Macquarie Bank Limited

Presentation to Investors and Analysts

Allan Moss, Managing Director and Chief Executive Officer

Greg Ward, Chief Financial Officer

13 May 2003

MACQUARIE BANK

Agenda

1. Highlights	Allan Moss
2. Analysis	Greg Ward
3. Group Comments Outlook	Allan Moss

Headline result

A record profit

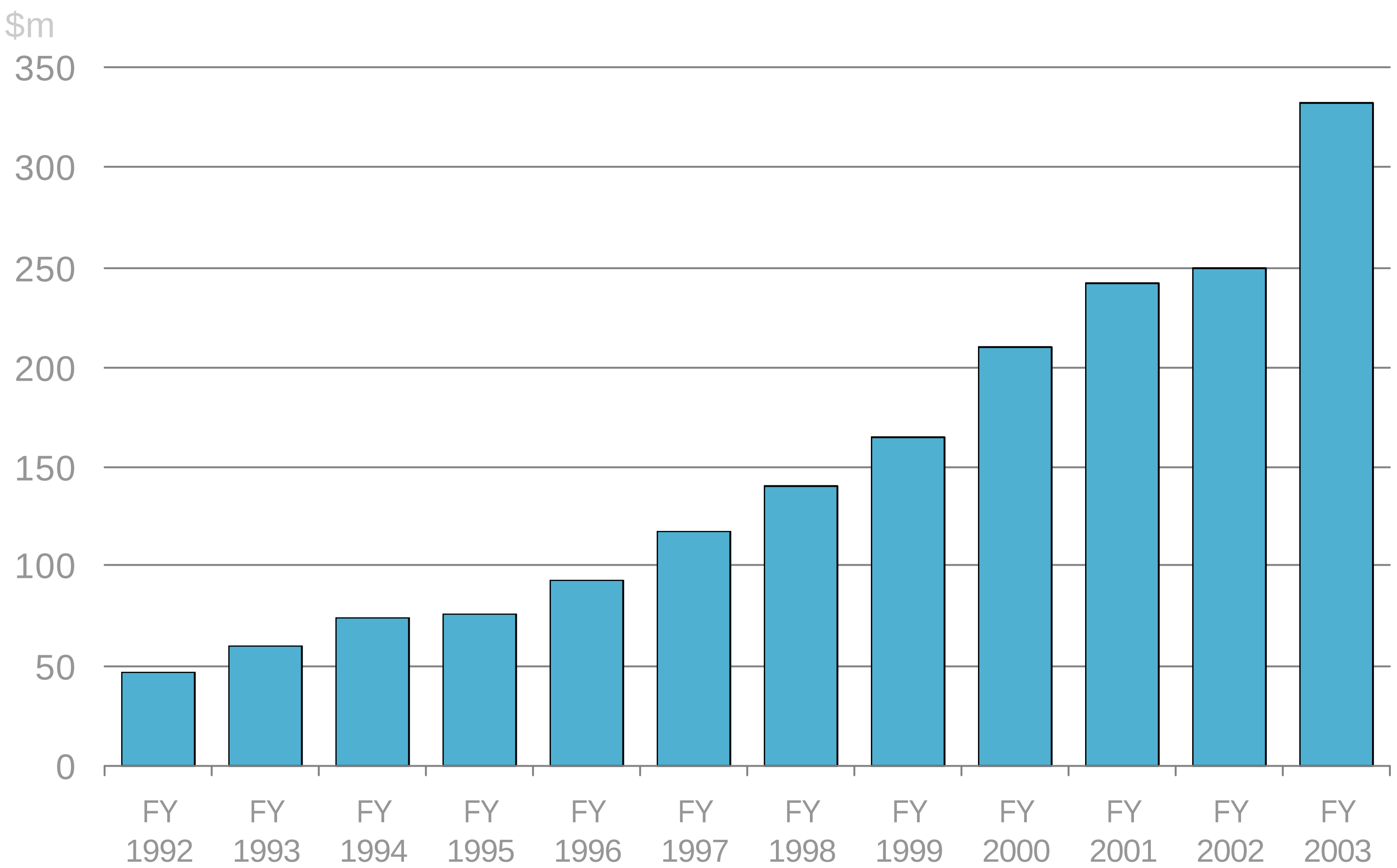
After tax (attributable to ordinary equity holders) – 33% increase on FY 2002

FY 2003	FY 2002
$333m	$250m

Pre tax (attributable to ordinary equity holders) – 31% increase on FY 2002

FY 2003	FY 2002
$428m	$326m

Profit growth



Record income, profit and dividends

- Record profit in difficult environment
  - Outstanding results from Treasury and Commodities (up 40%) and Banking and Property (up 38%)
  - Investment Banking Group performed well
  - Equity Markets again making a meaningful contribution
  - Funds Management slightly ahead of prior period
  - Financial Services now operating profitably
- Very challenging equity markets – we have not been immune
- Continuing to invest in growth around the Bank
- Payment of special fully-franked dividend of 50cps

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Financial highlights - dividends and franking

	FY 2003		FY 2002	
	cps	Franking	cps	Franking
Interim	41	85%	41	70%
Final	52	100%	52	70%
Special	50	100%	n.a.	n.a.

