2019

UniCredit Bank AG Hong Kong Branch
Disclosure Statement
For the quarter ended 31 March 2019

Banking that matters.

UniCredit
Corporate & Investment Banking

Contents

HONG KONG BRANCH INFORMATION

I. Income Statement information

Description	31 March 2019 HK$ million		31 December 2018 HK$ million	
Interest income		260		728
Interest expense		(65)		(206)
Other operating income		(95)		(147)
- Gains less losses arising from trading in foreign currencies	(113)		(269)	
- Gains less losses on securities held for trading purposes	(2)		-	
- Gains less losses from other trading activities	(13)		(66)	
- Net fees and commission income	23		108	
- Fees and commission income	25		115	
- Fees and commission expenses	(2)		(7)	
- Others	10		80	
Operating expenses		(74)		(325)
- Staff expenses	(31)		(131)	
- Rental expenses	(5)		(24)	
- Other expenses less fee and commission expenses	(38)		(170)	
Impairment losses and provision for impaired loans and receivables		-		1
Net charge for other provision		-		-
Gains less losses from the disposal of property, plant and equipment and investment properties		-		-
Profit before taxation		26		51
Taxation expenses or tax income		-		-
PROFIT AFTER TAXATION		**26**		**51**

II. Balance Sheet information

Description	31 March 2019 HK$ million		31 December 2018 HK$ million	
ASSETS				
Cash and balances with banks (excluding overseas offices)		234		1,446
Placements with banks maturing between one and twelve months		5,814		6,332
Amounts due from overseas offices of the institution		43,573		26,854
Trade bills		1,203		1,446
Certificates of deposit held		-		-
Securities held for trading purposes		-		-
Loans and receivables		5,751		5,423
- Loans and advances to customers	4,043		4,065	
- Loans and advances to banks	117		158	
- Other accounts	1,591		1,200	
- Provisions for impaired loans and receivables	-		-	
- Collective provision	-		-	
- Individual provision	-		-	
Investment Securities		28,791		31,219
Other investments		-		-
Property, plant and equipment and investment properties		3		3
TOTAL ASSETS		**85,369**		**72,723**
LIABILITIES				
Deposits and balances from banks (excluding overseas offices)		1,227		10,990
Deposits from customers		1,044		1,208
- Demand deposits and current accounts	751		717	
- Savings deposits	-		-	
- Time, call and notice deposits	293		491	
Amounts due to overseas offices of the institution		69,725		46,880
Certificates of deposit issued		-		-
Issued debt securities		-		-
Other liabilities		13,373		13,645
Provisions		-		-
TOTAL LIABILITIES		**85,369**		**72,723**

Additional balance sheet information

(a) Impaired loans and advances (Note 1)	31 March 2019 HK$ million	Collateral coverage	31 December 2018 HK$ million	Collateral coverage
(i) Impaired loans and advances to customers	-	-	-	-
Specific provisions made in respect of such advances	-	-	-	-
Impaired loans to customers after allowances	-	-	-	-
Percentage of impaired loans to total advances to customers		0.00%		0.00%
(ii) Impaired loans and advances to banks	-	-	-	-
Specific provisions made in respect of such advances	-	-	-	-
Impaired loans to banks after allowances	-	-	-	-
Percentage of impaired loans to total advances to banks		0.00%		0.00%

(b) Off-balance sheet exposures	31 March 2019 HK$ million	31 December 2018 HK$ million
The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding:		
Contingent liabilities and commitments (Note 2)		
Direct credit substitutes	1,344	1,454
Transaction-related contingencies	78	69
Trade-related contingencies	696	920
Note issuance and revolving underwriting facilities	-	-
Other commitments	897	1,068
Others	970	511
Total	**3,985**	**4,022**
Derivatives (Note 3)		
Exchange rate-related derivative contracts	204,200	174,057
Interest rate derivative contracts	31,813	35,480
Others	-	-
Total	**236,013**	**209,537**

(c) The fair value of derivatives outstanding (Note 4)	31 March 2019 HK$ million	31 December 2018 HK$ million
Exchange rate-related derivative contracts	928	736
Interest rate derivative contracts	5	7
Others	-	-
Total	**933**	**743**

III. International Claims (Note 5)

HK$ million

Geographical segment	Banks	Official Sector	Non-bank private sector: Non-bank financial institutions	Non-bank private sector: Non-financial private sector	Others	Total
As at 31 March 2019						
1. Developed countries	44,382	27,322	930	552	-	73,186
of which Germany	43,593	882	271	320	-	45,066
of which Japan	140	26,440	-	-	-	26,580
2. Offshore centres	70	-	-	1	-	71
3. Developing Europe	246	-	-	-	-	246
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-			-
6. Developing Asia-Pacific	6,446	342	-	3,475	-	10,263
of which China	6,045	342	-	2,375	-	8,762
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-
As at 31 December 2018						
1. Developed countries	27,640	29,746	947	567	-	58,900
of which Germany	26,870	3,142	276	353	-	30,641
of which Japan	68	26,604	-	-	-	26,672
2. Offshore centres	47	-	-	1	-	48
3. Developing Europe	537	-	-	-	-	537
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-			-
6. Developing Asia-Pacific	8,211	330	-	3,481	-	12,022
of which China	7,860	330	-	2,368	-	10,558
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-

