Macquarie Bank Limited
ACN 008 583 542

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 3350
Telex 122246
Internet http://www.macquarie.com.au
DX 10287 SSE
SWIFT MACQAU2S

Money Market 8232 3600 Facsimile 8232 4227
Foreign Exchange 8232 3666 Facsimile 8232 3019
Metals and Mining 8232 3444 Facsimile 8232 3590
Futures 9231 1028 Telex 72263
Debt Markets 8232 3815 Facsimile 8232 4414

News Release Thursday November 15, 2001

MACQUARIE BANK ANNOUNCES $130.2 MILLION HALF YEAR PROFIT

Macquarie Bank today announced a $130.2 million profit after tax attributable to ordinary shareholders for the half year to September 30, 2001.

This is an increase of 21 per cent over the $107.9 million profit for the half year ended September 30, 2000 and represents a return on average ordinary shareholders' funds of 25.5 per cent per annum.

Profit before tax attributable to ordinary shareholders rose by 21 per cent to $168.1 million from $139.2 million. Earnings per share for the six month period increased 17 per cent to 73 cents from 62 cents for the previous corresponding period.

Macquarie Bank Executive Chairman David Clarke said the result was achieved amid challenging conditions in most markets, with both Australian and international businesses making very good contributions. "Domestic income increased by 20 per cent, and international income was also 17 per cent higher," Mr Clarke said.

"We had record income in Australian equities related businesses for the six months, achieved partly because of increases in market share as Wall Street and other overseas headquartered investment banks reduced their services to the Australian market.

"This is an excellent result and we note that these latest half year profits exceed the Bank's full year profits for 1997.

"Our continued growth has been underpinned once again by our diversity of operations. Our spread across businesses and regions has, in these uncertain times in particular, delivered another outstanding result."

Mr Clarke said both the Investment Banking and Banking and Property Groups again produced record profits. "Funds Management and Treasury and Commodities also had good half years.

"As foreshadowed, the contribution by the Equity Markets Group was lower, mainly due to subdued retail market conditions in Hong Kong and the regulatory hiatus on warrant issuance there. The Financial Services Group reported a modest loss, reflecting technology investment and customer service infrastructure costs associated with its previously announced restructuring programme.

Macquarie Bank Managing Director and Chief Executive Officer Allan Moss said the result had been achieved through strong across the board performance by a wide range of businesses, along with growth in income from specialist funds, most notably from the Macquarie Infrastructure Group (MIG). The MIG performance fee contributed $69.2 million of the Bank's total income of $800.0 million.

"Growth in funds under management continued across the listed, unlisted retail and unlisted wholesale sectors during the half year. Overall funds under management rose by 12 per cent over the half year to $34.5 billion.

"Specialist funds is a very exciting area for the Bank and we have a number of new funds in various stages of development. The $500 million capital raising the Bank successfully completed in September, supplemented by almost $18 million raised by the recent Share Purchase Plan offer, provides us not only with overall strategic flexibility for general business development, but with the ability to develop a range of opportunities in the specialist funds area."

FINANCIAL HIGHLIGHTS

In accordance with its announced distribution policy, the Bank has declared ordinary dividend payments of 41 cents per share for the half year, franked to 70 per cent.

Total operating income for the half year was $800.0 million up from $679.8 million in the previous corresponding period. Fee and commission income rose by 33 per cent to $518.3 million from $390.9 million, while trading income was marginally higher at $197.8 million, from $196.8 million in the previous corresponding period. Interest income was lower at $89.2 million from $99.3 million previously, due to the net interest margin earned from the growth in loan assets being offset by increased funding costs due to higher activity in trading businesses. Total operating expenses were up 18 per cent to $618.8 million. Total staff numbers increased to 4526 from 4467 over the six month period.

GROUP OPERATING HIGHLIGHTS

- Performance of the **Investment Banking Group** was stronger than the previous corresponding period, even excluding the MIG fee. Revenue was sourced from a diverse range of domestic and international businesses and the Group continued to lead ground breaking transactions. Transaction highlights include a $1.7 billion capital raising by MIG to fund a 40 per cent stake in Cintra Concesiones de Infrastructuras de Transporte S.A. (a subsidiary of listed Spanish construction company Ferrovial), the establishment of the Macquarie Airport Group (MAG) with Bristol Airport the seed asset, the completion of Brambles' merger with GKN plc and advising the Coca Cola Company on the $2.26 billion acquisition of bottling assets in the Philippines. The Group's Equity Capital Markets Division was ranked No. 2 in the Australian market by value of transactions, with capital raised for MIG's acquisition of Cintra (the largest secondary market capital raising undertaken in Australia), Origin Energy, Aristocrat Leisure, Medical Imaging Australasia, Macquarie Office Trust, Austal and Resmed Inc. Institutional broking profits were well up despite a challenging period in equities markets. International expansion was a focus with the establishment by the Group of an office in Vienna, and establishment of the Four Corners Capital Management business (a US based fund manager specialising in corporate loans). While market conditions impacted cross border leasing revenues in the short term, overall market share in cross border leasing increased. Notable international transactions include advice on the acquisition of the Soojungsan tunnel in Korea, the Transalta transmission assets in Alberta, Canada, the Moray Coast wastewater plant in Scotland and to Telecom NZ on the formation of a third generation telephony joint venture with the Hutchison Group.

