



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the Interim financial period ended
31st March 2015

Contents

	Page
Section A - Branch Information (Hong Kong office only)	
I. Income statement	1
II. Balance sheet information	2
III. Additional balance sheet information	3 - 7
IV. Off-balance sheet exposures	8 - 9
V. Liquidity	10
VI. Disclosure on remuneration	10
Section B - Bank Information (consolidated basis)	
I. Capital and capital adequacy	11
II. Other financial information	11
Accounting Policies & Operations of the Institution & Statement of Compliance	12

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Six Months ended 31 Mar 2015 HK\$'000	Six Months ended 31 Mar 2014 HK\$'000
Profit and Loss		
Interest income	571,153	714,122
Interest expense	(516,818)	(451,337)
Net Interest Income	<u>54,335</u>	<u>262,785</u>
Gains less losses arising from dealing in foreign currencies	177,965	(3,237)
Gains less losses on securities held for dealing purpose	1,858	1,824
Gains less losses from other dealing activities	(6)	76
Fees and commission income	34,212	8,539
Other income	18,328	325
Total other operating income	<u>232,357</u>	<u>7,527</u>
Total Income	286,692	270,312
Staff expenses	(202,895)	(182,761)
Rental expenses	(23,966)	(21,100)
Other expenses	(23,917)	(35,021)
Total Expenses	<u>(250,778)</u>	<u>(238,882)</u>
Net charges for impaired loans and receivables	(20,070)	1,346
Profit before taxation	15,844	32,776
Tax expense	(3,475)	(5,744)
Profit after taxation	<u><u>12,369</u></u>	<u><u>27,032</u></u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 31 Mar 2015 HK\$'000	As at 30 Sep 2014 HK\$'000
Assets		
Cash and balances with banks	827,794	5,237,204
Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months	504,824	449,113
Amount due from overseas offices	21,945,485	32,248,259
Trade bills	7,218,052	8,428,296
Certificates of deposit held	1,667,239	2,321,466
Securities held for dealing purposes	5,782	-
Loans and advances to customers	24,093,195	23,860,300
Investment securities	17,353,757	13,004,855
Other investments	40,396	40,441
Property, plant and equipment	50,769	51,829
Other assets	25,550,665	27,274,601
Total assets	99,257,958	112,916,364
Liabilities		
Deposits and balances from banks	2,218,997	2,422,928
Amount due to overseas offices	38,153,374	54,672,472
Deposits from customers:		
- Demand deposits and current accounts	1,551,363	2,964,242
- Savings deposits	922,494	701,735
- Time, call and notice deposits	30,394,492	23,510,778
Other liabilities and provisions	26,017,238	28,644,209
Total liabilities	99,257,958	112,916,364

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

	As at 31 Mar 2015 HK\$'000	As at 30 Sep 2014 HK\$'000
1 Loans and advances to customers		
Loans and advances to customers		
- Loans and advances to non-bank customers	22,938,173	22,582,046
- Loans and advances to banks	1,240,736	1,319,753
	<u>24,178,909</u>	<u>23,901,799</u>
Collective provisions to customers		
- Collective provisions to non bank customers	(44,180)	(28,960)
- Collective provisions to banks	(842)	(994)
- Other collective provisions	(40,692)	(11,545)
	<u>(85,714)</u>	<u>(41,499)</u>
Net loans and advances to customers	24,093,195	23,860,300

There were no impaired loans or specific provisions in Hong Kong Branch as at 31 March 2015 and 30 September 2014

2 Overdue and rescheduled assets

There were no loans and advances to customers which have been overdue for more than three months as at 31 March 2015 and 30 September 2014

	As at 31 Mar 2015 HK\$'000	As at 30 Sep 2014 HK\$'000
The amount of rescheduled loans and advances to:		
- Non bank customers	13,515	1,243
- Banks	-	-
% of total loans and advances		
- Non bank customers	0.06%	0.01%
- Banks	0%	0%

There were no repossessed assets as at 31 March 2015 and 30 September 2014

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2015 HK\$'000	As at 30 Sep 2014 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	1,696,809	1,783,430
- Wholesale and retail trade	1,279,509	1,094,618
- Manufacturing	1,957,368	1,365,630
- Transport and transport equipment	659,141	659,876
- Others	225,659	140,693
Individuals		
- Loans for the purchase of residential properties	555,412	616,939
- Others	210,920	212,586
Trade finance	4,823,243	4,600,859
Loans and advances for use outside Hong Kong	11,530,112	12,107,415
	<u>22,938,173</u>	<u>22,582,046</u>
Loans and advances which are covered by collateral or other securities	6,870,521	8,889,408

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2015	As at 30 Sep 2014
	HK\$'000	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	20,456,334	20,543,467
- 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
As at 31 Mar 2015					
- Australia	36,943	-	3,071	-	40,014
- Mainland China	6,294	-	9,282	-	15,576
- Japan	568	6,743	-	-	7,311
Total	<u>43,805</u>	<u>6,743</u>	<u>12,353</u>	<u>-</u>	<u>62,901</u>

Aggregate balance with overseas offices items included in the above

34,082

As at 30 Sep 2014

- Australia	34,968	-	3,598	-	38,566
- Mainland China	8,376	-	10,065	-	18,441
- Japan	696	4,261	-	-	4,957
Total	<u>44,040</u>	<u>4,261</u>	<u>13,663</u>	<u>-</u>	<u>61,964</u>

Aggregate balance with overseas offices items included in the above

32,281

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 31 Mar 2015

Type of counterparties

	On-balance sheet exposures HK\$M	Off-balance sheet exposures HK\$M	Total HK\$M
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	11,886	22	11,908
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	1,549	291	1,840
4. Other entities of central government not reported in item 1 above	-	-	-
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	14,110	313	14,423

