

**MACQUARIE BANK ANNUAL GENERAL MEETING  
CHAIRMAN'S ADDRESS  
THURSDAY 28 JULY 2005  
WESTIN HOTEL, SYDNEY**



**(CHECK AGAINST DELIVERY)**

---

GOOD MORNING LADIES AND GENTLEMEN.

I'M DAVID CLARKE, THE CHAIRMAN OF MACQUARIE BANK AND I WILL  
BE CHAIRING YOUR MEETING TODAY.

THE COMPANY SECRETARY HAS CONFIRMED THAT A QUORUM IS  
PRESENT, SO I FORMALLY DECLARE THE MEETING OPEN.

I WOULD LIKE TO START BY WELCOMING ALL OF YOU TO THE 2005  
ANNUAL GENERAL MEETING.

AS WELL AS THOSE SHAREHOLDERS PRESENT IN PERSON, THE  
HOLDERS OF 160 MILLION SHARES, OR APPROXIMATELY 71 PER  
CENT OF THE BANK'S ORDINARY SHARE CAPITAL, ARE  
REPRESENTED BY PROXIES.

BEFORE WE GET UNDERWAY WITH THE FORMAL BUSINESS, I WOULD  
LIKE TO INTRODUCE MEMBERS OF OUR BOARD OF DIRECTORS AND  
SOME OF OUR SENIOR EXECUTIVES.

ON MY LEFT IS YOUR MANAGING DIRECTOR ALLAN MOSS.

NEXT TO HIM IS THE BANK'S CHIEF FINANCIAL OFFICER GREG WARD, THEN NON-EXECUTIVE DIRECTOR HELEN NUGENT, DEPUTY CHAIRMAN MARK JOHNSON, NON-EXECUTIVE DIRECTORS BARRIE MARTIN AND KEVIN MCCANN AND EXECUTIVE DIRECTOR, LAURIE COX.

ON MY RIGHT IS OUR COMPANY SECRETARY, DENNIS LEONG. NEXT TO HIM ARE NON-EXECUTIVE DIRECTORS PETER KIRBY, JOHN NILAND, JOHN ALLPASS AND CATHERINE LIVINGSTONE.

THERE ARE THREE MAJOR PARTS TO THIS MORNING'S MEETING.

FIRST, I WILL PRESENT AN OVERVIEW OF OUR RESULTS FOR THE PAST FINANCIAL YEAR, IN THE CONTEXT OF OUR LONG-TERM STRATEGY.

THEN ALLAN MOSS WILL DISCUSS THE RESULTS IN GREATER DETAIL AND PROVIDE AN UPDATE ON THE FIRST QUARTER AND AN OUTLOOK STATEMENT FOR THE REMAINDER OF THE CURRENT FINANCIAL YEAR.

FOLLOWING THESE ADDRESSES, WE WILL MOVE TO CONSIDER, DISCUSS AND VOTE ON THE RESOLUTIONS SET OUT IN THE NOTICE OF MEETING.

I WOULD ASK THAT YOU SAVE ANY QUESTIONS AND COMMENTS UNTIL THE COMPLETION OF THE FORMAL ADDRESSES.

AT THE END OF THE FORMAL PART OF THE MEETING, ALL SHAREHOLDERS ARE INVITED TO JOIN US FOR A CUP OF TEA OR COFFEE AND SANDWICHES IN THE FOYER OUTSIDE.

TURNING NOW TO THE RESULTS, MACQUARIE BANK REPORTED AN AFTER TAX PROFIT OF \$823 MILLION FOR THE YEAR TO 31 MARCH 2005, A 67 PER CENT INCREASE OVER THE PREVIOUS YEAR.

THIS FIGURE INCLUDED A ONE-OFF GAIN OF \$91 MILLION ARISING FROM THE FORMATION OF THE MACQUARIE GOODMAN GROUP, WHICH I WILL EXPAND UPON LATER.

EVEN WITHOUT THIS GAIN, NET PROFIT ROSE 48 PER CENT TO \$732 MILLION.

