



**Macquarie Bank Limited
Hong Kong Branch**

Interim Disclosure Statement

**Half-year ended
30 September 2015**

(Accordance to the Banking (Disclosure) (Amendment) Rules 2014
made pursuant to Section 60A of the Banking Ordinance)



Basis of preparation

The Interim Disclosure Statement for the six months period ended 30 September 2015 (the “Disclosure Statement”) has been prepared in accordance with the relevant requirements of the Banking (Disclosure) (Amendment) Rules 2014 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 (the “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 2015	Half-year ended 30 September 2014
Interest income	11	2
Interest expense	<u>(28)</u>	<u>(27)</u>
Net interest expense	(17)	(25)
Fees and commission income	823	684
Fees and commission expenses	<u>(235)</u>	<u>(158)</u>
Net fees and commission Income	588	526
Net gains / (losses) arising from trading in foreign currencies	10	(3)
Net gains / (losses) arising from other trading activities	3	(67)
Net (losses) / gains arising from securities held for trading	(5)	70
Others	<u>(182)</u>	<u>(321)</u>
Other operating income	<u>414</u>	<u>205</u>
Total operating income	397	180
Staff expenses	(110)	(159)
Rental expenses	(15)	(16)
Other expenses	<u>(400)</u>	<u>(390)</u>
Total operating expenses	(525)	(565)
Loss before taxation	(128)	(385)
Taxation	<u>21</u>	<u>58</u>
Loss after taxation	<u>(107)</u>	<u>(327)</u>



Balance Sheet Information

Figures in HKD million	30 September 2015	31 March 2015
Assets		
Amount receivable under reverse repos	36	-
Balances with banks	1,282	1,740
Amount due from overseas offices	1,992	1,396
Government bills, notes and bonds	85	87
Securities held for trading purposes	29	3
Loans and receivables	-	-
Other receivables ¹	19,811	25,713
Total assets	23,235	28,939
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers	-	-
Amount payable under repos	-	27
Amount due to overseas offices	4,479	3,863
Other payables ¹	19,823	26,009
Other accounts	(1,067)	(960)
Total liabilities	23,235	28,939

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

Additional information

1. International claims

Geographical segments and individual countries constituting 10% or more of the aggregate international claims are summarised as follows:

30 September 2015

Figures in HKD million	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries, of which						
- Australia	6,586	-	765	-	-	7,351
- United States	411	-	3,140	-	-	3,551
Offshore centres, of which						
- Cayman Islands	-	-	1,947	-	-	1,947

31 March 2015

Figures in HKD million	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries, of which						
- Australia	5,725	-	315	-	-	6,040
- United Kingdom	48	-	4,172	15	-	4,235
- United States	513	-	3,074	-	-	3,587
Offshore centres, of which						
- Cayman Islands	-	-	2,976	7	-	2,983
- Hong Kong	1,353	-	1,004	32	-	2,389

The above country/geographical segment classification is based on the head office location of the counterparties and is derived according to the location of the counterparties after taking into account any risk transfer.

The counterparty classifications are identified in accordance with the definitions set out in the banking return of "Return of International Banking Statistics" (the "Return") issued by the HKMA.

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 2015

	<i>AUD</i>	<i>USD</i>	<i>KRW</i>	<i>SGD</i>	<i>Total</i>
Spot assets	157	4,388	5	370	4,920
Spot liabilities	(232)	(2,908)	(28)	(598)	(3,766)
Forward purchases	3	1,129	-	426	1,558
Forward sales	(1)	(2,573)	-	(213)	(2,786)
Net Long / (short) position	(73)	36	(23)	(15)	(74)
Net structural position	-	-	-	-	-
Net option position	-	-	-	-	-

