



Macquarie Bank Limited

Result Announcement for the
Year Ended 31 March 2004

Presentation to Investors and Analysts

David Clarke, Executive Chairman

Allan Moss, Managing Director & Chief Executive Officer

Greg Ward, Chief Financial Officer

18 May 2004



Agenda

1. Introduction

David Clarke

2. Highlights

Allan Moss

3. Analysis

Greg Ward

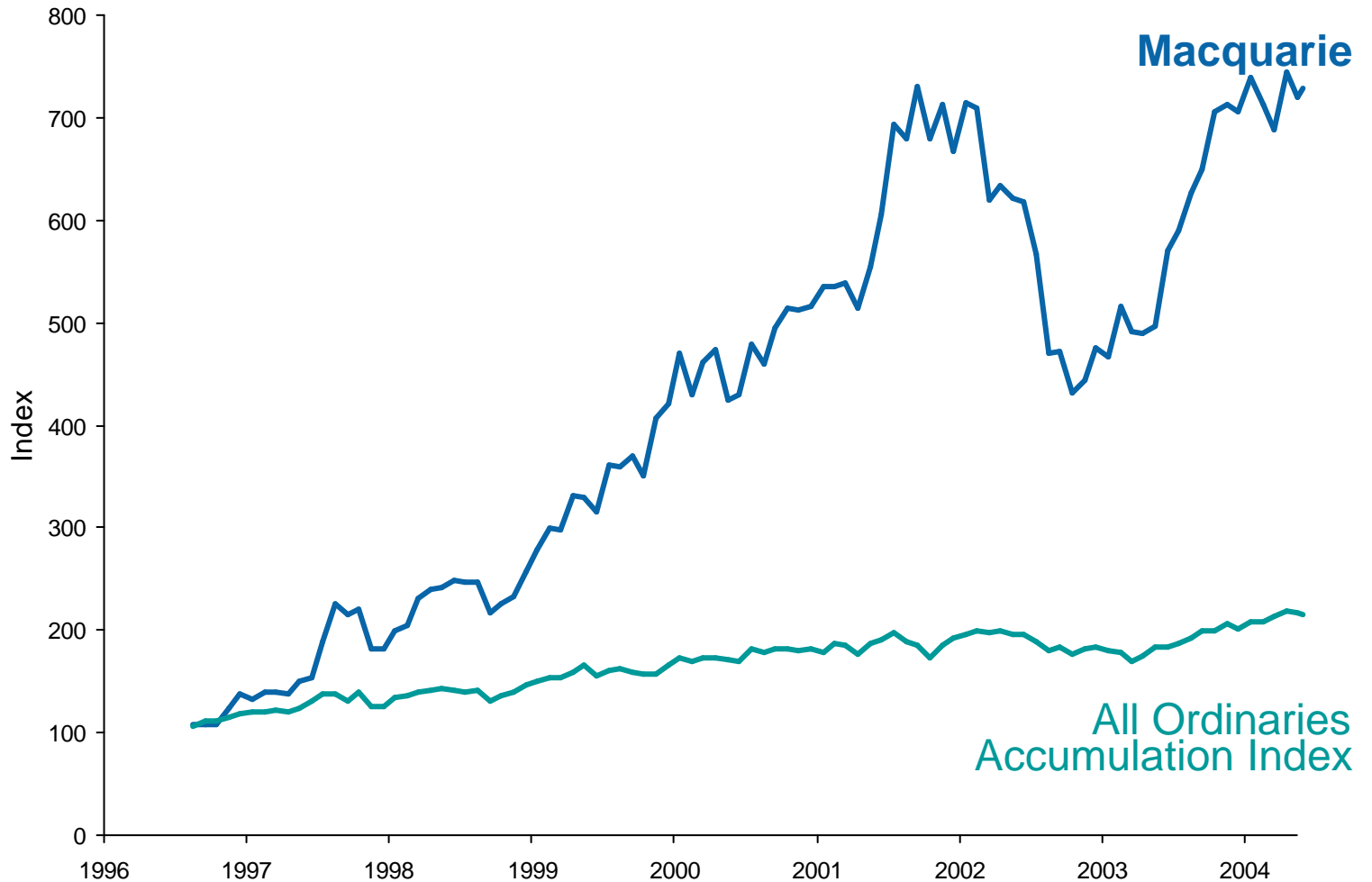
4. Group Comments Outlook

Allan Moss

Unless otherwise specified all information is for full year ended 31 March and increases are on the prior year.



Total shareholder return 625% since listing



All data as at 13 May 2004, indexed at 29 July 1996



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48% increase in profit

After tax (attributable to ordinary equity holders) 48% increase on FY 2003

FY 2004	FY 2003
A\$494m	A\$333m

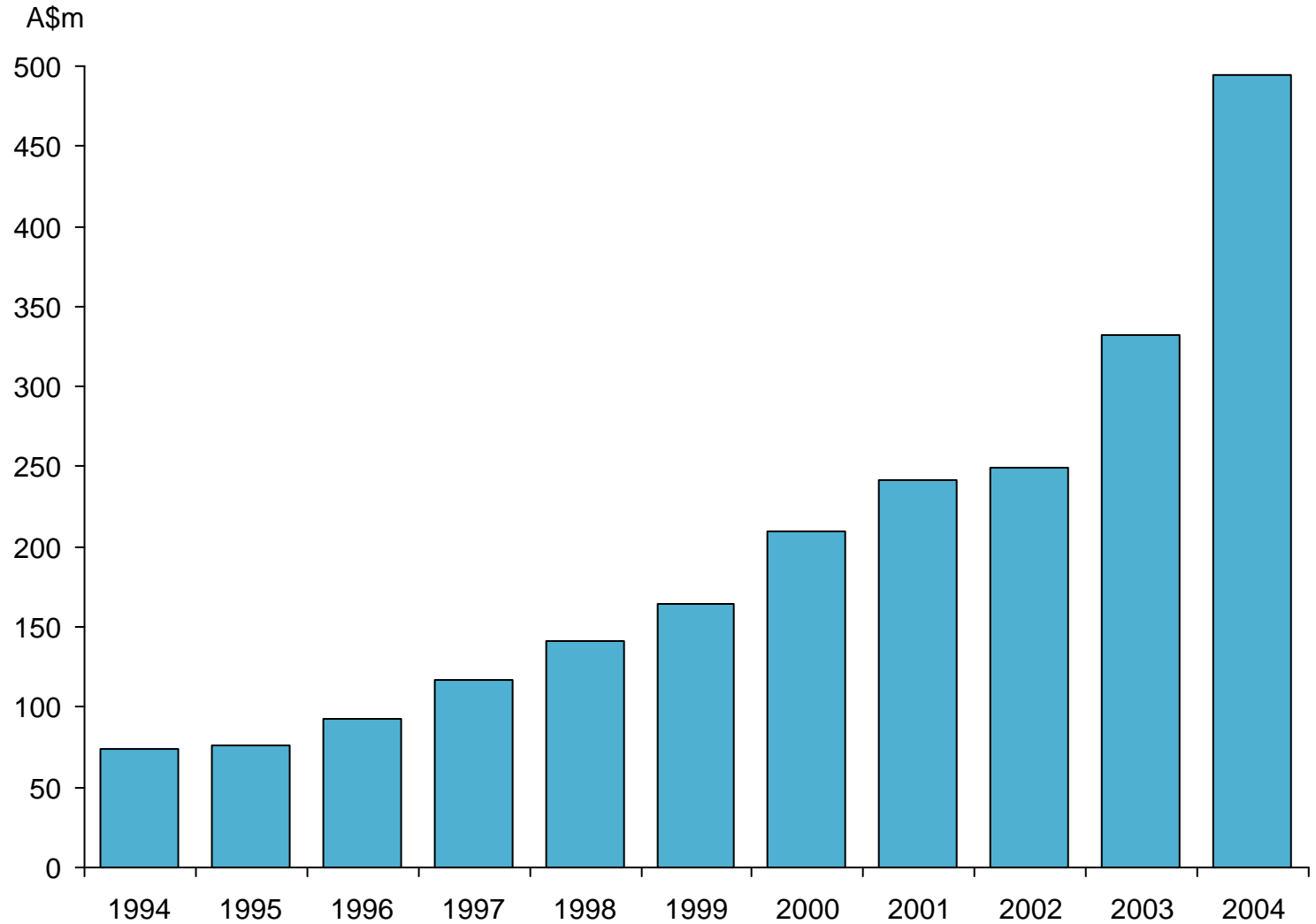
Pre tax (attributable to ordinary equity holders) 53% increase on FY 2003

FY 2004	FY 2003
A\$654m	A\$428m



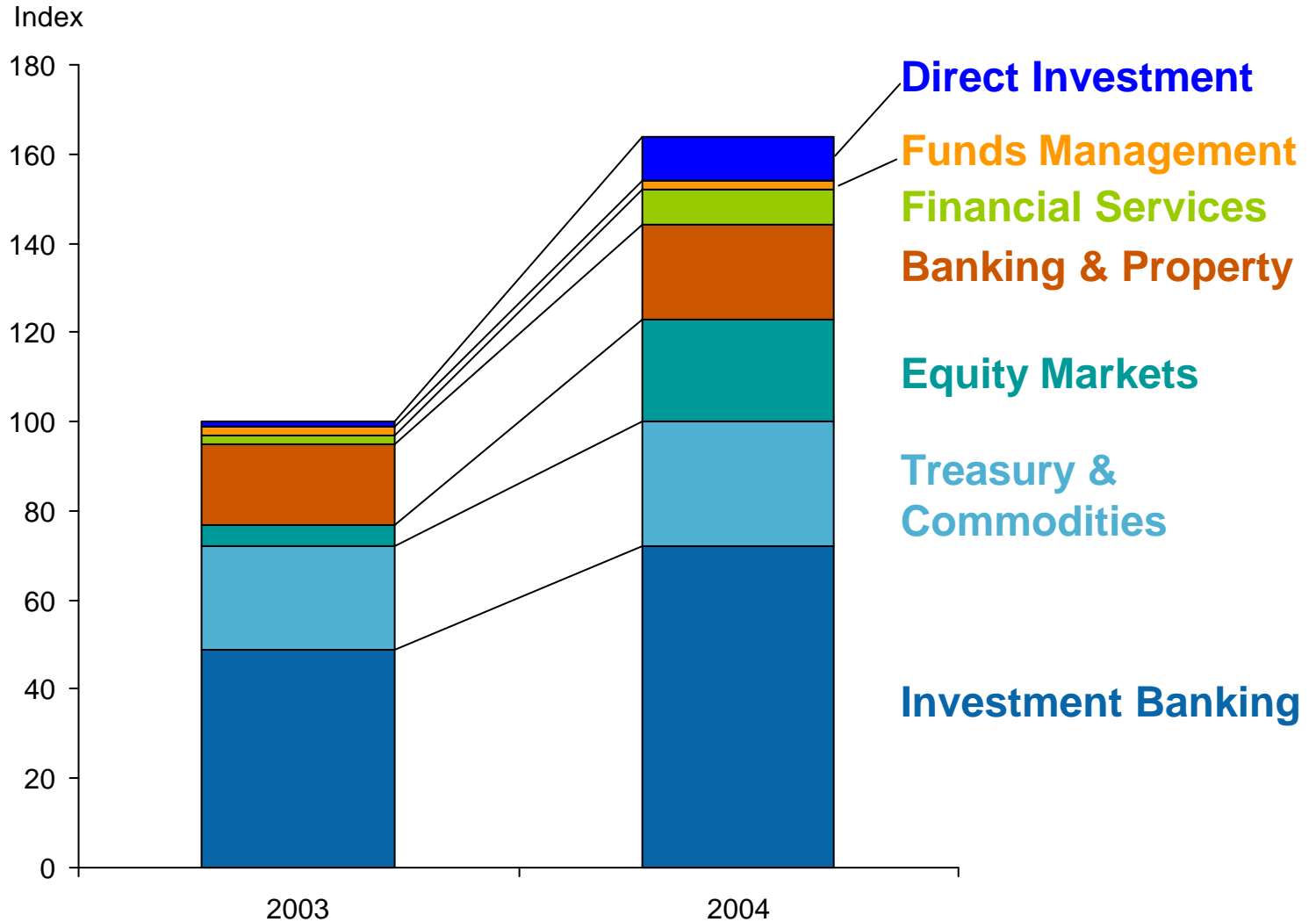
Profits almost doubled over 2 years

6.7 times over the decade





All Group contributions up on prior year





Key drivers of exceptional year

- Very favourable domestic and favourable international market conditions
 - Equity markets performed well; strong Australian IPO market
 - Strong property market
 - Good corporate confidence
 - Continued good credit quality
 - Volatile AUD generated strong customer flows
- Commitment to growth and investment initiatives in prior tougher years
- Excellent staff performance and commitment throughout the Bank



