



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the financial year ended
30 September 2020

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**I. INCOME STATEMENT**

	Year ended 30 Sep 2020 HK\$'000	Year ended 30 Sep 2019 HK\$'000
Profit and Loss		
Interest income	797,486	1,022,084
Interest expense	<u>(581,825)</u>	<u>(824,541)</u>
Net Interest Income	215,661	197,543
Gains less losses arising from dealing in foreign currencies	108,869	229,450
Gains less losses on securities held for dealing purpose	800	1,194
Gains less losses from other dealing activities	3,116	1,680
Fees and commission income	36,255	38,362
Other income	<u>(70,375)</u>	<u>50,471</u>
Total other operating income	78,665	321,157
Total Income	294,326	518,700
Staff expenses	(166,189)	(230,981)
Rental expenses	(41,062)	(47,594)
Other expenses	<u>(247)</u>	<u>(28,644)</u>
Total Expenses	(207,498)	(307,219)
Net (charges) / credit for impaired loans and receivables	(13,512)	13,205
Profit / (loss) on sale of fixed assets	<u>(26)</u>	<u>(703)</u>
Profit before taxation	73,290	223,983
Tax expense	<u>(17,499)</u>	<u>(42,388)</u>
Profit after taxation	<u>55,791</u>	<u>181,595</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**II. BALANCE SHEET**

	As at 30 Sep 2020 HK\$'000	As at 31 Mar 2020 HK\$'000
Assets		
Cash and balances with banks	165,322	194,273
Amount due from overseas offices	52,286,237	21,252,746
Trade bills	3,619,544	3,201,782
Certificates of deposit held	930,018	1,550,830
Loans and advances to customers	27,305	830,515
Investment securities	24,641,359	18,485,566
Property, plant and equipment	270,690	283,762
Other assets	3,208,793	4,492,366
Total assets	85,149,268	50,291,840
Liabilities		
Deposits and balances from banks	2,822,124	7,579,789
Amount due to overseas offices	65,226,133	22,255,754
Deposits from customers:		
- Demand deposits and current accounts	2,435,792	2,316,899
- Savings deposits	16,337	19,877
- Time, call and notice deposits	10,647,409	14,206,445
Other liabilities and provisions	4,001,473	3,913,076
Total liabilities	85,149,268	50,291,840

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

As at 30 Sep 2020

	HK\$'000
Loans and advances to customers	63,734
Collective provisions to customers	(40,812)
Impaired loans to non-bank customers	4,383
Specific provisions to customers	-
Percentage of impaired loans to non-bank customers to total advances to customers	6%
Net loans and advances to customers	<u>27,305</u>

As at 31 Mar 2020

	HK\$'000
Loans and advances to customers	855,922
Collective provisions to customers	(25,407)
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>830,515</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

As at 30 Sep 2020	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	12,528	-	12,528
- More than 1 year	643	-	643
% of the overdue to the total gross total loans and advances to customers	19.34%	0%	19.34%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	8,103	-	8,103
- Commercial property	28,642	-	28,642
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 2020	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	55	-	55
- More than 1 year	466	-	466
% of the overdue to the total gross total loans and advances to customers	0.06%	0%	0.06%
Value and type of collateral of the overdue loans and advances			
- Residential property	7,797	-	7,797
- Commercial property	24,929	-	24,929
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	0%	0%	0%

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)**

	As at 30 Sep 2020 HK\$'000	As at 31 Mar 2020 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		
- Transport and transport equipment	-	2,308
- Others	11,900	23,603
Individuals		
- Loans for the purchase of residential properties	5,639	5,858
Trade finance	17,176	677,825
Loans and advances for use outside Hong Kong	33,402	146,328
	68,117	855,922
Loans and advances which are covered by collateral or other securities	39,041	43,482

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 30 Sep 2020 HK\$'000	As at 31 Mar 2020 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.		
Australia - Loans and advances to customers	16,367	-
- Overdue and impaired loans	12,528	-
Hong Kong - Loans and advances to customers	47,053	479,787
- Overdue and impaired loans	4,383	-
Macau - Loans and advances to customers	-	108,704
- Overdue and impaired loans	-	-
Singapore - Loans and advances to customers	-	248,555
- 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 2020				
- Australia	62,666	-	29	62,695
- Japan	38	9,139	-	9,177
Total	<u>62,704</u>	<u>9,139</u>	<u>29</u>	<u>71,872</u>