- Tax consolidations: provided one-off access to franking credits
- Special fully-franked dividend
- Future dividend will increase in line with earnings
  - Target payout ratio: 50-60%
  - Minimum dividend 93 cps
  - Expect minimum franking of 80%

Financial highlights - result

	FY 2003	FY 2002	Movement
Headline result ($m)	333	250	33%
Expense/Income ratio*	74.9%	77.8%	
Basic EPS (cps)	164.8	132.8	24%
Diluted EPS (cps)	163.1	129.1	26%

* adjusted result excludes Broadcast Australia Limited ("BA") (formerly ntl Australia) transmission income and operating expenses for holding period from 2 April to 12 August 2002

Full-year results

Strong Bank-wide performance

	FY 2003 $m	FY 2002 $m
Income	1,890	1,600
Expenses	(1,430)	(1,245)
Profit before tax	460	355
Income tax expense	(96)	(76)
Net profit after tax	364	279
Outside equity interest	(3)	-
MIS distribution	(28)	(29)
Profit attributable to ordinary equity holders	**333**	**250**

Pro-forma result excluding BA transmission business

	As reported $m	Adjusted* $m
Income	1,890	1,834
Expenses	(1,430)	(1,374)
Profit before tax	460	460
Income tax expense	(96)	(96)
Net profit after tax	364	364
Outside equity interest	(3)	(3)
MIS distribution	(28)	(28)
Profit attributable to ordinary equity holders	**333**	**333**

* adjusted result excludes BA transmission income and operating expenses for holding period from 2 April to 12 August 2002

Operating income

All categories increased

	FY 2003 $m	FY 2002 $m
Fees and commissions	1,116	1,003
Trading	402	361
Interest*	274	219
Other*	42	17
Total	**1,834**	**1,600**

* adjusted to exclude BA transmission income and interest expense for holding period from 2 April to 12 August 2002

Fee and commission income

Record levels

	FY 2003 $m	FY 2002 $m	Increase %
Fee and commission income	1,116	1,003	11

- Growth in advisory income in difficult environment
- Increased contribution from Banking and Property
- Reduced cross-border lease income and equity issuance fees
- Brokerage income stable

Funds under management

5th largest fund manager in Australia*

	FY 2003 $b	FY 2002 $b	Increase %
Specialist			
Infrastructure	15.4	9.8	57
Property	5.4	3.9	38
Development capital	0.3	0.2	50
Other	0.4	0.3	33
Funds Management and Financial Services			
Wholesale	19.4	16.1	20
Retail	11.4	11.0	4
Total	**52.3**	**41.3**	**27**

* Rainmaker Information, December Quarter 2002, issued March 2003

Funds management
- management fees

Strong growth

	FY 2003 $m	FY 2002 $m
Specialist		
Base fees	117	78
Performance fees	111	78
Funds Management and Financial Services		
Base fees	157	151
Performance fees	5	7
	390	314
Share of fees from funds management joint ventures*		
Base fees	10	7
Performance fees	7	1
Total	**407**	**322**

* These JVs are equity accounted and results are included as profits from associates

Trading income

Growth in volatile market

	FY 2003 $m	FY 2002 $m	Increase %
Trading income	402	361	11

- Strong client flows as a result of volatility in world commodity markets
- Strong performance from Metals and Mining, FX and Agricultural Commodities
- Equity Markets:
  - Significant increase on pcp
  - All locations contributing to trading profit

Net interest income

Strong loan growth

	FY 2003 $m	FY 2002 $m
Loan assets	247	207
Trading assets and other securities	46	31
Non-interest bearing assets	(19)	(19)
Total*	**274**	**219**

- → Organic loan growth: Margin Lending and Macquarie Capital
- → Improved margins on trading assets
- → Reduction in cost of global funding

* adjusted to exclude BA interest expense for holding period from 2 April to 12 August 2002

Other income

Impact of asset sales insignificant

	FY 2003 $m
Gains/(losses) from investments	
MIG	27
MAP	(53)
Broadcast Australia holding gain	20
Other	(5)
	(11)
Dividend income from equity investments	30
Other	23
Total*	**42**

* adjusted to exclude BA transmission income for holding period from 2 April to 12 August 2002

Notable listed investments

Significant unrecognised gains

	Book value $m @ 31/3/03	Market value $m @ 9/5/03	Unrealised gain $m	Unrealised gain @ 30/9/02 presentation $m
MIG	10	30	20	43
MGM	25	156	131	96
SFE	-	19	19	15
MCG	106	138	32	-
Total	**141**	**343**	**202**	**154**

Group contribution to profit*

All Groups positive

	FY 2003 %	FY 2002 %
Corporate Finance (incl. Specialist Funds)	32	30
Financial Products (incl. X-Border Leasing)	6	11
Other (incl. Insto Broking, Macquarie Capital)	11	20
Total Investment Banking	49	61
Treasury and Commodities	23	21
Banking and Property	18	16
Equity Markets	5	-
Funds Management	2	3
Financial Services	2	(1)
Direct Investment	1	-
Total	**100%**	**100%**

