

Half-yearly Disclosure Statement 30 June 2022

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	30 June 2022	30 June 2021
	HK\$ million	HK\$ million
Interest income	137	44
Interest expense	2	149
Other operating income	38	(13)
- Gains less losses arising from trading in foreign currencies	(61)	(115)
- Gains less losses on securities held for trading purposes	10	-
- Gains less losses from other trading activities	1	(2)
- Net fees and commission income	92	55
- Fees and commission income	97	58
- Fees and commission expenses	(5)	(3)
- Others	(4)	49
Operating expenses	(152)	(145)
- Staff expenses	(55)	(62)
- Rental expenses	(15)	(14)
- Other expenses less fee and commission expenses	(82)	(69)
Impairment losses and provision for impaired loans and re- ceivables	(99)	-
Net charge for other provision	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	(74)	35
Taxation expenses or tax income	-	-
PROFIT AFTER TAXATION	(74)	35

1.2 Balance Sheet Information

Description	30 June 2022	31 December 2021
	HK\$ million	HK\$ million
ASSETS		
Cash and balances with banks (excluding overseas offices)	1,062	176
Placements with banks maturing between one and twelve months	3,472	8,082
Amounts due from overseas offices of the institution	17,369	27,636
Trade bills	585	1,147
Certificates of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables	8,785	4,448
- Loans and advances to customers	544	1,723
- Loans and advances to banks	-	9
- Other accounts	8,241	2,716
- Provisions for impaired loans and receivables	-	-
- Collective provision	-	-
- Individual provision	-	-
Investment Securities	33,259	38,021
Other investments	-	-
Property, plant and equipment and investment properties	3	4
TOTAL ASSETS	64,535	79,514
LIABILITIES		
Deposits and balances from banks (excluding overseas offices)	13,102	-
Deposits from customers	680	1,640
- Demand deposits and current accounts	560	1,452
- Savings deposits	-	-
- Time, call and notice deposits	120	188
Amounts due to overseas offices of the institution	42,233	68,124
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	8,354	9,684
Provisions	166	66
TOTAL LIABILITIES	64,535	79,514

1.3 Additional balance sheet information

	30 June 2022		31 December 2021	
	HK\$ million		HK\$ million	
(a) Impaired loans and advances (Note 1)	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%	
	30 June 2022		31 December 2021	
	HK\$ million		HK\$ million	
(b) Off-balance sheet exposures				
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	115	-	677	-
Trade-related contingencies	130	-	1,025	-
Note issuance and revolving underwriting facilities	-	-	-	-
Other commitments	544	-	2,291	-
Others	8,832	-	353	-
Total	9,621	-	4,346	-
Derivatives (Note 3)				
Exchange rate-related derivative contracts	188,840	-	165,767	-
Interest rate derivative contracts	32,575	-	36,075	-
Others	-	-	-	-
Total	221,415	-	201,842	-
	30 June 2022		31 December 2021	
	HK\$ million		HK\$ million	
(c) The fair value of derivatives outstanding (Note 4)				
Exchange rate-related derivative contracts	1,373	-	676	-
Interest rate derivative contracts	270	-	51	-
Others	-	-	-	-
Total	1,643	-	727	-

1.4 International Claims (Note 5)

HK\$ million

Geographical segment	<u>Non-bank private sector</u>					Total
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>As at 30 June 2022</u>						
1. Developed countries	17,562	27,913	-	73	-	45,548
of which Germany	17,372	-	-	29	-	17,401
of which Japan	87	27,913	-	-	-	28,000
2. Offshore centres	31	-	-	471	-	502
3. Developing Europe	191	-	-	-	-	191
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	9,152	916	-	-	-	10,068
of which China	6,114	916	-	-	-	7,030
7. International organisations	-	-	-	-	-	-
8. Unallocated by country	-	-	-	-	-	-
Impairments loans and advances to customers	-	-	-	-	-	-
Overdue loans and advances to customers	-	-	-	-	-	-
<u>As at 31 December 2021</u>						
1. Developed countries	27,953	32,938	-	488	-	61,379
of which Germany	27,702	-	-	239	-	27,941
of which Japan	53	32,938	-	-	-	32,991
2. Offshore centres	20	-	-	20	-	40
3. Developing Europe	390	-	-	-	-	390
4. Developing Latin America and Caribbean	-	-	-	-	-	-
5. Developing Africa and Middle East	-	-	-	-	-	-
6. Developing Asia-Pacific	12,809	1,045	-	1,219	-	15,073
Of which China	9,802	1,045	-	382	-	11,229
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	30 June 2022		31 December 2021	
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	-	3	-	158
- Manufacturing	-	5	-	-
- Transport and transport equipment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Others	-	471	-	-
Total industrial, commercial and financial	-	479	-	158
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		479		158
Trade finance		65		829
Loans and Advances for use outside Hong Kong		-		736
Advances to customers (Note 7)		544		1,723
Geographic Breakdown :				
India		-		835
China		-		382
Germany		28		242
Italy		45		153
Hong Kong		471		-