THIS IS AN EXCEPTIONAL RESULT, WHICH MARKS OUR THIRTEENTH SUCCESSIVE YEAR OF PROFIT GROWTH.

EARNINGS PER SHARE INCREASED BY 61 PER CENT DURING THE YEAR TO \$3.75 PER SHARE.

SETTING ASIDE THE 41 CENTS PER SHARE ATTRIBUTABLE TO THE MACQUARIE GOODMAN GROUP TRANSACTION, EARNINGS PER SHARE ROSE BY 43 PER CENT TO \$3.34 PER SHARE.

OVER THE PAST FIVE YEARS, EARNINGS PER SHARE HAVE NEARLY TRIPLED FROM \$1.24 PER SHARE TO CURRENT LEVELS.

DIVIDEND PAYMENTS TO SHAREHOLDERS ALSO INCREASED SUBSTANTIALLY.

THE BANK DECLARED A FINAL DIVIDEND OF \$1 PER SHARE, UP FROM 70 CENTS LAST YEAR, AS WELL AS A SPECIAL DIVIDEND OF 40 CENTS PER SHARE, DUE TO THE ONE-OFF PROFIT TO THE BANK FROM THE FORMATION OF THE MACQUARIE GOODMAN GROUP.

THIS TOOK TOTAL DIVIDENDS FOR THE YEAR TO \$2.01 PER SHARE, FRANKED AT 90 PER CENT, A 65 PER CENT INCREASE ON LAST YEAR'S FIGURE OF \$1.22.

OVER THE PAST FIVE YEARS, DIVIDENDS HAVE RISEN BY 134 PER CENT FROM 86 CENTS PER SHARE TO CURRENT LEVELS.

THERE ARE SEVERAL KEY DRIVERS BEHIND THIS OUTSTANDING RESULT.

CHIEF AMONG THEM IS THE SUBSTANTIAL GROWTH IN OUR INTERNATIONAL ACTIVITIES, WHICH RESULTED IN AN 83 PER CENT INCREASE IN INTERNATIONAL REVENUE TO \$1.3 BILLION.

THIS GROWTH OCCURRED PARTICULARLY IN OUR INFRASTRUCTURE AND SPECIALISED FUNDS BUSINESS, WITH NEW FUNDS BEING ESTABLISHED IN EUROPE, CANADA AND THE UNITED STATES.

INTERNATIONAL BUSINESS LAST YEAR ACCOUNTED FOR 37 PER CENT OF THE BANK'S TOTAL INCOME AND OUR INTERNATIONAL STAFF NUMBERS HAVE ALSO RISEN TO ACCOMMODATE THIS INCREASED ACTIVITY.

THERE WERE MANY SIGNIFICANT INTERNATIONAL ACHIEVEMENTS DURING THE YEAR, WHICH ALLAN MOSS WILL EXPAND ON IN HIS ADDRESS.

ANOTHER FEATURE OF OUR RESULT WAS THE RECORD PERFORMANCE REPORTED BY EVERY ONE OF OUR BUSINESS GROUPS.

THIS IS AN OUTSTANDING ACHIEVEMENT IN ITSELF AND REFLECTS THE INCREASING DIVERSITY OF OUR BUSINESS ACTIVITIES, BOTH GEOGRAPHICALLY AND IN A PRODUCT SENSE.

OUR SPECIALIST FUNDS PERFORMED WELL, RESULTING IN A 39 PER CENT INCREASE IN PERFORMANCE FEES.

IN ADDITION, OUR ASSETS UNDER MANAGEMENT INCREASED BY 42 PER CENT DURING THE YEAR UP TO \$89 BILLION.

THIS WAS DRIVEN BY THE GROWTH IN SPECIALIST PROPERTY AND INFRASTRUCTURE FUNDS FROM \$26 BILLION TO \$46 BILLION AND LED TO A 22 PER CENT INCREASE IN BASE MANAGEMENT FEES, THUS BUILDING A PLATFORM FOR FURTHER GROWTH.

WE WERE ALSO ASSISTED BY GLOBAL MARKET CONDITIONS, WHICH CONTINUED TO BE BROADLY FAVOURABLE AND, IN SOME CASES, EXCEPTIONAL.

