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Macquarie Bank Limited

Presentation to

Shareholders and Analysts

Supplementary Information Package

14 November 2002



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Pro-forma result excluding BA transmission business

	As reported \$m	BA \$m	Adjusted* \$m
Interest income	105	27	132
Fee and commission income	662	-	662
Trading income	220	-	220
Other income	52	(83)	(31)
Total operating income	1,039	(56)	983
Employment expenses	(521)	3	(518)
Occupancy expenses	(45)	-	(45)
Non-salary technology expenses	(43)	-	(43)
Other operating expenses	(165)	53	(112)
Total operating expenses	(774)	56	(718)
Profit from ordinary activities	265	-	265

* adjusted result excludes Broadcast Australia Limited ("BA") (formerly ntl Australia) transmission income and operating expenses for holding period from 2 April 2002 to 12 August 2002



Snapshot of BA impact

	\$m
Fee and commission income	30
Other income	103
Interest expense	(27)
Total operating income	106
Operating expenses	(56)
Total profit before tax*	50

* excludes underwriting income of \$5m less provision for diminution of \$2m



Composition of fee and commission income

	1H 2003 \$m	2H 2002 \$m	1H 2002 \$m
Mergers and acquisitions, advisory and underwriting	235	180	121
Management fees – base fees	140	128	107
Performance fees	97	11	76
Brokerage and commissions	64	61	76
Cross border leasing and structured finance	66	38	61
Banking, lending and securitisation	37	42	35
Other	23	25	42
Total	662	485	518



Funds under management

	1H 2003 \$b	FY 2002 \$b	1H 2002 \$b
Infrastructure			
HLY (Hills Motorway)	0.9	0.9	0.9
HRZ (Horizon Energy)	0.2	0.2	0.2
MAP	1.7	0.3	-
MCG	0.3	-	-
MIG	8.2	7.6	5.1
SCF	0.6	-	-
Property			
MCW	0.9	0.8	0.7
MGI	0.7	0.6	0.5
MLE	0.1	0.1	0.1
MOF	1.6	1.3	1.1
MPRCA	0.3	-	-
Unlisted	31.4	29.5	25.9
Total	46.9	41.3	34.5



Fee income from funds under management

	1H 2003		2H 2002		1H 2002	
	Base \$m	Perf \$m	Base \$m	Perf \$m	Base \$m	Perf \$m
Infrastructure						
HLV (Hills Motorway)	0.2	-	0.2	-	0.2	-
HRZ (Horizon Energy)	0.1	-	0.2	-	0.2	-
MAP	4.0	-	-	-	-	-
MCG	0.5	-	-	-	-	-
MIG	30.7	75.3	30.1	-	17.7	69.2
SCF	0.2	-	-	-	-	-
Property						
MCW	1.7	1.7	1.6	-	1.5	-
MGI	-	-	-	-	-	-
MLE	0.3	-	0.3	-	0.4	-
MOF	3.2	10.1	2.6	3.1	2.4	-
MPRCA	-	-	-	-	-	-
Unlisted	98.9	9.7	92.6	9.7	84.8	6.9
Total	139.8	96.8	127.6	12.8	107.2	76.1

