



MACQUARIE  
BANK

# Macquarie Bank Limited

Result Announcement for the half year  
ended 30 September 2005

Presentation to Investors and Analysts

*David Clarke, Executive Chairman*

*Allan Moss, Managing Director & Chief Executive Officer*

*Greg Ward, Chief Financial Officer*

15 November 2005



## **Disclaimer**

This material has been prepared for professional investors.

The firm preparing this report has not taken into account any customer's particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations herein are not intended to represent recommendations of particular investments to particular customers. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies many of which are outside the control of Macquarie Bank Limited (Macquarie).

Unless otherwise specified all information is for the six months ended 30 September 2005 and increases are on the prior corresponding half year.



# Agenda

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1. Introduction

David Clarke

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2. Result analysis

Greg Ward

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3. Overview of the half

Allan Moss

4. Strategy, environment and approach

5. Outlook

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# 88% increase in profit on pcp

13% decrease on prior period\*

After tax (attributable to ordinary equity holders) 88% increase on 1H2005

1H2006

2H2005<sup>^\*</sup>

1H2005<sup>^</sup>

\$A482m

\$556m

\$A256m

Pre tax (attributable to ordinary equity holders) 85% increase on 1H2005

1H2006

2H2005<sup>^\*</sup>

1H2005<sup>^</sup>

\$A683m

\$788m

\$A370m



# EPS, dividends and franking

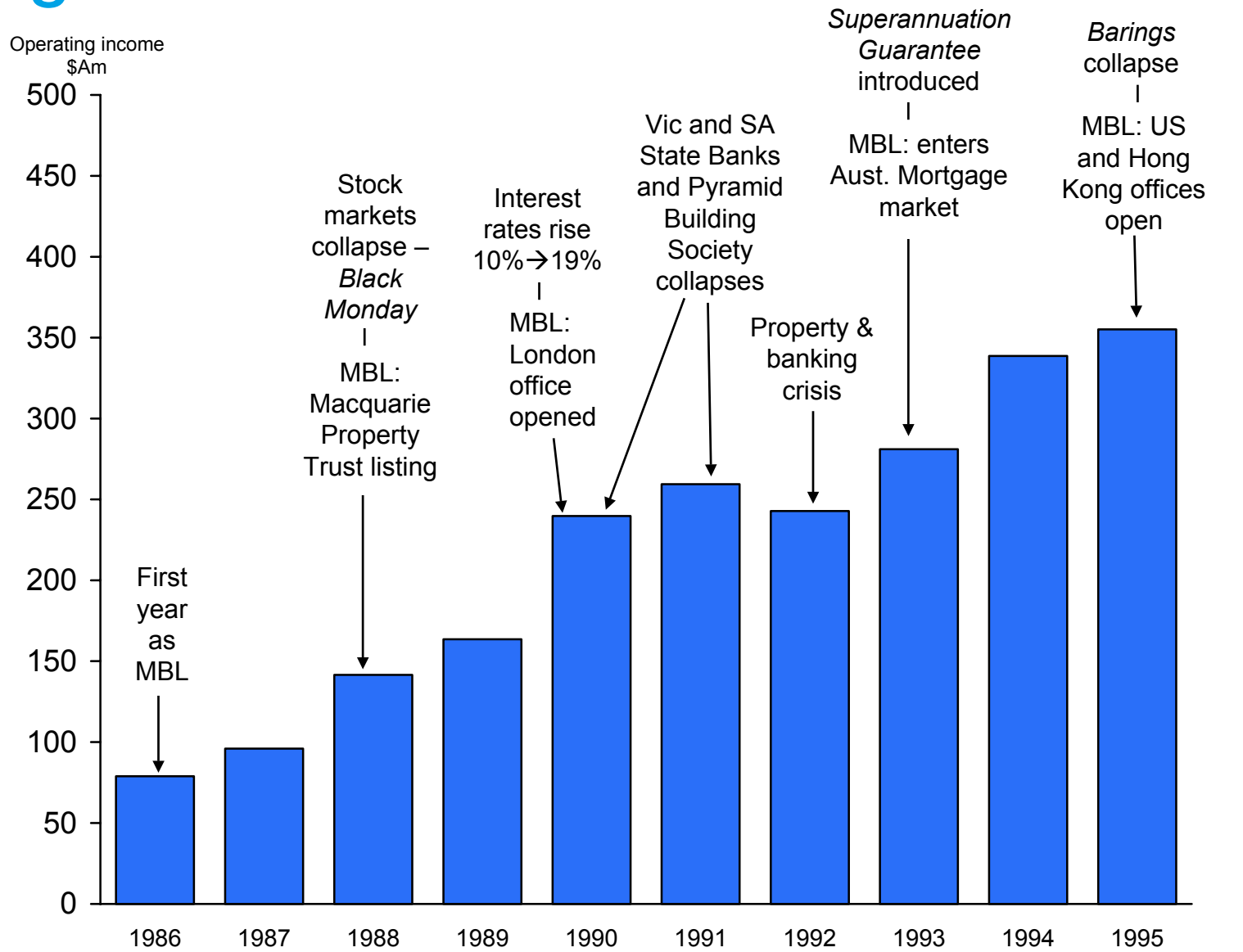
	Sep 05	Mar 05	Sep 04
	cps	cps	cps
EPS	212.9	250.4 <sup>^</sup>	117.8 <sup>^</sup>
Interim / Final Dividend	90	100	61
Special Dividend	-	40	-
<b>Total Dividends</b>	<b>90</b>	<b>140</b>	<b>61</b>

All dividends franked to 90%

- 81% increase in EPS on pcp, 15% decrease on prior period\*
- 48% increase in dividend per share on pcp



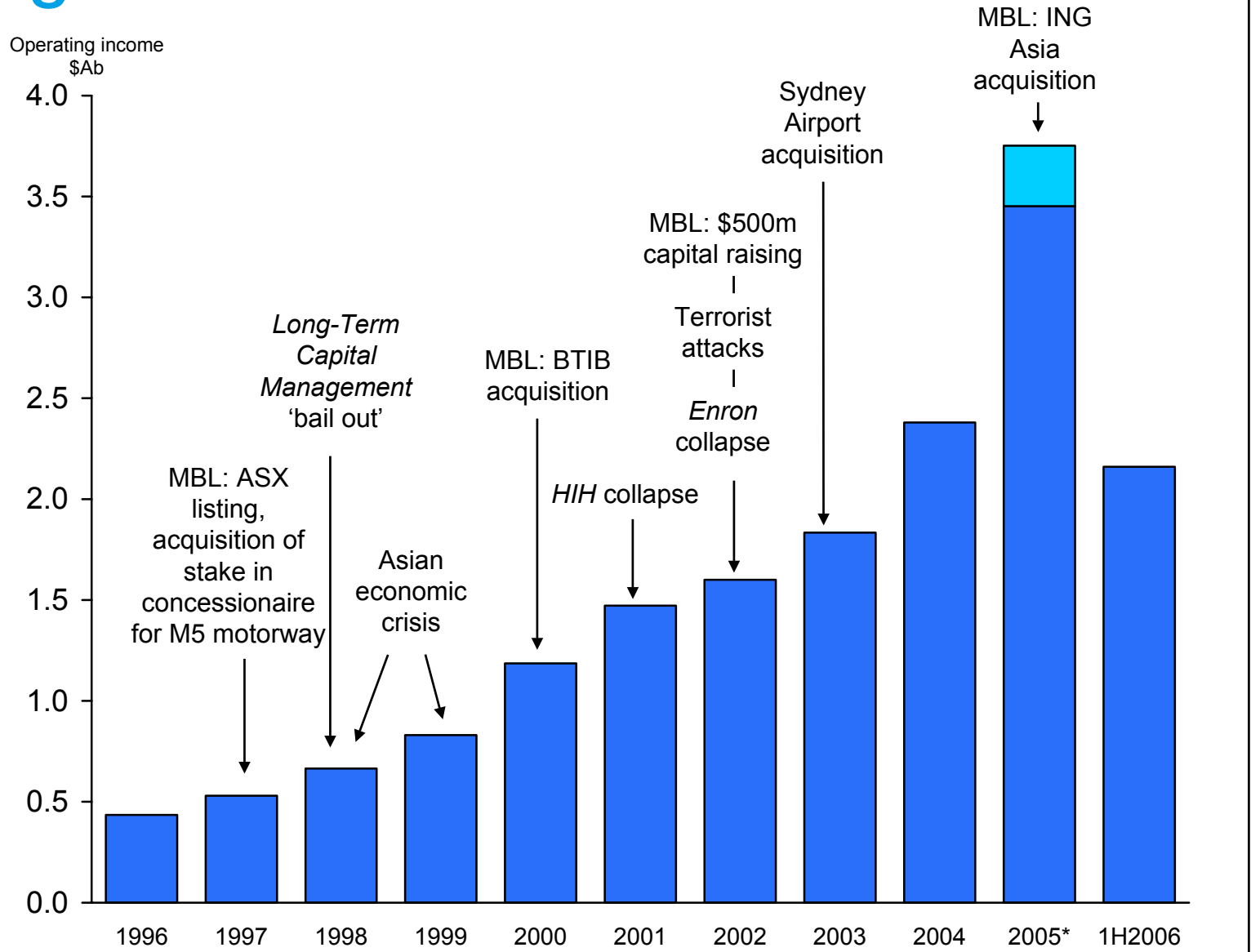
# We are used to managing strong growth



Year ending 31 March



# We are used to managing strong growth





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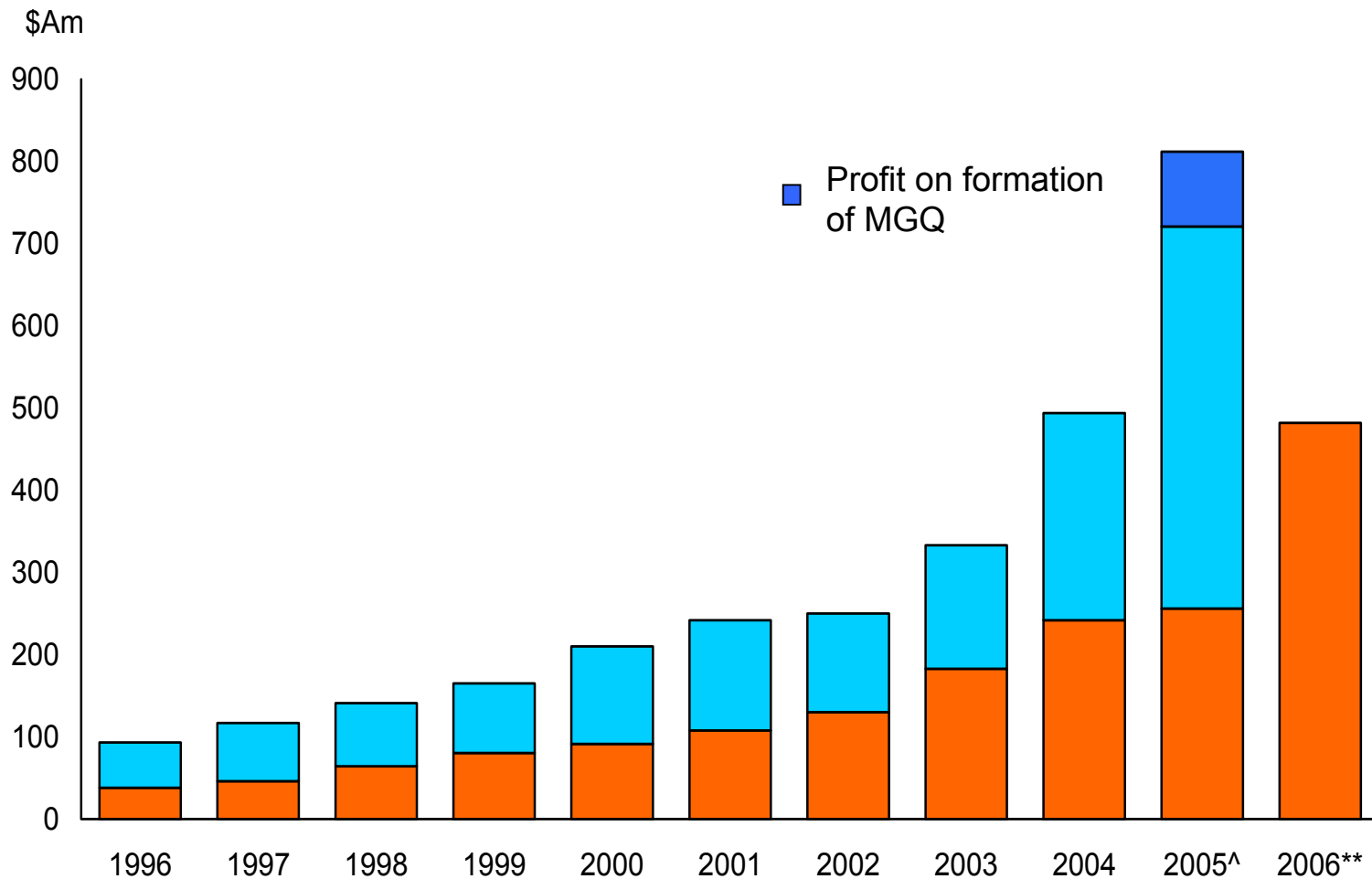
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# Record first half profit

88% increase on pcp to \$A482m  
13% decrease on prior period\*



<sup>^</sup> 2005 comparatives throughout this presentation have been restated for AIFRS, except for AASB132/139 <sup>\*\*</sup> Reported under AIFRS.

