



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the interim financial period ended
31 March 2018

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Six Months ended 31 Mar 2018 HK\$'000	Six Months ended 31 Mar 2017 HK\$'000
Profit and Loss		
Interest income	485,559	655,983
Interest expense	(331,991)	(457,940)
Net Interest Income	<u>153,568</u>	<u>198,043</u>
Gains less losses arising from dealing in foreign currencies	110,007	127,656
Gains less losses on securities held for dealing purpose	-	-
Gains less losses from other dealing activities	-	-
Fees and commission income	14,882	22,086
Other income	(74,013)	177,954
Total other operating income	<u>50,876</u>	<u>327,696</u>
Total Income	204,444	525,739
Staff expenses	(146,498)	(168,286)
Rental expenses	(28,567)	(28,750)
Other expenses	(46,859)	(24,931)
Total Expenses	<u>(221,924)</u>	<u>(221,967)</u>
Net charges for impaired loans and receivables	35,450	90,264
Profit / (loss) on sale of fixed assets	(6,121)	-
	<u>(192,595)</u>	<u>(131,703)</u>
Profit before taxation	11,849	394,036
Tax expense	(8,104)	(67,894)
Profit after taxation	<u><u>3,745</u></u>	<u><u>326,142</u></u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 31 Mar 2018 HK\$'000	As at 30 Sep 2017 HK\$'000
Assets		
Cash and balances with banks	445,601	306,503
Amount due from overseas offices	13,120,736	23,177,326
Trade bills	4,053,350	3,627,649
Certificates of deposit held	-	663,837
Loans and advances to customers	2,101,180	11,216,363
Investment securities	15,934,911	18,971,012
Other investments	-	-
Property, plant and equipment	7,027	15,276
Other assets	1,894,738	5,542,886
Total assets	37,557,543	63,520,852
Liabilities		
Deposits and balances from banks	1,398,159	3,375,556
Amount due to overseas offices	12,825,373	19,946,020
Deposits from customers:		
- Demand deposits and current accounts	2,637,481	4,328,703
- Savings deposits	190,143	984,943
- Time, call and notice deposits	17,702,717	28,195,575
Other liabilities and provisions	2,803,670	6,690,055
Total liabilities	37,557,543	63,520,852

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

As at 31 Mar 2018	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	2,125,392	-	2,125,392
Collective provisions to customers	(13,964)	(10,248)	(24,212)
Impaired loans to non-bank customers	-	-	-
Specific provisions to customers	-	-	-
Percentage of impaired loans to non-bank	0%	0%	0%
Net loans and advances to customers	<u>2,111,428</u>	<u>(10,248)</u>	<u>2,101,180</u>
As at 30 Sep 2017	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	11,274,985	-	11,274,985
Collective provisions to customers	(40,015)	(18,607)	(58,622)
Impaired loans to non-bank customers	-	-	-
Specific provisions to customers	-	-	-
Percentage of impaired loans to non-bank	0%	0%	0%
Net loans and advances to customers	<u>11,234,970</u>	<u>(18,607)</u>	<u>11,216,363</u>

There were no impaired loans and special provision in Hong Kong Branch as at 30 September 2017 and 31 March 2018.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

As at 31 Mar 2018	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	-	-	-
% of the overdue to the total gross total loans and advances to customers	0%	0%	0%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	-	-	-
- 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	-	-	-
% 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%	0%	0%
 As at 30 Sep 2017	 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	-	-	-
% of the overdue to the total gross total loans and advances to customers	0%	0%	0%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	-	-	-
- 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	5,040	-	5,040
% 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	0.04%	0%	0.04%

There were no repossessed assets as at 30 September 2017 and 31 March 2018.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2018 HK\$'000	As at 30 Sep 2017 HK\$'000
3 Gross advances to customers by industry sector and loan usage		
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Property investment	72,036	641,191
- Electricity and gas	-	557,846
- Manufacturing	123,391	485,727
- Transport and transport equipment	787,231	799,366
- Others	59,419	102,518
Individuals		
- Loans for the purchase of residential properties	22,415	427,579
- Others	26,997	89,177
Trade finance	437,431	587,499
Loans and advances for use outside Hong Kong	596,472	7,584,082
	2,125,392	11,274,985
Loans and advances which are covered by collateral or other securities	408,535	7,435,247

