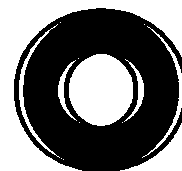


# MACQUARIE BANK LIMITED

A.B.N. 46 008 583 542

## Extracts from the 2002 Financial Report



MACQUARIE  
BANK

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**MACQUARIE BANK LIMITED**  
*and its controlled entities*

**EXTRACTS FROM THE 2002 FINANCIAL REPORT**  
**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>Statements of Financial Performance</b>	<b>3</b>
<b>Statements of Financial Position</b>	<b>4</b>
<b>Statements of Cash Flows</b>	<b>5</b>
1. Profit from Ordinary Activities	6
2. Income Tax (Expense)/Benefit	8
3. Dividends and Distributions Paid or Provided	9
4. Earnings Per Share	10
5. Impaired Assets	11
6. Average Interest-Bearing Assets and Liabilities and Related Interest	12
7. Events Subsequent to Balance Date	13
<b>Five Year Summary</b>	<b>14</b>

**MACQUARIE BANK LIMITED**

*and its controlled entities*

**STATEMENTS OF FINANCIAL PERFORMANCE  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002**

	Notes	<b>Consolidated 2002 \$M</b>	Consolidated 2001 \$M	<b>Bank 2002 \$M</b>	Bank 2001 \$M
Interest income		<b>1,009</b>	1,018	<b>848</b>	884
Interest expense		<b>(790)</b>	(839)	<b>(832)</b>	(847)
Net Interest Income	2	<b>219</b>	179	<b>16</b>	37
Fee and commission income		<b>1,210</b>	988	<b>371</b>	361
Fee and commission expense		<b>(207)</b>	(157)	<b>(115)</b>	(85)
Net Fee and Commission Income	2	<b>1,003</b>	831	<b>256</b>	276
Net Trading Income	2	<b>361</b>	457	<b>365</b>	445
Net Other Income	2	<b>17</b>	5	<b>363</b>	302
Total Income from Ordinary Activities		<b>1,600</b>	1,472	<b>1,000</b>	1,060
Employment expenses	2	<b>(859)</b>	(775)	<b>(599)</b>	(559)
Occupancy expenses	2	<b>(84)</b>	(76)	<b>(58)</b>	(56)
Non-salary technology expenses	2	<b>(79)</b>	(70)	<b>(62)</b>	(54)
Other operating expenses	2	<b>(223)</b>	(226)	<b>(132)</b>	(138)
Total Expenses from Ordinary Activities		<b>(1,245)</b>	(1,147)	<b>(851)</b>	(807)
Profit from ordinary activities before income tax		<b>355</b>	325	<b>149</b>	253
Income tax (expense)/benefit	4	<b>(76)</b>	(53)	<b>(18)</b>	17
<b>Profit from Ordinary Activities after Income Tax</b>		<b>279</b>	272	<b>131</b>	270
Loss from ordinary activities after income tax attributed to outside equity interests		-	1	-	-
<b>Profit from Ordinary Activities after Income Tax attributable to Equity Holders of Macquarie Bank Limited</b>		<b>279</b>	273	<b>131</b>	270
Distributions paid or provided on Macquarie Income Securities	5	<b>(29)</b>	(31)	-	-
<b>Profit from Ordinary Activities after Income Tax attributable to Ordinary Equity Holders of Macquarie Bank Limited</b>		<b>250</b>	242	<b>131</b>	270
Revaluation of investments in controlled entities to Directors' valuation	27	-	-	-	(28)
Total Valuation Adjustments attributable to Ordinary Equity Holders Recognised Directly in Equity		-	-	-	(28)
		<b>Cents Per Share</b>			
<b>Basic Earnings per Share</b>	6	<b>132.83</b>	138.88		
<b>Diluted Earnings per Share</b>	6	<b>131.90</b>	139.69		

