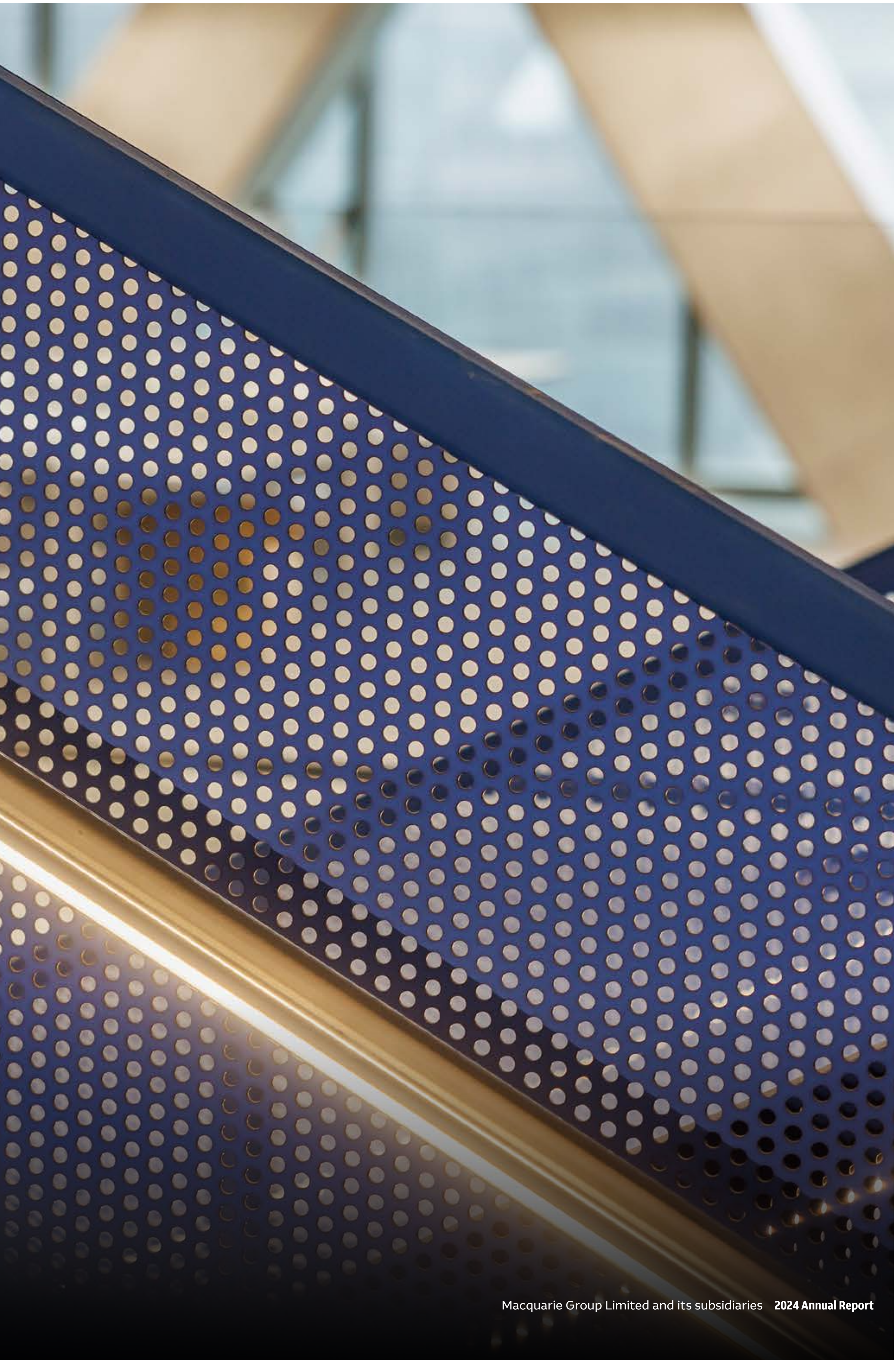
01 About

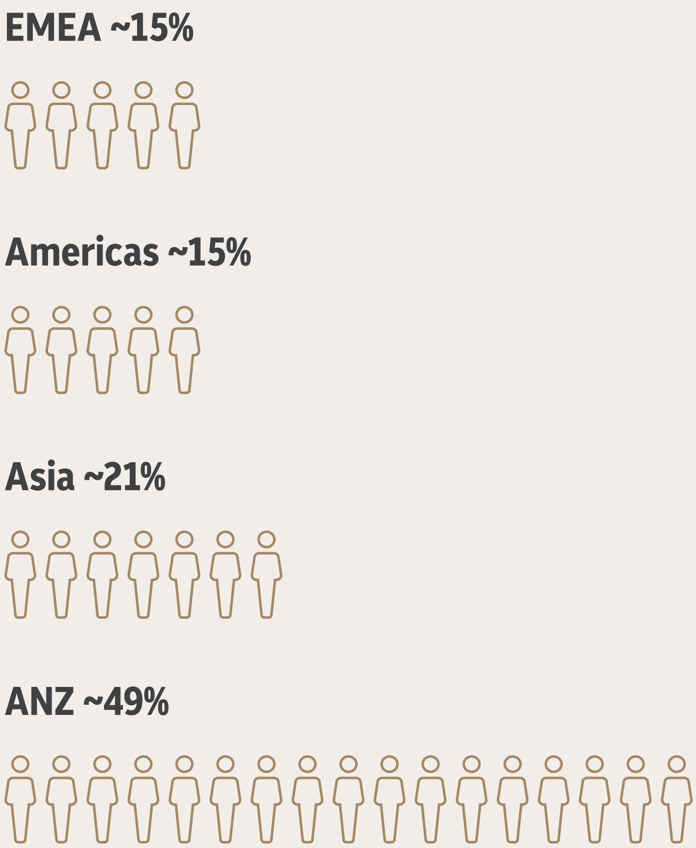
1 Elizabeth, Sydney

Macquarie's new global headquarters at 1 Elizabeth Street is a landmark, state-of-the-art office tower in the heart of the city's civic, cultural and financial district. Connected to our existing heritage 50 Martin Place building, it will bring our Sydney teams together in one campus for the first time in 25 years when it opens mid-2024 above a major public transport interchange.



Macquarie (MGL and its subsidiaries, the Consolidated Entity) is a global financial services group with offices in 34 markets.

Macquarie now employs over 20,600[1] people globally across 34 markets.



(1) This figure includes staff employed in certain operationally segregated subsidiaries (OSS). Unless otherwise stated, further references to staff data and policies do not include those in OSS.

About Macquarie

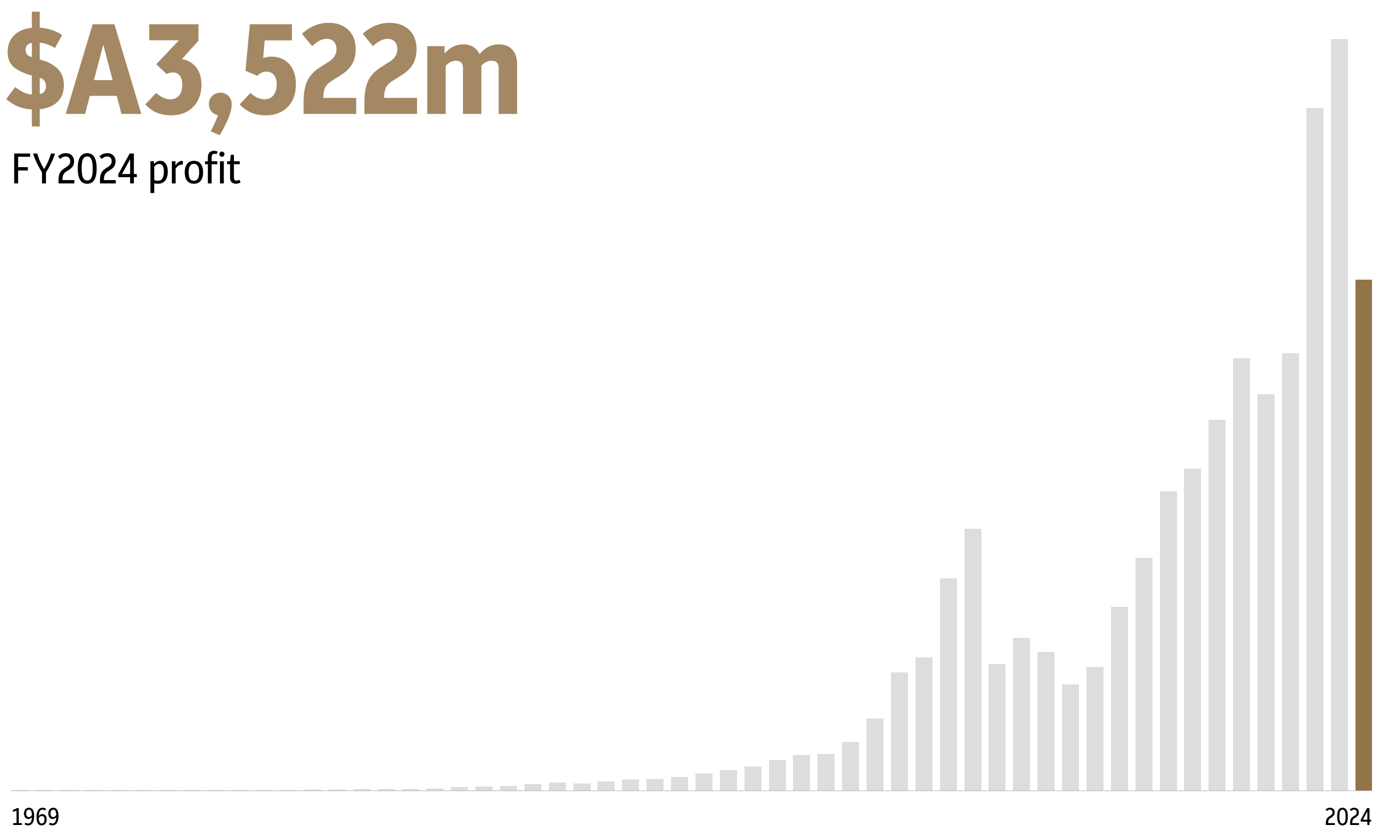
Macquarie Group Limited (MGL, the Company) is listed in Australia and is regulated by the Australian Prudential Regulation Authority (APRA), the Australian banking regulator, as a Non-Operating Holding Company (NOHC) of Macquarie Bank Limited (MBL), an authorised deposit-taking institution (ADI). Macquarie's activities are also subject to supervision by various other regulatory agencies around the world.