1.6 Overdue and rescheduled assets

HK\$ Million

Description	30 June 2022			31 December 2021		
	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%

1.7 Mainland Activities (Note 7)

HK\$ Million

Types of Counterparties	On-balance sheet ex- posures	Off-balance sheet exposures	Total
<u>As at 30 June 2022</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	915	-	915
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	2	-	2
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	17	11	28
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	934	11	945
Total Assets after provisions	64,369		
On-balance sheet exposure as percentage of total assets	1.45%		
<u>As at 31 December 2021</u>			
1. Central government, central government-owned entities and their subsidiaries and JVs	946	-	946
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	61	-	61
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	51	82	133
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	1,058	82	1,140
Total Assets after provisions	79,448		
On-balance sheet exposure as percentage of total assets	1.33%		

1.8 Currency Risk (Note 8)

Equivalent in HK\$ million	USD	EUR	JPY	Total
<u>As at 30 June 2022</u>				
Spot assets	8,113	20,914	28,000	57,027
Spot liabilities	(21,145)	(42,469)	(849)	(64,463)
Forward purchases	100,684	62,125	6,652	169,461
Forward sales	(89,242)	(40,661)	(33,813)	(163,716)
Net option position	-	-	-	-
Net long (short) position	(1,590)	(91)	(10)	(1,691)
Net structural position	3	-	-	3
<u>As at 31 December 2021</u>				
Spot assets	9,904	18,305	48,540	76,749
Spot liabilities	(9,981)	(68,206)	(1,095)	(79,282)
Forward purchases	78,719	70,454	5,843	155,016
Forward sales	(79,465)	(20,818)	(53,368)	(153,651)
Net option position	-	-	-	-
Net long (short) position	(823)	(265)	(80)	(1,168)
Net structural position	4	-	-	4

1.9 Liquidity information

	<u>Quarter ended 30 June 2022</u>	<u>Quarter ended 30 June 2021</u>
(i) The average liquidity maintenance ratio for the financial period	340.52%	752.07%

(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.

2 CONSOLIDATED UNICREDIT BANK AG GROUP INFORMATION

2.1 Capital and capital adequacy information

	<u>30 June 2022</u>	<u>31 December 2021</u>
Capital adequacy ratio	21.5%	19.4%
	EUR Billion	EUR Billion
Shareholders' equity	19.2	17.7

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.

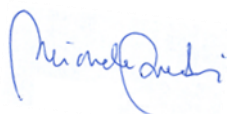
2.2 Other financial information

	<u>30 June 2022</u> EUR Billion	<u>31 December 2021</u> EUR Billion
Total assets	342.0	312.1
Total liabilities	322.8	294.4
Total advances (Note 1)	183.0	171.4
Total customer deposits	150.1	134.3
Note (1):		
Advances to Bank	30.7	24.6
Advances to Customers	152.3	146.8
Total	183.0	171.4
	<u>30 June 2022</u> EUR Billion	<u>30 June 2021</u> EUR Billion
Pre-tax profit / (loss) for the financial period	0.94	0.62

The link to Group Half-yearly Financial Report as of 30 June 2022 :
https://www.hypovereinsbank.de/content/dam/hypovereinsbank/ueber-uns/pdf/investor-relations/Berichte/EN/2022/20220805_HVB_HJFB_2022_ENGLISCH.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-2022. 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

2 September 2022

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