



Press Release

S&P Assigns Ratings To Restructured Macquarie Bank Group Entities

Melbourne, Nov. 16, 2007—Standard & Poor's Ratings Services said today that it had assigned its 'A-/Stable/A-2' issuer credit ratings to Macquarie Group Ltd. (MGL) and Macquarie Financial Holdings Ltd. (MFHL). At the same time, the 'A/Stable/A-1' rating on Macquarie Bank Ltd. and 'A/Stable/--' rating on Macquarie Life Ltd. were affirmed. The 'A-' long-term rating on Macquarie International Finance Ltd. (MIFL) was also affirmed with a stable outlook. Furthermore, the short-term rating on MIFL was adjusted to 'A-2'.

Standard & Poor's rating actions are in line with the expectations outlined in our commentary "Credit FAQ: Rating Impact Of Macquarie Bank Ltd.'s Restructure Plans" that was published on Sept. 14, 2007.

"The ratings on the restructured group are driven by the same factors underpinning the ratings on Macquarie Bank before the restructure," Standard & Poor's credit analyst Sharad Jain said. "The ratings on the MGL entities factor in our expectation that regulatory oversight will be maintained at the group level, and that there will be no significant change in the group's critical operational controls, risk appetite, and business or financial metrics."

MGL and MFHL have been created to implement Macquarie group's restructure plan, which separates its core banking and investment banking activities into different legal entities. MGL is the non-operating holding company of the whole group.

The bank group includes the following businesses: mortgage and securitization, real estate funds management, and trading and related services. This group includes Macquarie Bank, MIFL, and Macquarie Life.

The operating entities in the non-bank group are owned by MFHL, which is a wholly owned subsidiary of MGL. The non-bank group comprises investment banking activities including mergers and acquisitions, and specialist funds management. MGL and Macquarie Bank will now be the external funding vehicles for the group. Debt currently issued by Macquarie Bank would remain within the bank.

Mr. Jain added: "Macquarie Bank remains a core operating entity of the restructured group, with business and financial profiles that are expected to reflect traditional bank products, trading activities, and funds management activities. The level of equity investments in the bank is expected to decrease, resulting in a reduction in asset concentration."

MGL, the holding company, is rated one notch below Macquarie Bank due to its structural subordination to the core operating entities of the restructured group. This is because in order to service its own debt, MGL will substantially depend on dividends from subsidiaries, and the regulator may limit the regulated subsidiaries' support to the holding company.

The rating on MFHL, the holding company for the non-bank entities, reflects the company's importance within a cohesive and highly integrated wider group, and its ownership of non-bank entities that are expected to have strong financial and business profiles. Furthermore, it is expected that there would be little regulatory restriction on the ability of MGL to support MFHL, or on the ability of the operating companies in the non-bank group to upstream dividends to MFHL.

Despite a change in MIFL's strategic role within the restructured group, the company remains an important entity to the group. This reflects MIFL's envisaged key internal role in routing debt funding to the non-extended licensed entities (non-ELE) of the bank group. MIFL's importance to the group is also supported

by its role in providing guarantees and liquidity support to the non-ELE entities of the bank group. Similar to MFHL, MIFL is rated one notch below the bank group, partly reflecting the ability of the regulator to limit support from regulated entities.

The restructure by itself is expected to have an insignificant impact on Macquarie Life's business and financial profiles.

The ratings on the five rated entities in the Macquarie Group after the restructure are listed below:

- Macquarie Group Ltd. A-/Stable/A-2
- Macquarie Bank Ltd. A/Stable/A-1
- Macquarie Financial Holdings Ltd. A-/Stable/A-2
- Macquarie International Finance Ltd. A-/Stable/A-2
- Macquarie Life Ltd. A/Stable/--

About Standard & Poor's

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 8,500 employees, including wholly owned affiliates, located in 21 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com.au>.

For more information contact:

Sharad Jain, Financial Services Ratings

(61) 3 9631 2077

Paul Stephen, Financial Services Ratings

(61) 3 9631 2070

Sharon Beach, Media

(61) 3 9631 2152