* based on management accounts – pre-tax and pre-profit share

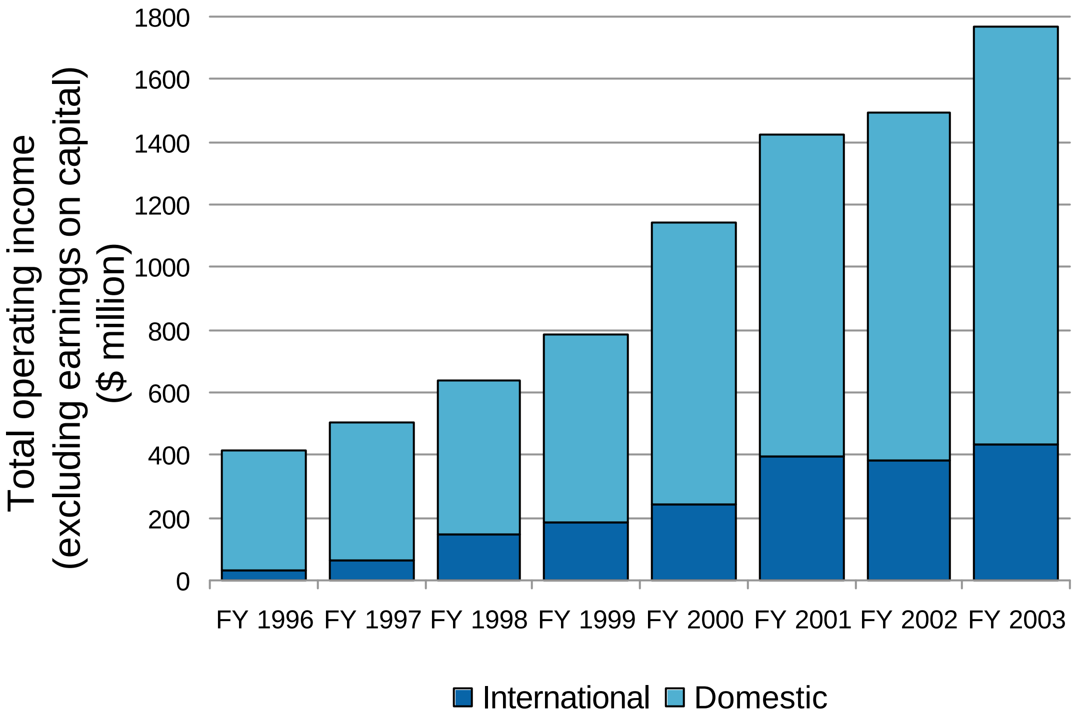
Contribution to profit by business segment

	FY2003 $m	FY 2002 $m	
Asset and Wealth Management	82	51	→ FSG profitable → Increased management fees
Financial Markets	97	56	→ T&C and EM strong performance
Investment Banking	118	112	→ Moderate increase reflecting challenging markets
Lending	67	60	→ Organic loan growth
Net profit after tax	**364**	**279**	

International income

Strong result in difficult international markets

- 24% of income from international activities
- International income up in absolute terms
- Many international initiatives in progress



Operating expenses

Costs contained despite business growth

	FY 2003 $m	FY 2002 $m
Expense/income ratio*	**74.9%**	**77.8%**
Employment expenses*	967	859
Other expenses	407	386
Total*	**1,374**	**1,245**

* adjusted result excludes BA transmission income and operating expenses for holding period from 2 April to 12 August 2002

Headcount

Targeted growth

	FY 2003	FY 2002	FY 2001
Operating Groups			
Investment Banking	1,142	1,022	1,005
Treasury and Commodities	346	336	327
Banking and Property	758	651	557
Equity Markets	181	188	150
Funds Management	131	133	134
Financial Services	986	1,073	840
Direct Investment	14	16	15
Total headcount – operating groups	3,558	3,419	3,028
Total headcount – service divisions	1,244	1,307	1,439
Total	**4,802**	**4,726**	**4,467**

Remuneration

Our approach

Remuneration components

- Base pay:
  - Marginal increases last year – approx 3%
  - Expect small increase, on average, this year – approx 4%
- Profit share:
  - At risk and tied to performance
  - Formula-driven since inception
  - Based on profit and earnings in excess of cost of capital
  - Aligns interests of staff with shareholders
- Deferral and retention arrangements encourage long-term commitment
  - 25% of most staff profit share deferred for 2 years
  - 30% profit share retention for Executive Directors – 136 executives
  - Retention vests progressively over 10 years, only payable 6 months after leaving subject to no disqualifying events
  - All deferred payments fully expensed upfront