Founded in 1969, Macquarie now employs over 20,600[(1)] people globally, has total assets of $A403.4 billion and total equity of $A34.0 billion as at 31 March 2024.

Macquarie's breadth of expertise covers asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment. The diversity of our operations, combined with a strong capital position and robust risk management framework, has contributed to Macquarie's 55-year record of unbroken profitability.

Macquarie works with government, institutional, corporate and retail clients and counterparties around the world, providing a diversified range of products and services. We have established leading market positions as a global specialist in a wide range of sectors, including renewables, infrastructure, resources, commodities and energy.

Alignment of interests is a longstanding feature of Macquarie's client-focused business, demonstrated by our willingness to both invest alongside clients and closely align the interests of our shareholders and staff.



> "Macquarie remains well placed to respond to opportunities and manage the associated risks, thanks to the diversity of our businesses, enduring client franchises, strong balance sheet and disciplined approach to risk management."

Letter from the Chair

Macquarie Group delivered a profit of $A3,522 million in FY2024, 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 Company's business, particularly in Macquarie Asset Management. As long-term investments in growth paid off, Banking and Financial Services and Macquarie Capital both generated higher profits than last year. Shemara's letter gives a more detailed account of performance during the year.

The company earned a return on shareholders' funds for the year of 10.8%, a bit below the level Macquarie typically seeks to achieve. Over the past five years, Macquarie has earned around 15% for shareholders on average.

Increases in headcount and in the broader cost base have been difficult to avoid in recent years given the extent of business growth, the volume of project work and particularly the increase in regulatory requirements. As some of these projects now deliver planned productivity benefits, management has heightened its focus on costs and is working to ensure value for shareholders.

The global economy appears to have stabilised after the disturbances of the immediate post-COVID period, and inflation has declined. Low inflation is not yet assured, however, and the prospects for interest rates are unclear.

Macquarie remains well placed to respond to opportunities – and to manage the associated risks – thanks to the diversity of our businesses, enduring client franchises, a strong balance sheet and our disciplined approach to risk management.

Environmental Social and Governance

Macquarie issued its second Net Zero and Climate Risk Report in late 2023. We continue to manage on balance sheet lending and equity exposures in line with our Net Zero Banking Alliance commitments. In addition, and probably more significantly, we continued to support the development of clean energy infrastructure, with 110 GW of clean energy capacity in development, construction, or operation at the end of FY2024.(2)

With global emissions still increasing, despite the rapid increase in renewable capacity, the global and local conversation about climate change has become more nuanced, and more challenging, as the full magnitude of the decarbonisation challenge becomes apparent. Recent experience highlights that fossil fuels, particularly natural gas, will be required for quite some time to come, even as the trend to renewables continues.

While financial institutions have an important role to play in marshalling financial resources for the transitions their clients are seeking to make, the carbon intensity of financial portfolios can only decline by as much, and as fast, as the underlying physical capital stock of economies is able to decarbonise. That will be determined mainly by non-financial factors – technological advancements, government policies, the supply of skilled labour and of other necessary capacity.

Within its field of influence and capability, and with around 20 years' experience in advancing climate solutions, Macquarie is well-positioned to continue playing a constructive role as a financier, adviser, investor and fiduciary. We expect this to be to the benefit of shareholders.

New workplaces

Technological change is challenging conventional notions of the way work is done. Yet the physical workplace is still important as a place to come together, to collaborate, innovate and to advance professional development.

Macquarie has continued to invest in our physical workplaces around the world. This year sees the opening of our new global headquarters in Sydney, part of an ambitious project 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 space. The project is one of Macquarie's largest balance sheet infrastructure undertakings to date and is a prime example of how we connect capital with community need.

Board Changes

Nicola Wakefield Evans retired from the Board in February 2024, having served for ten years. Nicola made an important contribution to Macquarie both in her career as a professional lawyer and as a Director, including for over seven years as Chair of the Board Governance and Compliance Committee, a responsibility that has now been taken on by Rebecca McGrath.

During the year, Susan Lloyd-Hurwitz joined the MGL and MBL Boards as an independent director. Susan brings with her significant expertise in the global investment and real estate sectors and is already making a valued contribution.

The process of appointing Bank-only Non-Executive Directors (BONDs) to the MBL Board was completed with the appointment of David Whiteing in September 2023 and Wayne Byres in February 2024. Both bring highly valued skills and experience to the MBL board.

As previously advised, Michael Coleman will retire from the MBL Board after a two-year term as a BOND, expected by mid-2024. Michael has been associated with Macquarie as a Director for 12 years including nine years as Chair of the Audit Committee. We thank him for his exemplary service.

Capital and Dividends

The company finished the year in a strong position, with the Bank Group posting a common equity tier 1 capital ratio of over 13% on an APRA basis, and with surplus capital at the MGL level. The Board declared a final dividend of $A3.85 per share, making for a total dividend of $A6.40 per share for the full year. This was in keeping with the Board's longstanding policy of paying between 50 and 70 per cent of earnings in dividends.

In November 2023, the Board also approved an on-market buy-back for Macquarie Group shares of up to $A2 billion. As at 31 March 2024, $A644 million had been purchased under this program. This decision returns more of the exceptional returns of FY2022 and FY2023 to shareholders.

It remains for me to thank my colleagues on the Board, and the staff and management of Macquarie, for their efforts in a challenging year. This is a high-performing team that remains focused on delivering the best possible results for shareholders.

Finally, your Directors thank you, the owners of Macquarie, for your ongoing support.

Glenn Stevens AC
Independent Director and Chair

Sydney
3 May 2024

(2) As at 31 March 2024 on our balance sheet or under Macquarie management. Excludes lending and private credit funds. GW of green energy assets reflect 100% generating capacity of each asset, not the proportion owned or managed by Macquarie.

Our people partnered with our clients and communities as they navigated and adapted to uncertainty, identifying and realising new opportunities guided by our purpose and principles and supported by our proven risk management framework and distinct culture."

Letter from the

Managing Director and CEO

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.

With the relevant expertise and agility to respond to changes in market conditions and support our clients, our diversified portfolio of businesses continued to invest in structural themes driving long-term growth around the world. Our people partnered with our clients and communities as they navigated and adapted to uncertainty, identifying and realising new opportunities guided by our purpose and principles and supported by our proven risk management framework and distinct culture.

For the year ended 31 March 2024, in what was a period of transition for some of our businesses against a backdrop of less active markets, Macquarie delivered net profit after tax of $A3,522 million, down 32% on a record prior year, with all four of our operating groups delivering solid net profit contributions.

Banking and Financial Services (BFS) delivered a record net profit contribution of $A1,241 million, up 3% from $A1,201 million in FY2023. BFS benefitted from growth in the loan portfolio and BFS deposits, and credit and other impairment reversals primarily reflecting an improvement in the macroeconomic outlook. This was partially offset by margin compression, higher employment expenses and technology investment to support portfolio growth, compliance and regulatory requirements.

Commodities and Global Markets (CGM) delivered a net profit contribution of $A3,213 million, down 47% from a record $A6,007 million in FY2023. Despite an environment characterised by much lower levels of market volatility, CGM delivered revenues at a similar level to the strong performance of FY2022, demonstrating ongoing growth and resilience in the client franchise. The result reflected a lower contribution from Commodities and Asset Finance, partially offset by stronger performance in Financial Markets.

