group could suffer losses due to environmental and social factors***

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

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

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

***The Macquarie Bank Group is subject to risks in using custodians.***

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

**2. Risks relating to Instruments and the market generally**

***Australian insolvency laws***

In the event that Macquarie Bank is, is likely to become or becomes insolvent, insolvency proceedings are likely to 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 holders of Instruments ("**Instrumentholders**") and Macquarie Bank's shareholders under Australian law, and the laws of any other jurisdiction determined in accordance with 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.

In September 2017, reforms to Australian insolvency laws were passed. Among other things, the legislation provides for a stay on enforcement of certain rights arising under a contract (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) for a certain period of time (and potentially, indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings (such

as the appointment of an administrator, managing controller or an application for a scheme of arrangement) or the company's financial position during those insolvency proceedings (known as "ipso facto rights").

The stay will apply to ipso facto rights arising under contracts, agreements or arrangements entered into after 1 July 2018, subject to certain exclusions. Such exclusions include rights exercised under a kind of contract, agreement or arrangement prescribed by the regulations. The Australian federal government proposes to make regulations setting out the types of contracts and contractual rights which will be excluded from the stay and released an exposure draft of such regulations on 16 April 2018. While the exposure draft of the regulations proposes exempting contracts, agreements and arrangements under which bodies corporate incorporated in Australia, such as Macquarie Bank, issue securities, such as the Instruments, from the stay, it remains uncertain whether any such exemption will be carried into law. If the Australian federal government does not enact regulations to exclude securities, such as the Instruments, from the operation of the legislation, this may render unenforceable in Australia provisions of the Instruments conditioned solely on the occurrence of the events giving rise to the "ipso facto" rights. This would include the events of default in Conditions 11(A), (B) and (C) of the Instruments (to the extent such an event of default gives rise to an "ipso facto right"). Until the regulations have been finalised, the scope of the stay on the exercise of "ipso facto rights" and the exclusions and the effect on any Instruments issued after 1 July 2018 is uncertain.

#### ***The Instruments are not protected by the Financial Services Compensation Scheme***

Unlike a bank deposit, the Instruments are not protected by the Financial Services Compensation Scheme ("FSCS"). As a result, neither the FSCS nor anyone else will pay compensation upon the failure of Macquarie Bank. If Macquarie Bank goes out of business or becomes insolvent, investors may lose all or part of their investment in the Instruments.

#### ***The Instruments do not have the benefit of any third party guarantees or security***

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 government of Australia. Accordingly, in the event that Macquarie Bank is unable to fulfil its obligations under the Instruments, such obligations would not necessarily be assumed by any other person.

Investors should also be aware that the Instruments and related Coupons will be unsecured obligations of Macquarie Bank. To the extent Macquarie Bank incurs secured obligations, the Instruments will rank behind those secured obligations to the extent of the value of the property granted to secure those obligations. Consequently, any such secured obligations will rank senior in the right of payment to an investor of Instruments to the extent of the value of the assets granted to secure those obligations.

#### ***Issue price and optional redemption risks***

An optional redemption feature is likely to limit the market value of Notes. During any period when Macquarie Bank 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. Macquarie Bank 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.

#### ***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 Instruments linked to commodity indices 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 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 matures 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.

#### ***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 or any commodities referenced in any Commodity Index 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 commodities, 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 Commodity-linked 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.

***Exercise of discretion by Macquarie Bank or the Calculation Agent***

Any determination by the Issuer or the Calculation Agent (as applicable) to be exercised in their discretion shall (save in the case of manifest error) be conclusive and binding on all persons (including, without limitation, the Instrumentholders). Both the Issuer and the Calculation Agent have numerous discretions under the terms and conditions of the Instruments – in particular: (i) the discretion to modify the terms and conditions of the Instruments without the consent of the Holders in limited circumstances; (ii) the discretion to determine whether or not a Market Disruption Event has occurred; and (iii) the discretion to determine the costs, fees, expenses and other amounts payable in connection with the redemption or cancellation of the Instruments. The exercise of any such discretion by either the Issuer or the Calculation Agent could adversely affect the value 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.

### ***Meetings of Holders***

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

### ***Change of Law***

The 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, including developments which may require withholding or deduction to be made by Macquarie Bank from payments of amounts due in respect of Instruments (see *"Taxation – United States Taxation - Foreign Account Tax Compliance Act"* on page 128 of this Base Prospectus).

## **3. Risks relating to the market for Instruments generally**

### ***The secondary market generally***

Instruments may have no established trading market when issued, and one 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. A decrease in liquidity may have a severely adverse effect on the market value of Instruments. No assurance of a secondary market or a market price for the Instruments is provided by Macquarie Bank.

In addition, Instrumentholders 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 resales even if there is no decline in the performance of the assets of Macquarie Bank.

### ***Listing and admission to trading***

An 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. No assurance can be given that if and once listed, the Instruments will at all times remain listed on the Official List or remain admitted for trading on the Market and it may not be possible to list the Instruments on any other stock or securities exchange.

### ***Exchange rate risks and exchange controls***

Macquarie Bank will pay principal and interest (if applicable) in the case of Notes or a Cash Settlement Amount in the case of Certificates, 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) and 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 (1) the Investor's Currency-equivalent yield on the Instruments, (2) the Investor's Currency equivalent value of the principal payable on the Instruments, and (3) the Investor's Currency equivalent market value of the Instruments.

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.

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 Instruments. The occurrence of such an inconvertibility event may result in payment under the Instruments being delayed and/or an investor receiving payment in a currency other than the Specified Currency.

### ***Interest rate risks***

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

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.

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

### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Instruments. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Instruments. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, cancellation, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU European Union ("EU") and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the Issuer's ratings and the credit rating agencies which have assigned such ratings is set out under the heading "*Important Notices*" at the beginning of this Base Prospectus. Where an issue of Instruments is rated, such rating will be specified in the relevant Final Terms and may not necessarily be the same as the rating assigned to Macquarie Bank.

### **Regulation and reform of LIBOR and EURIBOR and other interest rate, index and commodity index "Benchmarks"**

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices including commodity indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are yet to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material

adverse effect on any Instruments linked to such a benchmark.

On 17 May 2016, the Council of the European Union adopted the EU regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”). The Benchmark Regulation entered into force on 30 June 2016 and, subject to certain transitional provisions, has applied across the EU since 1 January 2018.

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

- a rate which is a benchmark could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the equivalence conditions, is not recognised pending such a decision and is not endorsed for such purpose. In such event, depending on the particular benchmark and the applicable terms of the Instruments, the Instruments could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and
- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Instruments, and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR or EURIBOR was available.

In addition to the international reform of benchmarks (both proposed and actual) described above, there are numerous other proposals, initiatives and investigations which may impact benchmarks. For example, in the United Kingdom, the national government has extended the legislation originally put in place to cover LIBOR to regulate a number of additional major UK-based financial benchmarks in the fixed income, commodity and currency markets, which could be further expanded in the future.

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

#### 4. **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.

***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.

**5. 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 are (i) to sell it at its then market price in an available secondary market, or (ii) to exercise its Holder Put Option (if applicable). 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. The price of a Certificate from time to time will generally be affected by the level of the underlying commodity index or indices 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 index (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.

## **6. 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 bears market risks which may include, but are not limited to, those which would apply 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.

Commodity Indices are linked to various commodities or baskets of commodities. There are risks related to the underlying commodities. 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 structure, operation and methodology of the index as well as the fees and adjustments and any other amounts deducted from (or added to) the performance of such physical commodity or commodity index, the impact such methodology or fees may have on the level of such physical commodity or commodity index and the circumstances in which any such fees and adjustments may change. As a result of such methodology and any fees and adjustments, an investment in a Commodity-linked Instrument will not replicate the performance of the underlying commodities or 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 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-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.

***Index Adjustment Events, Successor Indices and Cessation of Calculation of an Index***

If the relevant Index Sponsor makes a material modification to the Index or fails to calculate and announce the Index, then the Calculation Agent may, at its option, calculate the Index Level in accordance with the formula for and method of calculating the Index last in effect prior to such Index Adjustment Event. Where the relevant Index Sponsor permanently cancels the Index and no Successor Index exists, then either (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.

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

Commodity-linked Instruments may reference an index (or indices) which, within its terms, leverages the performance of the relevant underlying commodity or commodities by applying a multiplier to an underlying unleveraged index which 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 such Benchmark Index will be increased, significantly increasing the risk that an investor will lose some or all of its investment.