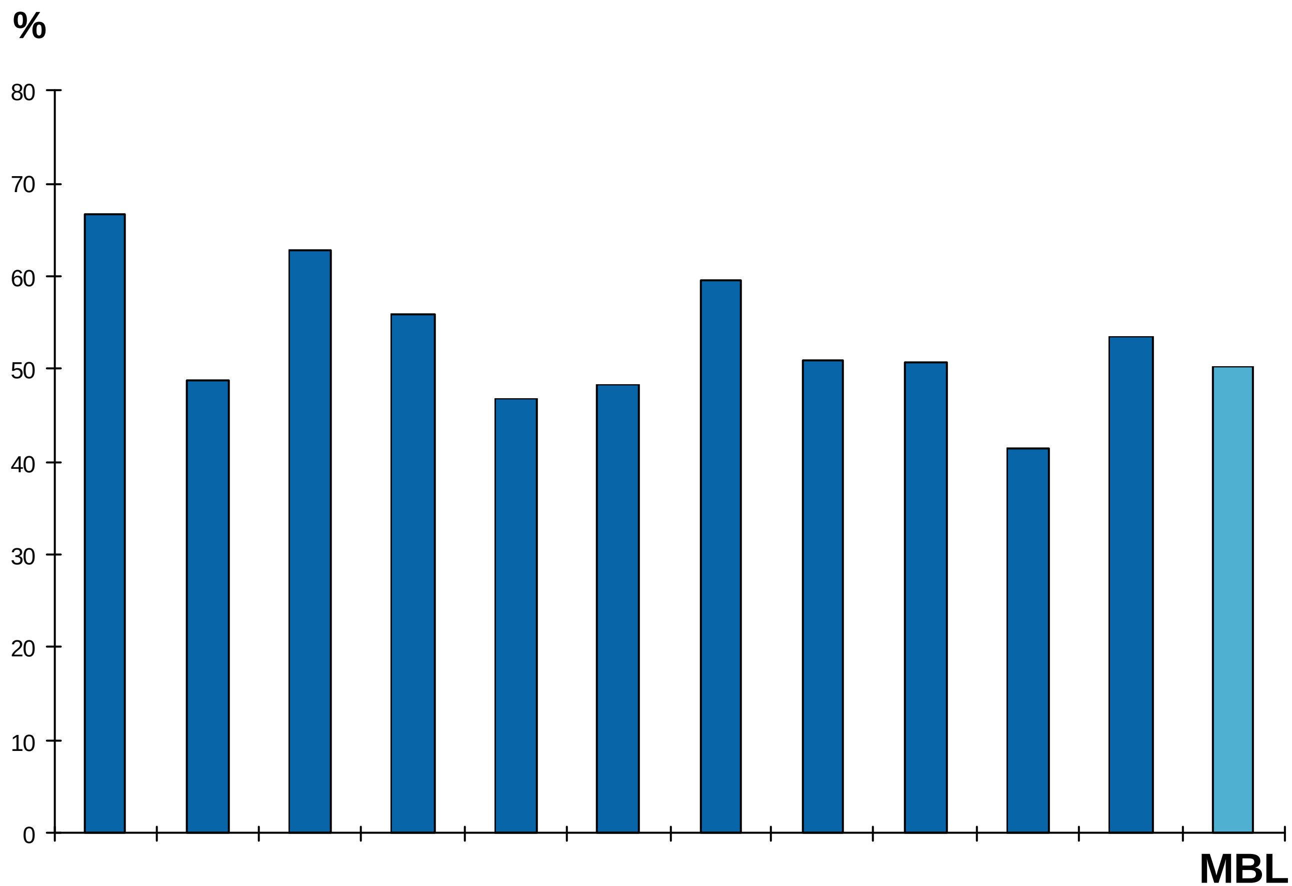
Remuneration

Remuneration levels and structure in line with competitive practice

- Independent review of MBL remuneration by Towers Perrin in 2003 concluded:
  - Remuneration as a percentage of revenue is in line with, or more conservative than, competitors
  - Options still the primary long-term incentive vehicle used by global peers
  - Delivery of some of annual long-term incentive in form of equity is appropriate:
    - Further alignment with shareholders
    - Consistent with competitive practice

Remuneration
- peer comparatives

Remuneration (excluding options) as percent of revenue



Source: Towers Perrin
Includes AG Edwards, Bear Sterns, CSFB (USA), CS Group, Deutsche Bank, Goldman Sachs, Legg Mason, Lehman Bros, Merrill Lynch, Morgan Stanley, UBS Group