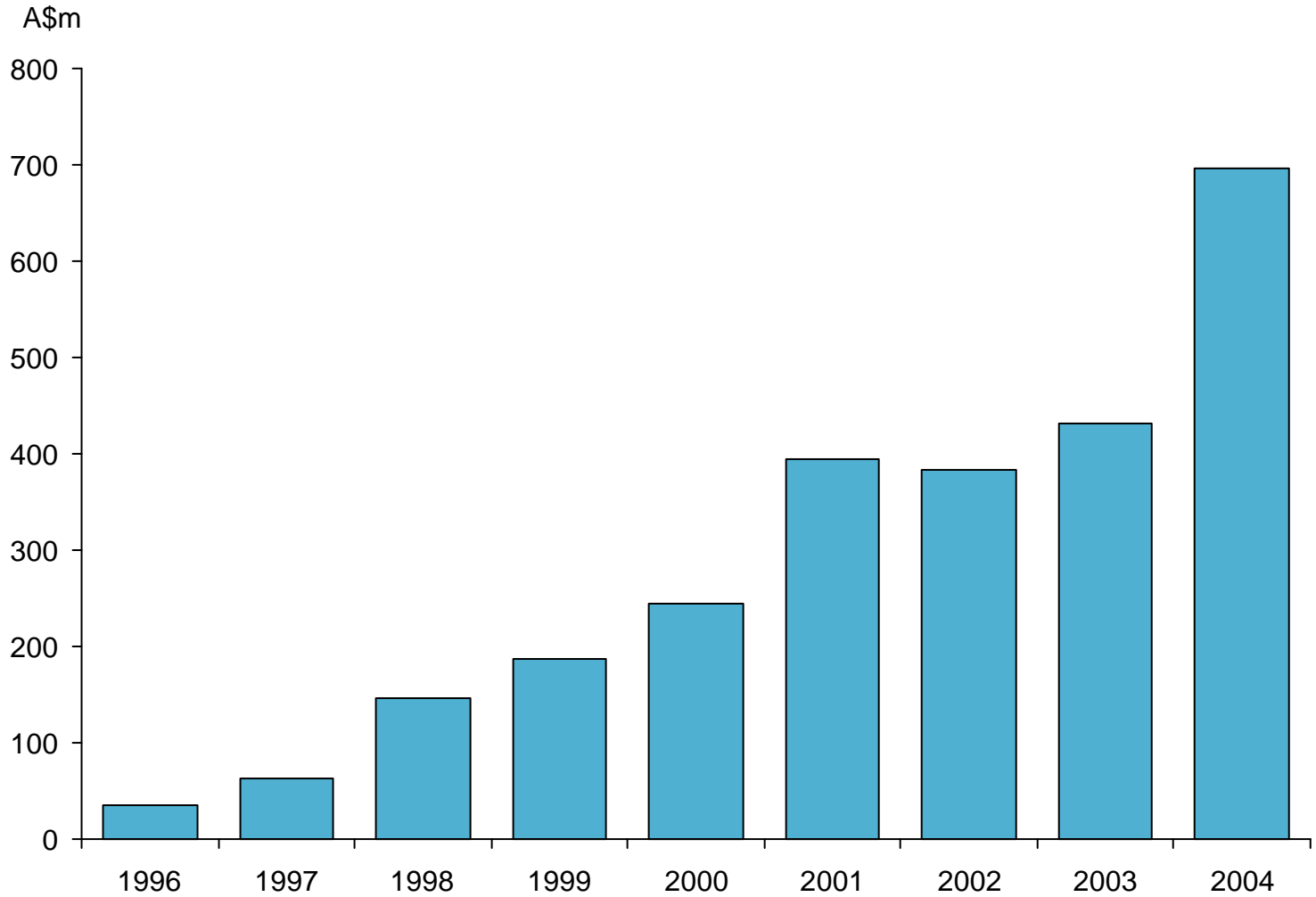
Very active internationally

- Strategic fund initiatives in Europe, North America, Asia and Africa
- Continued international business growth includes:
 - Global infrastructure
 - Equity derivatives
 - Oil and gas financing
 - US mortgages
- Acquisition of ING's Asian equities stockbroking (Macquarie Securities Asia) around 450 new staff across 15 countries



International income up 61%

31% of total income*

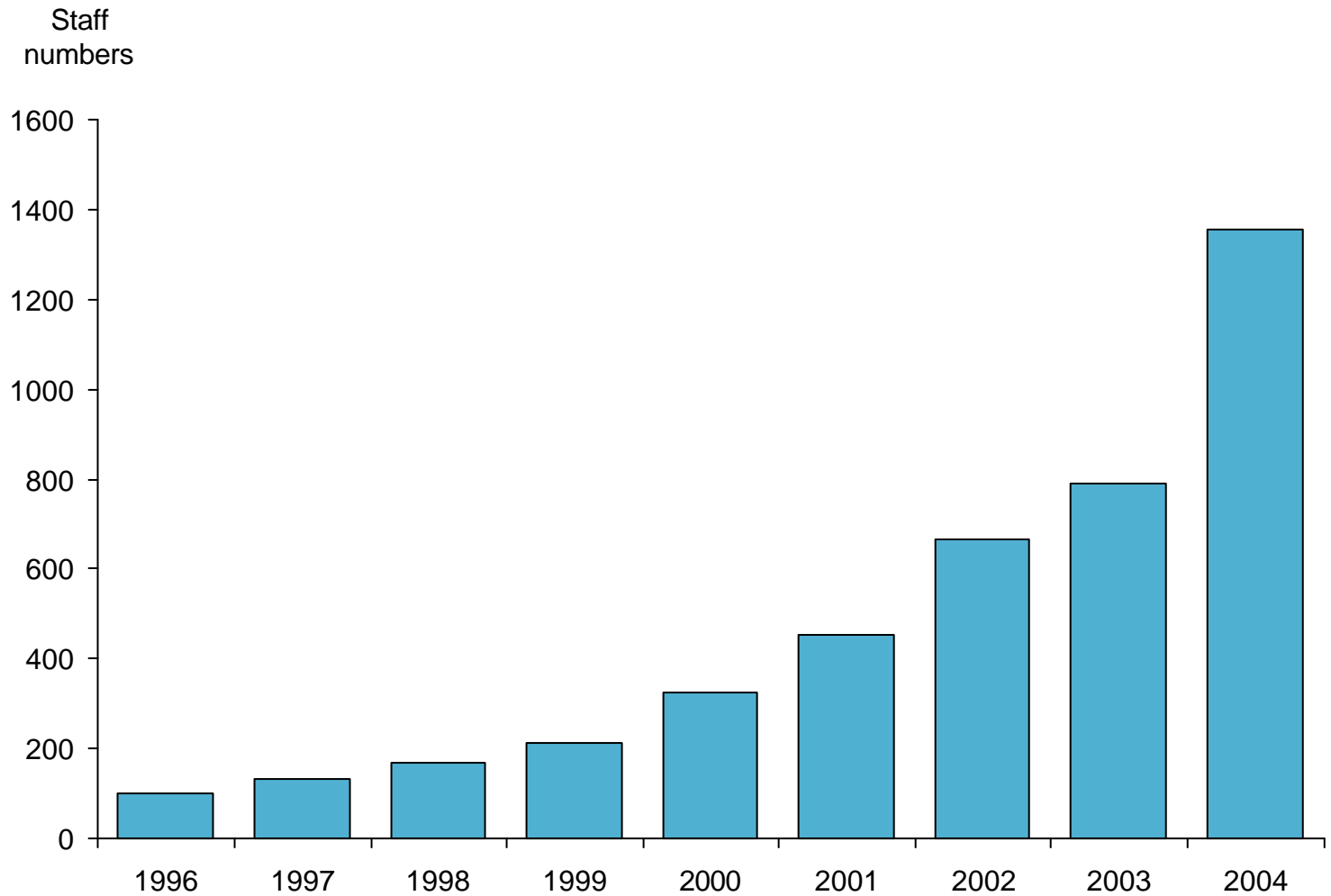


*Excluding earnings on capital



International staff up 72%

24% of total staff



Includes Macquarie Securities Asia (ING)



We are in every major financial centre

North America
320 staff

Europe
287 staff

Asia
610 staff



Over 5,700 employees in 23 countries



Focused businesses in Asia Pacific

Korea

- Corporate finance & advisory
- Infrastructure finance & advisory
- Property finance & advisory
- Infrastructure funds mgt
- Property funds mgt
- Traditional funds mgt
- Commodity derivatives
- Futures broking
- Financial markets derivatives
- Cross border leasing
- Leasing
- Equity derivatives and structured products
- Institutional stockbroking & research
- Financial products

Japan

- Corporate finance & advisory
- Infrastructure finance & advisory
- Infrastructure asset mgt
- Cross border leasing
- Leasing
- Equity derivatives and structured products
- Institutional stockbroking & research

Beijing

- Corporate finance & advisory

Tianjin

- Property finance & advisory
- Property funds mgt
- Property development

Taiwan

- Traditional funds mgt
- Institutional stockbroking & research
- Leasing

Hong Kong

- Corporate finance & advisory
- Infrastructure finance & advisory
- Property finance & advisory
- Property funds mgt
- Commodity derivatives
- Cross border leasing
- Equity derivatives and structured products
- Institutional stockbroking & research
- Financial products

Shanghai

- Property finance & advisory
- Property development
- Mortgages and securitisation
- Institutional stockbroking

Malaysia

- Corporate finance & advisory
- Traditional funds mgt
- Financial products
- Research

Indonesia, Thailand & The Philippines

- Institutional stockbroking & research

Full service

Singapore

- Corporate finance & advisory
- Leasing
- Institutional stockbroking & research
- Financial products

Wellington

- Retail financial services & advisory
- Institutional stockbroking & research

Christchurch

- Retail financial services & advisory

Auckland

- Retail financial services & advisory
- Mainstream funds mgt
- Corporate finance & advisory
- Leasing
- Institutional stockbroking & research
- Financial products



Focused businesses in the Americas





Focused businesses in Europe, Africa and the Middle East

United Kingdom

- Corporate finance & advisory
- Infrastructure finance & advisory
- Wholesale property equity raising
- Specialised funds mgt
- Traditional funds mgt
- Metals and mining finance, structuring & trading
- Agricultural commodities
- Debt markets
- Futures broking
- Energy markets derivatives trading
- Equity derivatives and structured products
- Securities lending
- Cross border leasing
- Leasing
- Institutional stockbroking & research

France

- Leasing
- Institutional stockbroking

Ireland

- Leasing



Germany

- Corporate finance & advisory
- Infrastructure finance & advisory
- Equity derivatives and structured products
- Cross border leasing
- Leasing
- Institutional stockbroking

Austria

- Corporate finance & advisory
- Cross border leasing
- Leasing

Switzerland

- Institutional stockbroking

Bahrain

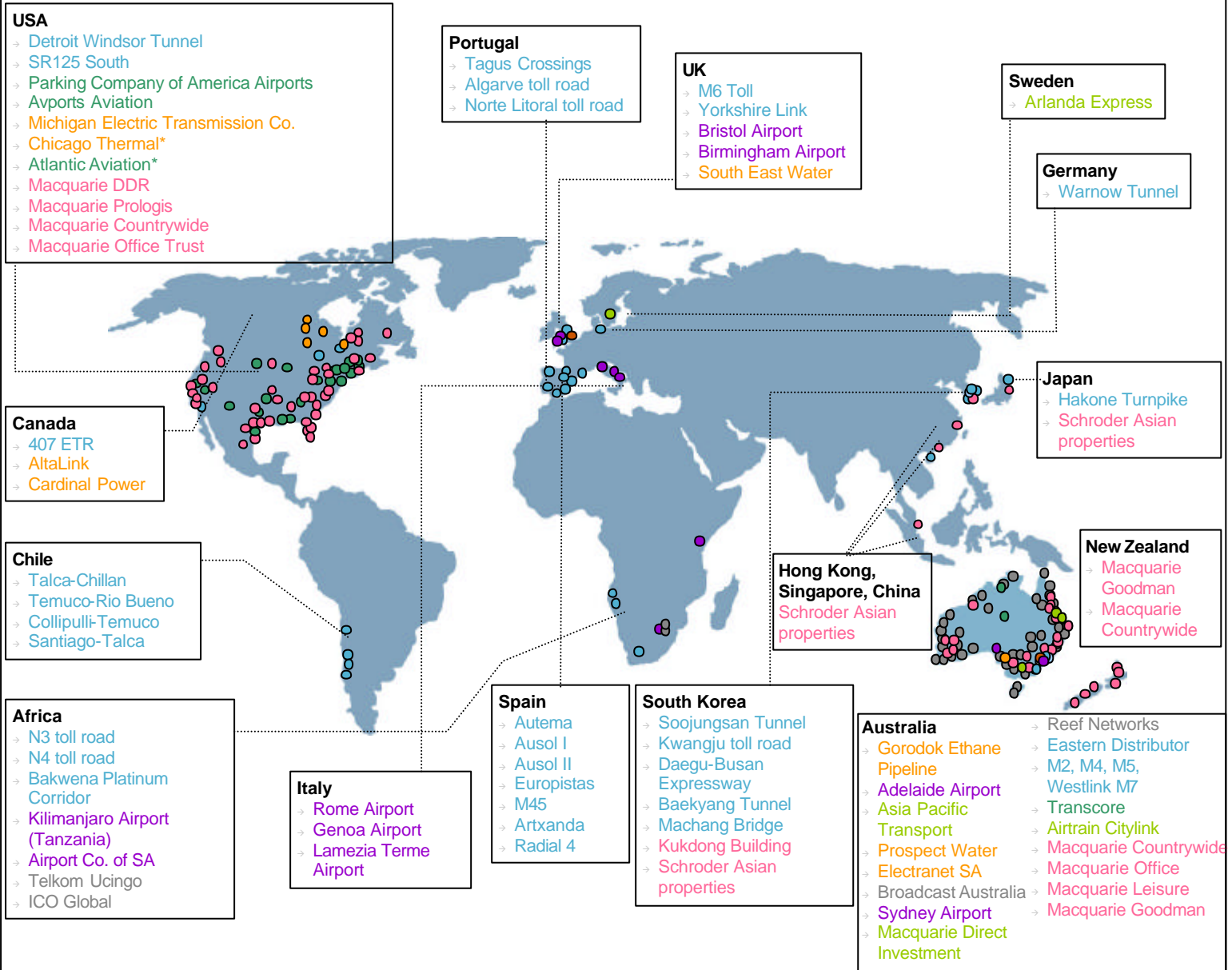
- Wholesale property equity raising

South Africa

- Corporate finance & advisory
- Infrastructure finance & advisory
- Infrastructure funds mgt
- Equity derivatives & structured products
- Capital markets structuring



