



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED  
AUTHORISED INSTITUTION**

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

For the financial year ended  
30 September 2016



## Contents

	<b>Page</b>
<b>Section A - Branch Information (Hong Kong office only)</b>	
I. Income statement	1
II. Balance sheet information	2
III. Additional balance sheet information	3 - 8
IV. Off-balance sheet exposures	9 - 10
V. Liquidity	11
VI. Disclosure on remuneration	11
<b>Section B - Bank Information (consolidated basis)</b>	
I. Capital and capital adequacy	12
II. Other financial information	12
<b>Operations of the Institution &amp; Statement of Compliance</b>	<b>13</b>

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

### I. INCOME STATEMENT

	Year ended 30 Sep 2016 HK\$'000	Year ended 30 Sep 2015 HK\$'000
<b>Profit and Loss</b>		
Interest income	1,039,400	1,127,189
Interest expense	(922,564)	(983,401)
Net Interest Income	<u>116,836</u>	<u>143,788</u>
Gains less losses arising from dealing in foreign currencies	400,315	318,210
Gains less losses on securities held for dealing purpose	-	2,405
Gains less losses from other dealing activities	-	4,071
Fees and commission income	4,712	115,784
Other income	52,637	35,124
Total other operating income	<u>457,664</u>	<u>475,594</u>
Total Income	574,500	619,382
Staff expenses	(361,528)	(368,191)
Rental expenses	(51,306)	(45,216)
Other expenses	(26,452)	(30,810)
Total Expenses	<u>(439,286)</u>	<u>(444,217)</u>
Net charges for impaired loans and receivables	(83,730)	(52,871)
Profit before taxation	<u>51,484</u>	<u>122,294</u>
Tax expense	(16,827)	(23,189)
Profit after taxation	<u><u>34,657</u></u>	<u><u>99,105</u></u>

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

### II. BALANCE SHEET

	As at 30 Sep 2016 HK\$'000	As at 31 Mar 2016 HK\$'000
<b>Assets</b>		
Cash and balances with banks	459,809	482,007
Amount due from overseas offices	28,216,790	22,427,164
Trade bills	3,468,774	3,931,759
Certificates of deposit held	232,182	1,763,912
Loans and advances to customers	13,265,912	22,654,312
Investment securities	11,634,957	11,928,707
Other investments	-	21,921
Property, plant and equipment	19,068	22,098
Other assets	3,797,541	4,292,191
<b>Total assets</b>	<b>61,095,033</b>	<b>67,524,071</b>
<b>Liabilities</b>		
Deposits and balances from banks	1,459,942	8,241,224
Amount due to overseas offices	16,253,758	16,200,623
Deposits from customers:		
- Demand deposits and current accounts	2,919,127	3,129,520
- Savings deposits	951,161	1,058,240
- Time, call and notice deposits	35,064,343	34,923,338
Other liabilities and provisions	4,446,702	3,971,126
<b>Total liabilities</b>	<b>61,095,033</b>	<b>67,524,071</b>

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

### III. ADDITIONAL BALANCE SHEET INFORMATION

#### 1 Loans and advances to customers

As at 30 Sep 2016	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	12,340,896	911,166	13,252,062
Collective provisions to customers	(50,344)	(9,640)	(59,984)
Impaired loans to non-bank customers	236,681	-	236,681
Specific provisions to customers	(162,847)	-	(162,847)
Percentage of impaired loans to non-bank customers to total advances to customers	2%	0%	2%
Net loans and advances to customers	<u>12,364,386</u>	<u>901,526</u>	<u>13,265,912</u>
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)
Impaired loans to non-bank customers	-	-	-
Specific provisions to customers	-	-	-
Percentage of impaired loans to non-bank customers to total advances to customers	0%	0%	0%
Net loans and advances to customers	<u>21,948,240</u>	<u>706,072</u>	<u>22,654,312</u>

There were no impaired loans to bank customers as at 30 September 2016 and 31 March 2016 respectively.

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

### III. ADDITIONAL BALANCE SHEET INFORMATION

#### 2 Overdue and rescheduled assets

As at 30 Sep 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	81,622	-	81,622
% of the overdue to the total gross total loans and advances to customers	1%	-	1%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	7,688	-	7,688
- Commerical property	15,126	-	15,126
Specific provision made on the overdue loans and advances to customers	162,847	-	162,847
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	10,506	-	10,506
% 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	0.09%	0%	0.09%
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%

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

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

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

	As at 30 Sep 2016 HK\$'000	As at 31 Mar 2016 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	958,845	1,375,773
- Wholesale and retail trade	-	1,143,759
- Manufacturing	1,321,039	1,521,773
- Transport and transport equipment	753,264	659,116
- Others	241,467	298,593
Individuals		
- Loans for the purchase of residential properties	592,124	618,393
- Others	152,407	168,261
Trade finance	103,749	6,274,918
<b>Loans and advances for use outside Hong Kong</b>	<b>8,454,682</b>	<b>10,018,699</b>
	<u><b>12,577,577</b></u>	<u><b>22,079,285</b></u>
Loans and advances which are covered by collateral or other securities	<b>7,253,280</b>	7,610,986



