

UniCredit Bank AG
Hong Kong Branch
Disclosure Statement for the Financial Period Ended 31 December 2016

for and on behalf of
UniCredit Bank AG
Hong Kong Branch


Authorized Signature(s)

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

Section A. Hong Kong Branch Information

I. Income statement information

Description	31 December 2015		31 December 2016	
	HK\$ million		HK\$ million	
Interest income		324		217
Interest expense		(230)		(178)
Other operating income		59		305
- Gains less losses arising from trading in foreign currencies		50		249
- Gains less losses on securities held for trading purposes		-		-
- Gains less losses from other trading activities		(27)		(58)
- Net fees and commission income		22		42
- Fees and commission income	34		54	
- Fees and commission expenses	(12)		(12)	
- Others		14		72
Operating expenses		(199)		(293)
- Staff expenses		(103)		(106)
- Rental expenses		(22)		(22)
- Other expenses less fee and commission expenses		(74)		(165)
Impairment losses and provision for impaired loans and receivables		-		7
Net charge for other provision		-		-
Gains less losses from the disposal of property, plant and equipment and investment properties		-		-
Profit before taxation		(46)		58
Taxation expenses or tax income		-		-
Profit after taxation		(46)		58

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

II. Balance sheet information

Description	30 June 2016 HK\$ million	31 December 2016 HK\$ million
Assets		
Cash and balances with banks (excluding overseas offices)	372	118
Placements with banks maturing between one and twelve months	6,806	6,078
Amounts due from overseas offices of the institution	55,162	30,291
Trade bills	803	975
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables	7,514	6,387
- Loans and advances to customers	2,131	1,831
- Loans and advances to banks	912	874
- Other accounts	4,484	3,702
- Provisions for impaired loans and receivables	(13)	(20)
- Collective provision	(13)	(20)
- Individual provision	-	-
Available-for-sale financial assets	9,317	8,820
Investment Securities	-	-
Other investments	-	-
Property, plant and equipment and investment properties	4	4
Total assets	79,978	52,673
Liabilities		
Deposits and balances from banks (excluding overseas offices)	15,850	2,439
Deposits from customers	1,401	1,257
- Demand deposits and current accounts	772	715
- Savings deposits	-	-
- Time, call and notice deposits	629	542
Amounts due to overseas offices of the institution	44,578	32,568
Certificates of deposit issued	80	80
Issued debt securities	-	-
Other liabilities	18,069	16,329
Provisions	-	-
Total liabilities	79,978	52,673

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

Additional balance sheet information

(a) Impaired loans and advances (Note 1)	30 June 2016		31 December 2016	
	HK\$ million		HK\$ million	
	Collateral coverage		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	30 June 2016		31 December 2016	
	HK\$ million		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	357	526
Transaction-related contingencies	77	79
Trade-related contingencies	532	677
Note issuance and revolving underwriting facilities	-	-
Other commitments	1,445	3,190
Others	71,788	20,151
Total	74,199	24,623

Derivatives (Note 3)

Exchange rate-related derivative contracts	337,798	254,607
Interest rate derivative contracts	18,592	15,423
Others	-	-
Total	356,390	270,030

(c) The fair value of derivatives outstanding (Note 4):	30 June 2016		31 December 2016	
	HK\$ million		HK\$ million	
Exchange rate-related derivative contracts	1,485	2,807		
Interest rate derivative contracts	68	52		
Others	-	-		
Total	1,553	2,859		

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

III. International claims (Note 5)

(expressed in HK\$ million)

Geographical segment	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at 31 December 2016						
1. Developed countries	34,144	6,912	1,294	295	-	42,645
of which Germany	27,803	4,117	-	287	-	32,207
of which Japan	3,509	2,795	-	-	-	6,304
2. Offshore centres	3,803	-	-	519	-	4,322
of which Singapore	2,698	-	-	-	-	2,698
of which Hong Kong	1,105	-	-	519	-	1,624
3. Developing Europe	186	-	-	-	-	186
of which Russia	94	-	-	-	-	94
of which Turkey	91	-	-	-	-	91
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	1,420	-	-	-	-	1,420
of which United Arab Emirates	1,420	-	-	-	-	1,420
6. Developing Asia-Pacific	1,596	625	-	1,052	-	3,273
of which China	562	625	-	586	-	1,773
of which South Korea	861	-	-	-	-	861
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

International claims (cont.)

