

FITCH PLACES MACQUARIE GROUP AND SUBSIDIARIES ON RWN

Fitch Ratings-Sydney-08 February 2012: Fitch Ratings has placed the Long-Term Issuer Default Ratings (IDR) and Viability Ratings (VR) of Macquarie Group Limited (MGL) and its Australian subsidiaries on Rating Watch Negative (RWN). A full list of rating actions can be found at the end of this release.

This action stems from Fitch's broad review of the largest banking institutions in the world and follows the announcement of a similar review of Australia's four major banks (see "Fitch Places Major Australian Banks on RWN, Affirms Canadian Banks", dated 30 January 2012).

The review of MGL has been prompted in part by challenges facing financial institutions globally, in particular those that are more exposed to market-oriented income. Fitch notes that this action is not tied to any specific earnings or capital information as this broad review has been ongoing for some time.

Fitch notes that MGL's focus is on facilitating client transactions rather than transacting on its own account which reduces the group's exposure to market risk. Nevertheless, three of MGL's six divisions (Macquarie Capital, Macquarie Securities and Fixed Income, Commodities and Currencies) are market-oriented, which adds volatility to MGL's earnings not normally seen in more traditional commercial banks. Macquarie's three other divisions (Macquarie Funds Group, Corporate and Asset Finance and Banking and Financial Services) exhibit less earnings volatility and have grown in recent years.

In addition to reviewing potential earnings volatility, Fitch will examine what, if any, impact the subdued environment for market-oriented businesses globally may have on investor sentiment towards MGL.

MGL's use of wholesale funding will also be taken into consideration. Fitch notes that the group has significantly reduced its reliance on short-term funding since 2007 and that it maintains a liquid balance sheet.

Other aspects of MGL's financial profile, such as asset quality, capital and exposure to market risk continue to compare favourably with larger global trading and universal banks.

Fitch expects to resolve the RWN within a short time frame and will update its view of the group's strengths, weaknesses and trends. The agency expects that any downgrades are most likely to be limited to one notch. The resolution of the RWN will be based on Fitch's review of the most recent available data, including any additional information provided by MGL that is relevant to its ratings or those of its subsidiaries.

MGL provides both investment banking and more traditional banking services, with a focus on client transactions. Operations span markets in Australia, the UK, Europe, Asia and the US.

The rating actions are as follows:

Macquarie Group Limited (MGL):

- Long-Term IDR: 'A', on RWN
- Short-Term IDR: 'F1' on RWN
- Viability Rating: 'a', on RWN
- Support Rating: affirmed at '5;
- Support Rating Floor: affirmed at 'No Floor'
- Senior unsecured debt: 'A', on RWN

- Short-term debt: 'F1' on RWN
- Hybrid capital instruments: 'BBB'; remain on RWN

Macquarie Bank Limited (MBL):

- Long-Term IDR: 'A+', on RWN
- Short-Term IDR: affirmed at 'F1'
- Viability Rating: 'a+', on RWN
- Support Rating: affirmed at '3'
- Support Rating Floor: affirmed at 'BB'
- Government guaranteed senior debt: affirmed at 'AAA'
- Senior unsecured debt: 'A+', on RWN
- Short-term debt: affirmed at 'F1'
- Subordinated debt: 'A', on RWN
- Hybrid capital instruments: 'BBB+'; remain on RWN

Macquarie Financial Holdings Limited (MFHL):

- Long-Term IDR: 'A', on RWN
- Short-Term IDR: 'F1' on RWN
- Support Rating: affirmed at '1'

Macquarie International Finance Limited (MIFL):

- Long-Term IDR: 'A', on RWN
- Short-Term IDR: 'F1' on RWN
- Support Rating: affirmed at '1'

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Applicable criteria "Global Financial Institutions Rating Criteria" dated 16 August 2011 available at www.fitchratings.com.

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Additional information is available at www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649171

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