

Performance has been creditable relative to peers

Whilst Macquarie's overall result is down on the prior year, Macquarie's performance is broadly in line with peers.

The same global investment banking peer group as last year has been used throughout the Remuneration Report. In alphabetical order they are: Barclays, Credit Suisse, Deutsche Bank, Goldman Sachs, Jefferies, JP Morgan Chase, Lazard, Merrill Lynch (a subsidiary of Bank of America), Morgan Stanley and UBS. Peers are only excluded from the analysis below where relevant information is not available. Applicable peers are set out below under each piece of analysis. The BRC considers these firms to be appropriate peers on the basis that they broadly operate in the same markets and compete for the same people as Macquarie. Nonetheless, comparisons are complicated for the following reasons:

- each peer has a different business mix. Some peers are or have become parts of larger organisations, often with large retail operations which can distort comparisons
- where peer information is published, comparative information may not include a share of central overhead costs such as support functions
- the level and detail of disclosure differs amongst peers. Segment data is particularly relevant where the investment banking segment is part of a larger organisation
- variations in accounting practices used by comparator organisations. For example, some peers report net revenue on a 'pre-impairment' basis, whereas others include impairments in net revenue, as does Macquarie
- this year some firms incurred significant Debt Valuation Adjustments (DVA) which have had material impact on these firms' NPAT. DVA represents the accounting gains/(losses) from the change in fair value of a firm's long-term and short-term debt stemming from fluctuations in the firm's own credit spreads and other credit factors
- peers located in different jurisdictions report in different currencies and comparisons do not always factor in changes in foreign exchange rates
- remuneration delivered as deferred equity is amortised over the vesting period of the equity. Different deferral levels and different vesting periods, therefore, result in different accounting results, even if the underlying quantum of remuneration is the same.

Where appropriate, segment information has been used as disclosed throughout the Report. Peer information is presented in the same order throughout the Report. The same charts are presented as in previous years, with only minor variations.

Macquarie's change in NPAT relative to peers is in the middle of the range

One of the measures used to compare relative performance is NPAT. The NPAT 10 year CAGR is shown in both local currency and a common currency (US Dollars) to reduce the impact of significant changes in foreign exchange rates over the period when comparing the performance of firms from different jurisdictions. When looking at base currency, the analysis below shows that Macquarie's change in NPAT is in the middle of the range relative to its international peers in respect of NPAT both over a one year and 10 year period. However, the effect of using a common currency (US Dollars) shows that Macquarie's change in NPAT over a 10 year period is in the upper range of peers.

Peer relative growth in NPAT: FY2002-2012

	1 year CAGR	10 year CAGR ¹	1 year CAGR	10 year CAGR ¹
	Base Currency %	Base Currency %	\$US %	\$US %
Macquarie	(24)	11	(23)	19
Peer	(16)	2	(16)	3
Peer	(62)	2	(62)	8
Peer	79	38	73	43
Peer	(67)	1	(67)	1
Peer	17	17	17	17
Peer	11	27	11	27
Peer	0	n/a	0	n/a
Peer	(148)	n/a	(148)	n/a
Peer	(42)	(5)	(42)	(5)
Peer	(45)	(2)	(45)	4

¹ CAGR over the most recent 10 years. Where 10 years of continuous data is not available for a peer, or where the peer recorded a loss either 10 years ago or in the current year, a 'n/a' is noted. Peers are disclosed under the next chart.

Source: Peer underlying data from Annual Reports