As at 31 Mar 2020				
- Australia	31,949	-	27	31,976
- Japan	61	6,229	-	6,290
- Mainland China	5,384	328	-	5,712
Total	<u>37,394</u>	<u>6,557</u>	<u>27</u>	<u>43,978</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 30 Sep 2020	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)	17	380	397
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	-	1,391	1,391
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	250	250
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	17	2,021	2,038
Total assets after provision	85,149		
On-balance sheet exposure as percentage of total assets	0.02%		

As at 31 Mar 2020	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)	679	527	1,206
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	-	1,345	1,345
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	421	421
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	679	2,293	2,972
Total assets after provision	50,292		
On-balance sheet exposure as percentage of total assets	1.35%		

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 2020								
Hong Kong dollar equivalent								
- Spot assets	57,930	2,459	9,376	102	7,928	3,232	1,632	82,659
- Spot liabilities	(35,564)	(36,239)	(4,190)	(497)	(621)	(2,700)	(230)	(80,041)
- Forward purchases	73,301	52,091	9,552	1,097	5,418	1,136	21,339	163,934
- Forward sales	(95,504)	(18,321)	(14,728)	(694)	(12,559)	(1,659)	(22,744)	(166,209)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>163</u>	<u>(10)</u>	<u>10</u>	<u>8</u>	<u>166</u>	<u>9</u>	<u>(3)</u>	<u>343</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 Mar 2020								
Hong Kong dollar equivalent								
- Spot assets	31,391	1,020	6,517	601	7,091	2,211	128	48,959
- Spot liabilities	(26,431)	(1,495)	(5,081)	(776)	(468)	(1,870)	(240)	(36,361)
- Forward purchases	51,262	7,669	8,313	986	4,920	1,064	17,991	92,205
- Forward sales	(54,990)	(7,194)	(9,716)	(801)	(11,652)	(1,392)	(17,881)	(103,626)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>1,232</u>	<u>-</u>	<u>33</u>	<u>10</u>	<u>(109)</u>	<u>13</u>	<u>(2)</u>	<u>1,177</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 2020 HK\$'000	As at 31 Mar 2020 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	10,583,215	6,790,193
- Trade-related contingencies	379,885	527,112
- Other commitments	1,586,894	1,933,139
- 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)	4,375	2,757,690

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 2020	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	90,145,762	(509,675)
- Swaps	82,360,880	791,187
	<u>172,506,642</u>	<u>281,512</u>
Interest rate contracts		
- Swaps	34,322,503	(352,290)
- Future	16,507,820	(193)
	<u>50,830,323</u>	<u>(352,483)</u>
As at 31 Mar 2020	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	51,779,923	5,512
- Swaps	57,623,665	1,263,344
	<u>109,403,588</u>	<u>1,268,856</u>
Interest rate contracts		
- Swaps	39,554,042	(194,022)
- Future	35,669,090	301
- Option	100,000	0
	<u>75,323,132</u>	<u>(193,721)</u>

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 30 Sep 2020	Three months quarter ended 30 Sep 2019
Average liquidity maintenance ratio (LMR) for the financial period	180.52%	117.35%

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 136 of the 2020 Annual Financial Report.

<https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/2020-annual-financial-report-pdf.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 54 to 82 of the 2020 Annual Financial Report of the Group for details.