Managing A\$63b in assets across the globe



In some cases, Macquarie or Macquarie Group member has partial interest in asset

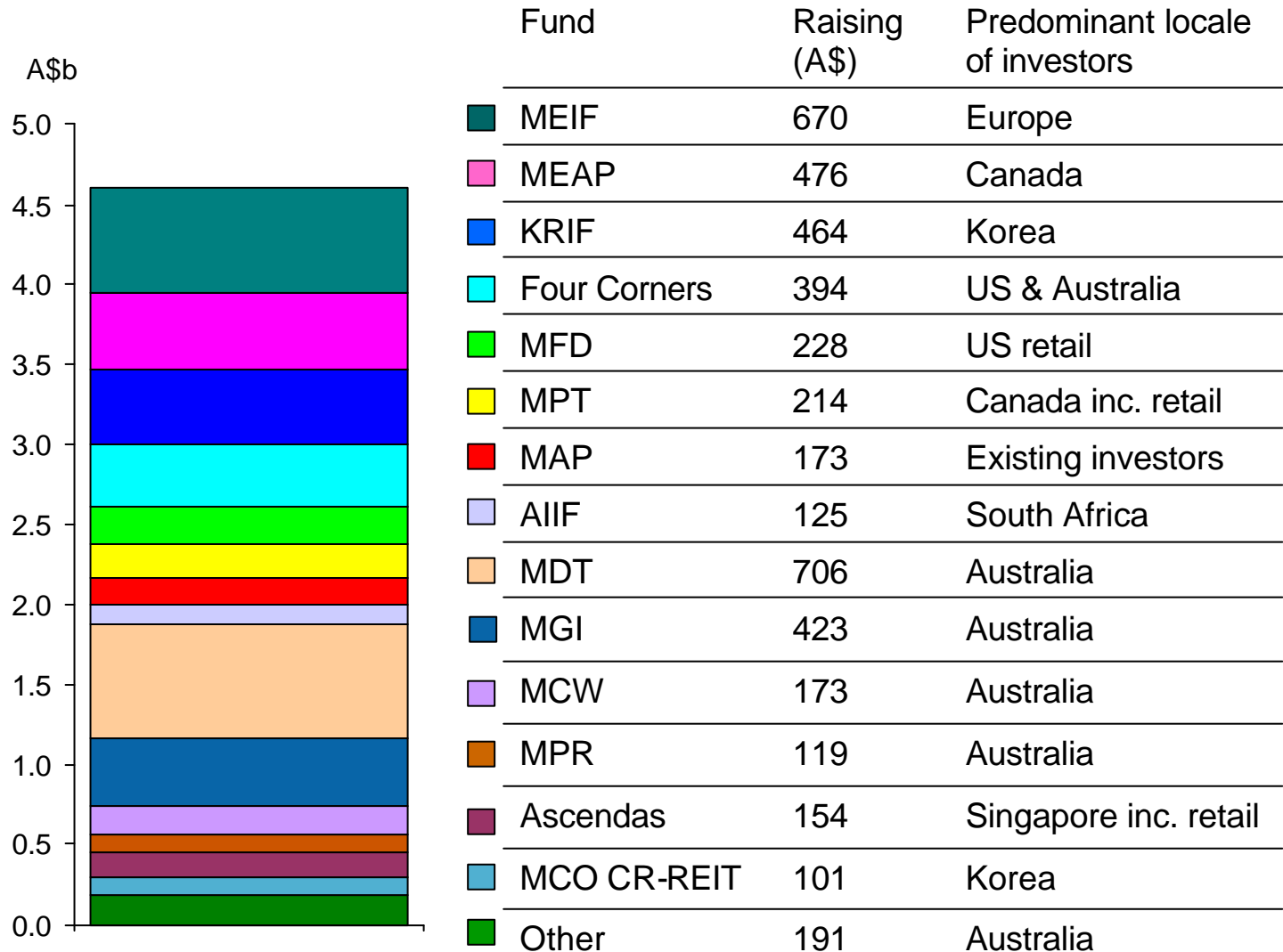
* Subject to financial close



Large raisings by funds

A\$4.6b raised since 1 April 2003*

→ Over 60% of funds raised from international investors



* Data to 14 May 2004



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A record year

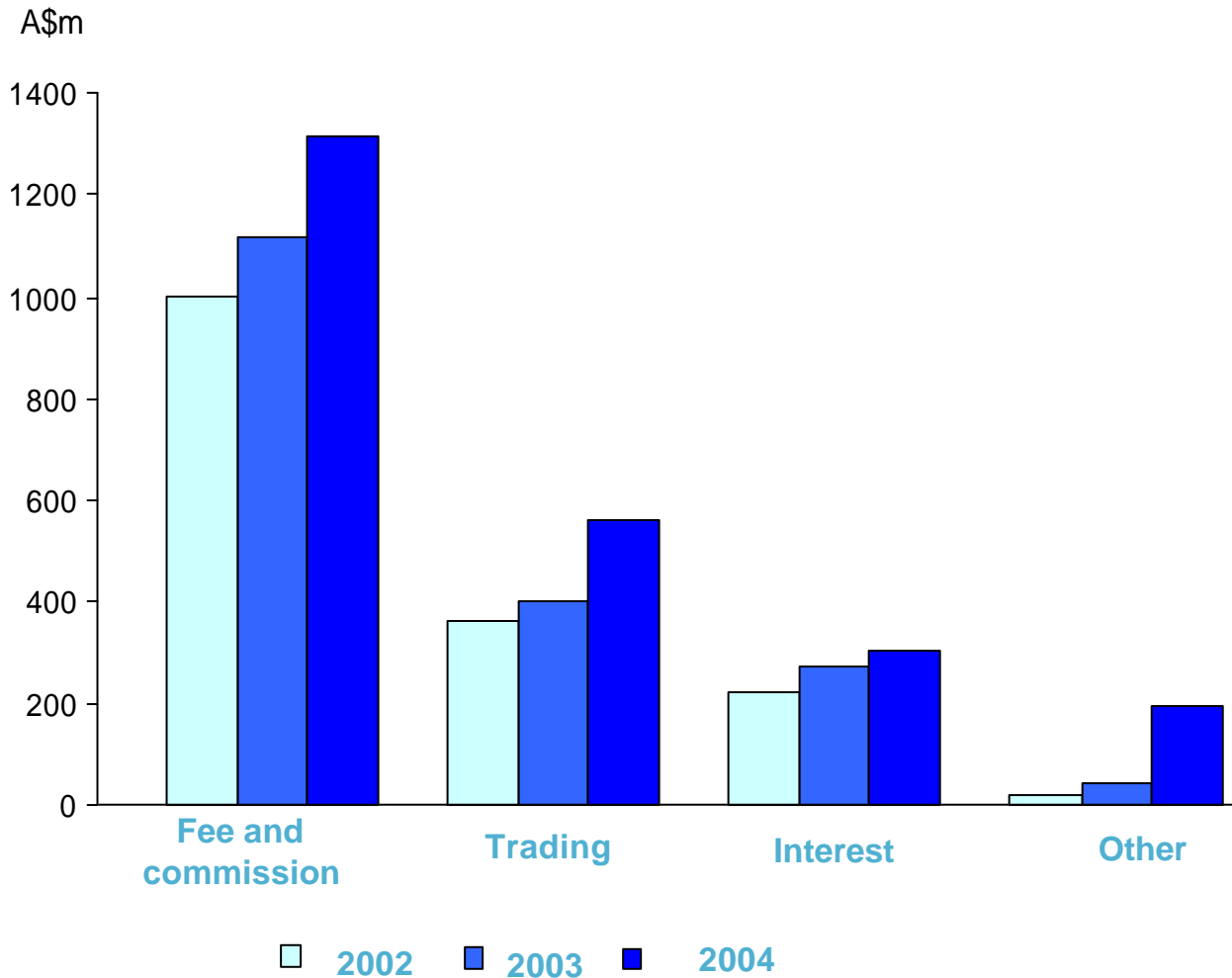
	2004	2003
Profit after tax	A\$494m	A\$333m
Basic EPS	233 cents	165 cents
ROE	22.3%	18.0%
Ordinary dividend per share	122 cents	93 cents
Operating income	A\$2,380m	A\$1,834m
International income	31%	24%
Assets under management	A\$63b	A\$52b
Capital (Tier 1)	16.2%	19.0%

2003 ROE restated to exclude dividend accrued, but not declared, at 31 March 2003 as a result of a new accounting standard. In this presentation, income and expenses relating to infrastructure assets held for resale have been classified as other income.



Operating income

30% increase - growth in all areas of income





Fee and commission income

18% increase

	2004 A\$m	2003 A\$m
Fee and commission income	1,318	1,116
Funds management	↑ 39%	
M&A, advisory, underwriting	↓ 6%	
Brokerage, commission, wrap and other	↑ 11%	
Banking, lending, securitisation	↑ 59%	
Financial products and cross border leasing	↑ 15%	

- Strong growth in funds management fees driven by growth and performance of funds
- M&A, advisory and underwriting down on a very strong prior year, which included Sydney and Rome Airports and AXA fees



Significant transactions

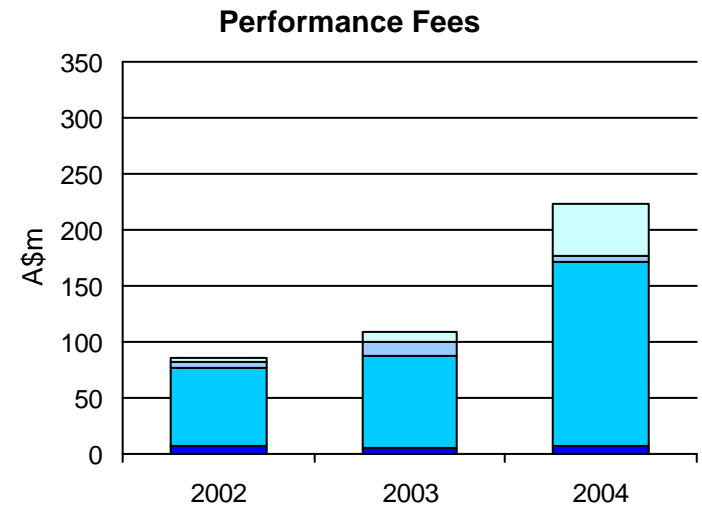
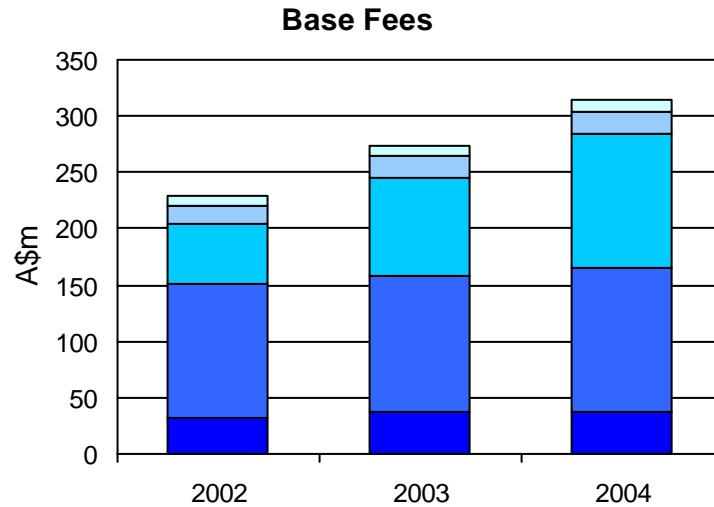
2003	2004	Post 2004
AXA	Alinta/Aquila	Alinta/Duke Energy
Broadcast Australia	EAGM acquisition by Placer Dome	Proposed DUET listing
Constellation Brands/ BRL Hardy	Fosters/ALH	METC to MEAP
London Underground	Minara	Pacific Brands
Rome Airport	Promina IPO	PBL/Burswood
Sydney Airport	Trans Elect - Path 15	SEW and Arlanda to MEIF

- Very strong 2003, with a number of large transactions
- Significant market activity in 2004, with improved equity markets driving increased equity issuances
- Post 2004 – reasonable pipeline of deals



Funds management fees

39% increase



■ FSG/FMG-wholesale ■ FSG/FMG - retail ■ Infrastructure ■ Property ■ Development capital and other