*The accompanying notes form part of this Financial Report.*

**MACQUARIE BANK LIMITED**  
and its controlled entities

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2002**

	Notes	Consolidated 2002 \$M	Consolidated 2001 \$M	Bank 2002 \$M	Bank 2001 \$M
<b>ASSETS</b>					
Cash and liquid assets		283	295	165	210
Securities purchased under resale agreements	7	4,313	3,323	4,126	3,137
Trading assets	8	4,864	4,192	4,114	3,688
Other securities	9	1,937	270	52	415
Loan assets	10	9,209	7,785	7,201	5,853
Other financial market assets		4,630	7,493	4,726	7,598
Other financial assets	12	1,927	1,487	1,198	1,206
Life insurance investment assets	13	2,588	2,580	-	-
Due from controlled entities		-	-	3,608	1,936
Equity investments	14	102	88	26	27
Investments in associates and incorporated joint ventures	15	90	53	40	40
Fixed assets	16	135	108	123	100
Tax assets	17	156	174	147	115
Investments in controlled entities	18	-	-	2,161	1,157
<b>Total Assets</b>		<b>30,234</b>	<b>27,848</b>	<b>27,687</b>	<b>25,482</b>
<b>LIABILITIES</b>					
Due to other financial institutions	19	565	786	201	486
Securities sold under repurchase agreements	20	928	1,701	928	1,701
Securities borrowed	21	2,359	760	2,925	1,103
Deposits		4,520	3,865	4,487	3,831
Notes payable	22	9,434	8,000	9,693	8,080
Other financial market liabilities		3,811	6,099	3,930	6,160
Tax liabilities		17	24	8	6
Other liabilities	23	2,923	1,995	1,825	1,398
Life insurance policy liabilities		2,539	2,535	-	-
Due to controlled entities		-	-	1,177	787
Provisions for dividends and distributions	5	109	98	103	91
Deferred tax liabilities	17	100	138	-	-
Other provisions	24	120	103	117	99
<b>Total Liabilities excluding Loan Capital</b>		<b>27,425</b>	<b>26,104</b>	<b>25,394</b>	<b>23,742</b>
<b>Loan Capital</b>					
Subordinated debt	25	242	256	242	256
Converting Preference Shares	25	150	150	150	150
<b>Total Liabilities</b>		<b>27,817</b>	<b>26,510</b>	<b>25,786</b>	<b>24,148</b>
<b>Net Assets</b>		<b>2,417</b>	<b>1,338</b>	<b>1,901</b>	<b>1,334</b>
<b>EQUITY</b>					
<b>Contributed Equity</b>					
Ordinary share capital	26	1,012	392	1,012	392
Macquarie Income Securities	26	391	391	391	391
Investment revaluation reserve	27	-	-	144	272
Retained earnings	27	617	551	354	279
Total Equity Attributable to Equity Holders of Macquarie Bank Limited		2,020	1,334	1,901	1,334
Outside equity interests in controlled entities	27	397	4	-	-
<b>Total Equity</b>		<b>2,417</b>	<b>1,338</b>	<b>1,901</b>	<b>1,334</b>

