



**Macquarie Bank Limited  
Hong Kong Branch**

**Interim Disclosure Statement**

**Half-year ended  
30 September 2016**

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



**Basis of preparation**

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The Interim Disclosure Statement for the six months period ended 30 September 2016 (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**

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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 2016	Half-year ended 30 September 2015
Interest income	29	11
Interest expense	<u>(39)</u>	<u>(28)</u>
<b>Net interest expense</b>	<b>(10)</b>	<b>(17)</b>
Fees and commission income	608	823
Fees and commission expenses	<u>(284)</u>	<u>(235)</u>
Net fees and commission Income	324	588
Net gains / (losses) arising from trading in foreign currencies	(6)	10
Net gains / (losses) arising from other trading activities	(2)	3
Net (losses) / gains arising from securities held for trading	(3)	(5)
Others	<u>132</u>	<u>(182)</u>
Other operating income	<u>445</u>	<u>414</u>
<b>Total operating income</b>	<b>435</b>	<b>397</b>
Staff expenses	(116)	(110)
Rental expenses	(14)	(15)
Other expenses	<u>(432)</u>	<u>(400)</u>
<b>Total operating expenses</b>	<b>(562)</b>	<b>(525)</b>
Loss before taxation	(127)	(128)
Taxation	<u>0</u>	<u>21</u>
<b>Loss after taxation</b>	<b><u>(127)</u></b>	<b><u>(107)</u></b>



**Balance Sheet Information**

Figures in HKD million	30 September 2016	31 March 2016
<b>Assets</b>		
Amount receivable under reverse repos	239	175
Balances with banks	1,943	1,666
Amount due from overseas offices	2,606	2,319
Government bills, notes and bonds	81	84
Securities held for trading purposes	11	-
Loans and receivables	-	-
Other receivables <sup>1</sup>	18,758	16,044
<b>Total assets</b>	<b>23,638</b>	<b>20,288</b>
<b>Liabilities</b>		
Deposits and balances from banks	7	-
Deposits from customers	-	-
Amount payable under repos	-	-
Amount due to overseas offices	5,832	5,405
Other payables <sup>1</sup>	19,240	16,197
Other accounts	(1,441)	(1,314)
<b>Total liabilities</b>	<b>23,638</b>	<b>20,288</b>

<sup>1</sup> 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 2016**

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	8,010	-	272	-	-	8,282
- United States	412	-	2,471	3	-	2,886
Offshore centres, of which						
- Cayman Islands	-	-	3,955	7	-	3,962

**31 March 2016**

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	5,397	-	375	2	-	5,774
- United States	401	-	3,524	5	-	3,930
- United Kingdom	40	-	2,319	40	-	2,399

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 2016**

	<i>AUD</i>	<i>USD</i>	<i>JPY</i>	<i>GBP</i>	<i>SGD</i>	<i>IDR</i>	<i>MYR</i>	<i>THB</i>	<i>ZAR</i>	<i>Total</i>
Spot assets	225	7,128	6,810	289	365	809	296	521	1,312	17,755
Spot liabilities	(282)	(4,947)	(7,586)	(337)	(654)	(800)	(294)	(519)	(1,247)	(16,666)
Forward purchases	55	2,528	1,466	123	573	30	-	4	-	4,779
Forward sales	-	(4,776)	(680)	(61)	(292)	(41)	-	-	-	(5,850)
Net Long / (short) position	(2)	(67)	10	14	(8)	(2)	2	6	65	18
Net structural position	-	-	-	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-	-	-	-

**31 March 2016**

	<i>USD</i>	<i>JPY</i>	<i>AUD</i>	<i>CNY</i>	<i>SGD</i>	<i>IDR</i>	<i>Total</i>
Spot assets	5,352	3,969	132	389	422	822	11,086
Spot liabilities	(3,287)	(4,778)	(163)	(198)	(691)	(853)	(9,970)
Forward purchases	2,489	1,633	41	99	522	37	4,821
Forward sales	(4,493)	(843)	(20)	(281)	(261)	-	(5,898)
Net Long / (short) position	61	(19)	(10)	9	(8)	6	39
Net structural position	-	-	-	-	-	-	-
Net option position	-	-	-	-	-	-	-



**Additional information**

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**3. Liquidity information**

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	30 September 2016	30 September 2015
Average Liquidity Maintenance Ratio (“LMR”) for the half-year ended	319.02%	321.52%

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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.