IV. Sector Information

HK$ million

Sector classification	31 March 2019		31 December 2018	
Gross loans and advances to customers by major sectors	Collateral coverage	Gross amount of loans and advances	Collateral coverage	Gross amount of loans and advances
Loans and Advances for use in Hong Kong				
Industrial, commercial and financial :				
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Financial concerns	-	236	-	235
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	-	154	-	163
- Manufacturing	-	2,080	-	2,077
- Transport and transport equipment	-	4	-	3
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	-	-	-
Total industrial, commercial and financial	**-**	**2,474**	**-**	**2,478**
Individuals :				
- Loans for the purchase of flats in the Home Owners Scheme, Private Sector Participation Scheme & Tenants Purchase Scheme, or their respective successor schemes	-	-	-	-
- Loans for the purchase of other residential properties	-	-	-	-
- Credit card advances	-	-	-	-
- Others	-	-	-	-
Total individual	**-**	**-**	**-**	**-**
Loans and Advances for use in Hong Kong		**2,474**		**2,478**
Trade finance		133		122
Loans and Advances for use outside Hong Kong		1,436		1,465
Advances to customers (Note 6)		**4,043**		**4,065**
Geographic Breakdown :				
China		2,374		2,366
South Korea		882		897
Germany		323		355
Italy		247		230

V. Overdue and rescheduled assets

HK$ million

Description	31 March 2019			31 December 2018		
	Collateral coverage	Gross amount	As % to total loans	Collateral coverage	Gross amount	As % to total loans
(1) Analysis of loans and advances to customers which have been overdue for:						
- Over 3 months and up to 6 months	-	-	0.00%	-	-	0.00%
- Over 6 months and up to one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	**-**	**-**		**-**	**-**	
(2) Analysis of loans and advances to banks which have been overdue for:						
- Over 3 months and up to 6 months	-	-	0.00%	-	-	0.00%
- Over 6 months and up to one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	**-**	**-**		**-**	**-**	
(3) Value of collateral held against overdue loans and advances						
- Current market value of collateral held against the covered portion of overdue loans and advances		-			-	
- Covered portion of overdue loans and advances		-			-	
- Uncovered portion of overdue loans and advances		-			-	
(4) Specific provision made for overdue loans and advances		-			-	
(5) Rescheduled loans and advances to customers net of those which have been overdue for over three months		-	0.00%		-	0.00%
(6) Rescheduled loans and advances to banks net of those which have been overdue for over three months		-	0.00%		-	0.00%
(7) Analysis of gross amount of other assets such as trade bills and debt securities, which have been overdue for:						
- Over 3 months and up to 6 months	-	-	0.00%	-	-	0.00%
- Over 6 months and up to one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	**-**	**-**		**-**	**-**	
(8) Amount of repossessed assets held (Note 6)		-	0.00%		-	0.00%

VI. Mainland Activities (Note 7)

Types of Counterparties	On-balance sheet exposures	Off-balance sheet exposures	Total
			HK$ million
As at 31 March 2019			
1. Central government, central government-owned entities and their subsidiaries and JVs	117	-	117
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	70	-	70
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of central government not reported in items 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	143	78	221
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	**330**	**78**	**408**
Total Assets after provisions	85,369		
On-balance sheet exposure as percentage of total assets	0.39%		
As at 31 December 2018			
1. Central government, central government-owned entities and their subsidiaries and JVs	114	-	114
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	68	-	68
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of central government not reported in items 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	136	160	296
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	**318**	**160**	**478**
Total Assets after provisions	**72,723**		
On-balance sheet exposure as percentage of total assets	**0.44%**		

VII. Currency Risk (Note 8)

Equivalent in HK$ million	USD	EUR	Total
As at 31 March 2019			
Spot assets	5,536	9,644	15,180
Spot liabilities	(17,961)	(60,061)	(78,022)
Forward purchases	103,324	63,149	166,473
Forward sales	(91,553)	(12,810)	(104,363)
Net option position	-	-	-
Net long (short) position	**(654)**	**(78)**	**(732)**
Net structural position	**3**	**-**	**3**
As at 31 December 2018			
Spot assets	7,093	11,265	18,358
Spot liabilities	(20,346)	(47,149)	(67,495)
Forward purchases	90,084	51,285	141,369
Forward sales	(77,518)	(15,484)	(93,002)
Net option position	-	-	-
Net long (short) position	**(687)**	**(83)**	**(770)**
Net structural position	**3**	**-**	**3**

VIII. Liquidity Information

	31 March 2019	31 December 2018
(i) The average liquidity maintenance ratio for the financial period	**422.08%**	**727.23%**

(ii) Liquidity Risk Management Policy

Liquidity risk is defined as the risk that the bank will not be able to meet its obligations as they come due without incurring in unacceptable losses. With the objective to determine precisely and timely the location and amount of liquidity risk, and to execute proper measures against such risk, the bank has set out a liquidity risk management framework at Head Office level, and documented it in its fundamental policies, rules, procedures and internal control systems. An addendum specific to Hong Kong Branch has been set up to integrate and adapt said framework to the local business environment and regulatory requirements, specifically in accordance with the requirements set out in the "Supervisory Policy Manual (LM2)" issued by the HKMA.