*The accompanying notes form part of this Financial Report*

**MACQUARIE BANK LIMITED**  
and its controlled entities

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002**

	Notes	Consolidated 2002 \$'M	Consolidated 2001 \$'M	Bank 2002 \$'M	Bank 2001 \$'M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest and bill discounts received		980	1,017	817	884
Interest and other costs of finance (paid)		(821)	(790)	(827)	(782)
Dividends and trust income received		144	71	315	168
Fees, royalties and commissions received		1,149	956	679	493
Fees, royalties and commissions (paid)		(156)	(132)	(101)	(59)
Net receipts/(payments and proceeds) from dealing in financial instruments		627	(1,415)	900	(1,264)
Net (payments to suppliers)/receipts from customers (inclusive of GST)		(709)	(95)	(425)	(47)
Employment expenses (paid)		(816)	(727)	(554)	(528)
Income taxes (paid)		(165)	(141)	(66)	(27)
Life insurance investment income		84	119	-	-
Life insurance premiums received		1,854	1,739	-	-
Life insurance (policy payments)		(1,946)	(2,118)	-	-
Net Cash Flows from Operating Activities	28	225	(1,516)	738	(1,162)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loan assets (granted)/repaid		(3,698)	(1,076)	(5,295)	(1,136)
Proceeds from securitisation of loan assets		2,258	-	2,258	-
(Payments) for other securities		(1,788)	(75)	(43)	(65)
Proceeds from the sale of other securities		121	53	405	-
(Payments) for equity investments		(78)	(100)	-	(42)
Proceeds from the sale of equity investments		27	19	-	15
(Payments) for controlled entities		-	-	(1,151)	(115)
Proceeds from the sale of controlled entities		-	82	-	39
(Payments) for life insurance investments		(7,803)	(7,349)	-	-
Proceeds from the sale of life insurance investments		7,841	7,619	-	-
(Payments) for fixed assets		(75)	(67)	(55)	(61)
Proceeds from the sale of fixed assets		2	5	-	5
Net Cash Flows from Investing Activities		(3,193)	(889)	(3,881)	(1,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net increase in money market and other deposit accounts		2,231	2,526	2,753	2,647
Proceeds from the issue of ordinary share capital		623	55	623	55
Transaction costs for the placement of ordinary share capital		(3)	-	(3)	-
On-market buy back of ordinary share capital		-	(36)	-	(36)
Proceeds from outside equity interest		394	5	-	-
(Repayment) of subordinated debt		-	(85)	-	(85)
Dividends and distributions (paid)		(213)	(203)	(183)	(172)
Net Cash Flows from Financing Activities		3,032	2,262	3,190	2,409
<b>Net Increase/(Decrease) in Cash</b>		<b>64</b>	<b>(143)</b>	<b>47</b>	<b>(113)</b>
Cash at the beginning of the financial year		179	322	107	220
<b>Cash at the End of the Financial Year</b>	28	<b>243</b>	179	<b>154</b>	107

*The accompanying notes form part of this Financial Report*

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**AS AT 31 MARCH 2002**

	<b>Consolidated</b> <b>2002</b> <b>\$'M</b>	Consolidated 2001 \$'M	<b>Bank</b> <b>2002</b> <b>\$'M</b>	Bank 2001 \$'M
<b>1. PROFIT FROM ORDINARY ACTIVITIES</b>				
Profit from ordinary activities before income tax has been determined after crediting as income/(charging as expense):				
<b>Interest Income</b>				
Interest income received/receivable:				
- other entities	1,009	1,018	739	850
- controlled entities	-	-	109	34
Interest expense paid/payable:				
- other entities	(790)	(839)	(777)	(821)
- controlled entities	-	-	(55)	(26)
Net Interest Income	<b>219</b>	179	<b>16</b>	37
<b>Fee and Commission Income</b>				
- revenue	1,181	956	371	361
- expense	(207)	(157)	(115)	(85)
Income from life insurance business (refer Note 13)	29	32	-	-
Net Fee and Commission Income	<b>1,003</b>	831	<b>256</b>	276
<b>Trading Income</b>				
Trading instruments	137	322	176	351
Net gains from foreign currency trading	87	64	87	64
Dividends and distributions received/receivable – other trading assets	137	71	102	30
Net Trading Income	<b>361</b>	457	<b>365</b>	445
<b>Other Income</b>				
Share of net profits or losses of associates and incorporated joint ventures accounted for using the equity method (refer Note 15)				
	6	-	-	-
Income arising from other securities	19	(1)	11	(2)
Life insurance income earned on shareholders' funds	5	6	-	-
Dividends received/receivable				
- other securities and equity investments	6	12	2	-
- controlled entities	-	-	83	143
Management fees and cost recoveries – controlled entities	-	-	317	223
Other income	16	23	2	17
Total other income	<b>52</b>	40	<b>415</b>	381
Provisions for uncertainties (refer Note 24)				
	(5)	(7)	(7)	(7)
Specific provisions (refer Note 10)				
- provided for during the financial year	(16)	(6)	(14)	(5)
- written back during the financial year	2	1	2	1
- loan losses written off	(2)	(3)	(1)	(2)
- recovery of loans previously written off	1	-	1	-
Total net charge for provisions	<b>(20)</b>	(15)	<b>(19)</b>	(13)
Write-down of investments in controlled entities to recoverable amount	-	-	(19)	-
Loss on sale of investments in controlled entities	-	-	-	(52)
Other expenses	(15)	(20)	(14)	(14)
Total other expenses	<b>(35)</b>	(35)	<b>(52)</b>	(79)
Net Other Income	<b>17</b>	5	<b>363</b>	302
<b>Total Income from Ordinary Activities</b>	<b>1,600</b>	1,472	<b>1,000</b>	1,060

