



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the interim financial period ended
31 March 2021

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Six Months ended 31 Mar 2021 HK\$'000	Six Months ended 31 Mar 2020 HK\$'000
Profit and Loss		
Interest income	210,506	498,151
Interest expense	(97,192)	(415,812)
Net Interest Income	<u>113,314</u>	<u>82,339</u>
Gains less losses arising from trading in foreign currencies	3,229	153,996
Gains less losses on securities held for trading purpose	63	551
Gains less losses from other trading activities	(336)	1,297
Fees and commission income	23,693	20,997
Other income	(36,027)	(369,185)
Total other operating income	<u>(9,378)</u>	<u>(192,344)</u>
Total Income	103,936	(110,005)
Staff expenses	(40,779)	(93,616)
Rental expenses	(19,805)	(20,511)
Other expenses	(2,639)	5,697
Total Expenses	<u>(63,223)</u>	<u>(108,430)</u>
Net charges for impaired loans and receivables	9,458	(1,340)
	<u>(53,765)</u>	<u>(109,770)</u>
Profit before taxation	50,171	(219,775)
Tax expense	(9,583)	34,283
Profit after taxation	<u>40,588</u>	<u>(185,492)</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 31 Mar 2021 HK\$'000	As at 30 Sep 2020 HK\$'000
Assets		
Cash and balances with banks	185,602	165,322
Amount due from overseas offices	31,691,060	52,286,237
Trade bills	3,346,807	3,619,544
Certificates of deposit held	855,245	930,018
Loans and advances to customers	289,083	27,305
Investment securities	25,295,940	24,641,359
Property, plant and equipment	252,666	270,690
Other assets	3,193,013	3,208,793
Total assets	65,109,416	85,149,268
Liabilities		
Deposits and balances from banks	3,603,476	2,822,124
Amount due to overseas offices	51,316,166	65,226,133
Deposits from customers:		
- Demand deposits and current accounts	791,217	2,435,792
- Savings deposits	9,976	16,337
- Time, call and notice deposits	5,820,412	10,647,409
Other liabilities and provisions	3,568,169	4,001,473
Total liabilities	65,109,416	85,149,268

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

As at 31 Mar 2021

	HK\$'000
Loans and advances to customers	316,878
Collective provisions to customers	(32,441)
Impaired loans to non-bank customers	4,646
Specific provisions to customers	-
Percentage of impaired loans to non-bank customers to total advances to customers	1%
Net loans and advances to customers	<u>289,083</u>

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>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

As at 31 Mar 2021	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	854	-	854
% of the overdue to the total gross total loans and advances to customers	0.27%	0%	0.27%
Value and type of collateral of the overdue loans and advances to customers			
- Residential property	8,696	-	8,696
- 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 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%

There were no repossessed assets as at 31 March 2021 and 30 September 2020.

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

	As at 31 Mar 2021 HK\$'000	As at 30 Sep 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		
- Others	-	11,900
Individuals		
- Loans for the purchase of residential properties	5,421	5,639
Trade finance	301,913	17,176
Loans and advances for use outside Hong Kong	14,190	33,402
	321,524	68,117
Loans and advances which are covered by collateral or other securities	19,611	39,041

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 31 Mar 2021 HK\$'000	As at 30 Sep 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 after taking into account the transfer of risk 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	319,737	47,053
- Overdue and impaired loans	4,646	4,383

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 2021				
- Australia	42,279	-	93	42,372
- Japan	423	8,763	-	9,186
Total	42,702	8,763	93	51,558
As at 30 Sep 2020				
- Australia	62,666	-	29	62,695
- Japan	38	9,139	-	9,177
Total	62,704	9,139	29	71,872

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 31 Mar 2021

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)	302	251	553
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	-	1,453	1,453
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	238	238
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	302	1,942	2,244
Total assets after provision	65,109		
On-balance sheet exposure as percentage of total assets	0.46%		

As at 30 Sep 2020

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)	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%		

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 2021								
Hong Kong dollar equivalent								
- Spot assets	33,645	7,618	8,951	412	8,029	4,048	65	62,768
- Spot liabilities	(35,067)	(25,463)	(351)	(679)	(655)	(1,414)	(93)	(63,722)
- Forward purchases	83,281	39,465	6,528	733	4,668	-	26,014	160,689
- Forward sales	(81,007)	(21,611)	(15,109)	(458)	(11,904)	(2,625)	(25,991)	(158,705)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>852</u>	<u>9</u>	<u>19</u>	<u>8</u>	<u>138</u>	<u>9</u>	<u>(5)</u>	<u>1,030</u>
Net Structural Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	As at 31 Mar 2021 HK\$'000	As at 30 Sep 2020 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	11,611,181	10,583,215
- Trade-related contingencies	250,682	379,885
- Other commitments	1,875,341	1,586,894
- 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)	2,815,617	4,375

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 2021	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	72,666,352	787,260
- Swaps	94,694,017	136,388
	<u>167,360,369</u>	<u>923,648</u>
Interest rate contracts		
- Swaps	31,805,000	(154,326)
	<u>31,805,000</u>	<u>(154,326)</u>
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>

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 2021	Three months quarter ended 31 Mar 2020
Average liquidity maintenance ratio (LMR) for the financial period	135.37%	149.79%

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.

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)**ANNOUNCEMENT - 2020/2021 Group Half Year Financial Results for the half year ended 31 March 2021****I. Capital and capital adequacy**

	As at 31 Mar 2021	As at 30 Sep 2020
Common equity tier 1 ratio	12.37%	11.47%
Tier 1 ratio	14.01%	13.20%
Total capital ratio	17.90%	16.62%

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 2021	30 Sep 2020
	A\$M	A\$M
Aggregate amount of shareholders' funds (Total Equity)	61,577	61,293

II. Other financial information

	31 Mar 2021	30 Sep 2020
	A\$M	A\$M
Group total assets	871,573	866,565
Group total liabilities	809,996	805,272
Group total-loans and advances	588,603	582,485
Group total deposits and other borrowings	572,726	546,176

	Six Months ended 31 Mar 2021	Six Months ended 31 Mar 2020
	A\$M	A\$M
Group total profit before tax	4,520	2,252 *

* Comparative information has been restated to align to the presentation in the current period of the group half year results 2021.

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.

A handwritten signature in black ink, appearing to be 'Simon Wang', written over a horizontal line.

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