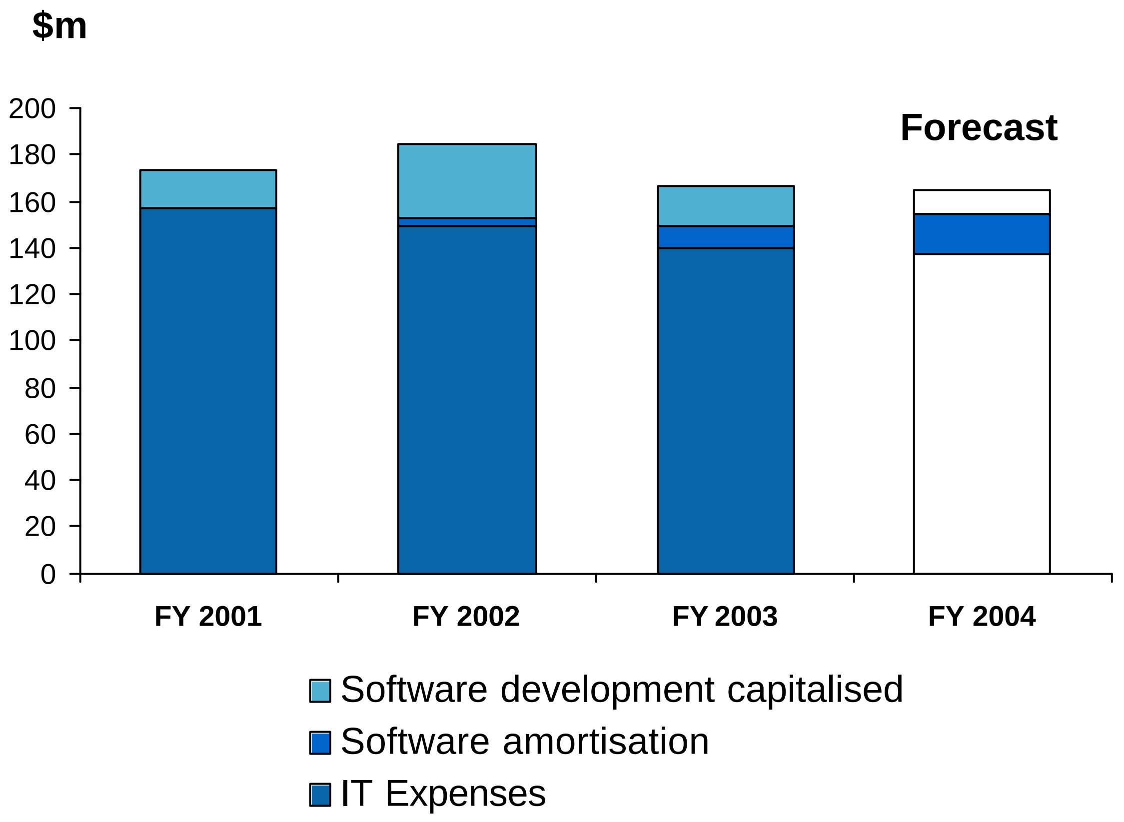
Remuneration

Our approach is appropriate

- Conclusion following the review:
  - No major changes necessary
  - Emphasis on performance based arrangements has worked well and expected to continue
  - Options remain the optimal long-term incentive delivery mechanism
  - Review use of options when regulatory environment becomes more certain
  - 30% of Executive Directors' profit share will continue to be subject to long-term deferral arrangements
  - 1/3 of Executive Directors' deferred profit share from 2004 compulsorily invested in MBL shares and up to 2/3 on an optional basis

Information technology expenditure

Controlled spending



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Effective tax rate

In line with expectations

	FY 2003 %	FY 2002 %
Corporate tax rate (average)	**30.0**	**32.0**
Group tax losses	(4.2)	(3.6)
Rate differential on offshore income	(3.0)	(3.3)
Converting Preference Shares	0.7	1.2
Other	(1.3)	(3.0)
Effective tax rate	**22.2**	**23.3**

- → Effective tax rate influenced by tax reform and income mix
- → 2004 effective rate likely to be closer to 25%

Tax reform and other tax issues

- Tax consolidations
  - Electing to consolidate within transitional period
  - Recognition of historic group losses
  - Access to franking credits – distributed via special dividend
- Macquarie Income Securities
  - To be litigated in Federal Court
  - MBL holding favourable QC advice
- R&D syndicates
  - Two syndicates in dispute
  - MBL confident of success
- Ongoing tax audit
  - No significant changes

Capital management

Capital base provides strategic flexibility

	FY 2003 $m	FY 2002 $m
Tier 1 capital before deductions	2,336	2,041
less: deductions		
– equity investments	(236)	(7)
– other	(182)	(134)
Tier 1 capital	1,918	1,900
Risk weighted assets	10,053	10,651
Tier 1 ratio	**19.1%**	**17.8%**

Capital management

- Approach is to be conservatively capitalised
  - Support business initiatives, particularly specialised funds
  - Maintain good credit rating
- Recent subordinated debt issue
- APRA Conglomerates
  - Significant change to the regulation of subsidiary activities within the Group
  - New constraints on Bank's exposures to Group subsidiaries and counterparties
  - Secondary Group funding subsidiary being established

Balance sheet and risk-weighted assets

	Total Assets $b	Risk Weighted Assets $b
31 March 2002	**30.2**	**10.7**
Revaluation of financial instruments	0.7	-
Increase in liquid assets	0.7	0.2
Increase in other securities	0.1	-
Increase in trading assets	0.8	-
Organic loan growth	1.2	0.3
Securitisation of loan assets	(1.2)	(0.6)
BA deconsolidation	-	(0.5)
31 March 2003	**32.5**	**10.1**

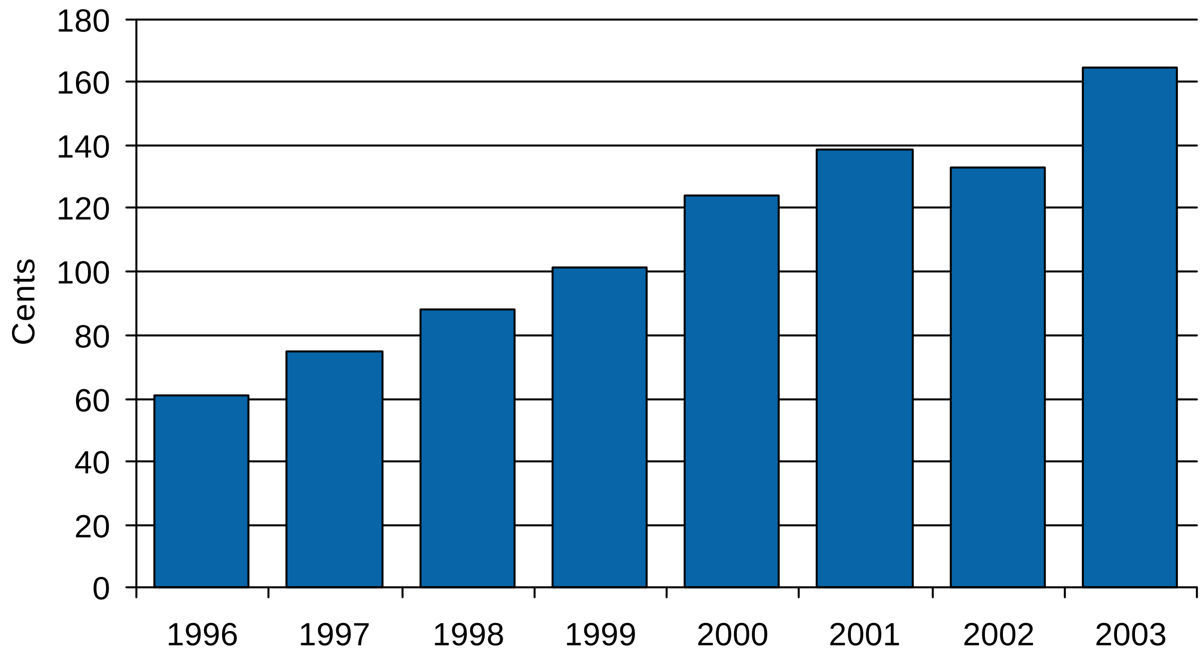
Revised EPS reporting

		FY 2003	FY 2002
Basic	- revised	164.84	132.83
	- previous		132.83
Diluted	- revised	163.06	129.14
	- previous		131.90