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2018 HK\$'000	As at 30 Sep 2017 HK\$'000
4 Gross advances to customers by geographical areas		
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	1,730,528	10,199,714
- 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	Total HK\$M
As at 31 Mar 2018				
- Australia	19,707	-	170	19,877
- Japan	16	6,871	-	6,887
- Mainland China	3,549	-	672	4,221
Total	<u>23,272</u>	<u>6,871</u>	<u>842</u>	<u>30,984</u>
As at 30 Sep 2017				
- Australia	30,430	-	2,714	33,144
- Japan	189	7,347	-	7,537
- Mainland China	3,223	-	1,737	4,960
Total	<u>33,842</u>	<u>7,347</u>	<u>4,451</u>	<u>45,640</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 31 Mar 2018	On-balance sheet exposures HK\$M	Off-balance sheet exposures HK\$M	Total HK\$M
Type of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,110	1,631	2,741
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	392	392
5. Other entities of local governments not reported in item 2 above	-	-	-
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	-	-	-
Total	1,110	2,023	3,133
Total assets after provision	37,558		
On-balance sheet exposure as percentage of total assets	2.96%		
As at 30 Sep 2017	On-balance sheet exposures HK\$M	Off-balance sheet exposures HK\$M	Total HK\$M
Type of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,815	2,531	4,346
2. Local governments, local government-owned entities and their subsidiaries and JVs	431	-	431
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	13	-	13
4. Other entities of central government not reported in item 1 above	-	390	390
5. Other entities of local governments not reported in item 2 above	-	-	-
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	-	-	-
Total	2,259	2,921	5,180
Total assets after provision	63,521		
On-balance sheet exposure as percentage of total assets	3.56%		

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	SGD HK\$M	OTH HK\$M	Total HK\$M
As at 31 Mar 2018								
Hong Kong dollar equivalent								
- Spot assets	9,150	6,424	12,290	402	5,609	1,456	88	35,419
- Spot liabilities	(15,464)	(4,783)	(2,870)	(350)	(582)	(3,573)	(144)	(27,766)
- Forward purchases	49,000	10,479	5,271	453	5,159	3,205	6,920	80,487
- Forward sales	(43,029)	(12,124)	(14,680)	(483)	(10,008)	(1,074)	(6,863)	(88,261)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>(343)</u>	<u>(4)</u>	<u>11</u>	<u>22</u>	<u>178</u>	<u>14</u>	<u>1</u>	<u>(121)</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 Sep 2017								
Hong Kong dollar equivalent								
- Spot assets	11,111	21,883	13,402	291	5,715	2,875	969	56,246
- Spot liabilities	(27,540)	(14,415)	(5,537)	(268)	(1,773)	(3,872)	(645)	(54,050)
- Forward purchases	50,755	2,953	4,394	117	4,983	3,426	10,722	77,350
- Forward sales	(34,539)	(10,412)	(12,264)	(134)	(8,647)	(2,414)	(11,035)	(79,445)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>(213)</u>	<u>9</u>	<u>(5)</u>	<u>6</u>	<u>278</u>	<u>15</u>	<u>11</u>	<u>101</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	As at 31 Mar 2018 HK\$'000	As at 30 Sep 2017 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	7,216,918	7,452,072
- Trade-related contingencies	104,688	208,546
- Other commitments	3,155,004	3,279,701
- 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)	21,019	400,030

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 2018	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	76,961,012	(78,233)
- Swaps	15,806,783	(97,585)
- Foreign currency options	16,868	175
	<u>92,784,663</u>	<u>(175,643)</u>
Interest rate contracts		
- Swaps	53,223,784	(68,219)
- Future	49,199,731	(3,199)
- Option	100,000	20
	<u>102,523,515</u>	<u>(71,398)</u>
As at 30 Sep 2017	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	71,104,749	121,064
- Swaps	15,312,507	(95,992)
- Foreign currency options	164,495	87
	<u>86,581,751</u>	<u>25,159</u>
Interest rate contracts		
- Swaps	58,959,535	(194,960)
- Future	68,324,824	(3,709)
- Option	100,000	10
	<u>127,384,359</u>	<u>(198,659)</u>

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

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. LIQUIDITY

	Six Months ended 31 Mar 2018	Six Months ended 31 Mar 2017
Average liquidity maintenance ratio (LMR) for the financial period	98.34%	108.67%

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 34 Financial risk management on Page 125 of the 2017 Annual Financial Report.

<https://www.nab.com.au/content/dam/nabrwd/About-Us/shareholder-centre/documents/2017-annual-financial-report.pdf>

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 32 to 55 of the 2017 Annual Financial Report of the Group for details.

VII. DISCONTINUED AND DISPOSAL OF OPERATIONS

On 24 November 2017, NAB Hong Kong disposed our NAB Private Wealth Business to OCBC Wing Hang Bank Limited.

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS))**ANNOUNCEMENT - 2017/2018 Group Full Year Financial Results for the half year ended 31 March 2018****I. Capital and capital adequacy**

	As at 31 Mar 2018	As at 30 Sep 2017
Common equity tier 1 ratio	10.21%	10.06%
Tier 1 ratio	12.40%	12.41%
Total capital ratio	14.43%	14.58%

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 2018 A\$M	30 Sep 2017 A\$M
Aggregate amount of shareholders' funds (Total Equity)	52,401	51,317

II. Other financial information

	31 Mar 2018 A\$M	30 Sep 2017 A\$M
Group total assets	796,068	788,325
Group total liabilities	743,667	737,008
Group total-loans and advances	550,262	540,125
Group total deposits and other borrowings	502,690	500,604

	Year ended 31 Mar 2018 A\$M	Year ended 31 Mar 2017 A\$M
Group total profit before tax	4,058	3,984

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.



Simon Wang
Alternate Chief Executive Officer
National Australia Bank - Hong Kong Branch