\* Prior period Included gain realised on formation of Macquarie Goodman Group (MGQ)



# Key drivers of half

- International expansion
  - International income more than double pcp, 46% of total income
  - 75% of IBG advisory deals sourced outside Australia
  - International staff up 32% from Sep 2004 to 2,037
- Equity market conditions:
  - Stronger market conditions experienced by EMG business particularly in Asia and Australia
  - Institutional and retail stockbroking also strongly up
- Market conditions generally continued to be broadly favourable
  - Good transaction activity levels and success rate
- Good market conditions for most treasury and commodity businesses



# Key drivers of half

- Good specialist fund activity and performance fees
- Assets under management up 16% to \$A112b and associated base fee growth\*
- Some asset realisations – transfer of assets to Macquarie International Infrastructure Fund (MIIF)
- Strong growth in volumes
  - Wrap, CMT, mortgages, margin & protected lending
- Extraordinary staff commitment
  - The Bank is benefiting from:
    - Continued investment in recruitment, training, retention and remuneration systems
    - Culture of business ownership

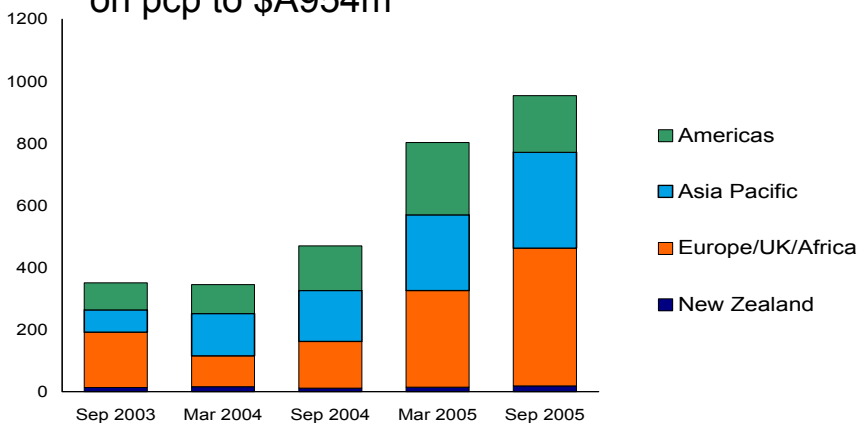
\* Based on revised definition of Assets Under Management



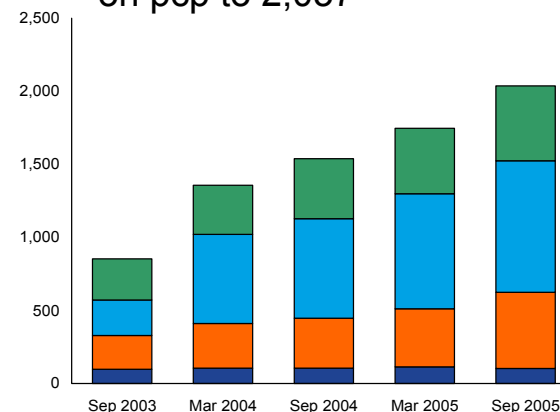
# Key drivers of half: international expansion

International income 46% of total income\*

International income\* up 103%  
on pcp to \$A954m



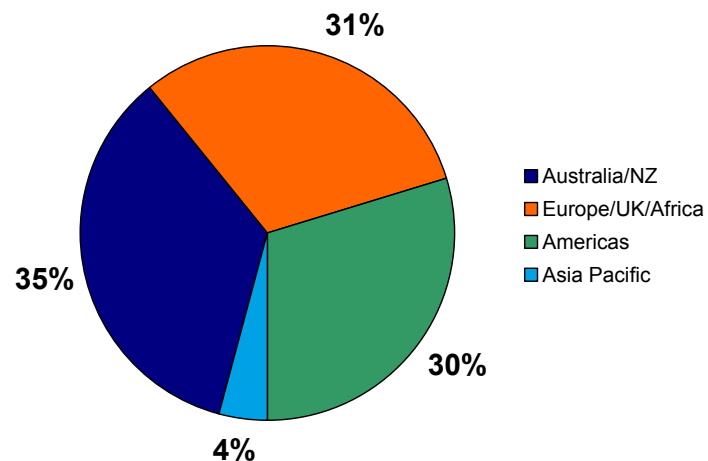
International staff up 32%  
on pcp to 2,037



## Significant initiatives/transactions during the half:

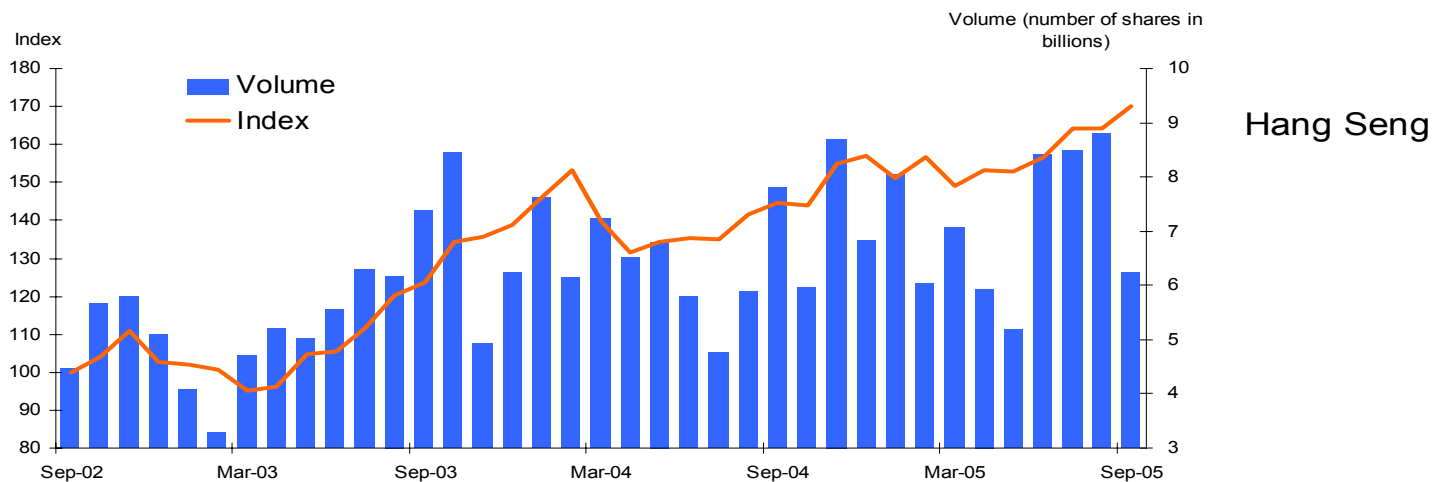
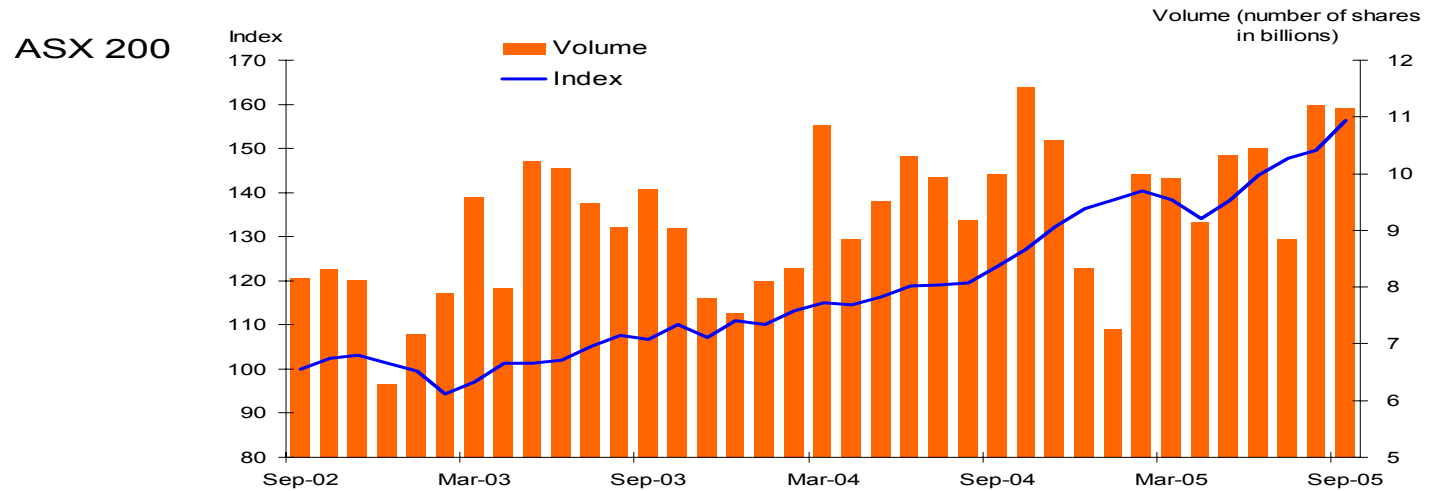
Initiative/Transaction	Initiative/Transaction
Dulles Greenway (Americas)	MGU NYSE IPO (Americas)
YBR Directories (Europe)	Macquarie Securities India (Asia)
BBC Broadcast (UK)	Incheon Grand Bridge (Asia)
MIIF IPO (Asia)	Abu Dhabi JV (Asia)
Prime REIT IPO (Asia)	Wightlink Shipping (UK)
Italian mortgages bus. (Europe)	Korean Ind. Energy Corp. (Asia)
Bristol Airport (UK)	Challenger Infrastructure (Europe)
Property acquisitions (Various)	Daegu East toll road (Asia)
Sea to Sky Highway (Americas)	Wales & West Gas (UK)

## Specialist AUM by Region



\* Excluding earnings on capital

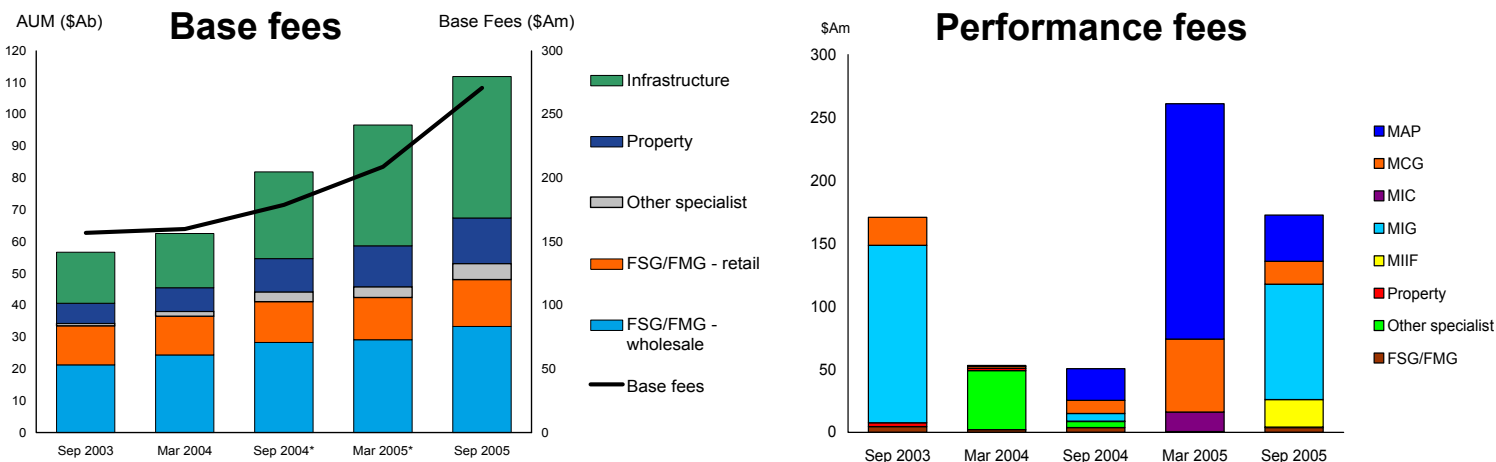
# Key drivers of half: very favourable conditions in the markets in which we operate