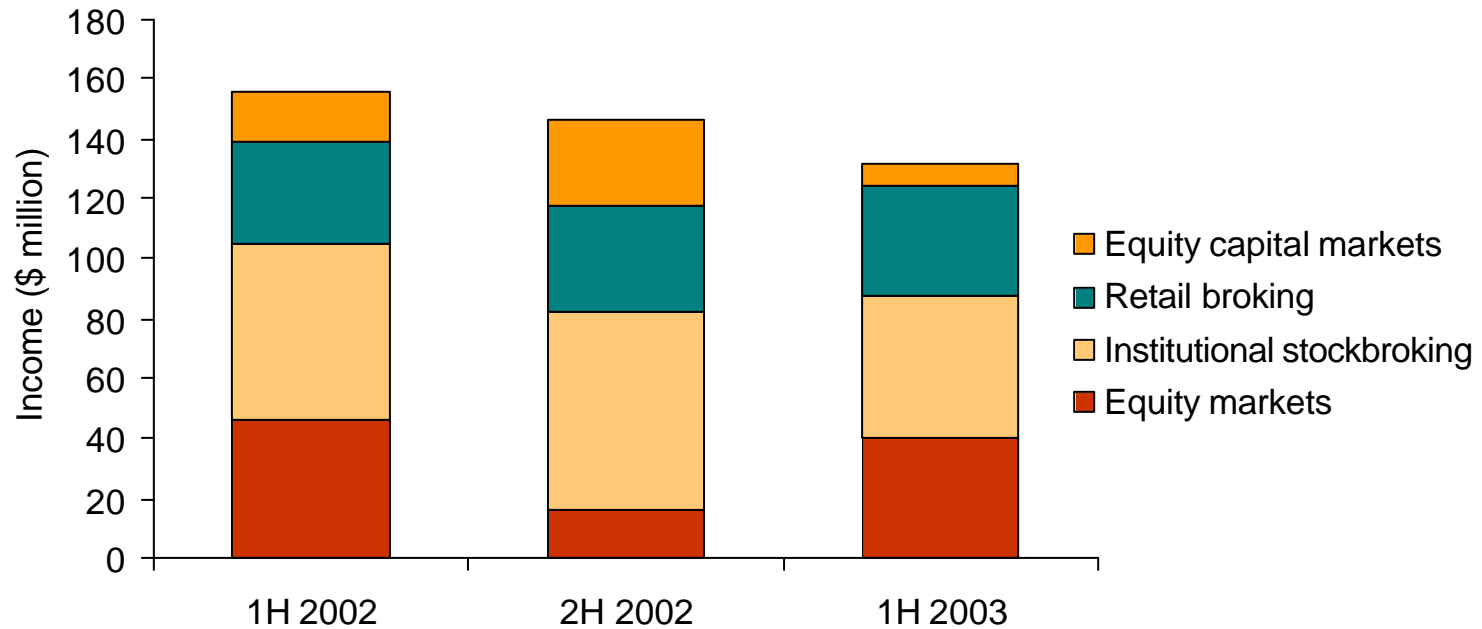


Composition of trading income

	1H 2003 \$m	2H 2002 \$m	1H 2002 \$m
Equities	75	59	76
Commodities	70	48	52
Foreign exchange	53	36	51
Interest rate products	22	20	19
Total	220	163	198



Equities-related income





Net interest income

	1H 2003			2H 2002			1H 2002		
	Interest \$m	Volume \$m	Spread %	Interest \$m	Volume \$m	Spread %	Interest \$m	Volume \$m	Spread %
Loan assets	118	9,780	2.42	108	8,627	2.50	99	8,568	2.31
Trading assets and other securities	20	8,415	0.47	27	9,211	0.59	4	7,789	0.10
Non-interest bearing assets*	(6)			(5)			(14)		
Total	132			130			89		

* adjusted to exclude BA interest expense for holding period from 2 April 2002 to 12 August 2002



Composition of other expenses

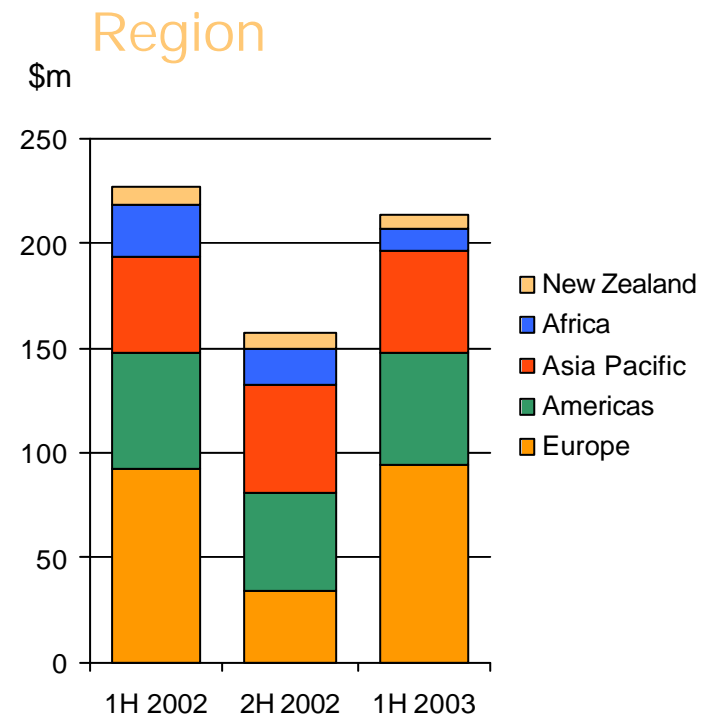
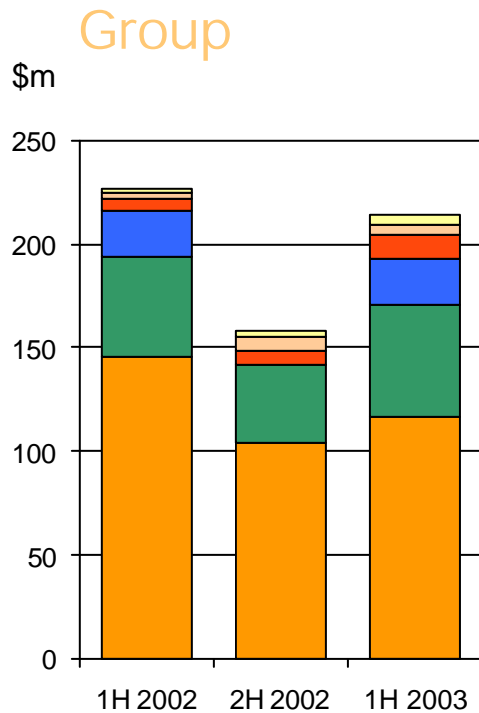
Cost control