Macquarie Asset Management (MAM) delivered a net profit contribution of $A1,208 million, down 48% from $A2,342 million in FY2023. The decrease was driven by lower asset realisations in green investments and increased net expenditure in investments in the green energy portfolio as it continues its transition into a fiduciary business. Base and performance fees were broadly in line with the prior year.

Macquarie Capital delivered a net profit contribution of $A1,051 million, up 31% from $A801 million in FY2023. The increase was driven by higher investment-related income driven by growth in the private credit portfolio, lower credit provisions and net reversals of impairments, partially offset by lower net gains on investments, lower advisory income and higher operating expenses.

This report provides examples of key areas of activity across Macquarie in FY2024, and explains how, by empowering people to innovate and invest for a better future, our teams continue to create value for our clients, communities, shareholders and each other.

Advancing climate solutions

Despite the more challenging macroeconomic backdrop, last year saw record levels of investment in clean energy and in the deployment of clean technology to reduce broad-based emissions, supported by transformative government policy, investment incentives and investor appetite in major markets around the world.

While certain sub-sectors of the climate response were affected by higher levels of inflation and supply chain constraints, and some governments scaled back their most ambitious climate pledges, long-term momentum supporting the energy transition persists.

At Macquarie, we are using our deep expertise to develop, construct, finance and manage practical solutions to climate change across six continents. We are investing in renewable energy solutions at scale, supporting the next wave of climate technologies, working with clients and portfolio companies on their decarbonisation ambitions, and investing in nature, adaptation and resilience.

Our longstanding view remains that a managed glidepath to deliver an orderly energy transition is the best long-term solution to the energy trilemma of availability, affordability, and emissions.

A culture of entrepreneurialism

By balancing entrepreneurial spirit with operational discipline, actively seeking out and involving the contribution of others, and applying expertise and skills, our people generate new ideas that support our clients and communities through constantly changing times, while also managing risks and being accountable for the outcomes they deliver. I am proud of the many ways that our people have stepped up to support our clients in navigating changing and challenging times.

As geopolitical tensions have escalated over recent years, very real and often tragic human impacts have been exacerbated by the greater uncertainty inflicted on the economic environment. Addressing the key opportunities and challenges the world faces requires the imagination, ideas and innovation that emerge when you collaborate and bring together diverse points of view. We work hard to maintain a culture that empowers people to identify and realise opportunity, and supports them to learn, achieve and succeed.

Opportunities in new technologies

Macquarie is committed to investing in and making generative AI technologies available to our people to unlock productivity, enhance creativity and improve outcomes, ultimately enhancing the experiences of our clients and the community. In FY2024, we piloted a range of Generative AI products and commenced the rollout of enterprise tools to help our staff with everyday activities. Our businesses continue to explore targeted solutions in their areas. Through a strong focus on AI governance and risk management, we have the guardrails in place to protect our people, our business and our clients.

Investing in our communities and our workplaces

A founding principle of Macquarie is creating value for the communities in which we operate by using our expertise to address areas of unmet need, and each of our businesses seeks to do this across their areas of focus.

As a global leader in the infrastructure sector, we develop and manage essential assets that connect communities around the world. This includes creating, investing in, and operating assets across the energy, utility, transportation, digital, waste management and social sectors.

In 2024, we will open our new global headquarters in the heart of Sydney, which has drawn on our team's skillsets across a complex urban, multi-sector development. Part of a new integrated transport and community precinct being delivered in partnership with the New South Wales Government, the project will provide a place for people to come together, facilitate interaction across communities and deliver shared value to all.

This will be followed by the opening of our new regional headquarters for the Americas at 660 Fifth Avenue in New York, coinciding with our 30th anniversary of operating in the region.

Management changes

After 28 years with Macquarie and five years as Group Head, Nicholas O'Kane stepped down as Head of CGM and from Macquarie's Executive Committee, on 27 February 2024. Simon Wright, who was Global Head of CGM's Financial Markets division and has been with Macquarie for 35 years, became Group Head, joining the Executive Committee on 1 April 2024.

I would like to thank Nick for his significant contribution to CGM and Macquarie more broadly. He leaves a team and business that is very well-positioned for the future, and I look forward to continuing to work with Simon to build on CGM's success.

External outlook

Market conditions are likely to remain challenging for some time, making forecasting difficult. While we haven't provided overall guidance for the 2025 financial year, factors impacting our client franchises in the short-term outlook are outlined further in this report.

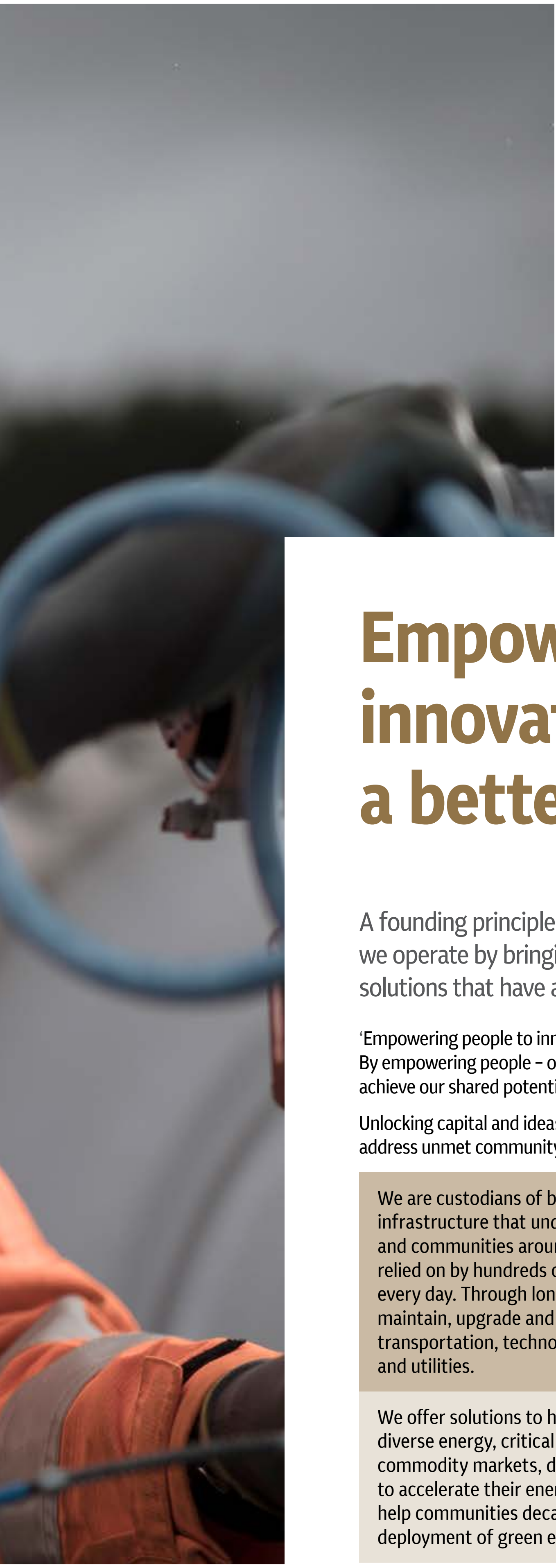
Macquarie remains well-positioned to deliver superior performance for our clients, communities and shareholders in the medium term due to Macquarie's diversification, businesses that lead in their niches, and our combination of global knowledge and local expertise. These are supported by a strong and conservative balance sheet, ongoing investment in our operating platform, flexibility to allocate capital, and our proven risk management framework and culture.

On behalf of senior management, we would like to thank Macquarie's staff for their work and dedication. As a services business, our people are one of our greatest strengths and our success over the past 55 years has been driven their expertise, commitment and ideas. Such success would not be possible without the support of our clients and shareholders, for which the Macquarie team is extremely grateful.

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
3 May 2024

Through its investment in National Gas, Macquarie Asset Management is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system.



Empowering people to innovate and invest for a better future

A founding principle of Macquarie was creating value for the communities in which we operate by bringing together expertise, commitment and ideas to develop solutions that have a positive societal impact.

'Empowering people to innovate and invest for a better future' describes Macquarie's purpose. By empowering people – our colleagues, clients, communities, shareholders and partners – we seek to achieve our shared potential.

Unlocking capital and ideas, we create investment opportunities while helping facilitate economic activity, address unmet community needs and advance long-term prosperity.

We are custodians of businesses and infrastructure that underpin economies and communities around the world and are relied on by hundreds of millions of people every day. Through long-term investment, we maintain, upgrade and build assets in energy, transportation, technology, social infrastructure and utilities.	We connect communities with capital and innovation to meet the growing demands of population growth, changing demographics and the opportunities in digitalisation. Our specialist teams in each region work with clients and partners to respond to common challenges, helping meet the specific needs of local communities.
We offer solutions to help clients navigate diverse energy, critical mineral and other commodity markets, develop new approaches to accelerate their energy transition, and help communities decarbonise through the deployment of green energy technologies.	We bring more choice and innovation to retail financial services in Australia. From everyday banking to investing, growing a business or buying a home, we support our customers through key moments in their lives.

