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MACQUARIE BANK SAYS FIRST QUARTER PROFIT WELL UP ON PRIOR CORRESPONDING PERIOD

Macquarie Bank Managing Director and Chief Executive Officer Allan Moss today said the Bank's first quarter profit, for the three months ended June 30, 2003, was well up on the corresponding quarter in 2002.

Speaking at the Bank's 2003 Annual General Meeting at The Westin Sydney, Mr Moss said he expected the first half and full year results to be higher than the corresponding results for last year.

He said the Bank had seen good increases in first quarter earnings from its Investment Banking Group, Equity Markets Group, Financial Services Group and Funds Management Group. The Banking and Property Group was in line with the prior corresponding period and Treasury and Commodities Group was down on its outstanding first quarter result last year.

Speaking specifically on the Bank's operating Groups for the first quarter, Mr Moss noted:

Investment Banking Group was substantially up on the prior corresponding period, with good levels of activity in Corporate Finance and Institutional Stockbroking, strong performances from the specialist funds, and good volumes in the leasing business. For the six months to 30 June, the Bank was placed first in Thomson Financial's league tables for number of announced Australian transactions with value exceeding \$4.1 billion. Since

January, Macquarie has lead managed ten significant equity transactions totalling over \$3 billion, which have delivered excellent returns to investors.

Treasury and Commodities Group's result was down from the outstanding first quarter last year, reflecting less favourable market conditions. The Debt Markets and Futures Divisions achieved results similar to the prior corresponding period with other Divisions down on the same period last year. The first quarter does not include consideration from the sale of shares in East African Gold Mines Limited.

Banking and Property Group was in line with the prior corresponding period.

Equity Markets Group was substantially up, reflecting some improvement in international markets. The South African business venture with Nedbank is trading profitably, ahead of schedule.

Funds Management Group was substantially up reflecting growth in funds under management, which increased \$4.7 billion (17 per cent) on the prior corresponding period to \$32.7 billion. The Group has initiated operations in Taiwan through a joint venture with United Securities Investment Trust Corporation, a Taiwanese fund manager.

Financial Services Group was substantially up, as planned. The result was underpinned by growth in annuity based revenue through the Group's Wrap administration platform and its Cash Management Trust.

Outlook

Commenting on the outlook, Mr Moss said: "We have started the year well and expect both the first half and full year to be up on the prior corresponding periods, but the quantum of full year profit growth will depend on transaction flow and general market conditions."

"While market conditions are still uncertain, especially in international markets, our equities related businesses are well placed to benefit from any improvement in markets.

"We will continue our successful approach of investing in growth through the business cycle."

Long term performance

Commenting on the Bank's long term performance, Executive Chairman David Clarke said: "Since Macquarie Bank listed in 1996 at \$6.50, it has delivered better shareholder returns than any other top 50 company which has been listed on the Australian Stock Exchange since 1996."

Mr Clarke also said that in general, investors in Macquarie's specialist infrastructure and property funds had benefited significantly.

"Measured at the July 25, 2003 market close, Macquarie's listed specialist infrastructure and property funds had an average accumulated return of 230 per cent since 1996, versus a 91 per cent accumulated return for the sharemarket over the same period."

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