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Macquarie Bank Limited

Presentation to
Investors and Analysts

*Allan Moss, Managing Director and
Chief Executive Officer*

Greg Ward, Chief Financial Officer

13 November 2003



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Agenda

1. Highlights

Allan Moss

2. Analysis

Greg Ward

3. Group Comments
Outlook

Allan Moss



Headline result

Record half-year

After tax (attributable to ordinary equity holders) 32% increase on 1H 2003

30 September 2003

\$242m

31 March 2003

\$150m

30 September 2002

\$183m

Pre tax (attributable to ordinary equity holders) 27% increase on 1H 2003

30 September 2003

\$318m

31 March 2003

\$178m

30 September 2002

\$250m



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Well up on prior corresponding period

- Good performance across most Groups
 - Investment Banking – well up, strong results across the Group
 - Treasury and Commodities – up on strong first half last year, boosted by asset realisation
 - Banking and Property – down on record first half last year
 - Equity Markets – greatly increased contribution from international business
 - Financial Services – increased contribution exceeding plans
 - Funds Management – marginally up



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Well up on prior corresponding period

- Benefiting from:
 - Generally favourable market conditions
 - Improvement in equity markets
 - Policy of continuing to invest through the business cycle
- Continuing to benefit from increase in capital
- Notable contribution from asset realisations
- Solid corporate deal flow
- International infrastructure opportunities coming to fruition
- International income up strongly despite stronger \$A
- Increased interim dividend from 41c to 52c reflecting earnings growth and revised dividend policy



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Financial highlights

- Profit up 32% on pcp to \$242m
- Basic earnings per share 116.2 cents – up 27% on pcp
- Interim dividend 52 cents (90% franked) – up from 41 cents (85% franked) in pcp
- Return on equity 23.2% – up from 20.5% in pcp
- Operating income \$1,176m - up 20% on pcp
- International income up 64% on pcp - now 32% of total income
- Funds under management up 8% since March 2003



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Behind the numbers

- Diversity of business
- Growing funds under management
- Growing annuity assets and income streams
- Investing for growth
- Growing international presence
- Strong capital base
- Leveraging our infrastructure



Operating income

Increase in all categories

	1H 04 \$m	2H 03 \$m	1H 03* \$m
Net interest	143	142	132
Fee and commission	705	454	662
Trading	225	182	220
Other	103	73	(31)
Total	1,176	851	983

* Adjusted to exclude Broadcast Australia for holding period from 2 April 2002 to 12 August 2002

Fee and commission income

Record levels

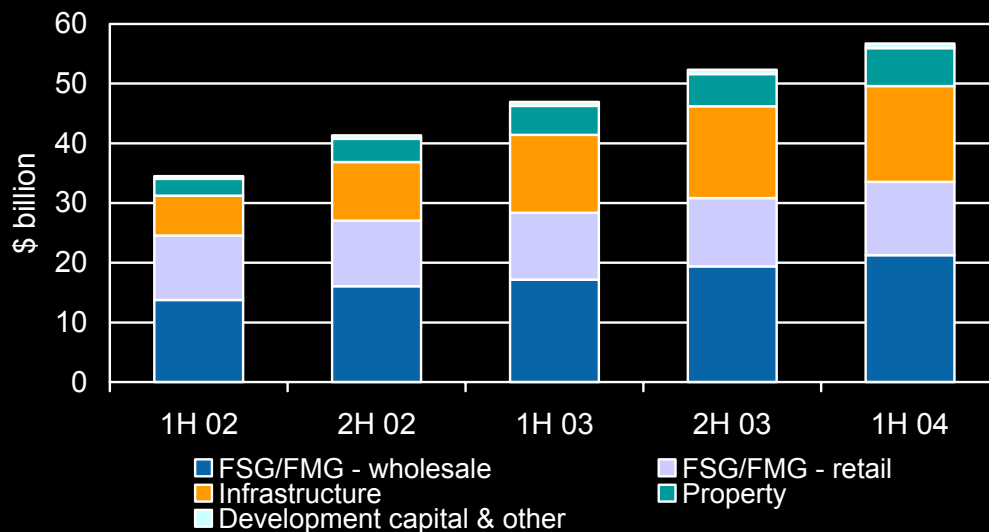
	1H 04 \$m	2H 03 \$m	1H 03 \$m
Fee and commission income	705	454	662

- Strong growth in base management fees and performance fees
- Good contribution from advisory activities, albeit down on a strong pcp
- Increased brokerage driven by the recovery in global equity markets

Funds under management

3rd largest fund manager in Australia*

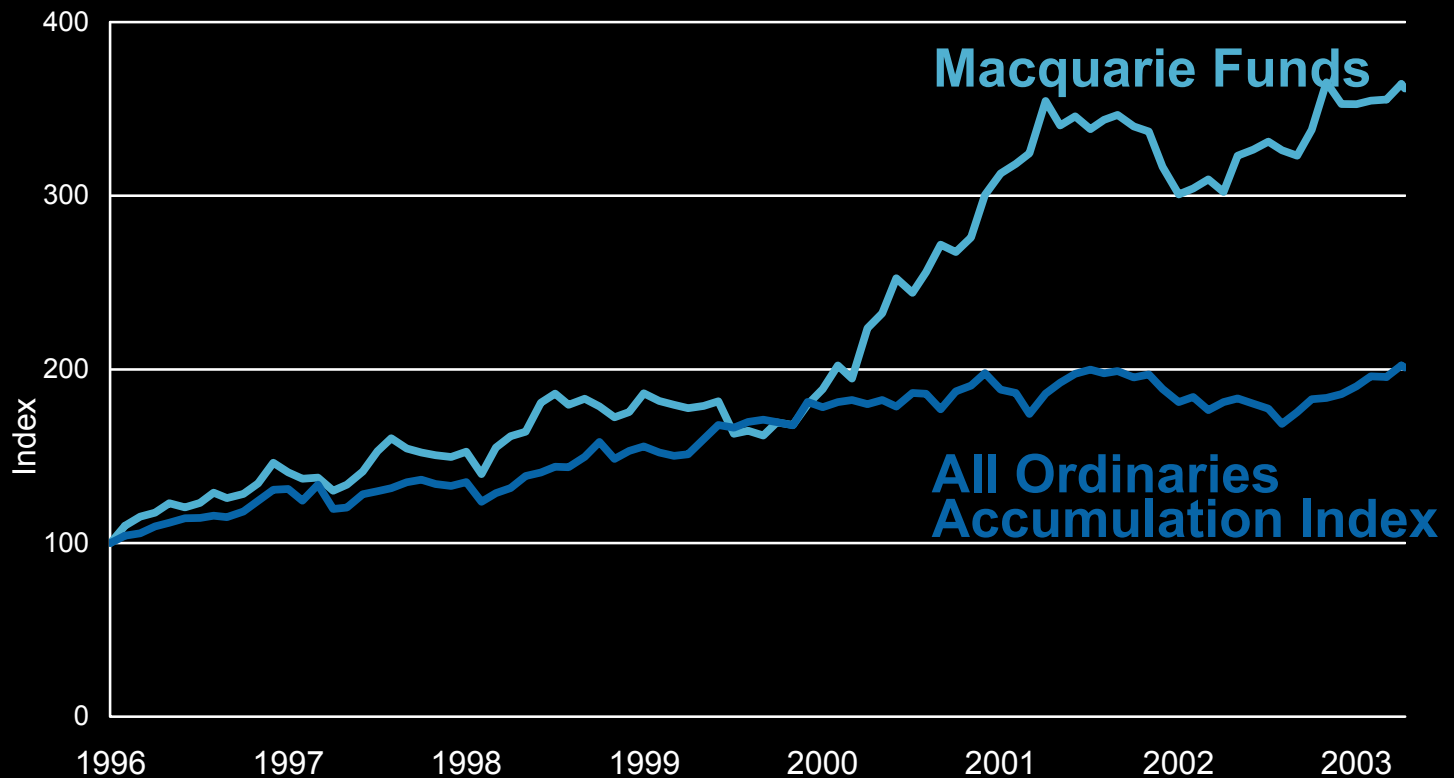
FUM by specialisation



- Total FUM up 21% on pcp with strong growth across all categories
- Growth in FUM
 - New funds include United Securities Investment Trust Corporation in Taiwan and MEAP
 - Growth in assets of existing funds



