

# One Bank, One UniCredit.

2019

UniCredit Bank AG Hong Kong Branch  
Incorporated in Germany with limited liability  
Half-yearly Disclosure Statement  
at 30 June 2019

Banking that matters.





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# HONG KONG BRANCH INFORMATION

## I. Income Statement information

Description	30 June 2019	30 June 2018
	HK\$ million	HK\$ million
Interest income	486	239
Interest expense	(159)	(76)
Other operating income	(121)	6
- Gains less losses arising from trading in foreign currencies	(185)	(59)
- Gains less losses on securities held for trading purposes	(2)	(1)
- Gains less losses from other trading activities	(25)	(27)
- Net fees and commission income	45	53
- Fees and commission income	49	57
- Fees and commission expenses	(4)	(4)
- Others	46	40
Operating expenses	(154)	(135)
- Staff expenses	(63)	(54)
- Rental expenses	(12)	(12)
- Other expenses less fee and commission expenses	(79)	(69)
Impairment losses and provision for impaired loans and receivables	-	-
Net charge for other provision	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	52	34
Taxation expenses or tax income	-	-
<b>PROFIT AFTER TAXATION</b>	<b>52</b>	<b>34</b>

## II. Balance Sheet information

Description	<u>30 June 2019</u>	<u>31 December 2018</u>
	HK\$ million	HK\$ million
<b>ASSETS</b>		
Cash and balances with banks (excluding overseas offices)	1,762	1,446
Placements with banks maturing between one and twelve months	5,085	6,332
Amounts due from overseas offices of the institution	41,777	26,854
Trade bills	975	1,446
Certificates of deposit held	781	-
Securities held for trading purposes	-	-
Loans and receivables	4,830	5,423
- Loans and advances to customers	3,752	4,065
- Loans and advances to banks	160	158
- Other accounts	918	1,200
- Provisions for impaired loans and receivables	-	-
- Collective provision	-	-
- Individual provision	-	-
Investment Securities	28,640	31,219
Other investments	-	-
Property, plant and equipment and investment properties	3	3
<b>TOTAL ASSETS</b>	<b><u>83,853</u></b>	<b><u>72,723</u></b>
<b>LIABILITIES</b>		
Deposits and balances from banks (excluding overseas offices)	5,512	10,990
Deposits from customers	1,159	1,208
- Demand deposits and current accounts	806	717
- Savings deposits	-	-
- Time, call and notice deposits	353	491
Amounts due to overseas offices of the institution	71,278	46,880
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	5,904	13,645
Provisions	-	-
<b>TOTAL LIABILITIES</b>	<b><u>83,853</u></b>	<b><u>72,723</u></b>

### Additional balance sheet information

	<u>30 June 2019</u>	<u>31 December 2018</u>
	HK\$ million	HK\$ million
<b>(a) Impaired loans and advances (Note 1)</b>		
	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>(b) Off-balance sheet exposures</b>	<u>30 June 2019</u>	<u>31 December 2018</u>
	HK\$ million	HK\$ million
<b>The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding:</b>		
<b>Contingent liabilities and commitments (Note 2)</b>		
Direct credit substitutes	1,253	1,454
Transaction-related contingencies	84	69
Trade-related contingencies	768	920
Note issuance and revolving underwriting facilities	-	-
Other commitments	964	1,068
Others	41,445	511
<b>Total</b>	<u>44,514</u>	<u>4,022</u>
<b>Derivatives (Note 3)</b>		
Exchange rate-related derivative contracts	212,362	174,057
Interest rate derivative contracts	42,564	35,480
Others	-	-
<b>Total</b>	<u>254,926</u>	<u>209,537</u>
<b>(c) The fair value of derivatives outstanding (Note 4)</b>	<u>30 June 2019</u>	<u>31 December 2018</u>
	HK\$ million	HK\$ million
Exchange rate-related derivative contracts	800	736
Interest rate derivative contracts	4	7
Others	-	-
<b>Total</b>	<u>804</u>	<u>743</u>

### III. International Claims (Note 5)

Geographical segment	HK\$ million					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>As at 30 Jun 2019</b>						
1. Developed countries	42,345	27,035	936	525	-	70,841
of which Germany	41,790	-	273	318	-	42,381
of which Japan	151	27,035	-	-	-	27,186
2. Offshore centres	24	-	-	-	-	24
3. Developing Europe	277	-	-	-	-	277
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	8,098	443	-	3,212	-	11,753
of which China	7,710	443	-	2,126	-	10,279
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-
<b>As at 31 December 2018</b>						
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