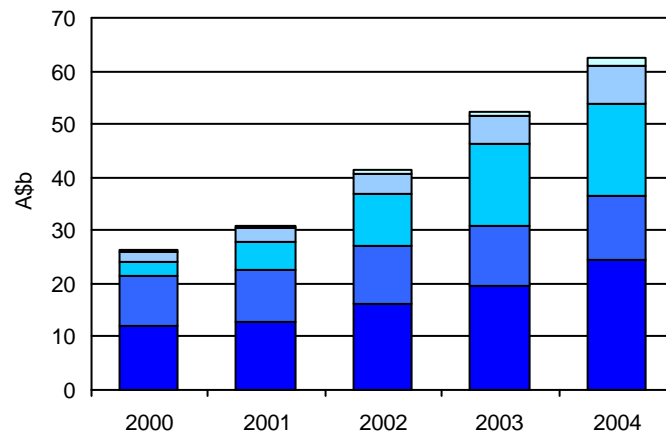
- Significant performance fees from MIG, MCG and Direct Investment funds
- Base fees up 16% driven by MAP and MIG fees



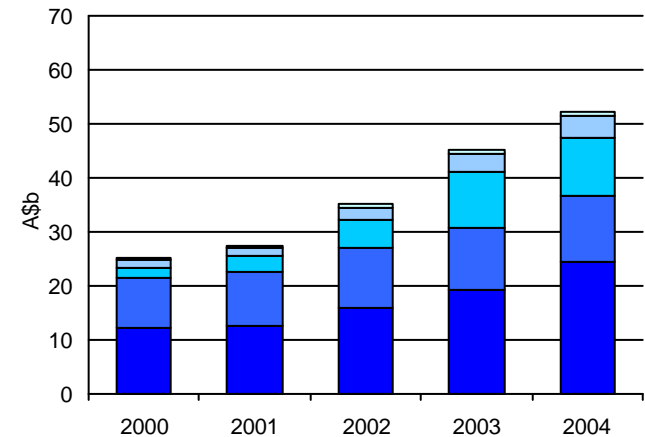
Growth in funds under management

3rd largest fund manager in Australia*

Assets under management



Equity under management

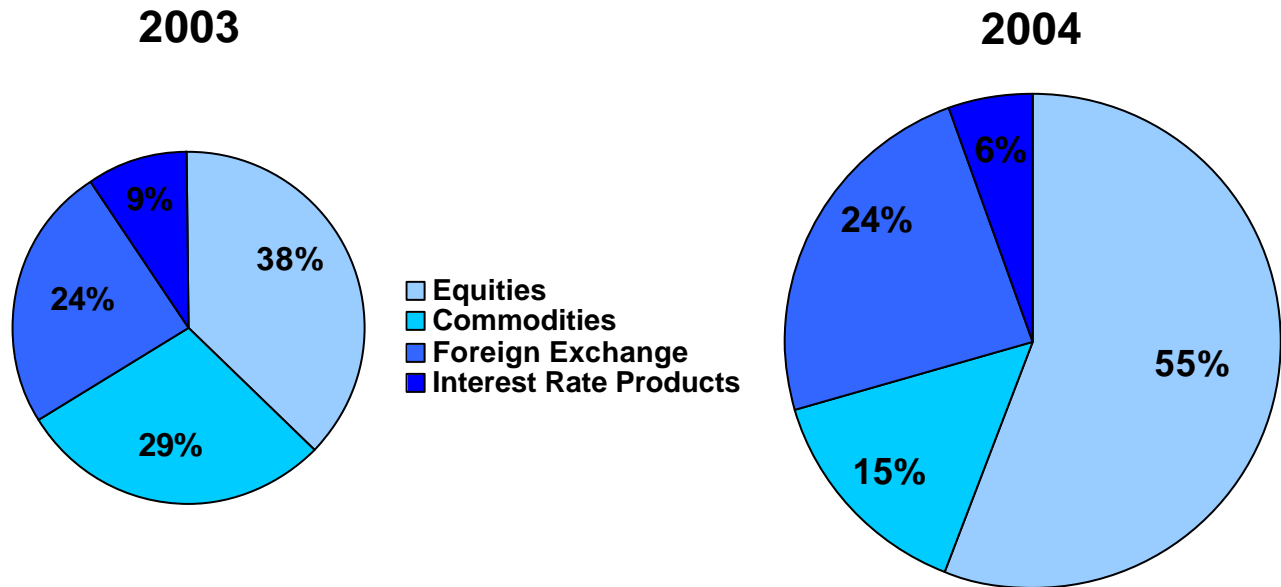


■ FSG/FMG-wholesale
 ■ FSG/FMG-retail
 ■ Infrastructure
 ■ Property
 ■ Development capital and other

- Total assets under management up 20% on prior year, equity under management up 16% on prior year
- New funds include United Securities Investment Trust Corporation in Taiwan, Macquarie DDR and MEAP
- Growth in assets of existing funds

Trading income

40% increase to \$562m



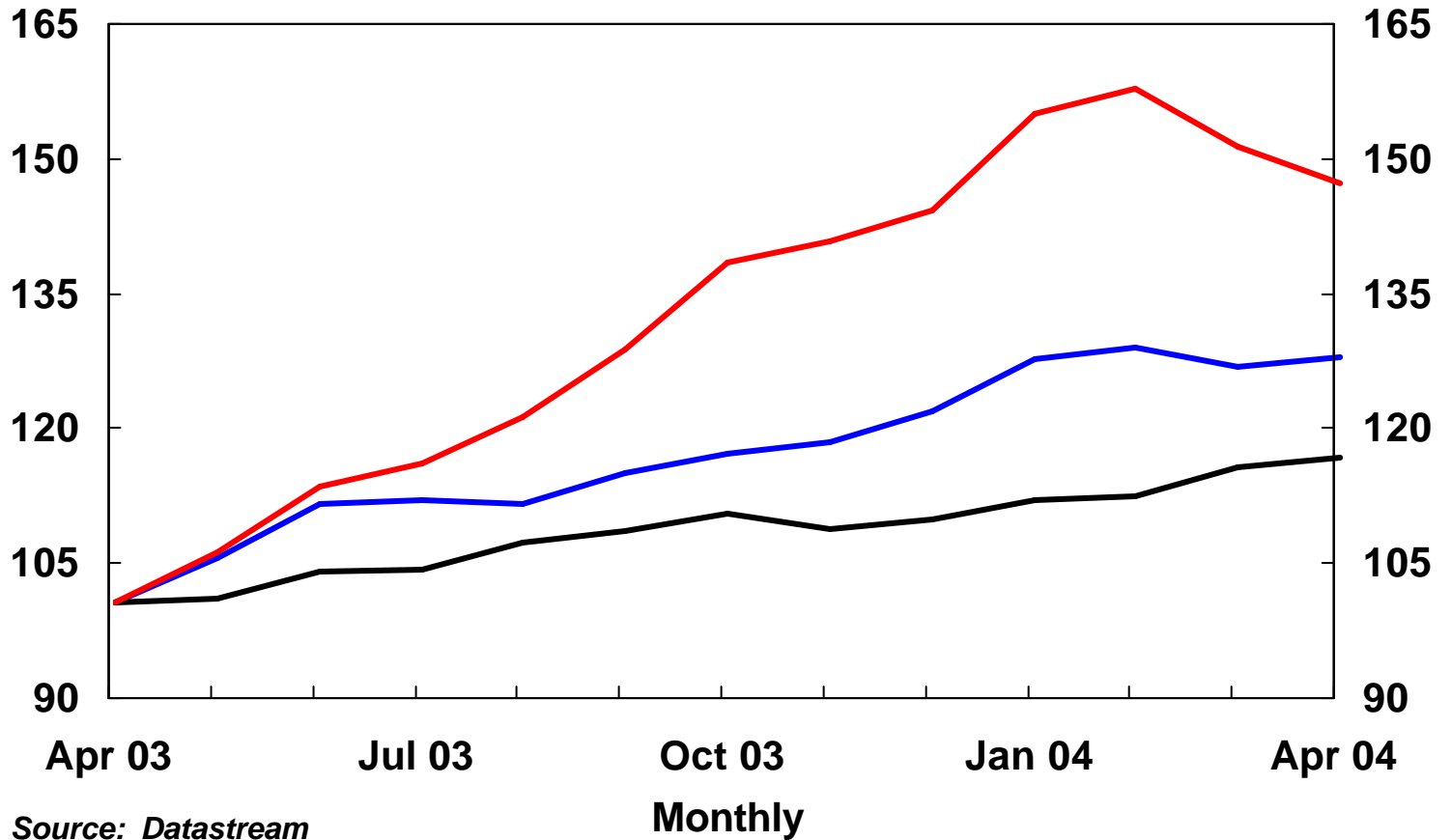
- Change in mix of trading income
- Equities up significantly on prior year - especially HK, on the back of strong global equity markets
- Foreign exchange up, driven by greater market share and turnover
- Commodities down mainly due to lower volatility and and liquidity in the agricultural commodities market, particularly sugar



Improvement in global equity markets

— US: S&P500 — Australia: ASX200 — Hong Kong: Hang Seng

Index Apr 03=100





Net interest income

11% increase

	2004			2003		
	Spread %	Volume A\$b	Interest A\$m	Spread %	Volume A\$b	Interest A\$m
Loan assets	2.9	10.4	297	2.5	10.0	247
Trading assets and other securities	0.5	10.2	53	0.5	8.5	46
Total interest bearing assets	1.7	20.6	350	1.6	18.5	293
Non-interest bearing assets			(46)			(19)
Total			304			274

- Spreads on loan assets up due to change in mix of assets
- Loan assets up due to increased mortgages, margin lending and leasing volumes
- Expenses up due to increase in non-interest bearing assets, including equity investments and trading securities



Other income

Growth in income from equity investments

→ Asset realisations contributed A\$128m including:

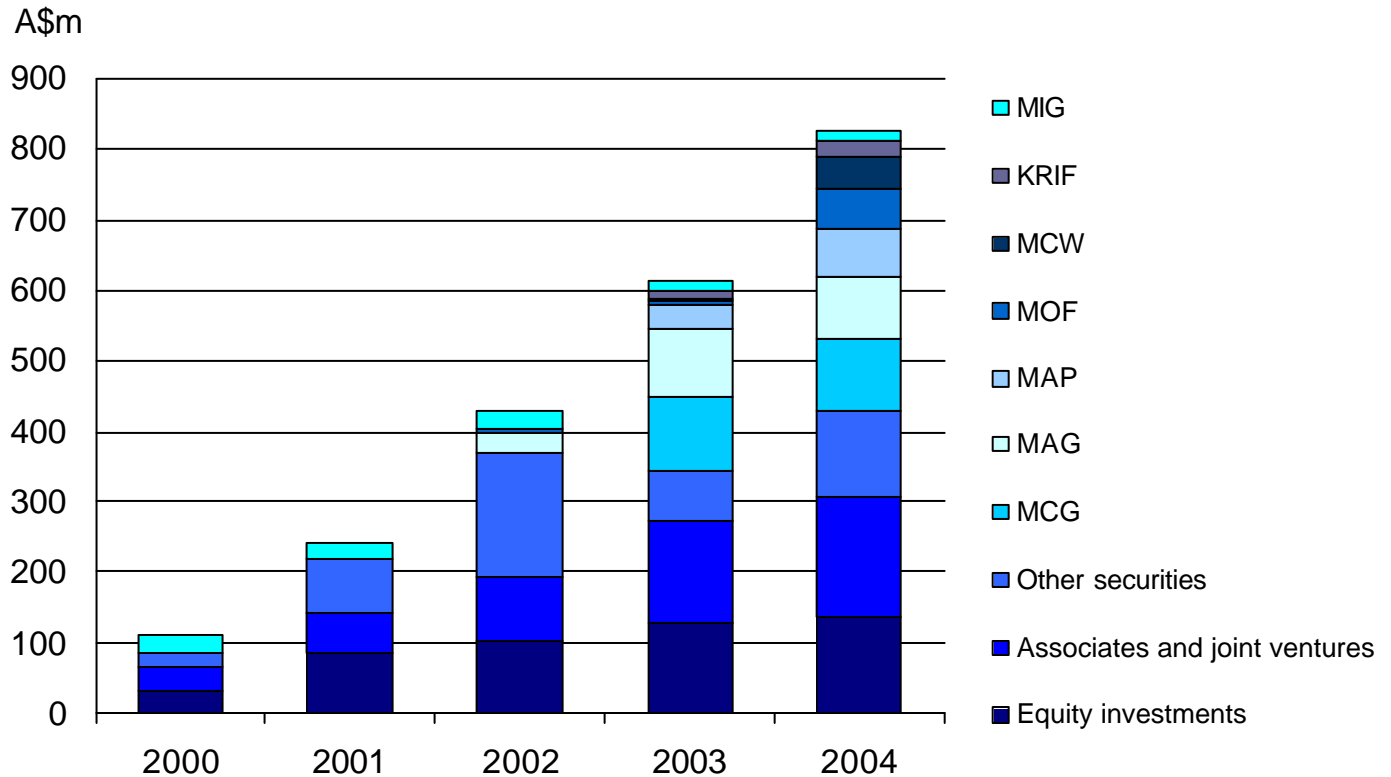
	A\$m
East Africa Gold Mines	38
Innofin	14
Part interest in Sydney Futures Exchange	8
MDI (including Tower Technology, Repco, InvoCare, Staging Connections, JB HiFi)	46
Other	22

→ Growth in dividends/distributions and equity accounted income (up 180%) to \$84m