→ Minimal impact on diluted EPS

EPS since listing

Strong compound annual growth rate in EPS since listing



	CAGR of EPS (1996 – 2003)
MBL	14.1% pa
International peer investment banks	4.4% pa (avg)
Australian major trading banks	10.2% pa (avg)

Strong out-performance over the medium to long term

- 1 year TSR index is broadly in the middle of the range of relevant indices

Total Shareholder Return (%)

Term	MBL	Global investment banks	SSB Australian growth index	ASX financials ex property	All Ords accum index
1 year	-22.3	-35.0	-13.5	-10.9	-11.8
3 year	9.0	-32.4	4.2	36.5	1.8
5 year	127.4	-24.5	24.2	102.6	23.7
Since 29/7/96	452.7	83.4	63.4	214.2	72.0

Source: Bloomberg, years ending 31 March

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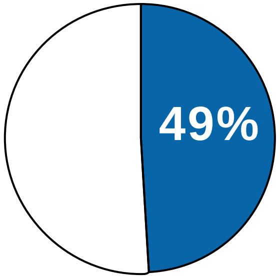
Investment Banking



Comments on the full year

- Performed well in difficult environment, marginally up on pcp

Corporate Finance – 32% of MBL

- Substantially up on pcp
- No. 1 Project Finance adviser (Asia Pacific/Americas), No. 2 globally - *Project Finance International*
- No. 1 M&A adviser (Australia), Top 2 ECM house (Australia – by value) - *Thomson Financial*

Infrastructure	AGL/Pulse, London Underground, Sydney and Rome Airports, Western Sydney Orbital, BC Gas, Powerco, Melbourne CitiLink, KRIF
Industrials	Constellation/BRL Hardy, Qantas, Goodman Fielder/Burns Philp
Financials	AXA Health, Insurance Australia Group
Property	Valad, Macquarie Countrywide, Coles Myer/Westfield Trust, Macquarie ProLogis
Resources	Placer/Aurion Gold, Centennial Coal, Francisco Gold, Burrup Fertilisers
TMET	Acquisition of NTL/Broadcast Australia, MCG establishment

Investment Banking (cont.)

Infrastructure and Specialised Funds

- FUM increased 57% from $9.8b to $15.4b
- 3 new funds in Australia – MAP, MCG and FLIERS (SCF)
- New international fund Korean Road Infrastructure Fund (KRIF)
- MAP – disappointing market performance, but remain confident in value and quality of the assets and scope for significant operational improvement
- Active management resulted in EBITDA up:
  - 10.2% on MIG's operating toll roads (6 months to Dec 2002)*
  - 22.2% on MAP's operating airports (6 months to Dec 2002)*
- Performance fees from MIG, MCG and South Africa Infrastructure Fund

* Weighted average EBITDA for operating assets

Investment Banking (cont.)

Financial Products – 6% of MBL

- Steady growth from retail and wholesale product offerings (Fusion, Film Fund, I-bonds)
- Poor environment for cross-border leasing resulted in lower contribution

Other – 11% of MBL

- Macquarie Capital's leasing books increased 21% from $1.9b to $2.3b - existing initiatives and organic growth
- Institutional Stockbroking profit down due to lower issuance fees and underwriting shortfalls, stable brokerage revenues

Investment Banking (cont.)

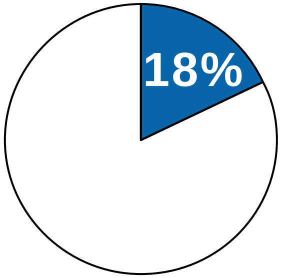
Current operating environment:

- Continued subdued global markets including Australia
- In particular, listed equity issuance and M&A market volumes impacted over past 6 months

Outlook:

- Solid pipeline of diverse mandates and opportunities – recently announced: Promina IPO, AlintaGas/AMP Henderson acquisition of Aquila assets,
- Continued focus on broader offshore offerings
  - Pursuing new funds and asset classes: Europe (diversified infrastructure); Canadian regulated assets fund well progressed; and, exploring opportunities in China (toll roads)
  - Broaden international investor base, especially in unlisted equity
- Anticipate increase in revenue and profit over prior year providing no material deterioration of equity market conditions

Banking and Property



Comments on the full year:

- Overall contribution up 38% on pcp with record results from Property, Banking and Golf and Leisure
- Property FUM (including associates) increased 50% from $4.8b to $7.2b – 3rd largest property trust manager in Australia
- Macquarie ProLogis – 1st Australian listed property investment in US industrial property, “Best Newly Listed Company” 2002 (*Asiamoney* magazine)
- Property Investment Banking participated in $3b transactions
- Property development loans up 18%, irregular loans only 0.1% of total commitments
- Golf and Leisure - Medallist continued strong growth
- Good growth in banking services, continued growth in margin lending and protected lending
- Significant increase in new mortgages business (retail and wholesale), expansion in US and China

