



Macquarie Bank Limited

Result Announcement for the half
year ended 30 September 2006

Presentation to Investors and Analysts

David Clarke, Executive Chairman
Allan Moss, Managing Director & Chief Executive Officer
Greg Ward, Chief Financial Officer

14 November 2006

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).

1. Introduction	David Clarke
2. Result analysis	Greg Ward
3. Overview of the result & Outlook	Allan Moss
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Unless otherwise specified all information is for the six months ended 30 September 2006 and increases are on the prior corresponding half year.



51% increase in profit on pcp
32% excluding MGQ* gains

After tax (attributable to ordinary equity holders)

51% increase on 1H2006

	1H 2007	2H2006	1H2006
Incl. MGQ	\$A730m	\$A434m	\$A482m
Excl. MGQ	\$A638m	\$A434m	\$A482m

Pre tax

38% increase on 1H2006

	1H 2007	2H2006	1H2006
Incl. MGQ	\$A943m	\$A604m	\$A683m
Excl. MGQ	\$A812m	\$A604m	\$A683m



EPS, dividends and franking

Rewarding shareholders – interim dividend 125 A cps

	Sep 2006 A cps	Mar 2006 A cps	Sep 2005 A cps
EPS	300.9	187.6	212.9
Dividend	125	125	90
Dividend franking	100%	100%	90%

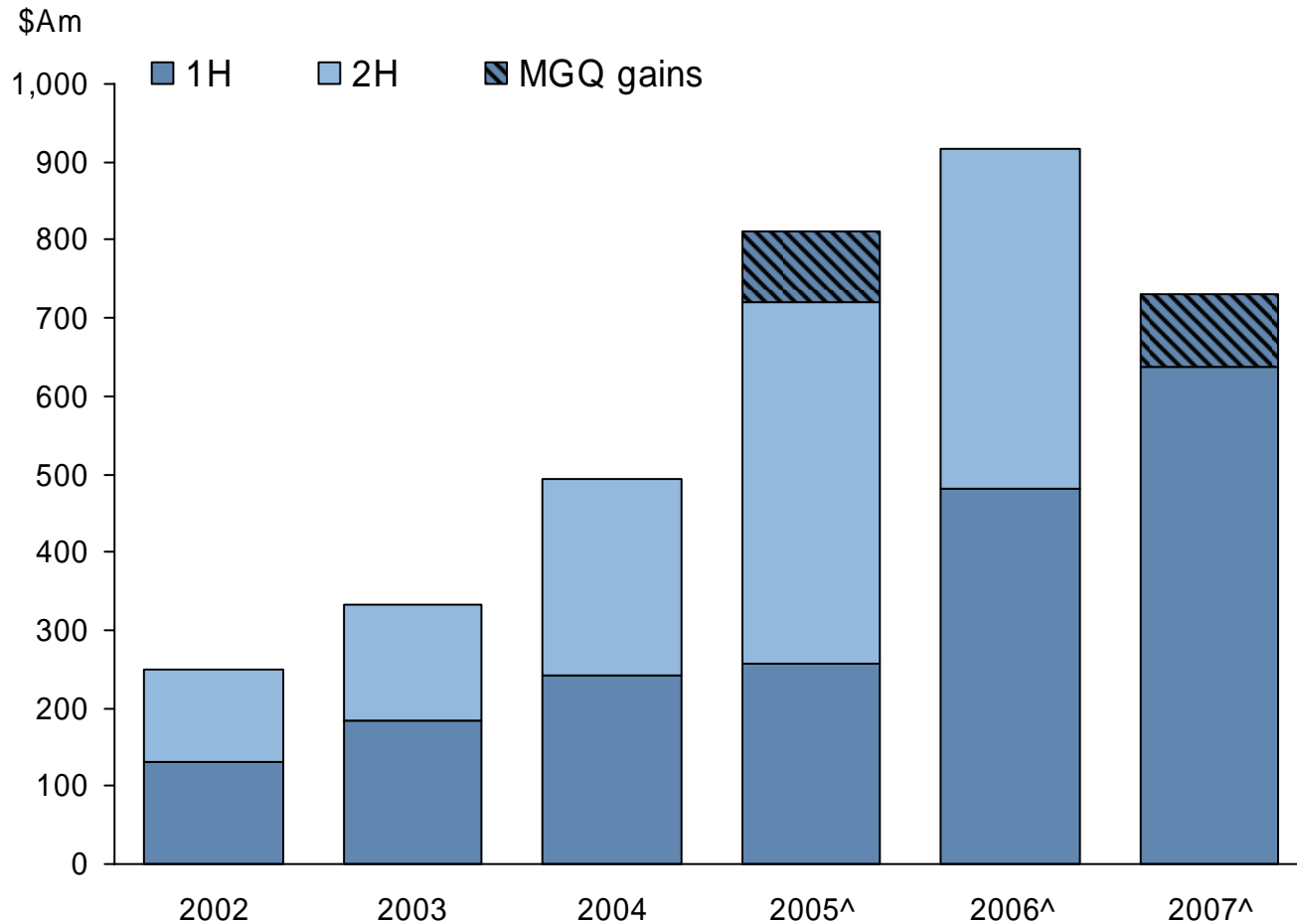
- 41% increase in EPS on pcp (24% excluding impact of MGQ realisation)
- 39% increase in ordinary dividend per share on pcp

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51% increase in profit on pcp 32% excluding MGQ gains



^ Financial years 2005, 2006 and 2007 are reported under AIFRS, prior periods are reported under previous AGAAP.

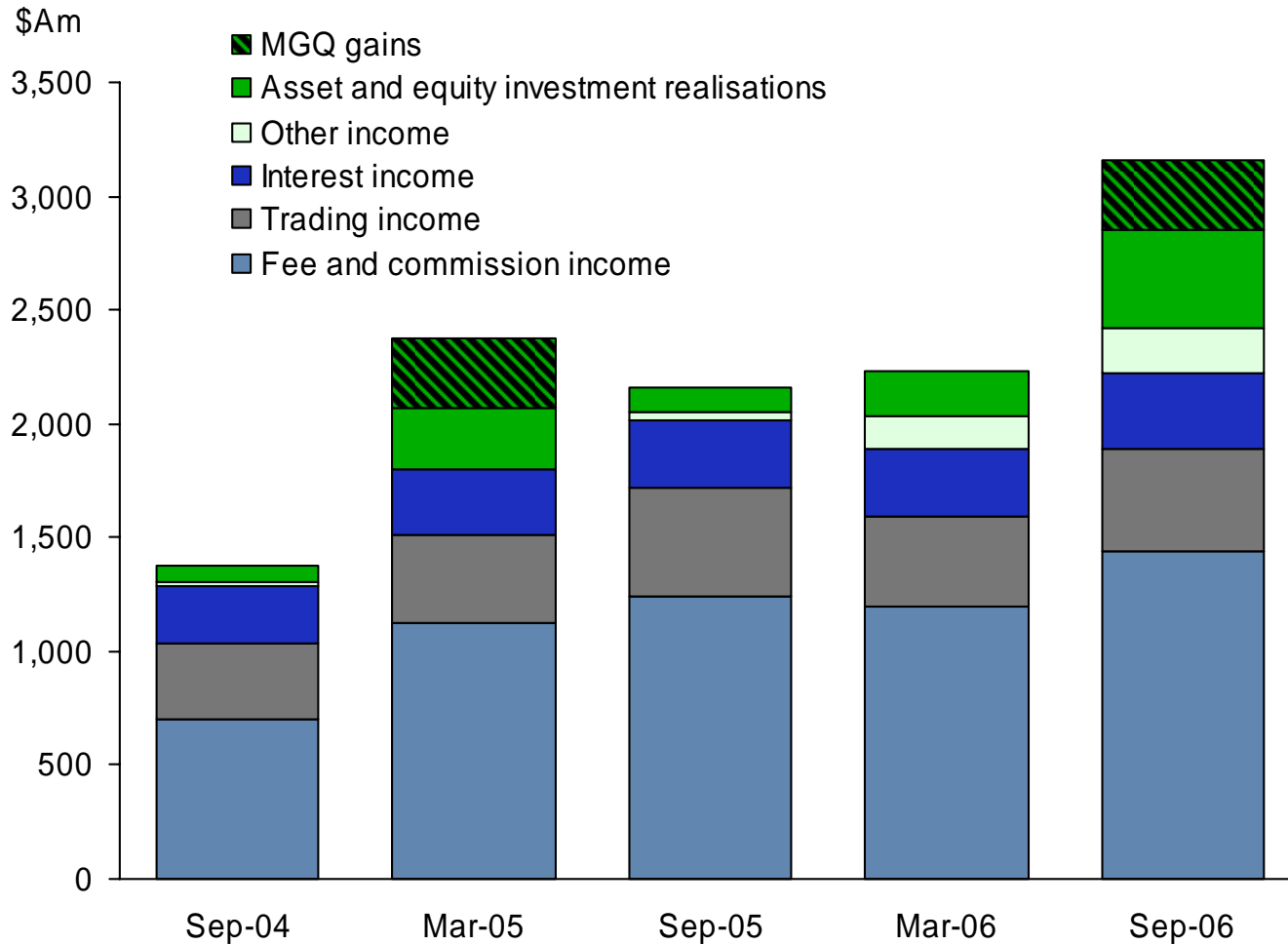
- All Groups up on prior corresponding period
- Continued international growth across all Groups
 - International staff up 48% on pcp from 2,037 at September 2005 to 3,006
 - International income up 38% on pcp from \$A954m to \$A1,321m
- Equity markets have held up in key regions
 - Strong broking revenues
 - Asia equity derivatives significantly down on very strong pcp due to increased competition
- Continuing strong demand for unlisted funds

- Strong demand for commodities and structured commodity products
- Major investment banking transactions
 - Dyno Nobel
 - BAA/Ferrovial
- Asset realisations
 - Macquarie Goodman Group
 - US oil & gas asset
- Capital raised in May 2006 supporting business growth
- Tax rate lower than pcp due to offshore tax rate differentials



Operating income

46% increase on pcp to \$A3,156m*

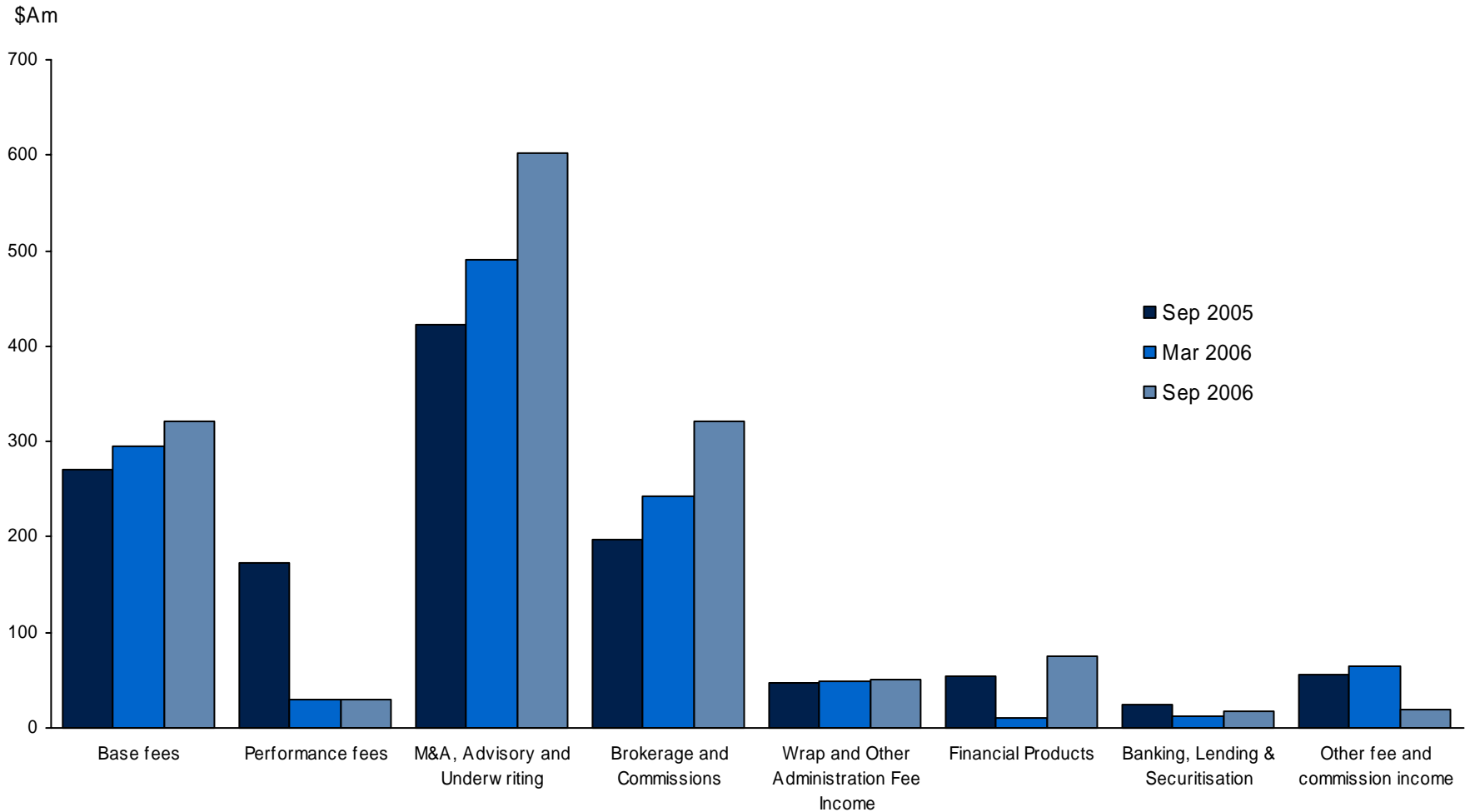


* 32% up on pcp excluding gain realised on sale of Macquarie Goodman Group (MGQ).