Sector classification	30 June 2019		31 December 2018	
	Collateral coverage	Gross amount of loans and advances	Collateral coverage	Gross amount of loans and advances
HK\$ million				
Gross loans and advances to customers by major sectors				
Loans and Advances for use in Hong Kong				
<b>Industrial, commercial and financial :</b>				
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Financial concerns	-	-	-	235
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	-	133	-	163
- Manufacturing	-	2,073	-	2,077
- Transport and transport equipment	-	3	-	3
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	-	-	-
<b>Total industrial, commercial and financial</b>	-	<b>2,209</b>	-	<b>2,478</b>
<b>Individuals :</b>				
- 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	-	-	-	-
<b>Total individual</b>	-	<b>-</b>	-	<b>-</b>
<b>Loans and Advances for use in Hong Kong</b>		<b>2,209</b>		<b>2,478</b>
Trade finance		122		122
Loans and Advances for use outside Hong Kong		1,421		1,465
<b>Advances to customers (Note 7)</b>		<b>3,752</b>		<b>4,065</b>
<b>Geographic Breakdown :</b>				
China		2,125		2,366
South Korea		889		897
Germany		320		355
Italy		218		230

## V. Overdue and rescheduled assets

Description	HK\$ million					
	30 June 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%
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
(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%
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
(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%
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
(8) Amount of repossessed assets held (Note 6)		-	0.00%		-	0.00%

## VI. Mainland Activities (Note 7)

Types of Counterparties	HK\$ million		
	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total</u>
<b><u>As at 30 June 2019</u></b>			
1. Central government, central government-owned entities and their subsidiaries and JVs	227	-	227
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	110	243	353
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>405</b>	<b>243</b>	<b>648</b>
Total Assets after provisions	83,853		
On-balance sheet exposure as percentage of total assets	0.48%		
<b><u>As at 31 December 2018</u></b>			
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	-	-	-
<b>Total</b>	<b>318</b>	<b>160</b>	<b>478</b>
<b>Total Assets after provisions</b>	<b>72,723</b>		
<b>On-balance sheet exposure as percentage of total assets</b>	<b>0.44%</b>		

## VII. Currency Risk (Note 8)

Equivalent in HK\$ million	USD	EUR	CNY	Total
<b><u>As at 30 June 2019</u></b>				
Spot assets	8,180	5,837	1,346	15,363
Spot liabilities	(21,178)	(61,623)	(114)	(82,915)
Forward purchases	110,783	74,315	9,970	195,068
Forward sales	(97,930)	(18,610)	(11,170)	(127,710)
Net option position	-	-	-	-
<b>Net long (short) position</b>	<b>(145)</b>	<b>(81)</b>	<b>32</b>	<b>(194)</b>
<b>Net structural position</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b><u>As at 31 December 2018</u></b>				
Spot assets	7,093	11,265	2,519	20,877
Spot liabilities	(20,346)	(47,149)	(286)	(67,781)
Forward purchases	90,084	51,285	10,052	151,421
Forward sales	(77,518)	(15,484)	(12,375)	(105,377)
Net option position	-	-	-	-
<b>Net long (short) position</b>	<b>(687)</b>	<b>(83)</b>	<b>(90)</b>	<b>(860)</b>
<b>Net structural position</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

## VIII. Liquidity Information

	Quarter ended 30 June 2019	Quarter ended 30 June 2018
<b>(i) The average liquidity maintenance ratio for the financial period</b>	<b>345.46%</b>	<b>354.86%</b>

**(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.

# CONSOLIDATED UNICREDIT BANK AG GROUP INFORMATION

## I. Capital and capital adequacy

	<u>30 June 2019</u>	<u>31 December 2018</u>
<b>Capital adequacy ratio</b>	<b>19.4%</b>	<b>19.9%</b>
	<b>EUR Billion</b>	<b>EUR Billion</b>
<b>Shareholders' equity</b>	<b>17.6</b>	<b>17.8</b>

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

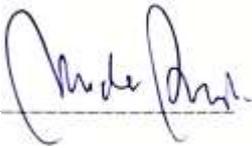
	<u>30 June 2019</u>	<u>31 December 2018</u>
	<b>EUR Billion</b>	<b>EUR Billion</b>
Total assets	294.6	286.7
Total liabilities	277.0	268.9
Total advances (Note 1)	172.5	167.3
Total customer deposits	119.8	121.0
Note (1):		
Advances to Bank	33.3	33.6
Advances to Customers	139.2	133.7
<b>Total</b>	<b><u>172.5</u></b>	<b><u>167.3</u></b>
	<u>30 June 2019</u>	<u>30 June 2018</u>
	<b>EUR Billion</b>	<b>EUR Billion</b>
Pre-tax profit / (loss) for the financial period	0.97	0.60

The link to Group Half-yearly Financial Report as of 30 June 2019 :

<https://www.hypovereinsbank.de/content/dam/hypovereinsbank/ueber-uns/pdf/investor-relations/Berichte/EN/2019/Half-year-report-at-June-30-2019.pdf>

**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 30-June-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.

A handwritten signature in blue ink, appearing to read 'Michele Amadei', written over a horizontal line.

Michele Amadei  
Chief Executive  
Hong Kong Branch

26 September 2019

UniCredit Bank AG Hong Kong Branch  
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