ANOTHER FACTOR IN OUR STRONG RESULT WAS THE MERGER BETWEEN THE MACQUARIE GOODMAN INDUSTRIAL TRUST AND MACQUARIE GOODMAN MANAGEMENT LIMITED TO FORM MACQUARIE GOODMAN GROUP, AUSTRALIA'S LARGEST INDUSTRIAL PROPERTY GROUP.

THIS RESULTED IN A ONE-OFF ACCOUNTING GAIN OF \$91 MILLION, REFLECTING 12 YEARS OF BUSINESS DEVELOPMENT BY OUR PROPERTY FUNDS MANAGEMENT TEAM.

OTHER ASSET REALISATIONS CONTRIBUTED SIGNIFICANTLY TO THE BANK'S REVENUE AND, AGAIN, REPRESENT OUR INVESTMENT IN OPPORTUNITIES OVER TIME.

LET ME TURN NOW TO SOME OF THE INDIVIDUAL BUSINESS GROUP'S ACHIEVEMENTS.

WE WERE SUCCESSFUL IN A GREATER NUMBER OF INVESTMENT BANKING AND FUND RELATED TRANSACTIONS THAN IN PREVIOUS YEARS.

WE DIVERSIFIED OUR EQUITY DERIVATIVES PRODUCT RANGE, PROVIDING UNDERLYING STRENGTH TO THAT BUSINESS.

IT WAS ALSO AN EXCELLENT YEAR FOR INSTITUTIONAL STOCKBROKING IN AUSTRALIAN AND ASIAN STOCKS, ENABLING US TO CAPITALISE ON OUR RECENT ACQUISITION OF THE ING ASIAN EQUITIES BUSINESS.

IN ADDITION TO THESE DEVELOPMENTS, OUR TREASURY AND COMMODITIES BUSINESSES CONTINUED TO ACHIEVE BROADLY BASED GROWTH, WHILE RETAIL FINANCIAL SERVICES BENEFITED FROM FAVOURABLE MARKET CONDITIONS AND A CONTINUING FOCUS ON COST MANAGEMENT.

AS YOU CAN SEE, LAST YEAR'S RESULT IS MORE THAN THREE TIMES THE PROFIT WE ACHIEVED THREE YEARS AGO AND MORE THAN TWELVE TIMES THE PROFIT OF TWELVE YEARS AGO.

BUT IT SHOULD ALSO BE VIEWED IN THE CONTEXT OF OUR SUSTAINED SUCCESS OVER 37 YEARS.

SINCE 1969, MACQUARIE HAS DELIVERED CONSISTENT – AND SUBSTANTIAL – PROFIT GROWTH, BUILDING ON THE SUCCESSES OF PREVIOUS YEARS.

THIS RECORD OF SUSTAINED SUCCESS DEMONSTRATES NOT ONLY A PROVEN ABILITY TO PERFORM WELL IN ALL MARKET CONDITIONS BUT ALSO THE QUALITY OF THE STRATEGIES WE HAVE FOLLOWED OVER OUR HISTORY.

WE HAVE EMPLOYED DIFFERENT STRATEGIES FOR DIFFERENT MARKETS.

HERE IN AUSTRALIA, IT WAS ALWAYS OUR AMBITION TO ESTABLISH A FULL SUITE OF FINANCIAL SERVICES AND PRODUCTS.

BUT IT WAS NOT A REALISTIC OPTION TO TRY TO REPLICATE THIS OVERSEAS.

INSTEAD, WE HAVE FOCUSED ON SPECIFIC OPPORTUNITIES OVERSEAS, TARGETING PARTICULAR MARKETS OR PRODUCT LINES.

WE HAVE BEEN ABLE TO DO THIS BY UTILISING THE SKILLS AND EXPERTISE WE HAVE CULTIVATED OVER MANY YEARS IN THE FIERCELY COMPETITIVE AUSTRALIAN FINANCIAL SERVICES MARKET.