Listed infrastructure and property funds have outperformed



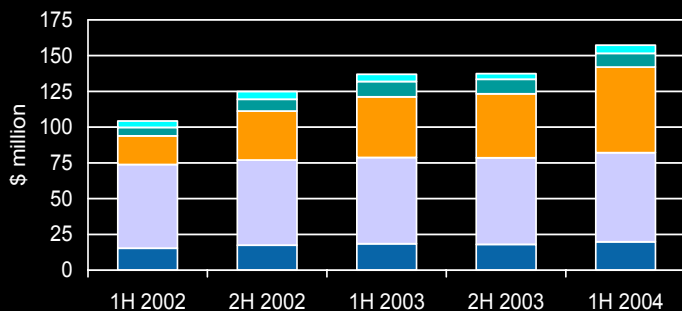
Comprises the accumulated performance of Macquarie Airports, Macquarie Communications Infrastructure Group, Macquarie Infrastructure Group, Macquarie CountryWide Trust, Macquarie Goodman Industrial Trust, Macquarie Leisure Trust, Macquarie Office Trust and Macquarie ProLogis Trust.

* All data as at 7 November 2003, indexed at 100 July 1996

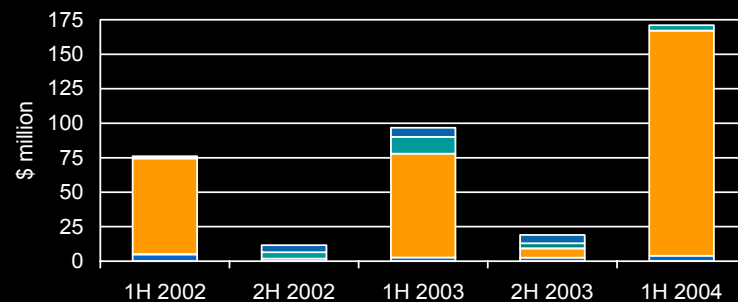
Funds management - management fees

Growth continues

Base Fees



Performance Fees



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

- Base fees have increased due to growth in FUM
- Performance fees have increased due to out-performance



Trading income

In line with prior
corresponding period

	1H 04 \$m	2H 03 \$m	1H 03 \$m
Trading income	225	182	220

- Equity Markets significant increase on pcp
 - particularly good contributions from Hong Kong and International Trading Desk
- Agricultural Commodities down on pcp, impacted by lower levels of market volatility and liquidity
- FX and interest rate products up on prior period, volatility providing many trading opportunities



Other income

Equity investment income grows

	1H 04 \$m	2H 03 \$m	1H 03 \$m
Equity investments			
Gains from investment disposals ¹	46	28	3
Gain on disposal of businesses/subsidiaries	27	-	20
Provision for diminution - written back/(provided) ²	17	5	(67)
Dividends/distributions – equity investments, other securities	20	14	16
Equity accounted income	15	5	(5)
Other	(22)	21	2
Total	103	73	(31)

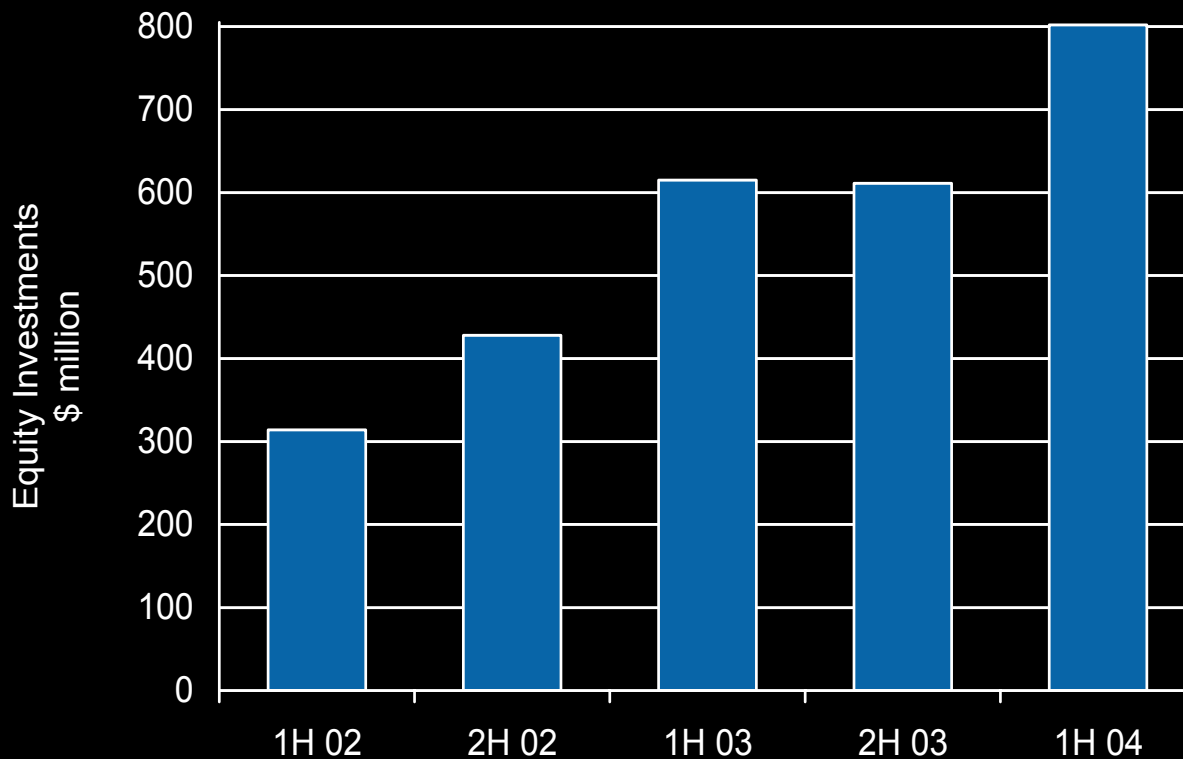
1. Current period includes EAGM (\$38m), SFE (\$8m), prior period primarily MIG. 2. Current period write back primarily relates to MAp. 15



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Growth in equity investments*

