

# ASX/Media Release

## MACQUARIE GROUP 2024 ANNUAL GENERAL MEETING AND FIRST QUARTER 2025 UPDATE

### Key Points

- 1Q25 Operating Group contribution broadly in line with prior corresponding period (pcp) (1Q24)
- Financial position comfortably exceeds regulatory minimum requirements
  - Group capital surplus of \$A8.2 billion at 30 June 2024<sup>1</sup>
  - Bank CET1 Level 2 ratio 12.8% (Harmonised: 17.9%<sup>2</sup>); Leverage ratio 5.2% (Harmonised: 5.9%<sup>2</sup>); LCR 191%<sup>3</sup>; NSFR 110%<sup>3</sup>

**SYDNEY, 25 July 2024** – Macquarie Group (ASX: MQG; ADR: MQBKY) today provided an update on the first quarter of its 2025 financial year ahead of its 2024 Annual General Meeting in Sydney. Speaking before today's meeting, Macquarie Group Managing Director and Chief Executive Officer, Shemara Wikramanayake, said that Macquarie's Operating Group performance was consistent with expectations, with the Operating Group contribution from the first quarter of the 2025 financial year (1Q25) broadly in line with the first quarter of the 2024 financial year (1Q24).

Macquarie's annuity-style businesses' (Macquarie Asset Management (MAM) and Banking and Financial Services (BFS)) combined 1Q25 net profit contribution<sup>4</sup> was broadly in line with 1Q24, driven by volume growth, lower operating expenses and lower credit impairment charges in BFS. This was offset by margin compression in BFS and timing of performance fees in MAM.

Macquarie's markets-facing businesses' (Commodities and Global Markets (CGM) and Macquarie Capital) combined 1Q25 net profit contribution<sup>4</sup> was down on 1Q24, primarily due to timing of asset realisations in Macquarie Capital. This was partially offset by a continued contribution across the platform in CGM.

Macquarie Group's financial position continues to comfortably exceed the Australian Prudential Regulation Authority (APRA) Basel III regulatory requirements, with a Group capital surplus of \$A8.2 billion at 30 June 2024, down from \$A10.7 billion at 31 March 2024, predominantly driven by payment of the 2H24 dividend, FY24 MEREP awards, business capital requirement growth and the on-market share buyback, partially offset by 1Q25 net profit after tax. The Bank Group APRA Basel III Common Equity Tier 1 capital ratio was 12.8 per cent (Harmonised: 17.9 per cent<sup>2</sup>) at 30 June

<sup>1</sup> 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, at 10.5% of RWA. This includes the industry minimum Tier 1 requirement of 6.0%, CCB of 3.75% and a CCyB. The CCyB of the Bank Group at June 2024 is 0.76%, this is rounded to 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. The surplus reported includes provisions for internal capital buffers and differences between Level 1 and Level 2 requirements, including the \$A500m operational capital overlay imposed by APRA.

<sup>2</sup> 'Harmonised' Basel III estimates are calculated in accordance with the updated Basel Committee on Banking Supervision (BCBS) Basel III framework, noting that Macquarie Bank Limited (MBL) is not regulated by the BCBS and so impacts shown are indicative only.

<sup>3</sup> Average LCR for June 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.

<sup>4</sup> Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

2024, down from 13.6 per cent at 31 March 2024. The Bank Group's APRA leverage ratio was 5.2 per cent (Harmonised: 5.9 per cent<sup>2</sup>), Liquidity Coverage Ratio (LCR) was 191 per cent<sup>3</sup> and Net Stable Funding Ratio (NSFR) was 110 per cent<sup>3</sup> at 30 June 2024.

On 3 November 2023, Macquarie announced its intention 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 24 July 2024, a total of \$A908 million of ordinary shares were acquired on-market at an average price of \$A188.45 per share.

On 20 June 2024, the acquisition of Macquarie ordinary shares pursuant to the Macquarie Group Employee Retained Equity Plan was completed. A total of \$A667 million<sup>5</sup> of shares were purchased at a weighted average purchase price of \$A191.54 per share. On 2 July 2024, ordinary shares were acquired on-market at \$A193.64 per share<sup>6</sup> under the Dividend Reinvestment Plan (DRP).

Effective 1 August 2024, the registered and principal office for Macquarie Group Limited and Macquarie Bank Limited will be Level 1, 1 Elizabeth Street, Sydney NSW 2000.