At Head Office, senior management (including Treasury and the Asset & Liability Committee) exercise significant management oversight on liquidity risk management; at Hong Kong Branch level the strategy is implemented by the Treasury function. Head Office Finance Department is responsible for monitoring and supervising Liquidity Risk. Detailed procedures are in place to define the mechanics of reports' data transmission to HO Finance Department, as well as to ensure adequate 4-eyes-principle checking of Hong Kong Branch liquidity positions.

Representatives of Hong Kong Branch (CIB Head of Asia Pacific, Head of Treasury, Head of Finance and Head of Risk Control) meet on a regular and when-necessary basis to discuss ALM and liquidity risk topics; Head of Treasury Hong Kong meets regularly with UCB AG Head of Treasury and with Head of Group Treasury to discuss ALM and liquidity risk topics in Hong Kong, as well as the bank's funding situation.

It is coherent with our strategy to hold an appropriate amount of High Quality Liquid Assets to meet liquidity needs in times of liquidity stress.

The main tool for Liquidity Risk Management is the Liquidity Ladder. Daily-generated Cash Flow projections are plotted against HQLA positions to generate a time-bucketed Liquidity Ladder, in order to measure mismatches and funding gaps for each major currency. Gaps are monitored daily vs Gap Limits set out annually by Head Office ALCO.

Stress tests on the projected Cash Flows are carried out both at Head Office level (including Hong Kong branch positions, on a weekly basis) and locally, with quarterly frequency. Stress scenarios include and institution-specific shock, a market-wide shock and a combination of both.

The bank is subject to the Liquidity Maintenance Ratio. The bank monitors daily its LMR vs regulatory as well as internal targets. The LMR is calculated in accordance with the requirements set out in the "Supervisory Policy Manual (LM1)" issued by the HKMA, as well as the Fourth Schedule of the Hong Kong Banking Ordinance.

Other daily reports for supporting Liquidity Risk monitoring activities include analyses on the source, mix, concentration and maturity profile of funding sources of Hong Kong branch.

Note 1 A loan to customer is impaired if it is not probable to have a full repayment of principal.

Note 2 For contingent liabilities and commitments, the contract amount represents the amount at risk should the contract be fully drawn upon and the client defaults. The total of the contract amount is not representative of future liquidity requirements.

Note 3 For derivatives, the notional amounts indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

Note 4 No bilateral netting arrangements has been taken into account in deriving the fair value.

Note 5 The country or geographical classification has been taken into account of transfer of risk.

Note 6 Upon the repossession of the assets, the related loans and advances will continue to be recorded in the account.

Note 7 The above analysis has been classified according to categories and definitions used by the Hong Kong Monetary Authority.

Note 8 The net options position is calculated by using our internal reporting method.

IX. Disclosure on Remuneration System

Pursuant to section 3 of the Hong Kong Monetary Authority's Supervisory Policy Manual (CG-5) Guidelines on a sound remuneration system, UCB Hong Kong Branch has adopted the remuneration system of UCB, Head Office with reference to page 244 of the Group Annual Report 2018.

The link to Group Annual Report 2018 :
https://www.hypovereinsbank.de/content/dam/hypovereinsbank/ueber-uns/pdf/investor-relations/Berichte/EN/2019/190322_Konzernbericht_2018_E.pdf

CONSOLIDATED UNICREDIT BANK AG GROUP INFORMATION

I. Capital and capital adequacy

	31 December 2018	30 June 2018
Capital adequacy ratio	**19.9%**	**20.7%**
	EUR Billion	**EUR Billion**
Shareholders' equity	**17.8**	**17.8**

The capital adequacy ratio is computed in accordance with the Basel III and calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk.

II. Other financial information

	31 December 2018 EUR Billion	30 June 2018 EUR Billion
Total assets	286.7	294.4
Total liabilities	268.9	276.6
Total advances (Note 1)	167.3	168.4
Total customer deposits	121.0	120.2
Note (1):		
Advances to Bank	33.6	37.9
Advances to Customers	133.7	130.5
Total	**167.3**	**168.4**

	31 December 2018 EUR Billion	31 December 2017 EUR Billion
Pre-tax profit / (loss) for the financial period	0.39	1.60

UniCredit Bank AG Hong Kong Branch
Chief executive's declaration of compliance

We enclose herewith the Financial Information Disclosure Statement for the financial period ended 31-Mar-2019. We confirm that the information contained therein is not false or misleading. It complies in all material respects, with the Banking (Disclosure) Rules and the Supervisory Policy Manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority.

Michele Amadei
Chief Executive
Hong Kong Branch

24 May 2019

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Banking that matters.

UniCredit
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