Investing in world-class workplaces

Our workplaces are designed to inspire innovation and learning, reinforce our culture, and empower our people, customers and communities to connect and collaborate. We respond to the changing needs of our business and create equitable workplace environments that have a positive impact on the community. In the past two years we have opened new or refurbished offices in Hong Kong, Houston, Seoul, Melbourne, Milan, Paris, Santiago and Tokyo.

In the coming months, we will open our new global headquarters at 1 Elizabeth Street in the centre of Sydney, as part of our delivery of the new Metro Martin Place station and surrounding precinct. Our existing heritage 50 Martin Place building has been integrated with the new development, bringing our Sydney teams together in one campus for the first time in 25 years.

This will be followed by the opening of our new Americas headquarters at 660 Fifth Avenue in New York, aligned with the 30th anniversary of operating in the region and demonstrating our ongoing commitment to and growth in this dynamic part of the world.

Through a focus on creating efficient, sustainable and inclusive spaces and infrastructure with the latest technology, our workplaces support the future growth and globally connected culture of our businesses and our clients. Both our new Sydney and New York offices have been designed with a dual focus on sustainability and wellbeing. Each is designed to be 100% electric in normal operations, maximise direct access to natural light and views, provide landscaped outdoor areas, optimise indoor air quality, and offer dedicated end-of-trip facilities. The 1 Elizabeth Street, Sydney building has achieved a 6-Star Green Star Design rating, and the 660 Fifth Avenue, New York project's design is targeting a LEED Gold Rating.

Delivering essential infrastructure

Around the world we create, invest in and operate assets that underpin economic and social activity, working with governments and communities to unlock the capital and specialist expertise required to maintain, upgrade and build the infrastructure of the future.

Through its investment in National Gas, MAM is supporting the safe, secure and reliable transportation of gas across the UK and working with partners to future-proof the energy system. As well as maintaining a safe, secure and reliable source of energy for over 23 million homes, it's helping create a next-generation transmission system capable of transporting low-carbon gases.

CGM has played a pivotal role supporting UK energy providers in the transition to smart meters – a crucial enabler of more efficient energy networks by giving consumers and businesses real-time access to their energy usage data. Over the past 20 years, we have grown to become one of the largest independent meter asset providers in the UK, with just under 8 million owned and managed smart meters.

Macquarie Capital is delivering community connectivity through investments and partnerships in digital infrastructure projects. These include Onivia, Spain's first independent fibre network operator, which is investing in high-speed internet access, supporting the government's agenda to accelerate the country's digital transformation. In India, through its investment in network infrastructure provider CloudExtel, Macquarie Capital is helping to improve the coverage, capacity and speed of data connectivity in local communities.

As governments around the world tackle widespread residential real estate shortages, we are supporting the delivery of new affordable, social and specialist disability accommodation. In the UK, MAM has established Goodstone Living, a specialist residential investment manager and developer with almost 900 new energy-efficient homes under construction. It has also supported a housing association's investment in its property portfolio to meet current safety and energy efficiency standards. Meanwhile in Australia, MAM portfolio company Local is aiming to create over 5,000 build-to-rent apartments at affordable rental levels by 2026.[3]

In Australia and New Zealand, Macquarie Capital is working with Kinetic, an industry leader in the electrification of bus fleets and depot networks. Through an infrastructure debt repositioning, it is supporting Kinetic to meet its ambitious growth pipeline and decarbonisation goals, including replacing diesel buses with zero emission vehicles.

(3) 'Integrating impact housing in Australian build-to-rent developments', Macquarie.

Advancing climate solutions

2023 was more challenging for the energy transition as new projects faced inflationary and supply chain pressures. Nonetheless, global investment reached $US1.8 trillion, an increase of 17% on the previous year.[4]

During FY2024, we extended our activities in supporting the scale-up of established technologies, such as wind and solar, while also investing in less mature technologies, including green fuels.

MAM's global offshore wind platform, Corio Generation – named Offshore Developer of the Year at the 2023 Wind Investment Awards, progressed its development pipeline. Its two UK-based projects, Outer Dowsing and the West of Orkney Wind Farm, submitted offshore planning applications, with the West of Orkney project being the first ScotWind project to achieve this milestone.[5] MAM also launched Aula Energy, a new Australasia-focused renewables platform created with an initial onshore wind development pipeline of ~4GW of capacity.

During the year, Macquarie Capital acquired ONYX Insight, a leading provider of wind turbine performance analytics and condition-based monitoring to the wind energy industry. ONYX monitors more than 17,000 turbines in over 30 countries, providing technology solutions to 7 of the top 10 wind asset owners.[6]

Beyond renewables, MAM sees a growing opportunity to generate new institutional investment in more nascent elements of the energy transition and reached first close on Macquarie's first energy transition fund, Macquarie Green Energy Transition Solutions. Aligned to this strategy, MAM also became the lead investor in a funding round to support the construction of a 16 GWh/year gigafactory in Dunkirk, France. Among other investments, MAM also committed to support an industrial-scale green nitrogen fertiliser development platform in the Americas, contributing to the decarbonisation of the agriculture sector.

CGM continues to develop and deploy climate solutions to help clients with their decarbonisation pathways, including those in carbon-intensive industries, and to support new initiatives in clean fuels and critical minerals. This includes helping meet growing demand for the supply of low-carbon methanol by the shipping industry, through logistics, capital and price risk management services. The business has also developed a new lithium hedging solution to help corporate clients de-risk their supply chains, supporting greater availability of the mineral for the manufacture of clean technologies.

Progress towards net zero

During the year, we published our second Net Zero and Climate Risk Report. It provided an update on financed emissions targets for the coal, oil/gas and motor vehicle sectors, and added new targets for Australian residential mortgage lending. We now have targets in place for over 80% of our dollar ($A) exposures to carbon intensive sectors.

MAM is committed to investing and managing its portfolio in line with global net zero scope 1 and 2 greenhouse gas emissions by 2040, where it has control or significant influence.[7] It is working with its portfolio companies and properties to ensure their net zero business plans are firmly embedded within their organisations and supported by the right resources, providing them with access to Macquarie's breadth of green investment expertise, industrial capabilities and specialist external partners. Where it does not have control or significant influence, such as in its managed portfolio of public securities, MAM will continue to support the goals of the Paris Agreement[8] in a manner consistent with its client-guided fiduciary and regulatory responsibilities.

We believe that the energy transition needs to be managed, orderly and just, and CGM is actively supporting carbon-intensive industries to reduce their emissions while maintaining the vital services they provide and on which communities and industries rely. The scale and breadth of the transition is driving the delivery of holistic solutions across CGM's activities, markets, and client sectors, including carbon and emissions; renewable and flexible power; clean fuels; sustainable transport; critical minerals; the circular economy; and sustainable finance.

Representatives from across Macquarie attended our third successive Conference of the Parties (COP28), meeting with clients and stakeholders in Dubai to discuss the role that we play to support countries and corporates' ambitions to reach net zero.

(4) BloombergNEF.
(5) 'West of Orkney Windfarm first ScotWind project to submit offshore consent application', West of Orkney Windfarm.
(6) 'About us', ONYX Insight.
(7) MAM generally only has influence over scope 1 and 2 emissions. However, to the extent possible, in line with the Net Zero Asset Managers initiative guidance, MAM intends to support assets where it has control or significant influence to reduce their scope 3 emissions.
(8) The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by maintaining a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Intergovernmental Panel on Climate Change concluded the need for net zero emissions by 2050 to remain consistent with 1.5°C.

Improving governance outcomes

As a custodian of vital businesses and through the investments we make, we have the opportunity to actively drive positive change by advancing governance and societal outcomes.

Macquarie Capital has supported the growth of Forwood, which provides safety software to help companies in high-risk industries globally, including mining, construction and utilities, prevent fatalities. Using artificial intelligence and video analytics to monitor safe behaviours and conditions, Forwood's technology has now been implemented across more than 800 sites globally.

Macquarie Capital also supported Partners Group's refinancing of Civica, which provides software to public bodies across government, healthcare and education in the UK, Asia and the US that helps them increase the efficiency and transparency of service delivery.(9)

MAM continues to encourage its portfolio companies to implement board-approved DEI strategies. One such example is portfolio company 2degrees, a New Zealand telecommunications provider, which has secured Rainbow Tick certification, awarded to organisations that demonstrate they understand and welcome sexual and gender diversity, following the two-year development of a new DEI strategy.

In the US, MAM is engaging with American Electric Power (AEP) – one of America's largest power companies – on how it is supporting communities affected by coal plant shutdowns. A portfolio investment of several MAM Public Investments funds, AEP is working towards a just transition for those affected by its move to net zero, ensuring it is an inclusive process that generates new jobs and reduces inequality.

As a shareholder in over 1,000 stocks globally, the Macquarie Systematic Investments team within MAM is taking a data-driven approach to modern slavery risk. Through direct engagement with companies, the team is able to improve the quality of investment data and encourage improved transparency and disclosures, while identifying those that require closer monitoring and further engagement to track their progress.

