

ASX/Media Release

MACQUARIE GROUP 2024 OPERATIONAL BRIEFING

Key points

- FY24 year to date (YTD) Net Profit After Tax substantially down on FY23 YTD which included an exceptional quarterly result in 3Q23, however underlying client franchises were resilient in ongoing uncertain conditions
- Macquarie's annuity-style businesses' (Macquarie Asset Management (MAM) and Banking and Financial Services (BFS)) combined December 2023 quarter (3Q24) net profit contribution was down on the prior corresponding period (pcp) (3Q23) mainly due to lower asset realisations in green investments in MAM and margin compression along with run off in the car loan portfolio, partially offset by volume growth across home loans and business lending in BFS
 - FY24 YTD net profit contribution substantially down on FY23 YTD primarily due to lower asset realisations in green investments and continued investment in the development of green energy portfolio companies in MAM
- Macquarie's markets-facing businesses' (Commodities and Global Markets (CGM) and Macquarie Capital) combined 3Q24 net profit contribution was substantially down on the pcp primarily due to exceptionally strong results in Commodities in the pcp in CGM and lower fee and commission income, partially offset by investment-related income in Macquarie Capital
 - FY24 YTD net profit contribution substantially down on FY23 YTD mainly due to exceptionally strong results in Commodities including gas and power in the pcp in CGM and non-recurrence of material asset realisations and lower fee and commission income, partially offset by higher net interest income from portfolio growth and gains from a small number of investments in Macquarie Capital
- Group financial position comfortably exceeds regulatory requirements
 - Group capital surplus of \$A9.7 billion^{1,2}
 - Bank CET1 ratio 13.4% (Harmonised: 18.2%³), Leverage ratio 5.0% (Harmonised: 5.7%³), LCR 217%⁴, NSFR 113%⁴

SYDNEY, 13 February 2024 Macquarie Group Limited (Macquarie) (ASX: MQG; ADR: MQBKY) today provided an update on business activity in the third quarter of the financial year ending 31 December 2023 (3Q24).

¹ 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 10.50% 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 December 2023 is 0.71% (September 2023: 0.71%; March 2023: 0.61%), this is rounded to 0.75% (September 2023: 0.75%, March 2023: 0.5%) 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.

² 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.

³ '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.

⁴ Average LCR for December 2023 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 21. The LCR Net Cash Outflow add-on increased to 25% from 1 May 2022.

Macquarie Group Limited

Macquarie Group Managing Director and Chief Executive Officer, Shemara Wikramanayake, said: “Underlying client franchises were resilient in ongoing uncertain conditions with continued customer growth, fundraising and new business origination a feature across all of our businesses.”

The annuity-style businesses’ combined 3Q24 net profit contribution was down on 3Q23. For FY24 YTD, net profit contribution substantially down on FY23 YTD, primarily due to lower asset realisations in green investments and continued investment in the development of green energy portfolio companies in MAM.

The markets-facing businesses’ combined 3Q24 net profit contribution was substantially down on 3Q23. For FY24 YTD, net profit contribution substantially down on FY23 YTD. This was mainly due to exceptionally strong results in Commodities including gas and power in the pcp in CGM and non-recurrence of material asset realisations and lower fee and commission income, partially offset by higher net interest income from portfolio growth and gains from a small number of investments in Macquarie Capital.

Macquarie Group’s financial position comfortably exceeds APRA’s Basel III regulatory requirements, with a Group capital surplus of \$A9.7 billion^{1,2} at 31 December 2023, down from \$A10.5 billion at 30 September 2023. The Bank Group’s APRA Basel III Common Equity Tier 1 capital ratio was 13.4 per cent (Harmonised: 18.2 per cent³) at 31 December 2023, up from 13.2 per cent at 30 September 2023. The Bank Group’s APRA leverage ratio was 5.0 per cent (Harmonised: 5.7 per cent³), the Liquidity Coverage Ratio (LCR) was 217 per cent⁴ and the Net Stable Funding Ratio (NSFR) was 113 per cent⁴ at 31 December 2023.