## First quarter business highlights

Ms Wikramanayake noted the following 1Q25 highlights for each Operating Group:

- **MAM** had \$A915.0 billion in assets under management at 30 June 2024, down two per cent on 31 March 2024. For MAM Public Investments, assets under management of \$A548.2 billion were down three per cent on 31 March 2024, primarily driven by net flows and unfavourable foreign exchange movements. MAM Private Markets had \$A217.9 billion in equity under management<sup>7</sup> and \$A366.8 billion in assets under management<sup>8</sup>, which were down one per cent on 31 March 2024, primarily driven by unfavourable foreign exchange movements, partially offset by an increase in asset valuations. During the quarter, \$A1.6 billion in new equity was raised in Private Markets, \$A3.7 billion of equity was invested and \$A1.0 billion was divested, resulting in \$A36.0 billion of equity to deploy at 30 June 2024.
- **BFS** deposits<sup>9</sup> of \$A145.3 billion at 30 June 2024 were up two per cent on 31 March 2024. The home loan portfolio<sup>10</sup> of \$A123.7 billion was up four per cent on 31 March 2024; funds on platform of \$A142.4 billion were flat on 31 March 2024; and the business banking loan portfolio of \$A16.6 billion was up five per cent on 31 March 2024.
- **CGM** Commodities performance was up on the pcp, largely driven by improved trading activity in North American Gas, Power and Emissions markets and strong results in the agriculture and resources sectors. Financial Markets benefitted from continued strong client activity across sectors encompassing Foreign exchange and Interest rate risk management, Financing and Futures. Asset Finance volumes were broadly in line with pcp contributing to consistent annuity revenues across the portfolio.
- **Macquarie Capital** fee and commission income was up on pcp, while investment-related income was down on pcp, primarily driven by higher funding costs and the timing of realisations. During the quarter, Principal Finance deployed over \$A2.0 billion through focused investment in credit markets and bespoke financing solutions, with a Private Credit portfolio of over \$A21.5 billion<sup>11</sup> as at 30 June 2024.

<sup>5</sup> Comprising \$A562 million off-market and \$A105 million on-market purchases.

<sup>6</sup> The DRP price was determined in accordance with the DRP Rules and is the arithmetic average of the daily volume-weighted average price of all Macquarie Group shares sold through a Normal Trade on the ASX automated trading system over the five trading days from 21 May 2024 to 27 May 2024.

<sup>7</sup> Private Markets total Equity under Management includes market capitalisation at measurement date for listed funds, the sum of original committed capital less capital subsequently returned for unlisted funds and mandates as well as invested capital for managed businesses.

<sup>8</sup> As at 30 June 24, Private Markets Assets under Management (AUM) is calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises for the purpose of wealth creation, adjusted to exclude cross-holdings in funds and reflect Macquarie's proportional ownership interest of the fund manager. Private Markets AUM includes equity yet to deploy and equity committed to assets but not yet deployed.

<sup>9</sup> BFS deposits include home loan offset accounts.

<sup>10</sup> Home loan portfolio excludes offset accounts.

<sup>11</sup> Committed private credit portfolio as at 30 June 2024 excluding equity portfolio and equity deployment.

## 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 Macquarie's 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

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

## Highlights from the address of Chair, Glenn Stevens

In providing an overview of the year ended 31 March 2024 (FY24), Macquarie Group Chair, Glenn Stevens, noted that the Group's FY24 performance reflected the diversity of the business and enduring client franchise as Macquarie's Operating Groups and Central Service Groups again delivered on their commitment to support clients, partners and communities.

Mr Stevens said "The Group delivered a profit of \$A3.5 billion in FY24, a decline from the exceptional results of the previous two years. The volatility in global energy markets that had previously increased customer demand for services and presented trading opportunities gave way to much quieter conditions, and hence lower earnings for the Commodities and Global Markets business. For much of the year, less active financial markets also constrained other areas of the Group's business, particularly in Macquarie Asset Management. However, as long-term investments in growth paid off, Banking and Financial Services and Macquarie Capital both generated higher profits than last year."

An overview of Macquarie's approach to environmental, social and governance (ESG) matters was provided by Mr Stevens. Mr Stevens commented on the activities of Macquarie staff and the Macquarie Group Foundation. In FY24, the Macquarie Group Foundation contributed \$A67 million to 3,000 non-profit organisations around the world through employee donations and fundraising, Foundation matching and donations, grants and social impact investments. This marked a significant increase on FY23 and a record year of giving. In total, \$A641 million has been contributed to philanthropic causes by the Foundation and Macquarie employees since its establishment in 1985.

Mr Stevens acknowledged the opening of Macquarie's new global headquarters which will take place next week. Mr Stevens said: "This was part of an ambitious project in partnership with the State Government that integrates a major interchange for the city's new Metro transport system with two state-of-the-art office buildings and a regenerated public precinct with community facilities. The project is one of Macquarie's largest balance sheet infrastructure undertakings to date and an example of identifying an opportunity to connect capital with community need."

Macquarie recognises that identifying opportunity and managing risk are equally important parts of everyone's role. Staff understand that their performance includes the identification and management of risk, and that there are consequences for non-compliance with Macquarie's behavioural expectations. Mr Stevens said "Macquarie's approach to remuneration also plays an important role in promoting its culture. The framework supports Macquarie's purpose by motivating staff to be innovative and to build businesses but also to be accountable for their decisions and behaviour."

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