Fee and commission income

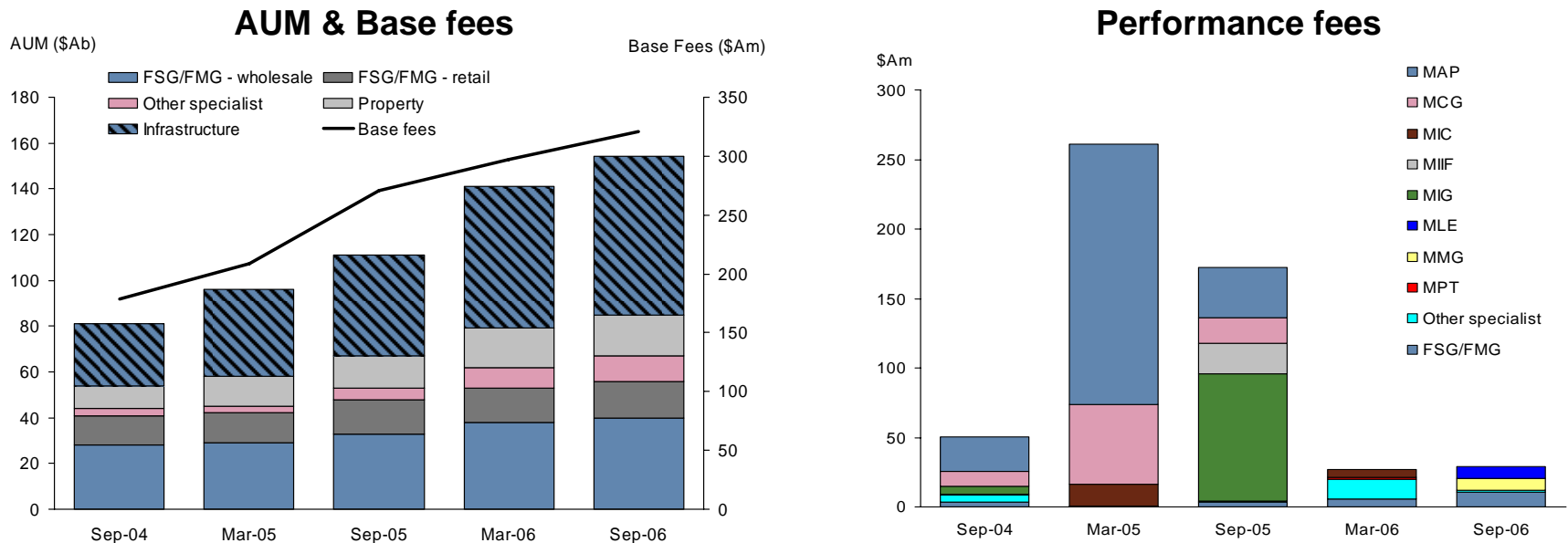
16% increase on pcp to \$A1,437m





Funds management income

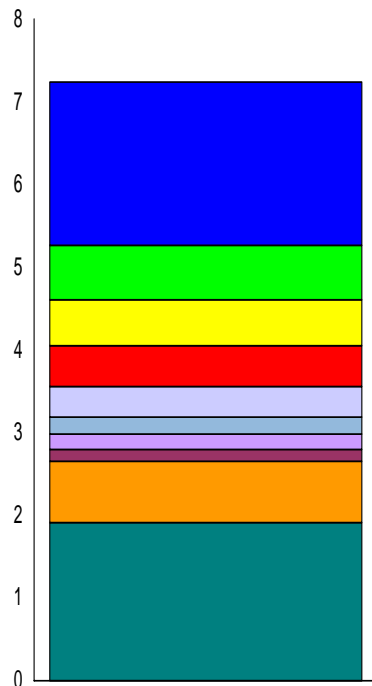
- AUM up 37% on pcp to \$A153b; base fees up 18% on pcp to \$A321m



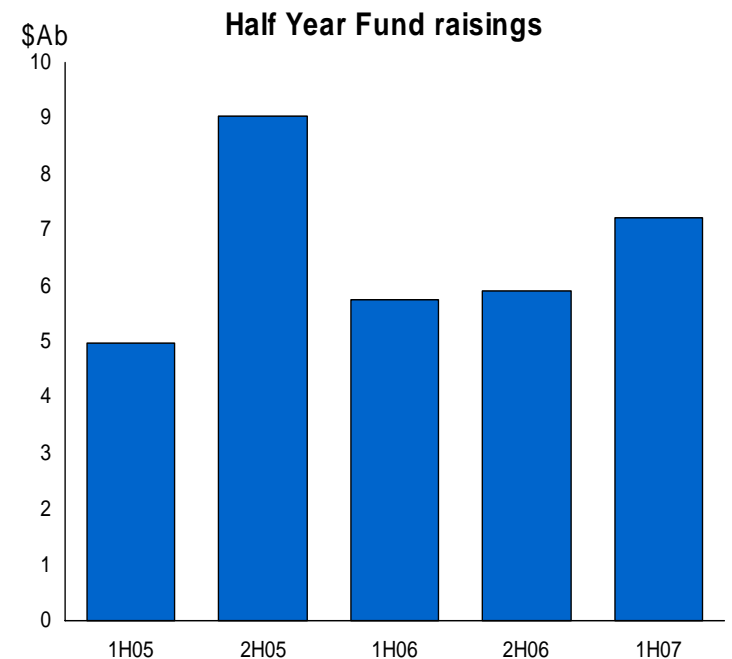
- Strong demand for unlisted funds
- New funds include Macquarie Infrastructure Partners (MIP), MEIF II, Macquarie Goodman Hong Kong Wholesale Fund, ZonesCorp Infrastructure Fund
- No significant performance fees as foreshadowed

- \$A7.2b raised over 1H07
- 57% from international investors and 78% from unlisted sources

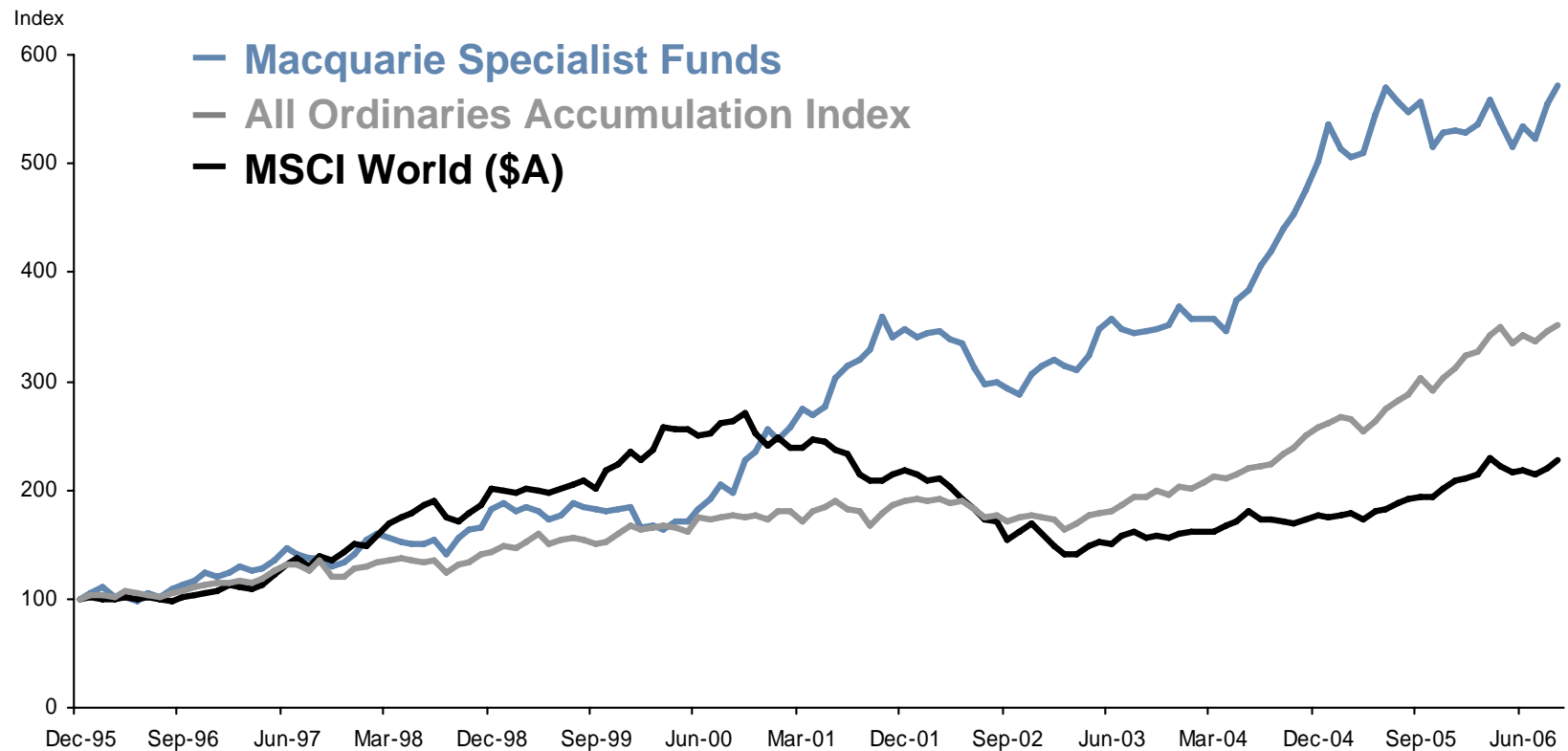
\$Ab



Fund	Raising (\$Am)
MEIF II	1,961
MKOF	670
MAp	557
MGP Japan Core Plus	490
ZonesCorp	366
ReFleXion Japan Trust 06	214
DUET Group	174
MIG	148
Other Listed Raisings	747
Other Unlisted Raisings	1,906
TOTAL 1H2007	\$A7.2b

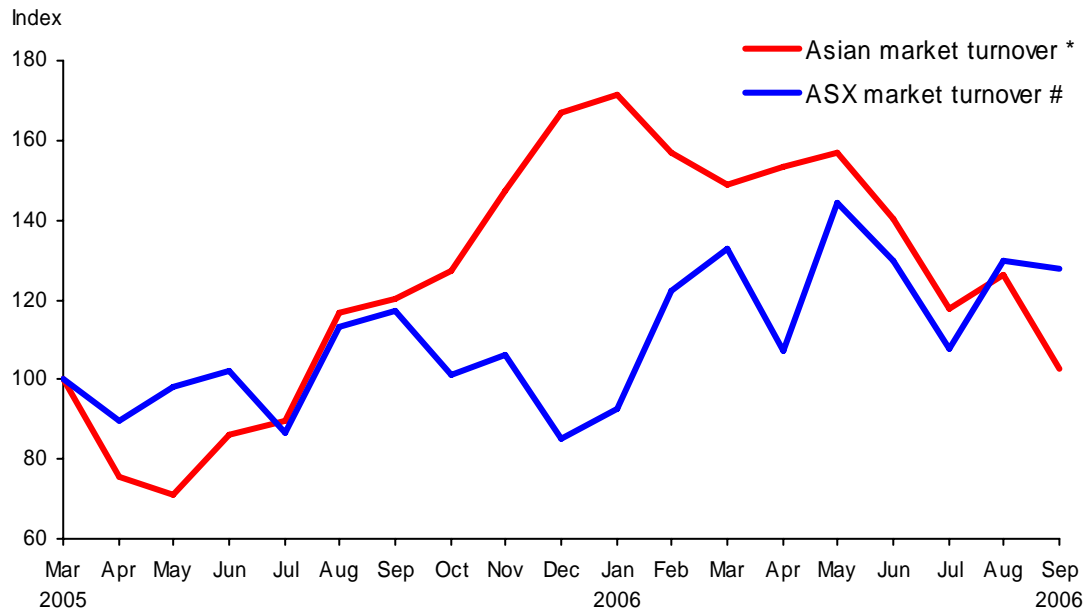


LISTED FUNDS HAVE OUTPERFORMED OVER THE LONG-TERM



Stocks included are Macquarie Airports, Macquarie Communications Infrastructure Group, Macquarie Infrastructure Group, Macquarie CountryWide Trust, Macquarie Leisure Trust Group, Macquarie Office Trust, Macquarie ProLogis Trust, Southern Cross Fliers, Macquarie DDR Trust, DUET Group, Macquarie Capital Alliance Group, Macquarie Private Capital Group, Macquarie Media Group, Macquarie Power and Infrastructure Income Fund, Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Macquarie Infrastructure Company, Macquarie International Infrastructure Fund, Macquarie Global Infrastructure Total Return Fund, Macquarie Korea Infrastructure Fund, Macquarie Central Office Corporate Restructuring REIT and Macquarie MEAG Prime REIT.

