



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the financial year ended
30 September 2017

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT

	Year ended 30 Sep 2017 HK\$'000	Year ended 30 Sep 2016 HK\$'000
Profit and Loss		
Interest income	1,332,822	1,039,400
Interest expense	(893,509)	(922,564)
Net Interest Income	439,313	116,836
Gains less losses arising from dealing in foreign currencies	216,564	400,315
Gains less losses on securities held for dealing purpose	-	-
Gains less losses from other dealing activities	-	-
Fees and commission income	39,798	4,712
Other income	240,376	52,637
Total other operating income	496,738	457,664
Total Income	936,051	574,500
Staff expenses	(331,194)	(361,528)
Rental expenses	(58,412)	(51,306)
Other expenses	(34,990)	(26,452)
Total Expenses	(424,596)	(439,286)
Net (charges) / credit for impaired loans and receivables	85,162	(83,730)
Profit before taxation	596,617	51,484
Tax expense	(102,936)	(16,827)
Profit after taxation	493,681	34,657

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET

	As at 30 Sep 2017 HK\$'000	As at 31 Mar 2017 HK\$'000
Assets		
Cash and balances with banks	306,503	441,285
Amount due from overseas offices	23,177,326	22,590,962
Trade bills	3,627,649	3,662,591
Certificates of deposit held	663,837	1,243,296
Loans and advances to customers	11,216,363	12,319,888
Investment securities	18,971,012	18,602,284
Other investments	-	-
Property, plant and equipment	15,276	18,390
Other assets	5,542,886	2,565,606
Total assets	63,520,852	61,444,302
Liabilities		
Deposits and balances from banks	3,375,556	1,216,668
Amount due to overseas offices	19,946,020	18,278,138
Deposits from customers:		
- Demand deposits and current accounts	4,328,703	4,316,021
- Savings deposits	984,943	873,433
- Time, call and notice deposits	28,195,575	33,669,117
Other liabilities and provisions	6,690,055	3,090,925
Total liabilities	63,520,852	61,444,302

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

1 Loans and advances to customers

As at 30 Sep 2017	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	11,274,985	-	11,274,985
Collective provisions to customers	(40,015)	(18,607)	(58,622)
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	11,234,970	(18,607)	11,216,363
As at 31 Mar 2017	Non-bank customers HK\$'000	Banks HK\$'000	Total HK\$'000
Loans and advances to customers	11,564,939	806,200	12,371,139
Collective provisions to customers	(40,822)	(10,429)	(51,251)
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	11,524,117	795,771	12,319,888

There were no impaired loans to bank customers as at 30 September 2017 and 31 March 2017 respectively.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

2 Overdue and rescheduled assets

As at 30 Sep 2017	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	5,040	-	5,040
% 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	0.04%	0%	0.04%
As at 31 Mar 2017	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	306	-	306
% 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	14,633	-	14,633
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	9,740	-	9,740
% 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	0.08%	0%	0.08%

There were no repossessed assets as at 30 September 2017 and 31 March 2017.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 30 Sep 2017 HK\$'000	As at 31 Mar 2017 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	641,191	853,722
- Electricity & gas	557,846	555,043
- Manufacturing	485,727	836,978
- Transport and transport equipment	799,366	797,841
- Others	102,518	196,015
Individuals		
- Loans for the purchase of residential properties	427,579	527,413
- Others	89,177	142,223
Trade finance	587,499	140,071
Loans and advances for use outside Hong Kong	7,584,082	7,515,633
	11,274,985	11,564,939
Loans and advances which are covered by collateral or other securities	7,435,247	7,438,864

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

	As at 30 Sep 2017 HK\$'000	As at 31 Mar 2017 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	10,199,714	10,230,323
- 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
As at 30 Sep 2017					
- Australia	30,430	-	2,714	-	33,144
- Japan	189	7,347	-	-	7,537
- Mainland China	3,223	-	1,737	-	4,960
Total	33,842	7,347	4,451	-	45,640
As at 31 Mar 2017					
- Australia	30,070	-	2,791	-	32,861
- Japan	163	6,803 ¹	-	-	6,966
- Mainland China	3,941	-	1,999	-	5,940
Total	34,174	6,803	4,790	-	38,964

¹The prior period comparative information has been restated.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

6 Mainland Activities Disclosures

As at 30 Sep 2017

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)	1,815	2,531	4,346
2. Local governments, local government-owned entities and their subsidiaries and JVs	431	0	431
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	13	-	13
4. Other entities of central government not reported in item 1 above	-	390	390
5. Other entities of local governments not reported in item 2 above	-	(0)	(0)
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	2,259	2,921	5,180
Total assets after provision	63,521		
On-balance sheet exposure as percentage of total assets	3.56%		

