



**DISCLOSURE PACKAGE FOR OVERSEAS INCORPORATED
AUTHORISED INSTITUTION**

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

For the financial year ended
30th September 2014

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SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME IN STATEMENT

		30 Sep 2014		30 Sep 2013
	Profit and Loss	HKD'000		HKD '000
(i)	Interest income	1,374,898		1,607,205
(ii)	Interest expense	(985,326)		(977,135)
(iii)	Other operating income			
	- Gains less losses arising from dealing in foreign currencies	(171,025)		(175,049)
	- Gains less losses on securities held for dealing purposes	3,192		7,595
	- Gains less losses from other dealing activities	335,409		(89,311)
	- Fees & commission income	5,331	9,951	
	- Fees & commission expenses	-	-	
	- Net fees & commission income	5,331		9,951
	- Others	3,459		7,179
(iv)	Operating expenses			
	- Staff expenses	(379,951)	(337,693)	
	- Rental expenses	(45,944)	(43,763)	
	- Other expenses (including recharges)	(92,301)	(691)	(382,147)
(v)	Net charges for impaired loans and receivables	(8,560)		(9,497)
(vi)	Gains less losses from disposal of property, plant and equipment and investment properties	-		(822)
(vii)	Impairment loss on assets	(20,135)		-
(viii)	Profit / (Loss) before taxation	19,047		(2,031)
(ix)	Tax expense	(8,143)		(1,067)
(x)	Profit / (Loss) after taxation	10,904		(3,098)

II. BALANCE SHEET

	30 Sep 2014	31 Mar 2014
Assets	HKD'000	HKD'000
(i) Cash and balances with banks (except those included in amount due from overseas offices)	5,237,204	3,732,346
(ii) Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	526,746	232,067
(iii) Amount due from overseas offices	25,044,150	22,577,580
(iv) Advances to banks (residual maturity more than 12 months)	1,242,120	606,627
(v) Trade bills	8,428,296	5,511,596
(vi) Certificates of deposit held	2,321,466	4,029,820
(vii) Securities held for dealing purposes	-	-
(viii) Loans and advances to customers	22,540,547	24,925,140
(ix) Amount receivable under reverse repos	7,204,109	-
(x) Investment securities	13,004,855	16,994,706
(xi) Other investments	40,441	40,412
(xii) Property, plant and equipment and investment properties	51,829	31,804
(xiii) Other assets	27,274,601	26,438,574
(xiv) Total assets	<u>112,916,364</u>	<u>105,120,672</u>

	30 Sep 2014	31 Mar 2014
Liabilities	HKD'000	HKD'000
(i) Deposits and balances from banks (except those included in amount due to overseas offices)	2,422,928	3,283,957
(ii) Deposits from customers		
- demand deposits & current accounts	2,964,242	49,661
- savings deposits	701,735	781,847
- time, call & notice deposits	23,510,778	19,266,907
(iii) Amount due to overseas offices	54,672,472	54,672,769
(iv) Certificates of deposit issued	-	-
(v) Issued debt securities	-	-
(vi) Other liabilities and provisions	28,583,726	26,991,638
(vii) Retained profits and other reserves	60,483	73,893
(viii) Total liabilities	<u>112,916,364</u>	<u>105,120,672</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

	30 Sep 2014 HKD'000	31 Mar 2014 HKD'000
(i) Loans and advances to customers		
- Advances to customers	17,981,187	19,053,000
- Advances to finance merchandising trade	4,600,859	5,903,710
- Provision for impaired loans and receivables		
- Collective provisions (Note 1)	41,499	31,570
- Specific provisions	-	-
- Provision booked at Head Office		
- Collective provisions	-	-
- Specific provisions	-	-
(ii) (a) The amount of impaired loans	-	-
(b) The gross amount of advances (to customers, banks and other financial institutions) which have been overdue for		
- six months or less but over three months	-	-
- one year or less but over six months	-	-
- over one year	-	-
(c) The amount of rescheduled advances to customers and banks (net of those which have been overdue for over three months and reported in item (a) above)	1,243	-
(iii) The amount of repossessed assets held	-	-

Note 1: As at 30 September 2014, the collective provision disclosure includes collective provision made for trade bills and advances to banks of HKD 9.454 million and HKD 1.439 million respectively (31 March 2014: HKD 2.968 million and HKD 0.029 million respectively). No specific provision was made for both year ended.

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

(iv) Gross advances to customers by loans usage

Analysis of gross amount of advances to customers classified into the following industry categories	30 Sep 2014 HKD'000	31 Mar 2014 HKD'000
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	-	-
- Property investment	1,783,430	1,947,626
- Financial concerns	-	-
- Stockbrokers	-	-
- Wholesale and retail trade	1,094,618	1,039,532
- Manufacturing	1,365,630	916,039
- Transport and transport equipment	659,876	562,692
- Recreational activities	-	-
- Information technology	-	-
- Others	140,693	157,278
Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-
- Loans for the purchase of other residential properties	616,939	666,722
- Credit card advances	-	-
- Others	212,586	210,337
Trade finance	4,600,859	5,903,710
Loans and advances for use outside Hong Kong	12,107,415	13,552,774
	<u>22,582,046</u>	<u>24,956,710</u>
Loans & Advances which are covered by collateral or other securities	8,889,408	9,081,599

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

(v) Gross advances to customers by geographical area

(a) Analysis of the gross amount of advances to customers by countries or geographical areas that are considered to be	30 Sep 2014	31 Mar 2014
	HKD'000	HKD'000
- Hong Kong	20,543,467	23,198,820
- Australia	616,263	596,704
- United Kingdom	514,075	241,892
- Macau	284,927	360,704
- Mainland China	149,812	131,854
(b) Analysis of overdue and impaired loans by countries or geographical areas that are considered to be significant according to the location of the counterparties		