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

	<b>Consolidated</b> <b>2002</b> <b>\$'M</b>	Consolidated 2001 \$'M	<b>Bank</b> <b>2002</b> <b>\$'M</b>	Bank 2001 \$'M
<b>1. PROFIT FROM ORDINARY ACTIVITIES (CONT.)</b>				
<b>Employment Expenses</b>				
Salary and salary related costs, superannuation, performance-related profit share and staff training *	<b>(850)</b>	(765)	<b>(594)</b>	(552)
Provision for annual leave	<b>(6)</b>	(6)	<b>(3)</b>	(4)
Provision for long service leave	<b>(3)</b>	(4)	<b>(2)</b>	(3)
<b>Total Employment Expenses</b>	<b>(859)</b>	(775)	<b>(599)</b>	(559)
<b>Occupancy Expenses</b>				
Operating lease rental	<b>(62)</b>	(55)	<b>(44)</b>	(42)
Depreciation: furniture, fittings and leasehold improvements (refer Note 16)	<b>(13)</b>	(11)	<b>(10)</b>	(8)
Other occupancy expenses	<b>(9)</b>	(10)	<b>(4)</b>	(6)
<b>Total Occupancy Expenses</b>	<b>(84)</b>	(76)	<b>(58)</b>	(56)
<b>Non-Salary Technology Expenses</b>				
Information services	<b>(31)</b>	(29)	<b>(19)</b>	(13)
Depreciation: computer equipment and software (refer Note 16)	<b>(29)</b>	(24)	<b>(28)</b>	(23)
Other non-salary technology expenses	<b>(19)</b>	(17)	<b>(15)</b>	(18)
<b>Total Non-Salary Technology Expenses</b>	<b>(79)</b>	(70)	<b>(62)</b>	(54)
<b>Other Operating Expenses</b>				
Auditors' remuneration (refer Note 42)	<b>(7)</b>	(5)	<b>(3)</b>	(3)
Legal and professional fees	<b>(51)</b>	(60)	<b>(35)</b>	(41)
Travel expenses	<b>(42)</b>	(39)	<b>(25)</b>	(24)
Communication expenses	<b>(19)</b>	(18)	<b>(10)</b>	(10)
Depreciation: communication equipment (refer Note 16)	<b>(4)</b>	(3)	<b>(4)</b>	(5)
Other operating expenses	<b>(100)</b>	(101)	<b>(55)</b>	(55)
<b>Total Other Operating Expenses</b>	<b>(223)</b>	(226)	<b>(132)</b>	(138)
<b>Total Expenses from Ordinary Activities</b>	<b>(1,245)</b>	(1,147)	<b>(851)</b>	(807)

\* Includes an amount for performance related profit share which has been provided for but not paid.

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

	<b>Consolidated 2002 \$'M</b>	Consolidated 2001 \$'M	<b>Bank 2002 \$'M</b>	Bank 2001 \$'M
<b>2. INCOME TAX (EXPENSE)/BENEFIT</b>				
Prima facie income tax on profit from ordinary activities is reconciled to the income tax (expense)/benefit charged in the Statements of Financial Performance as follows:				
Income tax (expense) on profit from ordinary activities*	<b>(114)</b>	(114)	<b>(48)</b>	(88)
Add/(deduct) tax effect of permanent differences:				
Recoupment of unbooked tax losses	<b>12</b>	16	-	-
Rate differential on offshore result	<b>11</b>	28	<b>3</b>	19
Distribution paid/provided on Macquarie Income Securities	<b>9</b>	11	-	-
Net effect of different tax treatments for life insurance business	<b>4</b>	4	-	-
Rebateable dividend income	<b>2</b>	2	<b>31</b>	47
Dividend paid/provided on Converting Preference Shares	<b>(4)</b>	(4)	<b>(4)</b>	(4)
Effect of change in tax rates	<b>(2)</b>	(3)	<b>2</b>	1
Other items	<b>6</b>	7	<b>(2)</b>	42
	<b>38</b>	61	<b>30</b>	105
<b>Total Income Tax (Expense)/Benefit</b>	<b>(76)</b>	(53)	<b>(18)</b>	17