VII. DISCLOSURE ON LIQUIDITY RISK MANAGEMENT

1 Qualitative Disclosures

Liquidity Risk Management

National Australia Bank Full Year Pillar 3 Report as at 30 Sep 2020

Paragraph

Governance of Liquidity Risk Management

(i) Risk tolerance	Section 9.1 - "Liquidity and Funding Risk Management Framework"	2
(ii) Structure and responsibilities for liquidity risk management	Section 9.1 - "Introduction"	3
(iii) Internal liquidity reporting	Section 9.1 - "Measurement, Monitoring and Reporting"	1
(iv) Communication of liquidity risk strategy, policies and practices across business lines and with the board of directors	Section 9.1 - "Liquidity and Funding Risk Management Framework"	1
	Section 9.1 - "Measurement, Monitoring and Reporting"	1

Funding strategy

(i) Policies on diversification in the sources and tenors of funding	Section 9.1 - "Liquidity and Funding Risk Management Framework"	4
(ii) Whether the funding strategy is centralised or decentralised	Section 9.1 - "Liquidity and Funding Risk Management Framework"	4

Liquidity risk mitigation techniques

	Section 9.1 - "Liquidity and Funding Risk Management Framework"	3
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Stress testing

	Section 9.1 - "Liquidity and Funding Risk Management Framework"	2
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Contingency Funding Plan

	Section 9.1 - "Liquidity and Funding Risk Management Framework"	5
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Source: National Australia Bank Pillar 3 Report as of 30 Sep 2020

Links: <https://www.nab.com.au/about-us/shareholder-centre/regulatory-disclosures>

VIL DISCLOSURE ON LIQUIDITY RISK MANAGEMENT

Quantitative Disclosures

On and Off-Balance sheet liquidity risk

The table below analyses on and off-balance sheet items by remaining maturity and the respective liquidity risk as at 30 September 2020

HAS'000

On-balance sheet liabilities

Head line	2 to 7 days	8 days to 1 month	1 month to 3 months	3 months to 6 months	6 months up to 1 year	1 year up to 2 years	2 years up to 3 years	Over 3 years	Undated	Total amount
Deposits from non-bank customers	833,118	1,770,167	6,543,856	909,805	309,531	-	-	-	-	11,156,515
Amount payable arising from derivatives contracts	7,336,026	41,572,872	21,697,587	8,873,133	8,292,039	10,254,833	798,821	-	-	179,771,938
Due to banks	13,326,818	13,287,623	18,532,747	843,287	-	186,270	-	-	-	68,081,792
Other liabilities	1,666	999	176,167	-	34,315	47	482	252,806	-	823,133
Capital reserves	-	-	-	-	-	-	-	-	514,771	514,771
Total on balance sheet liabilities	26,071,327	55,728,643	188,935,356	10,726,222	9,543,905	10,941,079	799,683	3,464,673	114,771	314,218,024

On-balance sheet assets

Head line	2 to 7 days	8 days to 1 month	1 month to 3 months	3 months to 6 months	6 months up to 1 year	1 year up to 2 years	2 years up to 3 years	Over 3 years	Undated	Total amount
Amount receivable arising from securities financing transactions	-	-	1,491,333	-	-	-	-	-	-	1,491,333
Due from BA for ac of Exchange Funds	7,310,617	41,256,073	73,434,775	9,024,608	9,343,443	10,609,557	8,487,894	3,615,896	-	178,771,938
Due from banks	52,642,351	26,021,907	14,385,137	730,160	-	-	-	-	-	97,779,555
Debt securities, prescribed instruments and structured finance	1,278,433	1,979,785	333,674	26,487	-	4,794,232	-	3,566,410	-	12,948,581
Acceptance and bills of exchange held	19,482	28,099	32,201	-	-	-	-	-	-	79,782
Loans and advances to non-bank customers	57	28,099	32,201	-	-	-	-	-	-	97,397
Other assets	657	124,853	385	-	17,177	208,097	72,451	268,840	1,250	703,310
Total on balance sheet assets	18,423,144	68,324,178	89,790,343	9,821,641	9,560,600	11,901,004	8,760,305	6,449,127	15,074	219,623,281

Off-balance sheet obligations

Total Off-balance sheet obligations	1,411,297	1,188,483	1,188,483	2,251,073	728,389	25,367	-	-	-	12,564,288
Total Off-balance sheet claims	1,412,609	-	-	-	-	-	-	-	-	1,632,409

Off-balance sheet claims

Contractual Maturity Mismatch	9,401,697	11,389,590	26,645,741	18,164,808	9,549,954	5,022,208	817,729	2,886,475	-	122,853,651
Cumulative Contractual Maturity Mismatch	3,401,697	11,829,945	14,615,601	17,186,407	-10,14,351	13,174,766	-12,252,051	-10,345,576	-	1,632,409