***Short commodity indices will be inversely correlated to the referenced commodity index or indices***

Commodity-linked Instruments may reference an index (or indices) whose level will inversely track the performance of the relevant underlying commodity or commodities by applying a multiplier to an underlying index which tracks the performance of the 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 short index will fall, and vice versa, which will affect the value of the relevant Instruments.

## 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, or part of a 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 or other information 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 2017 annual report and 2018 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 2017 and 31 March 2018, 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 audited financial statements of Macquarie Bank Limited consolidated with its controlled entities for the years ended 31 March 2017 and 31 March 2018 includes the Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, Notes to the Financial Statements, Directors' Declaration and the Independent Auditor's Report. The financial report and the Independent Auditor's Report, can be located in the 2018 Annual Report (and in the case of the financial year ended 31 March 2017, also in the 2017 annual report) on the following pages:

	2018 Annual Report	2017 Annual Report
Income Statements	43	50
Statements of Comprehensive Income	44	51
Statements of Financial Position	45	52
Statements of Changes in Equity	46-47	53-54
Statements of Cash Flows	48	55
Notes to the Financial Statements	49-140	56-169
Directors' Declaration	141	170
Independent Auditor's Report	142-146	171

### Previous Terms and Conditions

The Terms and Conditions of the Instruments set out on:

- Pages 44-70, 80-90 and 96-99 of the Base Prospectus dated 20 December 2017 relating to the Programme;
- Pages 43-69, 78-88 and 93-96 of the Base Prospectus dated 20 October 2016 relating to the Programme;
- pages 41-67, 76-86 and 91-94 of the Base Prospectus dated 29 July 2015 relating to the Programme; and
- pages 37-63, 72-82 and 87-90 of the Base Prospectus dated 11 April 2014 relating to the Programme,

are incorporated by reference in and form part of, this Base Prospectus. The parts of the Base Prospectus dated 20 December 2017, Base Prospectus dated 20 October 2016, the Base Prospectus dated 29 July 2015 and the Base Prospectus dated 11 April 2014 which are not incorporated in this Base Prospectus are either not relevant for the investor or are covered in another part of this Base Prospectus.

\* \* \* \* \*

Any information not forming part of the audited consolidated financial statements of Macquarie Bank with its controlled entities for the financial years ended 31 March 2017 and 31 March 2018 and the auditor's report in respect of such annual consolidated financial statements, but included in the 2017 annual report and 2018 annual report of Macquarie Bank is not incorporated in, and does not form part of, this Base Prospectus.

Any non-incorporated parts of a document incorporated by reference herein which is not incorporated in, and does not form part of, this Base Prospectus is either not relevant for investors or is contained elsewhere in this Base Prospectus.

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 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](http://www.bourse.lu) and available on the internet site [www.macquarie.com.au](http://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 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](http://www.asx.com.au) (Macquarie Bank's ASX code is "**MBL**").

References to internet site addresses or uniform resource locators (URLs) in this Base Prospectus are included as textual references only and the contents of any such internet sites or URLs 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 the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Instruments, the applicable Issue Terms (and, in addition, in respect of the Certificates only, the Summary).*

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

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 depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**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:	<p>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 ("<b>Final Terms</b>").</p> <p>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 "<b>Alternative Drawdown Document</b>").</p> <p>The Final Terms or Alternative Drawdown Document issued by the Issuer in relation to any Certificates constitutes the "<b>Issue Terms</b>" with respect to such Certificates.</p>
Form of Certificates:	<p>Certificates will be issued in 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.</p> <p>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.</p> <p>Certificates will be issued outside the United States in reliance on Regulation S.</p>
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.
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. 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.

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 Issuer 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 *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).

**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:**

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.

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.



Unlisted Instruments may also be issued as shall be specified in the applicable Issue Terms.

*No assurance can be given that such listing can be obtained and/or maintained.*

Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or 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 from time to time and notified to Instrumentholders.

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 118 to 121, 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 vii, inclusive, of this Base Prospectus.

## 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 depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”).

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.

Interests in 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 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 Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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 persons, 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.

The term “**United States person**”, as used in this paragraph and in the preceding paragraph, has the meaning set forth in the Internal Revenue Code and the U.S. Treasury regulations thereunder.

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 and/or Clearstream, Luxembourg and/or 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 from time to time and notified to Noteholders.

### **Registered Notes**

The Registered Notes of each Tranche will be offered and sold in reliance on Regulation S to persons that are not U.S. persons (as such term is defined in Regulation S) 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 (as such term is defined in Regulation S) 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 (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 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 from time to time and notified to Noteholders.

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 Commodity-linked Conditions 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 Commodity-linked Conditions (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 Commodity-linked 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.*

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 amended and restated agency agreement dated on or about 7 September 2018 (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 Commodity-linked 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 depository 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.

#### 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-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 S.A. ("**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 from time to time and notified to Noteholders.

## **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 8.5 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

Words and expressions defined in the Agency Agreement, used in the applicable Issue Terms or defined in the Commodity-linked Conditions 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.

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 Commodity-linked Condition 1.

**“Commodity-linked Conditions”** means the additional terms and conditions for Commodity-linked Instruments as set out in the Annex to these Terms and Conditions.

**“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.

- (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).

“**Established Rate**” means the rate for the conversion of the Specified 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 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 Commodity-linked 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 on 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 Levels in respect of each Commodity Index comprised in the Basket of Commodity Indices on the Initial Pricing Date multiplied by the applicable Weighting,

in each case, multiplied by the applicable Initial Price Multiplier.

**“Initial Price Multiplier”** means a number, expressed as a percentage, that may be applied in determining the Initial Price in respect of a Commodity-linked Note, which shall be 100% unless otherwise specified in the applicable Issue Terms.

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

**“Maturity Date”** means the date specified in the applicable Issue Terms, provided that if the Notes fall for early redemption following the occurrence of a Stop Loss Redemption Event, the Maturity Date shall be the day that falls five Commodity Business Days following the Pricing Date (as determined in accordance with Condition 8.3).

**“Pricing Date”** means (subject to the occurrence of a Stop Loss Redemption Event (if applicable)) the date 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 Commodity-linked 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 on such Pricing Date; or
- (B) in the case of Commodity-linked Notes relating to a Basket of Commodity Indices, the sum of the Index Levels 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 notify the Calculation Agent of such unavailability or such non-appearance and the Calculation 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 the Agent at the request of the Calculation 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 8.7(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-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-linked Note shall be calculated by the Calculation Agent in accordance with the following formula, subject to a minimum of zero and where applicable, shall not be less than the Minimum Final Redemption Amount as specified in the applicable Issue Terms:

$$\text{Final Redemption Amount} = \text{Calculation Amount} \times (1 + \text{Index Performance}) \times \text{Multiplier}$$

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 a number, expressed as a percentage, that may be applied in determining the Final Redemption Amount in respect of a Commodity-linked Note, which shall be 100% unless otherwise specified in the applicable Issue Terms.

“**Initial Price**” and “**Settlement Price**” have the meanings given to them in Condition 5 (subject to Condition 8.2 (if applicable)).

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 **Stop Loss Redemption**

If “**Stop Loss Redemption**” is stated as being applicable in the applicable Issue Terms then, if a Stop Loss Redemption Event occurs in respect of any Commodity Business Day that falls within the Stop Loss Period, the next following Business Day will be the Pricing Date and, for the purposes of determining the Final Redemption Amount of the Notes in accordance with Condition 8.2, the

“Settlement Price” shall be equal to the greater of (i) the actual Settlement Price (as defined in Condition 5); and (ii) the Minimum Stop Loss Index Level.

A “**Stop Loss Redemption Event**” will occur in respect of a Commodity Business Day if the Settlement Price in respect of such Commodity Business Day (determined as if such Commodity Business Day was a Pricing Date) is below the Stop Loss Index Level.

For the purposes of this Condition 8.3:

“**Maximum Percentage Loss**” means the percentage specified as such in the applicable Issue Terms.

The “**Minimum Stop Loss Index Level**” in respect of each Commodity Business Day falling in the Stop Loss Period shall be determined by the Calculation Agent in accordance with the following formula:

$$\text{Minimum Stop Loss Index Level} = \text{Initial Price} \times (100\% - \text{Maximum Percentage Loss})$$

The “**Stop Loss Index Level**” in respect of each Commodity Business Day falling in the Stop Loss Period shall be determined by the Calculation Agent in accordance with the following formula:

$$\text{Stop Loss Index Level} = \text{Initial Price} \times (100\% - \text{Stop Loss Percentage Level})$$

“**Stop Loss Percentage Level**” means the percentage specified as such in the applicable Issue Terms.

