

EFG Bank AG, Hong Kong Branch
Key Financial Information Disclosure Statement
for the six months ended 30th June 2019

Incorporated in Switzerland with limited liability

The Chief Executive of EFG Bank AG, Hong Kong Branch announces that its key financial information disclosure statement as at June 30, 2019 is as follows: -

Section A – Hong Kong Branch Information

I – Profit and loss information

	30-Jun-19 HKD'000	30-Jun-18 HKD'000
Interest income		
Interest income	287,117	266,457
Interest expense	(254,369)	(203,204)
Net interest income	**32,748**	63,253
Other operating income		
Gains less losses arising from trading in foreign currencies	111,694	182,778
Gains less losses on securities held for trading purposes	27,362	28,631
Gains less losses from other trading activities	4,351	12,974
Net fees and commission income	81,026	100,737
- gross fees and commission income	*121,874*	*183,428*
- gross fees and commission expenses	*(40,848)*	*(82,691)*
Others	78	19
Net operating income	**224,511**	325,139
Gross Revenue	**257,259**	388,392
Operating expenses		
Staff and rental expense	(189,518)	(164,985)
Other expenses	(125,730)	(138,205)
Net charge for other provisions	(251)	-
Impairment losses and provisions for impaired loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit/(loss) before taxation	**(58,240)**	85,202
Tax expense	-	(12,588)
Profit/(loss) after taxation	**(58,240)**	72,614

II – Balance sheet information

	30-Jun-19 HKD'000	31-Dec-18 HKD'000
Assets		
Cash and balances with banks	2,871,861	1,451,626
Balances with central bank	75,432	61,178
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months	-	-
Amount due from overseas offices of the institution	4,240,645	6,082,111
Trade bills	-	-
Certificates of deposit held	109,414	110,573
Securities held for trading purposes	-	-
Loans and receivables	17,990,728	19,995,495
- loans and advances to customers	*16,750,900*	*19,018,144*
- loans and advances to banks	-	-
- other accounts	*1,239,828*	*977,351*
- provisions for impaired loans and receivables	-	-
collective	-	-
specific	-	-
Investment securities	2,899,705	5,992,147
Other investments	-	-
Property, plant and equipment and investment properties	6,514	7,019
Total assets	**28,194,299**	33,700,149
Liabilities		
Deposits and balances from banks	156,351	170,613
Deposits from customers	24,202,746	30,214,517
- demand deposits and current accounts	*7,348,605*	*8,920,627*
- savings deposits	-	-
- time, call and notice deposits	*16,854,141*	*21,293,890*
Amount due to overseas offices of the reporting institution	2,459,835	2,189,804
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	1,375,367	1,125,215
Provisions	-	-
Total Liabilities	**28,194,299**	33,700,149

III – Additional balance sheet information

		30-Jun-19 HKD'000	31-Dec-18 HKD'000
i)	Amount of impaired loans and advances to customers and banks	-	-
ii)	Amount of specific provisions made for such loans and advances	-	-
iii)	Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	-	-
iv)	Percentage of such loans and advances to its total amount of loans and advances to customers and banks	-	-
v)	Analysis of gross amount of advances to customers classified into the following industry categories:		
	Loans for use in Hong Kong		
	Industrial, commercial and financial:		
	- property development	-	-
	- property investment	-	-
	- financial concerns	3,638,626	4,147,008
	- stockbrokers	-	-
	- wholesale and retail trade	-	-
	- manufacturing	-	-
	- transport and transport equipment	-	-
	- recreational activities	-	-
	- information technology	-	-
	- others	-	-
	Individuals:		
	- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-
	- loans for the purchase of other residential properties	23,454	29,974
	- credit card advances	-	-
	- others	10,462,542	11,962,413
	Trade finance	-	-
	Loans and advances for use outside Hong Kong	2,626,278	2,878,749
	Total Advances to Customers	16,750,900	19,018,144

100% of the loans and advances to customers are covered by collaterals or other securities as at 30 Jun 2019 and 31 Dec 2018.

vi) The branch does not have any overdue and rescheduled advances as at 30 Jun 2019 and 31 Dec 2018.

vii) The branch does not have any other assets overdue as at 30 Jun 2019 and 31 Dec 2018.

viii) The branch does not have any repossessed assets as at 30 Jun 2019 and 31 Dec 2018.