As at 31 Mar 2017

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)	1,360	2,499	3,859
2. Local governments, local government-owned entities and their subsidiaries and JVs	428	0	428
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	-	389	389
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	71	-	71
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	2,170	3,179	5,349
Total assets after provision	61,444		
On-balance sheet exposure as percentage of total assets	3.53%		

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 2017								
Hong Kong dollar equivalent								
- Spot assets	11,111	21,883	13,402	291	5,715	2,875	969	56,246
- Spot liabilities	(27,540)	(14,415)	(5,537)	(268)	(1,773)	(3,872)	(645)	(54,050)
- Forward purchases	50,755	2,953	4,394	117	4,983	3,426	10,722	77,350
- Forward sales	(34,539)	(10,412)	(12,264)	(134)	(8,647)	(2,414)	(11,035)	(79,445)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>(213)</u>	<u>9</u>	<u>(5)</u>	<u>6</u>	<u>278</u>	<u>15</u>	<u>11</u>	<u>101</u>
Net Structural Position	-	-	-	-	-	-	-	-
As at 31 Mar 2017								
Hong Kong dollar equivalent								
- Spot assets	22,133	8,730	13,750	69	5,258	686	1,045	51,671
- Spot liabilities	(24,405)	(14,315)	(3,252)	(381)	(2,610)	(2,762)	(1,153)	(48,878)
- Forward purchases	34,358	7,444	972	319	5,709	2,606	5,952	57,360
- Forward sales	(32,250)	(1,855)	(11,441)	-	(8,147)	(523)	(5,843)	(60,059)
- Net options position	-	-	-	-	-	-	-	-
Net Long/(short) position	<u>(164)</u>	<u>4</u>	<u>29</u>	<u>7</u>	<u>210</u>	<u>7</u>	<u>1</u>	<u>94</u>
Net Structural Position	-	-	-	-	-	-	-	-

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	As at 30 Sep 2017 HK\$'000	As at 31 Mar 2017 HK\$'000
1 Contingent liabilities and commitments at contractual amounts		
- Direct credit substitutes	7,452,072	7,460,228
- Trade-related contingencies	208,546	103,781
- Other commitments	3,279,701	3,817,305
- 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)	400,030	48,277

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 2017	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	71,104,749	121,064
- Swaps	15,312,507	(95,992)
- Foreign currency options	164,495	87
	<u>86,581,751</u>	<u>25,159</u>
Interest rate contracts		
- Swaps	58,959,535	(194,960)
- Future	68,324,824	(3,709)
- Option	100,000	10
	<u>127,384,359</u>	<u>(198,659)</u>
As at 31 Mar 2017	Contractual amount HK\$'000	Fair Value Favourable/ (Unfavourable) HK\$'000
Exchange rate contracts		
- Spot and Forwards	51,647,696	(96,859)
- Swaps	15,024,232	108,868
- Foreign currency options	1,700,247	181
	<u>68,372,175</u>	<u>12,190</u>
Interest rate contracts		
- Swaps	67,454,010	35,205
- Future	174,557,179	(313)
- Option	100,000	-
	<u>242,111,189</u>	<u>34,892</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 2017	As at 30 Sep 2016
Average liquidity maintenance ratio (LMR) for the financial period	98.20%	119.83%

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 34 Financial risk management on Page 125 of the 2017 Annual Financial Report.

<https://www.nab.com.au/content/dam/nabrwd/About-Us/shareholder-centre/documents/2017-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 32 to 55 of the 2017 Annual Financial Report of the Group for details.

VII. DISCONTINUED OPERATION

On 11 May 2017, the branch announced the decision to dispose of its NAB private wealth business. The disposal of the business unit is expected to be completed on 24 November 2017. As at 30 September 2017, the assets and liabilities related to the discontinued NAB private wealth business operation have been presented in the balance sheet as part of the "Loans and advances to customers" and "Deposit from customers".

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

ANNOUNCEMENT - 2016/2017 Group Full Year Financial Results for the year ended 30 September 2017

I. Capital and capital adequacy

	As at 30 Sep 2017	As at 31 Mar 2017
Common equity tier 1 ratio	10.06%	10.11%
Tier 1 ratio	12.41%	12.51%
Total capital ratio	14.58%	14.71%

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 2017 A\$M	31 Mar 2017 A\$M
Aggregate amount of shareholders' funds (Total Equity)	51,317	50,856

II. Other financial information

	30 Sep 2017 A\$M	31 Mar 2017 A\$M
Group total assets	788,325	789,320 ²
Group total liabilities	737,008	738,464 ²
Group total-loans and advances	540,125	520,954
Group total deposits and other borrowings	500,604	487,252

	Year ended 30 Sep 2017 A\$M	Year ended 30 Sep 2016 A\$M
Group total profit before tax	8,661	8,978

²The prior period comparative information has been restated 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.



Ciqiang Lu
Chief Executive Officer
National Australia Bank - Hong Kong Branch