Market Turnover



Market Share [^]

	Sep 06 %	Mar 06 %	Sep 05 %
Australia	11.44	11.57	11.72
Hong Kong	4.47	6.95	7.93
Singapore	7.57	6.39	6.67
Korea	1.04	0.74	0.74
Japan	0.60	0.50	0.51
Taiwan	1.10	0.82	1.21
Thailand	2.74	2.32	2.43
Malaysia	1.46	1.68	2.46
Philippines	6.44	4.95	5.90
Indonesia	2.82	3.40	3.70

- Equity market indices have held up in key regions
 - Recent signs of volumes falling in Asia
- Market share in some key markets improving
 - Increased competition in equity derivatives in Hong Kong eroding market share



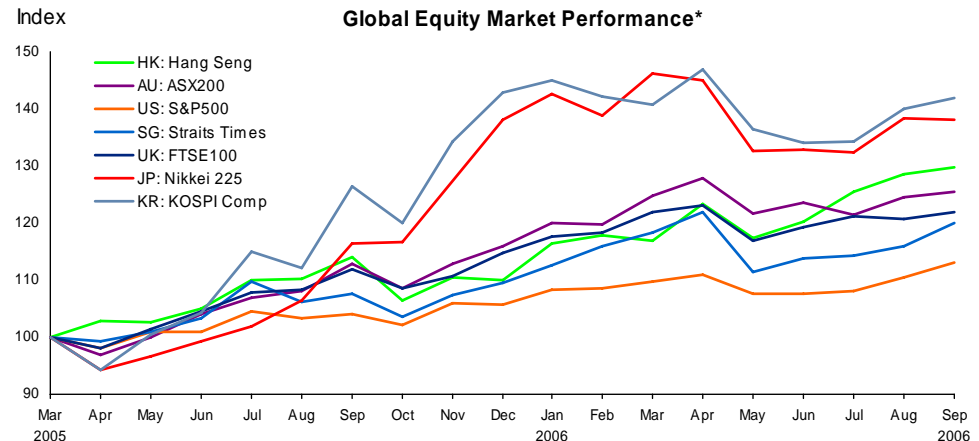
MACQUARIE
BANK

Net trading income

11% increase on pcp to \$A559m

- Net trading income up 11% on pcp
 - Strong cyclical Q1 revenue from European equity derivative products
 - Increased Australian equity products income through new product releases
 - Asia equity products contribution down on very strong pcp
 - recent fall in market volumes
 - increased competition
 - High volatility levels in commodities markets and strong demand for structured products
 - FX volumes down on pcp
 - Interest rate products up - increased levels of local and international corporate activity
- Accounting impacts:
 - Volatility on derivatives hedging interest rate risk in non-trading areas, including Hybrid swaps – no hedge accounting
 - Accounting for interest rate swaps: reported as trading income; need to consider with interest income

	Sep 06 \$Am	Mar 06 \$Am	Sep 05 \$Am	pcp % Δ
Equity Markets	341	240	286	19%
Commodities	119	132	65	83%
Foreign exchange products	47	64	88	(47%)
Interest rate products	52	22	65	(20)%
Net Trading Income (before adjusting for accounting impacts)	559	458	504	11%
<i>Revaluation of derivatives instruments</i>	(21)	(4)	30	(170%)
<i>Accounting for swaps</i>	(82)	(57)	(55)	497%
Net Trading Income (as reported)	456	397	479	(5%)



* Source: Datastream.



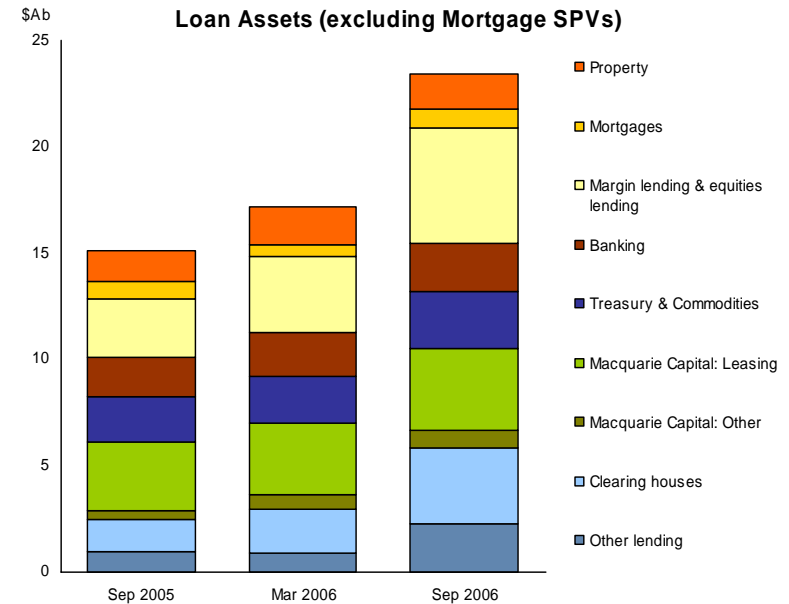
Net interest income

12% increase on pcp to \$A330m

	Sep 06 \$Am	Sep 05 \$Am
Net interest income (as reported)	330	295
<i>Accounting for swaps reported as trading income</i>	<i>(82)</i>	<i>(55)</i>
Net interest income (adjusted for accounting impacts)	248	240

- Need to consider accounting for swaps in net interest margin analysis – provides true economic position

	Sep 2006			Sep 2005		
	Interest \$Am	Average Volume \$Ab	Spread %	Interest \$Am	Average Volume \$Ab	Spread %
Mortgage assets	55	20,918	0.52	46	16,965	0.54
Loan assets	214	17,326	2.46	185	13,668	2.69
Trading assets and other securities	71	26,328	0.54	34	15,169	0.45
Total interest bearing assets	340			265		
Non-interest bearing assets	(92)			(25)		
Total	248			240		



- Loan assets spreads impacted by increased competition and mix of portfolio
- Mortgage portfolio average volume up 23%; loan portfolio average volume up 27%
- Increased funding cost on larger equity investments partially offset by capital raised in May 2006

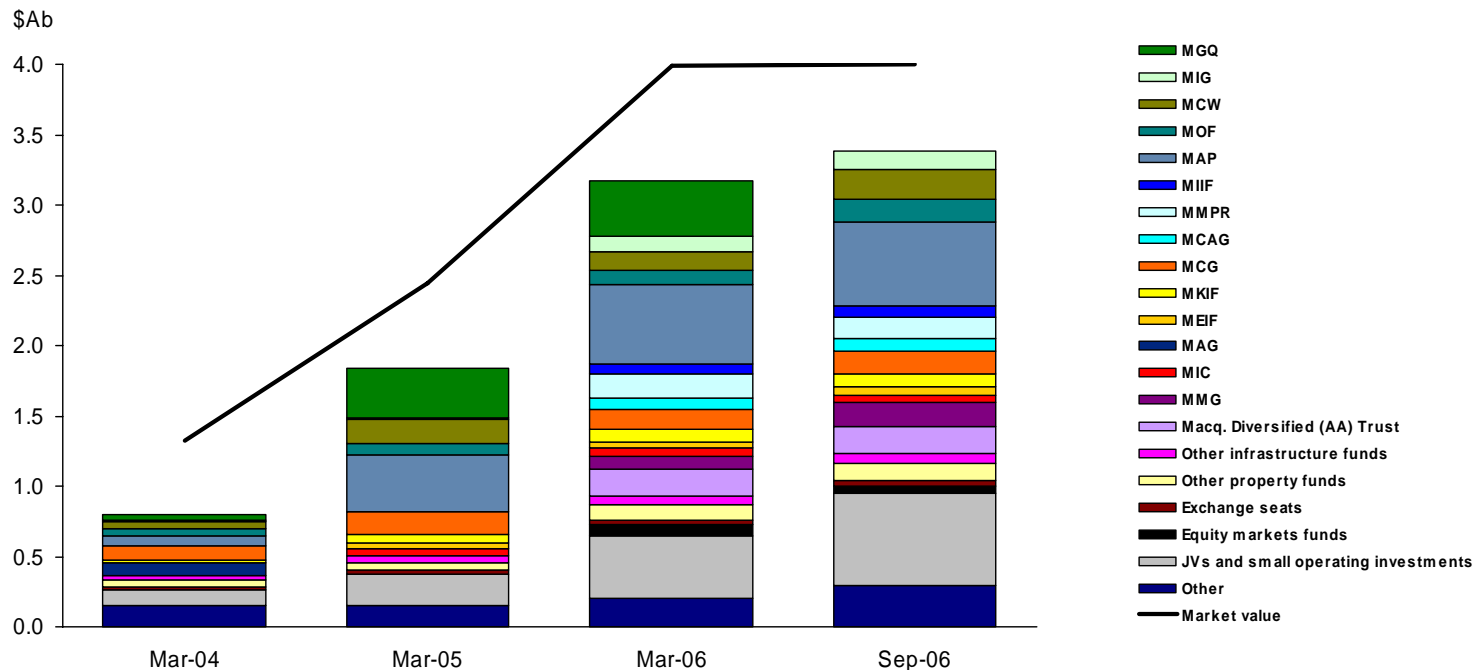


Income from asset & equity investment realisations and other transactions

	Sep 06 \$Am	Mar 06 \$Am	Sep 05 \$Am
Asset & equity investment realisations			
Profit on disposal of assets and equity investments (Dyno Nobel, Oil & Gas asset, SFE shares, CH4 Gas, Brussels Airport, Arqiva, etc)	435	200	106
Gain on sale of Macquarie Goodman Group	302	-	-
Other			
Dividends, distributions and equity accounting income (MAP, MGQ, MCW, MOF, MCG, MIIF, etc)	137	160	54
Net income from businesses held for resale	42	(2)	(16)
Other	17	(15)	(2)
Total	933	343	142

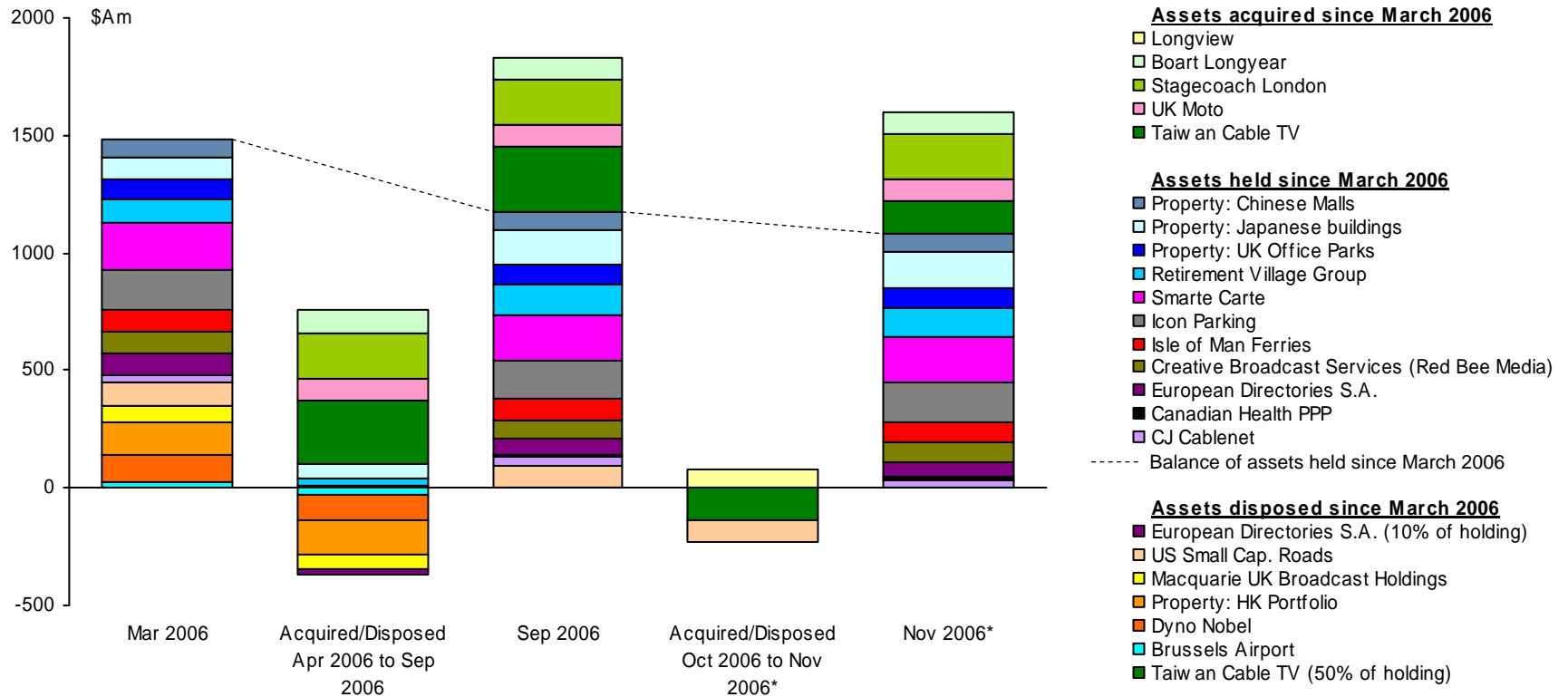
- Current result assisted by significant asset realisations
 - MGQ, Dyno Nobel, oil & gas asset
- Normal part of our business, but asset sales are a swing factor

- Substantial investments held in a number of Macquarie-managed funds
- Book value of equity investments at 30 September 2006 approx. \$A3.4b, unrealised gains approx. \$A618m
- August 2006 sale of 8% stake in Macquarie Goodman Group





Asset realisations ongoing



- Approx. \$A370m (book value) disposed 1 April – 30 September 2006
- Approx. \$A230m (book value) disposed post 30 September 2006*
- Commitments to acquire interest in Thames Water and GATX Air

* Represents closed transactions as at 10 November 2006.