# Key drivers of half: AUM and base fees growth; performance fees

- AUM up 16% on prior period to \$A112b
- Base fees up 51% on pcp to \$A271m



- New funds include MCG, MIIF, MGU, Prime REIT
- Announced Macquarie Media Group IPO
- AUM redefined to reflect the proportional ownership interest in the underlying assets of Macquarie-managed funds and mandated assets
  - Better representation of the scope of Macquarie's funds management activities
  - Previously only captured the equity value of investments that Macquarie-managed funds have significant influence over

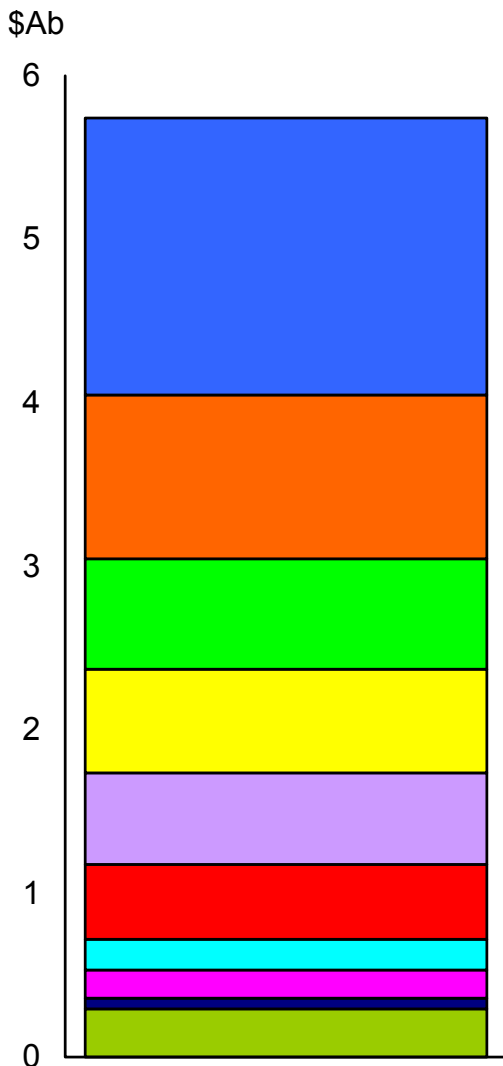
\* AUM prior period comparatives for September 2004 and March 2005 throughout this presentation have been restated using the revised basis of measurement



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# Key drivers of half: fund raisings

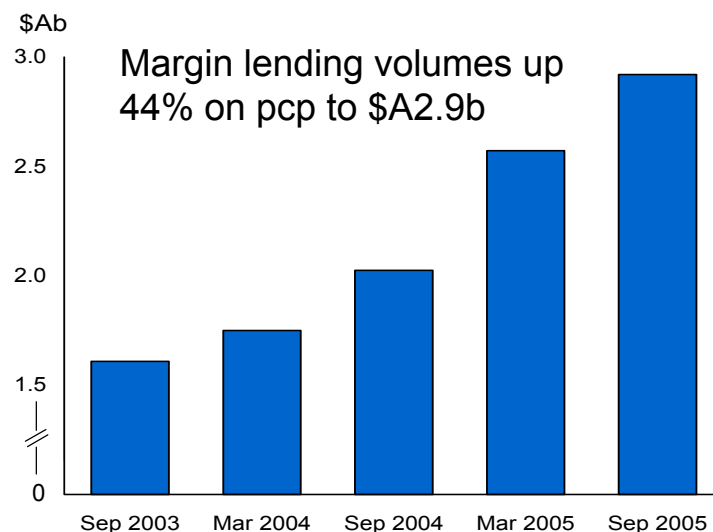
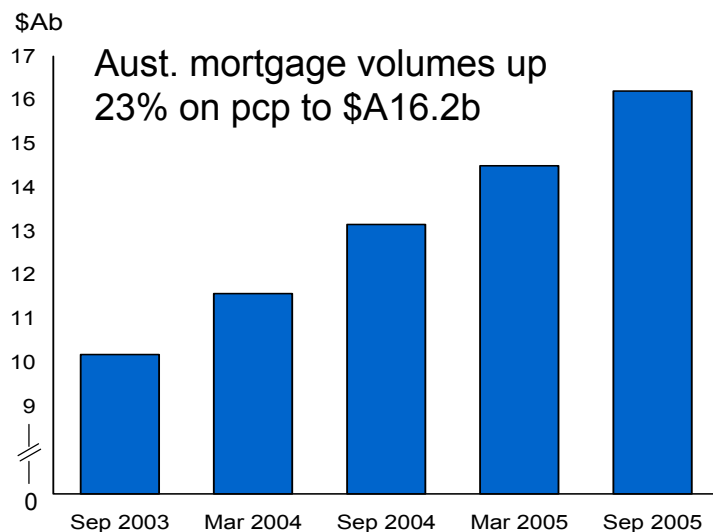
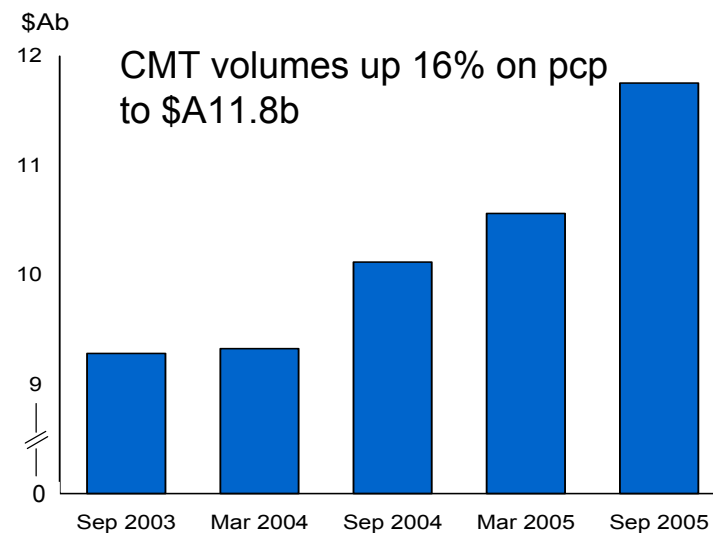
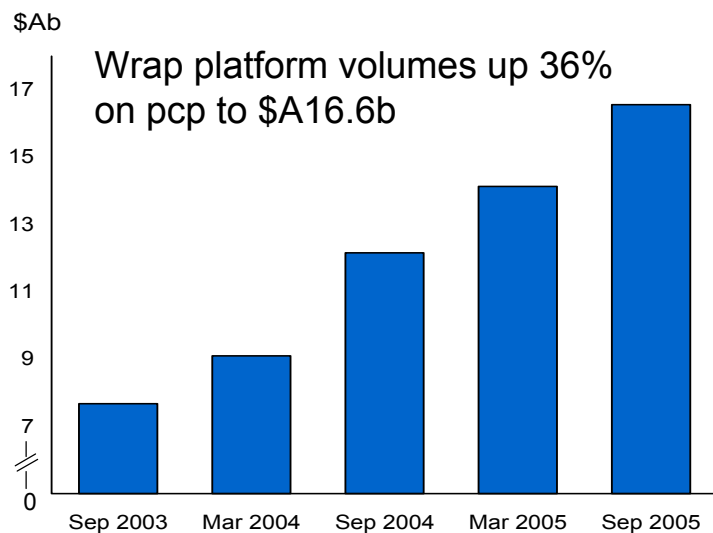
\$A5.7b raised since April 2005  
68% from international investors



Fund	Raising (\$Am)	Predominant locale of investors
Macquarie Global Property Fund II	1,692	Australia & International
MEIF	1,003	Europe
MIG	675	Australia & International
MIIF	633	Singapore
Macquarie Global Infrastructure Total Return Fund	560	USA
MGQ	458	Australia/NZ
GIF II	187	Australia
MAP	173	Australia
Four Corners	66	USA
Other	295	Australia/NZ



