



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the interim financial period ended
31 March 2019

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Six Months ended 31 Mar 2019 HK\$'000	Six Months ended 31 Mar 2018 HK\$'000
Profit and Loss		
Interest income	514,713	485,559
Interest expense	(418,074)	(331,991)
Net Interest Income	<u>96,639</u>	<u>153,568</u>
Gains less losses arising from dealing in foreign currencies	73,580	110,007
Gains less losses on securities held for dealing purpose	893	-
Gains less losses from other dealing activities	299	-
Fees and commission income	19,880	14,882
Other income	(24,489)	(74,013)
Total other operating income	<u>70,163</u>	<u>50,876</u>
Total Income	166,802	204,444
Staff expenses	(119,934)	(146,498)
Rental expenses	(21,366)	(28,567)
Other expenses	(13,018)	(46,859)
Total Expenses	<u>(154,318)</u>	<u>(221,924)</u>
Net charges for impaired loans and receivables	(180)	35,450
Profit / (loss) on sale of fixed assets	12	(6,121)
	<u>(154,486)</u>	<u>(192,595)</u>
Profit before taxation	12,316	11,849
Tax expense	(4,347)	(8,104)
Profit after taxation	<u><u>7,969</u></u>	<u><u>3,745</u></u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 31 Mar 2019 HK\$'000	As at 30 Sep 2018 HK\$'000
Assets		
Cash and balances with banks	168,450	213,985
Amount due from overseas offices	14,252,138	11,815,496
Trade bills	3,193,866	4,175,978
Certificates of deposit held	1,255,976	586,991
Loans and advances to customers	1,395,824	1,856,264
Investment securities	21,844,456	19,024,470
Property, plant and equipment	10,322	5,299
Other assets	1,949,624	2,799,105
Total assets	44,070,656	40,477,588
Liabilities		
Deposits and balances from banks	2,809,219	2,311,947
Amount due to overseas offices	19,779,086	18,833,575
Deposits from customers:		
- Demand deposits and current accounts	1,816,291	1,654,603
- Savings deposits	84,127	75,510
- Time, call and notice deposits	16,800,581	14,124,608
Other liabilities and provisions	2,781,352	3,477,345
Total liabilities	44,070,656	40,477,588

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

As at 31 Mar 2019

	HK\$'000
Loans and advances to customers	1,434,954
Collective provisions to customers	(39,130)
Impaired loans to non-bank customers	-
Specific provisions to customers	-
Percentage of impaired loans to non-bank	0%
Net loans and advances to customers	<u>1,395,824</u>

As at 30 Sep 2018

	HK\$'000
Loans and advances to customers	1,898,184
Collective provisions to customers	(41,920)
Impaired loans to non-bank customers	-
Specific provisions to customers	-
Percentage of impaired loans to non-bank customers to total advances to customers	0%
Net loans and advances to customers	<u>1,856,264</u>

There were no impaired loans and specific provision in Hong Kong Branch as at 30 September 2018 and 31 March 2019.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

As at 31 Mar 2019	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 6 months but not more than 12 months	237	-	237
% of the overdue to the total gross total loans and advances to customers	0.02%	0%	0.02%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	8,364	-	8,364
- Commercial 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 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	-	-	-
- Commercial 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	0.00%	0%	0.00%

There were no repossessed assets as at 30 September 2018 and 31 March 2019.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2019 HK\$'000	As at 30 Sep 2018 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	10,267	57,784
- Wholesale and retail trade	78,499	78,266
- Manufacturing	177,046	200,829
- Transport and transport equipment	11,344	681,006
- Others	33,992	40,453
Individuals		
- Loans for the purchase of residential properties	14,402	18,403
- Others	2,743	2,809
Trade finance	234,240	155,038
Loans and advances for use outside Hong Kong	872,421	663,596
	1,434,954	1,898,184
Loans and advances which are covered by collateral or other securities	187,430	269,373