Supporting business
development



→ Future growth in other income



Notable unrealised gains on listed investments

	Book value @ 30/9/03	Market value @ 7/11/03	Unrealised gain	Unrealised gain @ 31/3/03 presentation
	\$m	\$m	\$m	\$m
MIG	76	89	13	20
MGM	28	237	209	131
SFE	-	21	21	19
MCG	122	168	46	32
MAP	58	65	7	
Total	284	580	296	202



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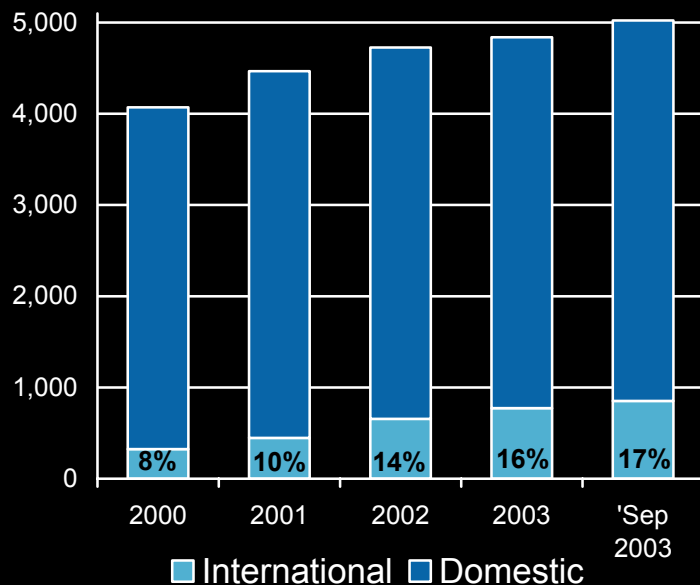
Growing our global presence



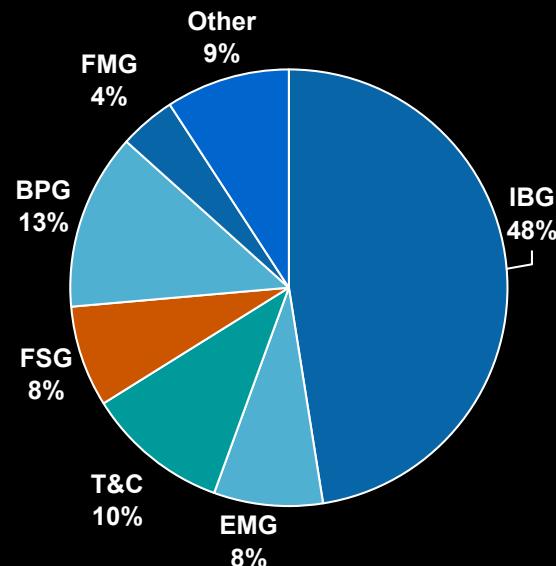
Expanding offshore capabilities

Laying the foundation for growth in offshore income

Australian vs Overseas Staff

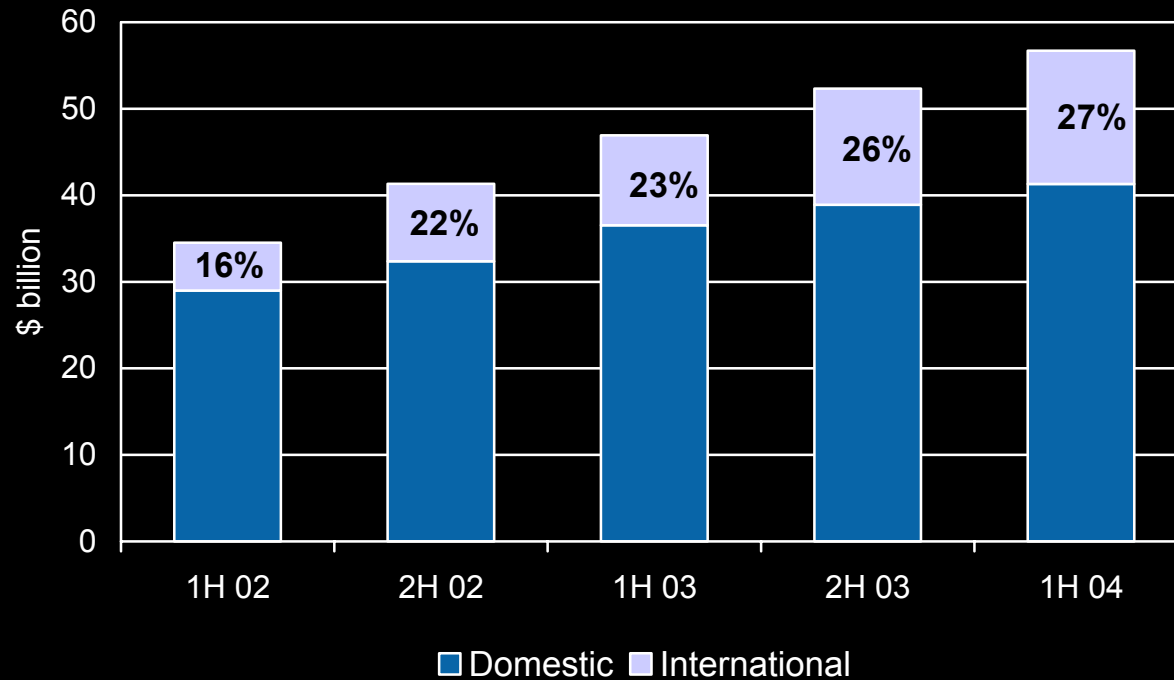


Overseas Staff by Group



→ Offshore staff increased by 25% since 2002

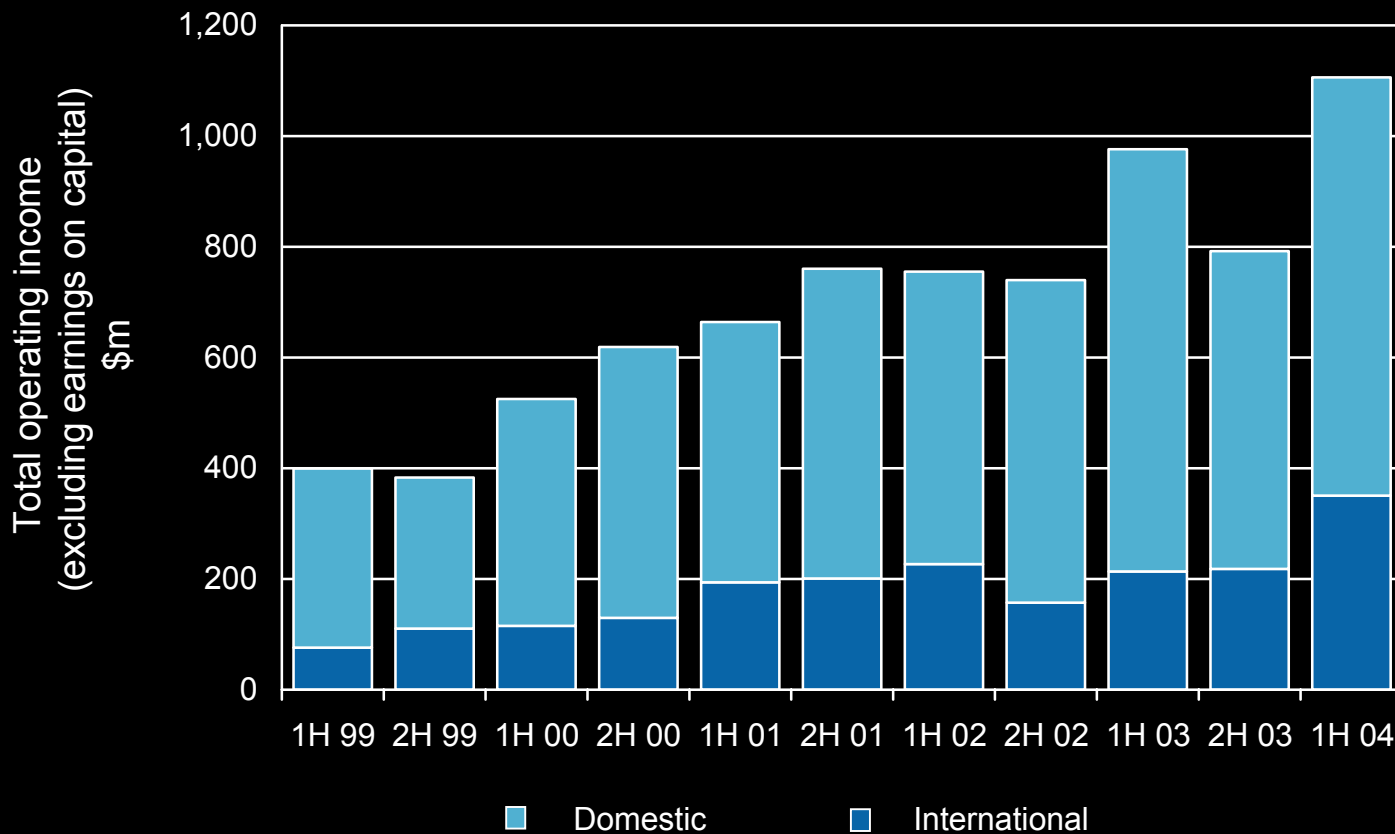
Domestic and international funds under management



