



**Macquarie Bank Limited
Hong Kong Branch**

Annual Disclosure Statement

31 March 2014

(Accordance to the Banking (Disclosure) Rules
made pursuant to Section 60A of the Banking Ordinance)

Basis of preparation

The Annual Disclosure Statement for the financial year ended 31 March 2014 (the “Disclosure Statement”) has been prepared in accordance with the relevant requirements of the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance.

The International Financial Reporting Standards were applied to the Disclosure Statement. The information in the Disclosure Statement is not audited and does not constitute statutory accounts.

Principal activities

Macquarie Bank Limited, Hong Kong Branch is a licensed bank under the Banking Ordinance (Cap. 155). The Branch principally engages in cash equities brokerage business. Comparative profit and loss information for six months to March 13 is provided for this Disclosure Statement for the standalone bank branch since the branch has not started its business operations until 1 October 2012.

Profit and Loss Information

Figures in HKD million	Year ended 31 March 2014	Half-year ended 31 March 2013
Interest income	2	1
Interest expense	<u>(21)</u>	<u>(3)</u>
Net interest income / (expense)	(19)	(2)
Fees and commission income	1,619	666
Fees and commission expenses	<u>(304)</u>	<u>(104)</u>
Net fees and commission Income	1,315	562
Net gains arising from trading in foreign currencies	34	-
Net gains arising from other trading activities	75	-
Net losses arising from securities held for trading	(70)	(7)
Others	<u>(530)</u>	<u>(366)</u>
Other operating income	<u>824</u>	<u>189</u>
Total operating income	805	187
Staff expenses	(348)	(164)
Rental expenses	(39)	(13)
Other expenses	<u>(714)</u>	<u>(307)</u>
Total operating expenses	(1,101)	(484)
Loss before taxation	(296)	(297)
Taxation	<u>50</u>	<u>31</u>
Loss after taxation	<u>(246)</u>	<u>(266)</u>

Balance Sheet Information

Figures in HKD million	31 March 2014	30 September 2013
Assets		
Balances with banks	973	1,109
Government bills, notes and bonds	88	140
Securities held for trading purposes	900	166
Loans and receivables	-	-
Other receivables ¹	26,922	20,112
Total assets	28,883	21,527
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers	-	-
Amount payable under repos	489	-
Amount due to overseas offices	2,431	1,797
Other payables ¹	26,474	20,067
Other accounts	(511)	(337)
Total liabilities	28,883	21,527

¹ Major balances represent amounts receivable / payable in respect of dealing in securities for the cash equities brokerage business.

Additional information

1. Cross-border claims

Geographical areas and individual countries constituting 10% or more of the aggregate cross-border claims but excluding claims to head office, branches and subsidiaries:

31 March 2014

Figures in HKD million	Banks and other financial institutions	Public sector entities	Others	Total
Caribbean				
Cayman Islands	-	-	4,847	4,847
North America				
United States	546	-	2,006	2,552
Western Europe				
United Kingdom	77	-	3,853	3,930

30 September 2013

Figures in HKD million	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific				
Singapore	2	-	2,630	2,632
Caribbean				
Cayman Islands	-	-	2,276	2,276
North America				
United States	598	-	1,951	2,549
Western Europe				
United Kingdom	107	-	2,783	2,890

The above country/geographical segment classification is based on the head office location of the counterparties, (excluding amount due from head office, branches and subsidiaries), and is derived according to the location of the counterparties after taking into account any risk transfer.

Additional information

2. Currency risk

Figures in HKD million

Foreign currency exposures arising from trading, non-trading and structural positions, where an individual foreign currency net position constitutes 10% or more of the total net position in all foreign currencies:

31 March 2014

	<i>AUD</i>	<i>USD</i>	<i>KRW</i>	<i>Total</i>
Spot assets	95	4,050	686	4,831
Spot liabilities	(243)	(4,090)	(668)	(5,001)
Forward purchases	-	-	-	-
Forward sales	-	(244)	(607)	(851)
Net Long / (short) position	<u>(148)</u>	<u>(284)</u>	<u>(589)</u>	<u>(1,021)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net option position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 September 2013

	<i>AUD</i>	<i>USD</i>	<i>Total</i>
Spot assets	184	2,209	2,393
Spot liabilities	(245)	(2,269)	(2,514)
Forward purchases	-	-	-
Forward sales	-	(190)	(190)
Net Long / (short) position	<u>(61)</u>	<u>(250)</u>	<u>(311)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>
Net option position	<u>-</u>	<u>-</u>	<u>-</u>

Additional information

3. Liquidity ratio

	31 March 2014	31 March 2013
Average liquidity ratio for the financial period ended	632.14%	835.92%

The average liquidity ratio for the period is the arithmetic mean of each calendar month's average liquidity ratio calculated in accordance with the Fourth Schedule to the Banking Ordinance.

4. Off-balance sheet exposures

Figures in HKD thousand	31 March 2014	30 September 2013
Derivatives		
<u>Exchange rate contracts</u> ²		
Contractual amounts	-	140,000
Before netting		
- Fair value assets	-	-
- Fair value liabilities	-	(46)
<u>Equity Futures contracts</u> ²		
Contractual amounts	858,267	146,728
Before netting		
- Fair value assets	-	-
- Fair value liabilities	(858,267)	(146,728)

² The exchange rate and equity futures contracts were carried out for both trading and hedging purposes.

Additional information

5. Non-bank Mainland exposures

Non-bank counterparties are identified in accordance with the definitions set out in the banking return of “Quarterly Analysis of Loans and Advances and Provisions” issued by the HKMA. Exposures in Mainland China arising from non-bank counterparties are summarised as follows:

Figures in HKD thousand	31 March 2014	30 September 2013
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On-balance sheet exposures

Other non-bank Mainland China exposures	87,607	-
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As at 31 March 2014, no specific provision has been made on the exposures.

6. Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, Macquarie Bank Limited, Hong Kong Branch complies with the requirements and has adopted the remuneration systems of Macquarie Bank Limited, Head Office. For details on Macquarie Bank Limited Head Office Report, please refer to pages 7 – 28 of the 2014 Annual Report.

Macquarie Bank Limited



Bank information (consolidated basis)

Capital and capital adequacy

Figures in AUD million	31 March 2014	30 September 2013
Capital ratios - Tier 1 Ratio	10.6%	10.9%
- Total Ratio	12.6%	13.4%
Shareholders' funds	9,498	9,365

The figures have been calculated in accordance with the Basel Capital Accord and incorporated market risk associated with trading portfolios.

Other financial information

Figures in AUD million

	31 March 2014	30 September 2013
Total assets	139,911	138,633
Total liabilities	130,413	129,268
Total loan and advances	57,170	53,355
Total deposits	42,302	42,573
	For the year ended 31 March 2014	For the year ended 31 March 2013
Pre-tax profit	1,395	1,029

Details of the above information can be obtained from the Macquarie Bank Limited interim report for half year ended 30 September 2013 and 2014 Annual Report.



Statement of Compliance

This information in this statement is not false or misleading in any material respect.

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry for public inspection.

Mark Duncan
Chief Executive, Hong Kong Branch

26 June 2014