As at 30 Sep 2014

Type of counterparties

1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	13,541	2,491	16,032
2. Local governments, local government-owned entities and their subsidiaries and JVs	546	-	546
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	541	291	832
4. Other entities of central government not reported in item 1 above	-	-	-
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	14,628	2,782	17,410

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

7 Currency risk

	USD HK\$M	NZD HK\$M	AUD HK\$M	CNY HK\$M	JPY HK\$M	OTH HK\$M	Total HK\$M
As at 31 Mar 2015							
Hong Kong dollar equivalent							
- Spot assets	39,677	164	15,021	675	20,499	3,973	80,009
- Spot liabilities	(45,173)	(1,920)	(18,995)	(4,116)	(9,337)	(4,259)	(83,800)
- Forward purchases	37,029	1,773	5,970	5,285	8,046	2,388	60,491
- Forward sales	(31,524)	-	(1,978)	(1,801)	(19,385)	(2,108)	(56,796)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>9</u>	<u>17</u>	<u>18</u>	<u>43</u>	<u>(177)</u>	<u>(6)</u>	<u>(96)</u>
Net Structural Position	<u>37</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
As at 30 Sep 2014							
Hong Kong dollar equivalent							
- Spot assets	51,544	887	24,572	2,467	13,432	8,456	101,358
- Spot liabilities	(48,210)	(4,768)	(26,886)	(1,637)	(20,547)	(3,778)	(105,826)
- Forward purchases	55,545	4,509	17,915	4,389	15,273	2,477	100,108
- Forward sales	(59,881)	(609)	(15,587)	(5,208)	(8,168)	(7,161)	(96,614)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>(1,002)</u>	<u>19</u>	<u>14</u>	<u>11</u>	<u>(10)</u>	<u>(6)</u>	<u>(974)</u>
Net Structural Position	<u>12</u>	<u>1</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>30</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	As at 31 Mar 2015 HK\$'000	As at 30 Sep 2014 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	5,217,413	1,699,959
- Trade-related contingencies	383,718	2,070,371
- Other commitments	1,843,615	1,636,544
- Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed, asset sales with recourse or other transactions with recourse)	1,206,541	1,864,127

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 2015	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	50,567,924	(164,300)
- Swaps	19,532,440	19,808
- Foreign currency options	<u>1,796,301</u>	<u>210</u>
	<u>71,896,665</u>	<u>(144,282)</u>
Interest rate contracts		
- Swaps	173,426,223	7,264
- Future	<u>280,398,067</u>	<u>(2,787)</u>
	<u>453,824,290</u>	<u>4,477</u>
As at 30 Sept 2014	Contractual amount HK\$'000	Fair Value ¹ Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	63,655,373	(987,255)
- Swaps	50,844,029	45
- Foreign currency options	<u>1,595,048</u>	<u>183</u>
	<u>116,094,450</u>	<u>(987,027)</u>
Interest rate contracts		
- Swaps	211,311,040	8,364
- Future	<u>450,008,865</u>	<u>(6,274)</u>
	<u>661,319,905</u>	<u>2,090</u>

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

¹ Fair value has been restated from prior year disclosure

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. LIQUIDITY

	Six Months ended 31 Mar 2015	Six Months ended 31 Mar 2014
Average liquidity maintenance ratio (LMR) for the financial period	241.14% ²	268.69%

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 41 Financial risk management on Page 155 of the 2014 Annual Financial Report.

VI. DISCLOSURE ON REMUNERATION

National Australia Bank Limited's remuneration strategy 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 in page 31 to 59 of the 2014 Annual Financial Report of the Group for details.

² Calculation based on the average LR from October to December 2014 and average LMR from January to March 2015.

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

ANNOUNCEMENT - 2014/2015 Group Half Year Financial Results for the half year ended 31 March 2015

I. Capital and capital adequacy

	As at 31 Mar 2015	As at 30 Sep 2014
Common Equity Tier 1 ratio	8.87%	8.63%
Tier 1 ratio	11.13%	10.81%
Total capital ratio	12.81%	12.16%

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.

	Six Months ended 31 Mar 2015 ³	Six Months ended 30 Sep 2014
	A\$M	A\$M
Aggregate amount of shareholders' funds (Total Equity)	49,868	47,908

II. Other financial information

Group total assets	958,587	883,301
Group total liabilities	908,719	835,393
Group total-loans and advances	517,680	434,725
Group total deposits and other borrowings	503,977	476,208

	Year ended 31 Mar 2015	Year ended 31 Mar 2014
	A\$M	A\$M
Group total profit before tax	5,505	4,125

³ March 2015 results have been prepared in accordance with AASB 9, prior periods have not been restated. Further information can be found in Note 1 'Principal Accounting Policies' on page 78 of the Group 2015 Half Year Financial Results.

Accounting policies

The Group has elected to early adopt AASB 9 which is applied retrospectively from 1 October 2014. In accordance with the transition requirements, comparatives are not restated. The Group elected an accounting policy choice under AASB 9 to continue to apply the hedge accounting requirements under AASB139 'Financial Instruments: Recognition and measurement'.

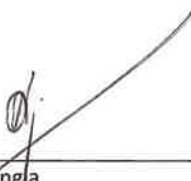
Further information can be found in Note 1 'Principal Accounting Policies' on page 78 of 2015 Half Year Financial Results.

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.



Arun Nangla
Chief Executive Officer
National Australia Bank - Hong Kong Branch