# Key drivers of half: growth in volumes across businesses

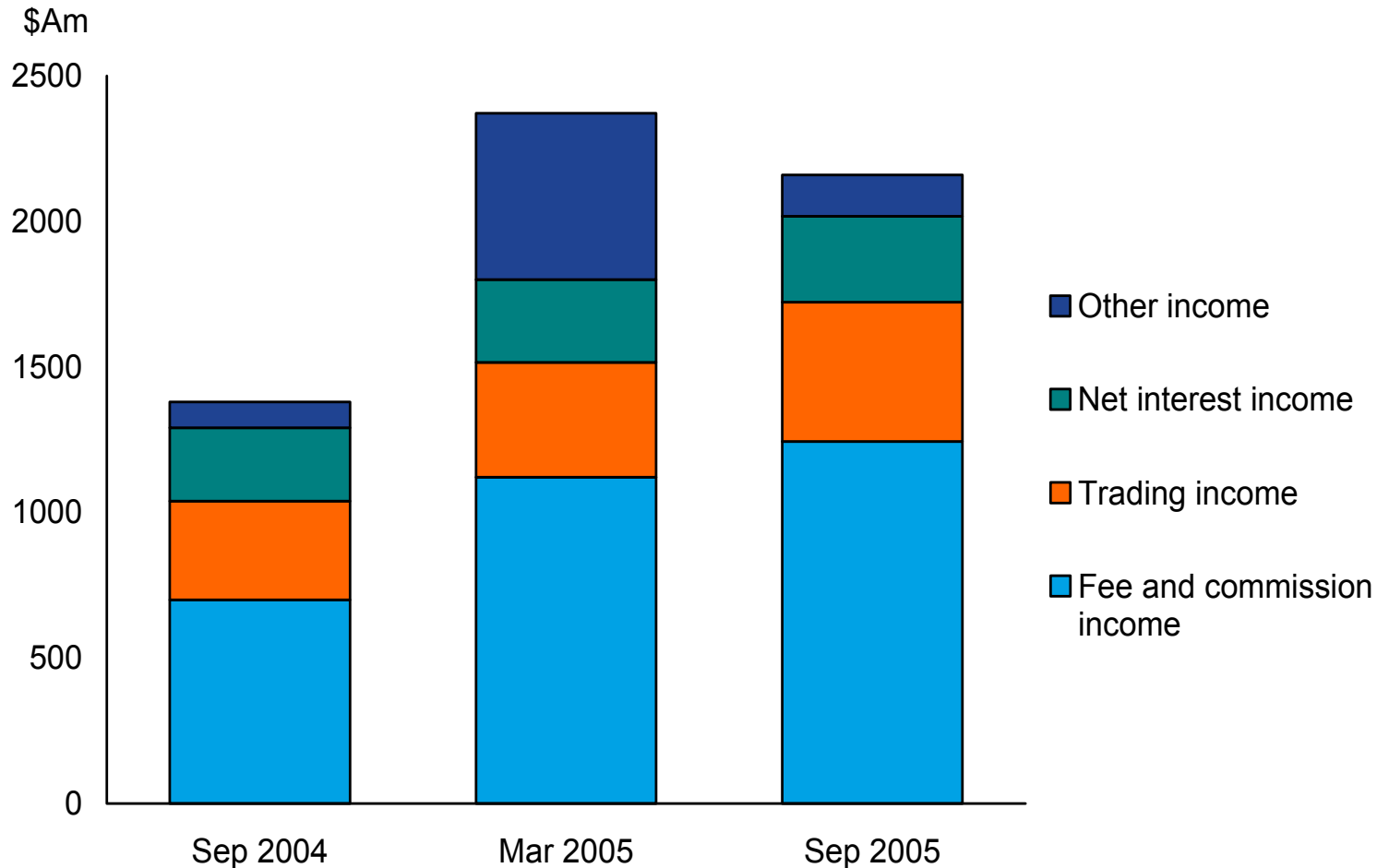






# Operating income

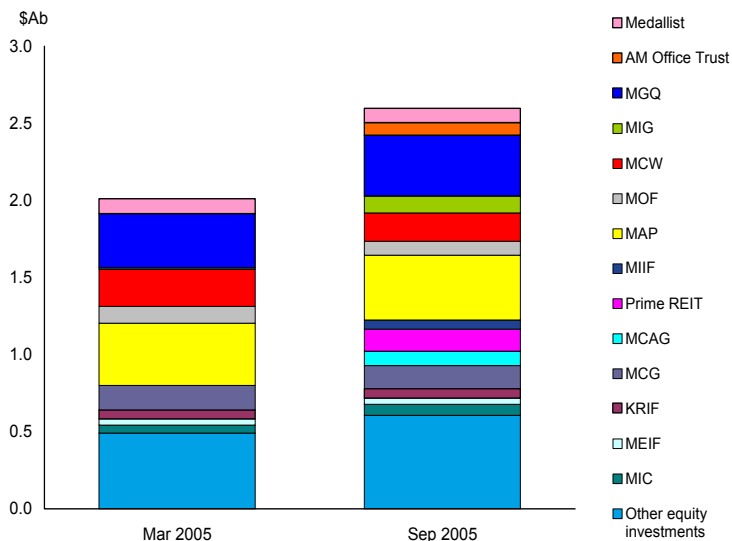
57% increase on pcp to \$A2,160m  
9% decrease on prior period\*



\* Prior period Included gain realised on formation of Macquarie Goodman Group (MGQ)



# Key drivers of half: equity investments



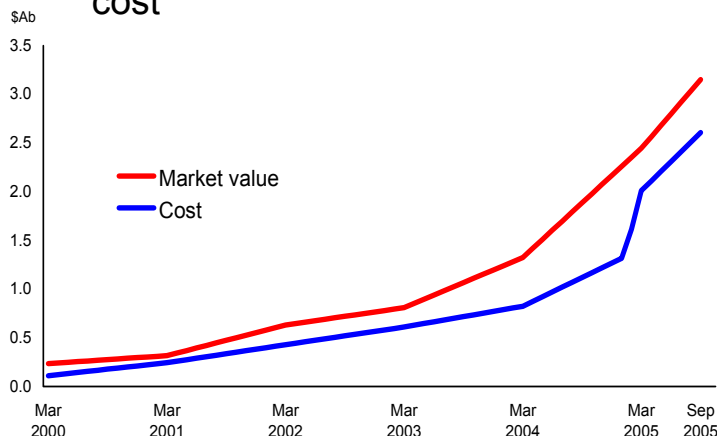
→ Growth of equity investments

→ New funds include Prime REIT, MCAG, MIIF

→ Growth of investments in existing funds through re-investment of base and performance fees

→ Demonstrates commitment to funds

Market value of equity investments at 30 Sep 2005 is \$A545m above cost



→ Unrealised gains

→ Equity accounted investments not held at market value; includes investments in funds where Macquarie is the manager



# Key drivers of half: equity investments

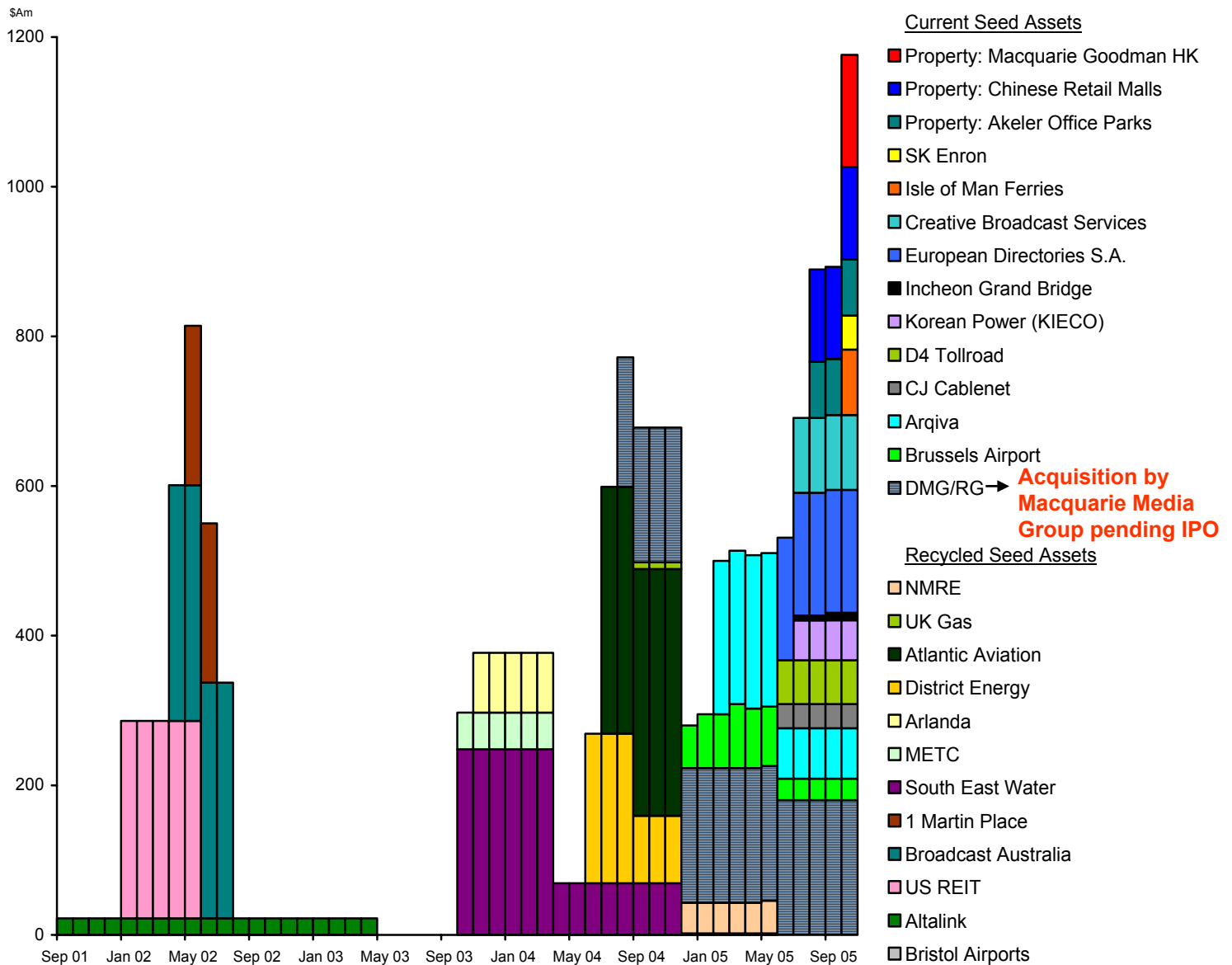
## Significant equity investment income

	\$Am
Gain on sale:	
→ MAP, MCG, Arqiva, DUET and other equity investments, Malaysian funds management JV	106
Dividends and Distributions:	
→ Arqiva, KRIF and various North American REITs	15
Equity accounted income:	
→ MGQ, MGPA, European Directories and Macquarie- managed specialist funds	39
Net income from businesses held for sale	(16)
Other (including loan losses and collective allowance for credit losses)	(2)
<b>Total</b>	<b>142</b>



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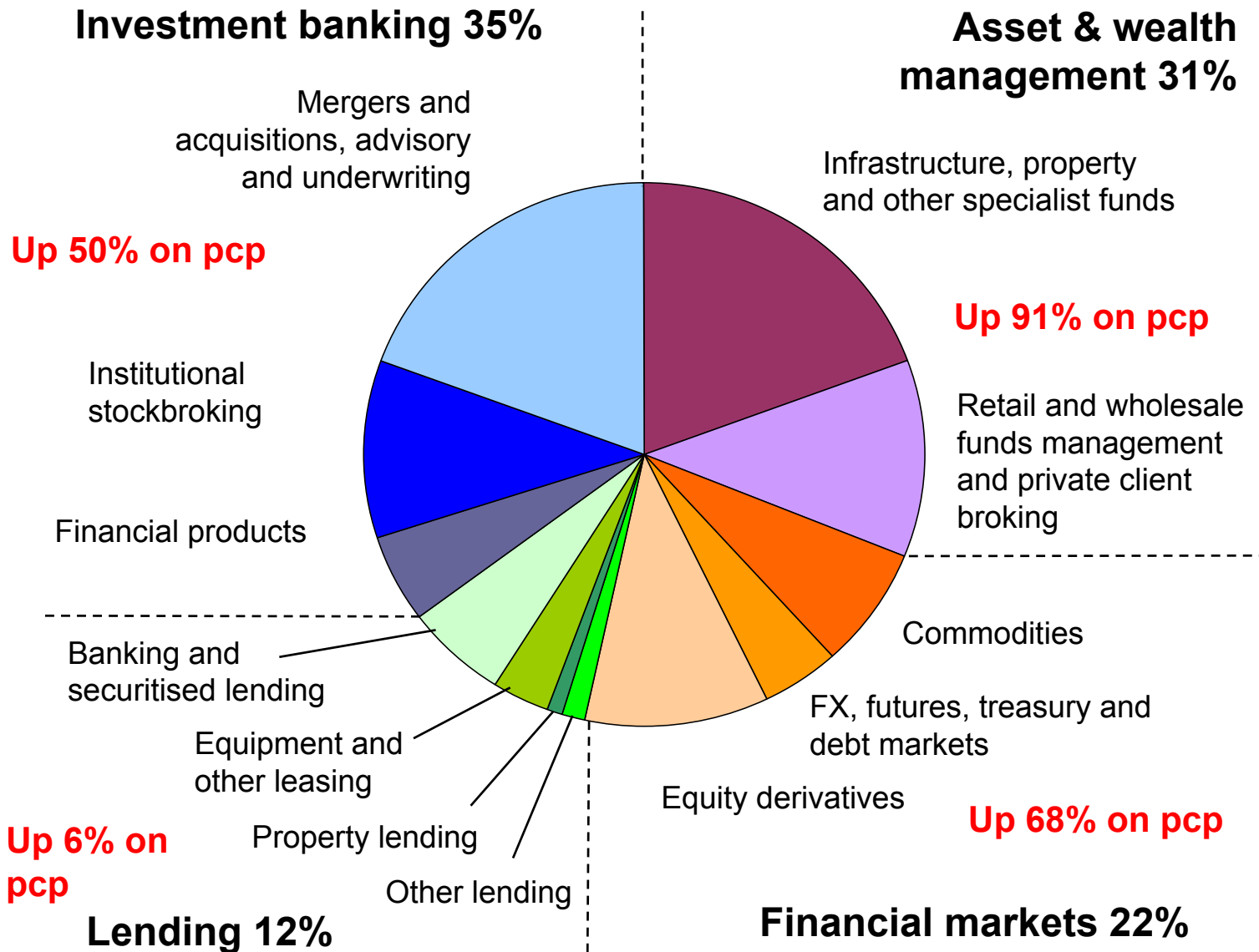
# Seed assets are being recycled



Economic exposure following financial close of assets held with the intention that they will be transferred into a fund. At 31 October 2005.

