



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the financial year ended
30 September 2018

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 - 8
IV. Off-balance sheet exposures	9 - 10
V. Liquidity	11
VI. Disclosure on remuneration	11
Section B - Bank Information (consolidated basis)	
I. Capital and capital adequacy	12
II. Other financial information	12
Operations of the Institution & Statement of Compliance	13

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Year ended 30 Sep 2018 HK\$'000	Year ended 30 Sep 2017 HK\$'000
Profit and Loss		
Interest income	935,348	1,332,822
Interest expense	<u>(640,299)</u>	<u>(893,509)</u>
Net Interest Income	295,049	439,313
Gains less losses arising from dealing in foreign currencies	322,659	216,564
Gains less losses on securities held for dealing purpose	-	-
Gains less losses from other dealing activities	-	-
Fees and commission income	34,970	39,798
Other income	<u>37,076</u>	<u>240,376</u>
Total other operating income	394,705	496,738
Total Income	689,754	936,051
Staff expenses	<u>(259,649)</u>	<u>(331,194)</u>
Rental expenses	<u>(69,264)</u>	<u>(58,412)</u>
Other expenses	<u>(69,765)</u>	<u>(34,990)</u>
Total Expenses	(398,678)	(424,596)
Net (charges) / credit for impaired loans and receivables	17,392	85,162
Profit / (loss) on sale of fixed assets	<u>(7,352)</u>	<u>-</u>
Profit before taxation	301,116	596,617
Tax expense	<u>(59,410)</u>	<u>(102,936)</u>
Profit after taxation	<u><u>241,706</u></u>	<u><u>493,681</u></u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 30 Sep 2018 HK\$'000	As at 31 Mar 2018 HK\$'000
Assets		
Cash and balances with banks	213,985	445,601
Amount due from overseas offices	11,815,496	13,120,736
Trade bills	4,175,978	4,053,350
Certificates of deposit held	586,991	-
Loans and advances to customers	1,856,264	2,101,180
Investment securities	19,024,470	15,934,911
Other investments	-	-
Property, plant and equipment	5,299	7,027
Other assets	2,799,105	1,894,738
Total assets	40,477,588	37,557,543
Liabilities		
Deposits and balances from banks	2,311,947	1,398,159
Amount due to overseas offices	18,833,575	12,825,373
Deposits from customers:		
- Demand deposits and current accounts	1,654,603	2,637,481
- Savings deposits	75,510	190,143
- Time, call and notice deposits	14,124,608	17,702,717
Other liabilities and provisions	3,477,345	2,803,670
Total liabilities	40,477,588	37,557,543

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

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>

As at 31 Mar 2018

	HK\$'000
Loans and advances to customers	2,125,392
Collective provisions to customers	(24,212)
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>2,101,180</u>

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

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

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	-	-	-
- 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 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%

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

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 30 Sep 2018 HK\$'000	As at 31 Mar 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	57,784	72,036
- Wholesale and retain trade	78,266	-
- Manufacturing	200,829	123,391
- Transport and transport equipment	681,006	787,231
- Others	40,453	59,419
Individuals		
- Loans for the purchase of residential properties	18,403	22,415
- Others	2,809	26,997
Trade finance	155,038	437,431
Loans and advances for use outside Hong Kong	663,596	596,472
	<u>1,898,184</u>	<u>2,125,392</u>
Loans and advances which are covered by collateral or other securities	269,373	408,535

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 30 Sep 2018 HK\$'000	As at 31 Mar 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 for which exceed 10% of the aggregate gross amount to customers.		
Hong Kong - Loans and advances to customers	1,368,690	1,730,528
- Overdue and impaired loans	-	-
Macau - Loans and advances to customers	390,719	234,696
- 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 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>
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>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

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	<u>40,478</u>		
On-balance sheet exposure as percentage of total assets	2.42%		
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	<u>37,558</u>		
On-balance sheet exposure as percentage of total assets	2.96%		

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 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>
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>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	As at 30 Sep 2018 HK\$'000	As at 31 Mar 2018 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	7,771,981	7,216,918
- Trade-related contingencies	101,160	104,688
- Other commitments	2,993,522	3,155,004
- 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)	378,968	21,019

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 2018	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	71,809,616	109,306
- Swaps	19,380,970	581,348
- Foreign currency options	-	-
	<u>91,190,586</u>	<u>690,654</u>
Interest rate contracts		
- Swaps	46,114,003	(255,526)
- Future	5,478,585	(484)
- Option	100,000	20
	<u>51,692,588</u>	<u>(255,990)</u>
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>

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 2018	As at 30 Sep 2017
Average liquidity maintainance ratio (LMR) for the financial period	106.39%	98.20%

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 - 2017/2018 Group Full Year Financial Results for the year ended 30 September 2018

I. Capital and capital adequacy

	As at 30 Sep 2018	As at 31 Mar 2018
Common equity tier 1 ratio	10.20%	10.21%
Tier 1 ratio	12.38%	12.40%
Total capital ratio	14.12%	14.43%

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.

	30 Sep 2018 A\$M	31 Mar 2018 A\$M
Aggregate amount of shareholders' funds (Total Equity)	52,712	52,401

II. Other financial information

	30 Sep 2018 A\$M	31 Mar 2018 A\$M
Group total assets	806,510	796,068
Group total liabilities	753,798	743,667
Group total-loans and advances	567,981	550,262
Group total deposits and other borrowings	503,145	502,690

	Year ended 30 Sep 2018 A\$M	Year ended 30 Sep 2017 A\$M
Group total profit before tax	8,400	8,661

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