Business segment analysis

Investment banking (41%*)

Up 70% on pcp

Asset & wealth management (29%*)

Up 35% on pcp including MGQ
(Down 10% on pcp excluding MGQ^)

Mergers and acquisitions,
advisory and underwriting

Infrastructure, property and
other specialist funds

Institutional
stockbroking

Retail and wholesale
funds management and
private client broking

Financial products

Commodities

FX, futures, treasury and debt markets

Banking and securitised lending

Equity derivatives

Equipment and other leasing

Property lending

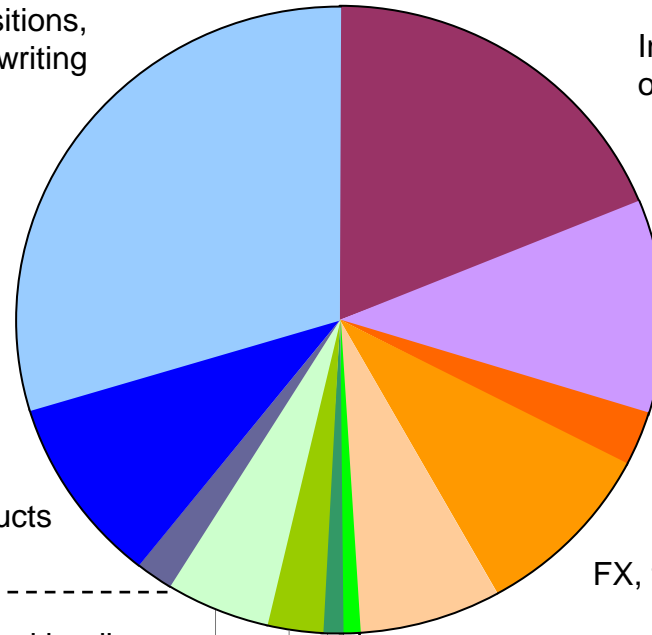
Other lending

Up 32% on pcp

Lending (10%*)

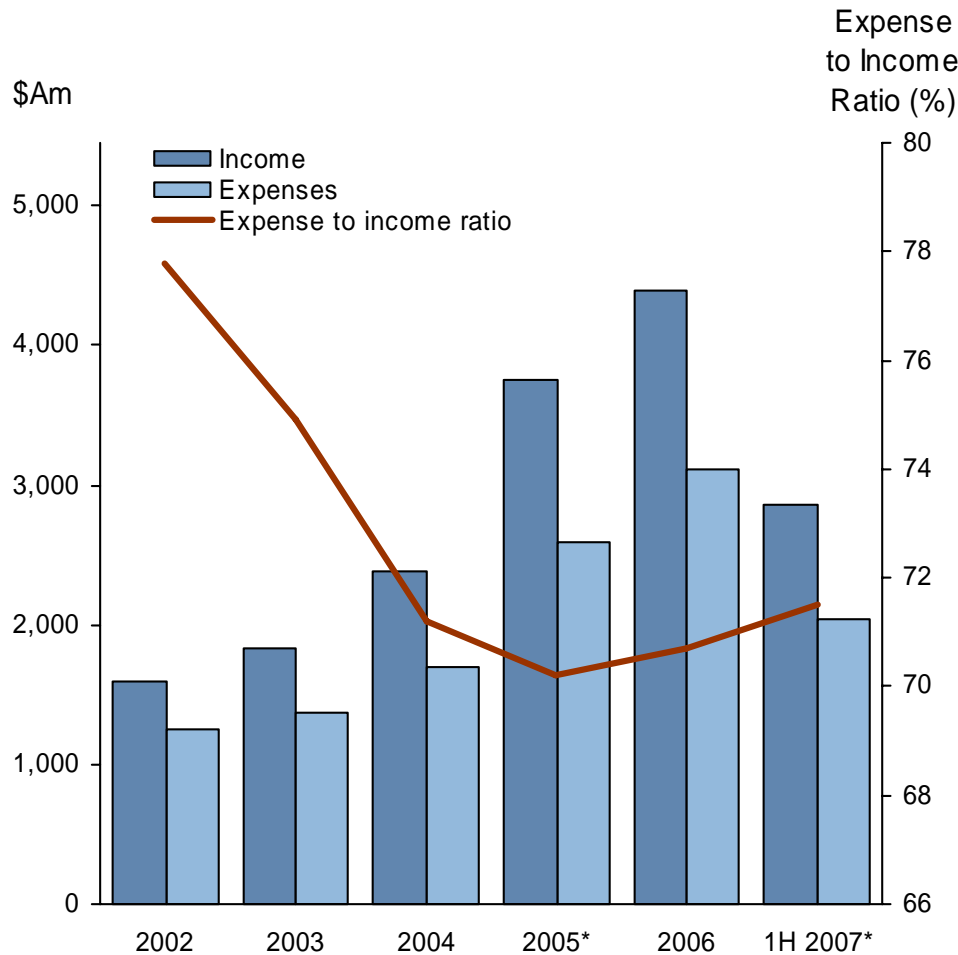
Up 32% on pcp

Financial markets (20%*)



* Represents the percentage contribution to total income. ^ pcp includes significant performance fees from specialist infrastructure funds.

Operating expenses and headcount



- Strong headcount growth – up 26% on pcp to 8,986
 - International headcount growth up 48% on pcp to 3,006
- Maintaining low expense/ income ratio – 71.5% excluding MGQ gain*

* Adjusted to exclude impact of Macquarie Goodman Group (MGQ) gains. Including MGQ gains, the expense/income ratio is 69.1% in the year to March 2005 and 70.1% in 1H 2007.

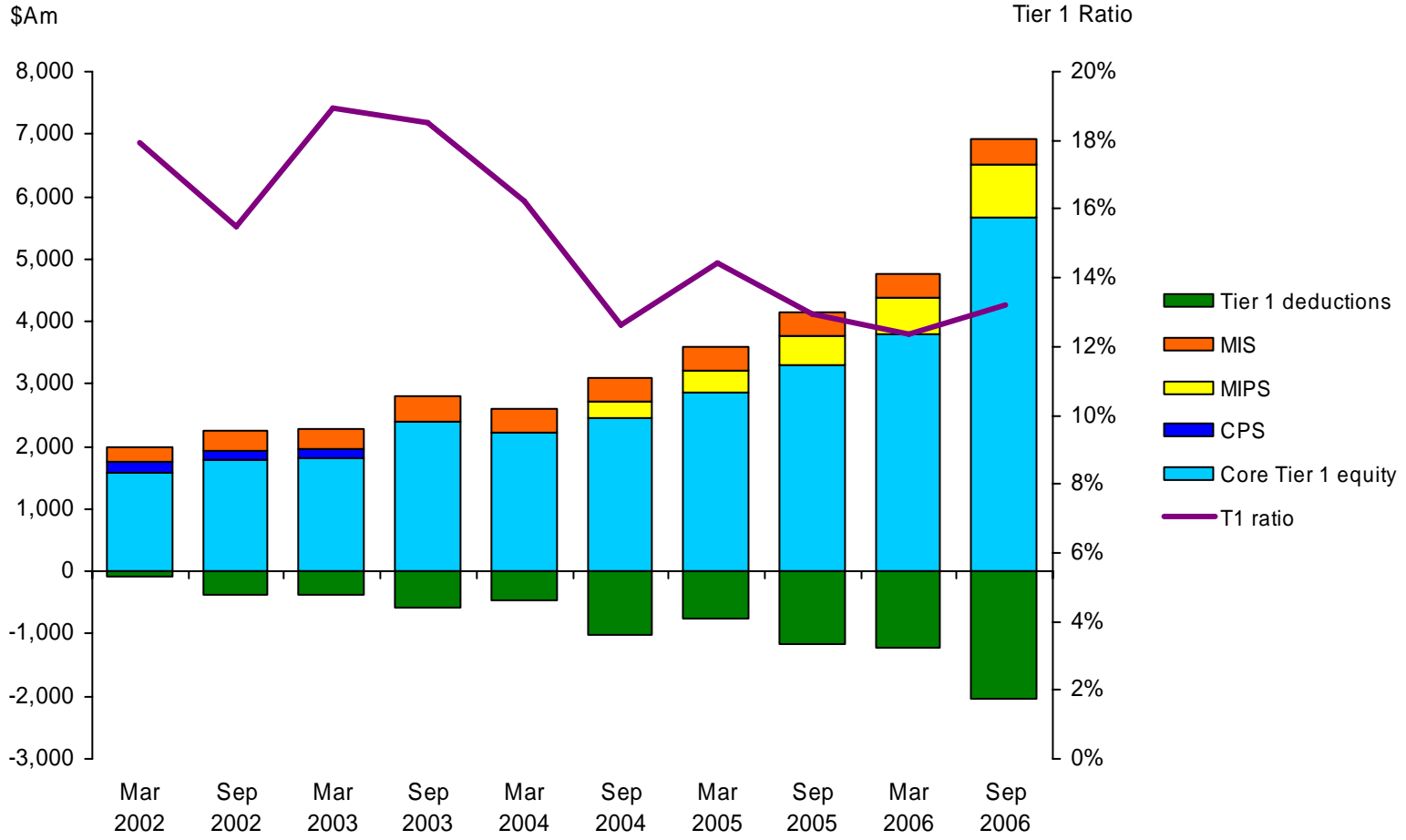
	Sep 06 %	Mar 06 %	Sep 05 %
Corporate tax rate	30.0	30.0	30.0
Rate differential on offshore income	(12.8)	(9.0)	(5.9)
Non-deductible distribution paid/provided on MIS	0.5	0.8	0.7
Non-deductible options expense	1.2	1.8	0.9
Other	(0.1)	(0.6)	(0.8)
Effective tax rate	18.8	23.0	24.9

- Effective tax rate down on pcp as a result of offshore tax rate differentials
 - Growth of offshore income
 - Previously foreshadowed
- Expect full year effective tax rate to be approximately 20%



Capital management

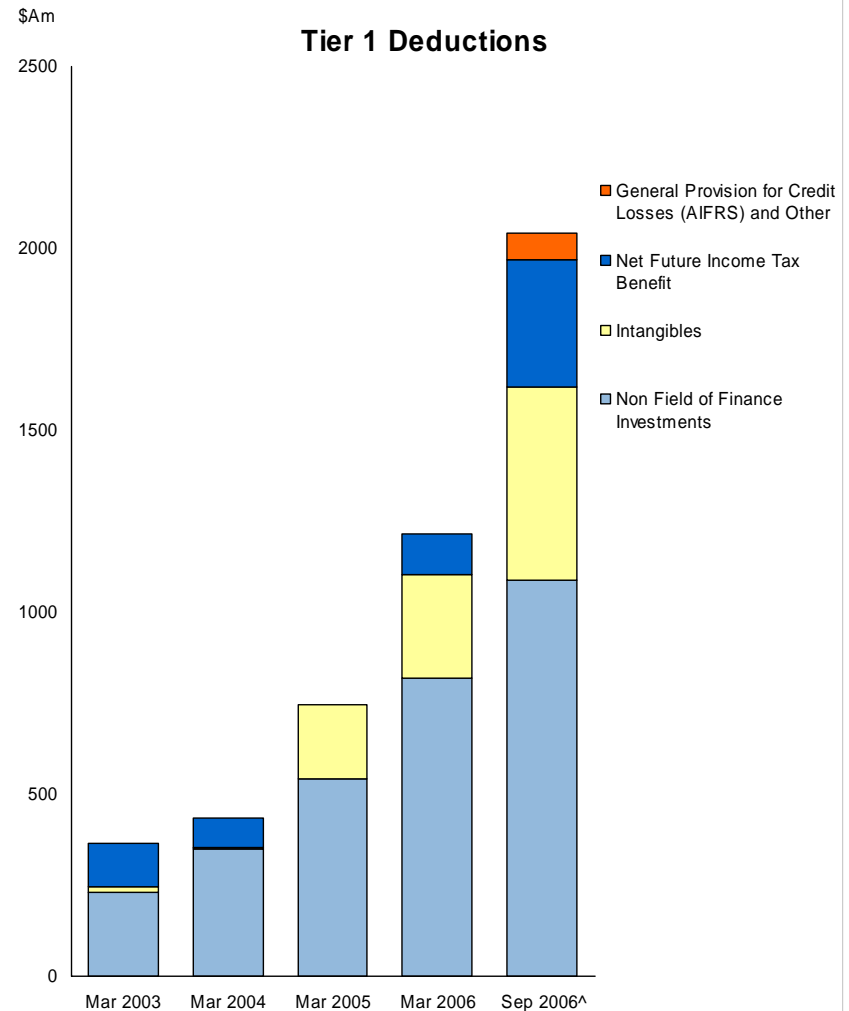
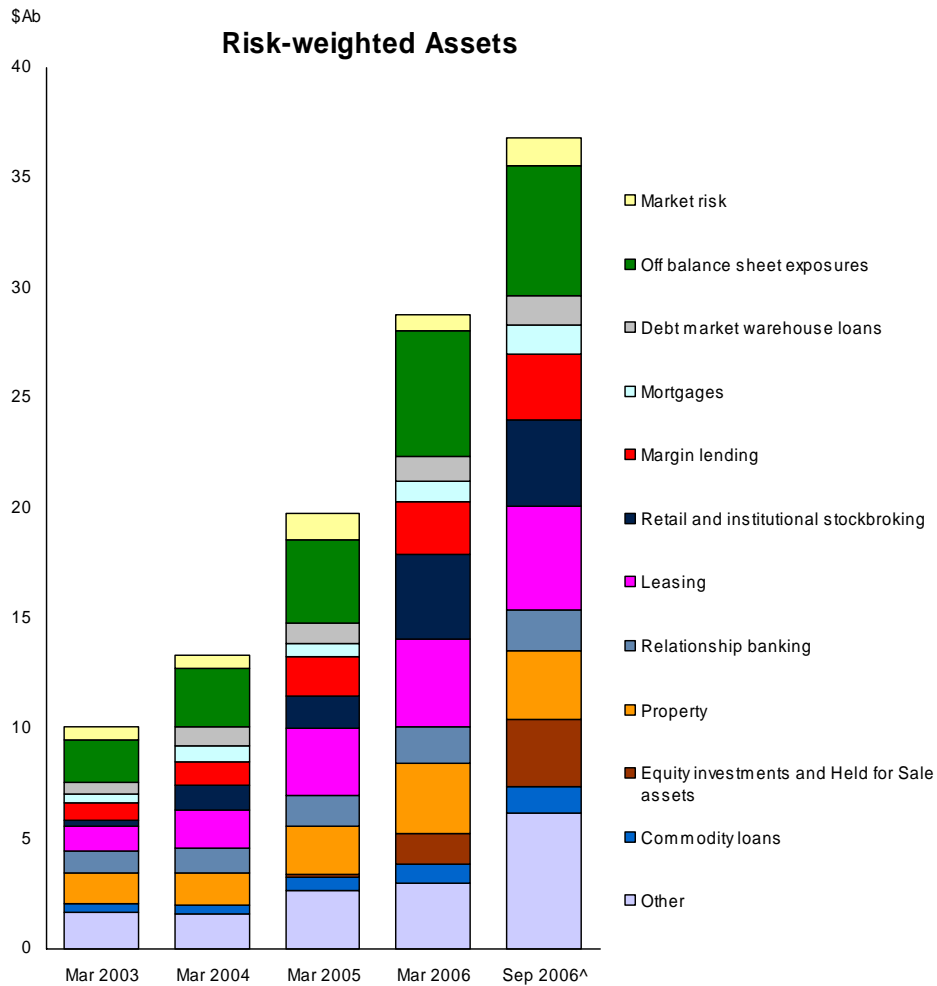
Tier 1 capital ratio 13.2%