In Australia, BFS continues to invest in new safety and security technology, such as the Macquarie Authenticator app, a market-leading multi-factor authentication tool that provides banking customers with real-time account security alerts and notifications.

(9) 'Governance, Risk & Compliance', Civica.

Driving social impact around the world

The Macquarie Group Foundation (The Foundation) drives philanthropic social impact work for Macquarie, supporting our people, businesses and communities to build a better future.

During FY2024, $A67 million was contributed to 3,000 non-profits around the world through employee donations and fundraising, Foundation matching and donations, grants and social impact investments, marking a significant increase on FY2023 and a record year of giving. This includes a record $A10 million raised by the 10th annual Foundation Week, during which our people organised or participated in over 320 charitable initiatives, spanning 42 offices in 25 markets and supporting more than 240 non-profits globally.

By partnering with Macquarie businesses, the Foundation helps integrate a shared value approach into existing business models and identify projects that can deliver both increased social value and enhanced commercial outcomes. Catalysing this work, the Macquarie Shared Value Award recognises a team driving social impact through a shared value project. The 2023 winner was a project managed by Macquarie Capital in the Americas – to develop major bridges in Pennsylvania while also deploying an enduring workforce development initiative. Philadelphia Works, the non-profit involved in the project, was awarded a $A100,000 grant to help increase the scope and scale of social impact.

During the year, World YMCA – whose vision is empowering young people and communities worldwide to build a just, sustainable, equitable and inclusive world – became the Foundation's second global grant partner. Grant funding will support pilot interventions that use digital solutions and innovative financing to move historically underserved young people beyond skilling and into work.

New social impact investments were also announced, including one to US-based Pursuit which received a philanthropic grant and a social impact investment. These two complementary forms of catalytic capital will enable Pursuit to scale its impact supporting low-income individuals without a college degree into long-term careers.

Financial highlights

FY2024 net profit

$A3,522m

↓ 32% on prior year

FY2024 net operating income

$A16,887m

↓ 12% on prior year

FY2024 operating expenses

$A12,061m

— in line with the prior year

FY2024 earnings per share

$A9.17

↓ 32% on prior year

FY2024 return on equity

10.8%

↓ from 16.9% in the prior year

FY2024 dividends per share

$A6.40

(40% franked)
↓ 15% on prior year

FY2024 effective tax rate

26.8%

↑ from 26.0% in prior year

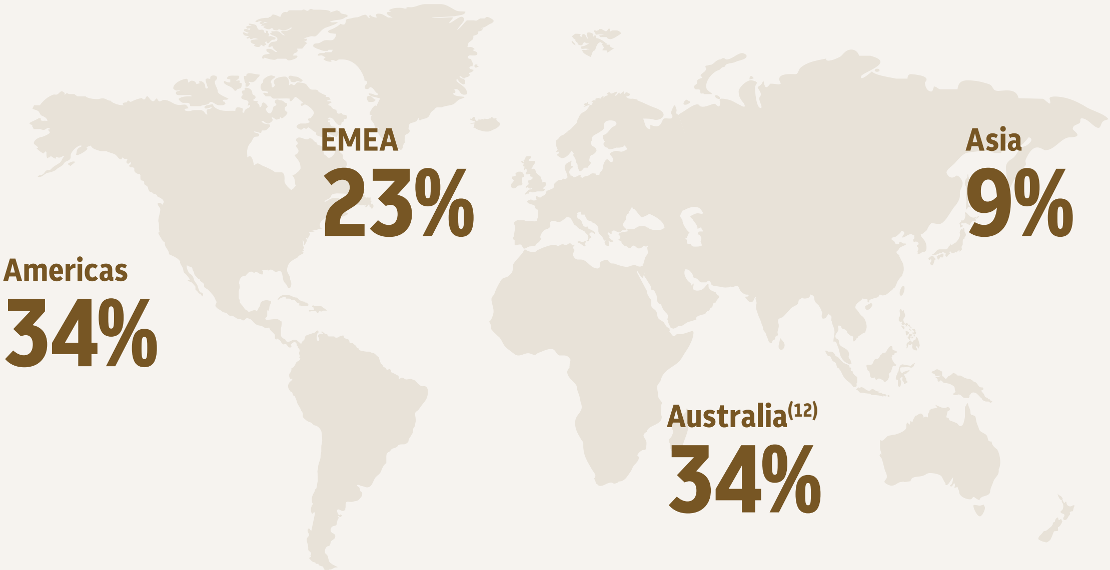
Assets under management

$A938.3b

↑ from $A878.6b[10] as at 31 March 2023

(10) MAM Private Markets AUM includes equity yet to deploy and equity committed to assets but not yet deployed.

FY2024 international income[11]



FY2024 net profit contribution[13] by activity

Annuity-style activities

$A3,014m

↓ 27% on prior year

Markets-facing activities

$A3,699m

↓ 40% on prior year

~45%

~55%

Macquarie Asset Management
~18%

Banking and Financial Services
~19%

~8%

Commodities and Global Markets
~39%

Macquarie Capital
~16%

(11) International income is net operating income excluding Corporate items.
(12) Includes New Zealand.
(13) Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Macquarie is a diversified financial services group providing clients with asset management and finance, banking, advisory, and risk and capital solutions across debt, equity and commodities.

Asset management

Banking

Advisory

Capital solutions

Further information is also available at **macquarie.com/company**

For more details on the operational performance of the Operating Groups, see slides 13 to 16 of the presentation to investors and analysts available at **macquarie.com/fy24-investor-presentation**

For internal reporting and risk management purposes, Macquarie is divided into four Operating Groups, which are supported by four Central Service Groups. The Operating Groups are split between annuity-style businesses and markets-facing businesses.

Central Service Groups

The Central Service Groups provide a range of functions supporting Macquarie's Operating Groups, ensuring they have the appropriate workplace support and systems to operate effectively and the necessary resources to meet their regulatory, compliance, financial, legal and risk management requirements.

Risk Management Group (RMG)

An independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the risk management framework.

Financial Management Group (FMG)

Responsible for capital, funding, liquidity, tax and strategic analysis and advice to support the growth of the Macquarie business. Ensures Macquarie meets its financial, regulatory and tax reporting compliance obligations, as well as maintaining relationships with a range of significant external stakeholders.

Legal and Governance Group (LGG)

Provides a full range of legal and corporate governance services, including strategic legal and governance advice and risk assessment on corporate transactions, treasury and funding, insurance, regulatory enquiries and litigation.

Corporate Operations Group (COG)

Provides specialist services in technology, operations, human resources, workplace, data, digital, strategy, operational risk management, business resilience and global security, and the Macquarie Group Foundation.

Annuity-style businesses

Macquarie Asset Management

$A1,208m

↓ 48% on prior year

MAM is investing to deliver positive outcomes for our clients, portfolio companies and communities.

MAM provides investment solutions to clients across a range of capabilities, including real assets, real estate, credit, equities & multi-asset and secondaries.

FY2024 Highlights

MAM assets under management as at 31 March 2024 increased 7% to $A938.3 billion from $A878.6 billion as at 31 March 2023, due to favourable market movements, investments made by Private Markets-managed funds and favourable foreign exchange movements, partially offset by assets no longer managed as a result of reduction of co-investment management rights.

During the period, MAM raised $A21.9 billion in new equity from clients across a diverse range of strategies, including regional and global infrastructure and energy transition, with record raisings in private credit. MAM invested $A17.9 billion of equity across 51 new investments, including: 19 real assets, 18 real estate and 14 private credit investments.

From 1 November 2023, MAM established Credit as a division, combining the expertise and investment capabilities across Private Credit, Asset Finance and Fixed Income, to create a global integrated credit platform with broad offering to clients.

Medium-term

MAM is well-positioned to respond to current market conditions and grow assets under management through its diversified product offering, track record and experienced investment teams. MAM continues to invest in existing and new green platforms as MAM Green Investments transitions to a fiduciary business.

Banking and Financial Services

$A1,241m

↑ 3% on prior year

BFS serves the Australian market and is organised into the following three business divisions:

- **Personal Banking:** Provides a diverse range of retail banking products to clients with home loans, car loans, transaction and savings accounts and credit cards
- **Wealth Management:** Provides clients with a wide range of wrap platform and cash management services, investment and superannuation products, financial advice and private banking
- **Business Banking:** Provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients, across a range of key industry segments.

FY2024 Highlights

For the year ended 31 March 2024, the loan portfolio increased 10% to $A140.2 billion and BFS deposits increased 10% to $A142.7 billion. Funds on platform increased 15% to $A141.8 billion driven by strong net flows of $A3.0 billion and favourable market movements.

The home loan portfolio increased 10% to $A119.3 billion driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers, while the Business Banking loan portfolio increased 22% to $A15.8 billion driven by strong client retention, an increase in client acquisition across core segments and a continued build into emerging segments.

