

No.1 Martin Place  
Sydney NSW 2000  
GPO Box 4294  
Sydney NSW 1164

Telephone (61 2) 8232 3333  
Facsimile (61 2) 8232 7780  
Telex 122246  
Internet <http://www.macquarie.com.au>  
DX 10287 SSE  
SWIFT MACQUAU2S

Money Market 8232 3600 Facsimile 8232 4227  
Foreign Exchange 8232 3666 Facsimile 8232 3019  
Metals and Mining 8232 3444 Facsimile 8232 3590  
Futures 9231 1028 Telex 72263  
Debt Markets 8232 3815 Facsimile 8232 4414

## **ASX/Media Release**

### **MACQUARIE BANK ANNOUNCES A 67 PER CENT NET PROFIT INCREASE AND A 65 PER CENT INCREASE IN TOTAL DIVIDENDS FOR THE 2005 FULL YEAR, INCLUDING A 40 CENTS PER SHARE SPECIAL DIVIDEND**

**17 May 2005** – Macquarie Bank today announced a \$823 million after tax profit attributable to ordinary equity holders for the full year to 31 March 2005, a 67 per cent increase on the prior year. Pre-tax profit increased by 69 per cent to \$1,103 million over the same period.

Excluding the profit brought to account on the formation of the Macquarie Goodman Group (MGQ), the full year after tax profit for the Bank increased 48 per cent to \$732 million, and pre-tax profit was up 49 per cent to \$973 million over the same period. Earnings per share increased to \$3.75 from \$2.33, a 61 per cent increase.

Macquarie Bank Chairman David Clarke said the Bank had declared a special dividend of 40c per share in addition to a final dividend of \$1.00 per share, up from 70c last year, taking total dividends for the year to 31 March 2005, to \$2.01 per share as compared to last year's dividends of \$1.22 per share. The special dividend was declared because of the significant one off profit recognised from the formation of the Macquarie Goodman Group, reflecting 12 years of business building by the property funds management team. Both the final and special dividend are franked to 90 per cent.

"We are pleased to report another record result for our shareholders. The net profit is an increase on the previous year of two thirds, more than three times the profit of three years ago, and more than twelve times the profit of twelve years ago.

"The year was characterised by substantial international growth. The continuation of business expansion and significant international achievements resulted in international income growth of 83 per cent to \$1.3 billion. The Bank also benefited from a 29 per cent increase in employee numbers outside Australia to 1,750, with total staff numbers increasing by 15 per cent to 6,560," Mr Clarke said.

Mr Clarke noted that Macquarie Bank's total shareholder return since listing in July 1996 until 31 March 2005 was 929 per cent. This return compares to the average total shareholder return over the same period of 164 per cent for the companies which comprised the ASX top 50 at the time of the Bank's listing, assuming reinvestment of all dividends and accounting for all corporate actions.

Assets under management grew 42 per cent to \$89 billion over the period. Specialist property and infrastructure funds increased from \$26 billion to \$46 billion over the same period.

"The specialist funds continued to provide strong returns to investors. TSR for investors in Macquarie specialist funds both in Australia and internationally was over 400 per cent from December 1995 to 31 March 2005," Mr Clarke said.

Macquarie Bank Managing Director and Chief Executive Officer, Mr Allan Moss, said all Groups made record contributions to the result. The Investment Banking Group reported an excellent result in a strong environment, up 73 per cent on pcp. The Banking and Property Group made an excellent contribution, up 200 per cent on pcp (24 per cent excluding the profit brought to account on the formation of MGQ). The Treasury and Commodities Group recorded a strong result, up 30 per cent on a strong pcp. Equity Markets Group had a good result, slightly ahead of pcp, while the Financial Services Group posted a good result also, 20 per cent up on pcp. The Funds Management Group was 66 per cent up on pcp, including the profit on the sale of its Malaysian joint venture.

Mr Moss said international income represented approximately 37 per cent of total income.

"International income is now half, or more than half the income from a number of business groups," he said.

Mr Moss highlighted a number of notable achievements around the world for the year to 31 March 2005.

## **Asia**

- Macquarie Securities Asia (previously ING's Asian cash equities business) is already profitable and growing
- Macquarie Equity Capital Markets completed the \$US530 million IPO for SM Investments Corp, the largest in the Philippines' history, demonstrating the Bank's increasing Asia-wide investment banking capability
- Macquarie Securities was awarded a Malaysian stockbroking license, only one of five conferred upon non-Malaysian firms

- Expanded structured equity offerings to include products over Korean, Taiwanese, Singaporean and Japanese markets
- Korean securities funds management joint venture increased assets under management (Macquarie's share) 62 per cent to \$3.5 billion
- Post balance date:
  - Announced the proposed listing on the Singapore Stock Exchange of Macquarie International Infrastructure Fund
  - Joint venture with the Thai Military Bank, focusing on investment banking and stockbroking