→ Increasing international funds under management

International income

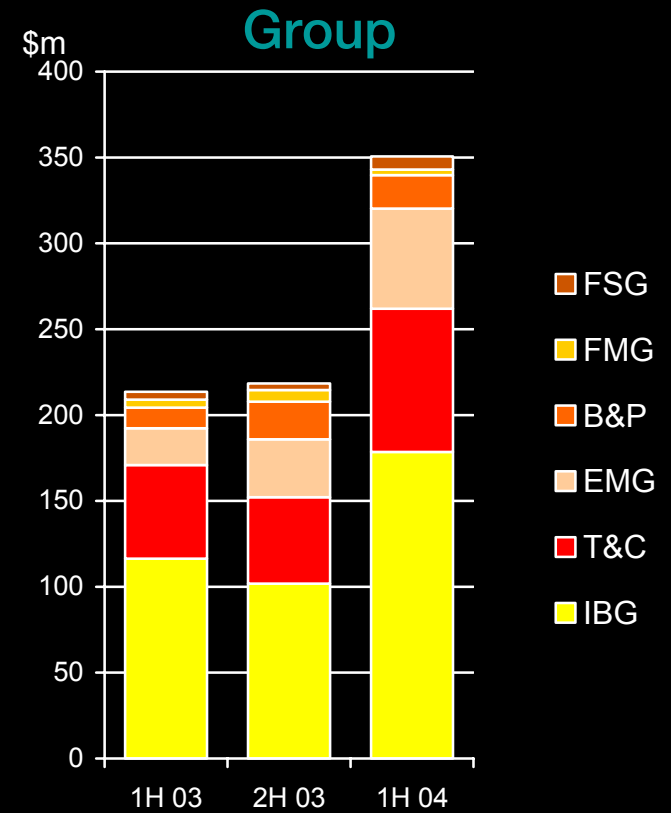
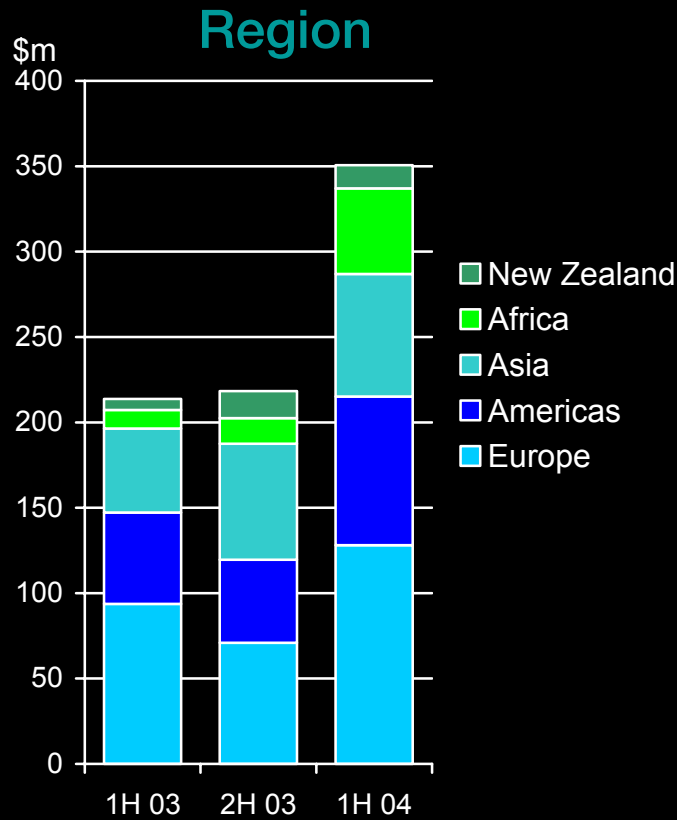
Well up on prior period



- 32% of income from international activities
- Many international initiatives in progress

