

CHAIRMAN'S ADDRESS

MACQUARIE BANK AGM

19 JULY 2007

WESTIN HOTEL, SYDNEY

CHECK AGAINST DELIVERY

GOOD MORNING LADIES AND GENTLEMEN AND WELCOME TO
MACQUARIE BANK'S 2007 ANNUAL GENERAL MEETING.

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

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

AS WELL AS THOSE SHAREHOLDERS PRESENT IN PERSON, THE
HOLDERS OF 188 MILLION SHARES, OR APPROXIMATELY 70 PER
CENT OF THE BANK'S ORDINARY SHARE CAPITAL, ARE
REPRESENTED BY PROXIES.

BEFORE WE GET UNDERWAY, I WOULD LIKE TO INTRODUCE OUR
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 DEPUTY CHAIRMAN MARK JOHNSON, NON-EXECUTIVE DIRECTORS CATHERINE LIVINGSTONE AND JOHN ALLPASS, EXECUTIVE DIRECTOR LAURIE COX AND NON-EXECUTIVE DIRECTOR JOHN NILAND.

ON MY RIGHT IS OUR COMPANY SECRETARY, DENNIS LEONG.

NEXT TO HIM IS NON-EXECUTIVE DIRECTOR HELEN NUGENT, DEPUTY MANAGING DIRECTOR RICHARD SHEPPARD, THEN NON-EXECUTIVE DIRECTORS PETER WARNE, KEVIN MCCANN AND PETER KIRBY.

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

FIRST, I WILL PRESENT AN OVERVIEW OF OUR RESULTS FOR THE PAST FINANCIAL YEAR AND OUTLINE THE STRATEGY THAT DRIVES OUR PERFORMANCE.

THEN, ALLAN WILL DISCUSS THE RESULTS IN GREATER DETAIL , INCLUDING OUR FIRST QUARTER PERFORMANCE, BEFORE PROVIDING AN OUTLOOK STATEMENT FOR THE FULL FINANCIAL YEAR.

WE WILL THEN MOVE TO CONSIDER THE RESOLUTIONS SET OUT IN THE NOTICE OF MEETING.

PLEASE BE ADVISED THAT THE USE OF RECORDING DEVICES, PHOTOGRAPHIC EQUIPMENT AND MOBILE PHONES IS NOT PERMITTED DURING THE MEETING.

AT THE END OF THE MEETING, ALL SHAREHOLDERS ARE INVITED TO JOIN US FOR REFRESHMENTS IN THE FOYER.

PROFIT

TURNING NOW TO THE RESULTS, IT WAS A GREAT PLEASURE TO ANNOUNCE THAT MACQUARIE BANK RECORDED A PROFIT OF \$1.46 BILLION FOR THE YEAR TO 31 MARCH 2007, AN INCREASE OF 60 PER CENT ON THE PREVIOUS YEAR.

THIS MARKS OUR FIFTEENTH CONSECUTIVE YEAR OF RECORD PROFIT, WHICH IS NOW ALMOST SIX TIMES THE LEVEL OF FIVE YEARS AGO.

EPS

EARNINGS PER SHARE ALSO ROSE SUBSTANTIALLY TO \$5.92 PER SHARE, AN INCREASE OF 48 PER CENT ON THE PREVIOUS YEAR.

EARNINGS PER SHARE ARE NOW MORE THAN FOUR TIMES THE LEVEL OF FIVE YEARS AGO.

DIVIDENDS

AS A RESULT OF OUR PROFIT GROWTH, SHAREHOLDERS RECEIVED HIGHER DIVIDENDS.

ORDINARY DIVIDENDS FOR THE YEAR ROSE TO \$3.15 PER SHARE, AN INCREASE OF ONE DOLLAR, OR 47 PER CENT.

DIVIDENDS PER SHARE ARE NOW MORE THAN THREE TIMES 2002 LEVELS.

INCOME

AS YOU WOULD EXPECT, OUR PROFIT GROWTH WAS BASED ON A SUBSTANTIAL INCREASE IN INCOME, WHICH ROSE BY 49 PER CENT TO \$7.2 BILLION.

THIS IS FOUR TIMES OUR 2002 LEVELS.

INTERNATIONAL INCOME

ONCE AGAIN, INTERNATIONAL INCOME HAS BEEN A HIGHLIGHT OF THE RESULT, RISING 70 PER CENT TO \$3.46 BILLION.

FOR THE FIRST TIME, INTERNATIONAL INCOME OUTSTRIPPED DOMESTIC INCOME, MARKING A REAL WATERSHED FOR THE BANK.