(expressed in HK\$ million)

Geographical segment	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at 30 June 2016						
1. Developed countries	56,732	7,218	2,704	1,428	-	68,082
of which Germany	56,114	1,744	383	940	-	59,181
of which Japan	21	5,475	1,389	-	-	6,885
2. Offshore centres	390	-	-	24	-	414
of which Hong Kong	354	-	-	23	-	377
3. Developing Europe	218	-	-	-	-	218
of which Russia	131	-	-	-	-	131
of which Turkey	78	-	-	-	-	78
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	8,223	771	-	735	-	9,729
of which China	7,873	771	-	259	-	8,903
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-

IV. Sector information

(expressed in HK\$ million)

Sector classification	30 June 2016		31 December 2016	
	Collateral Coverage	Gross amount of loans and advances	Collateral Coverage	Gross amount of loans and advances
Gross loans and advances to customers by major sectors				
<i>Loans and Advances for use in Hong Kong</i>				
Industrial, commercial and financial :				
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Financial concerns	-	23	-	42
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	-	312	-	354
- Manufacturing	-	285	-	20
- Transport and transport equipment	-	7	-	5
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	31	-	37
Total industrial, commercial and financial	-	658	-	458
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		658		458
<i>Trade finance</i>		134		61
<i>Loans and Advances for use outside Hong Kong</i>		1,339		1,312
<i>Advances to customers (Note 6)</i>		2,131		1,831
Geographic Breakdown :				
Germany		937		924
Italy		484		431
Philippines		236		224
India		189		210

V. Overdue and rescheduled assets

(expressed in HK\$ million)

Description	30 June 2016			31 December 2016		
	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:						
- more than 3 months but not more than 6 months	-	-	0.00%	-	-	0.00%
- more than 6 months but not more than one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
(2) Analysis of loans and advances to banks which have been overdue for:						
- more than 3 months but not more than 6 months	-	-	0.00%	-	-	0.00%
- more than 6 months but not more than one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
(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:						
- more than 3 months but not more than 6 months	-	-	0.00%	-	-	0.00%
- more than 6 months but not more than one year	-	-	0.00%	-	-	0.00%
- more than one year	-	-	0.00%	-	-	0.00%
Total	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
(8) Amount of repossessed assets held (Note 7)		-	0.00%		-	0.00%

VI. Mainland Activities (Note 6)

(expressed in HK\$ million)

Types of Counterparties	On-balance sheet exposures	Off-balance sheet exposures	Total
As at 31 December 2016			
1. Central government, central government-owned entities and their subsidiaries and JVs	626	-	626
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	584	-	584
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	186	30	216
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	1,396	30	1,426
Total Assets after provisions	52,673		
On-balance sheet exposure as percentage of total assets	2.65%		

Types of Counterparties	On-balance sheet exposures	Off-balance sheet exposures	Total
As at 30 June 2016			
1. Central government, central government-owned entities and their subsidiaries and JVs	770	-	770
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	609	-	609
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	171	82	253
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	1,550	82	1,632
Total Assets after provisions	79,978		
On-balance sheet exposure as percentage of total assets	1.94%		

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

VII. Currency Risk (Note 8)

Equivalent in millions of HK\$	USD	CNY	Total
As at 31 December 2016			
Spot assets	4,970	3,487	8,457
Spot liabilities	(19,592)	(1,462)	(21,054)
Forward purchases	122,773	37,975	160,748
Forward sales	(107,829)	(39,952)	(147,781)
Net option position	-	-	-
Net long (short) position	322	48	370
Net structural position	4	-	4
As at 30 June 2016			
Spot assets	3,236	4,638	7,874
Spot liabilities	(27,718)	(1,038)	(28,756)
Forward purchases	156,094	38,452	194,546
Forward sales	(133,401)	(42,004)	(175,405)
Net option position	-	-	-
Net long (short) position	(1,789)	48	(1,741)
Net structural position	4	-	4

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

VIII. Liquidity Information	<u>31 December 2015</u>	<u>31 December 2016</u>
(i) The average liquidity maintenance ratio for the financial period	123.84%	284.25%

(ii) Liquidity Risk Management Policy

To meet the statutory liquidity ratio, UCB HK maintains a secured 3 month positive funding gap by implementing match-funded policy on medium-long term and short term assets; and the HQLA investment with bonds rating A- or above, such as European state government and Chinese government bonds.

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 204 of the Group Annual Report 2016.

The link to Group Annual Report 2016 :

<https://investors.hypovereinsbank.de/cms/english/investorrelations/index.html>

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

Note 7: Upon the repossession of the assets, the related loans and advances will continue to be recorded in the account.

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

UniCredit Bank AG

Financial Disclosure for Hong Kong Branch for the financial period ended 31 December 2016

Section B. Consolidated Group Information

I. Capital and capital adequacy	<u>30 June 2016</u>	<u>31 December 2016</u>
Capital adequacy ratio	22.3%	20.4%
	EUR Billion	EUR Billion
Shareholders' equity	20.4	20.4

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	<u>30 June 2016</u>	<u>31 December 2016</u>
	EUR Billion	EUR Billion
Total assets	316.6	302.1
Total liabilities	296.2	281.7
Total advances (Note 1)	153.9	154.5
Total customer deposits	117.7	117.2

	<u>31 December 2015</u>	<u>31 December 2016</u>
	EUR Billion	EUR Billion
Pre-tax profit / (loss) for the financial period	0.78	0.30

Note (1) :

Advances to Bank	34.7	33.0
Advances to Customers	<u>119.2</u>	<u>121.5</u>
Total	<u><u>153.9</u></u>	<u><u>154.5</u></u>

- END -

For and on behalf of
UniCredit Bank AG
 Hong Kong Branch


 Authorized Signature(s)