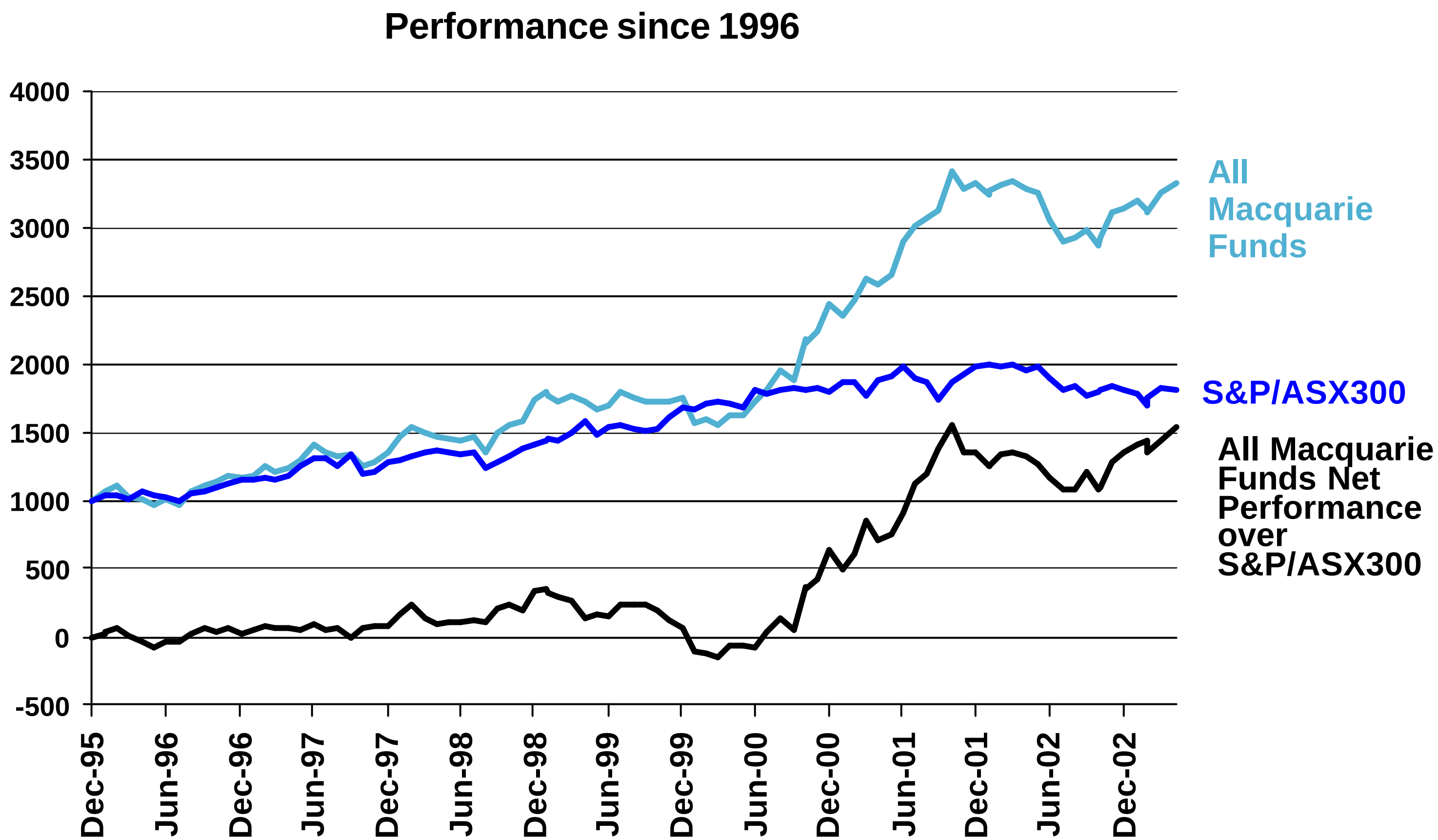
Banking and Property (cont.)

Current operating environment/Outlook:

- Similar conditions to previous year
  - expect softening in some Australian property sectors
  - only minor impact on property finance and mortgage businesses
- Credit risks managed by long standing conservative credit policies
- Favourable environment for expansion and growth of listed property trusts
- Continued strategy of selective growth in domestic and international niche markets, including:
  - Mortgages and property finance in USA
  - Develop business prospects in Asian markets where REIT legislation is creating opportunities
- Positioned well for medium term

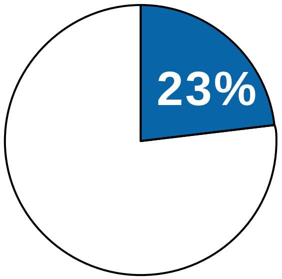
Specialist Listed Infrastructure and Property funds performance

Macquarie funds have out-performed



* All data as at 9 May 2003

Treasury and Commodities



Comments on the full year:

- Overall contribution up 40% on pcp
- Every division achieved a record or near record result
- Particularly strong contributions from Metals and Mining, Foreign Exchange, Treasury and Agricultural Commodities
- Profitability driven by increased market share and product/market diversity
- Steady credit and market risk and a stable cost base
- Commenced operations in two new businesses:
  - Energy Trading based in London providing risk management solutions to oil industry participants
  - Houston office focusing on oil and gas mezzanine finance

Treasury and Commodities (cont.)