INTERNATIONAL INCOME NOW CONSTITUTES 55 PER CENT OF OUR TOTAL INCOME AND IS NINE TIMES HIGHER THAN IT WAS FIVE YEARS AGO.

THIS GROWTH, WHICH WE EXPECT TO CONTINUE, REFLECTS THE INCREASINGLY GLOBAL NATURE OF OUR BUSINESS.

INDEED, MACQUARIE HAS NOW EVOLVED FROM AN AUSTRALIAN INSTITUTION GROWING INTERNATIONALLY TO A GLOBAL INSTITUTION HEADQUARTERED IN AUSTRALIA.

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT AT MARCH END STOOD AT ALMOST \$200 BILLION, HIGHLIGHTING BOTH THE GROWTH AND DIVERSITY OF OUR BUSINESS.

HAVING RISEN 41 PER CENT OVER THE PREVIOUS YEAR, THEY ARE NOW ALMOST FIVE TIMES 2002 LEVELS.

THEY ARE ALSO SPREAD ACROSS A WIDE RANGE OF ASSET CLASSES, INCLUDING INFRASTRUCTURE, PROPERTY AND SECURITIES FUNDS MANAGEMENT.

STAFF NUMBERS

WE INCREASED STAFF NUMBERS BY 22 PER CENT DURING THE YEAR, THUS HELPING TO DRIVE OUR CONTINUING GROWTH.

IN 2007, OUR STAFF NUMBERS EXCEEDED 10,000 FOR THE FIRST TIME, HAVING DOUBLED OVER THE PAST FIVE YEARS.

INTERNATIONAL STAFF NUMBERS HAVE EXPERIENCED EVEN STRONGER GROWTH, UP ALMOST 40 PER CENT OVER THE PAST YEAR AND UP MORE THAN 400 PER CENT OVER 2002 LEVELS.

SINCE BALANCE DATE, TOTAL STAFF NUMBERS HAVE CONTINUED TO RISE, TO MORE THAN 10,700 AT THE END OF THE FIRST QUARTER.

RISK WEIGHTED ASSETS

RISK WEIGHTED ASSETS GREW FROM \$28.8 BILLION TO \$39.4 BILLION AND ARE NOW ALMOST FOUR TIMES THE LEVEL OF FIVE YEARS AGO.

WE HAVE GROWN OUR CAPITAL PRUDENTLY TO SUPPORT OUR BUSINESS GROWTH, AS HIGHLIGHTED BY OUR RECENT SUCCESSFUL \$750 MILLION CAPITAL RAISING.

ALLAN WILL TALK ABOUT OUR CAPITAL GROWTH IN MORE DETAIL DURING HIS ADDRESS.

NON-OPERATING HOLDING COMPANY

AT LAST YEAR'S MEETING, I FORESHADOWED A RESTRUCTURE OF THE GROUP, PROMPTED BY THE BANK'S CONTINUED GROWTH.

AS I SAID AT THE TIME, THE GROWTH OF MACQUARIE'S NON-BANKING ACTIVITIES, ESPECIALLY OFFSHORE, MAKES IT DIFFICULT TO ACCOMMODATE OUR BUSINESS WITHIN AUSTRALIA'S BANKING REGULATIONS.

TO THIS END, WE ANNOUNCED THAT WE WOULD SEEK TO ESTABLISH A NON-OPERATING HOLDING COMPANY WHICH WOULD OWN BOTH BANKING AND NON-BANKING BUSINESSES.

BROADLY, THE RESTRUCTURE WILL LEAD TO THE ESTABLISHMENT OF A NEW LISTED ENTITY, COMPRISING TWO GROUPS – MACQUARIE BANK LIMITED AND ITS SUBSIDIARIES ON ONE SIDE AND ITS NON-BANK SUBSIDIARIES ON THE OTHER, SHARING A NUMBER OF CENTRAL SERVICES.

THIS WOULD ENABLE US TO CONTINUE GROWING OUR NON-BANKING BUSINESSES WHILE AT THE SAME TIME MEETING OUR OBLIGATIONS TO THE BANKING REGULATOR.

I AM PLEASED TO BE ABLE TO REPORT THAT THE RESTRUCTURE IS ON SCHEDULE.

IN FEBRUARY, WE SUBMITTED A FORMAL APPLICATION TO THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY TO ESTABLISH A NON-OPERATING HOLDING COMPANY.

WHILE A NUMBER OF APPROVALS ARE STILL REQUIRED, THERE ARE ONLY A SMALL NUMBER OF ISSUES REMAINING TO BE RESOLVED.