\* Prima facie income tax on profit from ordinary activities is calculated at the rate of 34% (2001: 36%) on profit from 1 April to 30 September 2001 and at a rate of 30% (2001: 34%) on profits from 1 October 2001 to 31 March 2002.

The economic entity has a tax year ending on 30 September.

The economic entity is currently subject to an audit by the Australian Taxation Office ("ATO"). Some amended assessments have been issued by the ATO for the 1988 to 1993 years. Other issues of potential taxation liability have been raised but have not yet been subject to the issue of amended assessments. Objections have been lodged in respect of the amended assessments and the other issues of alleged liability are also disputed.

The ATO is also reviewing the interests held by the economic entity in research and development syndicates. Amended assessments have been issued in relation to one of these syndicates, against which objections have been lodged and denied. The matter is currently proceeding to litigation.

In relation to the MIS, a draft public ruling was issued by the ATO which suggests that deductions for distributions on this type of security may not be available. The Bank has received independent legal advice confirming that deductions are available for the distributions paid or provided.

In preparing this financial report the Directors have considered the information currently available and have taken legal advice as to the economic entity's tax liability and in accordance with this believe that provisions made are adequate.

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

	<b>Consolidated 2002 \$'M</b>	Consolidated 2001 \$'M	<b>Bank 2002 \$'M</b>	Bank 2001 \$'M
<b>3. DIVIDENDS AND DISTRIBUTIONS PAID OR PROVIDED</b>				
<b>Ordinary Share Capital</b>				
Dividends paid	<b>81</b>	72	<b>81</b>	72
Dividends provided	<b>103</b>	91	<b>103</b>	91
<b>Total Dividends Paid or Provided</b>	<b>184</b>	163	<b>184</b>	163

The interim ordinary dividend paid during the financial year ended 31 March 2002 was 70% franked at 30% (2001: 70% franked at 34%). The final ordinary dividend provided as at 31 March 2002 is 70% franked at 30% (2001: 70% franked at 30%).

	<b>Cents per Share</b>			
<b>Cash Dividends per Share</b>	<b>93.0</b>	93.0	<b>93.0</b>	93.0

**Converting Preference Shares**

Dividends on these shares of \$11,000,000 (2001: \$11,000,000) have been charged to the Statement of Financial Performance as interest expense (refer Note 25 – Loan Capital). The dividend paid on 15 June 2001 was 70% franked at 34%, the dividend paid on 17 December 2001 was 70% franked at 30% and the dividend to be paid on 17 June 2002 will also be 70% franked at 30%.

**Franking Credits Available for the Subsequent**

<b>Financial Year at a Corporate Tax Rate of 30% (2001: 30%)</b>	<b>36</b>	19	-	-
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The franked portion of dividends proposed as at 31 March 2002 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax payable at the end of the financial year. The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

- a) franking credits that will arise from the payment of income tax payable as at the end of the financial year;
- b) franking credits that may be prevented from being distributed in subsequent financial years;
- c) franking debits that will arise from the payment of dividends proposed as at the end of the financial year; and
- d) franking debits that will arise from the receipt of tax receivables as at the end of the financial year.

**Macquarie Income Securities**

Distributions paid (net of distributions previously provided)	<b>23</b>	24	-	-
Distributions provided	<b>6</b>	7	-	-
<b>Total Distributions Paid or Provided</b>	<b>29</b>	31	-	-

The distributions paid/payable in respect of the Macquarie Income Securities are classified as distributions on an equity instrument in accordance with AASB 1033 "Presentation and Disclosure of Financial Instruments".