THIS TARGETED APPROACH ALLOWS US THE FLEXIBILITY TO ENTER NEW MARKETS AS OPPORTUNITIES ARISE AND THE ABILITY TO RESPOND TO THE SPECIALIST REQUIREMENTS OF INDIVIDUAL MARKETS AROUND THE WORLD.

IN THE ASIA PACIFIC REGION, WE LOOK TO PROVIDE A BROAD INVESTMENT BANKING SERVICE THAT FALLS SOMEWHERE BETWEEN THE FULL-SERVICE MODEL OFFERED IN AUSTRALIA AND THE TARGETED APPROACH APPLIED FURTHER AFIELD.

USING THESE DIFFERENT STRATEGIES, MACQUARIE HAS DEVELOPED AN EXTENSIVE GLOBAL FOOTPRINT.

IT IS WORTH REMEMBERING THAT WHEN THE BANK WAS PUBLICLY LISTED JUST NINE YEARS AGO, WE ONLY HAD AROUND 100 OVERSEAS STAFF AND OUR INTERNATIONAL INCOME WAS LESS THAN \$35 MILLION PER ANNUM.

WE NOW HAVE A PRESENCE IN EVERY MAJOR FINANCIAL CENTRE IN THE WORLD.

WE HAVE OVER 6800 STAFF IN 24 COUNTRIES.

OVER 1800 OF THESE ARE LOCATED OUTSIDE AUSTRALIA, WHICH IS UP 38 PER CENT SINCE APRIL 2004.

AFTER AUSTRALIA, ASIA IS THE SECOND LARGEST CONCENTRATION OF EMPLOYMENT, REFLECTING THE BROAD INVESTMENT BANKING PLATFORM WE ARE BUILDING IN THE REGION.

WITH THE PURCHASE OF THE ING ASIAN EQUITIES BUSINESS, WE NOW HAVE AN INSTITUTIONAL STOCKBROKING PRESENCE IN EIGHT ASIAN OFFICES.

WE NOW OPERATE IN 16 NORTH AMERICAN CITIES, WITH OVER 450 STAFF COVERING THE GAMUT OF SERVICES FROM INSTITUTIONAL STOCKBROKING TO FINANCING OIL AND GAS DEVELOPMENTS.

OUR EUROPEAN ACTIVITIES EMPLOY OVER 400 STAFF ACROSS GERMANY, AUSTRIA, ITALY, SWITZERLAND, FRANCE, THE UNITED KINGDOM AND IRELAND AND COVER A DIVERSE RANGE OF SERVICES.

THE DEVELOPMENT OF CHINA AND INDIA PRESENT AN EXCITING OPPORTUNITY FOR AUSTRALIA AND ALSO FOR MACQUARIE BANK.

MACQUARIE HAS BEEN CONDUCTING VARIOUS BUSINESSES IN CHINA SINCE 1995 AND RECENTLY OPENED A CORPORATE FINANCE OFFICE IN BEIJING.

THE BANK AND A SYNDICATE OF INSTITUTIONAL INVESTORS YESTERDAY ANNOUNCED THE PURCHASE OF A PORTFOLIO OF NINE RETAIL MALLS IN THE PEOPLE'S REPUBLIC OF CHINA FROM A SIGNIFICANT LOCAL PROPERTY OWNER.

THE PROPERTIES ARE LOCATED IN MAJOR SHOPPING PRECINCTS AND ARE UNDERPINNED BY LONG TERM LEASES TO A STRONG MIX OF TENANTS.

THE BANK IS CURRENTLY INVESTIGATING A NUMBER OF OPTIONS FOR DEALING WITH ITS INTEREST IN THE PROPERTIES INCLUDING THE POSSIBLE PARTIAL TRANSFER INTO TO A MACQUARIE MANAGED FUND.

WE ARE ALSO PLEASED TO ANNOUNCE TODAY THE EXPANSION OF OUR STOCKBROKING AND CORPORATE FINANCE PRESENCE INTO INDIA.