AT THIS STAGE, WE ANTICIPATE THAT WE WILL SEEK SHAREHOLDER APPROVAL IN THE DECEMBER QUARTER OF THIS YEAR.

DISCUSSIONS ARE ALSO WELL UNDERWAY IN RELATION TO THE FUNDING FACILITIES REQUIRED FOR THE NON-OPERATING HOLDING COMPANY.

WE ARE ALSO SPEAKING WITH RATING AGENCIES REGARDING THE RESTRUCTURE AND THOSE DISCUSSIONS CONTINUE SATISFACTORILY.

WE WILL KEEP SHAREHOLDERS INFORMED OF DEVELOPMENTS AS THEY EMERGE.

ROBUST BUSINESS STRATEGY

WHILE WE ARE PROUD OF OUR GROWTH, WE ACKNOWLEDGE THAT STRONG PREVAILING MARKET CONDITIONS HAVE CLEARLY BENEFITTED THE GLOBAL FINANCIAL SERVICES INDUSTRY AS A WHOLE.

HOWEVER, WE ARE ALSO CONFIDENT THAT OUR BUSINESS STRATEGY CAN WITHSTAND ADVERSE MARKET CONDITIONS AS WELL.

ONE OF THE GREAT STRENGTHS OF OUR BUSINESS IS OUR DIVERSITY, BOTH ACROSS THE PRODUCTS AND SERVICES WE OFFER AND THE GEOGRAPHIC LOCATIONS IN WHICH WE OPERATE.

WE HAVE STRUCTURED OUR BUSINESSES FOR ROBUST PERFORMANCE THROUGH CYCLICAL PEAKS AND TROUGHS.

WE ARE CONSERVATIVELY CAPITALISED AND UNDERTAKE RIGOROUS STRESS TESTING TO ENSURE MACQUARIE CAN WITHSTAND ONCE-IN-A-GENERATION EVENTS.

IN RELATION TO OUR SPECIALIST FUNDS, WE TYPICALLY SELECT ASSETS IN INDUSTRIES WITH HIGH BARRIERS TO ENTRY AND WHICH PROVIDE SERVICES THAT ARE IN STRONG DEMAND.

AS A LONG-TERM INVESTOR IN THESE ASSETS, WE ALSO ENSURE THAT THEY ARE RESPONSIBLY FINANCED.

WE ARE THEREFORE CONFIDENT THAT WE WILL PERFORM WELL RELATIVE TO OUR PEERS, EVEN IN VERY TOUGH MARKET CONDITIONS.

OUR STRATEGY HAS BEEN TESTED IN CHALLENGING CONDITIONS AS RECENTLY AS 2002, WHEN WE STRONGLY OUTPERFORMED OUR GLOBAL COMPETITORS.

LONG-STANDING KEY PHILOSOPHIES

IN ADDITION TO THE POINTS I HAVE JUST OUTLINED, WE HAVE SOME LONG-STANDING KEY PHILOSOPHIES THAT HAVE GUIDED OUR BUSINESS SINCE INCEPTION.

THESE PRINCIPLES ENSURE THAT WE MAINTAIN A CONSISTENT APPROACH, EVEN AS WE CONTINUE TO DIVERSIFY AND GROW.

RISK MANAGEMENT IS A KEY AREA, WHICH PROVIDES THE FOUNDATION FOR THE ACTIVITIES WE UNDERTAKE AND THE DAY-TO-DAY CONTROLS THAT WE APPLY.

OUR RISK MANAGEMENT TEAM IS GROWING MORE RAPIDLY THAN THE BANK AS A WHOLE – ESPECIALLY IN ITS INTERNATIONAL PRESENCE – BECAUSE OF THE IMPORTANCE WE PLACE ON THIS ASPECT OF OUR BUSINESS.

WE ALSO HAVE SIX CORE GOALS AND VALUES, WHICH DIRECT THE WAY WE DO BUSINESS.

WE WORK HARD TO DELIVER VALUE TO OUR CLIENTS, WE AIM TO OBSERVE THE HIGHEST STANDARDS, WE ACT WITH INTEGRITY, WE ENCOURAGE TEAMWORK AMONG OUR PEOPLE, WE STRIVE FOR

PROFITABILITY AND WE ASPIRE TO PROVIDE FULFILMENT TO ALL OF OUR STAFF.

WE ALSO ENCOURAGE OUR STAFF TO USE THEIR ENTREPRENEURIAL SKILLS, WITHIN THE FRAMEWORK OF PRUDENT RISK MANAGEMENT.