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

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

	As at 30 Sep 2016 HK\$'000	As at 31 Mar 2016 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 for which exceed 10% of the aggregate gross amount to customers.		
Hong Kong - Loans and advances to customers	10,735,279	19,340,686
- 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 30 Sep 2016</b>					
- Australia	30,679	-	2,659	-	33,338
- Japan	7,130	-	-	-	7,130
- Mainland China	3,036	-	2,565	-	5,602
<b>Total</b>	<u>40,846</u>	<u>-</u>	<u>5,224</u>	<u>-</u>	<u>46,070</u>
<b>As at 31 Mar 2016</b>					
- Australia	25,371	-	2,630	-	28,001
- Japan	6,451	-	-	-	6,451
- Mainland China	2,921	-	5,380	-	8,301
<b>Total</b>	<u>34,743</u>	<u>-</u>	<u>8,010</u>	<u>-</u>	<u>42,753</u>

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

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

**6 Mainland Activities Disclosures**

**As at 30 Sep 2016**

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)	1,585	943	2,528
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	311	291	602
4. Other entities of central government not reported in item 1 above	-	388	388
5. Other entities of local governments not reported in item 2 above	47	46	93
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	214	73	287
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>2,857</b>	<b>1,741</b>	<b>4,598</b>
Total assets after provision	<b>61,095</b>		
On-balance sheet exposure as percentage of total assets	<b>4.68%</b>		

**As at 31 Mar 2016**

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)	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	<b>67,524</b>		
On-balance sheet exposure as percentage of total assets	<b>17.48%</b>		

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
<b>As at 30 Sep 2016</b>								
Hong Kong dollar equivalent								
- Spot assets	22,847	13,470	13,085	740	172	427	1,239	51,980
- Spot liabilities	(22,054)	(17,976)	(1,666)	(886)	(1,605)	(2,678)	(1,236)	(48,101)
- Forward purchases	33,780	6,908	2,765	669	3,521	2,575	7,024	57,242
- Forward sales	(34,593)	(2,389)	(14,172)	(516)	(2,081)	(316)	(7,026)	(61,093)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>(20)</u>	<u>13</u>	<u>12</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>1</u>	<u>28</u>
Net Structural Position	-	-	-	-	-	-	-	-
<b>As at 31 Mar 2016</b>								
Hong Kong dollar equivalent								
- Spot assets	38,956	7,612	13,355	295	372	404	1,772	62,766
- Spot liabilities	(28,062)	(16,727)	(2,704)	(1,568)	(2,059)	(4,082)	(1,772)	(56,974)
- Forward purchases	34,948	14,753	280	1,916	2,455	4,065	7,759	66,176
- Forward sales	(44,869)	(5,652)	(11,080)	(628)	(762)	(373)	(7,752)	(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>14</u>	<u>7</u>	<u>852</u>
Net Structural Position	-	-	-	-	-	-	-	-

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

### IV. OFF BALANCE SHEET EXPOSURES

	As at 30 Sep 2016 HK\$'000	As at 31 Mar 2016 HK\$'000
<b>1 Contingent liabilities and commitments at contractual amounts</b>		
- Direct credit substitutes	<b>5,364,808</b>	4,363,586
- Trade-related contingencies	<b>178,300</b>	268,039
- Other commitments	<b>3,359,621</b>	3,811,679
- 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>45,249</b>	12,809

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 30 Sep 2016	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	57,030,735	4,803
- Swaps	11,561,652	(10,659)
- Foreign currency options	1,598,755	229
	<u>70,191,142</u>	<u>(5,627)</u>
Interest rate contracts		
- Swaps	88,590,329	3,475
- Future	179,827,003	3,709
- Option	100,000	-
	<u>268,517,332</u>	<u>7,184</u>
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>

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

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

### V. LIQUIDITY

	As at 30 Sep 2016	As at 30 Sep 2015
Average liquidity maintainance ratio (LMR) for the financial period	<b>119.83%</b>	204.11% <sup>1</sup>

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 33 Financial risk management on Page 125 of the 2016 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 59 of the 2016 Annual Financial Report of the Group for details.

<sup>1</sup>

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

**SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)****ANNOUNCEMENT - 2015/2016 Group Full Year Financial Results for the year ended 30 September 2016****I. Capital and capital adequacy**

	<b>As at 30 Sep 2016</b>	<b>As at 31 Mar 2016</b>
Common equity tier 1 ratio	<b>9.77%</b>	9.69%
Tier 1 ratio	<b>12.19%</b>	11.77%
Total capital ratio	<b>14.14%</b>	13.25%

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.

	<b>30 Sep 2016</b>	<b>31 Mar 2016</b>
	<b>A\$M</b>	<b>A\$M</b>
Aggregate amount of shareholders' funds (Total Equity)	<b>51,315</b>	50,082

**II. Other financial information**

	<b>30 Sep 2016</b>	<b>31 Mar 2016</b>
	<b>A\$M</b>	<b>A\$M</b>
Group total assets	<b>777,622</b>	868,730
Group total liabilities	<b>726,307</b>	818,648
Group total-loans and advances	<b>510,045</b>	490,756
Group total deposits and other borrowings	<b>459,714</b>	448,659

	<b>Year ended 30 Sep 2016</b>	<b>Year ended 30 Sep 2015</b>
	<b>A\$M</b>	<b>A\$M</b>
Group total profit before tax	<b>8,978</b>	9,515 <sup>1</sup>

<sup>1</sup>Information is presented on a continuing operations basis including prior period restatements by group.

## **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