



ASX/Media Release

MACQUARIE GROUP ANNOUNCES \$A3,522 MILLION FULL-YEAR PROFIT

Key Points

- FY24 net profit of \$A3,522 million, down 32% on FY23; 2H24 net profit of \$A2,107 million, up 49% on 1H24, down 27% on 2H23
- International income 66% of total income¹ in FY24
- Assets under management of \$A938.3 billion² at 31 March 2024, up 7% from 31 March 2023 and up 5% from 30 September 2023
- Financial position comfortably exceeds regulatory minimum requirements
 - Group capital surplus of \$A10.7 billion^{3,4}
 - Bank Level 2 CET1 ratio 13.6% (Harmonised⁵: 18.7%); Leverage ratio 5.2% (Harmonised⁵: 5.9%); LCR 191%⁶; NSFR 115%⁶
- Return on equity (ROE) 10.8%, compared with 16.9% in FY23; 2H24 annualised ROE 12.9%
- Final ordinary dividend of \$A3.85 per share (40% franked), FY24 ordinary dividend of \$A6.40 per share (40% franked), representing a 2H24 payout ratio of 70% and FY24 payout ratio of 70%

SYDNEY, 3 May 2024 – Macquarie Group (ASX: MQG; ADR: MQBKY) today announced a net profit after tax attributable to ordinary shareholders of \$A3,522 million for the year ended 31 March 2024 (FY24), down 32 per cent on the year ended 31 March 2023 (FY23). Profit for the half year ended 31 March 2024 (2H24) was \$A2,107 million, up 49 per cent on the half year ended 30 September 2023 (1H24) and down 27 per cent on the half year ended 31 March 2023 (2H23).

Macquarie Group Managing Director and Chief Executive Officer, Shemara Wikramanayake, said: “Despite ongoing economic uncertainty and subdued market conditions in many parts of the world, Macquarie’s client franchises remained resilient over the last year, with continued client growth, fundraising and new business origination across the Group as we delivered our 55th consecutive year of profitability since inception.”

Annuity-style activities, which are undertaken by Macquarie Asset Management (MAM), Banking and Financial Services (BFS) and certain businesses in Commodities and Global Markets (CGM), generated a combined net profit contribution⁷

¹ Where referenced in this document, total income is net operating income excluding Corporate items.

² Macquarie Asset Management (MAM) Private Markets Assets under Management (AUM) includes equity yet to deploy and equity committed to assets but not yet deployed.

³ The Group capital surplus is the amount of capital above APRA regulatory requirements. Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 Capital Adequacy (APS 110), at 10.5% of RWA (Sep 23: 10.5%). This includes the industry minimum Tier 1 requirement of 6.0%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB). The CCyB of the Bank Group at Mar 24 is 0.71% (Sep 23: 0.71%), this is rounded to 0.75% (Sep 23: 0.75%) for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

⁴ The surplus reported includes provisions for internal capital buffers and differences between Level 1 and Level 2 requirements, including the \$A500 million operational capital overlay imposed by APRA.

⁵ Basel III applies only to the Bank Group and not the Non-Bank Group. ‘Harmonised’ Basel III estimates are calculated in accordance with the updated Basel Committee on Banking Supervision (BCBS) Basel III framework, noting that MBL is not regulated by the BCBS and so impacts shown are indicative only.

⁶ Average LCR for March 2024 quarter is based on an average of daily observations. APRA imposed a 15% add-on to the Net Cash Outflow component of the LCR calculation, and a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 April 2021. The LCR Net Cash Outflow add-on increased to 25% from 1 May 2022.

⁷ Where referenced in this document, net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

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of \$A3,014 million, down 27 per cent on FY23, which was primarily due to lower asset realisations in green investments and continued investment in the development of green energy portfolio companies in MAM.

Markets-facing activities, which are undertaken by Macquarie Capital and most businesses in CGM, delivered a combined net profit contribution of \$A3,699 million, down 40 per cent on FY23, which was notably characterised by exceptional levels of volatility in commodity markets that drove a record FY23 performance from CGM.

Net operating income of \$A16,887 million was down 12 per cent on FY23, while operating expenses of \$A12,061 million were broadly in line with FY23. International income accounted for 66 per cent of Macquarie's total income.

The income tax expense of \$A1,291 million was down 29 per cent on FY23 and the effective tax rate was 26.8 per cent⁸, up from 26.0 per cent in FY23. The higher effective tax rate was mainly driven by the geographic composition and nature of earnings.

At 31 March 2024, the Group employed 20,666 people⁹, which was up one per cent on 31 March 2023. In addition, approximately 236,000 people were employed across managed fund assets and investments¹⁰.

Assets under management at 31 March 2024 were \$A938.3 billion², up seven per cent from \$A878.6 billion at 31 March 2023, largely due to favourable market movements, investments made by MAM Private Markets-managed funds and favourable foreign exchange movements, partially offset by assets no longer managed as a result of a reduction of co-investment management rights.

Operating Group performance

MAM delivered a net profit contribution of \$A1,208 million, down 48 per cent from \$A2,342 million in FY23. The result was primarily driven by lower asset realisations in green investments and increased net expenditure in investments in green energy portfolio companies operating on a standalone basis with base and performance fees broadly in line.