Third quarter business highlights

Ms Wikramanayake provided an overview of business activity undertaken during 3Q24:

MAM had assets under management (AUM) of \$A882.5 billion at 31 December 2023, down one per cent on 30 September 2023. In the quarter, Public Investments AUM fell two per cent to \$A535.1 billion, primarily driven by net flows and unfavourable foreign exchange movements, partially offset by positive market movements. Private Markets AUM⁵ rose one per cent to \$A347.4 billion, primarily driven by fund investments and increase in asset valuations, partially offset by unfavourable foreign exchange movements. At 31 December 2023, Private Markets’ equity under management⁶ was \$A210.6 billion with \$A35.4 billion of equity to deploy after raising \$A6.7 billion in new equity, investing \$A6.0 billion and divesting \$A0.1 billion.

BFS had total deposits⁷ of \$A135.6 billion at 31 December 2023, up three per cent on 30 September 2023. The home loan portfolio of \$A117.9 billion increased three per cent on 30 September 2023, while funds on platform⁸ of \$A132.8 billion increased six per cent. During 3Q24, the business banking loan portfolio increased six per cent to \$A15.5 billion, while the car loans portfolio decreased eight per cent to \$A4.8 billion.

CGM commodities contribution was down on the pcp, primarily due to decreased inventory management and trading revenues in North American Gas, Power and Emissions. The result also included a reduced contribution from risk management revenue, primarily in the Resources and Gas, Power and Emissions sectors, as volatility and price movements stabilised across commodity markets following previous record highs. CGM saw a consistent contribution from client risk management, market access and financing activity across the Financial Markets businesses including fixed income, foreign exchange, credit and futures. CGM also saw continued positive performance across all industries in Asset Finance with portfolio growth driven by Advanced Technology and Shipping Finance sectors.

Macquarie Capital completed 59 transactions globally in 3Q24, valued at \$A65 billion⁹. Investment-related income was significantly up on the pcp and down on the prior period. Fee revenue was down on both the pcp and the prior period, driven by lower mergers and acquisition (M&A) fees. The Private Credit portfolio of over \$A20 billion¹⁰ with \$A1.5 billion deployed in 3Q24 through focused investment in credit markets and bespoke financing solutions.

⁵ As at 31 December 2023. 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.

⁶ 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.

⁷ BFS Deposits include home loan offset accounts and exclude certain corporate/wholesale deposits.

⁸ Funds on platform includes Macquarie Wrap, Funds Under Management in relation to institutional relationships and Macquarie Vision (used by Macquarie Private Bank).

⁹ Dealogic & IJ Global for Macquarie Group completed Mergers & Acquisitions, investments, Equity Capital Markets and Debt Capital Markets transactions converted as at the relevant report date. Deal values reflect the full transaction value and not an attributed value. Comparatives are presented as previously reported.

¹⁰ Committed portfolio as at 31 December 2023.

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 December 2023, a total of \$A235.8 million of ordinary shares have been acquired on-market at an average price of \$A168.74 per share.

Management update

After 28 years with Macquarie and five years as Group Head, Nicholas O'Kane has decided to step down as Head of Commodities and Global Markets and from Macquarie's Executive Committee, effective 27 February 2024, to pursue opportunities outside Macquarie. Simon Wright, currently Global Head of CGM's Financial Markets division, becomes Group Head of CGM and following the completion of necessary procedures will join the Executive Committee from 1 April 2024. Mr Wright has been with Macquarie for 35 years, leading the build and oversight of Macquarie's global Financial Markets platform and as a senior member of the CGM leadership team.

¹¹ Net Other Operating Income includes all operating income excluding base fees.

Cautionary Statement Regarding Forward-Looking Statements

This release may contain, in addition to historical information, statements that constitute "*forward-looking statements*" within the meaning of Section 21E of the United States Securities Exchange Act of 1934. Examples of these forward-looking statements include: (i) statements regarding our future results of operations and financial condition; (ii) statements of plans, objectives or goals, including those related to our products or services; and (iii) statements of assumptions underlying those statements. Words such as "*may*", "*will*", "*expect*", "*intend*", "*plan*", "*estimate*", "*anticipate*", "*believe*", "*continue*", "*probability*", "*risk*", and other similar words are intended to identify forward-looking statements but are not the exclusive means of identifying those statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including the risks described under "Risk Factors" in our Disclosure Report (U.S. Version) for the half year ended September 30, 2023. Many of these risks and uncertainties relate to factors that are beyond our ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behavior of other market participants. We cannot give any assurance that such forward-looking statements will prove to have been correct. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.