During the year, BFS expanded the Macquarie Wrap managed accounts offering with funds under administration of $A13.8 billion, up from $A10.5 billion at 31 March 2023.

Medium-term

BFS remains focused on growth opportunities through intermediary and direct retail client distribution, platforms and client service; opportunities to increase financial services engagement with existing Business Banking clients and extend into adjacent segments; and modernising technology to improve client experience and support scalable growth.

Markets-facing businesses

Commodities and Global Markets

$A3,213m

↓ 47% on prior year

CGM is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions to its diverse client base across:

- **Commodities:** Provides capital and financing, risk management, and physical execution and logistics solutions across power, gas, emissions, agriculture, oil and resources sectors globally
- **Financial Markets:** Provides risk management, capital and financing solutions, and market access to corporate and institutional clients with exposure to foreign exchange, rates, fixed income, credit markets and listed derivatives markets
- **Asset Finance:** Global provider of specialist finance and asset management solutions across a variety of industries and asset classes.

FY2024 Highlights

CGM recorded a net profit contribution of $A3.2 billion, reflecting the diversity and strength of CGM's client platform. This result was down 47% on the prior year, which was characterised by exceptionally strong market volatility, particularly in commodities.

Commodities contribution was down on the prior year due to decreased risk management income primarily in EMEA Gas and Power, and Resources. The decrease was partially offset by an increased contribution from Agricultural markets. Inventory management and trading income substantially lower driven by a reduction in trading activity primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts.

Financial Markets contribution was up on the prior year, driven by increased client hedging activity across foreign exchange and interest rate products and an increased contribution from the Futures business.

Asset Finance contribution was down on prior year, primarily due to an increase in operating expenses, notwithstanding strong origination and portfolio growth in Advanced Technology and Shipping Finance.

CGM continues to be recognised across the industries it operates in, with a number of awards earned during the period including House of the Year for Oil and Products, Electricity and Commodities Research at the Energy Risk Awards 2023 and House of the Year for Commodities Research, Derivatives, Environmental Products, Commodity Trade Finance, Natural Gas/LNG and Emissions at the Energy Risk Asia Awards 2023. CGM is ranked as No.1 Futures Broker on the ASX.

Medium-term

CGM remains focused on: opportunities to grow the commodities business, both organically and through adjacencies; the development of institutional and corporate coverage for specialised credit, rates and foreign exchange products; providing tailored financing solutions globally across a variety of industries and asset classes; continued investment in the asset finance portfolio; supporting the client franchise as markets evolve, particularly as it relates to the energy transition and growing the client base across all regions.

Macquarie Capital

$A1,051m

↑ 31% on prior year

Macquarie Capital has global capability in advisory and capital raising services, providing clients with specialist expertise and flexible capital solutions across a range of sectors.

It also has global capability in specialist investing across private credit, private equity, real estate, growth equity, venture capital, and in infrastructure and energy projects and companies.

Macquarie Capital's Equities brokerage business provides clients with access to equity research, sales, execution capabilities and corporate access.

FY2024 Highlights

Macquarie Capital maintained its leading market position in ANZ across M&A (by deal count) and capital markets (by deal value) in FY2024 and No.1 Global Financial Adviser in Energy Transition on the Inspiratia FY2023 Energy Transition League Table Report (by deal volume).

Macquarie Capital acted as lead sell-side adviser to Parchment, an academic credential management platform on its sale to Instructure (NYSE: INST) for $US835 million and Joint Bookrunner on the financing to fund the acquisition.

As a market leading advisory business with global reach, Macquarie Capital acted as financial adviser to MMG Limited on its acquisition of the Khoemacau copper mine in Botswana for $A2.9 billion. Khoemacau is expected to significantly increase MMG's scale and place MMG as a Top 10 copper-focused producer globally.

As at 31 March 2024, the committed private credit portfolio grew to over $A21.5 billion, with more than $A4.5 billion deployed in FY2024 through focused investment in credit markets and bespoke financing solutions. Macquarie Capital provided bespoke financing to Ottobock, the global leader in orthotic and prosthetic solutions.

Macquarie Capital also announced the acquisition of ONYX Insight, the leading provider of wind turbine performance analytics and condition-based monitoring to the wind energy industry.

Medium-term

Macquarie Capital continues to support clients globally across long-term trends including tech-enabled innovation, the need for infrastructure and resilience and the growth in private capital. It pursues opportunities for balance sheet investment alongside clients and management teams and infrastructure project development. It continues to tailor the business offering to current opportunities and market conditions including providing flexible capital solutions across sectors and regions. Macquarie Capital is well-positioned to respond to changes in market conditions.

For more details on the financial performance of the Operating Groups, see section 3.0 Segment analysis of the Management Discussion and Analysis available at **macquarie.com/results**

Our business strategy

The growth of Macquarie's global operations over 55 years reflects our philosophy to expand selectively, focusing on specialist areas where we bring deep expertise to address areas of unmet need on behalf of clients and communities in line with our purpose and longstanding operating principles. We offer our teams significant operating freedom balanced by limits on risk. Alignment of interests is a longstanding feature, demonstrated by willingness to both invest alongside clients and closely align the interests of shareholders and staff.

This approach has helped us to grow into a diversified global business, conducting a broad range of activities and creating enduring franchises where we have differentiated perspectives. Our approach has not been to place big bets, but to expand adjacently, taking learnings from one market to another, or using expertise built in one part of a sector to grow into another.

This philosophy is reflected in our flexible approach to allocating capital. We rely on our teams who are close to their markets and clients to drive ideas, setting out both the opportunity they have identified but also the associated risks and how they plan to manage them, with the teams in the business remaining accountable for the long-term outcomes they deliver. Teams at the centre of the organisation assess the case being made, including second line review of risks, before allocating capital with a view to maintaining diversification across our activities while seeking an acceptable risk adjusted return for each project, based on its specific characteristics.

Our Purpose
Why we exist

Empowering people to innovate and invest for a better future

Our Principles
How we do business

Opportunity

Accountability

Integrity

Our Strategy
is developed from the bottom up

Annuity style businesses

Markets-facing businesses

MAM Macquarie Asset Management	**BFS** Banking and Financial Services	**CGM** Commodities and Global Markets	**Macquarie Capital**

Our core business involves utilising our
human capital
to realise opportunities, backed by a strong balance sheet

Evolution driven by:

- Addressing unmet **client** and **community needs**
- Building enduring franchises from positions of **deep expertise**
- Managing **diversified** businesses across regions and service offerings to deliver consistent returns through the cycle
- Pursuing evolutionary growth opportunities **adjacent** to existing businesses
- Ensuring **accountability** and entrepreneurial endeavour from staff
- Maintaining a **strong and conservative balance sheet** with diversified sources of funding
- Adopting a disciplined approach to **risk management**, underpinned by a sound risk culture and embedded across Operating and Central Service Groups

Supported from the
centre

COG Corporate Operations Group	**FMG** Financial Management Group	**RMG** Risk Management Group	**LGG** Legal and Governance Group

Our purpose and principles and what we expect of our staff are set out in our *Code of Conduct*.
macquarie.com/what-we-stand-for

Risk management

A sound risk culture has been integral to Macquarie's risk management framework.

Risk culture

Macquarie sets, promotes, monitors and reflects on the effectiveness of our risk culture. Macquarie's approach to maintaining a sound risk culture is based on:

- setting behavioural expectations
- leading and executing
- monitoring, measuring and reporting.

Risk management framework

Macquarie's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal or external sources of material risk.

Macquarie's approach to risk management is based on stable and robust core risk management principles. These are:

- ownership of risk at the business level
- understanding worst-case outcomes
- requirement for an independent sign-off by RMG.

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance:

- primary responsibility for day-to-day risk management lies with the business
- RMG forms the second line of defence
- Internal Audit, as the third line, provides independent and objective risk-based assurance.

Refer to the **Risk Management** section of this Annual Report for details on Macquarie's risk management framework, risk culture and conduct risk management

Macroeconomic factors

The key macroeconomic risks to Macquarie's short and medium term financial outlook noted on page 32 are:

Market conditions

The general condition of markets, driven by macroeconomic, climate and geopolitical factors, may have a bearing on Macquarie's businesses. Changing market conditions influence the volume and timing of client and principal transactions across businesses and the value of various equity, credit and market risk exposures held by Macquarie on its balance sheet.

The value of the Australian dollar

A significant proportion of Macquarie's net income is denominated in foreign currency. Therefore, net income will be lower in Australian dollar terms if the Australian dollar appreciates against other foreign currencies, and net income will be higher in Australian dollar terms if the Australian dollar depreciates against other foreign currencies.

Potential regulatory changes

Macquarie is affected by changes in regulation. Regulatory change continues to increase at both the global and Australian levels and has the potential to affect the regulatory capital and funding requirements and profitability of Macquarie's businesses.

Funding and liquidity

Macquarie uses deposits and debt markets, among other funding sources, to fund its assets. Macquarie is therefore exposed to the risk of an increase in the cost of funding, or of reduced access to funding sources.