OUR ENTRY INTO THE INDIAN MARKET MEANS WE WILL OFFER INTERNATIONAL CLIENTS ACCESS TO ALL KEY ASIAN MARKETS. CLIENTS IN INDIA WILL HAVE ACCESS TO EQUITY CAPITAL MARKET DISTRIBUTION AND EXPERTISE IN SECTORS SUCH AS INFRASTRUCTURE, UTILITIES, RESOURCES, REAL ESTATE AND MEDIA.

OF COURSE, OUR EXPANSION IN THESE COUNTRIES WILL PRESENT SOME CHALLENGES.

HOWEVER, WE BELIEVE THAT THE DEVELOPMENT OF THESE TWO MARKETS WILL BE OF GREAT SIGNIFICANCE.

OUR PURSUIT OF THESE OPPORTUNITIES IS VERY MUCH IN LINE WITH OUR COMMITMENT TO GROWTH.

SINCE INCEPTION, WE HAVE ALSO FOLLOWED A NUMBER OF OTHER KEY MANAGEMENT PHILOSOPHIES, WHICH HAVE ENSURED A CONSISTENT APPROACH, NO MATTER HOW DIVERSE OUR ACTIVITIES BECOME.

FIRSTLY, WE HAVE SIX CORE GOALS AND VALUES.

WE STRIVE FOR PROFITABILITY, WE WORK HARD TO DELIVER VALUE TO OUR CLIENTS, WE AIM TO OBSERVE THE HIGHEST STANDARDS, WE ACT WITH INTEGRITY, WE ENCOURAGE TEAMWORK AMONGST OUR PEOPLE AND WE ASPIRE TO PROVIDE FULFILMENT TO ALL OUR STAFF.

SECONDLY, WE SEEK TO STRIKE AN APPROPRIATE BALANCE BETWEEN ENTREPRENEURIAL ENDEAVOUR AND PRUDENT RISK MANAGEMENT.

THIS IS A DIFFICULT BALANCE TO ACHIEVE AND A UNIQUE FEATURE OF MACQUARIE'S SUCCESS.

THIRDLY, WE HAVE PUT IN PLACE REMUNERATION SYSTEMS THAT REWARD SUCCESS AND ENCOURAGE LONG-TERM COMMITMENT FROM OUR STAFF AND WHICH ALIGN THEIR INTERESTS WITH THOSE OF OUR SHAREHOLDERS.

THIS STRATEGY HAS HELPED US DELIVER CONSISTENTLY STRONG BENEFITS FOR OUR CLIENTS, OUR SHAREHOLDERS AND OUR STAFF.

I WILL FOCUS ON TWO OF THESE AREAS – RISK MANAGEMENT AND STAFF REMUNERATION – IN GREATER DETAIL.

MACQUARIE HAS ALWAYS MAINTAINED A CLEAR FOCUS ON STRONG INDEPENDENT RISK MANAGEMENT.

GIVEN THE NATURE OF WHAT WE DO AND THE MARKETS IN WHICH WE OPERATE, WE UNDERSTAND THAT RISK IS AN INHERENT PART OF OUR BUSINESS.

IN A COMPETITIVE INDUSTRY LIKE INVESTMENT BANKING, WHERE INNOVATION IS ONE OF THE KEYS TO SURVIVAL, WE RECOGNISE IT IS IMPOSSIBLE TO ELIMINATE THESE RISKS.

RATHER, IT IS THE BANK'S POLICY TO MANAGE THEM PROPERLY AND WE DO THIS IN A NUMBER OF WAYS.

FIRSTLY, AT BOTH BOARD AND MANAGEMENT LEVELS, RISK MANAGEMENT IS A TOP PRIORITY.

WITHIN EACH OF OUR BUSINESSES, WE EXPECT OUR MANAGERS TO UNDERSTAND THE RISKS THEY FACE AND ONLY TAKE THOSE THAT ARE APPROPRIATE TO THE TRANSACTION CONCERNED.

IN DOING THIS, THEY ARE REQUIRED TO FOLLOW STRINGENT RISK MANAGEMENT AND REPORTING PROCESSES ESTABLISHED AND OVERSEEN BY OUR RISK MANAGEMENT DIVISION, WHICH IS INDEPENDENT FROM OTHER AREAS OF THE BANK.