VII. DISCLOSURE ON LIQUIDITY RISK MANAGEMENT

Quantitative Disclosures

On and Off-balance sheet liquidity items
 The table below provides a breakdown of the total off-balance sheet items by contractual maturity and the weighted liquidity risk as of 30 November 2018
 HIS'000

On-balance sheet liabilities

Item description	9 to 12 days	3 to 6 months	7 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Unfunded	Total amount
Deposits from non-bank customers	856,513	3,076,831	3,181,438	3,178,174	3,151,963	3,177	-	16,372,806
Accounts payable arising from derivatives contracts	14,475,706	38,437,863	13,178,533	6,070,809	6,083,577	6,083,577	-	180,707,793
Accounts payable arising from bank deposits	688,437	2,224,272	655,375	77,268	18,297	-	-	79,272,562
Other liabilities	214,431	7,165	218	6,151	5,185	-	-	311,324
Total on-balance sheet liabilities	31,754,087	47,853,409	16,975,353	6,277,262	6,274,922	6,263,654	612,259	187,737,282

Off-balance sheet assets

Item description	9 to 12 days	3 to 6 months	7 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Unfunded	Total amount
Accounts receivable arising from derivatives contracts	15,553,624	34,177,681	13,684,377	6,521,139	6,000,346	6,061,846	-	180,878,482
Due from banks	6,223,159	8,695,417	2,487,286	11,437	3,666	-	-	37,147
Derivatives, financial instruments and structured financial instruments held (net of short positions)	1,833,078	1,551,206	1,488,579	1,488,579	1,488,579	2,441,379	-	11,988,752
Assets and liabilities of exchange-traded derivatives	386,146	191,506	189,193	189,193	189,193	189,193	-	2,058,348
Assets and liabilities of over-the-counter derivatives	271,032	191,506	189,193	189,193	189,193	189,193	-	860,721
Other assets	79,334,508	45,944,532	33,594,942	2,041,228	3,103,618	3,103,618	31,292	998,124
Total off-balance sheet assets	103,368,543	120,148,443	53,147,645	20,273,339	19,787,275	19,787,275	31,292	424,948,309

Off-balance sheet obligations

Item description	9 to 12 days	3 to 6 months	7 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Unfunded	Total amount
Total off-balance sheet obligations	177,117	2,461,308	3,772,731	3,418,824	3,418,824	3,418,824	-	18,244,013

Off-balance sheet claims

Item description	9 to 12 days	3 to 6 months	7 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Unfunded	Total amount
Contractual Maturity Mismatch	2,367,078	-1,520,842	-14,977,291	-1,877,186	-1,367,062	2,472,810	-	2,472,810
Cumulative Contractual Maturity Mismatch	4,248,271	-283,132	-18,908,878	-20,875,963	-18,892,372	14,039,776	-	-14,039,776

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)**ANNOUNCEMENT - 2019/2020 Group Full Year Financial Results for the year ended 30 September 2020****I. Capital and capital adequacy**

	As at 30 Sep 2020	As at 31 Mar 2020
Common equity tier 1 ratio	11.47%	10.39%
Tier 1 ratio	13.20%	11.96%
Total capital ratio	16.62%	14.61%

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 2020	31 Mar 2020
	A\$M	A\$M
Aggregate amount of shareholders' funds (Total Equity)	61,293	58,378

II. Other financial information

	30 Sep 2020	31 Mar 2020
	A\$M	A\$M
Group total assets	866,565	927,628
Group total liabilities	805,272	869,250
Group total-loans and advances	582,485	601,798
Group total deposits and other borrowings	546,176	544,498

	Year ended 30 Sep 2020	Year ended 30 Sep 2019
	A\$M	A\$M
Group total profit before tax	5,163	8,345 ¹

¹The Group total profit before tax for 30 Sep 2019 has been restated for presentation of MLC Wealth as a discontinued operation.

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.



Cassandra Lister
Chief Executive
National Australia Bank - Hong Kong Branch