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

	<b>Consolidated</b>	Consolidated	<b>Bank</b>	Bank
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>\$'M</b>	\$'M	<b>\$'M</b>	\$'M
<hr/>				
<b>4. EARNINGS PER SHARE</b>				
		<b>Cents per Share</b>		
<b>Basic Earnings per Share</b>	<b>132.83</b>	138.88		
<hr/>				
<b>Diluted Earnings per Share</b>	<b>131.90</b>	139.69		
<hr/>				
<b>Reconciliation of Earnings Used in the Calculation of Basic Earnings per Share</b>				
Profit from ordinary activities after income tax	<b>279</b>	272		
Loss from ordinary activities after income tax attributable to outside equity interests	-	1		
Distributions paid or provided on Macquarie Income Securities	<b>(29)</b>	(31)		
<hr/>				
Total Earnings Used in the Calculation of Basic Earnings per Share	<b>250</b>	242		
<hr/>				
<b>Reconciliation of Earnings Used in the Calculation of Diluted Earnings per Share</b>				
Earnings used in calculating basic earnings per share	<b>250</b>	242		
Additional interest from paying up potential ordinary shares	<b>21</b>	25		
Other non-discretionary changes in earnings arising from dilutive potential ordinary shares	<b>19</b>	30		
Income tax attributable to adjusted earnings	<b>(13)</b>	(19)		
<hr/>				
Total Earnings Used in the Calculation of Diluted Earnings per Share	<b>277</b>	278		
<hr/>				
<b>Weighted Average Number of Shares Used in the Calculation of Basic Earnings per Share</b>				
Weighted average fully paid ordinary shares	<b>188,505,201</b>	174,029,958		
Weighted average fully paid equivalents of partly paid ordinary shares	-	198,425		
<hr/>				
Total Weighted Average Number of Ordinary Shares Used in the Calculation of Basic Earnings per Share	<b>188,505,201</b>	174,228,383		
<hr/>				
<b>Weighted Average Number of Shares Used in the Calculation of Diluted Earnings per Share</b>				
Weighted average fully paid ordinary shares	<b>188,505,201</b>	174,228,383		
Weighted average partly paid ordinary shares prior to being fully paid	-	376,575		
Weighted average options	<b>21,833,421</b>	24,457,361		
<hr/>				
Total Weighted Average Number of Ordinary Shares used in the Calculation of Diluted Earnings per Share	<b>210,338,622</b>	199,062,319		
<hr/>				

The weighted average number of fully paid ordinary shares has been calculated using potential ordinary shares in accordance with AASB 1027 "Earnings per Share".

**Information Concerning the Classification of Securities**

Partly paid shares carry the right to participate in dividends as detailed in Note 32 – Employee Equity Participation, and to that extent they have been recognised as equivalents of fully paid ordinary shares in the determination of basic earnings per share.

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

	<b>Consolidated 2002 \$'M</b>	Consolidated 2001 \$'M	<b>Bank 2002 \$'M</b>	Bank 2001 \$'M
<b>5. IMPAIRED ASSETS</b>				
Impaired assets includes loan assets and impaired items in respect of derivative financial instruments and unrecognised contingent commitments, which are classified as:				
Non-Accrual Loans Without Specific Provisions for Impairment	<b>1</b>	8	-	7
Non-accrual loans with specific provisions for impairment	<b>55</b>	27	<b>50</b>	24
Less specific provisions	<b>(22)</b>	(12)	<b>(21)</b>	(11)
<b>Total Non-Accrual Loans with Specific Provisions for Impairment</b>	<b>33</b>	15	<b>29</b>	13
Real estate acquired through the enforcement of security	-	12	-	12
Less specific provisions	-	(4)	-	(4)
<b>Total Real Estate Acquired Through the Enforcement of Security</b>	<b>-</b>	8	<b>-</b>	8
<b>Total Net Impaired Assets</b>	<b>34</b>	31	<b>29</b>	28
<b>Revenue Forgone on Impaired Assets</b>				
Interest	<b>3</b>	3	<b>2</b>	3
<b>Total Revenue Forgone on Impaired Assets</b>	<b>3</b>	3	<b>2</b>	3

Revenue recognised in respect of impaired assets was less than \$1,000,000 for the financial years ended 31 March 2002 and 2001.