Capital management

Tier 1 capital usage

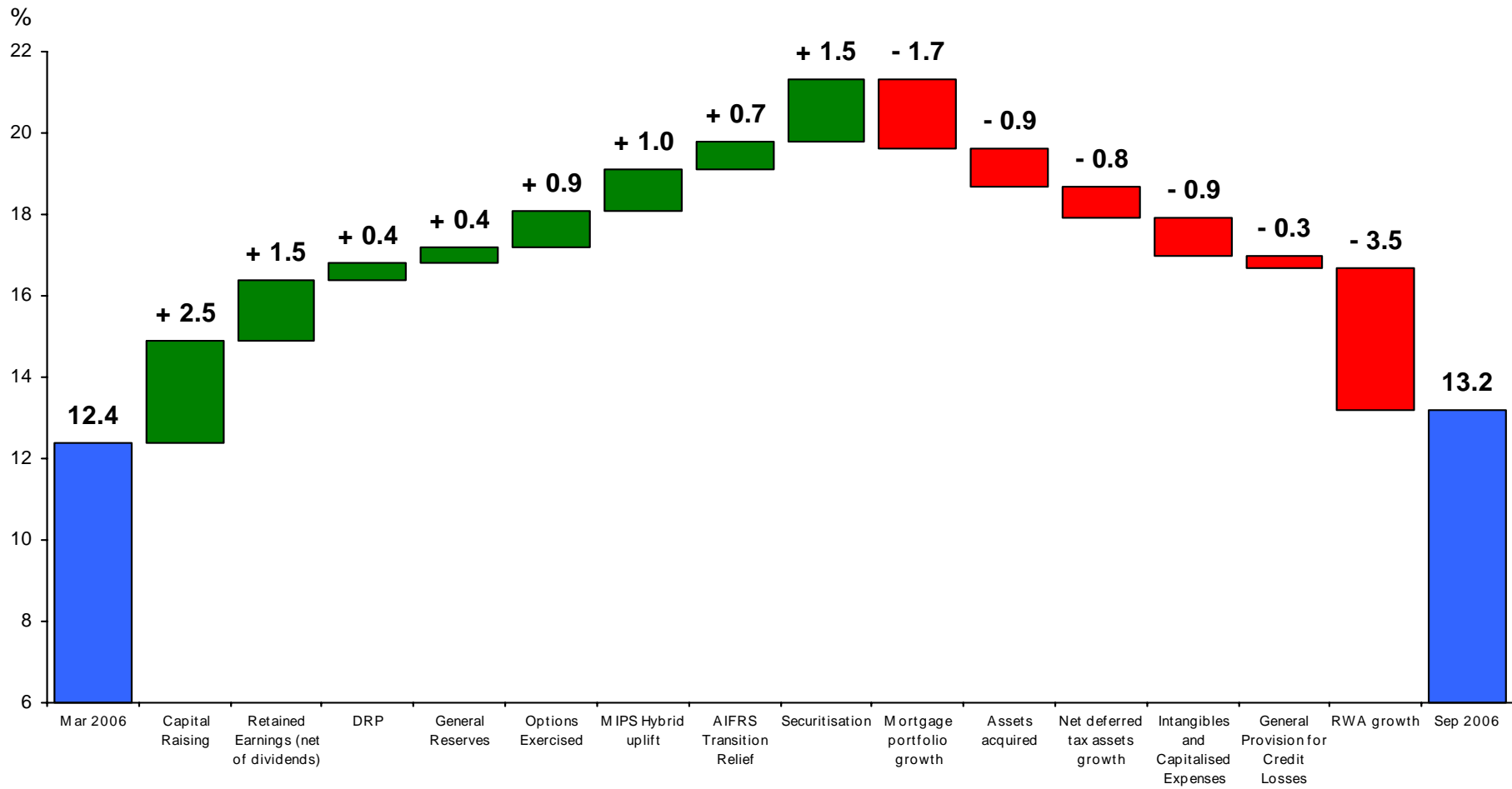


[^] September 2006 balances are based on AIFRS.



Capital management

Changes in Tier 1 capital ratio since March 2006





Non-operating holding company Update

- As announced at July AGM we are examining the establishment of a non-operating holding company (NOHC) which would own both banking and non-banking businesses
- Initiative is consistent with Australian banking policy development arising from the Wallis reforms
- Detailed reorganisation proposal submitted to APRA 29 September 2006
- Subject to APRA approval process and required legislative changes, we hope to restructure during calendar 2007
- APRA is supportive in principle of the proposed restructure but has not yet responded to proposals in detail
- In addition, we and other banks have sought legislative changes from the Federal Government to facilitate legal, accounting and taxation aspects

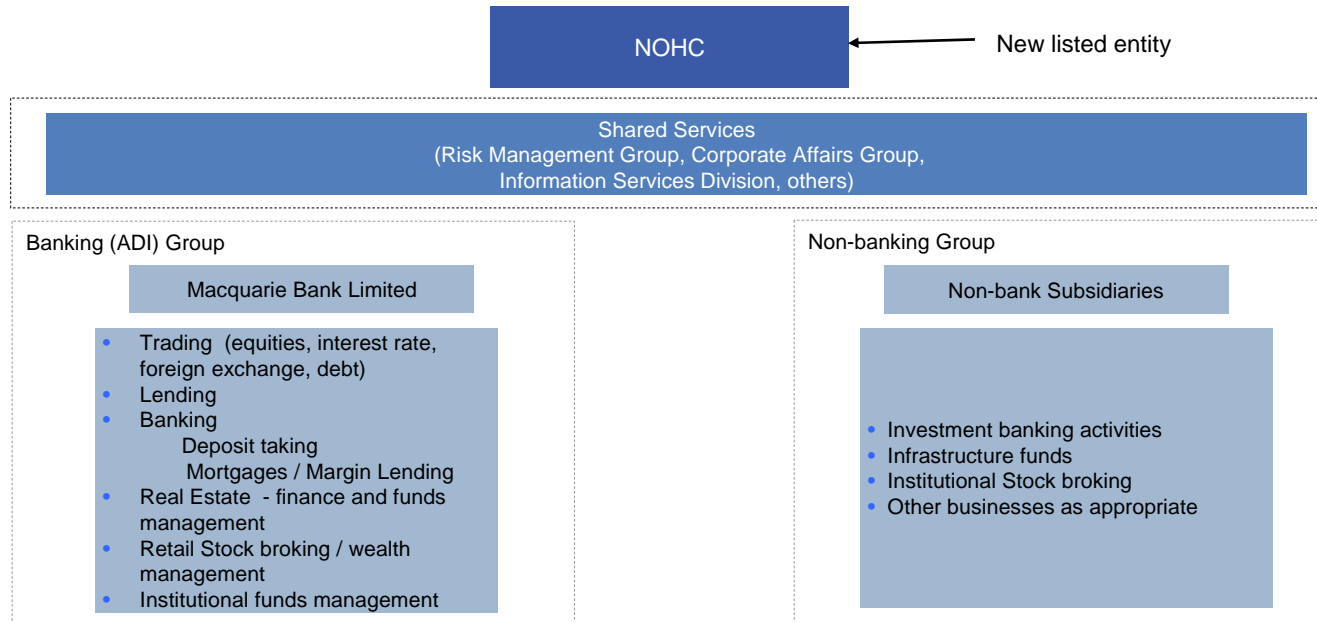


Non-operating holding company Rationale

- Major driver is continued growth in our businesses, particularly international
 - Our business cannot be easily accommodated by Australia's banking regulation framework
- Key issue is impact of conglomerates regime on international and funds management activities
 - Most of our international and funds management activities are conducted in subsidiaries that are regarded as non-bank subsidiaries under APRA's conglomerate standards
- Objective is to allow Macquarie to sustain the growth of non-banking businesses while retaining the benefit of operating banking businesses through a licensed bank (or Authorised Deposit-taking Institution – ADI)
- There will be other benefits for our non-banking businesses
 - Removal of some regulatory requirements which affect funds management activities, underwriting exposure limits, and capital deductions for certain equity investments



Non-operating holding company Proposed Structure



- NOHC will still be subject to some APRA regulation but the majority of the banking regulations will not impact the non-banking group
- Macquarie will continue to report as a consolidated group, but key Bank capital ratios will be reported
- No major change to senior management or business strategy contemplated as a result of the restructure



Non-operating holding company Proposed Funding Arrangements

- NOHC
 - Listed parent entity – will raise all ordinary share capital
 - May provide hybrid capital to the bank and non banking group
 - New debt issuance programme will be established
 - will be primary source of funding for non-banking group
 - may also provide funding to the ADI
- ADI
 - will remain a substantial financial institution in its own right
 - will continue to raise hybrid capital, subordinated debt, unsecured debt and raise deposits
- Both NOHC and ADI will be externally rated
- Not yet apparent that there will be any significant release of capital



Non-operating holding company Implementation

- New publicly listed company (NOHC) interposed between MBL and shareholders
 - Likely to be implemented as a Scheme of Arrangement requiring shareholder approval
- Creation of non-banking group will be achieved through various mechanisms depending on nature (and jurisdiction) of assets being transferred to non-banking group
- Cost of restructure not expected to be prohibitive but not in a position to provide details at this stage

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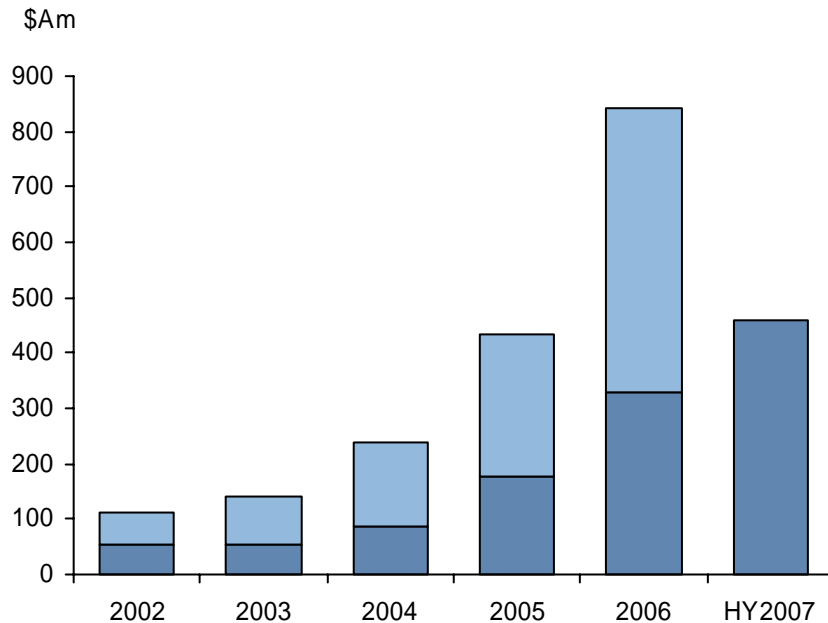
- All Groups and regions had record results supported by:
 - previous business investment
 - good market conditions
 - asset realisations
- Many strategic initiatives in progress