Current operating environment:

- Transaction volumes reasonably high – record SFE turnover in March 2003
- Commodities, FX and interest rate volatilities up
- More challenging credit environment

Outlook:

- Optimistic about prospects for the next 12 months
- Leading market positions, business diversity, international growth initiatives and stable cost base lead to positive outlook
- Offshore markets offer good opportunities for niche growth:
    - New finance and energy trading businesses in Houston and London respectively, profitability expected in near-term

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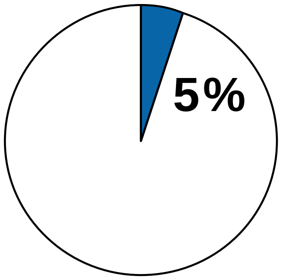
Equity Markets



Comments on the full year:

- Overall contribution well up on last year
- Adverse trading conditions globally but all markets profitable except Europe
- Australia – strong result – resilient retail demand, leading warrant market shares, expanding corporate business
- South Africa – another good year – Standard Bank alliance terminated, new venture with Nedbank
- Hong Kong – profitable despite significantly weaker retail demand, sales of unlisted products increased substantially
- Europe – trading profit despite very weak European markets. Net loss due to high operating costs. Trading infrastructure relocated to Sydney. Sales and structuring remain in Europe.
- Japan – small profit despite very poor market conditions
- Brazil – another small profit in second year of operation

Equity Markets (cont.)

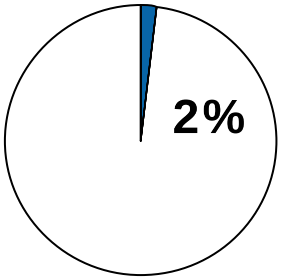
Current operating environment:

- General uncertainty due to the global geopolitical situation and effect of SARS in Asia
- Subdued economic conditions

Outlook:

- Initiatives undertaken during recent difficult times means business well placed to benefit from improving markets
- Continued measured expansion:
  - 24-hour Sydney based international trading and risk management desk – recently increased US activities, currently integrating European trading activities
  - Korea: alliance with Woori Bank – up to 12 months' lead time to establish new business
  - South Africa: Nedbank – expect to achieve small profit in first year

Funds Management



Comments on the full year:

- Contribution broadly in line with last year
- Total funds under management up 13% from $27.1b to $30.7b despite industry contraction
  - Institutional funds up 19% from $14.5b to $17.3b
  - Retail funds up 4% from $11.0b to $11.4b
  - International joint venture funds (Macquarie share) up 31% from $1.6b to $2.1b
  - Good flows into cash, fixed interest, currency and listed property
- Strong growth in joint ventures in Malaysia and Korea
- Continued to invest in UK and HK enhanced equities businesses with encouraging progress, now mandated in both markets

Funds Management (cont.)

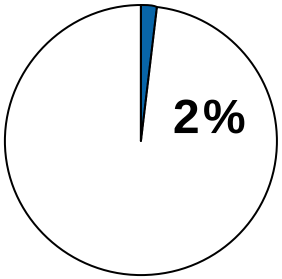
Current operating environment:

- Investors diversifying portfolios with increased allocation to cash, fixed interest and property
- Focus on lower fees offers opportunities for index products (eg. Macquarie True Index)

Outlook:

- While equity markets uncertain in short-term, Group's prospects are healthy for medium to long term
- Timely entry into enhanced equities in UK and HK, anticipate benefits from increased uptake
- Anticipate continued good growth in existing joint ventures, currently evaluating expansion into Taiwan

Financial Services



Comments on the full year:

- Achieved profitability on schedule despite continued difficult market conditions, good growth in client numbers and revenue
- Increased growth in annuity based revenue through Wrap and CMT
- Wrap fastest growing administrative platform in 2002 (ASSIRT)
    - AUA up 62% from $3.9b to $6.3b (year ending 31 Mar 03)
- CMT FUM up 7% from $8.2b to $8.8b (year ending 31 Mar 03)
- Continued cost efficiencies through restructure and streamlining of IT and back office functions
- Further expansion via Hartley's acquisition - agreement to transfer select advisers and clients entered into in March 2003

Financial Services (cont.)

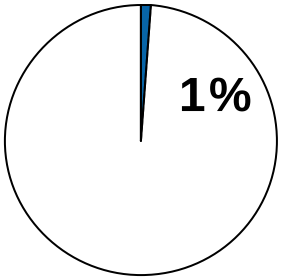
Current operating environment:

- Retail financial services influenced by subdued economic conditions
- Tougher equity markets likely to accelerate further market consolidation - well positioned to take advantage

Outlook:

- Broking market to remain uncertain due to subdued economy
- Further growth in Wrap business maximising existing and new FSG relationships
- Recently launched brand campaign expected to increase awareness among target market
- Increased presence in New Zealand through targeted adviser acquisitions and alternative investment offerings
- Confident of increasing profit contribution in the longer term

Direct Investment



Comments on the full year:

- No realisations by trade sale or IPO due to difficult market conditions
- Principal focus - portfolio management
- MIT III
  - CH4 progressed to project phase
  - Most investments performing well – Nardell Coal exception
  - Part realisation of SCIA through share buyback and dividend, Repco return of capital on repayment of loan stock
- MIT IV
  - $60m 1st close Jan 03, 2nd close expected later 2003

Current operating environment/Outlook:

- Private equity market remains difficult– limited realisation opportunities by either trade sale or IPO
- Realisations planned in 2004, dependent on capital markets

Overall outlook

- Expect continued growth in revenue and earnings
- Growth across most businesses subject to market conditions not deteriorating materially
- Well positioned for any equity market improvement
- Maintain our long-term strategy
  - Full service in Australia
  - Focussed international operations

Macquarie Bank Limited

Presentation to
Investors and Analysts

Allan Moss, Managing Director and
Chief Executive Officer

Greg Ward, Chief Financial Officer

13 May 2003