Technology

Macquarie recognises that with the use of systems, technology, and platforms to support its business activities, it is exposed to risk of loss resulting from failure, inadequacy or misuse of technology and technology resources.

In determining those risks that are material to Macquarie, we assess the potential for a risk to affect our earnings resilience and financial strength across market cycles; our ability to meet regulatory obligations; our stakeholders; and our reputation. Macquarie's material risks include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational, regulatory and compliance, strategic, tax, technology and cyber, and work health and safety risks.

Further details on the management of these material risks are available at **macquarie.com/risk-management**

Review of Group performance and financial position

Overview

Profit attributable to ordinary equity holders of $A3,522 million for the year ended 31 March 2024 decreased 32% from $A5,182 million in the prior year.

	FULL YEAR TO		
	31 Mar 24 $Am	31 Mar 23 $Am	*Movement %*
Net operating income	**16,887**	19,122	*(12)*
Operating expenses	**(12,061)**	(12,130)	*(1)*
Income tax expense	**(1,291)**	(1,824)	*(29)*
(Profit)/Loss attributable to non-controlling interests[14]	**(13)**	14	*
Profit attributable to ordinary equity holders	**3,522**	5,182	*(32)*

* Indicates that the result was a gain in one period and a loss in another, or vice versa.

For more details on the financial performance of the Operating Groups, see section 3.0 Segment Analysis of the Management Discussion and Analysis available at **macquarie.com/fy24-mda**

(14) Non-controlling interests' adjusts reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.

FY2024 net profit contribution by Operating Group

Summary of the Operating Groups' performance for the year ended 31 March 2024.

Annuity-style businesses

Non-Banking Activities

Macquarie Asset Management (MAM)

$A1,208m

↓ 48% on prior year due to

- decreased net income on equity, debt and other investments driven by lower asset realisations in green investments
- increased net expenditure on investments in green energy portfolio companies operating on a standalone basis
- increased net interest and trading expense primarily driven by higher funding costs due to an increase in central bank interest rates and investments.

Partially offset by:

- reversal of an impairment previously recognised on a green equity investment.

Banking Activities

Banking and Financial Services (BFS)

$A1,241m

↑ 3% on prior year due to

- higher net interest and trading income driven by growth in the loan portfolio and BFS deposits, and the full year benefit of the rising interest rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs
- higher fee and commission income driven by growth in average funds on platform, as well as higher lending and transaction volumes
- credit impairment reversals largely driven by improvement in the macroeconomic outlook, particularly in the home loans portfolio, partially offset by changes in composition of portfolio growth.

Partially offset by:

- higher operating expenses driven by higher employment expenses and increased technology investment to support portfolio growth, compliance and regulatory requirements.

Markets-facing businesses

Macquarie Capital

$A1,051m

↑ 31% on prior year due to

- higher net interest and trading income primarily from the private credit portfolio, benefitting from $A3.6 billion growth in average drawn loan assets with margins in line with the prior year and the non-recurrence of mark-to-market losses on certain debt underwriting positions
- lower credit provisions due to an improvement in the macroeconomic outlook and lower deployment of the private credit portfolio
- reversal of impairments on a small number of previously underperforming investments.

Partially offset by:

- lower net gains on investments including the non-recurrence of material asset realisations
- lower fee and commission income driven by lower mergers and acquisitions fee income due to weaker market activity
- higher funding costs reflecting higher central bank interest rates and investment activity
- higher operating expenses driven by higher expenditure on technology platforms, increased compliance and regulatory spend and higher employment expenses.

Commodities and Global Markets (CGM)[15]

$A3,213m

↓ 47% on prior year due to

- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts
- decreased risk management income primarily in EMEA Gas and Power, and Resources due to decreased client hedging as volatility and price movements stabilised across commodity markets following record highs in the prior year. The decrease was partially offset by an increased contribution from Agricultural markets
- higher operating expenses driven by higher expenditure on technology platform and infrastructure, compliance and regulatory spend and higher employment expenses.

Partially offset by:

- increased foreign exchange, interest rate and credit products income driven by increased client hedging activity in foreign exchange and interest rate products and an increased contribution from the Futures business
- increased operating lease income driven by increased volumes in technology and energy sectors.

Corporate

Net expenses of **$A3,191m**

↓ 38% on prior year due to

- reduced operating expenses driven by lower performance-related profit share expense as a result of the performance of the Consolidated Entity and lower expenses on certain legacy and other transaction-related charges
- increased net interest and trading income, driven by increased earnings on capital reflecting higher central bank interest rates and higher average volumes, the impact of Macquarie's previously elevated centrally held liquidity and funding surpluses being deployed into the Operating Groups, and improved returns on Group Treasury's liquid asset portfolio
- reduced income tax expense as a result of the performance of the Consolidated Entity, partially offset by a higher effective tax rate mainly driven by the geographic composition and nature of earnings.

For more details on the financial performance of the Operating Groups, see section 3.0 Segment analysis of the Management Discussion and Analysis available at **macquarie.com/results**

(15) Certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Activities.

Net operating income

Net operating income of $A16,887 million for the year ended 31 March 2024 decreased 12% from $A19,122 million in the prior year. The decrease was primarily driven by lower net interest and trading income and lower net other operating income, partially offset by credit and other impairment reversals in the current year.

Net interest and trading income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
8,907	10,601

↓ 16% on prior year

This movement was largely driven by:
- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts, in CGM
- decreased risk management income, primarily in EMEA Gas and Power, and Resources due to decreased client hedging, in CGM.

Partially offset by:
- higher net interest and trading income from the private credit portfolio and the non-recurrence of mark-to-market losses on certain debt underwriting positions, in Macquarie Capital
- higher earnings on capital reflecting higher central bank interest rates
- growth in the loan portfolio and BFS deposits, and the full year benefit of the rising interest rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs.

Fee and commission income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
6,249	6,400

↓ 2% on prior year

This movement was largely driven by:
- lower mergers and acquisitions fee income due to weaker market activity, in Macquarie Capital
- lower performance fees in MAM
- lower base fees in Public Investments primarily driven by outflows in equity strategies, partially offset by favourable market and foreign exchange movements in MAM.

Partially offset by:
- higher base fees in Private Markets which were driven by fundraising and investments made by Private Markets-managed funds and mandates, as well as favourable foreign exchange movements, in MAM.

Share of net (losses)/profits from associates and joint ventures

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
(49)	(113)

↓ 57% on prior year

This movement was largely driven by:
- changes in the performance of the investment portfolio, in MAM.

Credit and other impairment charges

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
369	(454)

↑ significantly on prior year

This movement was largely driven by:
- release of credit provisions due to improvement in the macroeconomic outlook
- reversal of impairments recognised on a small number of previously underperforming assets and equity investments in Macquarie Capital and MAM
- lower deployment of the private credit portfolio in Macquarie Capital.

Partially offset by:
- changes in composition of portfolio growth, in BFS.

Net other operating income

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,411	2,688

↓ 48% on prior year

This movement was primarily driven by:
- lower asset realisations in green investments in MAM
- non-recurrence of material asset realisations in Macquarie Capital
- increased net expenditure on investments in green energy portfolio companies operating on a standalone basis in MAM.

Partially offset by:
- gains on a number of investments in Macquarie Capital.

Operating expenses

Total operating expenses of $A12,061 million for the year ended 31 March 2024 were broadly in line from $A12,130 million in the prior year.

Employment expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
7,723	7,703

broadly in line with prior year

This movement was largely driven by:

- higher salary and related expenses from higher average headcount and wage inflation
- unfavourable foreign exchange movements
- higher share-based payments expense mainly driven by the prior year's performance of the Consolidated Entity
- higher one-off staff costs.

Offset by:

- lower performance-related profit share expenses as a result of the performance of the Consolidated Entity.

Brokerage, commission and trading-related expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,071	1,028

↑ 4% on prior year

This movement was largely driven by:

- unfavourable foreign exchange movements
- increased trading and brokerage activities in CGM
- increased transaction volumes in BFS.

Non-salary technology expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
1,163	1,092

↑ 7% on prior year

This movement was largely driven by:

- increased investment in technology initiatives, with a focus on data and digitalisation, to support business growth and compliance.

Other operating expenses

FULL YEAR TO	
31 Mar 24 $Am	31 Mar 23 $Am
2,104	2,307

↓ 9% on prior year

This movement was largely driven by:

- lower expenses on certain legacy and other transaction-related charges
- lower professional fees.

Income tax expense

Income tax expense of $A1,291 million for the year ended 31 March 2024 decreased 29% from $A1,824 million in the prior year. The effective tax rate for the year ended 31 March 2024 was 26.8%, up from 26.0% in the prior year.

The higher effective tax rate compared to the prior year was mainly driven by the geographic composition and nature of earnings.