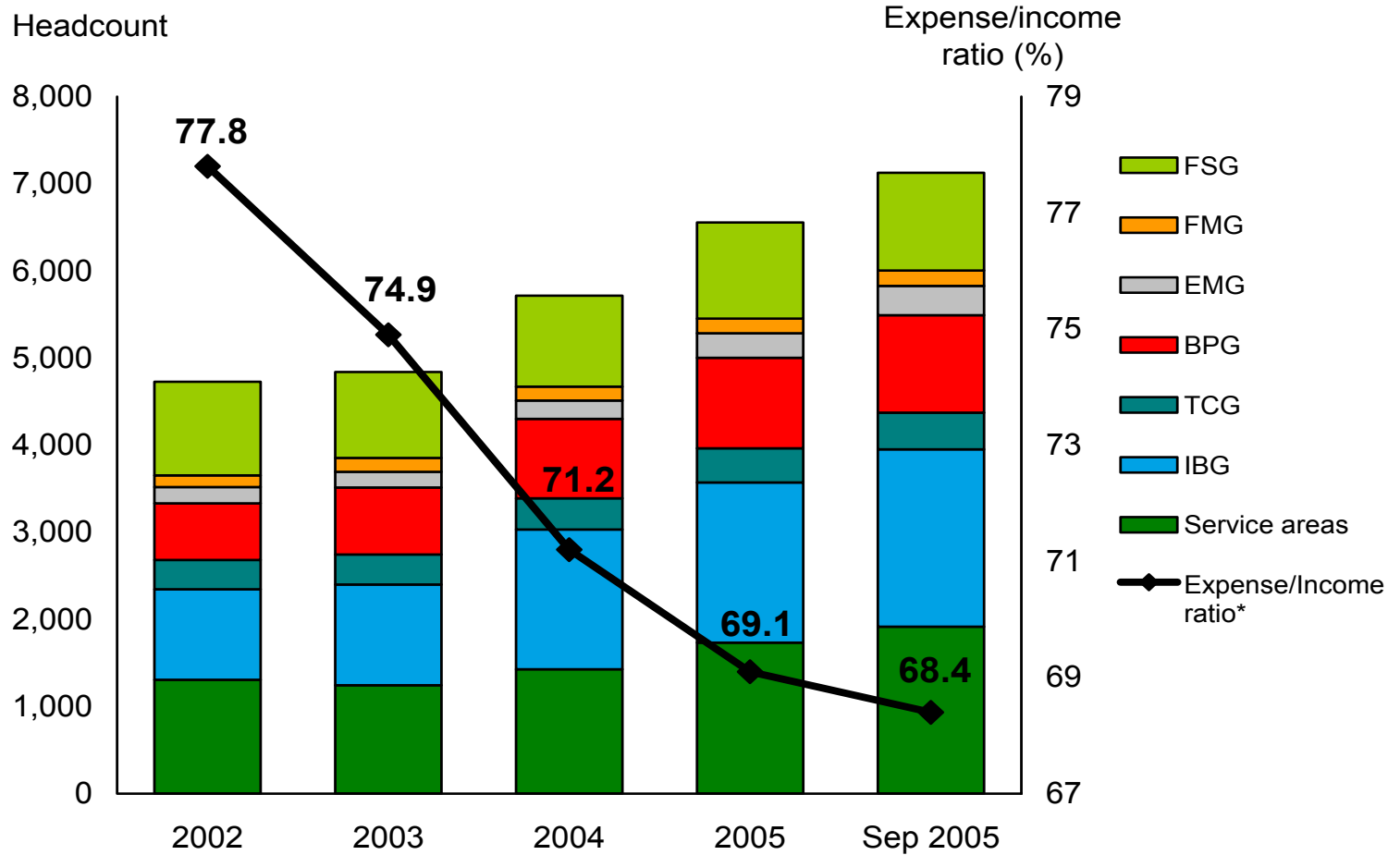


# Business segment analysis





# Cost management



→ 9% increase in headcount since 1 April 2005 to 7,125

→ Low expense/income ratio maintained



# Taxation

	<b>Sep 2005 %</b>	<b>Mar 2005 %</b>	<b>Sep 2004 %</b>
<b>Corporate tax rate</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
Rate differential on offshore income	(5.9)	(4.2)	(6.4)
Other	0.8	(1.3)	3.3
<b>Effective tax rate</b>	<b>24.9</b>	<b>24.5</b>	<b>26.9</b>

## → Macquarie Income Securities

- Applied for special leave to appeal to the High Court
- Exposure fully provided

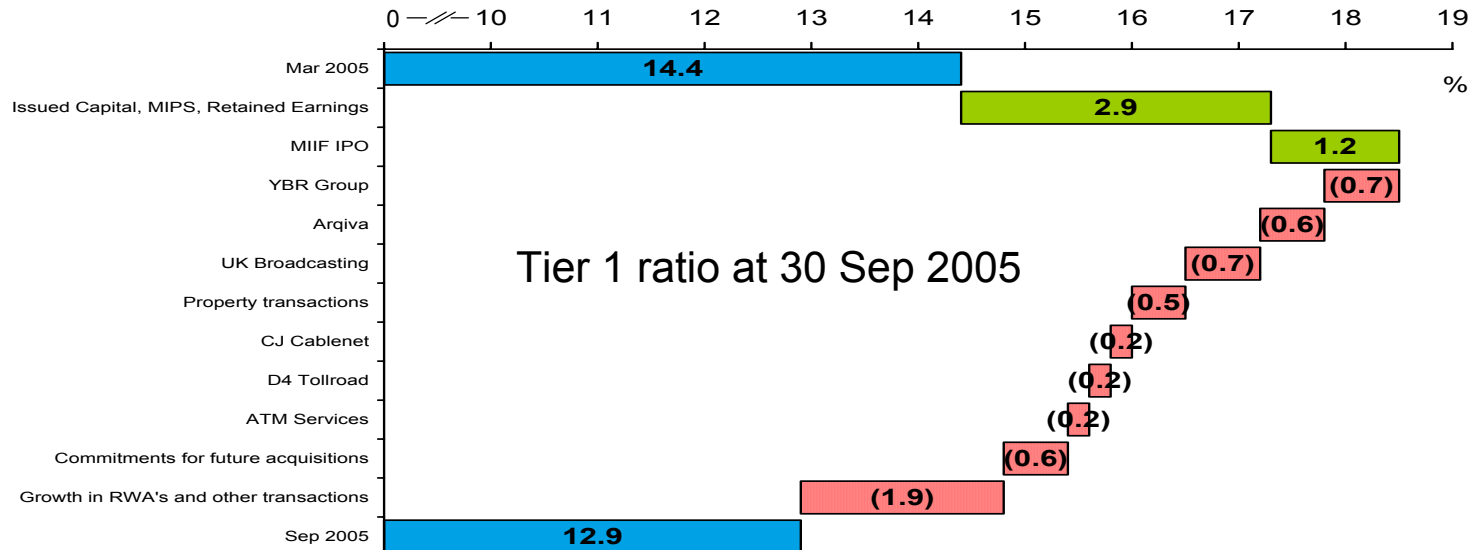
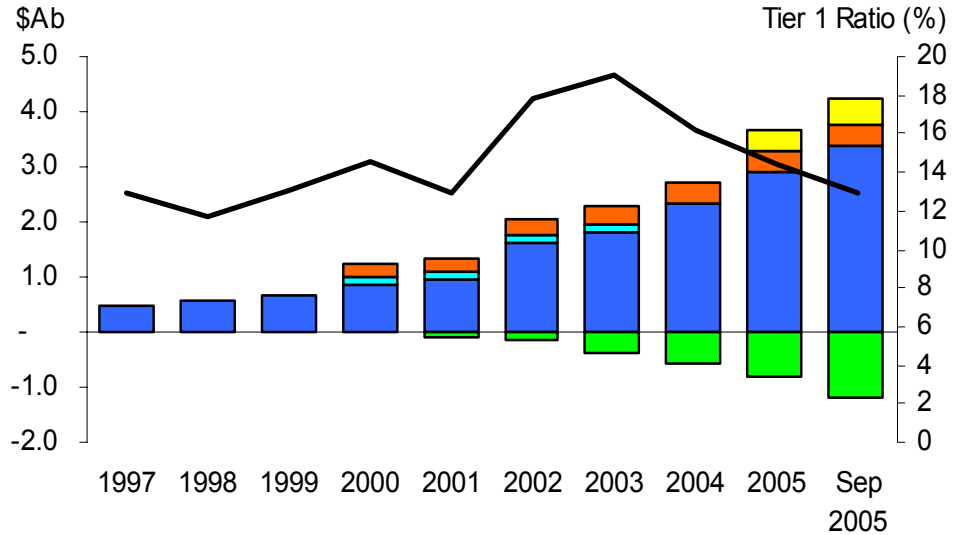
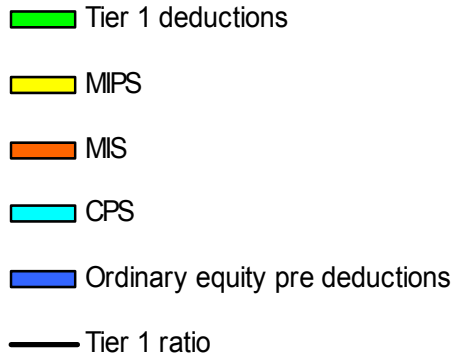
## → R&D syndicates

- Six syndicates remain under ATO review
- Expect to resolve for a non-material amount



# Capital management

## Tier 1 Capital







# Australian equivalents to International Financial Reporting Standards (AIFRS)

No significant impact

- AIFRS effective 1 April 2005
- No change to underlying business economics, risk or underlying earnings
- Capital ratios not impacted – APRA still using previous AGAAP at this stage

AIFRS Change	Impact
Consolidation of certain SPVs, mainly mortgage securitisation vehicles	Gross-up assets and liabilities by \$A20.4b at 30 September 2005; no material impact to net profit
Reclassification of financial assets and liabilities in accordance with AASB 132/139	No material impact to net profit
Share based payments to employees expensed	Reduces net profit before tax by \$A19m for the six months to 30 September 2005
Revaluation of derivatives used to hedge the interest rate risk on MIPS hybrid recognised in earnings whilst MIPS held at cost	Increases net profit before tax by \$A34m for the six months to 30 September 2005
Revaluation of other derivatives and certain non-trading financial instruments to fair value	Reduces net profit before tax by \$A4m for the six months to 30 September 2005
Investments in entities that are also managed by Macquarie are reported as investments in associates and equity accounted (except where the investment is classified as held for sale)	Reduces net profit before tax by \$A36m for the six months to 30 September 2005
The general provision for credit losses has been reversed and replaced with a collective allowance for credit losses that have been incurred but not yet identified	The net write back of the provision to opening retained earnings of \$50m on adoption of AIFRS would have been recognised in earnings over time



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## Major achievements – Asia

- **Macquarie International Infrastructure Fund (MIIF)** – S\$803m IPO on Singapore stock exchange
- **Chinese property investments** – residential apartments in Shanghai and 9 retail shopping malls
- **Korean asset acquisitions**
  - 50% of Korean Independent Energy Corporation (with consortium) for \$US276m - LNG power facility
  - CJ Cablenet (with consortium) for KRW150b (\$A195m) - digital cable operator
  - 41% of Incheon Grand Bridge Project concessionaire for KRW67.5b (\$A86m)
  - 49% of SK Enron (with consortium) for \$US294m – LNG gas distributor
- **Prime REIT** – listing of the \$S990m Prime REIT in Singapore and subsequent acquisition of 50% of REIT manager
- **TMB joint venture** – stockbroking and investment banking in Thailand
- **Entry into Indian market** – established securities brokerage and corporate finance business



# Major achievements – Europe & the Middle East

- **Macquarie European Infrastructure Fund**
    - Final close with investor commitments of €1.5b
    - Wightlink acquisition - UK ferry service
    - Acquisition of 49% of NRE\* – Netherlands gas & electricity distribution network
  - **UK office property JV** - with office park developer Akeler, commenced with two acquisitions total value £150m (85% acquired by Macquarie)
  - **Dyno Nobel** - \$US1.7b acquisition by MBL-led consortium with portion of international assets to be on-sold to Orica
  - **Macquarie Global Property Advisors** - \$US1.3b capital raised for 2<sup>nd</sup> real estate private equity fund
  - **Macquarie Mortgages Italy** – commenced licensed mortgage operations, offices in Milan and Rome
  - Treasury and Commodities and Investment Banking **JVs with Abu Dhabi Commercial Bank**
- Post balance date:**
- Acquisition of £225m **Isle of Man ferry service**
  - MAp offer for majority shareholding in **Copenhagen Airports**

