



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the interim financial period ended
31 March 2020

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

	Six Months ended 31 Mar 2020 HK\$'000	Six Months ended 31 Mar 2019 HK\$'000
Profit and Loss		
Interest income	498,151	514,713
Interest expense	(415,812)	(418,074)
Net Interest Income	<u>82,339</u>	<u>96,639</u>
Gains less losses arising from trading in foreign currencies	153,996	73,580
Gains less losses on securities held for trading purpose	551	893
Gains less losses from other trading activities	1,297	299
Fees and commission income	20,997	19,880
Other income	(369,185)	(24,489)
Total other operating income	<u>(192,344)</u>	<u>70,163</u>
Total Income	(110,005)	166,802
Staff expenses	(93,616)	(119,934)
Rental expenses	(20,511)	(21,366)
Other expenses	5,697	(13,018)
Total Expenses	<u>(108,430)</u>	<u>(154,318)</u>
Net charges for impaired loans and receivables	(1,340)	(180)
Profit / (loss) on sale of fixed assets	-	12
	<u>(109,770)</u>	<u>(154,486)</u>
Profit before taxation	(219,775)	12,316
Tax expense	34,283	(4,347)
Profit after taxation	<u>(185,492)</u>	<u>7,969</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 31 Mar 2020 HK\$'000	As at 30 Sep 2019 HK\$'000
Assets		
Cash and balances with banks	194,273	160,598
Amount due from overseas offices	21,252,746	15,418,865
Trade bills	3,201,782	2,519,003
Certificates of deposit held	1,550,830	1,058,528
Loans and advances to customers	830,515	970,990
Investment securities	18,485,566	20,007,182
Property, plant and equipment	283,762	31,290
Other assets	4,492,366	3,864,491
Total assets	50,291,840	44,030,947
Liabilities		
Deposits and balances from banks	7,579,789	5,836,072
Amount due to overseas offices	22,255,754	17,861,410
Deposits from customers:		
- Demand deposits and current accounts	2,316,899	3,383,718
- Savings deposits	19,877	21,706
- Time, call and notice deposits	14,206,445	12,839,291
Other liabilities and provisions	3,913,076	4,088,750
Total liabilities	50,291,840	44,030,947

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

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>

As at 30 Sep 2019

	HK\$'000
Loans and advances to customers	997,677
Collective provisions to customers	(26,687)
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>970,990</u>

There were no impaired loans and specific provision in Hong Kong Branch as at 31 March 2020 and 30 September 2019.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

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 to customers			
- 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 advances to customers, excluding those have been overdue for more than 3 months and reports in above	0%	0%	0%
As at 30 Sep 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 1 year	400	-	400
% of the overdue to the total gross total loans and advances to customers	0.04%	0%	0.04%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	7,854	-	7,854
- 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%

There were no repossessed assets as at 31 March 2020 and 30 September 2019.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2020 HK\$'000	As at 30 Sep 2019 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		
- Manufacturing	-	95,234
- Transport and transport equipment	2,308	6,865
- Others	23,603	29,630
Individuals		
- Loans for the purchase of residential properties	5,858	13,990
- Others	-	2,687
Trade finance	677,825	326,691
Loans and advances for use outside Hong Kong	146,328	522,580
	<u>855,922</u>	<u>997,677</u>
Loans and advances which are covered by collateral or other securities	43,482	113,354

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2020 HK\$'000	As at 30 Sep 2019 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	479,787	407,473
- Overdue and impaired loans	-	-
Macau - Loans and advances to customers	108,704	431,691
- Overdue and impaired loans	-	-
Singapore - Loans and advances to customers	248,555	102,303
- 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 2020				
- Australia	31,949	-	27	31,976
- Japan	61	6,229	-	6,290
- Mainland China	5,384	328	-	5,712
Total	37,394	6,557	27	43,978
As at 30 Sep 2019				
- Australia	25,793	-	85	25,878
- Japan	442	7,164	-	7,606
- Mainland China	3,968	-	-	3,968
Total	30,203	7,164	85	37,452

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

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%		
As at 30 Sep 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)	327	2,321	2,648
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	-	1,013	1,013
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	201	201
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	327	3,535	3,862
Total assets after provision	44,031		
On-balance sheet exposure as percentage of total assets	0.74%		

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 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>
As at 30 Sep 2019								
Hong Kong dollar equivalent								
- Spot assets	12,117	1,620	17,547	96	7,626	2,814	51	41,871
- Spot liabilities	(24,772)	(3,214)	(3,051)	(870)	(744)	(3,105)	(349)	(36,105)
- Forward purchases	97,025	41,164	4,865	789	5,170	1,955	20,690	171,658
- Forward sales	(83,674)	(39,567)	(19,315)	-	(11,755)	(1,647)	(20,400)	(176,358)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>696</u>	<u>3</u>	<u>46</u>	<u>15</u>	<u>297</u>	<u>17</u>	<u>(8)</u>	<u>1,066</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 2020 HK\$'000	As at 30 Sep 2019 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	6,790,193	9,478,988
- Trade-related contingencies	527,112	2,320,730
- Other commitments	1,933,139	2,062,454
- 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)	2,757,690	1,352,002

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 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>
As at 30 Sep 2019	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	77,042,614	368,966
- Swaps	106,228,287	647,165
	<u>183,270,901</u>	<u>1,016,131</u>
Interest rate contracts		
- Swaps	43,477,816	(349,598)
- Future	15,681,900	1,338
- Option	100,000	0
	<u>59,259,716</u>	<u>(348,259)</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 31 Mar 2020	Three months quarter ended 31 Mar 2019
Average liquidity maintenance ratio (LMR) for the financial period	149.79%	129.31%

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 125 of the 2019 Annual Financial Report.

<https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/2019-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 43 to 71 of the 2019 Annual Financial Report of the Group for details.

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

ANNOUNCEMENT - 2019/2020 Group Half Year Financial Results for the half year ended 31 March 2020

I. Capital and capital adequacy

	As at 31 Mar 2020	As at 30 Sep 2019
Common equity tier 1 ratio	10.39%	10.38%
Tier 1 ratio	11.96%	12.36%
Total capital ratio	14.61%	14.68%

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 2020 A\$M	30 Sep 2019 A\$M
Aggregate amount of shareholders' funds (Total Equity)	58,378	55,604

II. Other financial information

	31 Mar 2020 A\$M	30 Sep 2019 A\$M
Group total assets	927,628	847,124
Group total liabilities	869,250	791,520
Group total-loans and advances	601,798	587,749
Group total deposits and other borrowings	544,498	522,085

	Year ended 31 Mar 2020 A\$M	Year ended 31 Mar 2019 A\$M
Group total profit before tax	1,789	4,124

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.



Simon Wang
Alternate Chief Executive Officer
National Australia Bank - Hong Kong Branch