Operating and financial review

Review of group performance and financial position continued

Statement of Financial Position

The Consolidated Entity's Statement of financial position was impacted during the year ended 31 March 2024 by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

Total assets

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
403,404	387,872

↑ 4% on 31 Mar 23

Total assets of $A403.4 billion as at 31 March 2024 increased 4% from $A387.9 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- loan assets of $A176.4 billion as at 31 March 2024 increased 11% from $A158.6 billion as at 31 March 2023, driven by volume growth in the BFS home loans and business lending portfolios and Macquarie Capital's private credit portfolio
- trading assets of $A27.9 billion as at 31 March 2024 increased 65% from $A16.9 billion as at 31 March 2023, driven by an increase in holdings of listed equity securities in CGM
- cash collateralised lending and reverse repurchase agreements of $A58.4 billion as at 31 March 2024 increased 8% from $A54.3 billion as at 31 March 2023, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management
- financial investments of $A24.4 billion as at 31 March 2024 increased 11% from $A21.9 billion as at 31 March 2023, driven by an increase in holdings of debt securities as part of Group Treasury's liquid asset portfolio management
- other assets of $A12.6 billion as at 31 March 2024 increased 21% from $A10.4 billion as at 31 March 2023, driven by higher commodity-related receivables from increased volumes in CGM.

These increases were partially offset by:

- cash and bank balances of $A31.9 billion as at 31 March 2024 decreased 30% from $A45.7 billion as at 31 March 2023, driven by a reduction in the overnight deposit held with the Reserve Bank of Australia (RBA) as part of Group Treasury's liquid asset portfolio management
- derivative assets of $A24.1 billion as at 31 March 2024 decreased 33% from $A36.1 billion as at 31 March 2023, driven by volatility and price movements having stabilised across commodity markets, as well as the maturity of prior year positions. After taking into account related financial instruments, cash and other financial collateral, the residual derivative asset exposure was $A7.4 billion (31 March 2023: $A9.7 billion). The majority of the residual derivative asset exposure was short-term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with a substantial portion of the exposure with investment grade counterparties.

Total liabilities

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
369,408	353,766

↑ 4% on 31 Mar 23

Total liabilities of $A369.4 billion as at 31 March 2024 increased 4% from $A353.8 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- deposits of $A148.4 billion as at 31 March 2024 increased 10% from $A134.7 billion as at 31 March 2023, driven by volume growth in retail and business banking deposits in BFS
- issued debt securities and other borrowings of $A119.9 billion as at 31 March 2024 increased 10% from $A109.5 billion as at 31 March 2023, driven by the issuance of short-term commercial paper and long-term bonds by Group Treasury
- other liabilities of $A14.5 billion as at 31 March 2024 increased 16% from $A12.5 billion as at 31 March 2023, driven by higher commodity-related payables from increased volumes in CGM
- loan capital of $A14.2 billion as at 31 March 2024 increased 10% from $A12.9 billion as at 31 March 2023 driven by the issuance of Tier 2 loan capital.

These increases were partially offset by:

- derivative liabilities of $A25.6 billion as at 31 March 2024 decreased 22% from $A32.8 billion as at 31 March 2023 commensurate with the movement in derivative assets. After taking into account related financial instruments, cash and other collateral, the residual derivative liability was $A6.8 billion (31 March 2023: $A6.6 billion)
- cash collateralised borrowing and repurchase agreements of $A12.6 billion as at 31 March 2024 decreased 33% from $A18.7 billion as at 31 March 2023, driven by a reduction in trading activity in CGM and partial maturity of the RBA Term-Funding Facility.

Total equity

AS AT	
31 Mar 24 $Am	31 Mar 23 $Am
33,996	34,106

broadly in line on 31 Mar 23

Total equity of $A34.0 billion as at 31 March 2024 has remained broadly in line with $A34.1 billion as at 31 March 2023.

The Consolidated Entity's equity was impacted by:

- $A2.7 billion in dividend payments
- $A0.6 billion of ordinary shares on-market buy-back
- $A0.4 billion decrease in non-controlling interests.

These decreases were partially offset by $A3.5 billion of earnings generated during the current year and a $A0.5 billion increase in foreign currency translation, largely driven by the depreciation of the Australian Dollar to the United States Dollar.

Funding

Macquarie's liquidity risk management framework is designed to ensure that it is able to meet its obligations as they fall due under a range of market conditions.

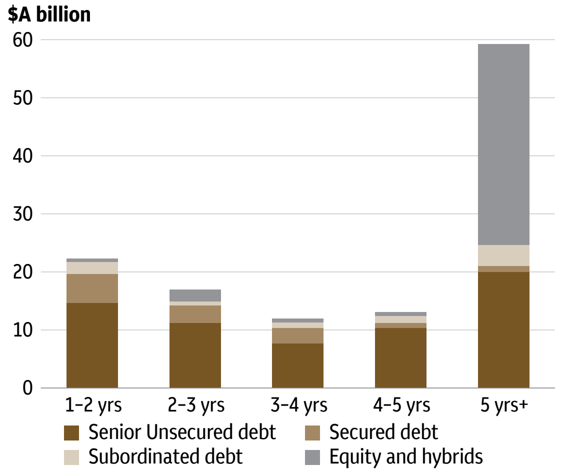
Macquarie has a funding base that is stable with short-term wholesale funding covered by cash, liquids and other short-term assets. As at 31 March 2024, Macquarie's term assets were covered by term funding maturing beyond one year, stable deposits, hybrids and equity.

The weighted average term to maturity of term funding maturing beyond one year (excluding equity and securitisations) was 4.5 years as at 31 March 2024.

4.5 years
Weighted average maturity

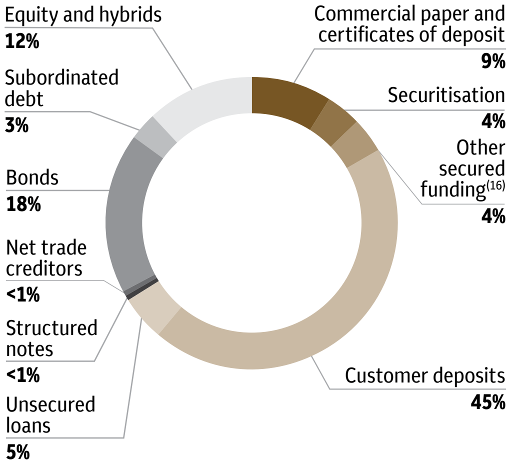
Term funding profile

Detail of drawn funding maturing beyond one year



Diversity of funding source

Detail of drawn funding sources maturing across all tenors



Macquarie has a liability-driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Since 1 April 2023, Macquarie has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2023 and 31 March 2024:

		Bank Group $Ab	Non-Bank Group $Ab	**Total $Ab**
Issued paper	– Senior and subordinated	8.7	4.7	13.4
Secured funding	– Term securitisation and other secured finance	5.0	0.7	5.7
Loan facilities	– Unsecured loan facilities	1.5	0.5	2.0
Total[17]		**15.2**	**5.9**	**21.1**

Macquarie has continued to develop its major funding markets and products during the year ended 31 March 2024.

(16) Includes RBA Term Funding Facility (TFF) of $A9.6 billion.
(17) Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on FX rates at the time of issuance. Includes refinancing of loan facilities.

$A10.7b
Group capital surplus

Capital

As an Australian Prudential Regulation Authority (APRA) authorised and regulated Non-Operating Holding Company (NOHC), Macquarie's capital adequacy framework requires it to maintain minimum regulatory capital requirements calculated as the sum of:

- the Bank Group's minimum Tier 1 capital requirement, based on a percentage of risk-weighted assets plus Tier 1 deductions using prevailing APRA ADI Prudential Standards; and
- the Non-Bank Group's capital requirement, calculated using Macquarie's Board approved Economic Capital Adequacy Model (ECAM).

Transactions internal to Macquarie are eliminated.

The Bank Group's Level 2 minimum Common Equity Tier 1 capital ratio (CET1) in accordance with Prudential Standard APS 110 Capital Adequacy is 9%. This includes the industry minimum CET1 requirement of 4.5%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB)[(18)] of 0.75%. The corresponding requirement for Tier 1 capital is 10.5%, inclusive of the CCB and CCyB[18]. APRA also requires ADIs to maintain a minimum leverage ratio of 3.5%. In addition, APRA may impose ADI-specific minimum ratios which may be higher than these levels.

Macquarie is well capitalised, with the following capital adequacy ratios as at 31 March 2024:

Bank Group Level 2 Basel III ratios as at 31 March 2024	APRA Basel III	Harmonised Basel III[(19)]
Common Equity Tier 1 Capital Ratio	13.6%	18.7%
Tier 1 Capital Ratio	15.5%	20.9%
Leverage Ratio	5.2%	5.9%

For further information relating to the capital adequacy of Macquarie, refer to section 6.0 Capital of the Management Discussion and Analysis at **macquarie.com/results**.

Outlook

We continue to maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions us 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.

(18) The CCyB of the Bank Group at 31 March 24 is 0.71%, 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.
(19) Harmonised Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS therefore the ratios are indicative only.