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ASX/Media Release

MACQUARIE BANK EXPECTS STRONG INCREASE IN FULL-YEAR 2004 PROFITS



5 February 2004

Macquarie Bank Chief Executive Officer Allan Moss today indicated the Bank is on track to achieve an exceptional profit for the full year to March 31, 2004.

Mr Moss said the Bank has continued to benefit from favourable market conditions and its second-half profit for the six months to March 31, 2004 is now expected to be broadly in line with, or slightly ahead of, the first-half net profit attributable to ordinary shareholders of \$242 million.

- Investment Banking Group – the full year result is expected to be well up on the prior year. The Group has continued to experience good market conditions including a strong Australian Initial Public Offer market, improving corporate confidence and strong broking volumes.
- Treasury and Commodities Group – the full year result is expected to be up on the prior year with strong results again from Metals & Mining and Foreign Exchange Divisions.
- Banking and Property Group - continuing strong property markets should also assist the Group to improve its full year result.
- Equity Markets Group - benefiting from favourable international equity market conditions, especially in Hong Kong, with a very large increase in its result expected.
- Financial Services Group – expecting a very large increase for the year, benefiting from previous investments and favourable equity markets.
- Funds Management Group - contribution should also be slightly up on the previous year's result .

“Particularly notable will be the full-year contribution of Macquarie Direct Investment, the Bank’s private equity Division, reflecting the realisation of a number of its medium and long term investments, such as Tower Technology, Repco, Invocare, JB Hi-Fi and the Sabco businesses. Direct Investment is likely to contribute approximately six per cent of the Bank’s 2004 profits (based on management accounts before tax and profit share),” said Mr Moss.

Mr Moss said it will be a challenge for the Bank to achieve the same result in 2004/05. He said the current year had benefited from extremely favourable domestic, and favourable international, market conditions, as well as significantly benefiting from asset realisations which are the culmination of years of investment – particularly from Direct Investment and also from Treasury and Commodities Group and Financial Services Group.

Mr Moss said a weaker US dollar will impact the Bank's international income and US dollar denominated trading income.

The Bank expects to announce its full-year result on Tuesday 18 May, 2004.

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