“**Stop Loss Period**” means the period commencing on, but excluding, the Trade Date to, but excluding, the Pricing Date.

#### 8.4 ***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.

#### 8.5 **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 5 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 8.5 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.

#### 8.6 **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 15 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 8.6 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 8.6 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 8.6 and instead to declare such Note forthwith due and payable pursuant to Condition 11.

### 8.7 **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.

- (D) 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.

#### 8.8 ***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 8.7 above.

#### 8.9 ***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 5 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 ***Force Majeure and Impossibility***

If, after giving effect to any applicable fallback provision or remedy specified in these Conditions or the Commodity-linked 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 5 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.

#### 8.11 ***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.

#### 8.12 ***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 8.10 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.

#### 8.13 ***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, 8.4 or 8.5 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 8.7(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) 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
- (E) 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 Notes, 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; and
- (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.

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](http://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*

**[MiFID II Product Governance/Professional investors and ECPs only target market]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible to counterparties and professional client only, each as defined in Directive 2014/65/EU (as amended, “MIFID II”); and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels. For the purposes of this provision, the expression “**manufacturer**” means [*insert manufacturers*].]

### **[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

**THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND, WITH EFFECT FROM SUCH DATE, SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:**

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED (“MIFID II”);
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, AS AMENDED (“IMD”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC, AS AMENDED.

**CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.]<sup>1</sup>**

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 7 September 2018 [and the Prospectus Supplement[s] dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base**

<sup>1</sup> This legend will be required if “Prohibition of Sales to EEA Retail Investors” is specified as being “Applicable” (See Part B).

**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](http://www.bourse.lu) [[and] during normal business hours at [insert address] and copies may be obtained from [insert address]].]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Note Conditions set forth in the Base Prospectus dated [11 April 2014]/[29 July 2015]/[20 October 2016]/[20 December 2017] which is incorporated by reference in the Base Prospectus dated 7 September 2018. 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 the Base Prospectus dated 7 September 2018 [and the Prospectus Supplement[s] dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”), save in respect of the Note Conditions which are extracted from the Base Prospectus dated [11 April 2014]/[29 July 2015]/[20 October 2016]/[20 December 2017]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the Prospectus Supplement[s] dated [ ] [and [ ]]. [However, a summary of the issue of the Notes is annexed to these Final Terms.] The Base Prospectus is available for viewing at [www.bourse.lu](http://www.bourse.lu) [[and] during normal business hours at [insert address] and copies may be obtained from [insert 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.)* [ ]
- (iii) LEI: [ ]
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]]
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 Date(s): [ ] [Not Applicable]  
  
*(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)

- (e) Relevant Screen Page:  [Not Applicable]
- (vii) ISDA Determination:
- (a) Floating Rate Option:  [Not Applicable]
- (b) Designated Maturity:  [Not Applicable]
- (c) Reset Date:  [Not Applicable]
- (viii) Margin(s):  +/-  per cent. per annum
- (ix) Minimum Rate of Interest:  per cent. per annum
- (x) Maximum Rate of Interest:  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]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield:  per cent. per annum
- (ii) Reference Price:  [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment:  [Conditions 8.7(C) (Early Redemption Amounts) and 8.13 (Late payment on Zero Coupon Notes) apply]

#### Provisions relating to redemption

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

- (a) Minimum Amount: Redemption
- (b) Maximum Amount: Redemption
- (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]  
 - Minimum Final Redemption Amount:  [•]/Not Applicable]
19. Commodity-linked Note provisions:  [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Commodity Index/Indices:  (NB: No proprietary index may be specified )
- (ii) (a) Index Sponsor:  / [As provided in Condition 1 of the Commodity-linked Conditions.]  
 (b) Index Administrator:
- [Amounts payable under the Instruments are calculated by reference to the Index, which is provided by *[insert name of Index Administrator]*. As at the date hereof, *[insert name of Index Administrator]*  [appears]/ [does not appear] on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that *[insert name of Index Administrator]* is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/ [Not Applicable]
- (iii) Price Source:  [Bloomberg page ] [Reuters page ] [*website of Index Sponsor*]
- (iv) Exchange:  / [As provided in Condition 1 of the Commodity-linked Conditions.]
- (v) Initial Pricing Date:
- (vi) Initial Price Multiplier:
- (vii) Multiplier:

- (viii) Commodity Index Cut-off Date:
- (ix) Common Pricing: [Applicable/Not Applicable] *(NB: Only applicable in relation to Commodity Linked Notes relating to a Basket of Commodity Indices)*
- (x) Weighting: The weighting to be applied to each item comprising the Basket is  *(NB: Only applicable in relation to Commodity Linked Notes relating to a Basket of Commodity Indices)*
20. Stop Loss Redemption: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Stop Loss Percentage Level:
- (ii) Maximum Percentage Loss:
21. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on an event of default or on an illegality: [] per Calculation Amount/Market Value less Associated Costs]

**General provisions applicable to the Notes**

22. Form of Notes: [Bearer Notes:  
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes 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 only upon an Exchange Event]  
[Registered Notes: Global Registered Certificate]
23. Payment Day: [Following/Modified Following]
24. Financial Centre(s):  [Not Applicable]
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
26. Details relating to Instalment Notes: [Applicable/Not Applicable]  
*Instalment Date*                      *Instalment Amount*  
    [] per Calculation Amount]  
    [] per Calculation Amount]
27. 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 with effect from [•].] [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]

### Authorisation

[Date [Board] approval for the issuance of Notes obtained: [Insert]

### 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, total expenses and use of proceeds

[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: [ ] [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

Use of proceeds: [ ]

### Operational information

ISIN Code: [ ]

Common Code: [ ]

CFI: [Not Applicable / specify]

FISN: [Not Applicable / specify]

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]

[Prohibition of Sales to EEA Retail Investors:

[Applicable]/[Not Applicable]]

*If the Notes may constitute “packaged” products and  
no “key information document” will be prepared,  
“Applicable” should be specified]*

**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 Commodity-linked Conditions 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 Commodity-linked Conditions 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 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 Commodity-linked 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 Commodity-linked Conditions contained in the Annex to these terms and conditions will apply to the Certificates.*

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 amended and restated agency agreement dated on or about 7 September 2018 (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 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 S.A. ("**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 Commodity-linked Conditions, 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.

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.

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 specified in the applicable Issue Terms or as may otherwise be approved by the Issuer and the Principal Certificate Agent from time to time and notified to 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 person that is not a U.S. person (as such term is defined in Regulation S) in an “offshore 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**

Words and expressions defined in the Agency Agreement, used in the applicable Issue Terms or defined in the Commodity-linked Conditions 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.

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, which may be any Business Day falling prior to the Expiration Date.

**“Cash Settlement Amount”** means the amount to which the Certificateholder is entitled in the Specified Currency in relation to each such Certificate, as determined pursuant to Condition 4.

**“Commodity Business Day”** has the meaning given to it in Commodity-linked Condition 1.

**“Exercise Business Day”** means a day that is a Business Day.

**“Commodity-linked Conditions”** means the additional terms and conditions for Commodity-linked Instruments as set out in the Annex to these Terms and Conditions.

**“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.

**“Holder”** means the person in whose name the Certificate is registered.

**“Index Level”** has the meaning given to it in Commodity-linked Condition 1.

**“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 Commodity-linked 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, which may be any Business Day falling prior to the Expiration Date.

**“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 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 on such Pricing Date; or
- (B) in the case of Certificates relating to a Basket of Commodity Indices, the sum of the Index Levels 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 and where applicable, shall not be less than the Minimum Cash Settlement Amount as specified in the applicable Issue Terms:

$$\text{Cash Settlement Amount} = \text{Settlement Price} \times [\text{USD } 1.00/\text{EUR } 1.00/\text{GBP } 1.00] \times \text{Multiplier}$$

Where:

“**Multiplier**” means a factor that may be applied in determining the Cash Settlement Amount in respect of a Certificate, which shall be one (1.00) unless otherwise specified in the applicable Issue Terms.

“**Settlement Price**” has the meaning given to it in Condition 3.