Growth in equity investments*

Supporting business development

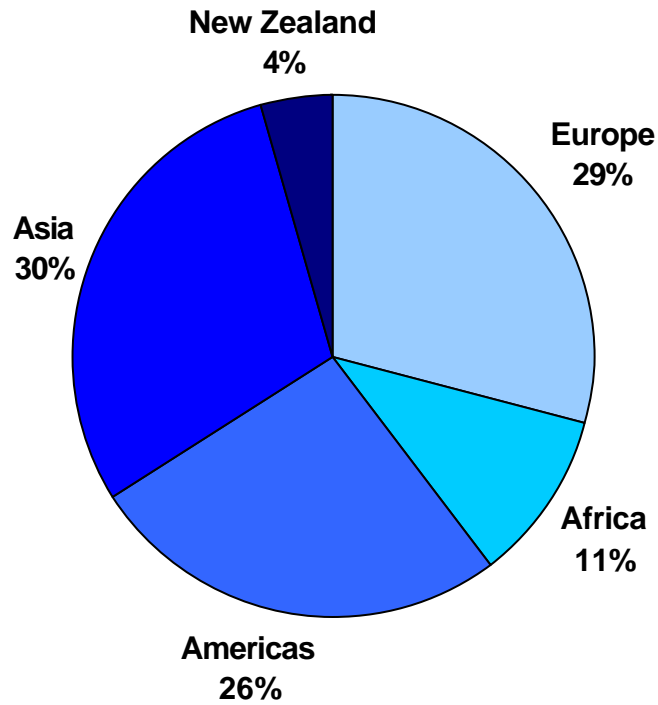


→ Future growth in other income

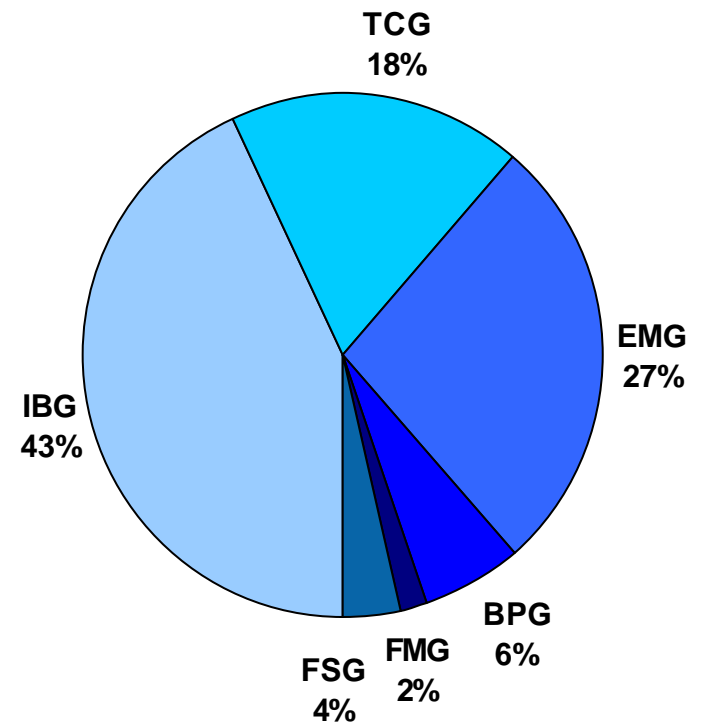
→ Equity investment continue to grow, even after realisations

Diversity of international income

Region



Group

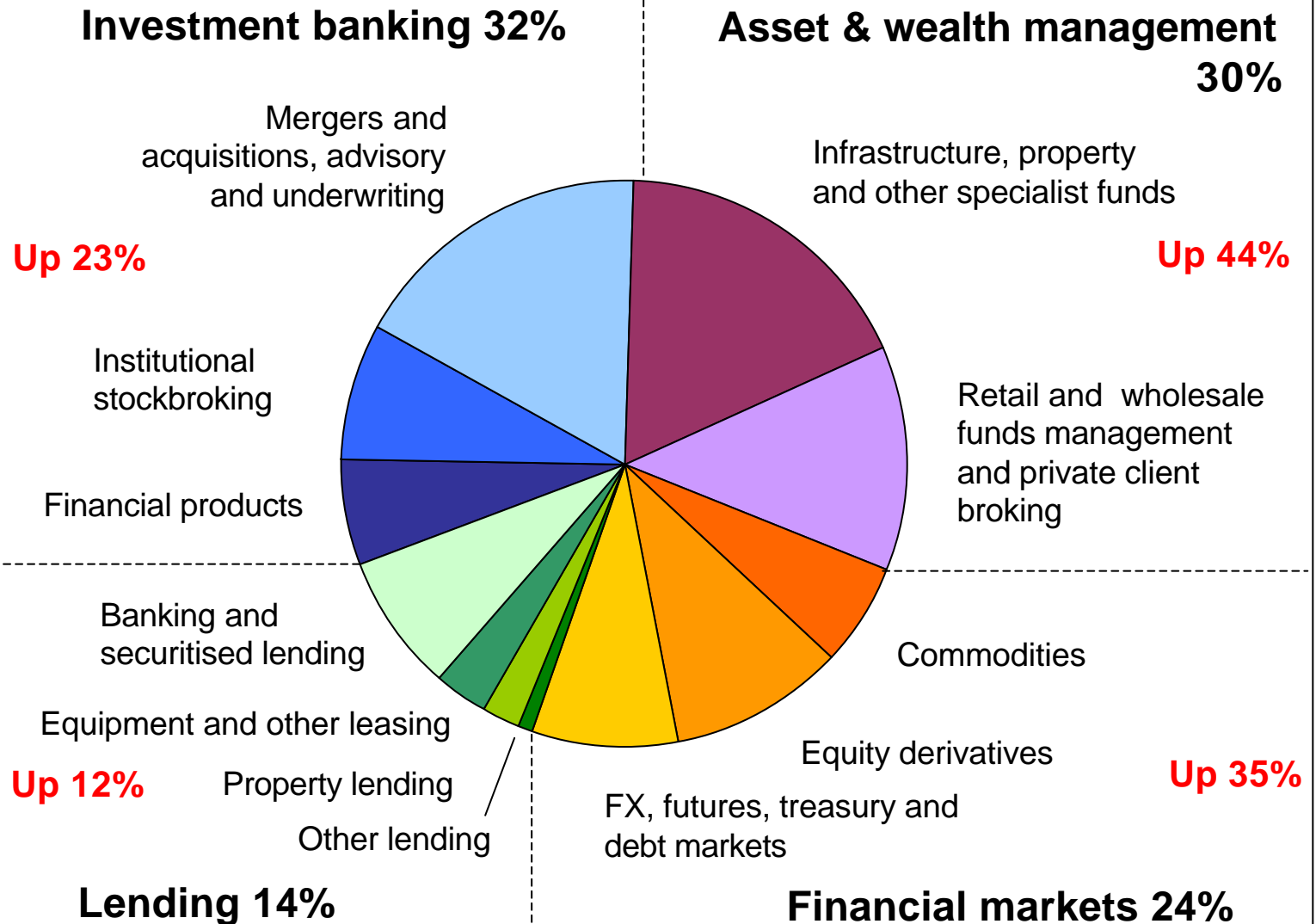


- All groups operating offshore
- ING acquisition to strengthen presence in Asia



Diversity of income

By business segment





Operating expenses

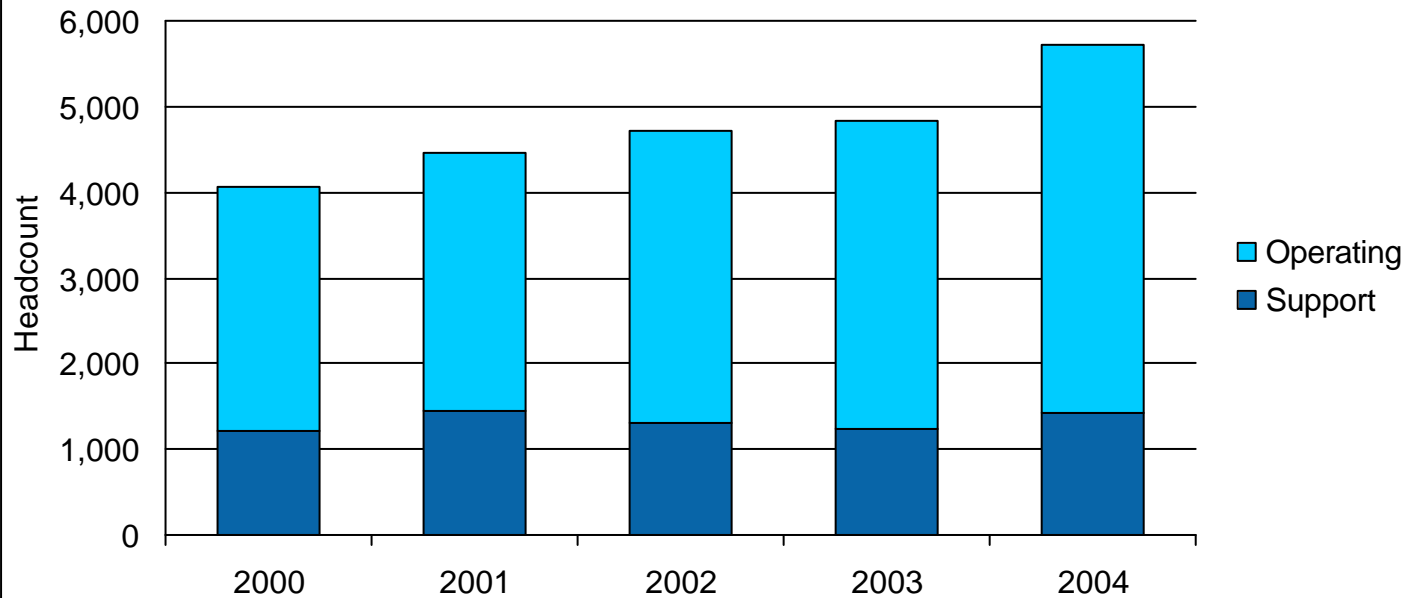
	2004 A\$m	2003 A\$m
Expense/income ratio	71.2%	74.9%
Employment expenses	1,235	967
Other expenses	460	407
Total	1,695	1,374

- Employment expense leveraged to profitability
- Other expenses up due to increased activity



Operating and support headcount

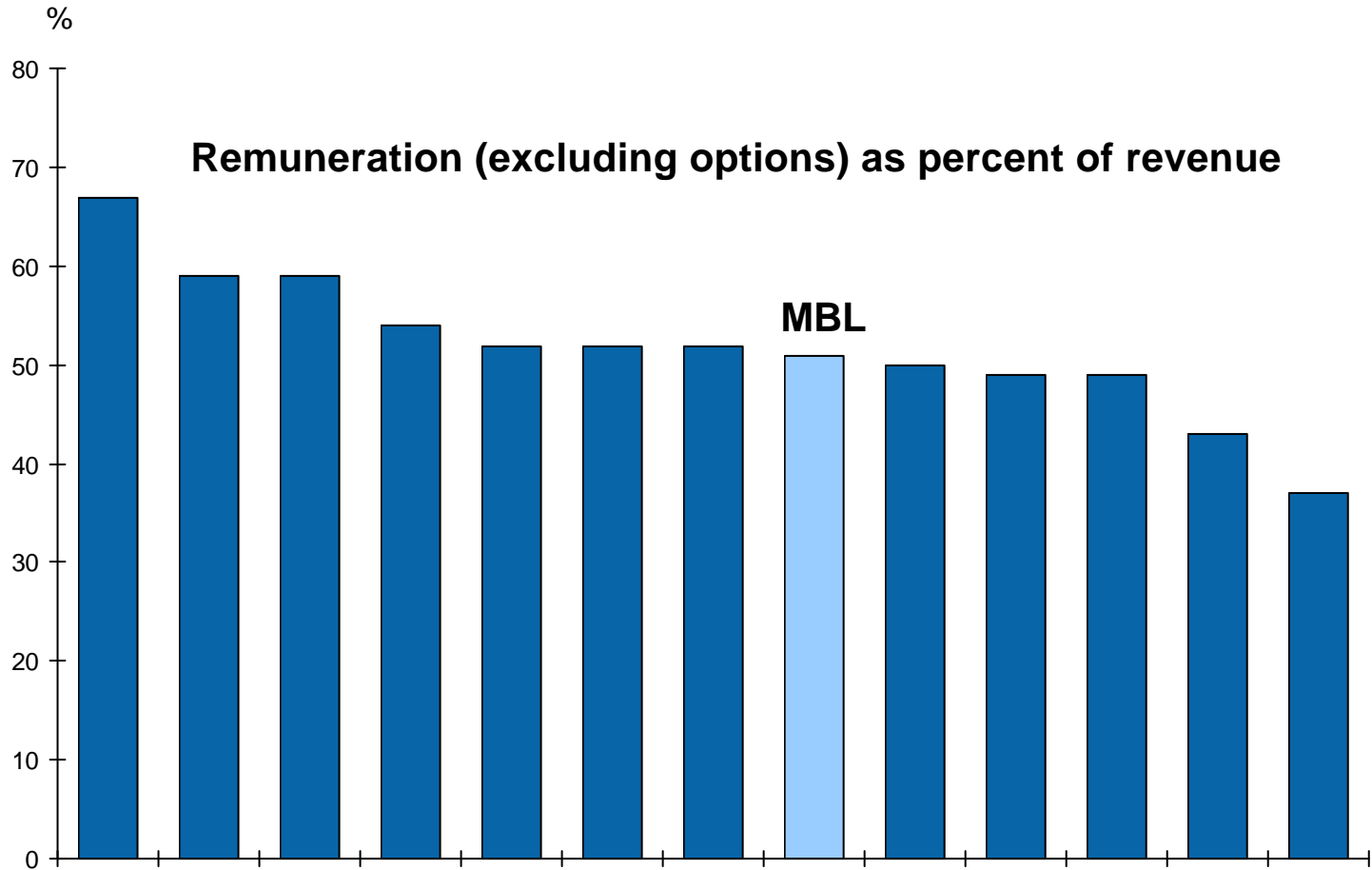
Leveraging our infrastructure



- Growth in
- BPG – mortgages and securitisation
 - FSG – private client advisers
 - IBG – Macquarie Securities Asia