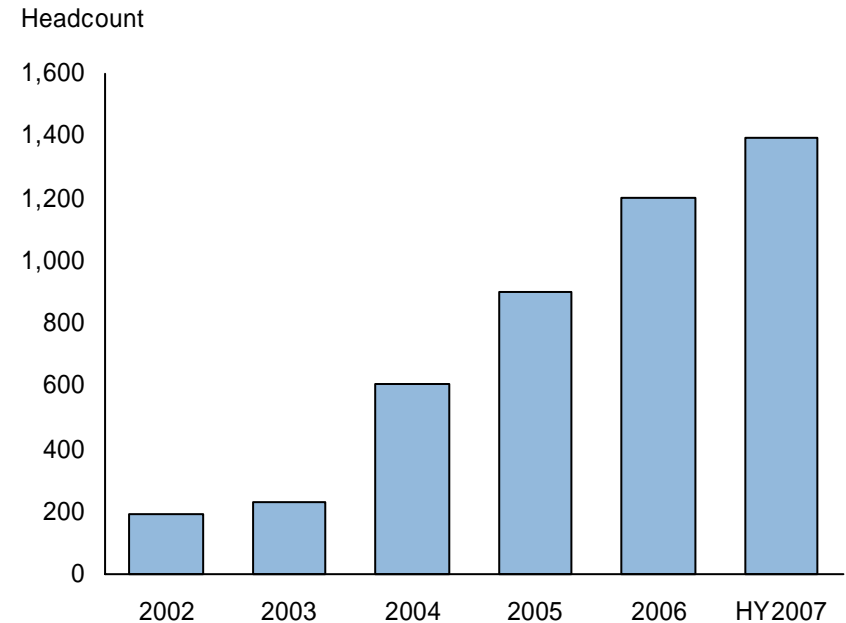
Growing in Asia-Pacific

Income up 40% on pcp

Income*



Staff numbers



- Income* up from \$A328m to \$A461m on pcp^
- Staff up from 1,206 to 1,396 since FY06

*Excluding earnings on capital ^ Note rounded results, without rounding income increase 40%



Growing in Asia-Pacific

Income up 40% on pcp

- **New fund:**

- Macquarie Goodman Hong Kong Wholesale Fund – \$HK4.8b (\$A850m) unlisted property fund established by Macquarie Goodman Asia (JV between MBL and Macquarie Goodman)

- **New business / JV:**

- Investment banking JV in Japan with Shinsei Bank Ltd

- **Other fund initiatives:**

- MKOF – committed funds of over \$A1b, acquisition of 40% stake in six container terminals (Taiwan, Japan, US) controlled by Hanjin Shipping*

- Excellent performance from Macquarie Securities Asia, now more profitable than Macquarie Securities Australia

- **Post balance date events:**

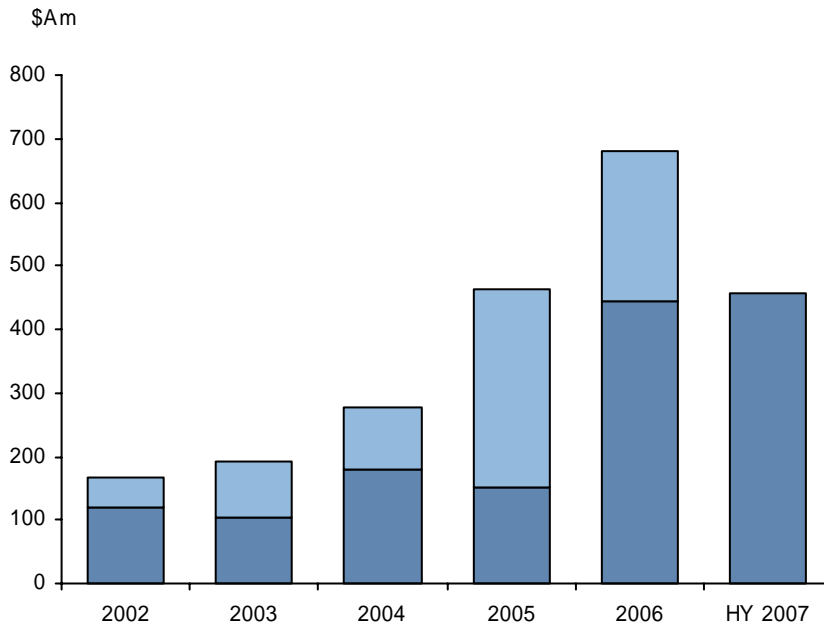
- MGP Japan Core Plus Fund established by Macquarie Global Property Advisors - unlisted Japanese property fund. Capital raised: \$US865m
- MKIF commitment to provide a subordinated loan of KRW80 billion (\$A113m) to the Seosuwon-Osan-Pyungtaek Expressway Project



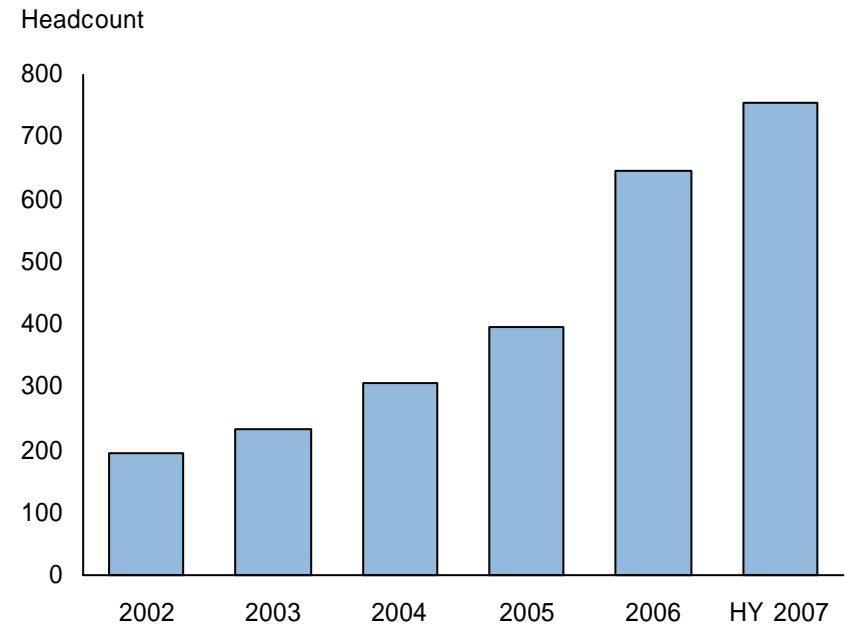
Growing in Europe, Africa & the Middle East

Income up 3% on pcp

Income*



Staff numbers



- Income* up from \$A444m to \$A458m on pcp
- Staff up from 648 to 754 since FY06

*Excluding earnings on capital



Growing in Europe, Africa & the Middle East

Income up 3% on pcp

- **New funds:**

- MEIF II – European unlisted infrastructure fund, raised €2.1b to date*, target €3b
- ZonesCorp Infrastructure Fund – unlisted JV fund in United Arab Emirates raised AED1b (\$A365m)
- Kagiso Infrastructure Empowerment Fund – unlisted JV fund in South Africa, raised R649m (\$A112m)

- **New assets:**

- MBL-led consortium acquisition of UK roadside catering service, Moto
- Acquisition of London bus business of Stagecoach Group plc for £264m

- **New business / JV:**

- Macquarie First South – stockbroking and investment banking JV in South Africa
- Acquisition of UK gas supply company, Corona Energy

- **Other fund initiatives:**

- GIF II led consortium acquisition of Itevelesa, Spain's third largest authorised provider of vehicle safety and gas emission inspections
- MIG £1b debt refinancing of M6 Toll

- **Post balance date events:**

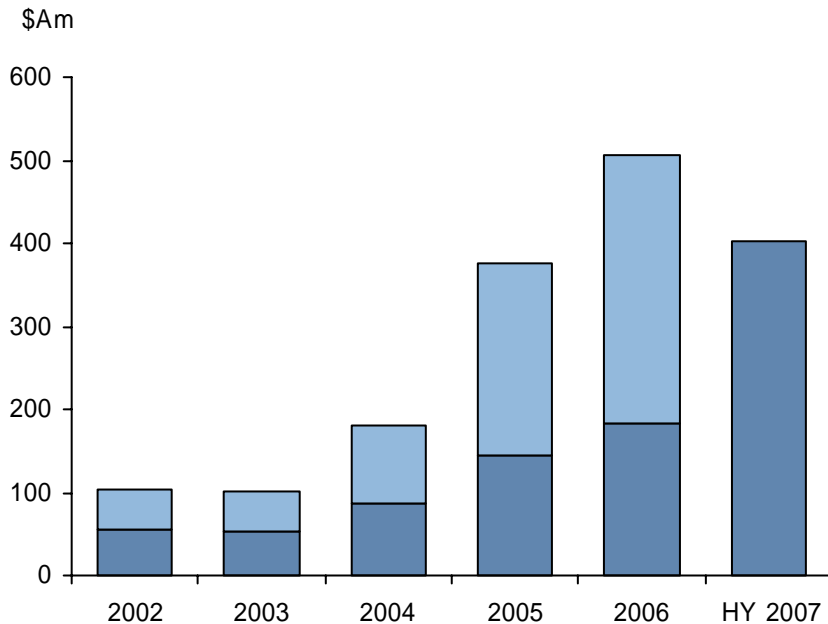
- Macquarie-led consortium acquisition of Thames Water for £8b
- Sale of South East Water for an implied enterprise value of £655m[^]
- MEIF II announced offer for Techem – cash offer of €44.00 per share, representing total equity value of €1.1b



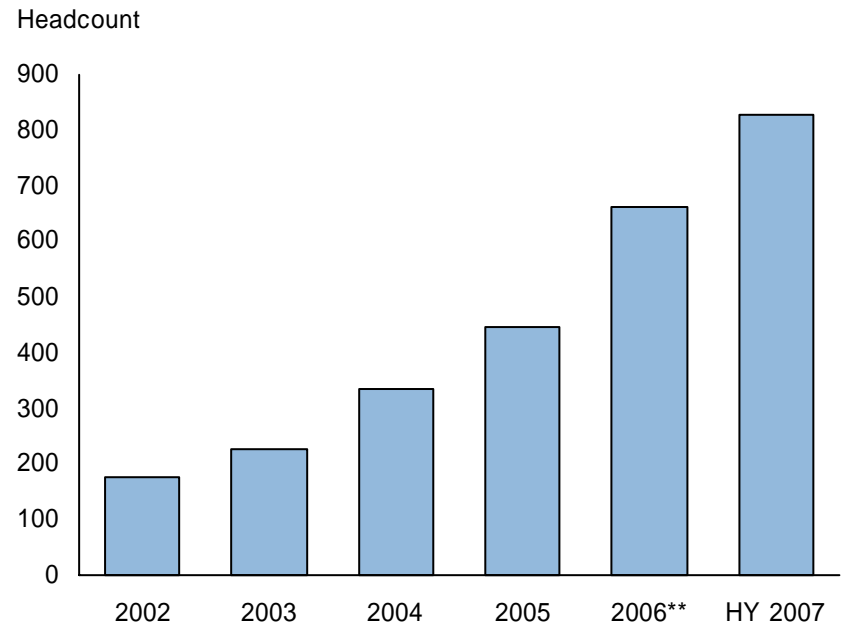
Growing in the Americas

Income up 121% on pcp

Income*



Staff numbers



- Income* up from \$A182m to \$A403m on pcp
- Staff up from 663 to 828 since FY06

*Excluding earnings on capital. **Over 50 new staff as part of Cook Inlet acquisition in November 2005



Growing in the Americas

Income up 121% on pcp

▪ **New fund:**

- MIP – North American unlisted infrastructure fund*

▪ **New business / JV:**

- Acquisition of Canadian mortgage broker, Cervus Financial Group
- JV with MD Sass – new investment manager incubator fund

▪ **Other fund initiatives:**

- DUET- and MIP-led consortium executed a Merger Agreement to acquire 100% of the shares in US electricity transmission and distribution business Duquesne Light for \$US1.59b[^]
- MIC acquisition of US airport services company, Trajen Holdings Inc, for approx \$US338m and 50% of North American bulk liquid storage terminal business, International-Matex Tank Terminals, for approx \$US250m
- MCAG-led consortium acquisition of vehicle tyre inflation equipment business, AIR-serv, for \$US420m
- MIP agreed to acquire 50% of interests in four US roads from MIG for approximately \$US762m[']
- MLE acquires US indoor family entertainment centre business, Main Event Entertainment Holdings

▪ **Post balance date events:**

- MIP agreed to acquire Canadian container terminal, Halterm Limited for \$C173 million (\$A199m)**
- Acquisition (with consortium) of aircraft leasing business, GATX Air, for \$US1.46b

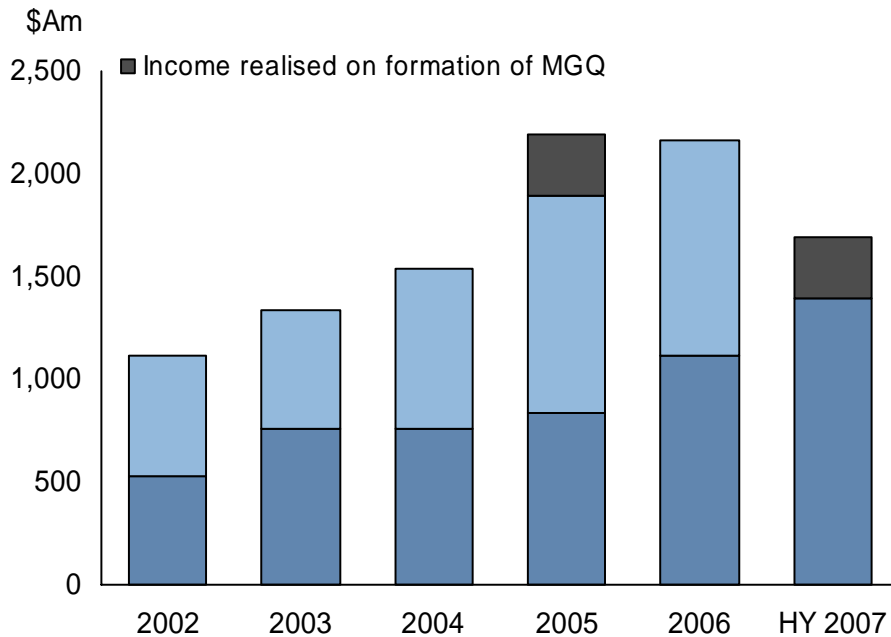
* Further details unable to be disclosed due to US regulatory restrictions [^]Subject to regulatory approval and Duquesne Light shareholder approval ['] As at 30 June 2006. Sale price agreed at MIG's NAB as at 30 June 2006, rolled forward to transaction close. Transaction subject to MIG security holder approval and other conditions precedent. **Subject to financial close expected in January 2007



