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ASX Release



Macquarie Securitisation to wind-back its Australian residential mortgage origination services

SYDNEY, 5 March 2008 – Macquarie Bank Limited today announced that Macquarie Securitisation Ltd would wind-back its Australian residential mortgage origination services for both retail and wholesale customers due to the significant increase in the cost of funding mortgages and current conditions in the global mortgage securitisation market.

The Head of Macquarie's Banking and Financial Services Group, Peter Maher, said that from 7 March 2008 the Bank would substantially reduce origination of new residential mortgages in Australia but would continue to provide full service to Macquarie's existing Australian customers who hold 95,000 loan facilities.

"There will be no impact on these customers and we will continue to provide to them the range of existing customer services including mortgage variation services. It will be business as usual for our existing customer base. New mortgage business will continue to be written although it will be at much reduced volumes," Mr Maher said.

Mr Maher said Macquarie's mortgage portfolio comprises approximately 2.5% of the total outstanding housing loans market in Australia.

The portfolio is currently predominantly funded by wholesale securitisation markets. As noted by numerous market participants, deteriorating conditions in these markets over the past six months have resulted in a sharp rise in the cost of funding mortgages and significant reductions in the availability of funding from both the domestic and international mortgage securitisation markets.

Macquarie Group Chief Financial Officer, Greg Ward, said: “We have previously advised the market that in full year 2007, the retail and wholesale residential mortgage businesses represented less than one percent of Macquarie Group profits. The impact of the decision to wind-back the business is not financially material.

“We have also previously advised that the mortgages business has no sub-prime exposure, default rates are low and the credit quality of the portfolio is good,” Mr Ward said.

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