- Hong Kong

(vi) Cross-border claims

Analysis of the cross border claims by countries or geographical areas that constitute 10% or more of the total cross border claims according to the location of the counterparties and by the types of counterparties after taking into account transfer of risk

	Banks and other financial institutions HKD Mio	Public sector entities HKD Mio	Others HKD Mio	Total HKD Mio
As at 30 Sep 2014				
- Australia	34,968	-	3,598	38,566
- Mainland China	8,376	-	10,065	18,441
- Japan	696	4,261	-	4,957
Total	44,040	4,261	13,663	61,964

Aggregate Intra-Group items included in the above

32,281

As at 31 Mar 2014

- Australia	26,035	-	3,796	29,831
- Mainland China	10,320	-	7,928	18,248
- Japan	114	4,381	-	4,495
Total	36,469	4,381	11,724	52,574

Aggregate Intra-Group items included in the above

22,612

III. ADDITIONAL BALANCE SHEET INFORMATION (CONTINUED)

(vii) Non-bank Mainland exposures

	On-balance sheet exposures HKD Mio	Off-balance sheet exposures HKD Mio	Total exposures HKD Mio	Specific allowances HKD Mio
As at 30 Sep 2014				
Mainland entities	14,562	2,491	17,053	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	-	-	-	-
Other counterparties the exposures to whom are considered to be non bank Mainland exposures	55	38	92	-
Total	<u><u>14,617</u></u>	<u><u>2,528</u></u>	<u><u>17,145</u></u>	<u><u>-</u></u>
As at 31 Mar 2014				
Mainland entities	13,770	503	14,273	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	-	-	-	-
Other counterparties the exposures to whom are considered to be non bank Mainland exposures	-	-	-	-
Total	<u><u>13,770</u></u>	<u><u>503</u></u>	<u><u>14,273</u></u>	<u><u>-</u></u>

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

(viii) Foreign currency positions

	USD HKD Mio	NZD HKD Mio	AUD HKD Mio	CNY HKD Mio	JPY HKD Mio	OTH HKD Mio	Total HKD Mio
As at 30 Sep 2014							
Hong Kong dollar equivalent							
- Spot assets	51,544	887	24,572	2,467	13,432	8,456	101,358
- Spot liabilities	(48,210)	(4,768)	(26,886)	(1,637)	(20,547)	(3,778)	(105,826)
- Forward purchases	55,545	4,509	17,915	4,389	15,273	2,477	100,108
- Forward sales	(59,881)	(609)	(15,587)	(5,208)	(8,168)	(7,161)	(96,614)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>(1,002)</u>	<u>19</u>	<u>14</u>	<u>11</u>	<u>(10)</u>	<u>(6)</u>	<u>(974)</u>
Net Structural Position	<u>12</u>	<u>1</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>30</u>
As at 31 Mar 2014							
Hong Kong dollar equivalent							
- Spot assets	41,317	1,024	21,503	3,931	12,765	3,309	83,849
- Spot liabilities	(44,436)	(2,382)	(24,256)	(460)	(20,120)	(4,964)	(96,618)
- Forward purchases	52,341	1,713	15,705	3,358	18,096	3,762	94,975
- Forward sales	(53,308)	(354)	(9,851)	(6,837)	(10,746)	(2,126)	(83,222)
- Net options position	-	-	-	-	-	-	-
Net Long/(short) position	<u>(4,086)</u>	<u>1</u>	<u>3,101</u>	<u>(8)</u>	<u>(5)</u>	<u>(19)</u>	<u>(1,016)</u>
Net Structural Position	<u>21</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF BALANCE SHEET EXPOSURES

	30 Sep 2014	31 Mar 2014
(i) Contingent liabilities and commitments at contractual amounts	HKD'000	HKD'000
- Direct credit substitutes	1,699,959	921,512
- Transaction-related contingencies	-	-
- Trade-related contingencies	2,070,371	115,726
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	1,636,544	2,518,982
- 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)	1,864,127	3,452,685
Derivatives at notional values		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	116,094,450	107,615,551
- Interest rate contracts	661,319,904	699,392,598
- Others	-	-
(ii) Total fair value of exchange rate-related derivative contracts and interest rate derivative contracts (without effect of bilateral netting arrangements)	3,492,978	2,220,571

V. LIQUIDITY

	30 Sep 2014	30 Sep 2013
Average liquidity ratio for the financial period	299%	382%

VI. DISCLOSURE ON REMUNERATION

National Australia Bank Limited's remuneration strategy 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 in page 31 to 59 of the 2014 Annual Financial Report of the Group for details

**SECTION B - BANK INFORMATION (CONSOLIDATED BASIS))
ANNOUNCEMENT - 2013/2014 GROUP ANNUAL FINANCIAL RESULTS**

I. Capital and capital adequacy

	30 Sep 2014	31 Mar 2014
Consolidated capital adequacy ratio	12.16%	12.17%

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 2014	31 Mar 2014
	A\$ Mio	A\$ Mio
Aggregate amount of shareholders' funds (Total Equity)	47,908	47,478

II. Other financial information

Group total assets	883,301	846,014
Group total liabilities	835,393	798,536
Group total net loans and advances	434,725	423,711
Group total deposits and other borrowings	476,208	462,297
Group total non-accrual loans, net of specific provisions	2,668	3,660

	30 Sep 2014	30 Sep 2013 ¹
	A\$ Mio	A\$ Mio
Group total profit before tax	7,955	8,088

¹ Prior period has been restated for the impact of adopting new accounting standards

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 Hong Kong Monetary Authority's recommendations as set out in the SPM under CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" and is not false or misleading.



Arun Nangia
Chief Executive Officer
National Australia Bank - Hong Kong Branch