BFS delivered a net profit contribution of \$A1,241 million, up three per cent from \$A1,201 million in FY23. The result reflected growth in the loan portfolio and BFS deposits¹¹, and credit impairment reversals primarily reflecting an improvement in the macroeconomic outlook; partially offset by margin compression, higher employment expenses and increased technology investment to support portfolio growth, compliance and regulatory requirements.

CGM delivered a net profit contribution of \$A3,213 million, down 47 per cent from \$A6,007 million in FY23. The overall result reflected substantially lower inventory management and trading income from a strong prior year in North American Gas and Power and a decreased contribution from Commodities risk management, primarily in EMEA Gas and Power, and Resources due to lower client hedging as volatility and price movements stabilised across commodity markets following record highs in the prior year. Commodities income of \$A3,516 million was up six per cent on the year ended 31 March 2022 (FY22). Financial Markets had an increased contribution on the prior year with continued strong performance across major products and markets, particularly in foreign exchange and interest rate products, and an increased contribution from the Futures business.

Macquarie Capital delivered a net profit contribution of \$A1,051 million, up 31 per cent from \$A801 million in FY23. The result reflected higher investment-related income driven by growth in the private credit portfolio, lower credit provisions and net impairment reversals, which was partially offset by lower net gains on investments including the non-recurrence of material asset realisations and lower advisory fee income.

⁸ Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

⁹ Includes staff employed in certain operationally segregated subsidiaries.

¹⁰ Includes people employed through MAM Private Markets-managed fund assets in Real Assets and investments where Macquarie Capital holds significant influence, including operationally segregated subsidiaries.

¹¹ BFS deposits include home loan offset accounts.

Capital management and funding position

Macquarie's financial position exceeds the Australian Prudential Regulation Authority's (APRA's) Basel III regulatory requirements, with a Group capital surplus of \$A10.7 billion^{3,4} at 31 March 2024, down from \$A12.6 billion at 31 March 2023.

The Bank Group APRA Basel III Level 2 Common Equity Tier 1 capital ratio was 13.6 per cent (Harmonised⁵: 18.7 per cent) at 31 March 2024, down from 13.7 per cent (Harmonised⁵: 18.4 per cent) at 31 March 2023. The Bank Group's APRA Leverage Ratio was 5.2 per cent (Harmonised⁵: 5.9 per cent), the Liquidity Coverage Ratio (LCR) was 191 per cent⁶ and the Net Stable Funding Ratio (NSFR) was 115 per cent⁶ at 31 March 2024.

Total customer deposits¹² increased to \$A148.3 billion at 31 March 2024, up from \$A134.5 billion at 31 March 2023. Term funding¹³ of \$A21.1 billion was raised during FY24.

On-market share buyback

On 3 November 2023, Macquarie announced that it intends to buy back up to \$A2.0 billion of ordinary shares on-market. The buyback provides additional flexibility to manage the Group's capital position and Macquarie retains the ability to vary, pause or terminate the buyback at any time. As at 31 March 2024, a total of \$A644 million of ordinary shares have been acquired on-market at an average price of \$A183.26 per share.

FY24 final ordinary dividend

The Macquarie Group Limited Board today announced a FY24 final ordinary dividend of \$A3.85 per share (40 per cent franked). This represents a total FY24 ordinary dividend of \$A6.40 per share (40 per cent franked), 2H24 payout ratio of 70 per cent and FY24 payout ratio of 70 per cent. Macquarie's dividend policy remains at a 50 to 70 per cent annual payout ratio.

The record date for the final ordinary dividend is 14 May 2024 and the payment date is 2 July 2024. Shares are to be acquired on-market to satisfy the Dividend Reinvestment Plan (DRP) for the FY24 final ordinary dividend¹⁴.

Outlook

Macquarie continues to maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions it well to respond to the current environment.

The range of factors that may influence our short-term outlook include:

- Market conditions including global economic conditions, inflation and interest rates, significant volatility events, and the impact of geopolitical events
- Completion of period-end reviews and the completion of transactions
- The geographic composition of income and the impact of foreign exchange
- Potential tax or regulatory changes and tax uncertainties

Ms Wikramanayake said: "Macquarie remains well-positioned to deliver superior performance in the medium term with its diverse business mix across annuity-style and markets-facing businesses; deep expertise across diverse sectors in major markets with structural growth tailwinds; patient adjacent growth across new products and new markets; ongoing investment in our operating platform; a strong and conservative balance sheet; and a proven risk management framework and culture."

¹² Total customer deposits as per the funded balance sheet (\$A148.3 billion) differs from total deposits as per the statutory balance sheet (\$A148.4 billion). The funded balance sheet reclassifies certain balances to other funded balance sheet categories.

¹³ Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on foreign exchange rates at the time of issuance. Includes refinancing of loan facilities.

¹⁴ The DRP pricing period is from 21 May 2024 to 27 May 2024. Shares will be issued if purchasing becomes impractical or inadvisable.

Contacts

Sam Dobson

Macquarie Group Investor Relations
+61 2 8232 9986

Lisa Jamieson

Macquarie Group Media Relations
+61 2 8232 6016