



One Bank,
One UniCredit.

2020

UniCredit Bank AG Hong Kong Branch
Incorporated in Germany with limited liability
Half-yearly Disclosure Statement
at 30 June 2020

Banking that matters.



the 1990s, the number of firms in the industry has increased, and the industry has become more competitive. This has led to a number of firms exiting the industry, and a number of firms merging.

The industry has also become more global, with a number of firms expanding their operations into other countries. This has led to a number of firms becoming multinational corporations, and a number of firms becoming public companies.

The industry has also become more technologically advanced, with a number of firms investing in research and development. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more environmentally conscious, with a number of firms investing in sustainable practices. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more socially responsible, with a number of firms investing in social programs. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more financially sound, with a number of firms investing in financial management. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more customer-focused, with a number of firms investing in customer service. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more innovative, with a number of firms investing in innovation. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more efficient, with a number of firms investing in efficiency. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more competitive, with a number of firms investing in competition. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more profitable, with a number of firms investing in profitability. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more successful, with a number of firms investing in success. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more powerful, with a number of firms investing in power. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more influential, with a number of firms investing in influence. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more respected, with a number of firms investing in respect. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more admired, with a number of firms investing in admiration. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more loved, with a number of firms investing in love. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more cherished, with a number of firms investing in cherishment. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

The industry has also become more treasured, with a number of firms investing in treasure. This has led to a number of new products and services being developed, and a number of firms becoming leaders in their respective fields.

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HONG KONG BRANCH INFORMATION

I. Income Statement information

Description	30 June 2020	30 June 2019
	HK\$ million	HK\$ million
Interest income	285	486
Interest expense	12	(159)
Other operating income	18	(121)
- Gains less losses arising from trading in foreign currencies	(71)	(185)
- Gains less losses on securities held for trading purposes	-	(2)
- Gains less losses from other trading activities	(23)	(25)
- Net fees and commission income	39	45
- Fees and commission income	43	49
- Fees and commission expenses	(4)	(4)
- Others	73	46
Operating expenses	(143)	(154)
- Staff expenses	(67)	(63)
- Rental expenses	(13)	(12)
- Other expenses less fee and commission expenses	(63)	(79)
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	172	52
Taxation expenses or tax income	-	-
PROFIT AFTER TAXATION	172	52

II. Balance Sheet information

Description	30 June 2020	31 December 2019
	HK\$ million	HK\$ million
ASSETS		
Cash and balances with banks (excluding overseas offices)	936	751
Placements with banks maturing between one and twelve months	5,946	4,122
Amounts due from overseas offices of the institution	38,054	32,141
Trade bills	681	502
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables	3,940	5,236
- Loans and advances to customers	2,918	3,793
- Loans and advances to banks	120	228
- Other accounts	902	1,215
- Provisions for impaired loans and receivables	-	-
- Collective provision	-	-
- Individual provision	-	-
Investment Securities	30,049	28,733
Other investments	-	-
Property, plant and equipment and investment properties	4	3
TOTAL ASSETS	<u>79,610</u>	<u>71,488</u>
LIABILITIES		
Deposits and balances from banks (excluding overseas offices)	6,145	11,427
Deposits from customers	1,437	1,441
- Demand deposits and current accounts	1,172	1,044
- Savings deposits	-	-
- Time, call and notice deposits	265	397
Amounts due to overseas offices of the institution	70,717	56,342
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	1,311	2,278
Provisions	-	-
TOTAL LIABILITIES	<u>79,610</u>	<u>71,488</u>

Additional balance sheet information

(a) Impaired loans and advances (Note 1)	30 June 2020		31 December 2019	
	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 2020		31 December 2019	
	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	135	145	145	145
Trade-related contingencies	631	878	878	878
Note issuance and revolving underwriting facilities	-	-	-	-
Other commitments	949	941	941	941
Others	37,618	-	-	-
Total	39,333	1,964	1,964	1,964
Derivatives (Note 3)				
Exchange rate-related derivative contracts	172,794	121,095	121,095	121,095
Interest rate derivative contracts	31,256	27,638	27,638	27,638
Others	-	-	-	-
Total	204,050	148,733	148,733	148,733
(c) The fair value of derivatives outstanding (Note 4)	30 June 2020		31 December 2019	
	HK\$ million		HK\$ million	
Exchange rate-related derivative contracts	747	1,118	1,118	1,118
Interest rate derivative contracts	1	4	4	4
Others	-	-	-	-
Total	748	1,122	1,122	1,122