International operating income by region and Group

Growth across most regions and Groups

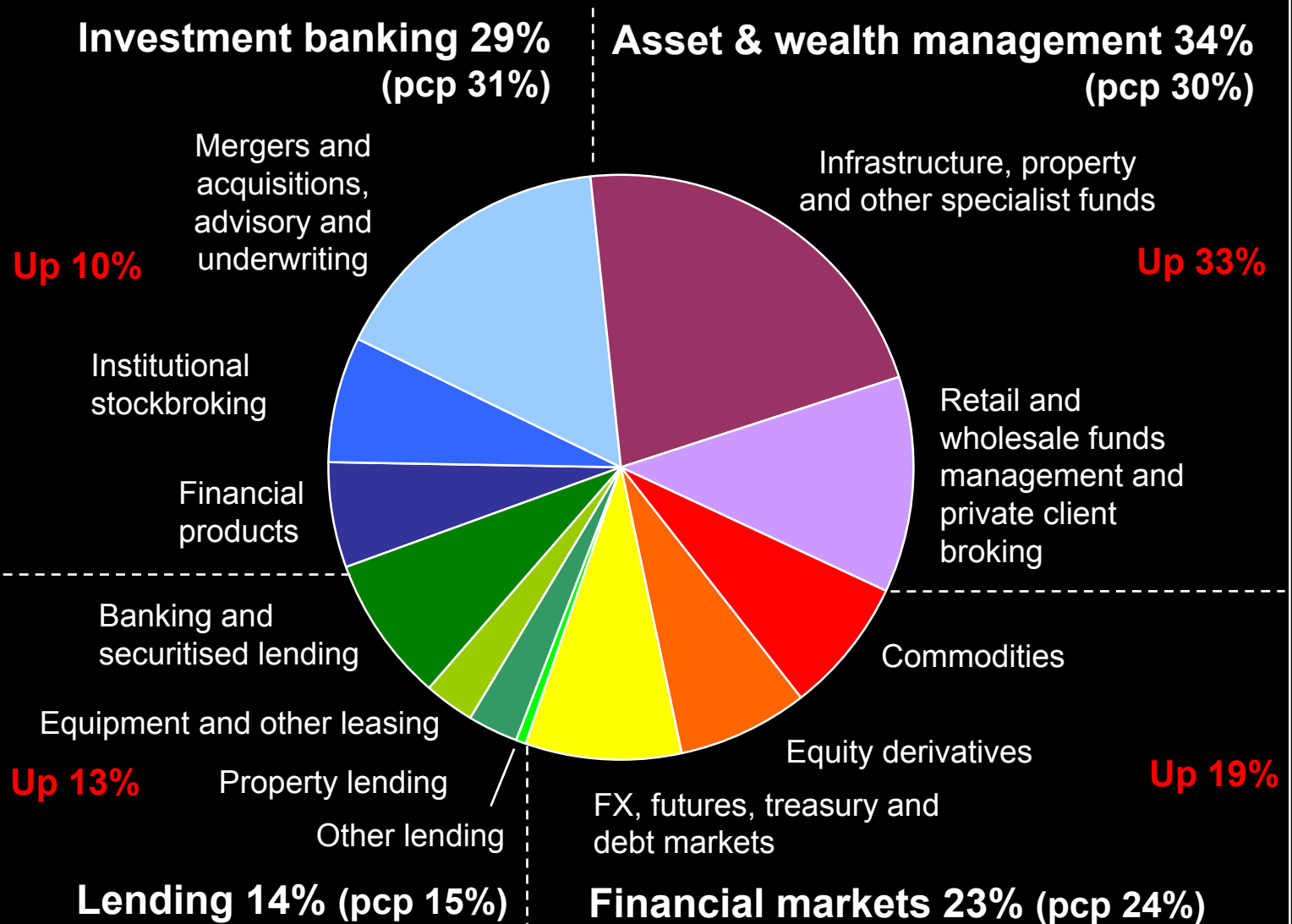




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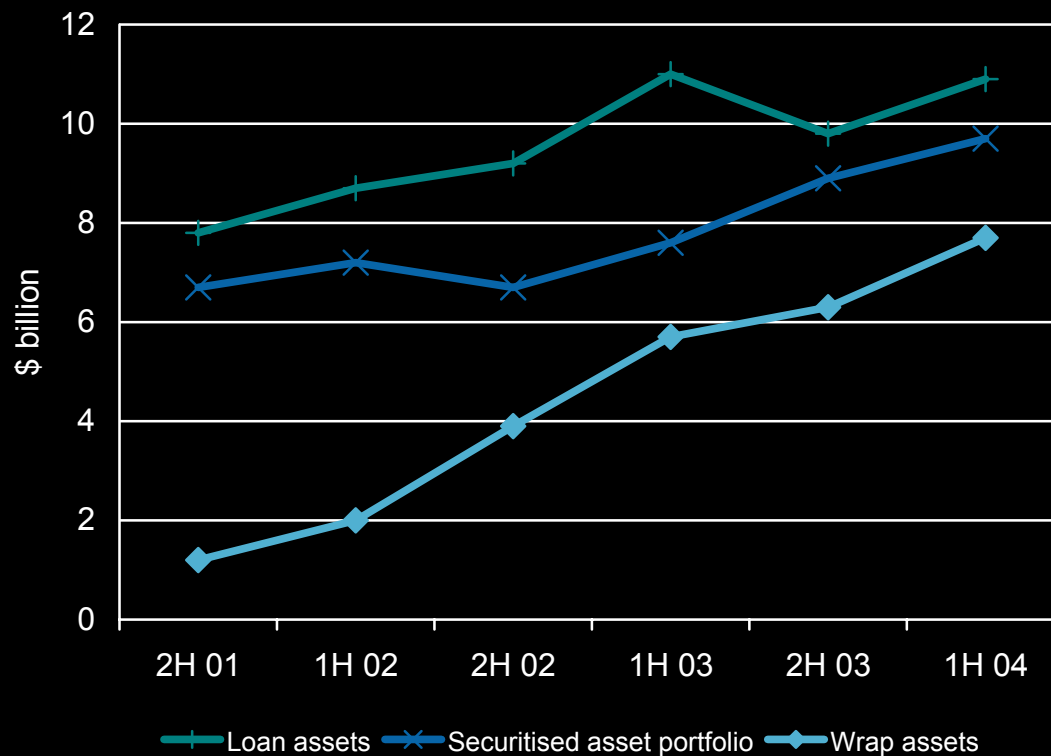
Where the income comes from

By business segment



Other annuity assets

Building strong annuity
income streams



→ Continued growth in loan assets, both on and off balance sheet, as well as Wrap assets

Operating expenses

	1H 04 \$m	2H 03 \$m	1H 03 \$m
Expense/income ratio	71.4%	77.1%	73.0%
Employment expenses	617	449	518
Other expenses	223	207	200
Total	840	656	718

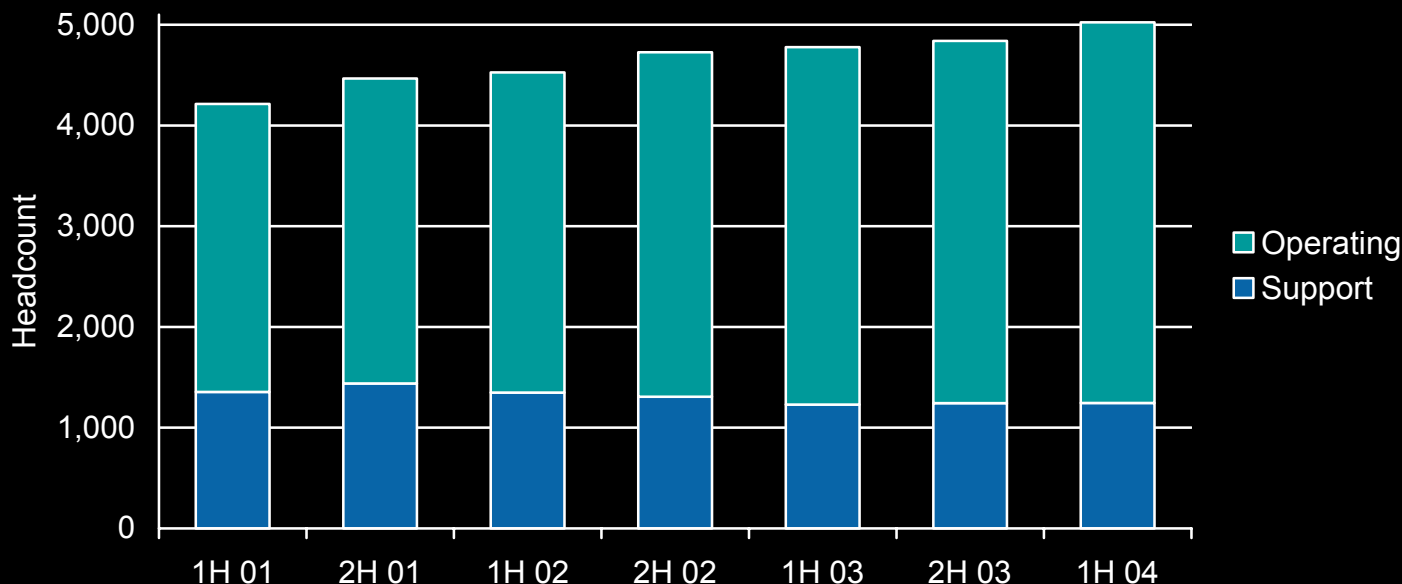
- Employment expense leveraged to profitability
- Other expenses up due to increased activity



