

Metals and Energy Capital made an outstanding contribution to the overall result, well up on the prior year. The division capitalised on rallying metals prices which positively impacted both trading revenue and equity realisations of project finance investments.

The result from **Agricultural Commodities** was well up on the prior year as agricultural commodities prices rose under the supply pressures resulting from severe global weather events and geopolitical unrest in the Middle East. This translated into increased client hedging activity and trading opportunities.

The contribution from **Energy Markets** was well down on the prior year. The impact of the severe Northern Hemisphere winter on energy prices, specifically on the US gas price, negatively affected the division's results.

US credit markets continued to rally during the period. However, lower levels of client activity impacted the otherwise strong result from **Credit Trading**. The division successfully extended its product coverage to include US commercial mortgage finance and commercial mortgage-backed securities.

The contribution from **Fixed Income and Currencies** was well down on the prior year as global foreign exchange client activity remained subdued and Australian debt markets continued to operate below 2008 issuance levels.

The result from **Futures** was up on the prior year. The division saw some improvement in trading volumes, partially offsetting the negative effect of the low interest rate environment in the US and the UK which resulted in lower income earned on client margin deposits.

Notable activity during the year included:

- Development of FICC's regional hub in Singapore. This included the granting to Macquarie Bank Limited of a bank branch licence, complemented by the extension of the Korean bank branch licence to include over-the-counter derivatives
- Establishment of an Asian Markets business based in Singapore, offering foreign exchange and corporate and sovereign debt trading to pension funds, hedge funds and banks globally
- Expansion of global physical oil trading capabilities with the addition of a Calgary-based crude oil marketing team and a Latin American oil liquids origination and marketing team based in Houston
- Futures membership obtained on the ICE US futures exchange, further strengthening its client offering in the US allowing direct interface for futures clearing.

Outlook

FICC will continue to focus on expanding its presence in Asia and the Middle East, selectively growing in physical commodities markets and steadily growing its more mature market offerings. Subject to market conditions, the group expects its result for the year ending 31 March 2012 to be up on the prior year. It will continue to invest in growth.

About Fixed Income, Currencies and Commodities

Agricultural Commodities Division

Provides risk management, structured financing and physical commodity solutions across agricultural commodities globally and selected dry freight routes.

Credit Trading Division

Facilitates client transactions with institutional investors and makes markets in secondary trading of, and investing in, corporate debt securities, credit default swaps, syndicated bank loans, collateralised debt obligations, commercial mortgage finance, asset-backed/mortgage-based securities and derivatives of these products.

Energy Markets Division

Provides risk management solutions to energy producers, consumers and investors across a broad range of products and acts as a trading intermediary in gas and power in the US and Europe.

Fixed Income and Currencies Division (merger of Debt Markets and Foreign Exchange Divisions)

Provides currencies and fixed income trading and hedging services to a range of corporate and institutional clients globally. In fixed income, the division arranges and places primary debt and provides secondary market liquidity across a range of instruments.

Futures Division

Provides a full range of broking and clearing services on all major futures exchanges. The division is a leading provider of these services in the Australian market and is pursuing opportunities in offshore markets.

Metals and Energy Capital Division

Provides equity and debt finance globally to the metals and energy sector as well as providing trading and hedging services to the base and precious metals sectors.

Central Division

Fosters and develops various non-division specific, early-stage or cross-divisional initiatives including Asian Markets, Environmental Financial Products, Structured Commodity Finance, new jurisdiction and branch initiatives and joint ventures and alliances.