THESE PROCESSES ALLOW FOR DAILY MONITORING OF CREDIT AND MARKET RISKS, CONTINUOUS ASSESSMENT OF BUSINESS ACTIVITIES AND CENTRALISED PRUDENTIAL MANAGEMENT.

WE EMPLOY A CONSERVATIVE CAPITAL POLICY THAT ENABLES US TO SUPPORT NEW AND EXISTING BUSINESS INITIATIVES, WHILE MAINTAINING OUR HIGH CREDIT RATING.

WE HAVE A DIVERSIFIED BUSINESS BASE THAT MINIMISES RISK BY ENSURING WE ARE NOT DEPENDENT ON ANY ONE MARKET OR ANY ONE PRODUCT.

AND FINALLY, WE BELIEVE THAT OUR STAFF HAVE THE BUSINESS EXPERTISE TO RECOGNISE AND MANAGE RISK APPROPRIATELY.

THROUGH THESE MEASURES, WE CAN ALLOW OUR STAFF TO PURSUE A WIDE VARIETY OF BUSINESS OPPORTUNITIES, WHILE ENSURING THAT WE HAVE SAFETY NETS IN PLACE.

IN OUR INTERNATIONAL ACTIVITIES, WE TAKE FURTHER PRECAUTIONS.

FIRSTLY, WE ENTER MARKETS ONLY WHERE WE BELIEVE THAT WE HAVE THE CAPACITY TO ADD SPECIAL VALUE.

WE ENSURE THAT NEW INITIATIVES ARE BUILT ON SKILLS AND COMPETENCIES WE ALREADY HAVE, OR ARE DEVELOPED WITH PARTNERS WHO UNDERSTAND LOCAL CONDITIONS INTIMATELY.

EVEN THEN, WE WILL USUALLY EMBARK ON SUCH INITIATIVES WITH ONLY A SMALL INITIAL RISK COMMITMENT.

IN OFFSHORE OFFICES, WE ENSURE THAT WE HAVE STRONG LOCAL MANAGEMENT AND UNDERTAKE FREQUENT MANAGEMENT VISITS AND INTERNAL AUDIT REVIEWS.

WE MIX EXPERIENCED MACQUARIE STAFF WITH NEW STAFF, TO ENSURE OUR RISK MANAGEMENT CULTURE IS PASSED ON AND UNDERSTOOD.

AND WE MAINTAIN CENTRAL OVERSIGHT OF RISK MANAGEMENT AND CENTRALISED CONTROL OF MOST PAYMENTS.

THESE MEASURES ENSURE THAT AS WE EXPAND OUR ACTIVITIES, IT IS DONE WITHIN A STRONG RISK MANAGEMENT FRAMEWORK.

LET ME TURN NOW TO ON THE SUBJECT OF REMUNERATION.

WE RECOGNISE THAT AS A DIVERSIFIED FINANCIAL SERVICES PROVIDER, OUR PERFORMANCE DEPENDS, MORE THAN ANYTHING ELSE, ON THE SKILL, EXPERIENCE AND CALIBRE OF OUR STAFF.

AFTER ALL, IT IS OUR STAFF WHO DELIVER THE RESULTS WHICH YOU AS SHAREHOLDERS ENJOY.

THEY ARE THE PEOPLE WHO DEVELOP THE SERVICES, ESTABLISH THE MARKETS AND BUILD THE BUSINESSES ON WHICH OUR GROWTH IS BASED.

MACQUARIE HAS ALWAYS FOCUSED HEAVILY ON ATTRACTING AND RETAINING THE BEST PEOPLE – AND TO DO THAT, WE HAVE TO COMPETE IN A GLOBAL EMPLOYMENT MARKET AGAINST INTERNATIONAL INVESTMENT BANKS.

THE TALENTED PEOPLE THAT WE SEEK TO ATTRACT HAVE MANY OPTIONS AVAILABLE TO THEM IN THE DEVELOPMENT OF THEIR CAREERS.

WE AIM TO UTILISE THEIR TALENTS EFFECTIVELY IN BUILDING BUSINESSES FOR MACQUARIE.