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2019 HK\$'000	As at 30 Sep 2018 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	676,733	1,368,690
- Overdue and impaired loans	-	-
Macau - Loans and advances to customers	682,763	390,719
- 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 2019				
- Australia	23,593	-	107	23,700
- Japan	123	6,582	-	6,705
- Mainland China	5,524	-	158	5,682
Total	<u>29,240</u>	<u>6,582</u>	<u>265</u>	<u>36,087</u>
As at 30 Sep 2018				
- Australia	21,426	-	144	21,570
- Japan	91	6,877	-	6,968
- Mainland China	4,392	-	824	5,216
Total	<u>25,909</u>	<u>6,877</u>	<u>968</u>	<u>33,754</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 31 Mar 2019	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)	234	3,005	3,239
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	79	982	1,061
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	79	201	280
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	392	4,188	4,580
Total assets after provision	44,071		
On-balance sheet exposure as percentage of total assets	0.89%		
As at 30 Sep 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)	822	1,853	2,675
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	79	-	79
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	78	148	226
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	979	2,001	2,980
Total assets after provision	40,478		
On-balance sheet exposure as percentage of total assets	2.42%		

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 2019								
Hong Kong dollar equivalent								
- Spot assets	12,526	4,200	12,260	167	8,058	3,789	121	41,121
- Spot liabilities	(21,770)	(3,364)	(5,391)	(901)	(677)	(3,697)	(227)	(36,027)
- Forward purchases	65,051	19,769	3,777	1,236	6,423	2,345	13,294	111,895
- Forward sales	(55,702)	(20,614)	(10,624)	(485)	(13,536)	(2,413)	(13,180)	(116,554)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>105</u>	<u>(9)</u>	<u>22</u>	<u>17</u>	<u>268</u>	<u>24</u>	<u>8</u>	<u>435</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 Sep 2018								
Hong Kong dollar equivalent								
- Spot assets	11,430	2,559	12,711	490	7,892	2,527	219	37,828
- Spot liabilities	(21,399)	(3,141)	(4,653)	(794)	(391)	(3,001)	(184)	(33,563)
- Forward purchases	50,425	10,969	5,087	1,717	3,347	2,036	8,350	81,931
- Forward sales	(40,096)	(10,388)	(13,126)	(1,401)	(10,535)	(1,551)	(8,380)	(85,477)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>360</u>	<u>(1)</u>	<u>19</u>	<u>12</u>	<u>313</u>	<u>11</u>	<u>5</u>	<u>719</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 2019 HK\$'000	As at 30 Sep 2018 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	9,444,008	7,771,981
- Trade-related contingencies	385,326	101,160
- Other commitments	2,681,965	2,993,522
- 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)	7,526	378,968

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 2019	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	100,287,661	64,093
- Swaps	22,975,769	326,428
	123,263,430	390,521
Interest rate contracts		
- Swaps	45,304,699	(164,548)
- Future	36,409,449	695
- Option	100,000	2
	81,814,148	(163,851)
 As at 30 Sep 2018		
Exchange rate contracts		
- Spot and Forwards	71,809,616	109,306
- Swaps	19,380,970	581,348
	91,190,586	690,654
Interest rate contracts		
- Swaps	46,114,003	(255,526)
- Future	5,478,585	(484)
- Option	100,000	20
	51,692,588	(255,990)

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

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. LIQUIDITY

	Three months quarter ended 31 Mar 2019	Three months quarter ended 31 Dec 2018	Six Months ended 31 Mar 2018
Average liquidity maintenance ratio (LMR) for the financial period	129.31%	113.11%	98.34%

The average liquidity maintenance ratio for the period is the arithmetic mean of each calendar month's average liquidity ratio.

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 19 Financial risk management on Page 120 of the 2018 Annual Financial Report.

<https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/2018-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 39 to 69 of the 2018 Annual Financial Report of the Group for details.

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)
ANNOUNCEMENT - 2018/2019 Group Full Year Financial Results for the half year ended 31 March 2019

I. Capital and capital adequacy

	As at 31 Mar 2019	As at 30 Sep 2018
Common equity tier 1 ratio	10.40%	10.20%
Tier 1 ratio	12.45%	12.38%
Total capital ratio	14.00%	14.12%

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. APRA has set minimum regulatory capital requirements for banks that are consistent with the Basel III Framework.

	31 Mar 2019	30 Sep 2018
	A\$M	A\$M
Aggregate amount of shareholders' funds (Total Equity)	54,091	52,712

II. Other financial information

	31 Mar 2019	30 Sep 2018
	A\$M	A\$M
Group total assets	826,943	806,510
Group total liabilities	772,852	753,798
Group total-loans and advances	585,730	567,981
Group total deposits and other borrowings	518,692	503,145

	Year ended 31 Mar 2019	Year ended 31 Mar 2018
	A\$M	A\$M
Group total profit before tax	4,124	4,058

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.



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