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Operating and support headcount

Leveraging our infrastructure



→ Growth in

- BPG – mortgages and securitisation
- FSG – private client advisers

Taxation

	1H 04 %	2H 03 %	1H 03 %
Corporate tax rate	30.0	30.0	30.0
Group tax losses	-	(7.7)	(1.6)
Rate differential on offshore income	(4.0)	(3.9)	(2.4)
Other	(1.9)	(2.4)	0.7
Effective tax rate	24.1	16.0	26.7

- Tax consolidation - electing to consolidate as of 1 October 2002
- Macquarie Income Securities
 - To be litigated in Federal Court, MBL confident of position
- R&D syndicates
 - Two syndicates in dispute, MBL confident of position
- Tax audit - ongoing discussions continue

Dividends and franking

Increasing returns to shareholders

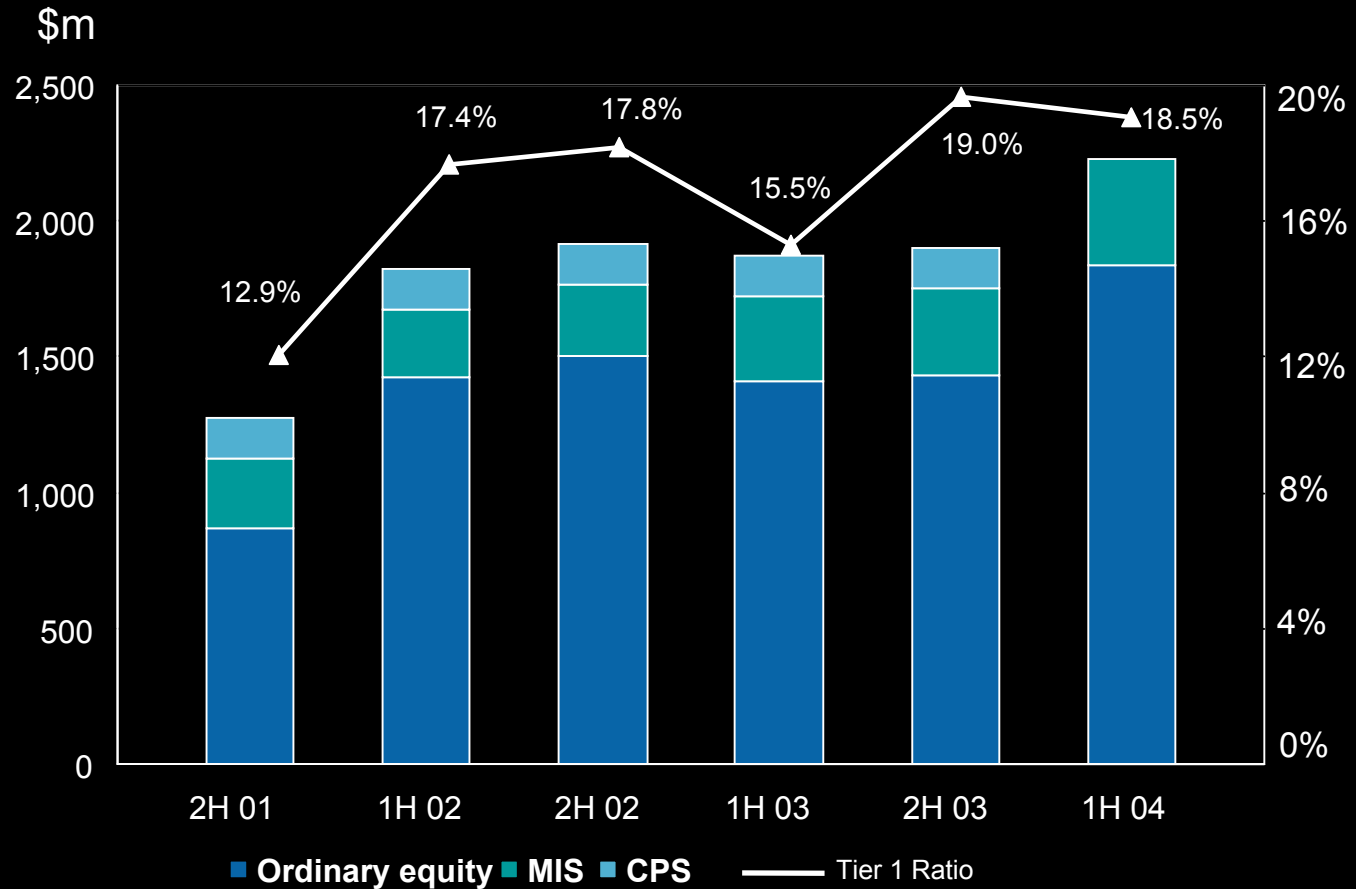
	1H 04		2H 03		1H 03	
	cps	Franking	cps	Franking	cps	Franking
Interim/ Final	52	90%	52	100%	41	85%
Special	-	-	50	100%	-	-

Future dividends will increase in line with earnings based on:

- Target full year payout ratio of 50-60%
- Expected minimum franking of 80% subject to income composition and tax reform
- DRP discount reduced from 2.5% to zero

Capital growth

Balance sheet strength



Capital strength provides the flexibility to continue investing for growth



Capital management

- Approach is to be conservatively capitalised
 - Support business initiatives, particularly specialised funds
 - Maintain good credit rating
- Recent subordinated debt issue
- Converting Preference Shares
 - Early conversion on 25 September 2003 to 4.9 million shares
 - Buyback part of management of Tier 1 Capital position
- APRA Conglomerates
 - Significant change to the regulation of subsidiary activities within the Group

Group contribution to profit*

	1H 04 %	FY 03 %	1H 03 %
Corporate Finance (incl. Specialist Funds)	40	32	31
Financial Products (incl. X-Border Leasing)	7	6	10
Other (incl. Insto Broking, Macquarie Capital)	<u>11</u>	<u>11</u>	<u>10</u>
Total Investment Banking	58	49	51
Treasury and Commodities	19	23	25
Banking and Property	11	18	18
Equity Markets	8	5	3
Financial Services	4	2	1
Funds Management	1	2	2
Direct Investment	(1)	1	0
Total	100%	100%	100%



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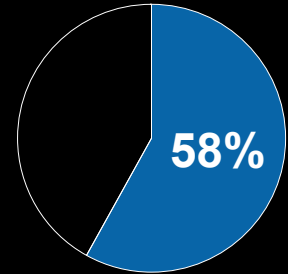
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Investment Banking



Comments on the first half:

- Excellent overall performance – well up on pcp

Corporate Finance

- Strong contribution – substantially up on pcp
- Strong deal flow across industry group sectors:
 - M&A – **Alinta and AMP managed funds/Aquila, HBOS/BankWest, AWB/Landmark, Placer Dome/East African Gold Mines**
 - Equity capital markets – Promina, POWERS Trust, AWB, Macquarie Goodman Industrial Trust



Investment Banking (cont.)

