



**Macquarie Bank Limited
Hong Kong Branch**

Interim Disclosure Statement

**Half-year ended
30 September 2014**

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

Basis of preparation

The Interim Disclosure Statement for the six months period ended 30 September 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.

Profit and Loss Information

Figures in HKD million	Half-year ended 30 September 2014	Half-year ended 30 September 2013
Interest income	2	1
Interest expense	<u>(27)</u>	<u>(12)</u>
Net interest expense	(25)	(11)
Fees and commission income	684	799
Fees and commission expenses	<u>(158)</u>	<u>(116)</u>
Net fees and commission Income	526	683
Net (losses) / gains arising from trading in foreign currencies	(3)	38
Net (losses) / gains arising from other trading activities	(67)	56
Net gains / (losses) arising from securities held for trading	70	(54)
Others	<u>(321)</u>	<u>(243)</u>
Other operating income	<u>205</u>	<u>480</u>
Total operating income	180	469
Staff expenses	(159)	(159)
Rental expenses	(16)	(18)
Other expenses	<u>(390)</u>	<u>(346)</u>
Total operating expenses	(565)	(523)
Loss before taxation	(385)	(54)
Taxation	<u>58</u>	<u>(17)</u>
Loss after taxation	<u>(327)</u>	<u>(71)</u>

Balance Sheet Information

Figures in HKD million	30 September 2014	31 March 2014
Assets		
Balances with banks	1,091	973
Amount due from overseas offices	1,118	-
Government bills, notes and bonds	88	88
Securities held for trading purposes	223	900
Loans and receivables	-	-
Other receivables ¹	22,563	26,922
Total assets	25,083	28,883
Liabilities		
Deposits and balances from banks	6	-
Deposits from customers	-	-
Amount payable under repos	27	489
Amount due to overseas offices	3,505	2,431
Other payables ¹	22,383	26,474
Other accounts	(838)	(511)
Total liabilities	25,083	28,883

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:

30 September 2014

Figures in HKD million	Banks and other financial institutions	Public sector entities	Others	Total
Caribbean				
Cayman Islands	-	-	3,225	3,225
North America				
United States	376	-	3,233	3,609
Western Europe				
United Kingdom	72	-	3,075	3,147

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

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:

30 September 2014

	<i>AUD</i>	<i>USD</i>	<i>JPY</i>	<i>Total</i>
Spot assets	234	4,461	6,342	11,037
Spot liabilities	(307)	(3,670)	(6,759)	(10,736)
Forward purchases	-	856	325	1,181
Forward sales	-	(1,749)	(63)	(1,812)
Net Long / (short) position	<u>(73)</u>	<u>(102)</u>	<u>(155)</u>	<u>(330)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net option position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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>

Additional information

3. Liquidity ratio

	30 September 2014	30 September 2013
Average liquidity ratio for the half-year ended	501.18%	626.57%

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	30 September 2014	31 March 2014
Derivatives		
<u>Exchange rate contracts</u> ²		
Contractual amounts	2,466,004	-
Before netting		
- Fair value assets	23,172	-
- Fair value liabilities	(9,842)	-
<u>Equity Futures contracts</u> ²		
Contractual amounts	165,335	858,267
Before netting		
- Fair value assets	62,013	-
- Fair value liabilities	(227,348)	(858,267)

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 “Return of Mainland Activities” issued by the HKMA. Exposures in Mainland China arising from non-bank counterparties are summarised as follows:

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

Central government, central government-owned entities and their subsidiaries and JVs	89,174	88,416
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As at 30 September 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.

Bank information (consolidated basis)**Capital and capital adequacy**

Figures in AUD million	30 September 2014	31 March 2014
Capital ratios - Tier 1 Ratio	9.7%	10.6%
- Total Ratio	11.6%	12.6%
Shareholders' funds	9,435	9,498

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

	30 September 2014	31 March 2014
Total assets	146,583	139,911
Total liabilities	137,148	130,413
Total loan and advances	62,800	57,170
Total deposits	44,122	42,302

	Half-year ended 30 September 2014	Half-year ended 30 September 2013
Pre-tax profit	695	589

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



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

19 December 2014