OUR REMUNERATION POLICY REWARDS STAFF FOR THEIR SUCCESSES AND ENABLES THEM TO SHARE IN THE PROFITS THEY CREATE FOR SHAREHOLDERS.

WE HAVE ALSO BUILT INTO THESE SYSTEMS, COMPONENTS WHICH ENCOURAGE THEIR LONG-TERM COMMITMENT, TO ENSURE THAT WE NOT ONLY ATTRACT BUT ALSO RETAIN HIGH-QUALITY STAFF.

THIS BASIC STRUCTURE HAS BEEN IN PLACE FOR MORE THAN 30 YEARS AND HAS BEEN INTEGRAL TO MACQUARIE'S SUCCESS.

THAT SAID, I WOULD MAKE THE FOLLOWING OBSERVATIONS.

FIRSTLY, OUR REMUNERATION LEVELS ARE BROADLY IN LINE WITH OUR COMPETITORS, WHEN TAKEN AS A PERCENTAGE OF TOTAL REVENUE.

IN ADDITION, WE DELIVER BETTER VALUE FOR MONEY FOR THOSE REMUNERATION COSTS, ACHIEVING A HIGHER RETURN ON EQUITY THAN OUR GLOBAL COMPETITORS.

AND FINALLY, OUR PROFIT GROWTH SIGNIFICANTLY EXCEEDS THE GROWTH IN EMPLOYMENT EXPENSES.

WHILE THE BUSINESS EFFORTS OF OUR STAFF ARE WIDELY KNOWN AND REPORTED, WHAT IS LESS WELL KNOWN IS THE EXTENT TO WHICH THEY ENGAGE WITH THEIR COMMUNITIES.

AS ONE OF THE PIONEERS OF CORPORATE PHILANTHROPY IN AUSTRALIA, MACQUARIE HAS PROVIDED COMMUNITY SUPPORT FOR MORE THAN 35 YEARS.

OUR STAFF ARE INTEGRAL TO THESE ENDEAVOURS AND THE MACQUARIE BANK FOUNDATION HAS A RANGE OF PROGRAMS DESIGNED TO ENCOURAGE AND SUPPORT THEM IN THEIR COMMUNITY ACTIVITIES.

ONE SUCH PROGRAM IS THE MACQUARIE VOLUNTEER OF THE YEAR AWARDS, WHICH RECOGNISE OUTSTANDING COMMUNITY CONTRIBUTIONS BY OUR STAFF.

LAST YEAR'S WINNERS HIGHLIGHT THE DEPTH OF OUR STAFF'S COMMUNITY CONTRIBUTIONS AROUND THE WORLD.

HERE IN SYDNEY, MACQUARIE STAFF INITIATED THE BIG BUDDY READING PROGRAM, WHERE THEY REGULARLY READ TO PUPILS AT DARLINGHURST PUBLIC SCHOOL

IN PERTH, LEE EVELEGH HAS CO-ORDINATED A SAILING PROGRAM FOR PEOPLE WITH DISABILITIES THROUGH THE ROYAL PERTH YACHT CLUB OVER THE PAST FIVE YEARS.

HALFWAY AROUND THE WORLD IN LONDON, ALICIA WESTON HAS SPENT THE PAST FOUR YEARS MENTORING DISADVANTAGED TEENAGE GIRLS IN HACKNEY, ONE OF THE POOREST AREAS OF LONDON.

PROMINENT EXAMPLES OF OTHER STAFF ACTIVITIES IN THE COMMUNITY ARE OUTLINED IN OUR QUARTERLY COMMUNITY NEWSLETTER, THE LATEST EDITION OF WHICH HAS BEEN PLACED ON YOUR SEAT.

THESE EFFORTS HELP US TO UNDERSTAND AND ASSIST THE COMMUNITIES IN WHICH WE OPERATE.

THIS IS CRITICAL TO THE SUCCESS OF MACQUARIE AS OPERATORS OF COMMUNITY ASSETS AROUND THE WORLD.