\* Not yet completed at 30 September 2005



# Major achievements – the Americas

- **Macquarie Global Infrastructure Total Return Fund (MGU)** – \$US425m IPO, New York Stock Exchange
- **Dulles Greenway** – MIG's investment in \$US618m Virginia toll road
- **The Gas Company, Hawaii** – MIC announced intention to acquire \$US238m Hawaiian gas and LPG distribution company

## Post balance date:

- **Cook Inlet acquisition** – Physical gas trading business in California with 59 staff
- Macquarie Office Trust – \$A1.6b **joint venture with US property group Maguire Properties** and \$A248m capital raising



# Major achievements – Australia & New Zealand

- **Macquarie Capital Alliance Group** - \$A1b IPO; A\$860m of acquisitions:
  - European directories businesses Yellow Brick Road and TDC Directories\*
  - Red Bee Media (formerly BBC Broadcast)
  - Aged care assets: Retirement Care Australia (includes assets acquired from Salvation Army and Moran Health Care Group\*) and Zig Inge Retirement Villages Group\*
- **CMT** reached \$A11.8b; **WRAP** reached \$A16.6b
- **Retail client numbers** exceeded 634,000

## Post balance date:

- **Macquarie Media Group** – proposed \$A1bn IPO
- **Virgin Money Australia** – announced alliance to distribute retail financial products
- **RVNZ, joint venture between Macquarie and FKP Property** – acquired 60% of Metlifecare, **New Zealand's largest retirement village owner and operator**

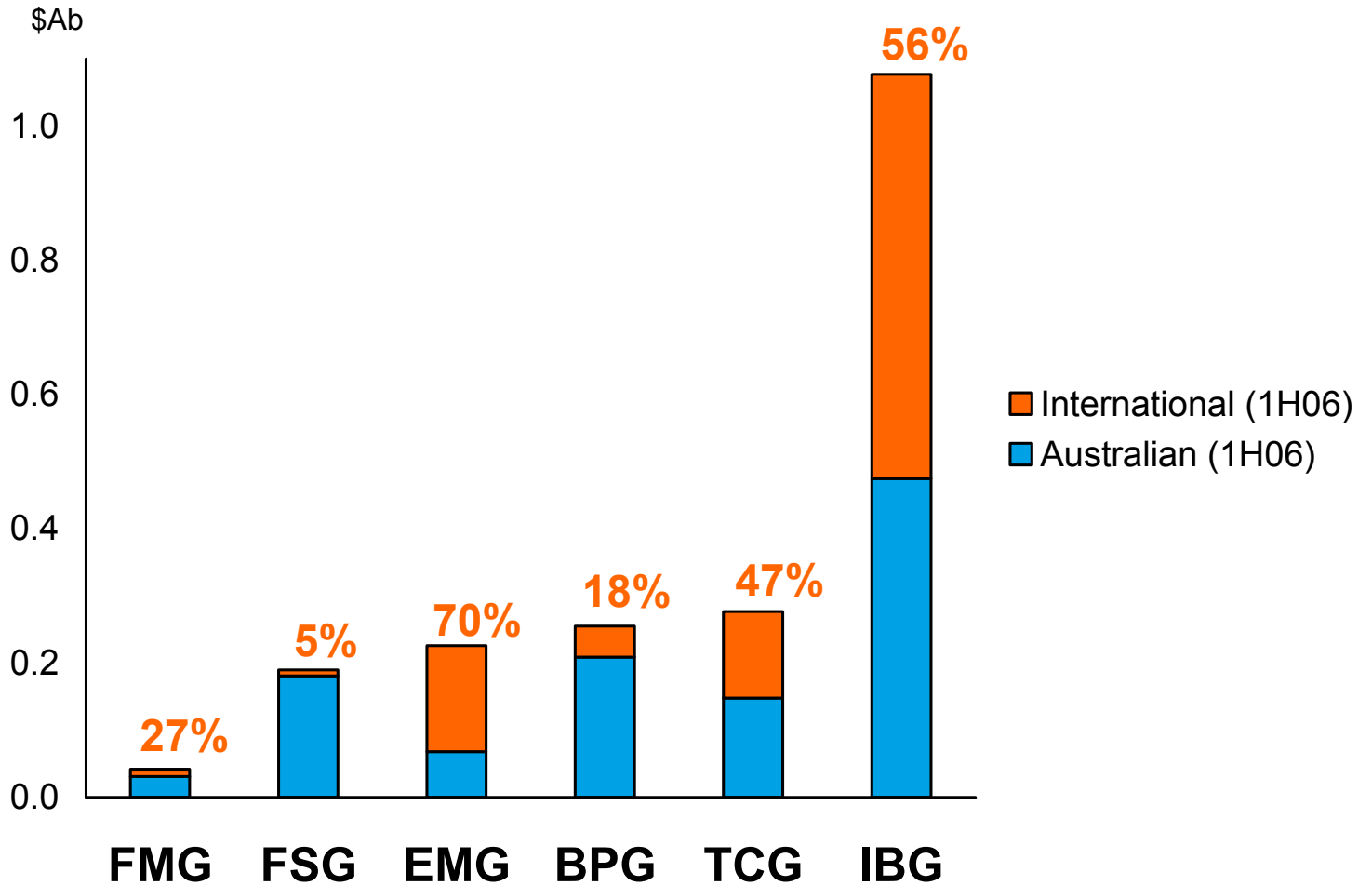
\* Not yet completed at 30 September 2005



# International income a major driver

46% of total income<sup>^</sup>

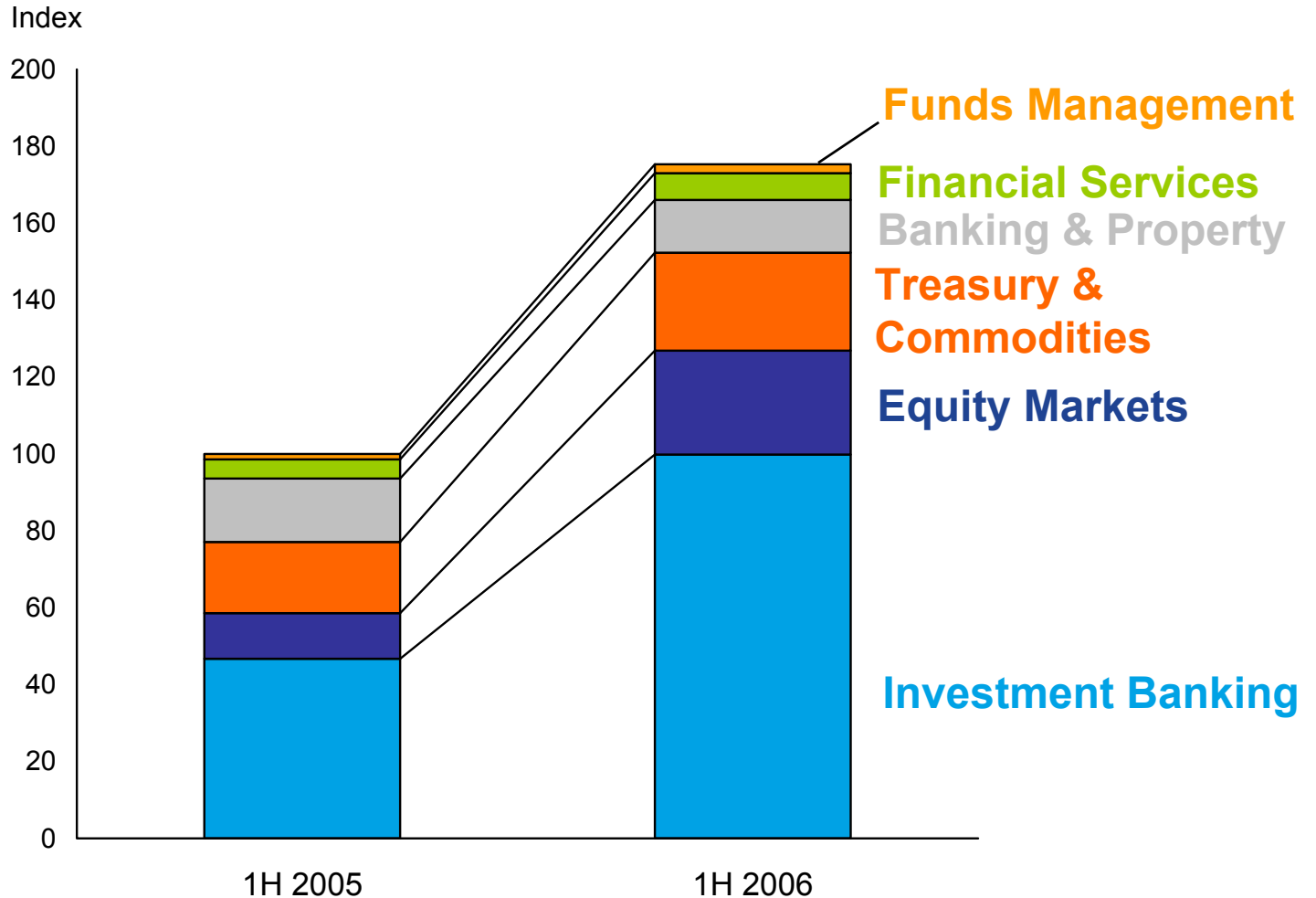
→ More than half the income of some Groups



<sup>^</sup> Excluding earnings on capital



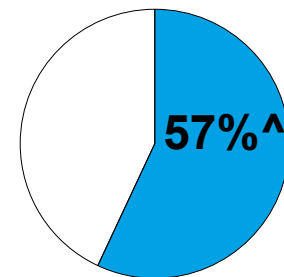
# Excellent contributions by all Groups







# Investment Banking



## Comments on the first half:

→ Outstanding result in strong environment – substantially up on pcp

### Corporate Finance – 41% of MBL<sup>^</sup>

→ significantly up on pcp due to:

→ Increase in infrastructure fund performance fees from A\$42m to A\$169m and net increase in fund base fees after costs

→ Increase in advisory fees – significant transactions in Australia & Europe

→ Australian ECM fees up on pcp - No.1 Australian equity raised<sup>#</sup>

→ Good ECM activity in Asia

→ Total equity under management\* up 17.0% from \$A26.0b (Mar '05) to \$A30.4b, assets under management up 20% from \$A37.8b (Mar '05) to \$A45.4b

→ Listing of new funds Macquarie International Infrastructure Fund (Singapore) and Macquarie Capital Alliance Group (Australia)

→ Further fund raisings – MIG, MAP, Macquarie European Infrastructure Fund, Macquarie Global Infrastructure Fund II



# Investment Banking (cont.)

→ New assets include:

- Australia/New Zealand: aged care
- US and Canada: toll road, gas utility, aged care
- UK/Europe: gas & electricity distribution, tank storage, directories, ferry/ports operator, multimedia communication business
- South Korea: toll roads, subway line, LNG power facility, dig.cable operator

→ Continued growth in corporate finance activity – significant transactions include:

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**Australia/NZ** Dampier to Bunbury refinancing, M5 refinancing, Royal Women's Hospital PPP, **Retirement Care Australia (RCA)**/Moran Health Care\*, Zig Inge Retirement Village, **FKP/Mulpha Norwest\***, **Centennial Coal/Austral Coal\***, Coles Myer buyback, **Transurban/Hills Motorway**, **GPT internalisation**, **RCA/Salvation Army**, Eldercare New Zealand, **The Communications Group/WPP**, **Macquarie Bank/ATM Solutions**, **Retirement Villages New Zealand/Metlifecare\***, SEEK IPO, Transpacific IPO, Charter Hall IPO, MAP, MIG, Healthscope, Valad Property, Macquarie Goodman placements