THIS FREEDOM WITHIN BOUNDARIES, AS WE CALL IT, IS AN IMPORTANT FEATURE OF MACQUARIE'S SUCCESS.

AND, AS I'VE SAID MANY TIMES BEFORE, OUR PEOPLE ARE THE BANK'S MOST IMPORTANT ASSET.

IT IS THOSE PEOPLE WHO HAVE DELIVERED THE RESULTS WHICH I HAVE OUTLINED TO YOU TODAY.

ACCORDINGLY, WE HAVE REMUNERATION SYSTEMS THAT REWARD SUCCESS AND ENCOURAGE LONG-TERM COMMITMENT FROM OUR STAFF, AS WELL AS ALIGNING THEIR INTERESTS WITH THOSE OF OUR SHAREHOLDERS.

OUR REMUNERATION POLICIES ENABLE US TO ATTRACT AND RETAIN THE HIGHEST QUALITY STAFF AND ARE THEREFORE KEY DRIVERS OF SHAREHOLDER RETURNS.

I WILL SPEAK TO THIS POINT IN GREATER DETAIL WHEN I PRESENT THE REMUNERATION REPORT LATER IN THE MEETING.

THESE KEY PHILOSOPHIES HAVE HELPED US TO DELIVER CONSISTENTLY STRONG BENEFITS FOR OUR CLIENTS, OUR SHAREHOLDERS AND OUR STAFF.

WE ALSO WORK TO DELIVER VALUE TO THE COMMUNITIES IN WHICH WE OPERATE.

SUPPORT TO THE COMMUNITY

THESE COMMUNITY EFFORTS ARE LED BY THE MACQUARIE BANK FOUNDATION (ONE OF AUSTRALIA'S LARGEST CORPORATE FOUNDATIONS) WHICH SUPPORTED MORE THAN 500 COMMUNITY ORGANISATIONS DURING THE YEAR.

SUPPORT TO THE COMMUNITY IS ALSO PROVIDED BY MACQUARIE BANK'S STAFF, WHO RAISED A RECORD AMOUNT FOR CHARITY LAST YEAR AND DONATED MANY HOURS OF THEIR TIME IN A VOLUNTEER CAPACITY, IN AUSTRALIA AND AROUND THE WORLD.

JUST SOME OF THESE ACTIVITIES ARE SHOWN HERE, INCLUDING:

- A RENOVATION PROJECT UNDERTAKEN FOR THE SPASTIC CENTRE OF NSW

- A MACQUARIE BANK TEAM TAKING PART IN THE GREAT RIVER RACE ON THE THAMES
- A CYCLE CHALLENGE AROUND SOUTHERN SRI LANKA TO RAISE MONEY FOR CANCER RESEARCH, AND
- AN EDUCATION PROJECT WITH THE CAPE YORK INSTITUTE, ENABLING TOP INDIGENOUS STUDENTS FROM THE REMOTE CAPE YORK AREA TO ATTEND QUEENSLAND'S LEADING BOARDING SCHOOLS.

CURRENTLY, AS FEW AS 6 PER CENT OF STUDENTS FROM THE CAPE YORK AREA COMPLETE HIGH SCHOOL.

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

DELIVERING FOR INVESTORS

AS A RESULT OF THE STRATEGIES I HAVE OUTLINED, WE HAVE BEEN ABLE TO DELIVER FOR OUR INVESTORS OVER THE LONG TERM.

AS THIS GRAPH SHOWS, OUR SPECIALIST FUNDS HAVE OUTPERFORMED THE RELEVANT BENCHMARK INDICES OVER THE PAST DECADE.

DELIVERING FOR SHAREHOLDERS

WE HAVE ALSO DELIVERED STRONG RETURNS FOR OUR SHAREHOLDERS.

OVER THE PAST FIVE YEARS, MACQUARIE BANK HAS ACHIEVED TOTAL SHAREHOLDER RETURNS OF 300 PER CENT, COMPARED WITH A 151 PER CENT RETURN BY THE ALL ORDINARIES INDEX OVER THE SAME PERIOD.

INDEED, SINCE LISTING IN JULY 1996, MACQUARIE BANK HAS OUTPERFORMED ALL OF THE TOP 50 COMPANIES LISTED ON THE AUSTRALIAN STOCK EXCHANGE AT THAT TIME.

OVER THAT PERIOD, MACQUARIE'S SHARE PRICE HAS RISEN FROM \$6.50 PER SHARE TO ITS CURRENT LEVEL.