III – Additional balance sheet information (continued)

Non-bank Mainland Exposures

The following Mainland exposures to non-bank counterparties are prepared in accordance with HKMA Return of Mainland Activities (Form MA(BS)20) completion instructions.

30 Jun 2019	On-balance sheet exposure	Off-balance sheet exposure	Total
	HKD'000	HKD'000	HKD'000
1 Central government, central government-owned entities and their subsidiaries and joint ventures (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	1,536,160	131,887	1,668,047
4 Other entities of central government not reported in item 1 above	-	-	-
5 Other entities of local governments not reported in item 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	-	-	-
Total	**1,536,160**	**131,887**	**1,668,047**
Total assets after provision	28,194,299		
On-balance sheet exposures as percentage of total assets	5.45%		

31 Dec 2018	On-balance sheet exposure	Off-balance sheet exposure	Total
	HKD'000	HKD'000	HKD'000
1 Central government, central government-owned entities and their subsidiaries and joint ventures (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	1,689,517	270,084	1,959,601
4 Other entities of central government not reported in item 1 above	-	-	-
5 Other entities of local governments not reported in item 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	-	-	-
Total	**1,689,517**	**270,084**	**1,959,601**
Total assets after provision	33,700,149		
On-balance sheet exposures as percentage of total assets	5.01%		

III – Additional balance sheet information (continued)

Advances to customers by countries

x) Breakdown of the gross amount of advances to customers by countries where it consitiutes 10% or more of the aggregate gross amount of loans and advances to customers after taking into consideration of transfers of risks:

	30-Jun-19 HKD'm	31-Dec-18 HKD'm
- Hong Kong	6,842	7,840
- Taiwan	4,309	5,102
- China	2,228	2,297
- Andorra	2,008	2,045
- Others	1,364	1,734
	16,751	19,018

International claims

xi) Breakdown of international claims by major countries or geographical segments and types of counterparties, which are constituted not less than 10% of total international claims after taking into account any recognized risk transfer.

At 30 Jun 2019	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
	HKD'm	HKD'm	HKD'm	HKD'm	HKD'm	HKD'm
Developed countries	7,438	1,707	-	2,066	-	11,211
of which						
- United States	*248*	*1,707*	-	-	-	*1,955*
Offshore centres	536	431	1	3,888	-	4,856
Developing Asia Pacific	226	-	1	7,054	-	7,281
of which						
- Taiwan	-	-	*1*	*4,453*	-	*4,454*
- China	*226*	-	-	*2,241*	-	*2,467*

At 31 Dec 2018	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
	HKD'm	HKD'm	HKD'm	HKD'm	HKD'm	HKD'm
Developed countries	8,135	4,469	-	2,129	-	14,733
of which						
- United States	*28*	*4,469*	-	-	-	*4,497*
Offshore centres	6	258	-	2,945	-	3,209
Developing Asia Pacific	57	-	1	7,919	-	7,977
of which						
- Taiwan	*7*	-	*1*	*5,173*	-	*5,181*
- China	*50*	-	-	*2,315*	-	*2,365*

The above classification basis is reference to the completion instruction for the "Return of International Banking Statistics - "MA(BS)21" in the determination of international claims.

IV – Off-balance sheet exposures

	30-Jun-19 HKD'000	31-Dec-18 HKD'000
Contingent liabilities and commitments		
• Direct credit substitutes	82,537	83,284
• Transaction-related contingencies	-	-
• Trade-related contingencies	-	-
• Note issuance and revolving underwriting facilities	-	-
• Other commitments	1,483,199	1,534,685
• Forward deposit placement (forward value date)	420,352	55,438
Derivatives		
• Exchange rate contracts	40,548,933	34,452,397
• Interest rate contracts	-	-
• Equity contracts and others	1,033,357	1,538,775
Replacement Costs		
• Exchange rate contracts	160,854	138,469
• Interest rate contracts	-	-
• Equity contracts and others	41,108	161,482

The replacement costs of the above derivatives do not take into account the effect of bilateral netting arrangements.

