



Macquarie posts A\$956 million full year profit

(2 May 2011 – Australia) Macquarie Group announced on Friday a net profit of A\$956 million for the full year ended 31 March 2011, down nine percent on the 2010 full year results.

Profit for the second half of the year was A\$553 million, which was up 37 percent on the first half of the year.

Macquarie Group managing director and chief executive officer Nicholas Moore said the improved general market conditions in the second half of the year led to higher activity levels for Fixed Income, Currencies and Commodities (FICC) and Macquarie Capital.

“International income for the full year was 60 percent of total operating income. Notably in the second half, international income comprised 64 percent of operating income,” Mr Moore said.

The group said due to the transfer of the Cash Management Trust to the Cash Management Account in July 2010 and a foreign exchange effect of A\$27 billion, assets under management were down by A\$16 billion.

A string of acquisitions over the past year saw operating expenses surge 19 percent on the prior year.

Employment expenses were up 25 per cent on 2010, mostly due to a 17 per cent increase in average headcount on 2010.

Movements in foreign exchange rates will impact the contribution of each group. The higher cost of funding, reflecting market conditions and high liquidity levels, are also expected to continue, he cautioned.

“Overall, we expect an improved financial year 2012 result on 2011. However, the financial year 2012 result will be dependent upon market conditions, particularly for Macquarie Securities and Macquarie Capital which are assuming better market conditions than 2011,” Mr Moore said.

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Chief financial officer Greg Ward said the Group's income statement reflected growth in interest income, fee and commissions income, trading income and other income.

Although it was not specific, the investment bank issued a brighter outlook, tipping an "improved" profit performance for financial 2012.

According to East & Partners' October 2010 Australian Institutional Banking Markets report, Macquarie Bank's mind share results as a provider of corporate advisory services has increased markedly over the past few years.

Nearly 20 percent of businesses in the institutional segment (businesses with an annual turnover greater than \$530 million) recalled Macquarie Bank first as a provider of corporate advisory services.

"This is an important indicator of forward performance in Australia's institutional banking markets, said Paul Dowling, East and Partners Principal Analyst, and to see Macquarie continuing to lift its recognition in such a competitive space supports a positive forward outlook for the business. Similar results are visible for the Bank in other key product markets", he noted.

"Mind share has become the key leading predictor of market share win/loss, post the GFC.

Macquarie Mindshare Index	% of all 1st Name Recalls Institutional	
	October 2008	October 2010
Debt provider	2.3	3.1
Derivatives	3.4	5.3
Corporate Advisory	16.8	19.9

Source: East & Partners, Institutional Banking Markets, October 2010

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