



ASX/Media Release

SALE OF MARGIN LOAN PORTFOLIO, BALANCE SHEET INITIATIVES AND OUTLOOK & MARKET CONDITIONS

SYDNEY, 8 January 2009 – Macquarie Group Limited (“Macquarie”) advises that its banking subsidiary, Macquarie Bank Limited, has signed an agreement to sell the bulk of its margin lending portfolio to Leveraged Equities, a wholly owned subsidiary of Bendigo and Adelaide Bank Limited. The transaction is expected to complete later today.

Sale of Margin Loan Portfolio

Macquarie announced its intention to sell its margin lending business in September 2008.

Leveraged Equities has agreed to acquire the \$1.5 billion loan portfolio for a premium of \$52 million. Macquarie will receive the premium consideration in the form of short dated convertible preference shares issued by Bendigo and Adelaide Bank Limited.

Macquarie’s retail stockbroking division, Macquarie Private Wealth, has entered into a white label distribution agreement with Leveraged Equities to enable Macquarie to continue to provide Macquarie-branded margin loan products to its client base.

Balance Sheet Initiatives

As previously announced, the sale of the margin lending portfolio is one of a number of balance sheet initiatives identified which would reduce funded assets by approximately \$15b to allow Macquarie to further focus on the more profitable parts of the business. Of these initiatives, \$3.9b were completed before 30 September. Since then, a further \$8.1b of initiatives have been completed, which includes

this margin lending initiative. This brings the total of initiatives completed to \$12b with the other \$A3b currently underway and expected to be completed by 31 March 2009.

Since 30 September, Macquarie has further strengthened its strong funding and liquidity position including:

- 27% increase in retail deposits since 30 September from \$9.4b to \$11.9b at 31 December 2008; and
- 14% increase in term funding since 30 September from \$31.9b to approximately \$36.5b at 31 December 2008. During the quarter, Macquarie successfully issued \$US3.3b of government guaranteed term funding. This includes a \$US2.1b five year fixed rate private placement under the US 144a program, which was the first five year government guarantee deal in offshore markets.

Outlook & Market Conditions

The outlook statement provided at the interim results noted that unprecedented market conditions make short term forecasting extremely difficult and was subject to a number of significant swing factors notably market conditions, asset realisations, completion rate of transactions and asset prices. The sale of the margin lending portfolio will result in a profit contribution of approximately \$43 million (before tax and profit share). It should be noted that this profit was anticipated at the time of the interim results. However importantly, during the quarter to 31 December, market conditions were exceptionally challenging for almost all Macquarie's businesses, adversely impacting levels of business activity and profitability.

Macquarie will update the market further at its regular operational briefing in February.

Contacts:

Investor Relations

Stuart Green
+612 8232 8845

Corporate Communications

Paula Hannaford
+612 8232 4102