Remuneration - peer comparatives



Source: most recent statutory accounts/annual SEC filings
Includes AG Edwards, Bear Stearns, Citigroup, CSFB (USA), Deutsche Bank, Goldman Sachs, JP Morgan Chase, Legg Mason, Lehman Bros, Merrill Lynch, Morgan Stanley, UBS Group



ING update

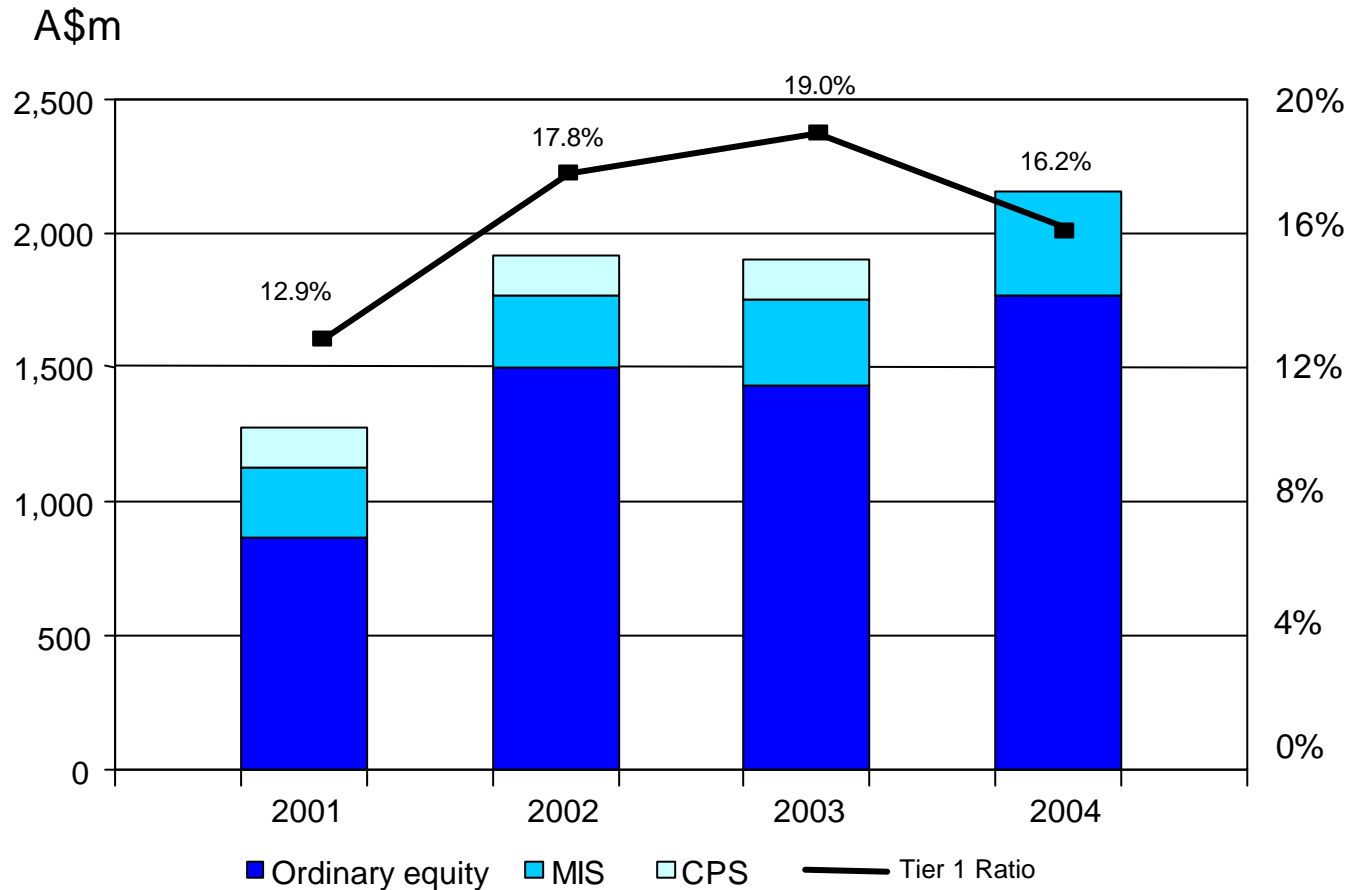
Macquarie Securities Asia

- Positive operating contribution since acquisition
- Separation and integration of ING into Macquarie on track
 - Completion expected by 31 July 2004
 - Plans well progressed on rolling out Macquarie risk management framework, followed by separation of facilities, clients and IT systems from ING
- High level of service to clients being maintained through transition period
- Strategy remains
 - To improve core equities business
 - Develop Asian equity capital markets capabilities across industry groups
 - Expand Equity Markets product offer across the region
- Future profit contribution of the business still entirely dependent on the market and operating performance of the team



Using our strong capital base

Balance sheet strength



- As foreshadowed, capital ratio is down due to strategic investments
- Flexibility to continue investing for growth and sustainable profitability



Tier 1 ratio

	%
As at 31 March 2003	19.0
Increase in on-balance sheet RWA	(2.3)
Increase in off-balance sheet RWA	(0.7)
Increase in Tier 1 capital	0.2
As at 31 March 2004	16.2
Impact of post balance date transactions*	
South East Water	(0.1)
Arlanda	0.1
MEIF	(0.8)
DUET	(0.2)
Atlantic Aviation	(1.2)
Other	(0.8)
Adjusted Tier 1 ratio	13.2

* Tier 1 impact at completion of transaction.



Capital management and funding programme

Policy:

- Approach is to be conservatively capitalised and maintain diversified funding sources
 - Support business initiatives, particularly specialised funds
 - Maintain counterparty and client confidence

Initiatives:

- Strong organic growth in Tier 1 capital through
 - Retained earnings, Share Option and DRP schemes
- Early conversion of CPS and buyback of shares
- Recent subordinated and term debt issues during favourable market conditions
- Market conditions remain attractive
 - Actively considering opportunities to further enhance funding programme including elements which may support our capital management objectives



Taxation

	2004	2003
	%	%
Corporate tax rate	30.0	30.0
Group tax losses	-	(4.2)
Rate differential on offshore income	(4.3)	(3.0)
Other	(1.2)	(0.6)
Effective tax rate	24.5	22.2

- Tax audit - settled in December 2003
- Macquarie Income Securities
 - To be litigated in Federal Court July 2004
 - MBL confident of position
- R&D syndicates
 - First litigated syndicate resolved in MBL's favour
 - Amended assessment received on second syndicate, MBL confident of position



Dividends and franking

Increasing returns to shareholders

	2004		2003	
	cps	Franking	cps	Franking
Interim	52	90%	41	85%
Final	70	90%	52	100%
Special	-	-	50	100%

- Ordinary dividend growth of 31%
- Full year payout ratio of 53.2% within target range of 50-60%



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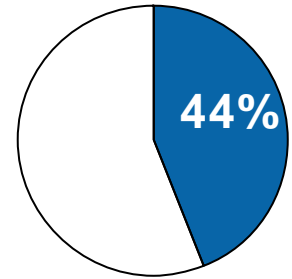
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Investment Banking



Comments on the full year:

- Very strong result – 46% up on pcp

Corporate Finance – 27% of MBL

- Strong contribution – well up on pcp
- Improved market conditions, strong advisory and equity capital markets deal flow across six specialist industry group sectors
- New infrastructure specialised fund initiatives in Australia, Europe, Canada, US, Asia and Africa
- Assets under management including undrawn commitments increased 13% from A\$15.8b to A\$17.8b

Financial Products – 6% of MBL

- Contribution well up on pcp, new retail and wholesale product offerings, cross-border leasing markets remain very subdued



Investment Banking (cont.)

Other – 11% of MBL

Macquarie Capital

- Continued growth in leasing books by 30% from A\$2.3b to A\$3.0b

Institutional Stockbroking

- Strong result – very significantly up on pcp
- Acquisition of ING Asian equities business - Macquarie Securities Asia, major initiative providing critical mass in institutional stockbroking in the region

Post balance date:

- Two new funds established - Macquarie European Infrastructure Fund (MEIF) and Macquarie Power Income Fund (MPT) (Canada)

Current operating environment:

- Experiencing strong business activity and reasonable pipeline



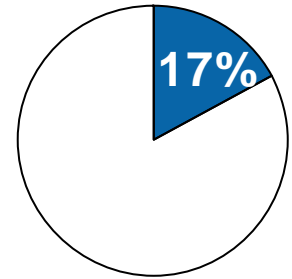
Investment Banking (cont.)

Outlook:

- International integrated investment bank strategy to continue to provide opportunities
- Expect to maintain leading market positions
- Continued focus on offshore activities:
 - developing opportunities in Asia
 - growth in new and existing infrastructure funds and asset classes
 - pursue non-US leasing opportunities (Germany, Japan)
- Macquarie Securities Asia expected to strengthen investment banking businesses in the region
- Profitability dependent on market conditions, transaction completion and fund performance



Treasury and Commodities



Comments on the full year:

- Record year - 18% up on pcp, strong result driven by increased market shares in a variety of products
- Major contributions from Metals & Mining and Foreign Exchange, good result from Debt Markets, Treasury and Futures solid
- Agricultural Commodities significantly down on very strong pcp reflecting lower volatility and liquidity
- New businesses performed well:
 - Energy Markets starting to contribute
 - Energy financing business within Metals and Mining
 - Cotton trading in North America, new Australian business commenced during the year
- Cost and risk profile consistent with previous years



Treasury and Commodities (cont.)

Current operating environment:

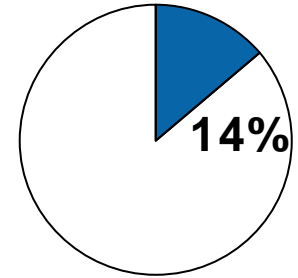
- Mixed market conditions
- General volatility and transaction volumes satisfactory
- Stronger equity markets and some higher commodity prices reducing corporate debt and hedging requirements in gold and base metals

Outlook:

- Future performance reliant on market conditions
- Some resilience against market conditions due to continued strong domestic market positions and growth in commodities businesses offshore
- Continued selective expansion, product innovation and business diversity



Equity Markets



Comments on the full year:

- Record result, up 382% on pcp, all businesses performing well
- Benefited from improved equity market conditions and new products
- Hong Kong – record result, over half the Group’s contribution; leading warrant issuer, diversified product range, improved market conditions
- Australia – record result, position as leading warrant issuer maintained, further diversification of product range
- South Africa – strong result, exceeded pcp result with previous business partner in first year
- Japan – increased contribution; Brazil – profitable; Korea – small loss due to start-up costs



Equity Markets (cont.)

- International Trading Desk – significantly increased contribution
- International Structuring – good contribution from structured products including equity swaps and equity linked notes out of Europe and some large one-off structured equity transactions

Current operating environment:

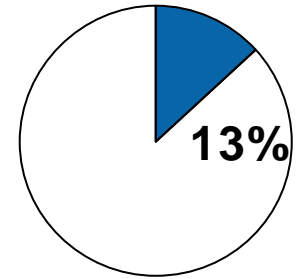
- Varies from market to market

Outlook:

- More diversified business, well placed if current conditions continue
- Initiatives include:
 - Hedge fund business;
 - Full scale trading in Korea with Woori Bank
 - Negotiating equity derivatives alliance with Banco do Brasil
 - Further expansion across Asia leveraging Macquarie Securities Asia infrastructure
- Although diversification means reduced vulnerability, not immune to market downturns



Banking and Property



Comments on the full year:

- Overall contribution 13% up on pcp, record contribution from Property, solid results from other businesses
- Property assets under management (including associates) increased 51% from A\$7.2b to A\$10.9b – a top 3 Australian listed property trust manager*
 - Macquarie Central Office CR-REIT, first Korean REIT managed by a foreign entity
 - Macquarie DDR Trust listed on ASX
- Property financing business a strong contributor, continued growth in US
- Property Investment Banking participated in over A\$3b of property transactions, many international
- Golf and Leisure up 100% on pcp, Medallist continues strong growth
- Banking marginally down on strong pcp, record loan & deposit volumes



Banking and Property (cont.)

