

CHAIRMAN'S ADDRESS

MACQUARIE BANK LIMITED ANNUAL GENERAL MEETING

28 JULY 2016

LEVEL 10 AUDITORIUM, 50 MARTIN PLACE, SYDNEY

CHECK AGAINST DELIVERY

Good afternoon ladies and gentlemen and welcome to Macquarie Bank's 2016 Annual General Meeting.

I am Peter Warne, Chairman of the Macquarie Bank Board and I will be chairing the meeting today.

The Company Secretary has confirmed that a quorum is present, so I formally declare the meeting open.

As you may be aware, I recently became the Bank's Chairman upon Kevin McCann's retirement on 31 March 2016. I am pleased to be chairing my first Macquarie Bank Annual General Meeting.

On behalf of the Board, staff and shareholders, I would like to take this opportunity to formally thank Kevin for almost 20 years of committed service to Macquarie. It has been a tremendous benefit

to the business to have someone of Kevin's capability and stature serve as a Director and as Chairman over such a long period of time.

With me today are Dennis Leong, the Company Secretary, and next to him is Mary Reemst, the Bank's Managing Director and Chief Executive Officer, and Patrick Upfold, our Chief Financial Officer.

Macquarie Bank is part of the Macquarie Group. I note that Macquarie Income Security holders were also invited to the Macquarie Group AGM which was held earlier today. My address and the presentation from the Group AGM were lodged with the ASX this morning and are available on the Macquarie website, along with a webcast of the meeting.

The Bank's operating results were broadly covered at the Macquarie Group AGM held earlier today. I will therefore make only a brief comment on the Macquarie Bank result for the year ended 31 March 2016 before we move to the formal business, at which time Mary Reemst will be available to answer questions regarding the management of Macquarie Bank and Patrick Upfold will be available to answer questions regarding financial matters.

Recording devices, photographic equipment and mobile phones may not be used during this meeting.

Profit after tax attributable to MBL ordinary equity holders was \$A2.1 billion, which was an increase of 91 per cent on the previous year. This result represents profit from continuing operations of \$A1.05 billion, up from \$A906 million and discontinued operations of \$A1.04 billion up from \$A190 million.

Throughout the year, the consolidated entity's liquidity risk management framework operated effectively ensuring funding requirements were met and sufficient liquidity was maintained. The consolidated entity remains well capitalised and as mentioned in the first quarter update this morning, the Bank's APRA Basel III common equity tier 1 ratio at 30 June 2016 was 10.3 per cent.

Further details on the Bank's result and a review of the Bank's operations are available in Macquarie Bank's 2016 Annual Report.

I will now turn to the formal business of the meeting.