III. International Claims (Note 5)

Geographical segment	HK\$ million					
	Banks	Official Sector	Non-bank financial institutions	Non-bank private sector	Others	Total
As at 30 Jun 2020						
1. Developed countries	38,428	26,771	-	542	-	65,741
of which Germany	38,057	-	-	260	-	38,317
of which Japan	109	26,771	-	-	-	26,880
2. Offshore centres	19	-	-	-	-	19
3. Developing Europe	239	-	-	-	-	239
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	9,706	614	-	2,291	-	12,611
of which China	9,323	614	-	1,267	-	11,204
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-
As at 31 December 2019						
1. Developed countries	32,729	26,728	-	608	-	60,065
of which Germany	32,151	-	-	234	-	32,385
of which Japan	103	26,728	-	-	-	26,831
2. Offshore centres	22	-	-	684	-	706
3. Developing Europe	251	-	-	-	-	251
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	6,125	618	-	2,431	-	9,174
of which China	5,831	618	-	1,367	-	7,816
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-

IV. Sector Information

Sector classification	HK\$ million			
	30 June 2020		31 December 2019	
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	-	-	-	-
- Stockbrokers	-	-	-	-
- Wholesale and retail trade	-	259	-	137
- Manufacturing	-	13	-	8
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	-	-	-
Total industrial, commercial and financial	-	272	-	145
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		272		145
Trade finance		53		184
Loans and Advances for use outside Hong Kong		2,593		3,464
Advances to customers (Note 7)		2,918		3,793
Geographic Breakdown :				
China		1,267		1,367
South Korea		868		874
Germany		266		241
Italy		252		321

V. Overdue and rescheduled assets

Description	HK\$ million					
	30 June 2020			31 December 2019		
	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%

VI. Mainland Activities (Note 7)

Types of Counterparties	HK\$ million		
	On-balance sheet exposures	Off-balance sheet exposures	Total
<u>As at 30 June 2020</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	613	-	613
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	66	-	66
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	20	144	164
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	699	144	843
Total Assets after provisions	79,610		
On-balance sheet exposure as percentage of total assets	0.88%		
<u>As at 31 December 2019</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	618	-	618
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	67	-	67
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	128	142	270
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	813	142	955
Total Assets after provisions	71,488		
On-balance sheet exposure as percentage of total assets	1.14%		

VII. Currency Risk (Note 8)

Equivalent in HK\$ million	<u>USD</u>	<u>EUR</u>	<u>CNY</u>	<u>Total</u>
<u>As at 30 June 2020</u>				
Spot assets	7,785	8,415	1,230	17,430
Spot liabilities	(5,806)	(72,133)	(96)	(78,035)
Forward purchases	79,652	82,113	2,583	164,348
Forward sales	(81,464)	(18,469)	(3,704)	(103,637)
Net option position	-	-	-	-
Net long (short) position	167	(74)	13	106
Net structural position	4	-	-	4
<u>As at 31 December 2019</u>				
Spot assets	6,731	10,734	1,040	18,505
Spot liabilities	(13,740)	(56,217)	(76)	(70,033)
Forward purchases	60,080	49,362	3,050	112,492
Forward sales	(52,429)	(3,871)	(3,969)	(60,269)
Net option position	-	-	-	-
Net long (short) position	642	8	45	695
Net structural position	3	-	-	3

VIII. Liquidity Information

	Quarter ended 30 June 2020	Quarter ended 30 June 2019
(i) The average liquidity maintenance ratio for the financial period	237.16%	345.46%

(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 2020</u>	<u>31 December 2019</u>
Capital adequacy ratio	16.3%	17.5%
	EUR Billion	EUR Billion
Shareholders' equity	16.0	18.9

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

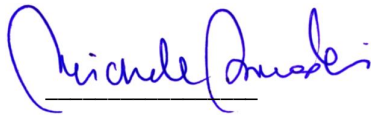
	<u>30 June 2020</u> EUR Billion	<u>31 December 2019</u> EUR Billion
Total assets	318.0	303.6
Total liabilities	302.0	284.7
Total advances (Note 1)	186.0	171.4
Total customer deposits	131.2	125.4
Note (1):		
Advances to Bank	35.6	31.8
Advances to Customers	150.4	139.6
Total	186.0	171.4

	<u>30 June 2020</u> EUR Billion	<u>30 June 2019</u> EUR Billion
Pre-tax profit / (loss) for the financial period	0.50	0.97

The link to Group Half-yearly Financial Report as of 30 June 2020 :
<https://www.hypovereinsbank.de/content/dam/hypovereinsbank/ueber-uns/pdf/investor-relations/Berichte/EN/2020/Half-year-reportat-June-30-2020.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-2020. 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

28 September 2020

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