

Annual Financial Disclosure Statement 31 December 2023

UniCredit Bank AG

Hong Kong Branch

Incorporated in Germany with limited liability

Banking that matters.



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1 HONG KONG BRANCH INFORMATION

1.1 Income Statement Information

Description	31 December 2023	31 December 2022
	HK\$ million	HK\$ million
Interest income	343	666
Interest expense	(230)	(286)
Other operating income	105	(224)
- Gains less losses arising from trading in foreign currencies	(87)	(361)
- Gains less losses on securities held for trading purposes	-	(1)
- Gains less losses from other trading activities	(1)	-
- Net fees and commission income	19	209
- Fees and commission income	19	217
- Fees and commission expenses	-	(8)
- Others	174	(71)
Operating expenses	(163)	(289)
- Staff expenses	(70)	(110)
- Rental expenses	(22)	(30)
- Other expenses less fee and commission expenses	(71)	(149)
Impairment losses and provision for impaired loans and receivables	-	66
Net charge for other provision	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	55	(67)
Taxation expenses or tax income	-	-
PROFIT AFTER TAXATION	55	(67)

1.2 Balance Sheet Information

Description	31 December 2023	30 June 2023
	HK\$ million	HK\$ million
ASSETS		
Cash and balances with banks (excluding overseas offices)	143	147
Placements with banks maturing between one and twelve months	-	-
Amounts due from overseas offices of the institution	77	101
Trade bills	-	-
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables	-	56
- Loans and advances to customers	-	-
- Loans and advances to banks	-	-
- Other accounts	-	56
- Provisions for impaired loans and receivables	-	-
- Collective provision	-	-
- Individual provision	-	-
Investment Securities	-	-
Other investments	-	-
Property, plant and equipment and investment properties	8	2
TOTAL ASSETS	228	306
LIABILITIES		
Deposits and balances from banks (excluding overseas offices)	-	-
Deposits from customers	1	17
- Demand deposits and current accounts	1	17
- Savings deposits	-	-
- Time, call and notice deposits	-	-
Amounts due to overseas offices of the institution	110	109
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	117	180
Provisions	-	-
TOTAL LIABILITIES	228	306

1.3 Additional balance sheet information

	<u>31 December 2023</u>	<u>30 June 2023</u>
	HK\$ million Collateral coverage	HK\$ million Collateral coverage
(a) Impaired loans and advances (Note 1)		
(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	<u>31 December 2023</u>	<u>30 June 2023</u>
	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	-	-
Transaction-related contingencies	-	-
Trade-related contingencies	-	-
Note issuance and revolving underwriting facilities	-	-
Other commitments	-	-
Others	-	-
Total	<u>-</u>	<u>-</u>
Derivatives (Note 3)		
Exchange rate-related derivative contracts	-	-
Interest rate derivative contracts	-	-
Others	-	-
Total	<u>-</u>	<u>-</u>
(c) The fair value of derivatives outstanding (Note 4)	<u>31 December 2023</u>	<u>30 June 2023</u>
	HK\$ million	HK\$ million
Exchange rate-related derivative contracts	-	-
Interest rate derivative contracts	-	-
Others	-	-
Total	<u>-</u>	<u>-</u>

1.4 International Claims (Note 5)

HK\$ million

Geographical segment	Non-bank private sector					Total
	Banks	Official Sector	Non-bank financial institutions	Non-financial sector	Others	
As at 31 December 2023						
1. Developed countries	80	-	-	-	-	80
of which Germany	77	-	-	-	-	77
of which Italy	3	-	-	-	-	3
2. Offshore centres	101	-	-	-	-	101
of which Hong Kong	101	-	-	-	-	101
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	-	-	-	-	-	-
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-
As at 30 June 2023						
1. Developed countries	198	-	-	-	-	198
of which Germany	100	-	-	-	-	100
of which United States	98	-	-	-	-	98
2. Offshore centres	40	-	-	-	-	40
of which Hong Kong	40	-	-	-	-	40
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	1	-	-	-	-	1
of which China	1	-	-	-	-	1
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-