V – Foreign Currency Exposures

At 30 Jun 2019

Equivalent in millions of HKD	USD	AUD	CAD	CHF	CNY	EUR	GBP	JPY	NZD	SGD	Others	Total
Spot assets	10,244	456	26	475	550	5,409	465	2,611	5	618	43	20,902
Spot Liabilities	15,685	1,165	224	200	1,185	994	629	226	327	312	298	21,245
Forward Purchases	19,761	994	292	247	1,728	200	690	2,450	472	3,258	878	30,970
Forward Sales	14,319	291	94	525	1,093	4,614	526	4,830	150	3,566	621	30,629
Net Option position	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	1	(6)	-	(3)	-	1	-	5	-	(2)	2	(2)

At 31 Dec 2018

Equivalent in millions of HKD	USD	AUD	CAD	CHF	CNY	EUR	GBP	JPY	NZD	SGD	Others	Total
Spot assets	12,951	441	35	1,987	324	4,842	324	1,917	53	335	167	23,376
Spot Liabilities	18,626	1,260	381	255	1,097	782	299	219	367	296	433	24,015
Forward Purchases	16,158	899	551	49	1,442	234	595	1,466	399	3,178	913	25,884
Forward Sales	10,483	80	205	1,781	669	4,301	611	3,163	85	3,218	648	25,244
Net Option position	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	-	-	-	-	-	(7)	9	1	-	(1)	(1)	1

*No structural position is recorded.

VI – Liquidity information

	2019	2018
Average LMR for the quarter ended 30 June	**53.7%**	56.1%

The average LMR for the quarter ended of June (3 months' average) are calculated based on the arithmetic mean of the average value of its LMR for each calendar month in accordance with the Banking (Disclosure) rules effective from Jan 2018.

VII - Liquidity risk management

Liquidity risk is that the Bank does not have sufficient financial resources available to enable it to meet its payment obligations when they fall due, or can secure them only at an excessive cost. This includes the run-off of the client deposits, tightening of credit lines, market liquidity under stressed situations, market-wise impact on funding sources and the assumptions on cash flow requirements.

The Branch manages liquidity risk in accordance with EFG bank group's guidelines to ensure sufficient liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy the bank's own cash flow needs. The Branch has a liquidity management process in place that includes liquidity contingency plans, encompassing repo borrowing, liquidation of marketable securities and stress tests.

Liquidity risk management governance in EFG Bank AG Hong Kong branch

HK-ALCO

A monthly meeting is organized by the Hong Kong Asset & Liability Committee ("HK-ALCO") to review the branch's liquidity, maturity mismatch position, customer deposits, investment portfolio, interest rate swap for hedging bank's interest rate risk and the implication to the branch due to interest rate movement on top of the profitability of the branch to make sure that the liquidity risk management is properly conducted.

Liquidity Maintenance Ratio

The Ratio is prepared daily, in accordance with the reporting requirements of the Hong Kong Monetary Authority (HKMA). The purpose of the report is to ascertain the liquidity position of the branch on any business day and see whether the branch is able to meet the statutory liquidity requirement.

The liquidity risk tolerance is 5% above the statutory liquidity requirements (i.e. 30% as the minimum target ratio). This requirement is already taken into account of on and off balance sheet activities including funding requirements. The daily report is prepared by the Financial Control department and provided to the Chief Executive, Risk Management, Regional Treasury and Money Market Unit for review.

Periodic Stress Testing

The branch is taking a preventive measure to conduct a quarterly stress test, or at a less frequent manner depending on the market environment and the branch's conditions, reviewing the branch's funding and liquidity positions under an extreme scenario.

The result on liquidity stress testing is reviewed by members of HK-ALCO and submitted to Global Head of Treasury and Global Risk Unit. Corrective actions will be made if unsatisfactory result is obtained.

VII – Liquidity risk management (continued)

(HK$'m)

As at 30 June 2019

		Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
			Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet liabilities													
1	Deposits from non-bank customers												
	(a) Pledged deposits	2,117	1,089	92	442	390	5	100	0	0	0	0	
	(b) Demand, savings and current account deposits	6,396	6,396										
	(c) Term, call and notice deposits	10,222	1,903	2,103	2,664	2,537	579	436	0	0	0	0	
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	0	0	0	0	0	0	0	0	0	0	0	
3	Amount payable arising from derivative contracts	205	3,040	4,243	9,735	9,580	4,018	1,161	0	0	0	0	
4	Due to MA for a/c of Exchange Fund	0	0	0	0	0	0	0	0	0	0	0	
5	Due to overseas central banks	0	0	0	0	0	0	0	0	0	0	0	
6	Due to banks	3,411	1,012	201	0	938	905	322	0	33	0	0	0
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	0	0	0	0	0	0	0	0	0	0	0	0
8	Other liabilities	5,589	38	342	836	2,184	1,978	30	0	0	0	0	180
9	Capital and reserves	2	0	2	0	0	0	0	0	0	0	0	0
10	**Total**	27,942	13,476	6,983	13,677	15,630	7,486	2,050	0	33	0	0	180
Off-balance sheet obligations													
11	**Total off-balance sheet obligations**	1,369	1,091	27	70	29	152	0	0	0	0	0	0

		Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
			Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet assets													
12	Currency notes and coins	0	0	0	0	0	0	0	0	0	0	0	
13	Amount receivable arising from securities financing transactions (other than securities swap transactions)	0	0	0	0	0	0	0	0	0	0	0	0
14	Amount receivable arising from derivative contracts	184	3,039	4,245	9,729	9,586	4,008	1,149	0	0	0	0	0
15	Due from MA for a/c of Exchange Fund	61	61	0	0	0	0	0	0	0	0	0	0
16	Due from overseas central banks	0	0	0	0	0	0	0	0	0	0	0	0
17	Due from banks	7,685	4,650	2,797	238	0	0	0	0	0	0	0	0
18	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
	(a) Readily monetizable	2,901	2,901										
	(b) Not readily monetizable												
	(i) Pledged to customers	0		0	0	0	0	0	0	0	0	0	0
	(ii) Others	110		0	110	0	0	0	0	0	0	0	0
19	Acceptances and bills of exchange held	0	0	0	0	0	0	0	0	0	0	0	0
20	Loans and advances to non-bank customers	16,858	649	2,140	2,633	4,119	4,291	886	83	2,044	13	0	0
21	Other assets	144	0	0	0	0	0	0	0	0	0	0	144
22	**Total**	27,943	11,299	9,182	12,711	13,706	8,299	2,035	83	2,044	13	0	144
Off-balance sheet claims													
23	**Total off-balance sheet claims**	763	462	166	0	5	130	0	0	0	0	0	0
24	**Contractual Maturity Mismatch**		(2,806)	2,338	(1,036)	(1,948)	791	(15)	83	2,011	13	0	
25	**Cumulative Contractual Maturity Mismatch**		(2,806)	(468)	(1,503)	(3,451)	(2,660)	(2,675)	(2,592)	(581)	(568)	(568)	

VII – Liquidity risk management (continued)

(HK$'m)

As at 31 December 2018

		Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
			Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet liabilities													
1	Deposits from non-bank customers												
	(a) Pledged deposits	2,635	1,289	449	483	270	126	17	0	0	0	0	
	(b) Demand, savings and current account deposits	7,784	7,784										
	(c) Term, call and notice deposits	12,960	762	2,846	3,916	3,706	1,478	252	0	0	0	0	
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	0	0	0	0	0	0	0	0	0	0	0	
3	Amount payable arising from derivative contracts	355	26	4,797	13,322	6,894	79	323	2	0	0	0	
4	Due to MA for a/c of Exchange Fund	0	0	0	0	0	0	0	0	0	0	0	
5	Due to overseas central banks	0	0	0	0	0	0	0	0	0	0	0	
6	Due to banks	2,531	366	81	147	1,071	394	431	8	0	33	0	0
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	0	0	0	0	0	0	0	0	0	0	0	0
8	Other liabilities	7,240	0	178	2,074	3,877	922	0	0	0	0	0	188
9	Capital and reserves	(6)	0	(6)	0	0	0	0	0	0	0	0	0
10	**Total**	33,500	10,228	8,347	19,942	15,818	3,000	1,024	10	0	33	0	188
Off-balance sheet obligations													
11	**Total off-balance sheet obligations**	979	886	28	28	37	0	0	0	0	0	0	0

		Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
			Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet assets													
12	Currency notes and coins	0	0	0	0	0	0	0	0	0	0	0	
13	Amount receivable arising from securities financing transactions (other than securities swap transactions)	0	0	0	0	0	0	0	0	0	0	0	0
14	Amount receivable arising from derivative contracts	276	27	4,785	13,275	6,875	77	323	2	0	0	0	0
15	Due from MA for a/c of Exchange Fund	81	81	0	0	0	0	0	0	0	0	0	0
16	Due from overseas central banks	0	0	0	0	0	0	0	0	0	0	0	0
17	Due from banks	7,743	2,013	5,444	268	18	0	0	0	0	0	0	0
18	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
	(a) Readily monetizable	5,993	5,993										
	(b) Not readily monetizable												
	(i) Pledged to customers	0		0	0	0	0	0	0	0	0	0	0
	(ii) Others	111		0	0	0	0	0	111	0	0	0	0
19	Acceptances and bills of exchange held	0	0	0	0	0	0	0	0	0	0	0	0
20	Loans and advances to non-bank customers	19,219	150	2,004	5,877	4,957	3,374	660	92	17	2,089	0	0
21	Other assets	77	0	0	0	0	0	0	0	0	0	0	77
22	**Total**	33,500	8,263	12,232	19,420	11,850	3,451	984	205	17	2,089	0	77
Off-balance sheet claims													
23	**Total off-balance sheet claims**	128	35	92	0	2	0	0	0	0	0	0	0
24	**Contractual Maturity Mismatch**		(2,816)	3,950	(550)	(4,003)	451	(40)	195	17	2,056	0	
25	**Cumulative Contractual Maturity Mismatch**		(2,816)	1,134	584	(3,419)	(2,968)	(3,008)	(2,813)	(2,796)	(740)	(740)	

VII – Liquidity risk management (continued)

Concentration of funding sources

The following significant funding instruments are prepared in accordance with HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23) completion instructions.

Significant funding instruments

30 Jun 2019	Grand Total HKD'm	As of % of total liabilities
Deposits from retail customers	8,557	30.36%
Deposits from other non-bank customers	10,264	36.40%
Funding raised from banks	35,204	124.86%
Other outstanding funding instruments	5,597	19.85%

31 Dec 2018	Grand Total HKD'm	As of % of total liabilities
Deposits from retail customers	9,807	29.10%
Deposits from other non-bank customers	13,618	40.41%
Funding raised from banks	27,812	82.53%
Other outstanding funding instruments	7,079	21.01%

VIII – Statement of Compliance

This key financial disclosure statement is prepared in accordance with the Banking (Disclosure) rules. The information contained in the statement is not false or misleading in any material respect.

Cornelis Johannes Stoute
Chief Executive
EFG Bank AG, Hong Kong Branch

Section B – Financial Information of EFG Bank AG, Switzerland (in accordance with Swiss accounting standards)

I – Capital and capital adequacy

The following table presents data related to regulatory capital requirements for EFG Bank AG, Switzerland which is computed in accordance with the Basel III.

	30-Jun-19		31-Dec-18	
	CHF'm	Ratio	CHF'm	Ratio
Total eligible capital	1,323	18.7%	1,351	19.9%
Tier 1 capital (CET1)	882	12.5%	905	13.3%

	CHF'm	CHF'm
Shareholders' equity	895	1,008

II – Other financial information

Financial Highlights of EFG Bank AG, Switzerland

	30-Jun-19	31-Dec-18
	CHF'm	CHF'm
Total assets	28,049	27,413
Total liabilities	27,154	26,404
Total advances	11,766	12,601
Total customer deposits	23,213	22,569

	30-Jun-19	30-Jun-18
	CHF'm	CHF'm
Pre-tax profit/(loss)	(25.8)	26.6

Section C – Consolidated Financial Information of EFG International AG, the holding company of EFG Bank AG, incorporated in Switzerland and listed on the SWX Swiss Exchange (in accordance with International financial reporting standards except for capital and capital adequacy ratio)

I – Capital and capital adequacy

The following table presents data related to regulatory capital requirements for EFG International AG, which is computed in accordance with the Basel III:

	30-Jun-19		31-Dec-18	
	CHF'm	Ratio	CHF'm	Ratio
Total eligible capital (Swiss GAAP fully applied)	2,098	21.0%	2,192	21.6%
Tier 1 capital (CET1) (Swiss GAAP fully applied)	1,698	17.0%	1,784	17.6%

	CHF'm	CHF'm
Shareholders' equity	1,608	1,628

II – Other financial information

Financial Highlights of EFG International AG

	30-Jun-19	31-Dec-18
	CHF'm	CHF'm
Total assets	41,216	40,161
Total liabilities	39,566	38,504
Total advances	18,088	18,810
Total customer deposits	31,314	30,066

	30-Jun-19	30-Jun-18
	CHF'm	CHF'm
Pre-tax profit/(loss)	42.0	48.0

END