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

The Branch adopts the Macquarie Bank'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 Bank's liquidity policies are approved by the Macquarie Bank Limited (“MBL”) Boards after endorsement by the Asset and Liability Committee, and liquidity reporting is provided to the MBL Boards on a monthly basis.

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

Further information can be obtained in the Liquidity Risk section (Note 37.2) in the 2016 Macquarie Bank Annual Report, p131-136.

([http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/results/2016/Macquarie\\_Bank\\_FY16\\_Annual\\_Report.pdf?v=3](http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/results/2016/Macquarie_Bank_FY16_Annual_Report.pdf?v=3))

**Additional information**

**4. Off-balance sheet exposures**

Figures in HKD thousand	30 September 2016	31 March 2016
Derivatives		
<u>Exchange rate contracts</u> <sup>2</sup>		
Contractual amounts	7,299,907	6,984,277
Before netting		
- Fair value assets	10,468	12,759
- Fair value liabilities	(4,450)	(4,190)
<u>Equity Futures contracts</u> <sup>2</sup>		
Contractual amounts	-	-
Before netting		
- Fair value assets	-	-
- Fair value liabilities	-	-

<sup>2</sup> 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 2016**

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and JVs.	185,229	-	185,229
Local governments, local government-owned entities and their subsidiaries and JVs.	6,018	-	6,018
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs.	98,095	-	98,095
<b>Total</b>	<b>289,342</b>	<b>-</b>	<b>289,342</b>
Total Assets after Provision	<u>23,637,857</u>		
On-balance sheet exposures as percentage of total assets	<u>1.22%</u>		

**31 March 2016**

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and JVs.	84,423	-	84,423
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs.	5,454	-	5,454
<b>Total</b>	<b>89,877</b>	<b>-</b>	<b>89,877</b>
Total Assets after Provision	<u>20,287,703</u>		
On-balance sheet exposures as percentage of total assets	<u>0.44%</u>		

As at 30 September 2016 and 31 March 2016, 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 84-96 of the 2016 Pillar 3 Disclosure Document ([http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/regulatory-disclosures/March\\_2016\\_Pillar\\_3.pdf?v=2](http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/regulatory-disclosures/March_2016_Pillar_3.pdf?v=2)) as well as pages 19-39 of the 2016 Annual Report ([http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/results/2016/Macquarie\\_Bank\\_FY16\\_Annual\\_Report.pdf?v=3](http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/investors/results/2016/Macquarie_Bank_FY16_Annual_Report.pdf?v=3)).

# Macquarie Bank Limited



## Bank information (consolidated basis)

### Capital and capital adequacy

Figures in AUD million	30 September 2016	31 March 2016
Capital ratios - Tier 1 Ratio	11.5%	11.8%
- Total Ratio	13.7%	14.1%
Shareholders' funds	12,495	12,710

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 2016	31 March 2016
Total assets	176,641	181,609
Total liabilities	164,146	168,899
Total loan and advances	76,672	78,913
Total deposits	55,433	52,228

	Half-year ended 30 September 2016	Half-year ended 30 September 2015
Pre-tax profit	838	749

Details of the above information can be obtained from the interim report for half year ended 30 September 2016.



**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.

A handwritten signature in black ink, appearing to be 'M. Duncan', written over a horizontal line.

Mark Duncan  
Chief Executive, Hong Kong Branch

Date: - 9 DEC 2016