\* Not yet completed at 30 September 2005



# Investment Banking (cont.)

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<b>Asia</b>	<b>Beijing Mei Da Coffee</b> /Starbucks Coffee International, CJ Cablenet, Daegu East Circulation Road, <b>Guangxi Dameng</b> /CITIC Dameng JV, Incheon Grand Bridge, <b>Integrated Microelectronics</b> /Speedy Electronics*, Korean Independent Energy Corporation, Seoul Subway #9, Yongin Waste Water Treatment Plant, Macquarie International Infrastructure Fund IPO, Prime REIT IPO, Hotel Leelaventure, Uttam Galva Steel placements
<b>North America</b>	The Gas Company*, Dulles Greenway tollroad, <b>Macquarie Countrywide</b> /First Washington/CalPERS, Chicago Skyway refinance, Sea to Sky Highway, Okanagan Lake Bridge, Las Vegas Executive Air Terminal
<b>UK/Europe</b>	Dyno Nobel Ltd*, Tank Storage Business (TSB)*, M6 Midland Expressway, YBR Group, Wightlink Shipping, BBC Broadcast, <b>Challenger Infrastructure Fund</b> /Inexus Group, NRE Holdings*, Wales & West Utilities, <b>Arqiva</b> /Inmedia Communications, Bristol airport refinancing, Newcastle Hospitals PPP, South West London LIFT PPP, Bassetlaw Schools PPP, St Helens LIFT PPP

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\* Not yet completed at 30 September 2005



# Investment Banking (cont.)

## **Macquarie Securities (institutional stockbroking) – 8% of MBL<sup>^</sup>**

- Outstanding result – substantially up on pcp
- Australia – continued growth in secondary market revenues
- Asia – ahead of expectations; strong growth in market share, good market conditions

## **Financial Products – 5% of MBL<sup>^</sup>**

- Steady on pcp
- Continued diversification of retail products in Australia, the US and Europe and growth in wholesale opportunities
- Joint initiatives with Funds Management Group
  - Listing of Macquarie Global Infrastructure Total Return Fund (MGU) on NYSE and establishment of Macquarie International Infrastructure Securities Fund in Australia

## **Macquarie Capital – 3% of MBL<sup>^</sup>**

- Good result – significantly up on pcp with strong contribution from lending business
- 3% growth in leasing books from \$3.6b (Mar '05) to \$3.7b

<sup>^</sup> Percentage contribution based on management accounts pre-tax and pre-profit share



# Investment Banking (cont.)

## **Post balance date:**

- Proposed IPO of Macquarie Media Group (MMG) – seed asset Macquarie Regional Radioworks

## **Current operating environment:**

- Market conditions remain favourable
- Australian IPO market below pcp - strong demand for quality issues
- International growth continuing
- Competition in infrastructure sector increasing – Macquarie’s position remains strong due to significant global network

## **1st half vs 2nd half:**

- Substantial performance fees in 1st half from existing listed specialist funds unlikely to be repeated in 2nd half
- 2nd half may benefit from specialist fund initiatives and asset realisations



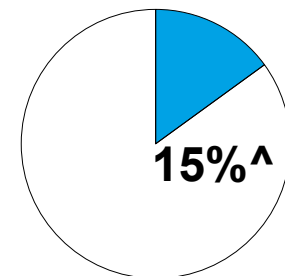
# Investment Banking (cont.)

## Outlook:

- Subject to market conditions, Asian business expected to continue to develop
- Corporate and ECM deal pipeline remains strong in all markets with additional executive staff supporting higher levels of activity
- Continue to benefit from developing team - size, skills and location
- Expect the full year to be up on the prior period subject to no material change in market conditions



# Equity Markets



## Comments on the first half:

- Very good result - more than double pcp
- Extremely favourable market conditions in all relevant markets
- In particular, global equity market volumes were abnormally high
- Very strong demand for equity linked products
- Asia remained a significant contributor, however contribution more evenly spread across the group
- Domestic Australian business maintains strong market share

## Post balance date:

- New Group Head (Kim Burke) as of 1 October, 2005



# Equity Markets (cont.)

## **Current operating environment:**

- Increasing uncertainty in global markets negatively impacting demand for products
- Equity market volumes may have peaked

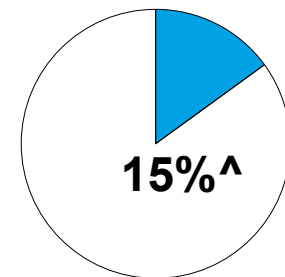
## **Outlook:**

- Despite continuing diversification of the Group's business, results remain contingent on global equity market conditions
- Recent favourable conditions unlikely to persist, however extent of any deterioration impossible to predict





# Treasury & Commodities



## Comments on the first half:

- Excellent result – significantly up on strong pcp
- Foreign Exchange and Metals and Energy Capital remain the leading contributors
  - Foreign Exchange up on strong pcp reflecting satisfactory volatility and good volumes
  - Metals and Energy Capital up on strong pcp despite subdued metals trading, reflecting strong performance of energy capital business and metals equity interests
- Strong results from Debt Markets, Treasury, Futures
  - Debt Markets reflecting strong performances in the securities trading, debt arrangement and placement, interest rate derivatives activities
  - Treasury reflecting successful management of balance sheet growth
  - Futures reflecting increased volumes in both clearing and execution



# Treasury & Commodities (cont.)

- Agricultural Commodities and Energy Markets down on strong pcp – reflecting difficult trading conditions and expansion costs for Energy Markets business

## **Current operating environment:**

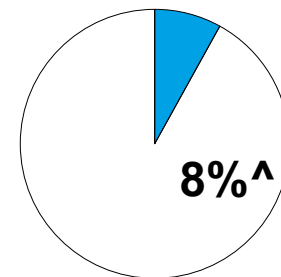
- Financial markets volatility in line with pcp
- Commodity markets volatility continuing at satisfactory levels
- Transaction volumes strong

## **Outlook:**

- Good transaction activity levels expected to continue
- Continue growth offshore



# Banking and Property



## Comments on the first half:

- Group contribution down on pcp due to investment in new businesses and timing of major transactions
- Property - down significantly due to timing of transactions
  - Property assets under management (including associates)\* up 10.6% from \$A20.7b (Mar '05) to \$A22.9b
  - Achievements include listing of the \$S990m Prime REIT in Singapore and \$US1.3b raising for Macquarie Global Property Advisors - Global Fund II
- Securitised Lending down on pcp – predominantly due to investment in Italian mortgage business
  - Australian mortgage portfolio increased 12% from \$A14.5b (Mar '05) to over \$A16.2b
  - Margin and capital protected loan portfolios increased 14% from \$A2.6b (Mar '05) to over \$A2.9b
  - US mortgage business - operating profitably but volumes lower than expected due to rising interest rates
- Banking up on pcp due to increased loan & deposit volumes and business generated by new sales offices

^ Percentage contribution based on management accounts pre-tax and pre-profit share \*Represents total assets under management of funds where Macquarie controls or significantly influences the fund manager, including 100% of MGQ



# Banking and Property (cont.)

## **Current operating environment:**

- Australian residential property market continues to soften with sale rates slowing in the Eastern states
- A number of major international markets where property yields exceed the cost of borrowing
- Continued growth in demand for business loans

## **1<sup>st</sup> half vs 2<sup>nd</sup> half:**

- Expect 2nd half to be up on 1st half due to timing of transactions



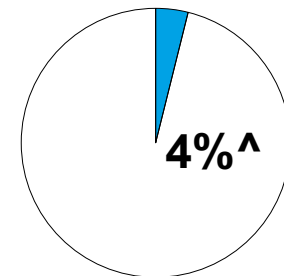
## Banking and Property (cont.)

### Outlook:

- Slow down in the land sub-division businesses offset by a strong contribution from the property funds management
- Legislative REIT changes in the Asian and European markets to provide property and property capital market opportunities
- Continued growth in mortgages including the US, Italy and possibly other international opportunities
- New initiatives expected to contribute over medium term
- Expect to meet or exceed prior year result, excluding gain realised on formation of Macquarie Goodman Group



# Financial Services



## Comments on the year:

- Well up on pcp
- Broking income up strongly on pcp - benefiting from good volumes
- Total assets under advice /administration/management up 16% from \$A43b (Mar '05) to \$A50b
  - Wrap up 18% from \$A14.1b (Mar '05) to \$A16.6b
  - CMT up 11% from \$A10.6b (Mar '05) to \$A11.8b
  - Superannuation up 18% from \$A12.6b (Mar '05) to \$A14.9b
- Macquarie Professional Series - managed fund distribution business, FUM up to \$A322m and growing
- Macquarie Private Portfolio Management - funds under management up 57% from \$A491m (March '05) to \$A773m
- Macquarie Adviser Services (MAS) awarded first place in ASSIRT Service Level Survey Best Fund Manager category for third consecutive year
- MAS acquired financial planning software company, Coin Software
- Macquarie Financial Services launched Lachlan Wealth Management - administrative and client service support to advisers



# Financial Services (cont.)

## **Current operating environment:**

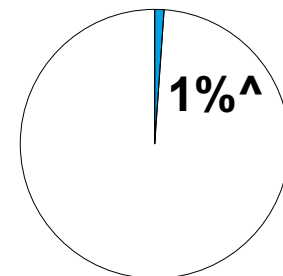
- Equity markets, while slightly off recent highs, still supporting growth in stockbroking and Wrap volumes
- Strong CMT growth from successful adviser campaign
- Growth in adviser numbers to almost 300, covering Australia & NZ

## **Outlook:**

- Will continue to build annuity income streams
- Continued growth in Macquarie Professional Series including launch of Winton Global Opportunities Trust - futures fund managed by Winton Capital Management Limited (UK fund mgr)
- Good pipeline of opportunities for Coin (financial planning software company) with both institutional and boutique clients
- Launch of TMB retail broking operation in Thailand - early 2006



# Funds Management



## Comments on the half year:

- Well up on pcp
- Assets under management up 13% from \$A42.0b (Mar '05) to \$A47.3b. Market shares up in most asset classes
- Good fund-raising results from new alternative asset funds - private equity fund-of-funds, hedge funds & global REITs fund
- Significant inflows from master trusts and platforms
- Satisfactory performance in most funds, including Australian equities
- Established private equity fund-of-funds operation in California

## Outlook:

- Full-year result expected to be broadly in line with last year, supported by generally favourable conditions
- Continued expansion through:
  - higher-margin specialist products
  - retail platform offerings
  - international expansion





# Agenda

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1. Introduction

David Clarke

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2. Result analysis

Greg Ward

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3. Overview of the half

Allan Moss

4. Strategy, environment and approach

5. Outlook

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# Some key elements of MBL strategy

- A diversified financial services institution
  - Australia – full service
  - Asia – broad investment banking
  - Other markets – focussed
- Focus where we can add special value
- Continuously seeking to add more value
- Embracing globalisation
- Commitment to growth
- Commitment through the cycle
- Specialist funds/alternative assets a key growth platform