“**[USD 1.00/EUR 1.00/GBP 1.00]**” 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 5 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, not less than 15 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, give notice to the Principal Certificate 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 Certificate Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Certificate pursuant to this Condition 4.4 shall be irrevocable except where, prior to the due date of redemption, the Certificateholder has become entitled to declare a Certificate due and payable pursuant to Condition 6.1, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 4.4 and instead to declare such Certificate forthwith due and payable pursuant to Condition 6.1.

#### 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.

#### 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. **Early Cancellation of the Certificates**

##### 6.1 **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 5 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 Commodity-linked 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 5 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.

##### 6.4 **Early Cancellation Amount**

The "**Early Cancellation Amount**" in respect of a Certificate shall be an amount determined by the Calculation Agent in its sole discretion being equal to (i) the fair market value of such Certificate (taking into account all factors which the Calculation Agent determines relevant) less (ii) 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](http://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*

**[MiFID II Product Governance/Professional investors and ECPs only target market]** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible to counterparties and professional client only, each as defined in Directive 2014/65/EU (as amended, “**MIFID II**”); and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels. For the purposes of this provision, the expression “**manufacturer**” means [*insert manufacturers*].]

### **[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

**THE CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND, WITH EFFECT FROM SUCH DATE, SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:**

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED (“MIFID II”);**
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, AS AMENDED (“IMD”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR**
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC, AS AMENDED.**

**CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.]<sup>2</sup>**

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

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<sup>2</sup> This legend will be required if “Prohibition of Sales to EEA Retail Investors” is specified as being “Applicable” (See Part B).

forth in the Base Prospectus dated 7 September 2018 [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](http://www.bourse.lu) [[and] during normal business hours at [insert address] and copies may be obtained from [insert address]].]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Certificate Conditions set forth in the Base Prospectus dated [11 April 2014]/[29 July 2015]/[20 October 2016]/[20 December 2017] which is incorporated by reference in the Base Prospectus dated 7 September 2018. 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 the Base Prospectus dated 7 September 2018 [and the Prospectus Supplement[s] dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”), save in respect of the Certificate Conditions which are extracted from the Base Prospectus dated [11 April 2014]/[29 July 2015]/[20 October 2016]/[20 December 2017]. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the Prospectus Supplement[s] dated [ ] [and [ ]]. However, a summary of the issue of the Certificates is annexed to these Final Terms. The Base Prospectus is available for viewing at [www.bourse.lu](http://www.bourse.lu) [[and] during normal business hours at [insert address] and copies may be obtained from [insert address]].]

1.
  - (i) Series Number: [ ]
  - (ii) Tranche Number: [ ]
  - (If fungible with an existing Series, give details of that Series, including the date on which the Securities become fungible.)* [ ]
  - (iii) LEI: [ ]
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 than [ ] 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 than [ ] and not more than [ ] Business Days prior to the Put Option Date.]
10. Commodity Index/Indices: [ ] (NB: No proprietary index may be specified)
11. (a) Index Sponsor: [ ] / [As provided in Condition 1 of the Commodity-linked Conditions.]
- (b) Index Administrator: [ ]
- [Amounts payable under the Instruments are calculated by reference to the Index, which is provided by *[insert name of Index Administrator]*. As at the date hereof, *[insert name of Index Administrator]* [appears]/[does not appear] on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that *[insert name of Index Administrator]* is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]
12. Price Source: [ ] [Bloomberg page [ ]] [Reuters page [ ]] [*website of Index Sponsor*]
13. Exchange: [ ] / [As provided in Condition 1 of the Commodity-linked Conditions.]
14. Commodity Index Cut-off Date: [ ]
15. Multiplier: [ ]
16. Common Pricing: [Applicable/Not Applicable] (NB: 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 [ ] (NB: Only applicable in relation to Commodity Linked Certificates relating to a Basket of Commodity Indices.)
18. Minimum Cash Settlement Amount: [[•]/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 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 with effect from [the Issue Date/ *[insert relevant date]*]. [The Certificates will not be listed.]

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

### Authorisation

[Date [Board] approval for the issuance of *[Insert]* Certificates obtained:

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

### 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, total expenses and use of proceeds

[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:

[ ]

Use of proceeds:

[ ]

### Operational information

ISIN Code:

[ ]

Common Code:

[ ]

CFI:

[Not Applicable / specify]

FISN:

[Not Applicable / specify]

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: []

[Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]]

*[If the Certificates may constitute “packaged” products and no “key information document” will be prepared, “Applicable” should be specified]*

**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, a day on which (i) the Index Sponsor announces or publishes (or would have announced or published, but for the occurrence of a Market Disruption Event) the Index Level on the Price Source, and (ii) the Exchange is open for trading (or would have been, but for the occurrence of a Market Disruption Event) during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time.

“**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 Interest 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, each index comprising various commodities or commodity prices, as specified in the applicable Issue Terms.

“**Exchange(s)**” means, in respect of a Futures Underlier, (i) the exchange or principal trading market specified in the applicable Issue Terms; or (ii) if no such exchange or principal trading market is specified in the Issue Terms, the exchange or principal trading market on which such Futures Underlier is traded.

“**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 published by the Index Sponsor on the Price Source, subject to the occurrence of a Market Disruption Event.

“**Index Sponsor**” means (i) the entity specified as such in the Issue Terms; or (ii) if no such entity is specified in the Issue Terms, the entity determined by the Calculation Agent that is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Commodity Index and announces or publishes 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, Index Sponsor or Price Source to announce or publish (i) the Index Level or (ii) the closing price for any futures contract included in the Commodity Index (a “**Futures Underlier**”);
- (B) the temporary or permanent discontinuance or unavailability of the Price Source;
- (C) 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 Underlier is traded to report a closing price for such Futures Underlier on the day on which such event occurs or any succeeding day on which it continues;
- (D) the closing price for any Futures Underlier is a “**limit price**”, which means that the closing price for such Futures Underlier for a day has increased or decreased from the previous day’s closing price by the maximum amount permitted under applicable exchange rules; or
- (E) trading on the applicable Exchange 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 screen page and/or other information provider or publication (or such other origin of reference including an Exchange) containing (or reporting) the Index Level (or prices from which the Index Level is calculated) specified in the applicable Issue Terms (or any other page, information provider or publication as may replace it for the purpose of displaying the Index Level (or prices from which the Index Level is calculated), as determined by the Calculation Agent).

## 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 Index**”), 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 Index shall be determined in accordance with the first applicable Disruption Fallback (as set out below).

## 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:

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

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

Where a Market Disruption Event with respect to one or more Futures Underliers 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 be cancelled 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 Commodity-linked Conditions 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 any 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 any Commodity Index and/or the levels at which any

Commodity Index stands at any particular time on any particular date or otherwise. No Commodity Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in any Commodity Index and the applicable 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 any Index Sponsor in connection with the calculation, adjustment, or maintenance of any Commodity Index. Except as may be disclosed prior to the Issue Date, none of the Issuer, the Calculation Agent or any of their respective affiliates has any affiliation with or control over any Commodity Index or Index Sponsor or any control over the computation, composition, or dissemination of any Commodity Index. Although the Calculation Agent will obtain information concerning a 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 relevant 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 any Commodity Index or any data included in or omissions from any Commodity Index, or the use of any 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 is an “authorised deposit-taking institution” (“**ADI**”) regulated by the Australian Prudential Regulation Authority (“**APRA**”) that, directly and through its subsidiaries, provides banking, financial, advisory, investment and funds management services to institutional, corporate and retail clients and counterparties around the world.

Macquarie Bank began in 1969 as the merchant bank Hill Samuel Australia Limited, a wholly-owned subsidiary of Hill Samuel & Co Limited, London. Authority for Macquarie Bank to conduct banking business in Australia was received from 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 wholly-owned subsidiary of MGL, a new ASX listed company comprising a “**Macquarie Bank Group**” (consisting of Macquarie B.H. Pty Ltd (the direct parent of Macquarie Bank) and its controlled entities (including Macquarie Bank)) and a “**Non-Banking Group**” (consisting of Macquarie Financial Holdings Limited and its controlled entities). Macquarie Bank comprises the Macquarie Bank Group activities of MGL. 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 companies with debt securities listed on the ASX.