- Margin lending up, growth in core lending, margin and capital protected loans
- Continuing to invest in mortgage businesses in US and China

Current operating environment:

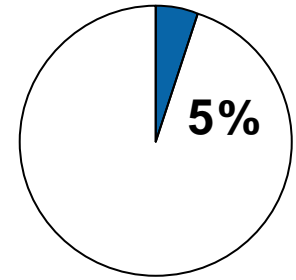
- Experiencing strong deal flow
- Increased client interest in equity markets provides continuing opportunities for margin lending products
- Strong performances by listed property trusts encouraging further growth

Outlook:

- Well positioned for further selective expansion in both domestic and international markets
- Some areas of the residential property market expected to soften in 2004
- Strong international growth expected to offset impact of any possible slowdown in domestic lending



Financial Services



Comments on the full year:

- Up 353% on pcp; the result of four years of strategic investment and development, improved equity markets and an asset realisation
- Retail financial services – an Australian leader, boosted by integration of Hartleys brokers and increased client base
- A\$14m profit on sale of South African joint venture interest
- Continued increase in annuity based income through Wrap, CMT and retail superannuation products:
 - Wrap up 44% to A\$9.1b; CMT up 6% A\$9.3b
 - Agreement with ING Australia to provide systems and administration for ING Wrap
- Alternative asset product manufacturing business launched in NZ with collateralised debt obligation product (CDO) “Generator”



Financial Services (cont.)

Current operating environment:

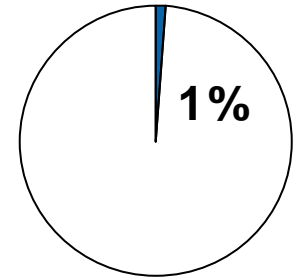
- Improved equity markets support continued growth
- Continuing strong inflows into Wrap platforms
- Continued use of cash management trusts among independent financial advisers

Outlook:

- Continuing to investigate both domestic and international investment opportunities
- Continuing to manufacture and distribute alternative asset products to meet client demand; Australian Generator CDO product launched post balance date
- Will continue to benefit from positive Australian private investor sentiment and continued strong inflows



Funds Management



Comments on the year:

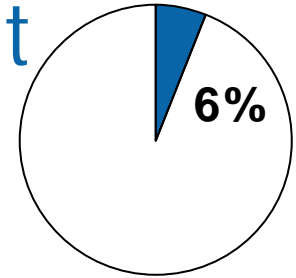
- Contribution marginally up on pcp
- Total assets under management up 18% from A\$30.7b to A\$36.2b, international joint venture funds (Macquarie share) up 63%
- Good flows into cash, fixed interest and property funds; 7 new products launched in equities, private equity, cash and currency

Current operating environment / Outlook:

- Benign conditions for inflows across diverse asset classes expected to support stronger growth
- Expansion opportunities in Australian retail market, development of alternative asset products and continued search for joint venture opportunities in Asia



Macquarie Direct Investment



Comments on the full year:

- Very substantial increase in earnings due to a record number of investment realisations during the year
- Realisations the culmination of years of investment, excellent results from:
 - Sabco and Tower Technology
 - MIT III: Repco, JB Hi-Fi, InvoCare and Staging Connections

Post balance date:

- Part realisation of CH4 on April listing

Outlook:

- Further realisations expected during calendar 2004, though fewer than last year
- Earnings will be satisfactory but lower than record 2004 profit
- MIT IV second close expected during 2004, third/final close early 2005



Risk Management is the key focus for senior management

- Risk Management is top priority for senior managers
- Strong risk management systems and culture
- Breaches of limits are taken seriously and without regard to impact on profit
- Focus on:
 - Understanding and monitoring risks
 - Only taking risks appropriate to opportunities
 - Not preventing all losses



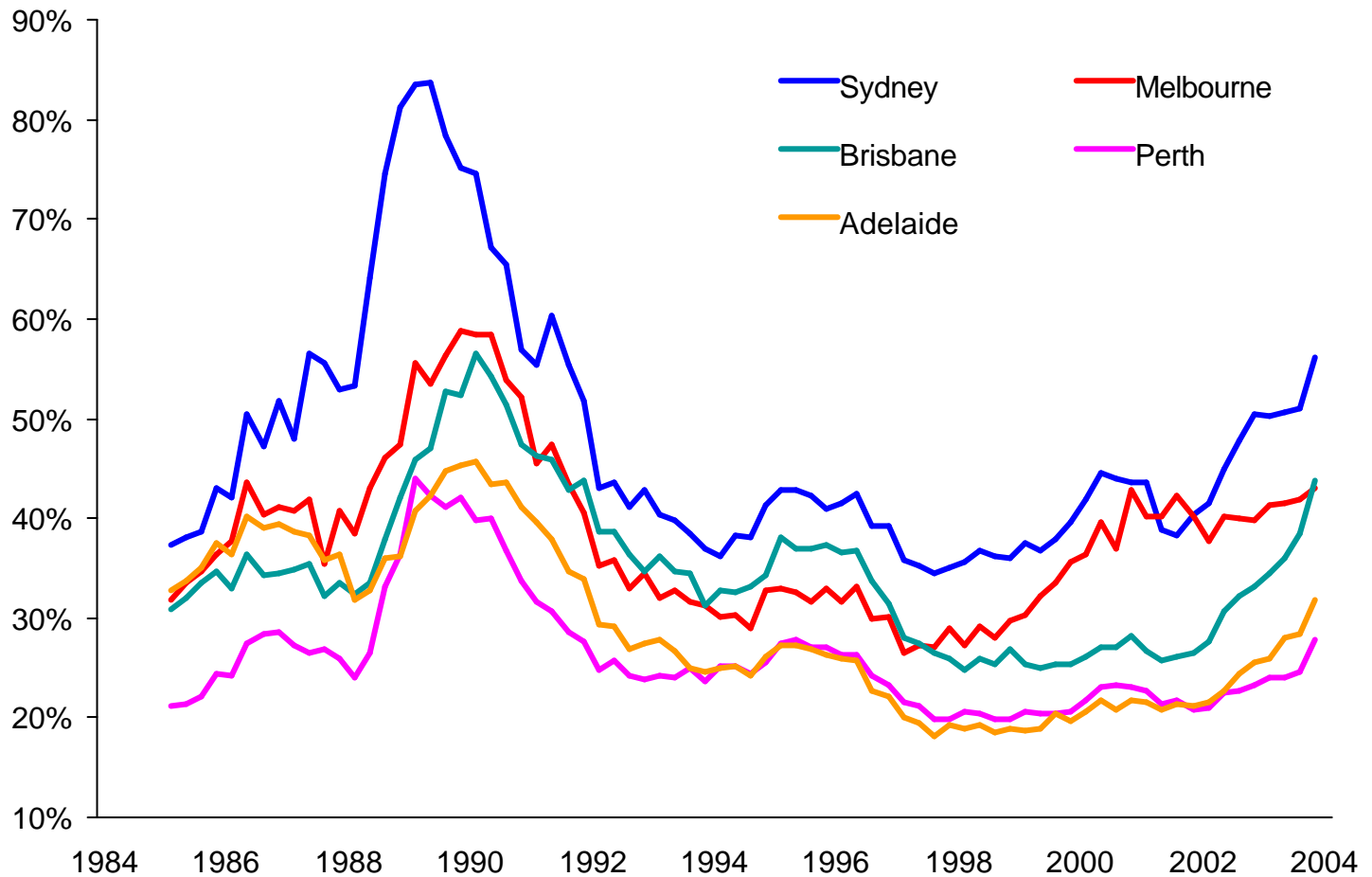
There are risks in property market but we are not unduly concerned about the Australian environment

- Housing affordability has deteriorated and some sectors are suffering, particularly investment apartments
- But much more affordable than the late 1980s, especially taking account of dual incomes
- House price growth has peaked: expect more volatility and diversity rather than a hard landing across the board
- Interest rates not expected to force sales
- High employment / high migration



Housing affordability – single income

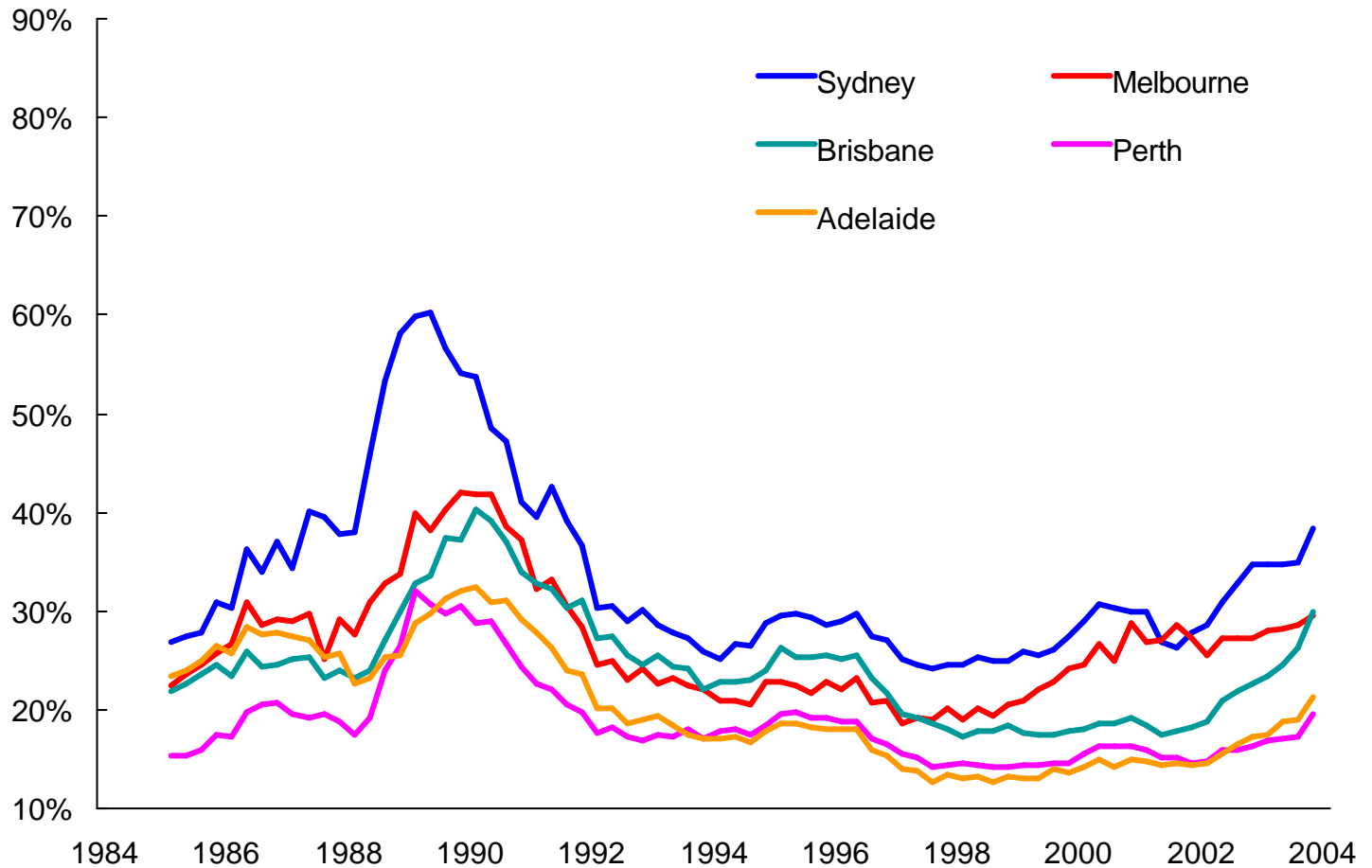
LVR of 75%, mortgage payments as % single wages (male)