Corporate Finance (cont'd)

- Global fund strategy continues:
 - Korean Road Infrastructure Fund (KRIF) second close
 - Total current commitments of approx \$465m
 - 27% invested to date
 - Macquarie Essential Assets Partnership (MEAP) established
 - Initial commitments of approx \$285m
 - 2nd close anticipated later this financial year
- Active operating management in funds resulted in EBITDA up for the 12 months to 30 June 2003:
 - 11% on MIG's operating tollroads*
 - 16% on MAP's airports*
 - 24% on MCG's cornerstone asset, Broadcast Australia

* Weighted average EBITDA for operating assets



Investment Banking (cont.)

Financial Products

- Down overall due to transaction timing
- New domestic retail funds – Australian forestry product, 2nd Fusion fund, 2nd Macquarie Nine Film Fund
- Four Corners (US) – loan management business, four new mandates
- Cross-border leasing down but environment marginally improving

Macquarie Capital

- Continued growth in asset based leasing volumes - 13% increase to \$2.6b from 31 March 2003

Institutional Stockbroking

- Strong result in improved equity market, well up on pcp
- Secondary market brokerage revenue and issuance fees strong contributors



Investment Banking (cont.)

Current operating environment:

- Positive turnaround in market conditions
- Increased equity issuance and, to a lesser extent, M&A opportunities across most industry sectors
- Improving but still difficult environment for cross-border leasing
- Continued acquisitions across a number of asset classes

Post balance date:

- KRIF's 2nd investment – Daegu Busan toll road
- Acquired South East Water and Arlanda Express as seed assets for the proposed Macquarie European Infrastructure Fund (MEIF)



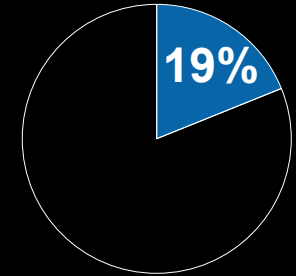
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Investment Banking (cont.)

Outlook:

- Strong deal pipeline – current and future roles include Australian Leisure & Hospitality Group, Fletcher Challenge Forests, AMP rights issue
- International infrastructure businesses to continue to grow:
 - Anticipate Macquarie European Infrastructure Fund initial close
 - Global Infrastructure Fund II
 - African Infrastructure Investment Fund
 - Further Korean Road Infrastructure Fund and Macquarie Essential Assets Partnership raisings
- Overall expect full year to be well up on the prior corresponding period

Treasury and Commodities



Comments on the first half:

- Overall up on pcp in mixed market conditions
- Foreign Exchange and Debt Markets continuing to perform well, marginally down on pcp
- Agricultural Commodities significantly down on strong pcp
 - Lower volatility and liquidity in agricultural commodities markets
 - Higher sugar prices resulting in reduced client hedging requirements
- Futures down due to lower margins and stronger exchange rate
- Metals and Mining well up
 - Includes the A\$37.5m profit on the realisation of the East African Gold Mines investment
 - Positive contribution from energy capital business
- Treasury down on strong pcp reflecting a less volatile interest rate environment
- Positive contribution from new Energy Markets Division



Treasury and Commodities (cont.)

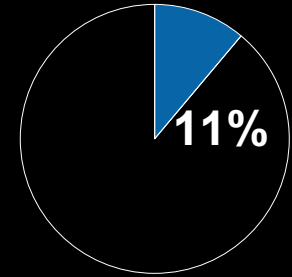
Current operating environment:

- Satisfactory transaction volumes and general volatility
- Stronger equity markets reducing corporate debt and hedging requirements

Outlook:

- Domestic business maintaining strong performance
- Anticipate further offshore growth - particularly commodity businesses (metals, energy and agriculture)
- London based commodity derivatives alliance with Royal Bank of Scotland - will leverage skills of existing commodities businesses

Banking and Property



Comments on the first half:

- Down on strong result in pcp – mainly due to transaction timing in Property business
- Continued strong revenues from property financing developments
- Property FUM (including associates) up 28% to \$9.2b from 31 March 2003
- Australian mortgage portfolio now over \$10 billion - record settlements up 39% on pcp
 - US mortgage business originated US\$166 million during the period bringing total book to US\$173m
- Margin Lending up on increased margin loan portfolio
- Banking slightly down on strong pcp
- Continued growth in Golf and Leisure business – long-term investments making a strong contribution

Banking and Property (cont.)

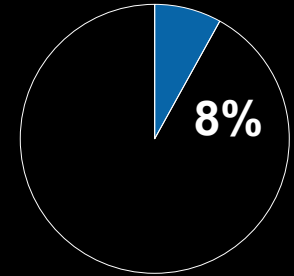
Current operating environment:

- Australian property market remains relatively strong though expect softening in some sectors eg. oversupply of some inner-city investment property markets
- Recovering equity markets increasing competition for listed property trust market

Outlook:

- Maintain long standing conservative credit policies and well secured development portfolio
- Continued strategy of selective growth in domestic and international niche markets, including:
 - Australia: syndicate opportunities and development funds including MREEF3
 - USA: Property Funds Management including Macquarie DDR Trust, Property Finance and Mortgages
 - Asia: REIT opportunities
- Positioned well for medium term

Equity Markets



Comments on the first half:

- Significantly up on pcp – all major businesses performing well
- Hong Kong – increased profitability reflecting increased equity market activity
 - Stronger market positions in both warrants and equity linked notes; new revenue streams from higher-margin structured products
- Australia – slightly down on pcp due to lower warrant volumes
 - Leading warrant market shares maintained; revenue diversification through increased unlisted product sales
- South Africa – new Nedcor alliance exceeded pcp result with previous business partner
- Korea – alliance with Woori Bank commenced in September - on schedule and on budget
- Japan – profitable as market commenced recovery
- Europe – restructured International Structuring business now profitable



Equity Markets (cont.)

- Brazil – difficult conditions resulted in a flat result for the period
- International Trading Desk – 24 hour Sydney-based global trading and risk management desk. Significant growth from sale of US equity products to Asian investors.

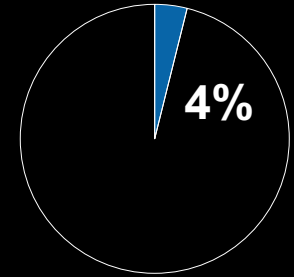
Current operating environment:

- Global equity markets:
 - Improvement in activity levels, particularly since June
 - In particular, North Asian markets performing better, but still far from peaks
 - Sustainability of improvement remains uncertain
- Australia: greater confidence as global economic conditions improve

Outlook:

- Korean business alliance – prospects encouraging and profitability expected within 12 months
- Growing focus on the US
- Continue to be leveraged to global equity markets

Financial Services



Comments on the first half:

- Significantly up on pcp – exceeding plans
- Increased annuity based revenue growth through Wrap and CMT
 - Wrap up 22% to \$7.7b; CMT up 6% to \$9.3b
- Best Fund Manager and Best Master Trust/Wrap Provider (*ASSIRT 2003 Service Level Awards*)
- Stronger private client broking business benefited from improved investor sentiment
- Successful integration of more than 60 new private client advisers

Current operating environment:

- Retail financial services benefiting from improvement in equity markets
- Increased activity by IFAs expected to continue

Financial Services (cont.)

