



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED  
AUTHORISED INSTITUTION**

**NATIONAL AUSTRALIA BANK LTD  
(HONG KONG BRANCH)**

For the interim financial period ended  
31 March 2016

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## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### I. INCOME STATEMENT

	Six Months ended 31 Mar 2016 HK\$'000	Six Months ended 31 Mar 2015 HK\$'000
<b>Profit and Loss</b>		
Interest income	515,081	571,153
Interest expense	(470,134)	(516,818)
Net Interest Income	<u>44,947</u>	<u>54,335</u>
Gains less losses arising from dealing in foreign currencies	233,815	177,965
Gains less losses on securities held for dealing purpose	2,390	1,858
Gains less losses from other dealing activities	-	(6)
Fees and commission income	26,320	34,212
Other income	27,608	18,328
Total other operating income	<u>290,133</u>	<u>232,357</u>
Total Income	335,080	286,692
Staff expenses	(206,789)	(202,895)
Rental expenses	(23,224)	(23,966)
Other expenses	(7,011)	(23,917)
Total Expenses	<u>(237,024)</u>	<u>(250,778)</u>
Net charges for impaired loans and receivables	(8,368)	(20,070)
Profit before taxation	89,688	15,844
Tax expense	(16,299)	(3,475)
Profit after taxation	<u><u>73,389</u></u>	<u><u>12,369</u></u>

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### II. BALANCE SHEET

	As at 31 Mar 2016 HK\$'000	As at 30 Sep 2015 HK\$'000
<b>Assets</b>		
Cash and balances with banks	482,007	953,794
Amount due from overseas offices	22,427,164	38,887,885
Trade bills	3,931,759	5,522,571
Certificates of deposit held	1,763,912	1,230,404
Loans and advances to customers	22,654,312	20,551,364
Investment securities	11,928,707	7,887,044
Other investments	21,921	40,421
Property, plant and equipment	22,098	26,084
Other assets	4,292,191	2,761,889 <sup>1</sup>
<b>Total assets</b>	<b>67,524,071</b>	<b>77,861,456</b>
<b>Liabilities</b>		
Deposits and balances from banks	8,241,224	4,357,561
Amount due to overseas offices	16,200,623	32,808,490
Deposits from customers:		
- Demand deposits and current accounts	3,129,520	1,736,319
- Savings deposits	1,058,240	862,405
- Time, call and notice deposits	34,923,338	34,102,463
Other liabilities and provisions	3,971,126	3,994,218 <sup>1</sup>
<b>Total liabilities</b>	<b>67,524,071</b>	<b>77,861,456</b>

<sup>1</sup> Prior period comparative has been restated for the impact of netting approach of favourable and unfavourable positions on derivative fair values.

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### III. ADDITIONAL BALANCE SHEET INFORMATION

#### 1 Loans and advances to customers

As at 31 Mar 2016	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	22,079,285	721,563	22,800,848
Collective provisions to customers	(131,045)	(15,491)	(146,536)
Net loans and advances to customers	<u>21,948,240</u>	<u>706,072</u>	<u>22,654,312</u>

  

As at 30 Sep 2015	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	19,450,873	1,240,000	20,690,873
Collective provisions to customers	(119,963)	(19,546)	(139,509)
Net loans and advances to customers	<u>19,330,910</u>	<u>1,220,454</u>	<u>20,551,364</u>

There were no impaired loans or specific provisions in Hong Kong Branch as at 30 September 2015 and 31 March 2015 respectively.

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### III. ADDITIONAL BALANCE SHEET INFORMATION

#### 2 Overdue and rescheduled assets

As at 31 Mar 2016	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Gross amount of loans and advances to customers which have been overdue for			
- More than 3 months but not more than 6 months	194	-	194
% of the overdue to the total gross total loans and advances to customers	0%	-	0%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	16,136	-	16,136
- Commerical property	-	-	-
Specific provision made on the overdue loans and advances to customers	-	-	-
Gross amount of loans and advances to customers which have been rescheduled, excluding those have been overdue for more than 3 months and reports in above	11,894	-	11,894
% of the reschedule loans and advances to the total loans and advances to customers, excluding those have been overdue for more than 3 months and reports in above	0.05%	0%	0.05%
As at 30 Sep 2015	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Gross amount of loans and advances to customers which have been overdue for			
- More than 3 months but not more than 6 months	135	-	135
% of the overdue to the total gross total loans and advances to customers	0	-	0
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	6,700	-	6,700
- Commerical property	10,039	-	10,039
Specific provision made on the overdue loans and advances to customers	-	-	-
Gross amount of loans and advances to customers which have been rescheduled, excluding those have been overdue for more than 3 months and reports in above	13,825	-	13,825
% of the reschedule loans and advances to the total loans and advances to customers, excluding those have been overdue for more than 3 months and reports in above	0.07%	0%	0.07%

There were no repossessed assets as at 30 September 2015 and 31 March 2016.

**SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

**III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)**

	As at 31 Mar 2016 HK\$'000	As at 30 Sep 2015 HK\$'000
<b>3 Gross advances to customers by industry sector and loan usage</b>		
<b>Loans and advances for use in Hong Kong</b>		
Industrial, commercial and financial		
- Property investment	1,375,773	1,559,711
- Wholesale and retail trade	1,143,759	1,278,750
- Manufacturing	1,521,773	1,727,986
- Transport and transport equipment	659,116	658,750
- Others	298,593	317,737
Individuals		
- Loans for the purchase of residential properties	618,393	652,462
- Others	168,261	157,769
Trade finance	6,274,918	3,460,067
<b>Loans and advances for use outside Hong Kong</b>	<b>10,018,699</b>	9,637,641
	<u><b>22,079,285</b></u>	<u>19,450,873</u>
Loans and advances which are covered by collateral or other securities	7,610,986	6,941,896

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2016	As at 30 Sep 2015
	HK\$'000	HK\$'000
<b>4 Gross advances to customers by geographical areas</b>		
Analysis of the gross amount of advances to customers by geographical areas according to the location of the counterparties after taking into account the transfer of risk for which exceed 10% of the aggregate gross amount to customers.		
Hong Kong - Loans and advances to customers	<b>19,340,686</b>	16,425,559
- Overdue and impaired loans	-	-

### 5 International claims

Analysis of the international claims by countries or geographical areas that constitute 10% or more of the total international claims according to the location of the counterparties and by the types of counterparties after taking into account transfer of risk.

	Banks HK\$M	Official sector HK\$M	Non-bank private sector HK\$M	Others HK\$M	Total HK\$M
<b>As at 31 Mar 2016</b>					
- Australia	25,371	-	2,630	-	28,001
- Mainland China	2,921	-	5,380	-	8,301
<b>Total</b>	<b>28,292</b>	<b>-</b>	<b>8,010</b>	<b>-</b>	<b>36,302</b>
<b>As at 30 Sep 2015</b>					
- Australia	41,685 <sup>1</sup>	-	2,294	-	43,979
- Mainland China	5,120	-	6,113	-	11,233
<b>Total</b>	<b>46,805</b>	<b>-</b>	<b>8,407</b>	<b>-</b>	<b>55,212</b>

<sup>1</sup> Prior period comparative has been restated for the impact of netting approach of favourable and unfavourable positions on derivative fair values.



**SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

**III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)**

**6 Mainland Activities Disclosures**

As at 31 Mar 2016	On-balance sheet exposures HK\$M	Off-balance sheet exposures HK\$M	Total HK\$M
<b>Type of counterparties</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	9,773	53	9,826
2. Local governments, local government-owned entities and their subsidiaries and JVs	700	0	700
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	621	291	912
4. Other entities of central government not reported in item 1 above	194	-	194
5. Other entities of local governments not reported in item 2 above	326	-	326
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	191	198	389
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>11,805</b>	<b>542</b>	<b>12,347</b>
Total assets after provision	<u>67,524</u>		
On-balance sheet exposure as percentage of total assets	<b>17.48%</b>		
As at 30 Sep 2015	On-balance sheet exposures HK\$M	Off-balance sheet exposures HK\$M	Total HK\$M
<b>Type of counterparties</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7,308	518	7,826
2. Local governments, local government-owned entities and their subsidiaries and JVs	675	-	675
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	629	291	920
4. Other entities of central government not reported in item 1 above	194	-	194
5. Other entities of local governments not reported in item 2 above	581	-	581
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	124	279	403
<b>Total</b>	<b>9,511</b>	<b>1,088</b>	<b>10,599</b>
Total assets after provision	<u>77,861</u> <sup>1</sup>		
On-balance sheet exposure as percentage of total assets	<b>12.22%</b> <sup>1</sup>		

<sup>1</sup> Prior period comparative has been restated for the impact of netting approach of favourable and unfavourable positions on derivative fair values.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

7 Currency risk

	USD HK\$M	AUD HK\$M	JPY HK\$M	CNY HK\$M	NZD HK\$M	OTH HK\$M	Total HK\$M
<b>As at 31 Mar 2016</b>							
Hong Kong dollar equivalent							
- Spot assets	38,956	7,612	13,355	295	372	2,176	62,766
- Spot liabilities	(28,062)	(16,727)	(2,704)	(1,568)	(2,059)	(5,854)	(56,974)
- Forward purchases	34,948	14,753	280	1,916	2,455	11,824	66,176
- Forward sales	(44,869)	(5,652)	(11,080)	(628)	(762)	(8,125)	(71,116)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>973</u>	<u>(14)</u>	<u>(149)</u>	<u>15</u>	<u>6</u>	<u>21</u>	<u>852</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 30 Sep 2015</b>							
Hong Kong dollar equivalent							
- Spot assets	47,682 <sup>1</sup>	7,499	11,853	2,625	143	3,992	73,794
- Spot liabilities	(36,942) <sup>1</sup>	(14,217)	(10,036)	(3,323)	(1,912)	(6,209)	(72,639)
- Forward purchases	30,536	12,388	5,548	4,217	1,824	4,889	59,402
- Forward sales	(41,214)	(5,656)	(7,515)	(3,500)	(44)	(2,664)	(60,593)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>62</u>	<u>14</u>	<u>(150)</u>	<u>19</u>	<u>11</u>	<u>8</u>	<u>(36)</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<sup>1</sup> Prior period comparative has been restated for the impact of netting approach of favourable and unfavourable positions on derivative fair values.