**MACQUARIE BANK LIMITED**  
and its controlled entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002**

**6. AVERAGE INTEREST-BEARING ASSETS AND LIABILITIES AND RELATED INTEREST**

	Consolidated 2002			Consolidated 2001		
	Av. Balance \$'M	Interest Inc./(Exp.) \$'M	Av. Rate %	Av. Balance \$'M	Interest Inc./(Exp.) \$'M	Av. Rate %
<b>ASSETS</b>						
<b>Interest Bearing Assets</b>						
Cash and liquid assets	58	2	3.4	158	9	5.7
Securities purchased under resale agreement	3,593	158	4.4	2,292	137	6.0
Trading assets	3,254	166	5.1	3,148	195	6.2
Other securities	1,556	59	3.8	201	13	6.5
Loan assets	8,598	570	6.6	7,301	584	8.0
Other financial assets	39	2	5.1	300	24	8.0
<b>Total Interest Bearing Assets</b>	<b>17,098</b>	<b>957</b>		<b>13,400</b>	<b>962</b>	
<b>Total Non-Interest Bearing Assets</b>	<b>12,466</b>	<b>-</b>		<b>11,227</b>	<b>-</b>	
<b>Total Assets</b>	<b>29,564</b>	<b>957</b>		<b>24,627</b>	<b>962</b>	
<b>LIABILITIES</b>						
<b>Interest Bearing Liabilities</b>						
Due to other financial institutions	972	(27)	2.8	1,127	(53)	4.7
Securities sold under repurchase agreements	1,697	(74)	4.4	913	(54)	5.9
Securities borrowed	1,029	(51)	5.0	573	(36)	6.3
Deposits	4,126	(170)	4.1	4,205	(241)	5.7
Notes payable	9,128	(386)	4.2	5,894	(367)	6.2
Other liabilities	489	(18)	3.7	261	(14)	5.4
<b>Loan Capital</b>						
Subordinated debt	250	(14)	5.6	285	(19)	6.7
Converting Preference Shares	150	(11)	7.4	150	(11)	7.4
<b>Total Interest Bearing Liabilities</b>	<b>17,841</b>	<b>(751)</b>		<b>13,408</b>	<b>(795)</b>	
<b>Total Non-Interest Bearing Liabilities</b>	<b>9,632</b>	<b>-</b>		<b>9,950</b>	<b>-</b>	
<b>Total Liabilities</b>	<b>27,473</b>	<b>(751)</b>		<b>23,358</b>	<b>(795)</b>	
<b>Net Assets</b>	<b>2,091</b>	<b>206</b>		<b>1,269</b>	<b>167</b>	
<b>EQUITY</b>						
<b>Contributed Equity</b>						
Ordinary share capital	753			349		
Macquarie Income Securities	391			395		
Retained earnings	583			523		
<b>Total Equity attributable to Equity Holders of MBL</b>	<b>1,727</b>			<b>1,267</b>		
Outside equity interests in controlled entities	364			2		
<b>Total Equity</b>	<b>2,091</b>			<b>1,269</b>		

Average interest income and expense in relation to assets and liabilities set off in the Statement of Financial Position in accordance with applicable accounting standards are not included in the above analysis. Such interest and expense is shown gross in Note 2 – Profit from Ordinary Activities in accordance with the requirements of AASB 1018 “Statement of Financial Performance”.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
AS AT 31 MARCH 2002

7. EVENTS SUBSEQUENT TO BALANCE DATE

On 2 April 2002, a controlled entity of the Bank acquired 100% of the issued capital of ntl Belgium sprl, the chief entity of ntl Australia Holdings Pty Limited (collectively "ntl").

The principal activities of ntl are:

- provision of television and radio transmission services to Australian national broadcasters;
- provision of equipment hosting services to regional and community broadcasters, telecommunications operators and emergency services communication providers; and
- construction of a microwave telecommunications network along the eastern coast of Australia for the carriage of digital video signals and wholesale bandwidth.

ntl Belgium sprl was purchased for an initial cost of \$313 million with additional consideration payable of up to \$20 million in 2003, subject to any warranty claims and purchase price adjustments.