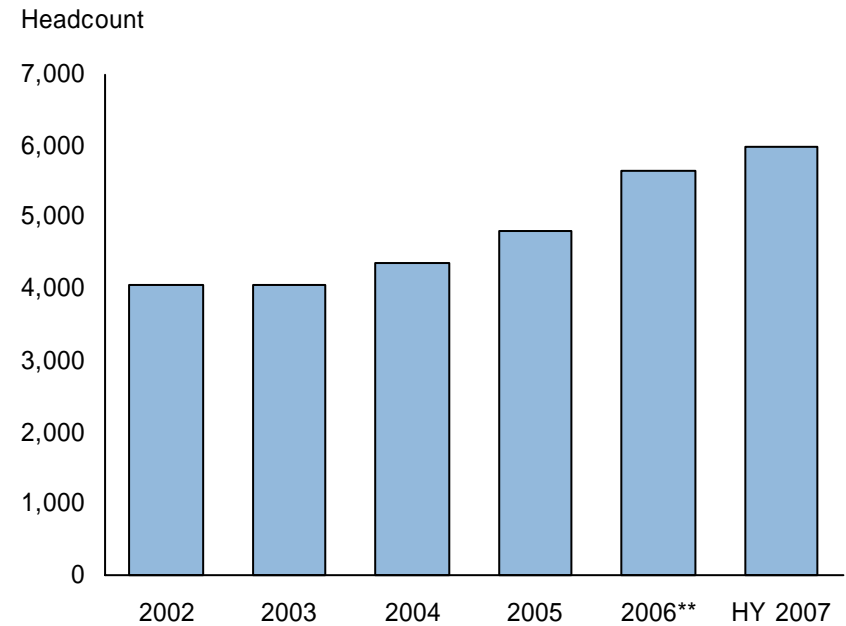
Growing in Australia

Income up 52% on pcp (including MGQ)

Income*



Staff numbers



- Income* up 52% on pcp (25% excluding \$A302m MGQ gain)
- Staff up from 5,666 to 5,980 since FY06

*Excluding earnings on capital



Growing in Australia

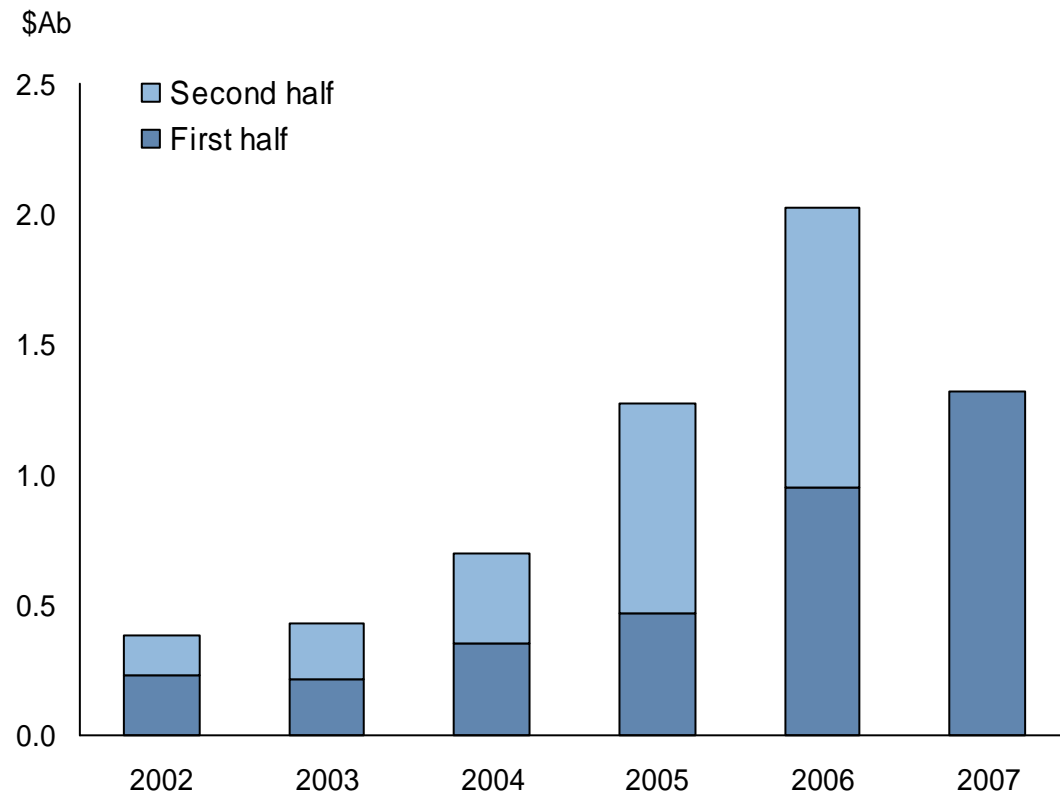
Income up 52% on pcp (including MGQ)

- Key drivers of income growth were:
 - Dyno Nobel
 - Strong M&A activity
- No.1 2006 YTD ECM equity & equity-related league tables*
- No 1. ASX turnover 12 months to 30 September 2006^
- Macquarie Wrap Solutions reached \$A21.2b up from \$A19.2b at FY06
- CMT reached \$A13.1b up from \$A12.0b at FY06
- Mortgages Australia – \$A20.5b of loans outstanding, up from \$A18.5b at FY06
- Other fund initiatives:
 - MIG conducting an on-market security buy back of up to \$A500m and is seeking approval from security holders to expand the buy back to up to 17.5% of MIG securities
 - MAp to acquire an additional 15% interest in Sydney Airport for approximately \$A712m



International income up 38% on pcp*

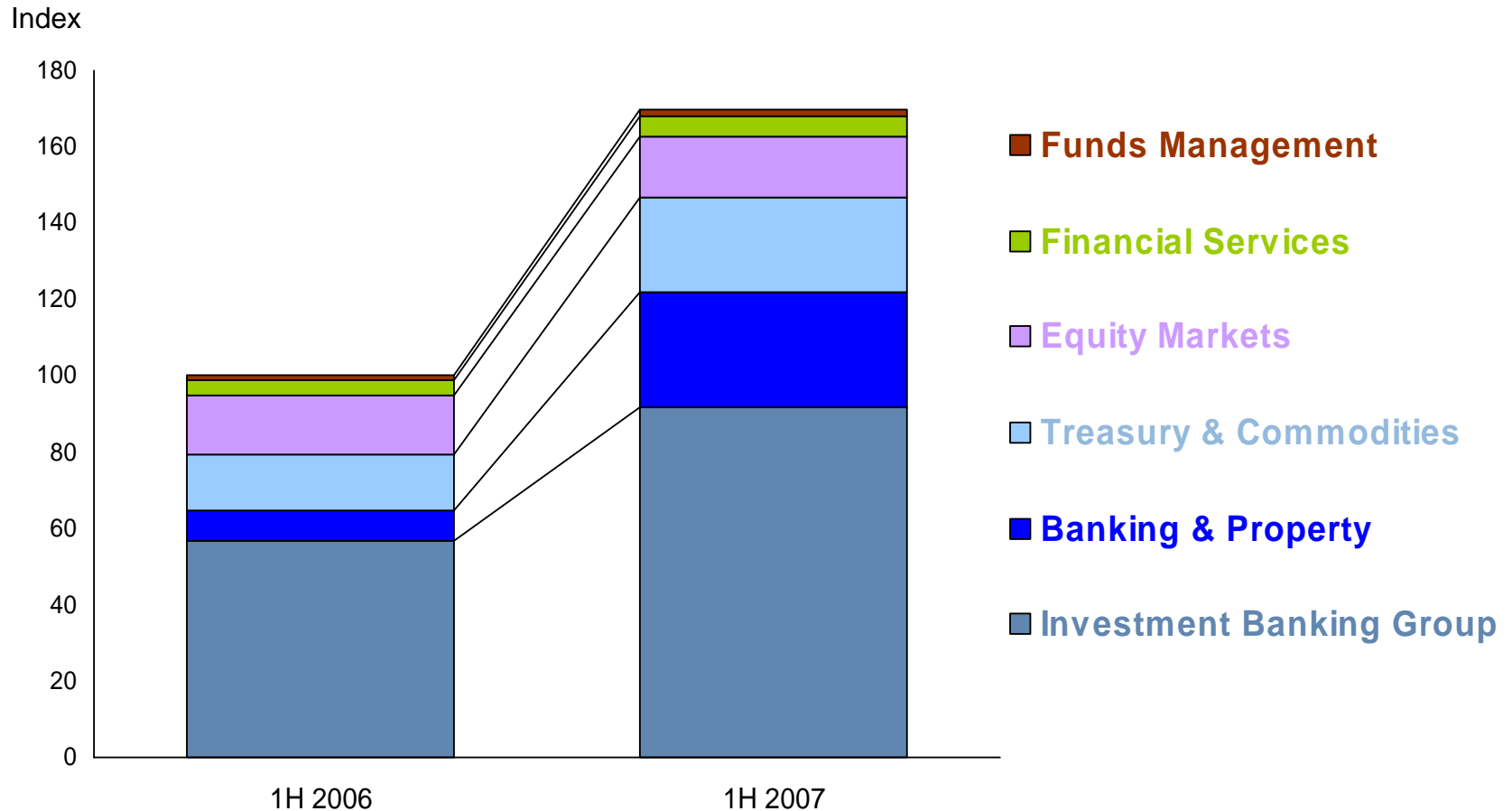
- International income 44% of total income*
- Excluding MGQ, international income 49% of total income*



*Excluding earnings on capital



Record contributions by all Groups (including impact of MGQ)

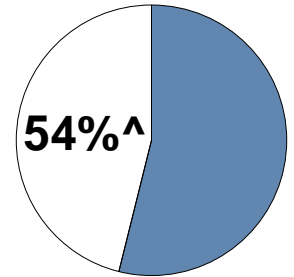




Investment Banking Contribution up 61% on pcp

Comments on the year:

- Excellent result – well up on pcp
- Growing income from international businesses; by Division:
 - Corporate Finance – 51%
 - Macquarie Securities – 72%
 - Financial Products – 24%
 - Macquarie Capital – 49%



Corporate Finance – 38% of MBL[^]

- Excellent result – completed over 90 deals valued at over \$A54.7b*
 - M&A activity – very strong
 - ECM activity – good in Australia, up on pcp; Asia slightly down on pcp
 - Successful Dyno Nobel asset realisation
 - No material contribution from specialist funds performance fees
- Total equity under management up 12.2% from \$A34.4b (Mar'06) to \$A38.6b' and assets under management up 19.2% from \$A68.3b (Mar'06) to \$A81.4b'

[^] Percentage contribution based on management accounts pre-tax and pre-profit share. * 6 months to 30 September 2006 † Includes assets held directly by Macquarie acquired with a view that they may be sold into new or existing IBF-managed funds. Equity under management and assets under management will increase by \$A3.7b and \$A20.5b respectively on financial close of Thames Water, which is expected to occur by the end of 2006



Investment Banking

Contribution up 61% on pcp

- \$A5.7b[^] in new equity raisings by IBF managed funds and consortia including:
 - Existing funds: DUET Group, Macquarie Korea Opportunities Fund, Macquarie Airports Reset Exchange Securities Trust (“TICKETS”)
 - New unlisted funds: Macquarie European Infrastructure Fund II (Europe), Macquarie Infrastructure Partners (North America), ZonesCorp Infrastructure Fund (Middle East), Kagiso Infrastructure Empowerment Fund (South Africa)
- \$A3.9b['] invested or committed to new investments including:
 - bulk liquid storage, airports services, vehicle tyre inflation and electricity distribution and transmission* businesses (US)
 - vehicle inspection, roadside services and bus transport businesses (Europe)
 - two industrial park infrastructure projects (Middle East)



Investment Banking

Contribution up 61% on pcp

- Significant Corporate Finance transactions during the period

Australia/NZ	<p>Andean Resources/Kingsgate Consolidated, Volante Group/Commander Communications, Sydney Gas/Queensland Gas, Smart Salary/Paxys, Coles Myer buyback, Southern Cross Fertilisers/Incitec Pivot, Retirement Services Australia/Global Retirement Trust, Transpacific Industries/Waste Management NZ, AMP Life/Equatorial Mining/Antofagasta Plc, 42 Below Limited/Barcardi Limited*, Esanda FleetPartners/Nikko Principal Investments*, Alinta/AGL*</p> <p>IPOs: Dyno Nobel, Wotif, Sydney Roads Group. Placements: SAI Global, Macquarie Bank, Charter Hall, Macquarie Goodman Group, DUET, Hastie Group, Transpacific, Macquarie Leisure Trust, Aspen Group</p>
Asia	<p>Taiwan Broadband Communications, NS Electronics Bangkok/United Test & Assembly Center, PT Pam Lyonnaise Jaya/PT Astratel Nusantara & Citigroup Financial Products, Asia Pacific Breweries/Foster's Vietnam brewing businesses, Gyeonggi Province Schools project, Aehyang Schools project.</p> <p>IPOs: Shanghai Prime Machinery Co, Shimao Property Holdings. Placement/offerings: Olam International, China Banking Corporation, Bangkok Dusit Medical Services, PYI Corporation, SK Corporation</p>
North America	<p>Duquesne Light Holdings*, Eurozinc Mining Corp/Lundin Mining*, International-Matex Tank Terminals, Western Silver/Glamis Gold, Michigan Electric Transmission Co*, The Gas Company, Indiana toll road, Trajen Holdings, US Maintenance/Transfield Services, ASI Holdings, GATX Air*</p>
UK/Europe	<p>Petroplus International/Tanquid, Stagecoach London, Autoroutes Paris-Rhin-Rhone motorway, Eurinpro International/Macquarie Goodman Group, MOTO, BAA Plc/Grupo Ferrovial SA, Grupo Itevelesa/European Vehicle Safety Holdings, M6 refinancing, Barnet & Enfield Schools PFI, Wightlink refinancing, Swindon Hospital refinancing</p>
Africa & Middle East	<p>Trans African Concessions, First South Financial Services JV, Industrial City of Abu Dhabi development project</p>