1.5 Sector information

HK\$ million

Sector classification	31 December 2023		30 June 2023	
	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				
Loans and Advances for use in Hong Kong				
Industrial, commercial and financial :				
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Financial concerns	-	-	-	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	-	-	-	-
- Manufacturing	-	-	-	-
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	-	-	-
Total industrial, commercial and financial	-	-	-	-
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		-		-
Trade finance		-		-
Loans and Advances for use outside Hong Kong		-		-
Advances to customers (Note 7)		-		-
Geographic Breakdown :				
Germany		-		-
Italy		-		-
Hong Kong		-		-

1.6 Overdue and rescheduled assets

HK\$ Million

Description	31 December 2023			30 June 2023		
	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	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
(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	<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:						
- 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	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
(8) Amount of repossessed assets held (Note 6)		-	0.00%		-	0.00%

1.7 Mainland Activities (Note 7)

HK\$ Million

Types of Counterparties	On-balance sheet ex- posures	Off-balance sheet exposures	Total
<u>As at 31 December 2023</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	-	-	-
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	-	-	-
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	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	-	-	-
Total Assets after provisions	228		
On-balance sheet exposure as percentage of total assets	0.00%		
<u>As at 30 June 2023</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	-	-	-
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	-	-	-
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	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	-	-	-
Total Assets after provisions	306		
On-balance sheet exposure as percentage of total assets	0.00%		

1.8 Currency Risk (Note 8)

Equivalent in HK\$ million	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Total</u>
<u>As at 31 December 2023</u>				
Spot assets	-	182	-	182
Spot liabilities	(78)	(220)	-	(298)
Forward purchases	-	-	-	-
Forward sales	-	-	-	-
Net option position	-	-	-	-
Net long (short) position	(78)	(38)	-	(116)
Net structural position	-	-	-	-
<u>As at 30 June 2023</u>				
Spot assets	107	101	33	241
Spot liabilities	(88)	(239)	-	(327)
Forward purchases	-	-	-	-
Forward sales	-	-	-	-
Net option position	-	-	-	-
Net long (short) position	19	(138)	33	(86)
Net structural position	2	-	-	2

1.9 Liquidity information

	<u>Quarter ended 31 December 2023</u>	<u>Quarter ended 31 December 2022</u>
(i) The average liquidity maintenance ratio for the financial period	4130.10%	268.72%
(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.

1.10 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 253 of the Group Annual Report 2023.

2 CONSOLIDATED UNICREDIT BANK AG GROUP INFORMATION

2.1 Capital and capital adequacy information

	<u>31 December 2023</u>	<u>30 June 2023</u>
Capital adequacy ratio	25.2%	23.6%
	EUR Billion	EUR Billion
Shareholders' equity	19.7	19.5

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.

2.2 Other financial information

	<u>31 December 2023</u> EUR Billion	<u>30 June 2023</u> EUR Billion
Total assets	283.3	308.2
Total liabilities	263.4	288.7
Total advances (Note 1)	174.1	172.3
Total customer deposits	139.6	144.4
Note (1):		
Advances to Bank	19.6	20.6
Advances to Customers	154.5	151.7
Total	174.1	172.3
	<u>31 December 2023</u> EUR Billion	<u>31 December 2022</u> EUR Billion
Pre-tax profit / (loss) for the financial period	2.14	1.77

The link to Group Annual Financial Report as of 31 December 2023 :
<https://www.hypovereinsbank.de/content/dam/hypovereinsbank/ueber-uns/pdf/investor-relations/Berichte/EN/2023/20240311-Geschaeftsbericht-HVB-Group-2023-ENGLISCH.pdf>

Chief executive's declaration of compliance

We enclose herewith the Financial Information Disclosure Statement for the financial period ended 31-December-2023. 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.



Ingo Frisch
Chief Executive
Hong Kong Branch

21 March 2024

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