The estimated fair value of the assets and liabilities of ntl at the date of acquisition were as follows:

	<b>\$'M</b>
Cash and other assets	47
Fixed assets	584
Intangible assets	
Customer contracts	247
Goodwill on acquisition	110
Payables and provisions	(138)
Enterprise Value	850
Borrowings	(517)
Total purchase price (subject to final adjustments)	(333)
	-

The existing ntl borrowings have been refinanced through a bridge debt facility and funding from the MBL Group of \$102 million.

The actual fair value of the net assets and resulting goodwill may change as a result of the completion of valuations (which are not yet completed due to the geographic diversity and number of assets acquired) and final allocation of the purchase price.

The financial effects of this transaction have not been brought to account as at 31 March 2002. The operating results, assets and liabilities of ntl will be consolidated from 2 April 2002.

**MACQUARIE BANK LIMITED**  
and its controlled entities  
**FIVE YEAR SUMMARY**

Year ended 31 March	1998	1999	2000	2001	2002
<b>Financial Performance (\$ million)</b>					
Total income from ordinary activities	665	815	1,187	1,472	1,600
Total expenses from ordinary activities	498	597	885	1,147	1,245
Profit from ordinary activities before income tax	167	218	302	325	355
Income tax expense	26	53	79	53	76
Profit from ordinary activities	141	165	223	272	279
Outside equity interest	-	-	-	1	-
Macquarie Income Securities distributions	-	-	12	31	29
Profit from ordinary activities after income tax attributable to ordinary equity holders	141	165	211	242	250
<b>(\$ million)</b>					
Total assets	7,929	9,456	23,389	27,848	30,234
Total liabilities	7,348	8,805	22,154	26,510	27,817
Net assets	581	651	1,235	1,338	2,417
Risk weighted assets	4,967	4,987	8,511	9,860	10,726
Total loan assets	3,158	4,002	6,518	7,785	9,209
Impaired assets (net of provisions)	12	44	23	31	34
<b>Share Information</b>					
Cash dividends per share (cents per share)					
1st Half	21.0	30.0	34.0	41.0	41.0
2nd Half	30.0	38.0	52.0	52.0	52.0
Total	51.0	68.0	86.0	93.0	93.0
Basic earnings per share (cents)	88.1	101.3	124.33	138.88	132.83
Share price at 31 March (\$)	14.35	19.10	26.40	27.63	33.26
Ordinary share capital (million shares) (a)	157.6	161.1	171.2	175.9	198.5
Market capitalisation at 31 March					
(fully paid ordinary shares) (\$ million)	2,262	3,077	4,520	4,860	6,602
<b>Ratios</b>					
Return on average ordinary share capital	26.1%	26.8%	28.1%	27.1%	18.7%
Payout ratio	57.9%	67.2%	70.0%	67.5%	73.6%
Tier 1 ratio	11.7%	13.0%	14.5%	12.9%	17.7%
Capital adequacy ratio	16.4%	17.3%	18.4%	16.0%	19.3%
Impaired assets as % of loan assets	0.4%	1.1%	0.3%	0.4%	0.4%
Net loan losses as % of loan assets	0.0%	0.1%	0.1%	0.1%	0.2%
<b>Funds Under Management (\$ billion)</b>					
Listed	2.3	3.0	4.2	6.9	11.8
Unlisted					
Retail	8.9	9.8	9.6	10.6	11.7
Wholesale	10.5	10.0	12.5	13.4	17.8
<b>Total</b>	<b>21.7</b>	<b>22.8</b>	<b>26.3</b>	<b>30.9</b>	<b>41.3</b>
<b>Staff Numbers</b>	<b>2,474</b>	<b>3,119 (b)</b>	<b>4,070 (b)</b>	<b>4,467 (b)</b>	<b>4,726 (b)</b>

(a) Number of fully paid ordinary shares at 31 March, excluding options and partly paid shares.

(b) Includes both permanent staff (full time, part time and fixed term) and contractors (including consultants and secondees)