* Not yet completed at 30 September 2006



Investment Banking

Contribution up 61% on pcp

Macquarie Securities (institutional cash equities) – 8% of MBL^

- Excellent result
- Australia/New Zealand – strong result - continued growth in secondary market revenues
- Asia – outstanding result now ahead of Australia, strong growth in secondary market shares
- New JV in South Africa – Macquarie First South Securities

Financial Products – 5% of MBL^

- Well up on pcp
- Continued diversification of retail products in Australia, the US and Europe
- New initiatives: boutique funds management JV (including Globalis JV with OneWorld Investments; MD Sass)
- Total assets under management up 11% from \$A6.3b (FY06) to \$A7b* (including assets managed by associates)

Macquarie Capital – 3% of MBL^

- Good result – up on pcp
- 36% growth in leasing and lending books from \$A3.8b to \$A5.2b



Investment Banking Contribution up 61% on pcp

Current operating environment:

- Generally favourable equity market conditions

Outlook:

- Strong Corporate Finance pipeline
- International growth continuing
- Expect the full year to be up on the prior period

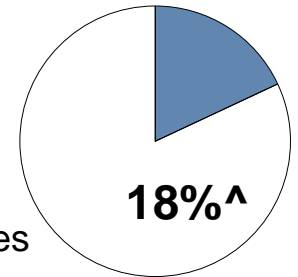


Banking and Property

Contribution up over 280% on pcp including MGQ,
marginally down excluding MGQ

Comments on the first half:

- Up on pcp including Macquarie Goodman Group (MGQ) realisation
 - overall year-on-year increase expected excluding MGQ transaction although 1H06 marginally down on pcp excluding MGQ due to timing of assets sales
- Acquisition of Mortgages origination business in Canada with strong distribution capacity and experienced staff
- Volumes down in US mortgages due to challenging interest rate environment, Italian mortgage business growing strongly
- Strong lending growth for Mortgages Australia with \$A20.5 billion of loans outstanding up 13% at 30 September 2006
- Margin Lending loan book up strongly to \$A4.3 billion, up 29% for 6 months to 30 September 2006
- Macquarie Leisure Trust Group makes first US acquisition and is No.1 ranked LPT in Australian market in annual BDO LPT survey
- Wholesale fund raising completed for Macquarie Goodman Hong Kong Wholesale Fund
- Land development sales slow with prices soft on Australian east coast and US south east projects especially second home market, contrast very strong prices and sales in Western Australian projects





Banking and Property

Contribution up over 280% on pcp including MGQ,
marginally down excluding MGQ

Current operating environment:

- Shift in REIT markets towards wholesale rather than listed funds
- Expanding opportunities for fund investment in improving real estate markets of Europe and Japan
- Expanding mortgage origination and lending opportunities globally
- Subdued residential real estate markets on Australian east coast, WA continuing strong, US generally weaker but all markets have niche opportunities

Outlook:

- Excluding MGQ realisation, expect 2H07 to be up on 1H07 and overall year-on-year increase. Expect:
 - assets realisations in Europe & Asia in second half
- Real Estate
 - Continued very strong wholesale fund raising activity with niche REIT listing opportunities
 - Strong international deal flow for development finance and further profit realisations, particularly from land developments in Western Australian and US condominium market
- Banking & Securitisation
 - Strong and growing mortgage originations in Australia, Canada and Italy, US challenging
 - Recent BPG restructure has created greater cross-marketing opportunities for mortgages, margin lending and banking products

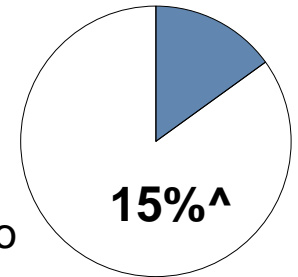


Treasury & Commodities

Contribution up 73% on pcp

Comments on the year:

- Excellent result – significantly up on strong pcp
- Metals and Energy Capital and Commodity Markets leading contributors to the increased result
 - Realisation of an oil and gas asset in North America
 - Strong performances in oil, sugar, investor products and US gas markets
- Foreign exchange down on strong pcp, due to decreased market volatility
- Strong results from Debt Markets and Treasury
 - Debt Markets reflecting strong performances in interest rate derivative and securities trading
 - Treasury reflecting successful management of balance sheet growth
- Futures in line with pcp





Treasury & Commodities

Contribution up 73% on pcp

Current operating environment:

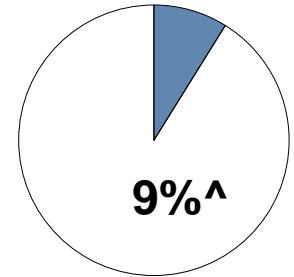
- Transaction volumes generally strong
- Commodity markets volatility continuing at satisfactory levels

Outlook:

- Outlook for 2H07 lower than 1H07, partially due to unusually large realisation of oil and gas asset. 2H07 lower than pcp, due to strong results in 2H06 from commodity businesses.
- Good transaction activity levels expected to continue. Continued growth offshore.
- Expansion in gas, power and coal
- Strong competition for both transactions and staff

Comments on the first half:

- Slightly up on pcp
- Strong contribution from global securities borrowing and lending and Australian equity products businesses
- Contribution from Asian business down substantially on very strong pcp
- Good equity market conditions experienced in key trading centres, particularly Australia and the US markets
- Offset by increasing competition, particularly in Asia



Current operating environment:

- Conditions in our key trading centres are deteriorating with market volumes and volatility decreasing



Equity Markets

Slightly up on pcp

Outlook:

- Cyclical first half revenues unlikely to be maintained in the next period
- Expect volumes and volatility in key equity markets to remain lower relative to the first half

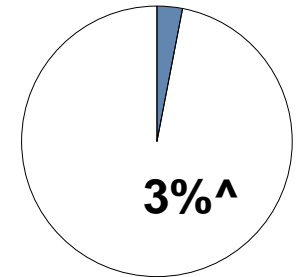


Financial Services

Contribution up 40% on pcp

Comments on the year:

- Profit significantly up on pcp
 - Total assets under administration/advice/management grew 8% from \$A56.2b (Mar 06) to \$A60.8b
 - Wrap up 10% from \$A19.2b (Mar 06) to \$A21.2b and CMT up 9% from \$A12.0b (Mar 06) to \$A13.1b (Wrap and CMT include total Superannuation of \$A18.0b)
 - Wrap continued strong inflows, CMT remains market leader with increased market share during the past year
- Macquarie Professional Series reaches \$A1bn FUA 18 months after launch
- Consistently number one full service broker for ASX retail stockbroking volumes
- Fees from capital raising activities up 89 per cent on pcp
- NZ Commodities Bonds raise in excess of \$A100m
- Private portfolio management and private banking businesses both reached \$A1bn in FUM/FUA





Financial Services

Contribution up 40% on pcp

Current operating environment:

- Continuing strong equity markets
 - Strong underwriting and broking volumes
 - Good inflows into Wrap platform and CMT

Outlook:

- Continue to investigate and invest in both domestic and international opportunities
- Broking business heavily influenced by market sentiment
- Aiming to grow new businesses – eg Macquarie Insurance – and annuity sources of income
- Increasing focus on creating innovative alternative investment opportunities, including commodity and collateralised debt obligation

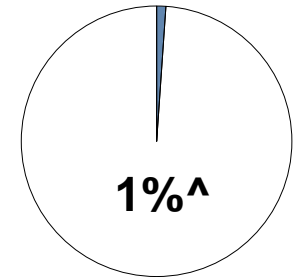


Funds Management

Contribution up 32% on pcp

Comments on the first half:

- Significantly up on pcp driven by increased performance fees and base fees, especially in Australian equities
- Assets under management up 5.4% from \$A51.5b (Mar '06) to \$A54.3b, with growth in higher-margin products
- Strong performance from many flagship funds, including Australian Small Companies
- Launched emerging markets fund manager Globalis with OneWorld Investments (Boston), in conjunction with IBG Financial Products



Outlook:

- Fee revenue base expected to continue growing this year
- Continued expansion through:
 - development of more regional and global asset products, including hedge funds
 - opportunities to distribute global-asset products to the Korean, Taiwanese and potentially UK markets

- Subject to market conditions expect 2H07 to be up on pcp
- Note that 1H07 has benefited from asset realisations and generally good market conditions
- Expect to continue to benefit from staff growth and increases in market shares
- Subject to market conditions, in the remainder of the current year we expect:
 - Continued satisfactory transaction levels
 - Most trading businesses will benefit from geographic and product expansion but market conditions may continue to negatively impact equity derivatives
 - Substantial raisings – unlisted international specialist funds
 - Performance fees at current relative prices will not be material
 - Asset disposals may be a swing factor
- Full-year end tax rate expected to be lower than pcp due to offshore tax rate differentials



Outlook – 2008 and beyond

- Recent growth has been extraordinary – particularly benefiting from one-off transactions – and may be difficult to repeat in the short term
- Over the medium term we continue to be well placed due to:
 - Good businesses
 - Diversification
 - Benefits of major growth strategic initiatives
 - Committed quality staff
 - Effective prudential controls
 - Continued strong global investor demand for quality assets
- 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 Bank Limited

Result Announcement for the half
year ended 30 September 2006

Presentation to Investors and Analysts

David Clarke, Executive Chairman
Allan Moss, Managing Director & Chief Executive Officer
Greg Ward, Chief Financial Officer

14 November 2006

1. Introduction	David Clarke
2. Result analysis	Greg Ward
3. Overview of the year & Outlook	Allan Moss
4. Appendices:	
▪ Glossary	

Unless otherwise specified all information is for the six months ended 30 September 2006 and increases are on the prior corresponding half year.

1H06/1H2006	Half year ended 30 September 2005
2H06/2H2006	Half year ended 31 March 2006
1H07/1H2007	Half year ended 30 September 2006
€	Euro
£	Pound
ADI	Authorised Deposit-taking Institution
AGAAP	Australian Generally Accepted Accounting Principles
AGM	Annual General Meeting
AIFRS	Australian equivalents to International Financial Reporting Standards
APRA	Australian Prudential Regulatory Authority
ASX	Australian Stock Exchange
AUD/\$A	Australian dollar
AUM	Assets Under Management
BPG	Banking and Property Group
\$C	Canadian dollar
CMT	Cash Management Trust
CPS	Converting Preference Shares
cps	cents per share
DRP	Dividend Reinvestment Plan
DUET	Diversified Utility and Energy Trusts
ECM	Equity Capital Markets
EPS	Earnings Per Share

FUA	Funds Under Administration
FUM	Funds Under Management
FMG	Funds Management Group
FSG	Financial Services Group
FX	Foreign Exchange
FY	Full Year
GIF II	Global Infrastructure Fund II
\$HK	Hong Kong dollar
HK	Hong Kong
HY	Half year
IBF	Investment Banking Funds
IBG	Investment Banking Group
IPO	Initial Public Offering
JV	Joint Venture
LPT	Listed property trust
M&A	Mergers and Acquisitions
MAG	Macquarie Airports Group
MAP	Macquarie Airports
MBL	Macquarie Bank Limited
MCAG	Macquarie Capital Alliance Group
MCG	Macquarie Communications Infrastructure Group



Glossary

MCW	Macquarie CountryWide Trust
MEIF/MEIF II	Macquarie European Infrastructure Fund /Macquarie European Infrastructure Fund II
MGP	Macquarie Global Property
MGQ	Macquarie Goodman Group
MIC	Macquarie Infrastructure Company
MIG	Macquarie Infrastructure Group
MIIF	Macquarie International Infrastructure Fund
MIP	Macquarie Infrastructure Partners
MIPS	Macquarie Income Preferred Securities
MIS	Macquarie Income Securities
MMG	Macquarie Media Group
MMPR	Macquarie MEAG Prime REIT
MKIF	Macquarie Korea Infrastructure Fund
MKOF	Macquarie Korea Opportunities Fund
MLE	Macquarie Leisure Trust Group
MOF	Macquarie Office Trust
MPT	Macquarie Power & Infrastructure Income Fund
MSCI	Morgan Stanley Capital International
NAB	Net Asset Backing
NOHC	Non-operating holding company
NZ	New Zealand
pcp	prior corresponding period
REIT	Real Estate Investment Trust
RWA	Risk-Weighted Assets

S&P	Standard and Poor's
SFE	Sydney Futures Exchange
SPV	Special Purpose Vehicle
T1	Tier one capital
UK	United Kingdom
US	United States of America
WA	Western Australia
YTD	Year to date