31 March 2015

	<i>AUD</i>	<i>USD</i>	<i>JPY</i>	<i>KRW</i>	<i>MYR</i>	<i>SGD</i>	<i>Total</i>
Spot assets	1,229	4,336	6,367	7	1,163	816	13,918
Spot liabilities	(1,306)	(3,205)	(6,848)	(25)	(1,180)	(1,015)	(13,579)
Forward purchases	-	1,415	898	-	-	374	2,687
Forward sales	-	(2,503)	(449)	-	-	(187)	(3,139)
Net Long / (short) position	(77)	43	(32)	(18)	(17)	(12)	(113)
Net structural position	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-



Additional information

3. Liquidity information

	30 September 2015	30 September 2014
Average Liquidity Maintenance Ratio (“LMR”) for the half-year ended	321.52%	
Average Liquidity Ratio (“LR”) for the half-year ended		501.18%

Note: Comparatives are not directly comparable due to the implementation of the Banking (Liquidity) Rules in January 2015.

The average LMR for the period is the arithmetic mean of each calendar month's average LMR calculated in accordance with the Banking (Liquidity) Rules.

The average LR 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, prior to January 2015.

Liquidity risk is the risk of the Branch encountering difficulty in meeting obligations with financial liabilities.

The Branch adopts the Macquarie Group's liquidity risk management framework which ensures that it is able to meet its funding requirements as they fall due under a range of market conditions.

Liquidity management is performed centrally by Group Treasury, with oversight from the Asset and Liability Committee and Risk Management Group (“RMG”). Macquarie Group's liquidity policies are approved by the Macquarie Group Limited (“MGL”) and Macquarie Bank Limited (“MBL”) Boards after endorsement by the Asset and Liability Committee, and liquidity reporting is provided to the MGL and MBL Boards on a monthly basis.

RMG provides independent prudential oversight of liquidity risk management, including the independent validation of liquidity scenario assumptions, liquidity policies, and the required funding maturity profile.



Additional information

4. Off-balance sheet exposures

Figures in HKD thousand	30 September 2015	31 March 2015
Derivatives		
<u>Exchange rate contracts ²</u>		
Contractual amounts	3,702,064	3,970,632
Before netting		
- Fair value assets	5,952	4,577
- Fair value liabilities	(2,032)	(5,014)
<u>Equity Futures contracts ²</u>		
Contractual amounts	1,325	-
Before netting		
- Fair value assets	1,325	-
- Fair value liabilities	-	-

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



Additional information

5. Mainland activities

Figures in HKD thousand

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:

30 September 2015

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and JVs	85,895	-	85,895
Total	85,895	-	85,895
Total assets after provision	23,235,304		
On-balance sheet exposures as percentage of total assets	0.37%		

31 March 2015

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and JVs	87,929	-	87,929
Total	87,929	-	87,929
Total assets after provision	28,939,547		
On-balance sheet exposures as percentage of total assets	0.30%		

As at 31 March 2015 and 30 September 2015, 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's remuneration systems, please refer to pages 80-92 of the 2015 Pillar 3 Disclosure Document (<http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/aps-330-report-final.pdf?v=2>) as well as pages 20-39 of the 2015 Annual Report (<http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/results/2015/Macquarie Bank FY15 Annual Report.PDF?v=3>).

Macquarie Bank Limited



Bank information (consolidated basis)

Capital and capital adequacy

Figures in AUD million	30 September 2015	31 March 2015
Capital ratios - Tier 1 Ratio	11.1%	11.0%
- Total Ratio	13.6%	12.4%
Shareholders' funds	11,870	11,599

These capital ratios are calculated under Australian Prudential Regulation Authority (APRA) Basel III rules as applicable at the reporting date.

Other financial information

Figures in AUD million	30 September 2015	31 March 2015
Total assets	192,115	172,580
Total liabilities	180,245	160,981
Total loan and advances	75,098	71,206
Total deposits	51,899	47,333

	Half-year ended 30 September 2015	Half-year ended 30 September 2014
Pre-tax profit	749	595

Details of the above information can be obtained from the interim report for half year ended 30 September 2015.



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

Date: - 7 DEC 2015