### **Europe, Africa and the Middle East**

- Established Macquarie European Infrastructure Fund (MEIF), an unlisted pan-European fund focusing on infrastructure investments in Europe
- Acquisition of 70 per cent of Brussels International Airport Company by a Macquarie Airports led consortium for €735 million
- Acquisition of NTL:Broadcast UK by a Macquarie Communications Infrastructure Group (MCG) led consortium for £1.3 billion
- Established Macquarie Global Property Advisers that now manages \$US1.9 billion of assets in Europe and Asia
- Entered into a renewable energy joint venture which has one of the largest portfolios in the UK with a total value of £121 million
- Global energy markets team headquartered in London increased contribution significantly
- Agricultural Commodities structured products team established in London
- Post balance date
  - Treasury and Commodities joint venture with Abu Dhabi Commercial Bank

### **The Americas**

- \$US535 million New York Stock Exchange IPO of the Macquarie Infrastructure Company Trust (MIC). MIC invests in a diversified group of infrastructure businesses in the US and other developed countries
- Chicago Skyway acquired by Macquarie Infrastructure Group (MIG) and Cintra Concesiones de Infraestructuras de Transporte, SA for \$US1.8 billion
- Macquarie Property and its joint venture partners acquired \$US5.5 billion of property; including Macquarie CountryWide with Regency Centers (\$US2.8 billion portfolio of US shopping centres); and Macquarie Office Trust (takeover of \$1.3 billion of Principal America Office Trust)
- \$C212 million Toronto Stock Exchange IPO of the Macquarie Power Income Fund (MPT) a fund focusing primarily on power generation assets in North America

- \$C528 million acquisition of Leisureworld, a Canadian aged care provider, intended to be transferred to a Macquarie-managed fund
- No.1 ranking for overall research/sales quality in Australian equities, by Greenwich Associates
- Strong growth in commodities including cotton and oil & gas financing businesses. Energy derivatives teams were also established in New York and Houston

### **Australia and New Zealand**

- Merger of Macquarie Goodman Industrial Trust and Macquarie Goodman Management Ltd to form MGQ, Australia's largest industrial property group
- ConnectEast Group, supported by Macquarie Bank, Thiess Pty Ltd and John Holland Pty Ltd, was awarded the 39-year concession for the Mitcham-Frankston project
- \$266 million IPO and subsequent \$398 million raising by Diversified Utility and Energy Trust (DUET), a fund principally investing in Australian and New Zealand utility and energy assets, and managed by a joint venture with AMP Capital
- Acquired 92 radio stations in 45 Australian regional markets with the intention that these will become part of a specialist fund
- IPO of Macquarie Private Capital Group, a \$107 million private equity fund
- Launch of an integrated hedge fund business
- Macquarie Cash Management Trust exceeded \$10 billion in funds under management and Macquarie Wrap solutions exceeded \$14 billion in funds under administration
- Margin lending products reported rapid growth with the total loan portfolio expanding by 47 per cent to over \$2.6 billion
- Acquired 49 per cent of Brook Asset Management in New Zealand
- No. 2 stockbroker by ASX market share for the 2004 calendar year and the No.1 for the first quarter of 2005
- Post balance date
  - \$1 billion IPO of Macquarie Capital Alliance Group, a fund focusing on co-investing with Macquarie Bank and/or with Macquarie managed funds in any sector excluding property

### **Financial Results and Capital Management**

Macquarie Bank Chief Financial Officer, Mr Greg Ward, said the Bank has maintained its strong capitalisation, with a Tier 1 capital ratio of 14.4 per cent, providing the ability to support new and existing business initiatives and maintain its credit ratings.

"In response to demand from US-based investors, Macquarie Bank will launch a Level 1 American Depository Receipt (ADR) program, enabling US investors to purchase Macquarie Bank ordinary

shares in US dollars over the counter. This will provide shareholders in this region with an alternative means of gaining exposure to the Bank,” Mr Ward said.

Total income from ordinary activities for the year was \$3,655 million, up 54 per cent from \$2,380 million for the prior year while international income rose 83 per cent to \$1,273 million from \$696 million for the same period. Net fee and commission income rose by 45 per cent to \$1,907 million, while the contribution from trading income rose by 30 per cent to \$730 million from \$562 million in the previous year. Net interest income rose by 33 per cent to \$405 million, from \$304 million previously. Other income increased significantly to \$613 million from \$196 million for the prior year.

### **Dividends**

The special dividend takes the dividend payout ratio for the year to 54 per cent. The Bank’s target payout ratio each year remains in the range of 50 to 60 per cent of net earnings, It is expected that future dividends will be at least 80 per cent franked.

### **Outlook**

Mr Moss said: “The Bank is aiming to repeat the full year 2005 result for the year ending 31 March 2006, excluding the one off profit realisation on the formation of MGQ and the impact of the introduction of International Financial Reporting Standards.

“Achieving that result will, however, be subject to swing factors including the quantum of performance fees on specialist funds, market conditions and asset realisations.

“We note that equity markets conditions have recently softened and we may not achieve this outcome if this softening is sustained.”

Mr Moss added that over the medium term the Bank continues to be well placed due to good businesses, diversification, benefits of major strategic growth initiatives, committed quality staff and effective prudential controls. Subject to market conditions not deteriorating materially, the Bank expects continued good growth over time in revenue and earnings across most businesses and continued good growth in international businesses.

**For further information, please contact:**

Erica Sibree, Investor Relations  
Macquarie Bank Ltd

Tel: +612 8232 5008

Matthew Russell, Public Relations  
Macquarie Bank

Tel: +612 8232 4102