	1H 2003 \$m	2H 2002 \$m	1H 2002 \$m
Occupancy	45	44	40
Non-salary technology	43	44	35
Legal and professional fees	34	26	25
Travel	18	21	21
Communication	8	9	10
Other operating	52	52	59
Total*	200	196	190

* adjusted to exclude BA interest expense for holding period from 2 April 2002 to 12 August 2002



International operating income by region and Group





Loan assets

	1H 2003 \$m	FY2002 \$m	1H 2002 \$m
Macquarie Capital	2,699	2,534	2,389
Structured Finance	360	302	250
Total Investment Banking	3,059	2,836	2,639
Overnight Cash	1,414	456	1,453
Metals & Mining	712	766	622
Foreign Exchange	159	153	239
Debt Markets	667	231	229
Total Treasury & Commodities	2,952	1,606	2,543
Macquarie Securitisation & Mortgages	1,262	1,697	822
Banking	1,114	1,061	975
Margin Lending	1,330	926	745
Property	1,312	1,030	923
Total Banking & Property	5,018	4,714	3,465
Equity Markets	66	53	77
Total	11,095	9,209	8,724



Credit quality

	1H 2003 \$m	2H 2002 \$m	1H 2002 \$m
Net charge for specific provisions:			
Recovery of assets previously written off	1	-	1
Recovery of assets previously provided for	3	1	1
Provided for during the financial year	(6)	(1)	(15)
Loan losses written off	(1)	(2)	-
Total	(4)	(2)	(13)
Loan assets	11,095	9,209	8,724
Specific provision as a percentage of loan assets	0.21%	0.24%	0.29%



Credit ratings

	Short-term	Long-term
Fitch Ratings	F1	A1
Moody's Investors Service	P1	A2
Standard & Poor's	A1	A

→ All ratings recently affirmed



Reconciliation of net capital base

Tier 1

	1H 2003 \$m	FY 2002 \$m	1H 2002 \$m
Ordinary share capital	1,096	1,012	980
Macquarie Income Securities	314	258	250
Converting Preference Shares	150	150	150
Outside equity interest	4	4	3
Retained earnings	757	617	600
Less: APS 120 subsidiaries retained earnings	(77)	(54)	(54)
Less: APS 222 investment deduction	(259)	(7)	-
Less: intangibles	(18)	(17)	(20)
Less: future income tax benefit	(96)	(63)	(87)
Total	1,871	1,900	1,822



Reconciliation of net capital base

Tier 2

	1H 2003 \$m	FY 2002 \$m	1H 2002 \$m
Tier 1 capital	1,871	1,900	1,822
Macquarie Income Securities (excess over allowable Tier 1 capital)	77	133	141
Subordinated debt (net of amortised amount)	167	193	202
General reserve for losses	65	59	58
Less: associated tax benefits	(19)	(18)	(17)
	290	367	384
Less: other deductions	(237)	(199)	(111)
Net capital base	1,924	2,068	2,095



Risk weighted assets

	1H 2003 \$m	FY 2002 \$m	1H 2002 \$m
On-balance sheet	8,658	7,365	7,124
Off balance sheet	2,481	2,566	2,593
Market risk charge	673	719	752
Total	11,812	10,650	10,469



Our people

- Turnover at low level
- Rated top financial institution and second best employer (>1000 employees) in Australia (Hewitt Associates Survey, October 2001)
- Strong compliance with Equal Opportunity for Women best practice
- Committed to professional and ethical training
- Remuneration policies align staff interests with shareholders:
 - At risk remuneration is a large part of total
 - Profit share formula based on net profit and excess return above cost of capital
 - Bonuses vest over 10 years for Executive Directors



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