



ASX/Media Release

MACQUARIE GROUP ANNOUNCES \$A1,612 MILLION HALF-YEAR PROFIT

Key Points

- 1H25 net profit of \$A1,612 million, up 14% on 1H24 and down 23% on 2H24
- International income 65% of total income¹ in 1H25
- Assets under management of \$A916.8 billion² at 30 September 2024, up 3% from 30 September 2023 and down 2% from 31 March 2024
- Financial position comfortably exceeds regulatory minimum requirements
 - Group capital surplus of \$A9.8 billion^{3,4}
 - Bank CET1 Level 2 ratio 12.8% (Harmonised⁵: 17.6%); Leverage ratio 5.0% (Harmonised⁵: 5.7%); LCR 194%⁶; NSFR 110%⁶
- Annualised return on equity (ROE) 9.9%, compared with 10.8% in FY24
- Interim ordinary dividend of \$A2.60 per share (35% franked), representing a payout ratio of 61%

SYDNEY, 1 November 2024 – Macquarie Group (ASX: MQG; ADR: MQBKY) today announced a net profit after tax attributable to ordinary shareholders of \$A1,612 million for the half year ended 30 September 2024 (1H25), up 14 per cent on the half year ended 30 September 2023 (1H24) and down 23 per cent on the half year ended 31 March 2024 (2H24).

Macquarie Group Managing Director and Chief Executive Officer, Shemara Wikramanayake, said: “Macquarie's improved performance this half year was underpinned by improved realisations in Macquarie Asset Management and further progress in the digitalisation programme in Banking and Financial Services, reflecting the ongoing benefits of our diverse business mix.”

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 of \$A1,614 million, up 25 per cent on 1H24 and down six per cent on 2H24.

¹ Where referenced in this document, total income is net operating income excluding earnings on capital and other 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 Australian Prudential Regulation Authority (APRA) regulatory requirements. Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 Capital Adequacy (APS 110), at 10.5% of risk-weighted assets (RWA). 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 September 2024 is 0.76% (March 2024: 0.71%), this is rounded to 0.75% (March 2024: 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 the 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 therefore the ratios are indicative only.

⁶ Average Liquidity Coverage Ratio (LCR) for September 2024 quarter is based on an average of daily observations. APRA imposed a 25% add-on to the Net Cash Outflow component of the LCR calculation from 1 May 22, and a 1% decrease to the Available Stable Funding component of the Net Stable Funding Ratio (NSFR) calculation, effective from 1 April 2021.

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

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Markets-facing activities, which are undertaken by Macquarie Capital and most businesses in CGM, delivered a combined net profit contribution of \$A1,407 million, down ten per cent on 1H24 and down 34 per cent on 2H24.

Net operating income of \$A8,216 million was up four per cent on 1H24 and down eight per cent on 2H24, while operating expenses of \$A5,919 million were in line with 1H24 and decreased four per cent on 2H24. International income accounted for 65 per cent of Macquarie's total income.

The income tax expense of \$A686 million was up 17 per cent on 1H24 and down three per cent on 2H24 and the effective tax rate was 29.9 per cent⁸, up from 29.3 per cent in 1H24 and 25.0 per cent in 2H24. The slightly higher effective tax rate was mainly driven by the geographic composition and nature of earnings.

At 30 September 2024, the Group employed 20,053 people⁹, which was down three per cent on 31 March 2024. In addition, approximately 254,000 people were employed across managed fund assets and investments¹⁰.

Assets under management at 30 September 2024 were \$A916.8 billion², down two per cent from \$A938.3 billion at 31 March 2024, due to unfavourable foreign exchange movements, outflows in equity strategies and divestments, partially offset by favourable market movements, increased fund investments and improved asset valuations.

Operating Group performance

MAM delivered a net profit contribution of \$A684 million, up 68 per cent from \$A407 million in 1H24. The result reflected higher performance fees, with base fees broadly in line with the prior corresponding period.

BFS delivered a net profit contribution of \$A650 million, up two per cent from \$A638 million in 1H24. The result reflected growth in the loan portfolio and BFS deposits¹¹, together with lower expenses reflecting lower average headcount and the cessation of car loan originations. These factors were partially offset by margin compression and run-off in the car loan portfolio.

CGM delivered a net profit contribution of \$A1,316 million, down five per cent from \$A1,383 million in 1H24. The result was driven by decreased contribution from Commodities, particularly in risk management due to the impact of subdued volatility on client hedging activity, partially offset by an increased contribution from Resources, primarily the metals sector as well as equity trading in Financial Markets. Inventory management and trading income increased, driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Macquarie Capital delivered a net profit contribution of \$A371 million, down 14 per cent from \$A430 million in 1H24. The result reflected lower investment-related income due to reduced credit and other impairment reversals and higher funding costs for a growing equity investment portfolio, partially offset by growth in net interest income on the private credit portfolio. Increased fee and commission income was primarily driven by higher brokerage and advisory fee income.

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 \$A9.8 billion^{3,4} at 30 September 2024, down from \$A10.7 billion at 31 March 2024.

The Bank Group APRA Basel III Level 2 Common Equity Tier 1 capital ratio was 12.8 per cent (Harmonised⁵: 17.6 per cent) at 30 September 2024, down from 13.6 per cent (Harmonised⁵: 18.7 per cent) at 31 March 2024. The Bank Group's APRA Leverage Ratio was 5.0 per cent (Harmonised⁵: 5.7 per cent), the Liquidity Coverage Ratio (LCR) was 194 per cent⁶ and the Net Stable Funding Ratio (NSFR) was 110 per cent⁶ at 30 September 2024.

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.

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Total customer deposits¹² increased to \$A158.3 billion at 30 September 2024, up from \$A148.3 billion at 31 March 2024. A further \$A23.6 billion of new term funding¹³ was raised, covering a range of tenors, currencies and product types.

On-market share buyback

On 3 November 2023, Macquarie announced that it intends to buy back up to \$A2 billion of ordinary shares on-market. As at 31 October 2024, a total of \$A1,013 million of ordinary shares were acquired on market at an average price of \$A189.80.

Given the strong capital position, the Board has approved an extension of the up to \$A2 billion buyback for a further 12 months. 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. The timing and actual number of ordinary shares purchased under the buyback will be subject to a number of factors including the Group's surplus capital position, market conditions and opportunities to deploy capital by the businesses.

1H25 interim ordinary dividend

The Macquarie Group Limited Board today announced a 1H25 interim ordinary dividend of \$A2.60 per share (35 per cent franked), up on the 1H24 interim ordinary dividend of \$A2.55 per share (40 per cent franked) and down on the 2H24 final ordinary dividend of \$A3.85 per share (40 per cent franked). This represents a payout ratio of 61 per cent. Macquarie's dividend policy remains at a 50 to 70 per cent annual payout ratio.

The record date for the interim ordinary dividend is 12 November 2024 and the payment date is 17 December 2024. Shares are to be acquired on-market to satisfy the Dividend Reinvestment Plan (DRP) for the 1H25 interim 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 (\$A158.3 billion) differs from total deposits as per the statutory balance sheet (\$A158.5 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 and include undrawn facilities. Includes refinancing of loan facilities.

¹⁴ The Dividend Reinvestment Plan (DRP) pricing period is from 19 November 2024 to 2 December 2024. Shares will be issued if purchasing becomes impractical or inadvisable.

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