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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