At 31 March 2018 Macquarie Bank Group employed over 4,700 people and had total assets of A\$173.2 billion Common Equity Tier 1 capital ratio of 11.0%, a Tier 1 capital ratio of 13.5% and total equity of A\$13.1 billion. For the full year ending 31 March 2018, profit after tax attributable to ordinary equity holders of Macquarie Bank was A\$1,568 million.

Macquarie Bank’s registered office is Level 6, 50 Martin Place, Sydney, New South Wales 2000, Australia. Macquarie Bank’s principal administrative office is 50 Martin Place, Sydney, New South Wales 2000, Australia. The telephone number of its principal place of business is +612 8232 3333. Macquarie Bank shall offer Instruments acting through its London Branch. Macquarie Bank (including its branches) is authorised and regulated by the Australian Prudential Regulation Authority.

On 8 August 1994 Macquarie Bank Limited opened a London Branch. On 21 October 1994, Macquarie Bank Limited was registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR002678) in England and Wales. Macquarie Bank Limited, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000 (as amended) is authorised by the UK Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority (FCA Firm No. 170934).

### Organisational Structure

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

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

Macquarie Bank will continue to monitor and review the appropriateness of the Macquarie Group structure, including the provision of shared services. From time to time, the optimal allocation of our businesses between the Macquarie Bank Group and the Non-Banking Group and within the Macquarie Bank Group and the Non-Banking Group may be adjusted and we may make changes in light of relevant factors including business growth, regulatory considerations, market developments and counterparty considerations.

## **Operating Group Overview**

### ***Corporate and Asset Finance***

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

### ***Banking & Financial Services***

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

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

Macquarie Asset Management offers a range of investment solutions with an alternate fixed income focus, for its fiduciary clients within the infrastructure debt sector and balance sheet lending to shipping, export credit agency backed debt, hedge funds and private equity investors through its Macquarie Specialised Investment Solutions division.

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

Commodities and & Global Markets provides clients with risk and capital solutions across physical and financial markets. Commodities & Global Markets' diverse platform has evolved over more than 30 years and provides clients with access to markets, financing, financial hedging, research and market analysis and physical execution.

## **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 2018).

Except as may be described in this Base Prospectus (including as set out under "*Risk Factors*" on pages 10 to 34 inclusive of this Base Prospectus) or released to the ASX in compliance with the continuous disclosure requirements of the Listing Rules of the ASX, there are no known trends, uncertainties, demands, commitments or events that have had a material adverse change on Macquarie Bank's prospects since the financial year ended 31 March 2018.

## **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 (ABN 86 124 071 432) is the sole ordinary shareholder of Macquarie Bank. Macquarie B.H. Pty Limited is wholly-owned by MGL.

## **Lawsuits and Contingent liabilities**

Macquarie Bank is a subsidiary of MGL. The Macquarie Group is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Bank Group has been subject to legal claims.

As appropriate, Macquarie Bank Group makes provisions for and recognises contingent liabilities in respect of actual and potential claims and proceedings that have not been determined. An assessment of likely losses is made on a case-by-case basis for the purposes of Macquarie Bank Group's consolidated financial statements and specific provisions that Macquarie Bank Group considers appropriate are made, as described in the Notes to Macquarie Bank Group's consolidated financial statements for the year ended 31 March 2018.

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

### **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 Macquarie Bank Group being under an obligation or entitlement that is material to Macquarie Bank's ability to meet its obligations Instrumentholders in respect of the Instruments.

### **Significant change in Macquarie Bank's financial position**

There has been no significant change in the financial or trading position of Macquarie Bank or Macquarie Bank consolidated with its controlled entities since 31 March 2018, and no material adverse change in the financial position or prospects of Macquarie Bank or Macquarie Bank consolidated with its controlled entities since 31 March 2018, being the end date for the last financial period for which audited financial statements of Macquarie Bank consolidated with its controlled entities have been published.

### **Credit rating**

As at the date of this Base Prospectus, Macquarie Bank has the following debt ratings for long-term unsubordinated unsecured obligations:

- Standard and Poor's (Australia) Pty Ltd: A / Negative;
- Moody's Investors Service Pty Limited: A2 / Stable; and
- Fitch Australia Pty Ltd: A / Stable.

### **Regulatory oversight and recent developments**

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

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

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



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

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

APRA has stipulated a capital adequacy framework that applies to Macquarie Bank as an ADI and Macquarie Group as a non-operating holding company ("**NOHC**") of an ADI. In the case of Macquarie Bank Group, this framework is set out in the authority to be a NOHC of an ADI granted to Macquarie Group by APRA on 5 September 2007. Pillar 3 Disclosure Documents setting out the qualitative and quantitative disclosures of risk management practices and capital adequacy required to be published by Macquarie Bank Group in accordance with APRA's Prudential Standard APS 330 Capital Adequacy: Public Disclosure of Prudential Information are posted on Macquarie Group's investors' website. Measurement of capital adequacy and Macquarie Bank's economic capital model is more fully described in Section 4 of the Macquarie Bank Pillar 3 Disclosure Document dated 31 March 2018, which is posted on Macquarie Group's investors' website.

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

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

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

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

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

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

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

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

### ***Basel III framework – Liquidity***

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

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

### ***APRA's prudential supervision – Capital adequacy – “unquestionably strong”***

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

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

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

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

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

APRA has also noted that the two consultation papers released on 14 February 2018, form part of a total set of three complementary papers. The third paper on *“Potential adjustments to the overall design of the capital framework to improve transparency, international comparability and flexibility”*, will be released in the second half of the 2018 calendar year.

### **Counterparty credit risk**

On 3 August 2017, APRA released for discussion paper setting out both its response to submissions from the consultation on its counterparty credit risk framework for ADIs and a number of revised proposals for further consultation, including a revised draft of Prudential Standard APS 112 Capital Adequacy: Standardised Approach Credit Risk. In its discussion paper, APRA proposes that an ADI with approval to use an internal ratings-based approach to credit risk (including Macquarie Bank) must use the *“standardised approach for measuring counterparty credit risk exposures”* as set out in the SA-CCR, to measure its counterparty credit risk exposures. APRA has indicated that its current intention is for the new requirements to take effect no earlier than 1 January 2019.

### **United States Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”)**

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

Pursuant to the CFTC’s Comparability Determination for Australia, Macquarie Bank’s compliance with certain provisions and requirements under the applicable Australian regulatory regimes is sufficient to meet certain CFTC requirements to which Macquarie Bank would otherwise be subject. In its capacity solely as a swap dealer, Macquarie Bank became subject to the FRB’s variation margin requirements in 2017 and expects to be subject to the phased compliance for initial margin requirements in September 2019 or September 2020. While Macquarie Bank will also be subject to the FRB’s capital requirements as and when such become applicable to swap dealers, Macquarie Bank anticipates that compliance with APRA capital requirements will generally fulfil its FRB obligations. MELLC is subject to only CFTC regulations in this regard and not the Australian regulations or the FRB margin and capital requirements. Macquarie Bank and MELLC’s businesses have been or will be affected by a variety of regulations under the Dodd-Frank Act including, but not limited to stricter capital and margin requirements, mandatory execution pursuant to the rules of trading platforms and clearing through derivatives clearing organisations of certain designated types of standardised derivatives, reporting obligations, business conduct requirements, registration and heightened supervision of Macquarie Bank as a swap dealer, and more stringent and extensive position limits and aggregation requirements on derivatives on physical commodities.

The SEC has jurisdiction over transactions in security-based swaps, which are swaps on single securities or narrow-based indices of securities, and has proposed or adopted regulations requiring, among other things, registration of security-based swap dealers and compliance with regulations on business conduct, recordkeeping and reporting and other matters. However, compliance with the SEC’s rules applicable to security-based swaps is not yet required and the SEC has not publicly announced a timetable for compliance. Macquarie Bank expects that it will be required to register as a security-based swap dealer with the SEC at the time that such registration becomes mandatory and that it will thereafter be subject to compliance with SEC and FRB rules regarding security-based swap transactions. The registration and compliance obligations will likely result in increased costs with respect to MBL’s security-based swaps business.