- **Treasury and Commodities Group** recorded a very satisfactory overall result with good income diversity. Agricultural Commodities and Foreign Exchange performed very well in difficult markets and Metals and Mining had a good first half, gaining market share as competitors exited. Debt Markets' result was satisfactory with a steady flow of deals and Treasury (the Bank's funding arm) increased offshore issuance programmes. Futures had a strong six months driven by high market turnover and the Risk Advisory business increased liabilities under management to over $4 billion.

- The **Banking and Property Group** posted another record result, with Property, Banking and Mortgages & Securitisation making strong contributions. Highlights included record growth in Margin Lending's regular and protected equity products, a record contribution from Mortgages and Securitisation. Elsewhere within the Group, Banking maintained its strong performance and Property Finance diversified into new products and business areas. Property Investment Banking completed the final sales in its $1.2 billion asset sales programme for the Federal Government.

- As foreshadowed previously, **Equity Markets Group's** income was reduced because of weak retail investor demand and a regulatory restructure of warrant issuance rules in Hong Kong. The Group did however have a strong six month period in Australia, ranking as No. 1 instalment warrant issuer and No. 3 stock warrant issuer by volume. The South African joint venture with Standard Bank had another successful period and held its position as leading warrant issuer and OTC market maker. Product issuance should commence over the next few months in the Group's European operations.

- **Funds Management Group's** result was up strongly on the prior corresponding period, with pleasing performances across all funds and a top quartile ranking in diversified funds. The Group's total funds under management increased by 8 per cent to $24.5 billion during the six month period. International joint ventures continue to grow and joint venture funds under management were 80 per cent ahead of the previous half. The joint venture with Arab-Malaysian Merchant Bank is now ranked No. 1 institutional fund manager in Malaysia. The Group has continued its international push with the establishment of its enhanced equities business in Hong Kong.

- **Financial Services Group's** (FSG) three year transition plan to better realise the Bank's potential in wealth creation for retail clients progressed ahead of schedule during the half year with its investment in technology and customer service infrastructure now 70 per cent complete. The Group's aim is a completely integrated customer-centric approach to retail financial services. As previously foreshadowed, FSG reported a small loss for the half year. The Group made significant improvements in broader customer relationships during the period and cost and service benefits are already being realised from operational improvements such as the consolidation of the Group's call centres in Sydney and Brisbane.

OUTLOOK

Mr Moss said the result was underpinned by diversified income which enabled the Bank to continue to do well despite challenging market conditions. “Traditionally we have gained market share when our Wall Street and other international competitors are rationalising their businesses and the current period should be no exception.”

“Operationally we are investing significantly in growth, demonstrating commitment to clients, continuing to grow staff numbers - albeit at a slower rate - and we are continuing to focus on cost management.”

Mr Moss said factors which may influence the Bank’s short term performance include the success rate in investment banking transactions and conditions in international equities markets, noting the second half of last year benefited significantly from exceptional transactions.

“Specifically, Industrial M&A activity remains quiet. We expect some improvement in the Equity Markets operations in Hong Kong once regulatory issues affecting warrant issuance are resolved. While market conditions are impacting our cross border leasing income, our cross border leasing market share has increased and we are in good shape to benefit from higher levels of activity.

“As foreshadowed when raising capital, there is a good pipeline of exciting specialist funds opportunities in progress, mainly in the property and infrastructure areas in Australia, North America and Asia.

“If present market conditions continue, we expect Financial Services Group to pass break even during 2003.

“While our businesses are in good shape both in Australia and internationally, we are not immune to market conditions and the result for the full year will again be influenced by the markets in which we operate. We remain positive about the strategic initiatives which we have in progress and the medium to long term outlook for our businesses.”

For further information, please contact:

David Clarke, Executive Chairman, Macquarie Bank Limited	02 8232 3410
Allan Moss, Managing Director, Macquarie Bank Limited	02 8232 3483
Richard Sheppard, Deputy Managing Director, Macquarie Bank Limited	02 8232 3183
Greg Ward, Chief Financial Officer, Macquarie Bank Limited	02 8232 3543
Lisa Jamieson, Public Relations, Macquarie Bank Limited	02 8232 6016
Matthew Russell, Public Relations, Macquarie Bank Limited	02 8232 4102