Post balance date:

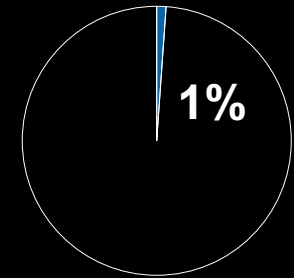
- Profit on sale of holding in South African joint venture of \$14.4m

Outlook:

- Anticipate continued growth in Wrap
 - In discussions with major Australian financial institution regarding provision of administrative services to A\$2bn Wrap platform - outcome expected by end 2003.
- Increased presence in New Zealand market through targeted adviser growth and product innovation
- Expect equity markets to continue to provide satisfactory conditions for advisory and broking services
- Confident of increasing profits over the medium and long term



Funds Management



Comments on the first half:

- Contribution marginally up on pcp
- Total FUM up 8% to \$33.1b from 31 March 2003, strong growth in international funds under management
- Broad market support for move of all Australian equities to proven Style Neutral approach
- Satisfactory progress with new joint venture in Taiwan with United Securities Investment Trust Corporation

Current operating environment:

- Investors starting to seek growth investments in improving equity markets
- Continued demand for True Index (zero cost) products

Outlook:

- Positive medium to long term prospects
- Anticipate continued growth in Asian joint ventures, continuing to invest
- Will be developing higher-margin products from existing capabilities



Direct Investment

Comments on the first half:

- Small loss for the period
- Nardell Coal placed in receivership, loss recorded
- Substantial gain on sale of Sabco assets

Current operating environment:

- Most investee companies performing well
- Improving equity markets expected to provide opportunities for realisations

Post balance date:

- JB Hi-Fi successfully listed in October

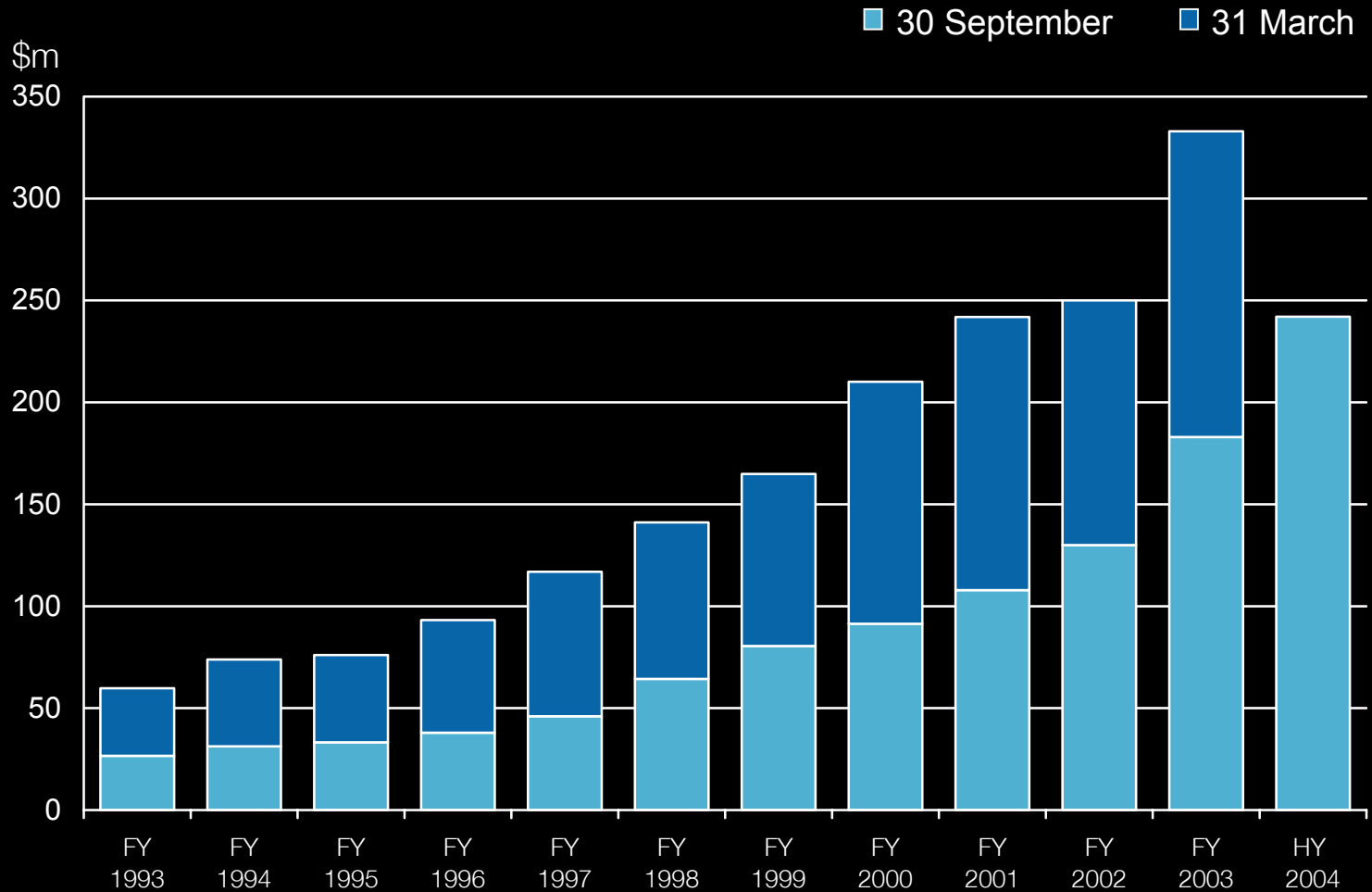
Outlook:

- Repco and InvoCare (formerly SCIA) realisations expected by end of December
- Anticipate a good profit for the year
- Expect to make substantial returns to investors in near term



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Continued record of profit growth





Macquarie compares favourably to other growth stocks

	MBL *	US Barra MidCap Growth^
10 yr EPS compound average growth (% p.a)	15.5	7.7
Dividend yield (% p.a)	3.0	0.8
Return on equity (% p.a)	19.6	15.3

* MBL EPS, DPS and ROE based on 12 months to 30 September 2003

^ Source: Based on S&P Midcap 400/Barra Growth index - only stocks that have consistently been included in the index for last 10 yrs included - and Worldscope. Prices current at 30 September 2003. EPS, DPS, and ROE based on year ended 31 December 2002. EPS growth calculated from universe aggregate earnings including loss making stocks.



Overall outlook

Current market conditions:

- International market conditions are favourable and domestic market conditions are exceptionally favourable with high volumes in most markets
- Markedly improved investor confidence
- Improving corporate confidence
- Continuing good credit quality

Current year outlook:

- Expect to continue to benefit from these positive conditions
- Expect the second half to be significantly up on pcp but, as usual, below the first half due to timing of performance fees

Medium term outlook:

- Expect to benefit from growth initiatives across the business
- Expect international growth to continue
- Will continue to be influenced by market conditions generally
 - Therefore caution should be exercised in extrapolating from the current year



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*Allan Moss, Managing Director and Chief Executive
Officer*

Greg Ward, Chief Financial Officer

13 November 2003