Macquarie Bank’s businesses have been or will be affected by a variety of regulatory changes under the Dodd-Frank Act including, but not limited to: (i) greater regulation of over-the-counter derivatives, including stricter capital and margin requirements, the centralised execution and clearing of standardised over-the-counter derivatives, and registration and heightened supervision of all over-the-counter swap dealers and major swap participants; (ii) more stringent and extensive position limits on derivatives on physical

commodities; and (iii) increased regulation of investment advisers. In addition, if Macquarie Group is determined by U.S. regulators to be a “*systemically important*” non-bank financial company, U.S. regulators may have increased regulatory authority over MGL and its subsidiaries, including Macquarie Bank, and may impose stricter capital, leverage and risk management requirements. The Dodd-Frank Act will increase compliance and execution costs for derivative trading in the United States and have an impact on certain Macquarie Bank businesses, such as on its U.S. derivatives business. For instance, two MGL affiliates have registered as swap dealers.

### **Markets in Financial Instruments Directive**

The Markets in Financial Instruments Directive (“**MiFID**”) is the EU legislation that regulates firms who provide services to clients linked to financial instruments (such as shares, bonds, units in collective investment schemes and derivatives) and the venues where those financial instruments are traded. As such, MiFID is the framework of EU legislation for investment intermediaries that provide services to clients relating to financial instruments; and the organised trading of financial instruments.

MiFID was implemented by the United Kingdom in November 2007, but is now being revised to improve the functioning of financial markets in light of the financial crisis. MiFID shall be replaced by new legislation, which comprises Regulation (EU) No 600/2014 (“**MiFIR**”) and MiFID II.

MiFID II amends existing MiFID provisions on authorisation, including the update of rules governing how business is conducted and changes to how firms are required to organise themselves. These rules aim to strengthen the protection of investors, through:

- the introduction of new requirements on product governance, independent investment advice, commodity position limits and cross-selling;
- the extension of existing rules to structured deposits; and
- the improvement of requirements in several areas, including on the responsibility of management bodies, inducements, additional information and data reporting to clients, remuneration and best execution.

MiFIR establishes, inter alia, uniform requirements in relation to disclosure of trade data to the public, reporting of transactions to the competent authorities, trading of derivatives on organised venues, benchmarks and intervention powers of competent authorities, such as the European Securities and Markets Authority (“**ESMA**”) and the European Banking Authority.

Most of the provisions of MiFID II and MiFIR shall apply as of 3 January 2018, except for certain minor provisions which shall apply as of 3 September 2018. In addition, many of the provisions of MiFID II and MiFIR will be implemented by means of technical standards that have been or will be drafted by ESMA.

The regulatory changes arising from MiFID II and MiFIR are wide ranging and will impact many aspects of Macquarie Bank’s operations in the EU and also outside of the EU in certain circumstances. However, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

### **UK Bank Levy**

Effective 1 January 2011, the United Kingdom introduced a bank levy which provides for an annual charge on certain equity and liabilities of banks and other financial institutions (the “**UK Bank Levy**”). In respect of foreign banking groups with banking operations in the United Kingdom, the UK Bank Levy is calculated, broadly speaking, by reference to the aggregated equity and liabilities of the group’s relevant UK sub-groups, UK subsidiaries, non-UK resident subsidiaries with a UK parent and UK branches (in each case as shown in appropriate balance sheets). The UK Bank Levy is charged at different rates for short-term chargeable liabilities on the one hand and long-term chargeable equity and liabilities on the other hand. From 1 January 2018, the applicable UK Bank Levy rates are 0.16% for short-term chargeable liabilities and 0.08% for long-term chargeable equity and liabilities. The UK Bank Levy is not applicable on the first £20 billion of chargeable equity and liabilities. Based on the 31 March 2018 balance sheet position, it is not anticipated that the Macquarie Group will be impacted by the UK Bank Levy on the basis that its chargeable equity and liabilities are expected to be below £20 billion. Macquarie Group will continue to monitor its position on a regular basis.

The UK Government has announced its intention to implement a gradual reduction in the bank levy rates ultimately reaching 0.10% for short term chargeable liabilities and 0.05% for long term chargeable equity and liabilities as of 1 January 2021. The UK Government has also proposed that the bank levy will be chargeable only on UK balance sheet liabilities as of 1 January 2021.

### ***Royal Commission into misconduct in the banking, superannuation and financial services industry***

The Royal Commission was established on 14 December 2017 by the Governor-General of the Commonwealth of Australia. Opening statements were heard on 12 February 2018 and an interim report is expected in September 2018, with a final report expected to be released in February 2019. Macquarie Group and Macquarie Bank Group are complying with all information requests of the Royal Commission, will continue to monitor developments in relation to the investigation, and will fully cooperate with the Royal Commission, as required.

### ***Australian Major Bank Levy***

On 9 May 2017, the Australian Government announced its 2017-2018 Federal Budget, introducing a major bank levy (the “**Commonwealth Government Major Bank Levy**”) affecting Australia’s five largest banks: Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited, Westpac Banking Corporation, National Australia Bank and Macquarie Bank Limited. The enacting legislation commenced on 24 June 2017. The Commonwealth Government Major Bank Levy applies to ADIs with licensed entity liabilities of at least A\$100 billion as of 1 July 2017 (including Macquarie Bank), calculated quarterly as 0.015% of relevant liabilities as at each APRA mandated quarterly reporting date (for an annualised rate of 0.06%). The amount of liabilities on which the Commonwealth Government Major Bank Levy is payable is the total reported liabilities of the ADI for the quarter, reduced by the sum of the following amounts in relation to each ADI (each calculated for the quarter, in relation to the ADI, and as reported under an “*applicable reporting standard*” to be determined by APRA): total Additional Tier 1 Capital; total holdings of deposits protected by the Financial Claims Scheme; an amount equal to the lesser of the derivative assets and derivative liabilities; the exchange settlement account balance held with the RBA; and any other amounts of a kind determined by the Minister in a legislative instrument. Liabilities subject to the levy will include items such as corporate bonds, commercial paper, certificates of deposit and Tier 2 capital instruments.

### ***ASIC flex-commissions prohibition***

Following its announcement in March 2017, ASIC formally enacted a ban on flex commissions in the finance market on 7 September 2017. Lenders and dealerships have until November 2018 to update their business models, and implement new commission arrangements that comply with the new law. Macquarie Leasing continues to enhance its systems to meet ASIC’s requirements.

### ***Banking Executive Accountability Regime***

In February 2018 the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 was passed by Parliament introducing a new bank executive accountability regime known as “BEAR”. The intention of BEAR is to improve the operating culture of all ADIs and their subsidiaries, introducing transparency and personal accountability into the banking sector. ADIs will have legal obligations to conduct their business with honesty and integrity and to defer the variable remuneration (bonuses) of certain senior executives. With increased powers, APRA will be able to investigate potential breaches, penalise ADIs and accountable persons and disqualify persons from the industry for breach. Large ADIs will need to be BEAR compliant by 1 July 2018, while smaller and medium sized institutions (including MBL) will have an extra 12 months to comply with the new regime.

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

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

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

### **Other developments**

In addition, there have also been a series of industry-led developments, legislative changes and other regulatory releases from regulators in the various jurisdictions in which the Macquarie Bank Group operates resulting in significant regulatory change for financial institutions, the legal and practical implications of which may not yet be fully understood.

These include:

- further capital reforms for conglomerate banking groups;
- recovery and resolution planning requirements;
- greater regulation of derivatives, particularly over the counter (OTC) derivatives, including the European Market Infrastructure Regulation and the Dodd-Frank reforms, which have resulted in increased reporting and 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 and major swap participants;
- the Senior Manager Regime in the UK which took effect from March 2016 and is designed to clarify the lines of responsibility at the top of banks, enhance the regulator's ability to hold senior individuals accountable and require banks to regularly evaluate their senior managers for fitness and propriety. In the second half of 2017, the FCA plans to consult on extending the scope of the regime to all authorised firms and anticipates that the extended regime will come into effect in 2018;
- new powers given to ASIC to intervene in the design and distribution of financial products and to ban senior officials in the financial sector from managing a financial services business;
- enhanced criminal and civil penalties for corporate misconduct under the Corporations Act of Australia;
- new laws and regulation relating to data protection and privacy, consumer credit and consumer protection and personal property securities;
- formal regulatory inquiries, including the Australian Government's Productivity Commission inquiry into competition in the financial system, the ACCC's inquiry into residential mortgage products and the review into open banking;
- industry-led initiatives such as the Australian Bankers' Association Banking Reform Program, which is designed to protect consumer interests, increase transparency and accountability and to build consumer trust and confidence in banks, as well as the update of the Australian Banking Association Code of Banking Practice, which is intended to set out the banking industry's key commitments and obligations to customers on standards of practice, disclosure and principles of conduct for their banking services; and
- changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration and superannuation, competition legislation and bribery and anti-money laundering laws.