OUR SUCCESS IS DEPENDENT ON OUR ABILITY TO MANAGE THOSE ASSETS IN THE INTERESTS OF THE COMMUNITIES THEY SERVE, AS WELL AS FOR THE INVESTORS IN THE FUNDS THAT OWN THEM.

OUR SUCCESS IN THIS AREA IS HIGHLIGHTED BY THE RETURNS WE HAVE DELIVERED TO SHAREHOLDERS SINCE MACQUARIE BANK SHARES WERE LISTED ON THE AUSTRALIAN STOCK EXCHANGE IN 1996.

OVER THAT PERIOD, MACQUARIE BANK HAS DELIVERED TOTAL RETURNS IN EXCESS OF 1,300 PER CENT.

PUT ANOTHER WAY, \$1,000 INVESTED IN MACQUARIE BANK IN 1996 WOULD BE WORTH \$14,050 TODAY, TAKING INTO ACCOUNT THE INCREASE IN THE SHARE PRICE OVER THAT PERIOD AND ASSUMING THE REINVESTMENT OF DIVIDENDS.

THIS IS WELL IN EXCESS OF THE BENCHMARK INDEX AND MEANS MACQUARIE HAS OUT-PERFORMED ALL OF THE STOCKS THAT COMPRISED THE TOP 50 COMPANIES THAT WERE LISTED ON ASX WHEN OUR SHARES FIRST CAME TO THE ASX BOARDS.

INVESTORS IN MACQUARIE'S LISTED INFRASTRUCTURE AND PROPERTY FUNDS HAVE ALSO ENJOYED STRONG RETURNS.

OUR LISTED FUNDS, BOTH IN AUSTRALIA AND INTERNATIONALLY, HAVE DELIVERED TOTAL SHAREHOLDER RETURNS OF MORE THAN 450 PER CENT SINCE DECEMBER 1995.

AGAIN, THIS IS WELL IN EXCESS OF THE RETURNS ACHIEVED BY BOTH THE ALL ORDINARIES ACCUMULATION AND MSCI WORLD ACCUMULATION INDICES.

IT TAKES ENORMOUS EFFORT AND RESOURCES TO ACHIEVE THESE RETURNS, WHICH RESULT FROM CAREFUL IDENTIFICATION AND PURCHASE OF ASSETS, FINANCIAL STRUCTURING AND VERY ACTIVE MANAGEMENT.

THROUGH THE STRATEGIES I HAVE OUTLINED, MACQUARIE HAS BUILT A SUBSTANTIAL GLOBAL ENTERPRISE.

I WANT TO FINISH BY SHOWING YOU TABLES THAT ILLUSTRATE THE TRUE SIZE OF THE MACQUARIE FAMILY.

AS MANY OF YOU WOULD BE AWARE, MACQUARIE BANK IS NOW THE 13<sup>TH</sup> LARGEST COMPANY LISTED ON THE AUSTRALIAN STOCK EXCHANGE, WITH A MARKET CAPITALISATION OF \$14.3 BILLION.

HOWEVER, IF THE BANK AND ALL ITS LISTED AND UNLISTED SPECIALIST FUNDS WERE COMBINED INTO ONE ENTITY, IT WOULD RANK AS AUSTRALIA'S 3<sup>RD</sup> LARGEST COMPANY, WITH A MARKET CAPITALISATION OF ALMOST \$50 BILLION.

AND IN GLOBAL TERMS, IT WOULD COME IN AT NUMBER 133 ON THE LIST OF THE WORLD'S LARGEST COMPANIES.

THIS IS AN EXTRAORDINARY ACHIEVEMENT, WHICH REFLECTS THE GROWTH WHICH OUR STRATEGIES HAVE DELIVERED OVER THE COURSE OF OUR HISTORY.

WE REMAIN COMMITTED, AS ALWAYS, TO BUILDING ON THAT SUCCESS, TO THE BENEFIT OF THE CLIENTS WE SERVE, THE SHAREHOLDERS WE REPRESENT AND THE COMMUNITIES OF WHICH WE ARE A PART.

I WILL NOW HAND OVER TO ALLAN MOSS.