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### IV. OFF BALANCE SHEET EXPOSURES

	As at 31 Mar 2016 HK\$'000	As at 30 Sep 2015 HK\$'000
<b>1 Contingent liabilities and commitments at contractual amounts</b>		
- Direct credit substitutes	<b>4,363,586</b>	5,039,425
- Trade-related contingencies	<b>268,039</b>	533,549
- Other commitments	<b>3,811,679</b>	2,436,494
- Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales with recourse or other transactions with recourse)	<b>12,809</b>	10,064

The contractual amounts of the above exposures represent the amount at risk.

**SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

**IV. OFF BALANCE SHEET EXPOSURES (CONTINUED)**

**2 Derivative Financial Instruments**

As at 31 Mar 2016	Contractual amount  HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	67,952,458	791,197
- Swaps	12,991,659	8,830
- Foreign currency options	1,711,027	166
	<u>82,655,144</u>	<u>800,193</u>
Interest rate contracts		
- Swaps	104,611,377	4,034
- Future	102,063,134	1,432
- Option	100,000	-
	<u>206,774,511</u>	<u>5,466</u>
As at 30 Sep 2015	Contractual amount  HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	57,203,970	(484,758)
- Swaps	13,891,726	19,467
- Foreign currency options	1,713,154	215
	<u>72,808,850</u>	<u>(465,076)</u>
Interest rate contracts		
- Swaps	135,598,419	3,806
- Future	244,391,185	4,207
- Option	470,000	-
	<u>380,459,604</u>	<u>8,013</u>

There are no bilateral netting arrangements in derivatives contracts for the branch.

## SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

### V. LIQUIDITY

	<b>Six Months ended 31 Mar 2016</b>	Six Months ended 31 Mar 2015
Average liquidity maintainance ratio (LMR) for the financial period	<b>115.89%</b>	241.14%

The liquidity risk management of National Australia Bank Hong Kong branch is aligned to the Group's liquidity risk management approach to manage its funding and liquidity risk. Further information can be found in the section of Liquidity Risk under Note 42 Financial risk management on Page 157 of the 2015 Annual Financial Report.

### VI. DISCLOSURE ON REMUNERATION

National Australia Bank Limited's remuneration framework recognises and rewards performance consistent with general practices within the markets in which the Group (being National Australia Bank Limited and its controlled entities) operates while being linked to shareholder outcomes. The Group's remuneration philosophy is underpinned by principles that:

- link employee rewards to the creation of shareholder value; and
- provide competitive levels of remuneration within the markets in which the Group operates to attract and retain the best talent.

Please refer to the Remuneration Report on pages 31 to 54 of the 2015 Annual Financial Report of the Group for details.

## SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

### ANNOUNCEMENT - 2015/2016 Group Full Year Financial Results for the half year ended 31 March 2016

#### I. Capital and capital adequacy

	As at 31 Mar 2016	As at 30 Sep 2015
Common equity tier 1 ratio	9.69%	10.24%
Tier 1 ratio	11.77%	12.44%
Total capital ratio	13.25%	14.15%

As an authorised deposit-taking institution (ADI), the National Australia Bank Limited is subject to regulation by Australian Prudential Regulation Authority (APRA) under the authority of the Banking Act 1959 (Cth). APRA has set minimum regulatory capital requirements for banks that are consistent with the Basel III Framework.

	31 Mar 2016 A\$M	30 Sep 2015 A\$M
Aggregate amount of shareholders' funds (Total Equity)	50,082	55,513

#### II. Other financial information

	31 Mar 2016 A\$M	30 Sep 2015 A\$M
Group total assets	868,730	955,052
Group total liabilities	818,648	899,539
Group total-loans and advances	490,756	532,784
Group total deposits and other borrowings	448,659	489,010

  

	Year ended 31 Mar 2016 A\$M	Year ended 31 Mar 2015 <sup>1</sup> A\$M
Group total profit before tax	4,613	5,203

<sup>1</sup> NAB Group results for the period ending 31 March 2015 were presented as a continuing operations basis including prior period restatements.

## **Operations of the institution**

National Australia Bank is an overseas bank incorporated in Australia. Our Branch provides personal and business banking services to our clients.

## **Statement of compliance**

To the best of my knowledge, the information disclosed complies with the Banking (Disclosure) Rules and is not false or misleading.

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Ciqiang Lu  
Chief Executive Officer  
National Australia Bank - Hong Kong Branch