IT IS FITTING AT THIS POINT TO ACKNOWLEDGE THE EFFORTS OF MARK JOHNSON AND JOHN ALLPASS, WHO HAVE SERVED THE BOARD THROUGHOUT THIS PERIOD OF GROWTH AND WHO RETIRE AFTER THIS MEETING.

JOHN JOINED THE BOARD AS A NON-EXECUTIVE DIRECTOR IN JANUARY 1994.

HE WAS CHAIRMAN OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE FOR ALMOST TEN YEARS AND HAS CONTINUED TO SERVE AS A MEMBER OF THAT COMMITTEE AND AS A MEMBER OF THE BOARD REMUNERATION COMMITTEE.

MARK, OUR DEPUTY CHAIRMAN, FIRST JOINED MACQUARIE'S PREDECESSOR ORGANISATION, HILL SAMUEL AUSTRALIA, WITH ME IN 1971, AS JOINT MANAGING DIRECTOR, AT A TIME WHEN THE BANK HAD JUST 12 STAFF AND ABOUT \$2 MILLION IN CAPITAL.

HE DEPARTED IN 1977 TO TAKE ON SENIOR ROLES AT HILL SAMUEL IN LONDON AND THE AUSTRALIAN BANK, BUT RETURNED IN 1987 TO BECOME AN EXECUTIVE VOTING DIRECTOR OF THE BOARD AND CHAIRMAN OF THE THEN CORPORATE SERVICES DIVISION.

MARK HAS THEREFORE BEEN ONE OF THE BANK'S OUTSTANDING LEADERS OVER A PERIOD OF ALMOST 30 YEARS.

AS LONG-SERVING MEMBERS OF THE MACQUARIE BOARD, BOTH MARK AND JOHN HAVE PLAYED AN IMPORTANT ROLE IN MACQUARIE'S GROWTH AND SUCCESS.

I WOULD LIKE YOU TO JOIN ME IN THANKING THEM FOR THEIR
OUTSTANDING CONTRIBUTION AND WISHING THEM WELL FOR THE
FUTURE.

THANK YOU.

AUSTRALIAN HEADQUARTERS

AS A RESULT OF OUR INTERNATIONAL GROWTH, IT WAS
APPROPRIATE FOR THE BOARD TO REVIEW THE LOCATION OF THE
BANK'S HEAD OFFICE.

WHILE THERE WERE SEVERAL CONSIDERATIONS THAT WOULD HAVE
SUPPORTED A MOVE OFFSHORE, THE FACT REMAINS THAT
AUSTRALIA IS OUR LARGEST MARKET.

IT IS ALSO IN THE ASIAN TIME ZONE, WHICH IS A VERY SIGNIFICANT
REGION FOR MOST OF OUR BUSINESSES.

AUSTRALIA ALSO HAS AN ENVIRONMENT WHICH IS CONDUCIVE TO
BUSINESS, HAS VERY GOOD PROFESSIONAL SERVICES AVAILABLE
AND ENABLES US TO ACCESS GOOD QUALITY STAFF.

SO, FOR THESE REASONS, WE HAVE RESOLVED TO REMAIN
HEADQUARTERED IN AUSTRALIA FOR THE FORESEEABLE FUTURE.

CREATING WEALTH FOR INVESTORS

AS A GLOBAL INSTITUTION HEADQUARTERED IN AUSTRALIA,
MACQUARIE'S SUCCESS HAS DELIVERED BENEFITS AND CREATED
WEALTH FOR MANY AUSTRALIANS.

SINCE LISTING ELEVEN YEARS AGO, MACQUARIE BANK AND OUR
AUSTRALIAN-LISTED SPECIALIST FUNDS HAVE GENERATED MORE
THAN \$40 BILLION IN WEALTH FOR THEIR SHAREHOLDERS.

MORE THAN \$30 BILLION OF THIS HAS GONE TO AUSTRALIAN
SHAREHOLDERS AND THEIR BENEFICIARIES, INCLUDING \$22 BILLION
THROUGH CAPITAL APPRECIATION AND \$9 BILLION IN DIVIDENDS.

THIS IS A RECORD OF WHICH, AS AN AUSTRALIAN, I AM VERY PROUD.

THAT CONCLUDES MY FORMAL REMARKS AND I WILL NOW HAND
OVER TO ALLAN.

*(NOTE: ALLAN MOSS WILL SPEAK FROM A SLIDE PRESENTATION, RATHER
THAN A SCRIPTED ADDRESS)*