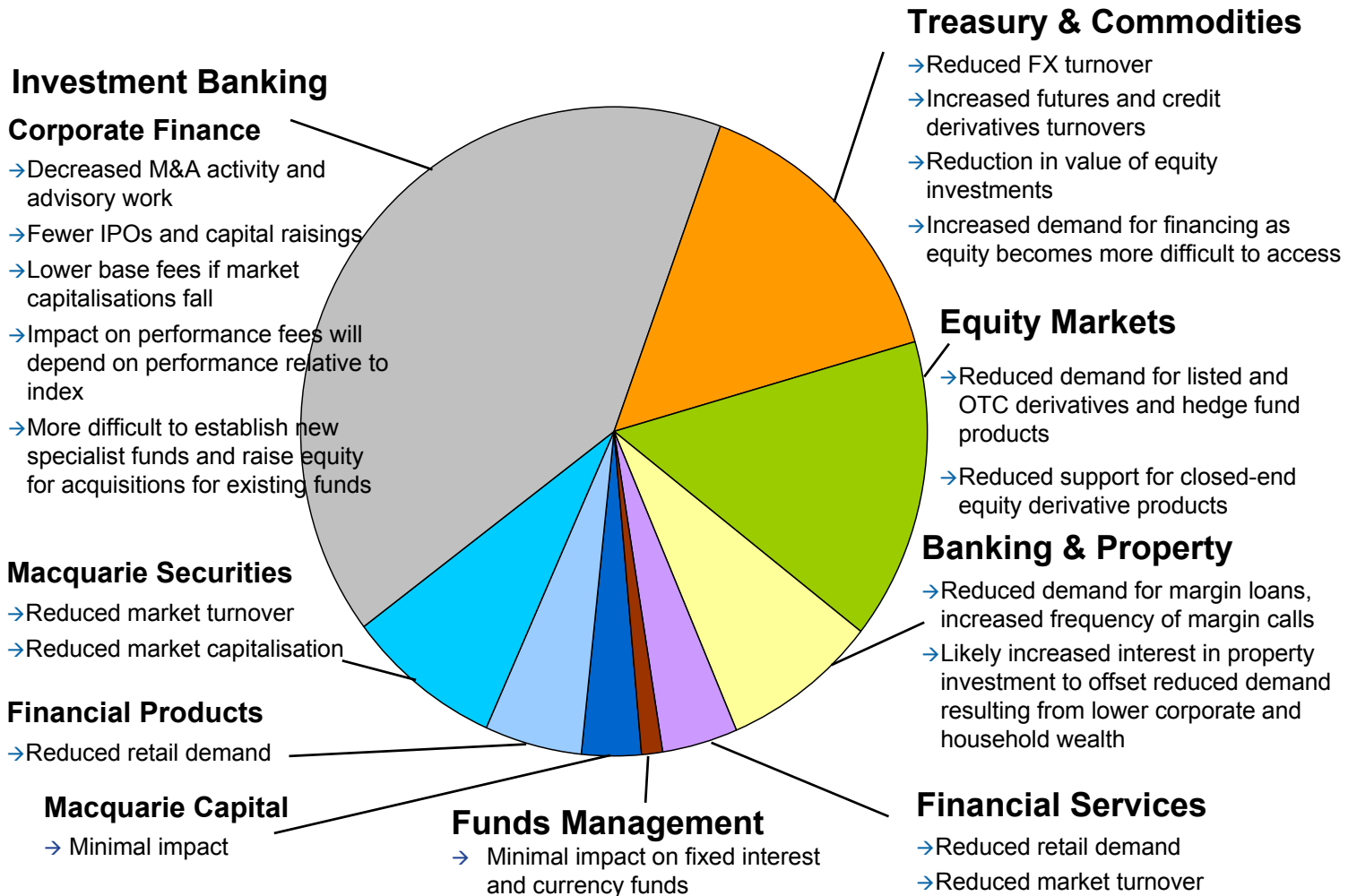
# Some key elements of MBL strategy

- Focus on people
- High standards including ensuring that we have the relevant competencies
- Fostering an entrepreneurial environment combined with strong risk management
- Fostering a sense of partnership and ownership

This approach has proven effective for over 30 years through many market conditions

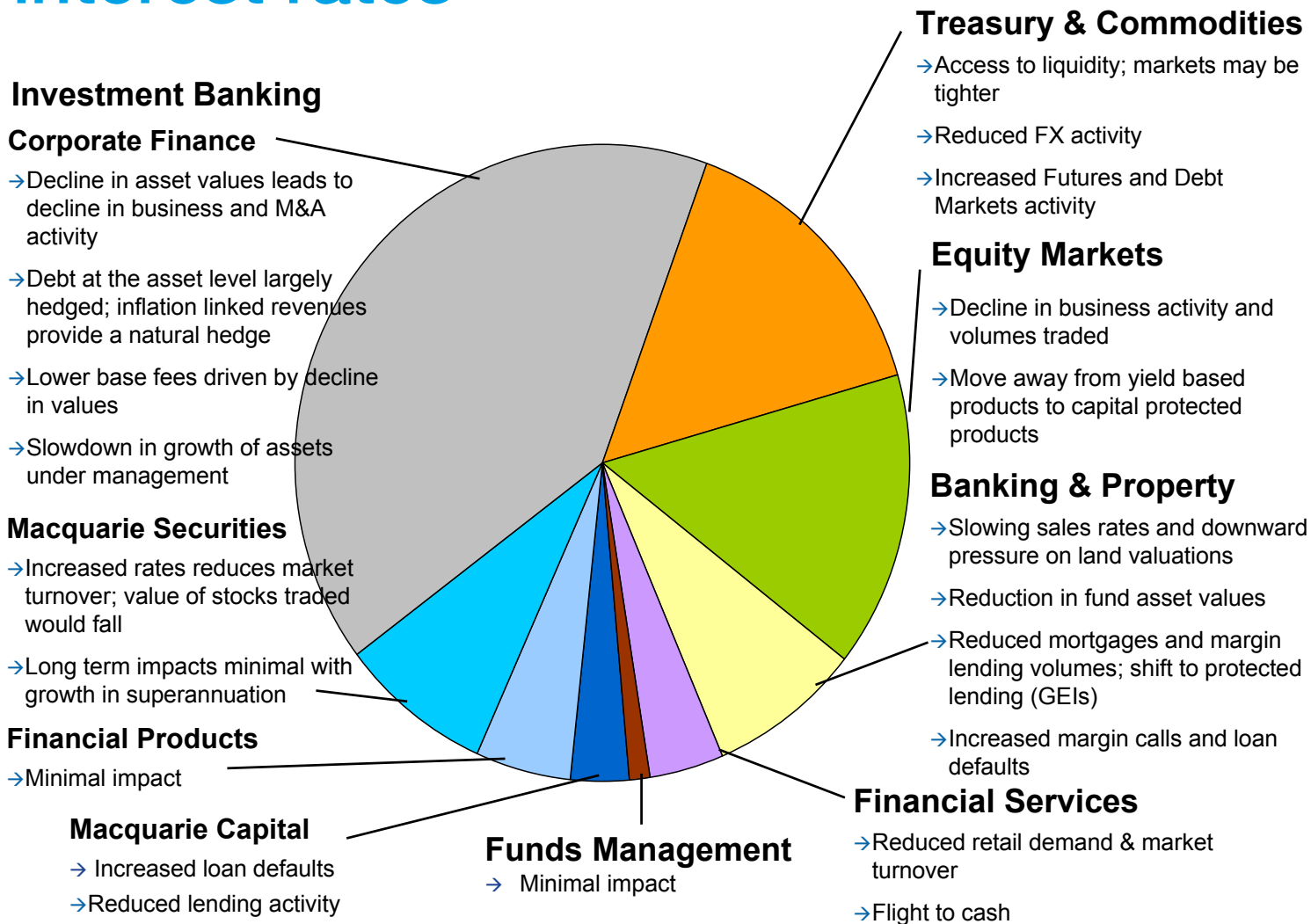


# Outstanding businesses but short-term performance not immune if sustained downturn in equity markets





# Outstanding businesses but short-term performance not immune if large rise in interest rates





# Specialist funds/co-investment syndicates

## Very favourable long-term environment

### → Investor demand

- Strongly growing demand for investment products globally driven by: demographics, growing wealth, trend to self funded retirement
- Growth in interest in alternative assets
- In particular, fast growing interest in income assets offering secure GDP plus growth – favours infrastructure, real estate and other privileged assets

### → Investor sophistication

- Broader knowledge of investor products
- Global outlook

### → Asset availability

- From government – increased use of PPP
- From corporates – divestiture of infrastructure and real estate to focus on operations

### → Regulatory environment

- Governments facilitating securitization through REITs type legislation
- Switch from planned economies to market based: China, India, Eastern Europe and others



# Specialist funds/co-investment syndicates

## What we bring

- Relevant financial and industry competence
- Operational experience
- Scale and international network
- Track record
- Investor relationships
- Organisational commitment



# Agenda

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## Outlook for 2005/6

- Subject to continuation of current market conditions we expect that we will at least match the record FY05 result of \$A823m
  - Despite the fact FY05 included one-off gain from Macquarie Goodman Group
- Deal pipeline is satisfactory overall, including investment banking and ECM. However, more subdued global equity markets may impact businesses leveraged to these markets, notably Equity Markets Group.
- Unlikely we will receive substantial performance fees from existing listed specialist funds in the second half
- There is possible upside from specialist fund initiatives and asset realisations



MACQUARIE  
BANK

# Medium term outlook

- We continue to be well placed due to:
  - Good businesses
  - Diversification
  - Benefits of strategic initiatives
  - Committed quality staff
  - Effective prudential controls
- Subject to market conditions not deteriorating materially, we expect:
  - Continued growth in revenue and earnings across most businesses over time
  - Continued good growth in international businesses



MACQUARIE  
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# Macquarie Bank Limited

Result Announcement for the year  
ended 30 September 2005

Presentation to Investors and Analysts

*David Clarke, Executive Chairman*

*Allan Moss, Managing Director & Chief Executive Officer*

*Greg Ward, Chief Financial Officer*

15 November 2005



# Glossary

1H2005	Half-year ended 30 September 2004
2H2005	Half-year ended 31 March 2005
1H2006	Half-year ended 30 September 2005
AASB	Australian Accounting Standards Board
AGAAP	Australian generally accepted accounting principals
AIFRS	Australian equivalents to International Financial Reporting Standards
AIIF	African Infrastructure Investment Fund
APRA	Australian Prudential Regulatory Authority
ASX	Australian Stock Exchange
ATO	Australian Tax Office
AUD/\$A	Australian dollar
AUM	Assets Under Management. Reflects the proportional ownership interest in the underlying assets of the Macquarie-managed funds and mandated assets.
Aust.	Australia
b	billion
BPG	Banking and Property Group
CMT	Cash Management Trust
CPS	Converting Preference Shares
cps	cents per share
DUET	Diversified Utility and Energy Trusts
ECM	Equity Capital Markets
EMG	Equity Markets Group
EPS	Earnings Per Share



# Glossary

Equity under management – infrastructure (reference slide 33)

Listed funds: market capitalisation plus underwritten or committed future capital raisings.

Unlisted funds, Mandated Assets, Third party equity in Macquarie-led Consortia, MBL-Group Owned Assets: committed capital less called capital returned to investors upon realisation of investments.

Mandated assets are assets for which Macquarie is engaged by a third party to perform specific investment management functions on behalf of that party.

Third party equity in Macquarie-led Consortia is the amount of third party capital invested in assets through consortia led by Macquarie-managed funds. A fee is payable by consortia members to Macquarie upon disposal of their holding in that asset or a future date if their return exceeds a relevant benchmark return.

MBL-Group Owned Assets are assets directly held by the MBL Group acquired with a view that they may be sold into new or existing funds.

Jointly managed funds (including DUET, KRIF): equity under management is weighted based on Macquarie's proportionate economic interest in the joint venture management entity.

Note : Exchange rates as at 30 September 2005

FMG	Funds Management Group
FSG	Financial Services Group
FX	Foreign exchange
HY	Half Year
GEI	Geared Equity Investments
GIF II	Global Infrastructure Fund II
IBG	Investment Banking Group
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
JV	Joint Venture



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KIECO	Korean Independent Energy Corporation
KRIF	Korean Road Infrastructure Fund
KRW	Korean Won
NYSE	New York Stock Exchange
LNG	Liquefied Natural Gas
m	million
M&A	Mergers and Acquisitions
MAP	Macquarie Airports
MAS	Macquarie Adviser Services
MBL	Macquarie Bank Limited
MCAG	Macquarie Capital Alliance Group
MCG	Macquarie Communications Infrastructure Group
MCW	Macquarie CountryWide Trust
MEIF	Macquarie European Infrastructure Fund
METC	Michigan Electric Transmission Company
MGPA	Macquarie Global Property Advisors
MGQ	Macquarie Goodman Group
MGU	Macquarie Global Infrastructure Total Return Fund
MIC	Macquarie Infrastructure Company Trust
MIG	Macquarie Infrastructure Group
MIIF	Macquarie International Infrastructure Fund
MIPS	Macquarie Income Preferred Securities
MIS	Macquarie Income Securities



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MOF	Macquarie Office Trust
MMG	Macquarie Media Group
NMRE	Novera Macquarie Renewable Energy
NZ	New Zealand
OTC	Over The Counter
pcp	prior corresponding period
PPP	Public Private Partnerships
Property assets under management (reference slide 43)	As per definition of AUM. Includes interests of associates.
R&D	Research and Development
REIT	Real Estate Investment Trust
RVNZ	Retirement Villages New Zealand (JV between FKP Property Group and Macquarie Bank)
RWA	Risk Weighted Assets
\$S	Singapore dollars
SA	South Australia
SPV	Special Purpose Vehicle
T1	Tier 1 (capital)
TCG	Treasury and Commodities Group
UK	United Kingdom
US	United States of America
Vic.	Victoria