In addition, on 23 June 2016 the United Kingdom voted to leave the European Union in a referendum. Over the next two to three years, there may be increased uncertainty and volatility in the global financial markets as a consequence of the referendum result while the details of the departure from the European Union (known as Brexit) are negotiated. In late March 2017, the U.K. Prime Minister, Theresa May, provided formal notice to the European Union of the U.K.'s intention to leave the European Union and, unless both the European Union and the U.K. agree to an extension, the notification triggered a two year period to negotiate and agree a departure deal before the European Union's treaties will cease to apply to the United

Kingdom. At this point in time it is not possible to determine what the impact of the Brexit will be on the Macquarie Group including Macquarie Bank.

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

The Macquarie Bank 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 Macquarie Bank Group is contained in the documents incorporated by reference into this Base Prospectus (see “*Documents incorporated by reference*”) on pages 34 to 35 of this Base Prospectus).

**Documents on Display**

Copies of the following documents may be inspected on the internet site, [www.macquarie.com.au](http://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;
- the 2018 Annual Report; and
- Macquarie Bank Limited Basel III Pillar 3 capital disclosures.

**Directors of Macquarie Bank**

As at the date of this Base Prospectus, the persons named below are the current Voting Directors of Macquarie Bank under Macquarie Bank’s constitution 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 Level 6, 50 Martin Place, Sydney, NSW, 2000, Australia. The principal outside activities, where significant, of the Voting Directors of Macquarie Bank are set out below:

<b>Name of Director</b>	<b>Position</b>	<b>Principal Outside Activities</b>
Peter H Warne	Chairman  Independent Non-Executive Director	Director, ASX Limited and New South Wales Treasury Corporation.  Member, Macquarie University Faculty of Business and Economics Industry Advisory Board.
Mary J Reemst	Managing Director and Chief Executive Officer	Director, Australian Bankers’ Association, Australian Financial Markets Association, and the Financial Markets Foundation for Children.  Board Member, Asylum Seekers Centre Incorporated and the Sisters of Charity Foundation.  Member, UNE Senior Advisory Group.
Nicholas W Moore	Executive Voting Director	Chairman, Screen Australia, Sydney Opera House Trust, and University of NSW Business School Advisory Council.  Director, the Centre for Independent Studies.
Gary R Banks AO	Independent Non-Executive Director	Chairperson, Australian Statistics Advisory Council.  Chair, Regulatory Policy Committee of the Organisation for Economic Co-operation and Development.  Member, Advisory Board of the Melbourne Institute, and NSW Government’s Economic Development Advisory Panel.

Gordon M Cairns	Independent Director	Non-Executive	Chairman, Woolworths Limited, and Origin Energy Limited. Director, World Education Australia Limited.
Michael J Coleman	Independent Director	Non-Executive	Member, National Board and NSW Council of the Australian Institute of Company Directors (AICD). Chairman, Reporting Committee of the AICD, Planet Ark Environmental Foundation, and Bingo Industries Limited. Board Member, Legal Aid NSW.
Diane J Grady AM	Independent Director	Non-Executive	Director, Tennis Australia and Grant Thornton Australia Board . Member, Centre for Ethical Leadership, the Heads Over Heels Advisory Board, and NFP Chairs Forum. Chair, The Hunger Project Australia.
Michael J Hawker AM	Independent Director	Non-Executive	Director, Aviva plc, and Rugby World Cup Limited. Chairman, the George Institute for Global Health. Lead Independent Director, Washington H. Soul Pattinson and Company Limited.
Glenn R Stevens AC	Independent Director	Non-Executive	Director, the Lowy Institute, and the Anika Foundation. Advisor, Ellerstons Capital Global Macro Fund. Member, NWQ Capital Management Investment Committee. Chairman, NSW Generations Fund Advisory Board.
Nicola M Wakefield Evans	Independent Director	Non-Executive	Director, Lendlease Corporation Limited, BUPA ANZ Healthcare Holdings Pty Ltd, BUPA ANZ Insurance Pty Ltd, Clean Energy Finance Corporation and Chief Executive Women. Member, National Board of the Australian Institute of Company Directors, Asialink (University of Melbourne), Asialink Business, The University of New South Wales Foundation Limited Board, and the Takeovers Panel. Chair, 30% Club Australia.



## Director independence and conflicts of interest

A Voting Director (Director) will be considered independent if not a member of management and if they are free of any interests or relationships that could materially interfere with the director's ability to act in the best interests of Macquarie Bank and independently of management. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Macquarie Bank Board.

The independence of each Non-Executive Director ("**NED**") is considered prior to appointment and then confirmed annually by the Board Governance and Compliance Committee ("**BGCC**"). Prior to the BGCC's consideration of director independence, each NED is asked to declare whether they have any interests or relationships that could materially interfere with the director's ability to act in the best interests of Macquarie Bank and independently of management ("**Declaration**"). Each NED is also asked to provide information regarding relationships with Macquarie, including relationships of close family members with Macquarie Bank, for review by the BGCC. A NED will normally be considered independent if they:

- Are 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.
- Have not been employed within the last three years in an executive capacity by Macquarie Bank or another group member or been a director after ceasing to hold any such employment.
- Have not been a partner, director or senior employee of a material professional adviser to Macquarie Bank and its entities within the last three years.
- Have not had a material business relationship, including as a supplier or customer, within the last three years with Macquarie Bank or its entities or an officer of or otherwise associated with someone with such a relationship.
- Do not have a material contractual relationship with Macquarie Bank or any of its group entities other than as a director.
- Are not a director of any of Macquarie Bank's subsidiaries or its responsible entities, other than Macquarie Group Limited and any intermediate holding company.
- Do not have any other interests or relationships (including close family ties with any person who falls within any of the categories described above), that could materially interfere with the director's ability to act in the best interests of Macquarie Bank and independently of management.

Macquarie Bank's eight non-executive Directors, being Gary R Banks, Gordon M Cairns, Michael J Coleman, Diane J Grady, Michael J Hawker, Glenn R Stevens, 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 in place procedures that utilise the interests disclosed by Voting Directors to assist in detecting conflicts of interest within Macquarie Bank. Where a Director has a material personal interest or conflict of interest, the Director will:

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

Macquarie Bank is a global provider of banking, financial, advisory, investment and funds management services. Any dealings between Macquarie Bank and any of the companies listed above under “Principal Outside Activities” are entered into in the ordinary course of business and on arm’s length terms.

As at the date of this Base Prospectus, and having regard to the above criteria, requirements and procedures utilised by Macquarie Bank to detect and manage conflicts of interest and to restrict participation where a conflict arises, there are:

- no actual conflicts of interest; and
- no potential conflicts of interest, other than in respect of any dealings between Macquarie Bank and any of the companies listed above under “Principal Outside Activities” which may arise in the future and will be referred to the Board of Voting Directors of Macquarie Bank,

between duties owed to Macquarie Bank and dischargeable by members of its Board of Voting Directors listed above and their private interests and/or other duties.

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 Corporations Act, any other applicable law and the other procedures referred to above.

### **Preparation of financial statements**

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

The independent auditors of Macquarie Bank are PricewaterhouseCoopers, an Australian partnership (“**PwC Australia**”), who are a member of The Institute of Chartered Accountants in Australia and New Zealand.

PwC Australia has audited the financial statements included in Macquarie Bank’s 2018 annual report for the financial years ended 31 March 2017 and 31 March 2018 in accordance with Australian Auditing Standards. The Independent Auditor’s Report dated 4 May 2018 was unqualified.

With respect to the unaudited financial information of the Bank as at, and for each of the half years ended 30 September 2017 and 30 September 2016, incorporated by reference herein, PricewaterhouseCoopers, an Australian partnership (“PwC Australia”), our independent auditors, have reported that they have applied limited procedures in accordance with professional standards for a review of such information. Their separate report dated 27 October 2017, incorporated by reference herein, states that they did not audit and they do not express an audit opinion on such unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

### **Limitation on Auditors’ Liability**

PwC Australia may be able to assert a limitation of liability with respect to claims arising out of its Independent Auditor’s Report described or included in the documents identified under “*Documents incorporated by reference*” on pages 34 and 35 of this Base Prospectus, and elsewhere in this Base Prospectus, to the extent it is subject to the limitations under the Chartered Accountants Australia and New Zealand Scheme (NSW) (the “**Accountants Scheme**”) approved by the New South Wales Professional Standards Council or such other applicable scheme approved pursuant to the Professional Standards Act of 1994 of New South Wales, Australia (“**Professional Standards Act**”).