Housing affordability – more dual income households

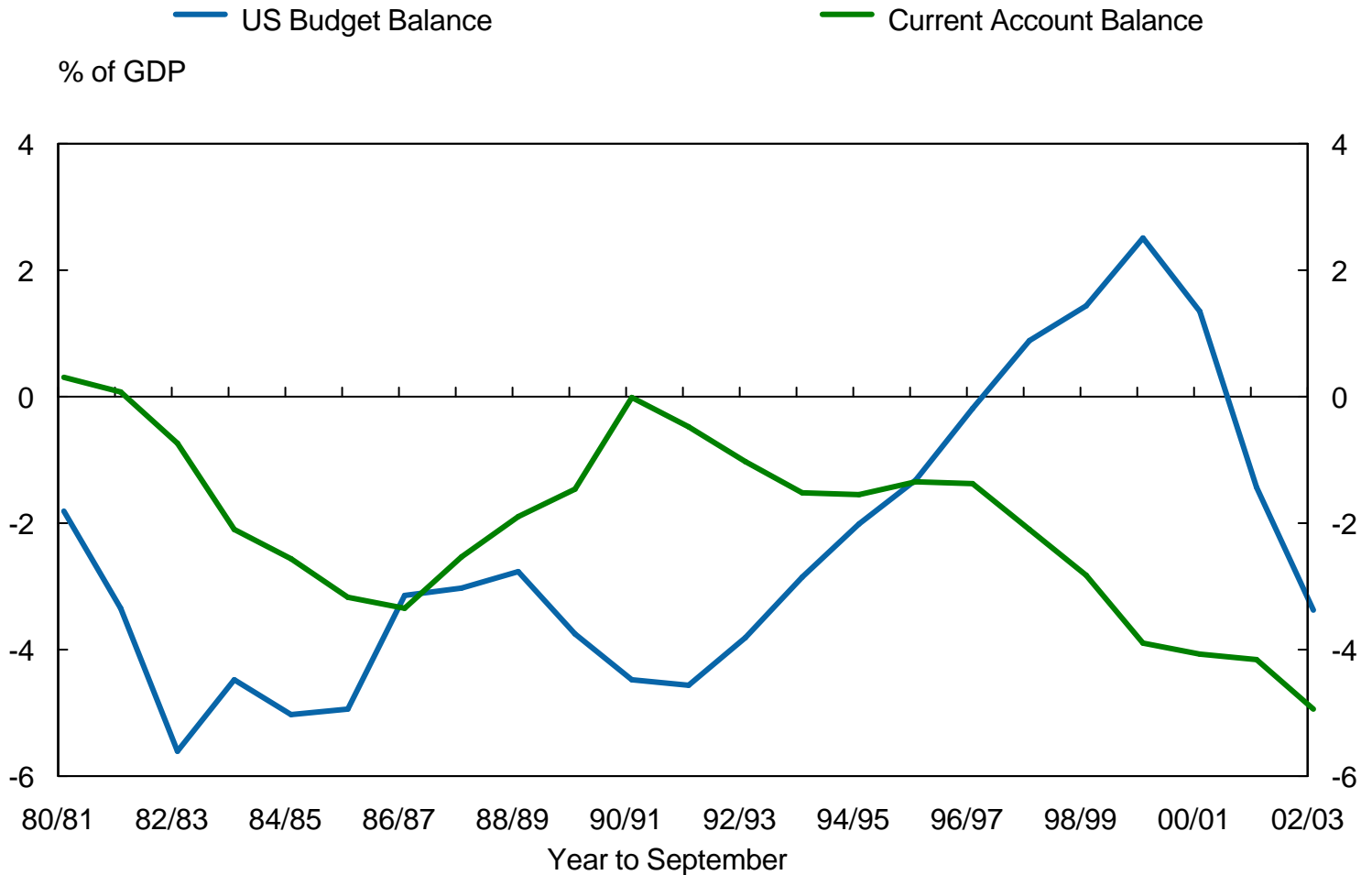
LVR of 75%, mortgage payments as % wages:
based on % dual incomes with mortgages





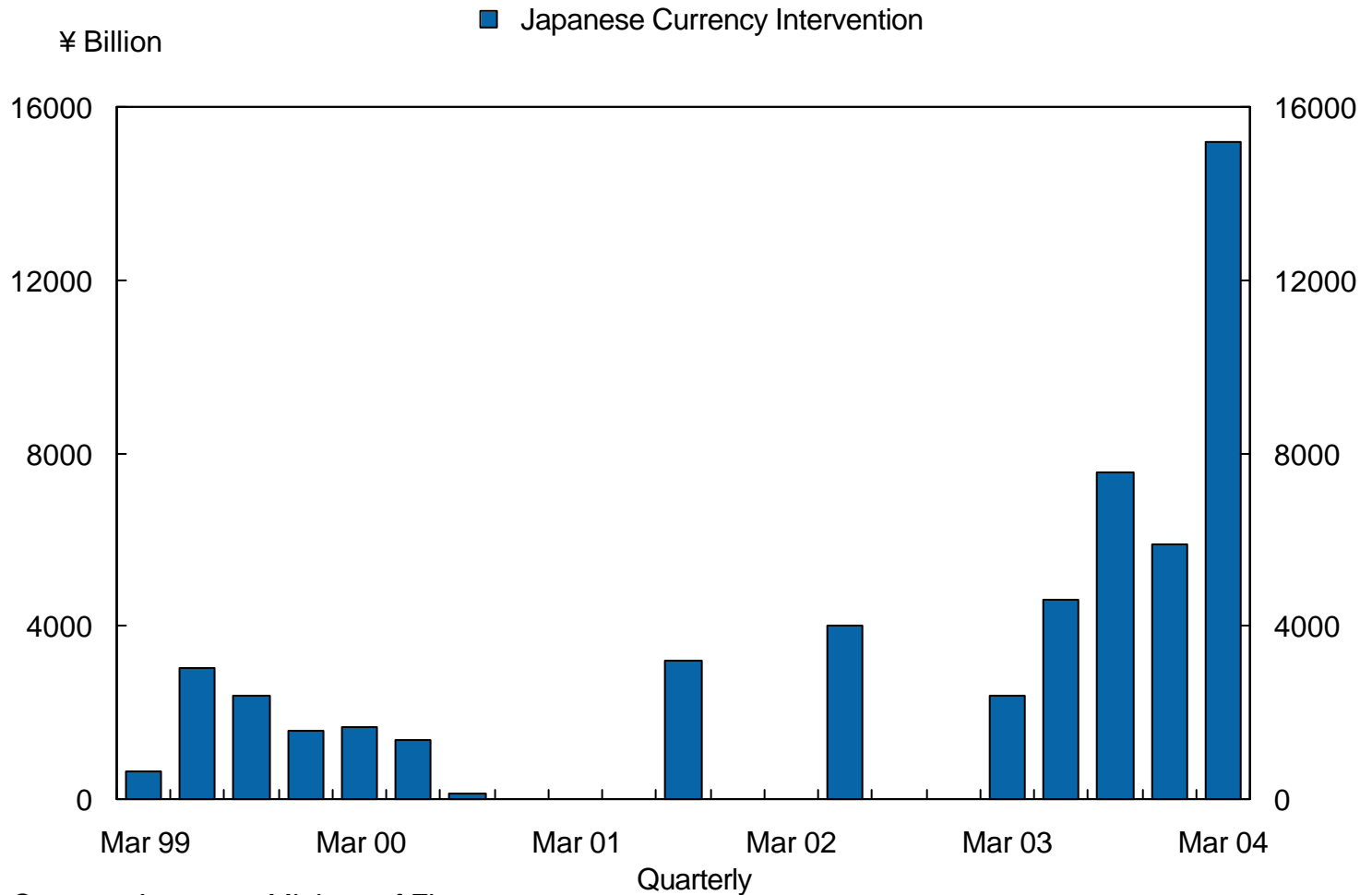
It will be important to monitor international economic developments in 2004/5

US budget and current account twin deficits



It will be important to monitor international economic developments in 2004/5

Japanese currency intervention at record levels

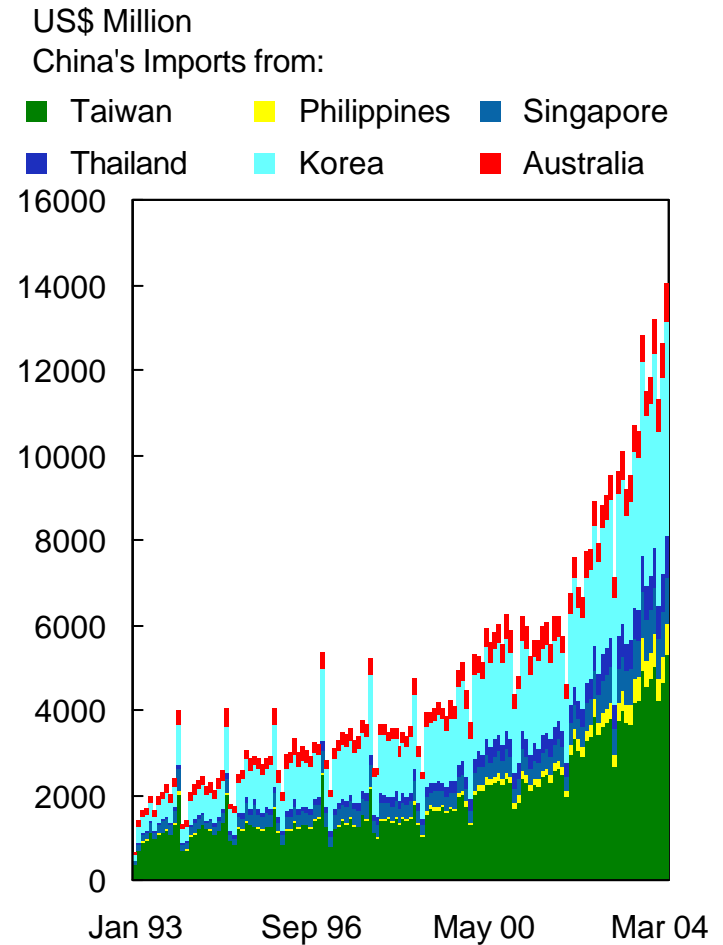
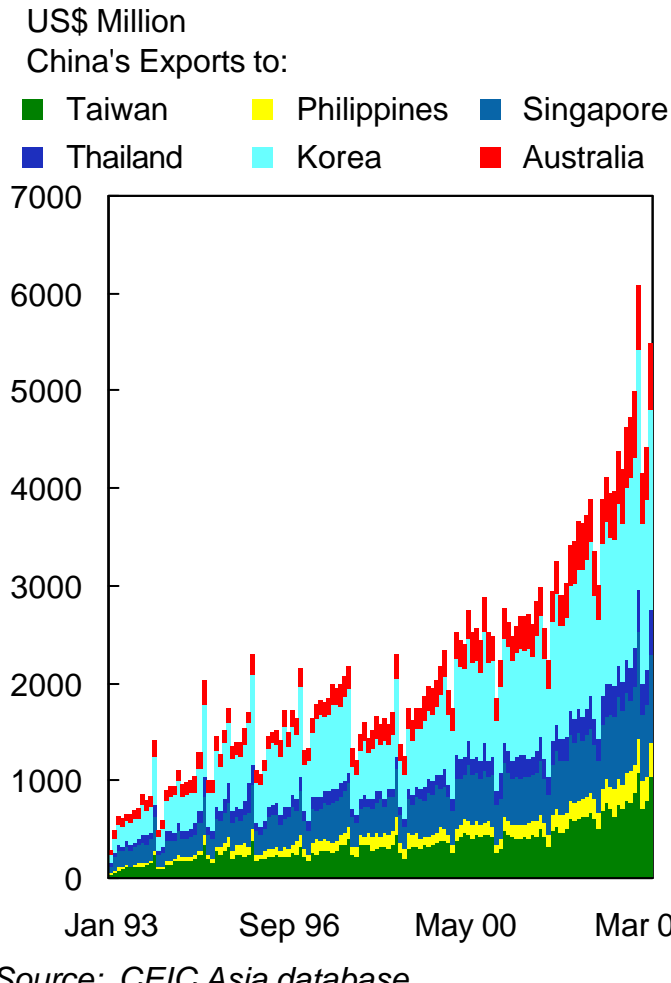


Source: Japanese Ministry of Finance



It will be important to monitor international economic developments in 2004/5

Regional trade has become dependent on China





Overall outlook

- Environment over next 12 months may not be as favourable, particularly because of international markets and especially international equity markets
- As previously stated, repeating the result will be challenging as 2004:
 - Benefited from very favourable domestic, and favourable international, market conditions
 - Benefited significantly from asset realisations at a level unlikely to be repeated in 2005
- However, we are well placed due to:
 - Good businesses
 - Diversification
 - Committed quality staff
 - Effective prudential controls



Overall outlook

- Expect continued growth in revenue and earnings across most businesses over medium term, subject to market conditions not deteriorating materially
- We expect continued growth in international businesses
- We will maintain our long-term strategy
 - Full service in Australia
 - Focused international operations
 - Continuing to invest in growth through the cycle



Macquarie Bank Limited

Result Announcement for the
Year Ended 31 March 2004

Presentation to Investors and Analysts

David Clarke, Executive Chairman

Allan Moss, Managing Director & Chief Executive Officer

Greg Ward, Chief Financial Officer

18 May 2004



Glossary

AIF	African Infrastructure Investment Fund
Ascendas	Ascendas Real Estate Investment Trust
AUD/\$A	Australian dollar
BPG	Banking and Property Group
CMT	Cash Management Trust
CPS	Converting Preference Shares
cps	Cents per share
DUET	Diversified Utilities Energy Trust
EMG	Equity Markets Group
EPS	Earnings per share
FMG	Funds Management Group
FSG	Financial Services Group
FY	Full year
GDP	Gross Domestic Product
HK	Hong Kong
IBG	Investment Banking Group
IPO	Initial public offering
KRIF	Korean Road Infrastructure Fund
LVR	Loan-to-value ratio
M&A	Mergers and acquisitions
MAG	Macquarie Airports Group



MAP	Macquarie Airports
MBL	Macquarie Bank Limited
MCG	Macquarie Communications Infrastructure Group
MCO-CR REIT	Macquarie Central Office Corporate Restructuring REIT
MCW	Macquarie CountryWide Trust
MDI	Macquarie Direct Investment
MDT	Macquarie DDR Trust
MEAP	Macquarie Essential Assets Partnership
MEIF	Macquarie European Infrastructure Fund
METC	Michigan Electric Transmission Company LLC
MFD	Macquarie/First Trust Global Infrastructure/Utilities Dividend and Income Fund
MGI	Macquarie Goodman Industrial Trust
MIG	Macquarie Infrastructure Group
MIS	Macquarie Income Securities
MIT III/IV	Macquarie Investment Trusts III & IV
MOF	Macquarie Office Trust
MPR	Macquarie ProLogis Trust
MPT	Macquarie Power Income Fund (Canada)
NZ	New Zealand
R&D	Research and development
ROE	Return on equity
RWA	Risk Weighted Assets
SEW	South East Water PLC
TCG	Treasury and Commodities Group
US	United States of America