The Professional Standards Act and the Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services to the Macquarie Bank Group, including, without limitation, their audits of the Macquarie Bank Group’s financial statements. PwC Australia’s maximum liability under the Accountants Scheme is capped at an amount that depends upon the type of service and the applicable engagement fee for that service, with the lowest of such liability cap set at A\$2 million (where the claim arises from a service in respect of which the fee is less

than A\$100,000) and may be up to A\$75 million for audit work (where the claim arises from an audit service in respect of which the fee is greater than A\$2.5 million or more). The limit does not apply to claims for breach of trust, fraud or dishonesty.

The Professional Standards Act and the Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by courts and the effect of the limitation on the enforcement of foreign judgments are untested.

## NOTICE TO PURCHASERS AND TRANSFER RESTRICTIONS

The Instruments have not been registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 CFTC 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.
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 amended and restated programme agreement dated on or about 7 September 2018 among the Issuer and the Dealer, as amended or supplemented from time to time (the “**Programme Agreement**”). It acknowledges that the Issuer is under no obligation 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 amended and restated programme agreement dated on or about 7 September 2018 (the “**Programme Agreement**”) (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.

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 Issue 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, nor any product disclosure statement, (each as defined in the Corporations Act) in relation to the Programme or any Instruments has been, or will be, lodged with ASIC or ASX. 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 (or relevant supplement to this Base Prospectus) 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 draft, preliminary or definitive prospectus, offering memorandum, disclosure document, advertisement or other offering material relating to any Instruments in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act; (ii) such action complies with all applicable laws, regulations and directives 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"** within the meaning of section 761G of the Corporations Act; and (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

### **The United States of America**

The Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"Securities Act"**), or with any securities regulatory authority of any state or other jurisdiction of the United States. 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 defined in Regulation S under the Securities Act (**"Regulation S"**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and the Instruments forming part of a may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S), (ii) a **"U.S. person"** as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the United States CFTC, as amended, modified or supplemented from time to time, under the Commodity Exchange Act, as amended (the **"CEA"**), (iii) a person other than a **"Non-United States person"** as defined in CFTC Rule 4.7, or (iv) a **"United States person"** as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a **"U.S. Person"**).

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.

## 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 Issue 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 the 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 Issue 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 Issue 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 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.

## Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Instrument specifies the “*Prohibition of Sales to EEA Retail Investors*” as “*Not Applicable*”, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Instruments which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (1) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (2) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (3) not a qualified investor as defined in the Prospectus Directive (2003/71/EC), as amended; and
- (b) the expression an “**offer**” includes 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 to the Instruments.

## 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.*

### 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.

### 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 may 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.

### ***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.

### ***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.

### ***OECD Common Reporting Standard***

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts (which may include the Instruments) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

### ***Other Australian tax matters***

Under Australian laws as presently in effect:

- 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;
- 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;
- 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;
- 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. The rate of withholding tax is currently 47%;

- (e) *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;
- (f) *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;
- (g) *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;
- (h) *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;
- (i) *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
- (j) *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 Instruments, stamp duty and stamp duty reserve tax. 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 or are admitted to trading on a multilateral facility operated by an EEA-regulated recognised stock exchange within the meaning of Section 987 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 HM Revenue and Customs (“**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 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.) subject to any other exemption which may apply. Where an applicable double tax agreement provides for no tax to be withheld (or a lower rate of withholding tax) 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 agreement).

#### ***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 agreement provides for no tax to be withheld (or a lower rate of withholding tax) 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 agreement).

#### ***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.

#### **Luxembourg Taxation**

*The following discussion is a summary of certain material Luxembourg tax considerations relating to (i) Notes or Certificates issued by any of the Issuers where the Holder is tax resident in Luxembourg or has a tax presence in Luxembourg, or (ii) Notes or Certificates where the Paying Agent (in the sense indicated below) is located in Luxembourg or in a Member State of the EU or a European Economic Area country other than Luxembourg.*

#### ***Notes or Certificates 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 (as amended) (the “**RELIBI**”), interest on Notes and Certificates paid by a

Luxembourg Paying Agent (hereinafter in the sense of the RELIBI) to an individual Holder who is a resident of Luxembourg not holding the Notes or Certificates as business assets will be subject to a withholding tax of twenty per cent. (20%) which will operate in full discharge of income tax due on such payments (see below under "*Notes or Certificates 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 twenty per cent. (20%) 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 twenty per cent. (20%) 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 Luxembourg 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.

Under the existing laws of Luxembourg there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes or Certificates made to non-residents of Luxembourg through a Paying Agent established in Luxembourg.

#### **Notes or Certificates where the Paying Agent is not located in Luxembourg**

##### *Resident Holders*

In case interest on Notes or Certificates is paid to Luxembourg resident individuals by a Paying Agent established in a Member State of the EU other than Luxembourg or a European Economic Area country other than a Member State of the EU or Luxembourg, the beneficiary may opt for the application of a tax levy of twenty per cent (20%) in accordance with the provisions of the RELIBI. In such case the beneficiary is responsible for the related payment and declaration obligations. The tax levy represents the final tax liability for Luxembourg individual resident taxpayers acting in the course of the management of their private wealth.

#### **The Proposed Financial Transactions Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's 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**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes, Receipts, Coupons or Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal 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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional 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**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **“foreign financial institution”** may be required to withhold on certain payments it makes (**“foreign passthru payments”**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer has registered with the U.S. Internal Revenue Service as a reporting foreign financial institution for these purposes.

A number of jurisdictions (including the U.K.) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**“IGAs”**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes or Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes or Certificates, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes or Certificates, such withholding would not apply prior to 01 January 2019 and Notes or Certificates issued on or prior to the date that is six months after the date on which final regulations defining **“foreign passthru payments”** are filed with the U.S. Federal Register generally would be **“grandfathered”** for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer) and/or characterised as equity for U.S. tax purposes. However, if additional Notes or Certificates (as described under *“Terms and Conditions of the Notes – Further Issues”* or under *“Terms and Conditions of the Certificates – Further Issues”*) that are not distinguishable from previously issued Notes or Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes or Certificates, including those Notes or Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes or Certificates.



## 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 and a resolution of a board delegated committee of Macquarie on 7 September 2018.
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 2018.
3. There has been no significant change in the financial or trading position of Macquarie Bank or the Macquarie Bank Group since 31 March 2018, being the date at which the latest published audited annual financial statements of Macquarie Bank and Macquarie Bank consolidated with its controlled entities were published.
4. The Issuer is not involved in any litigation, governmental or arbitration proceedings which may have, or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on its financial position, nor is the Issuer aware that such proceedings are pending or threatened.
5. The auditors of the Issuer in Australia are PwC Australia, whose address is One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, Australia.
6. The Programme Agreement provides that the Issuer may issue Instruments in a form not contemplated by this Base Prospectus. Any such Instruments shall not be offered to the public nor admitted to trading on a regulated market.
7. 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) and (F) 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 2017 annual report and the 2018 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 2017 and 31 March 2018 and the auditor's reports in respect of such financial statements];
  - (F) any Issue Terms for Instruments that are listed on the Luxembourg Stock Exchange;
  - (G) a copy of this Base Prospectus, together with any supplement to this Base Prospectus; and
  - (H) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.
8. The Base Prospectus and the other documents incorporated by reference as set out in this Base Prospectus (see "*Documents Incorporated by Reference*" on pages 34 to 35 of this Base Prospectus) are available on the internet site <http://www.macquarie.com.au>.
9. The Instruments have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and/or 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 from time to time and notified to Instrumentholders. 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.

10. 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".
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.

## ISSUER

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United Kingdom

## DEALER

### Macquarie Bank International Limited

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United Kingdom

## PRINCIPAL PAYING AGENT

### Deutsche Bank AG, London Branch

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United Kingdom

## PRINCIPAL CERTIFICATE AGENT

### Deutsche Bank AG, London Branch

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London EC2Y 2DB  
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## REGISTRAR AND TRANSFER AGENT

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## LUXEMBOURG PAYING AGENT

### Deutsche Bank Luxembourg S.A.

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## LUXEMBOURG CERTIFICATE AGENT

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## CALCULATION AGENT

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## LUXEMBOURG LISTING AGENT

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