

## Media Release

# EFG International provides update on loan to affiliate of Taiwanese insurance company

Zurich, 23 January 2018

As previously disclosed in EFG International's annual and half-year reports, EFG Bank AG is party to multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company, including arbitration proceedings in Taiwan. The Bank has extended a loan of USD 193.8 million to an affiliate of the insurance company, which was placed into receivership in 2014. The loan is secured by the assets of another affiliate of the insurance company, domiciled in Singapore. The former ultimate beneficial owner and chairman of the insurance company, who has been found guilty in Taiwan of various criminal offenses related to the misappropriation of company funds, including the proceeds of the bank loan, also gave EFG a personal indemnity covering the loan. The overall relationship with the insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

The arbitration tribunal in Taiwan has now rendered an award. It decided that the transaction was invalid under the law of Taiwan as a result of the insurance company's non-compliance with Taiwanese insurance regulations. Based on that reasoning, the tribunal required the Bank to return the USD 193.8 million in assets held by the affiliate of the insurance company and used as collateral for the loan, plus interest.

The Bank fundamentally disagrees with the tribunal's reasoning and the result. It will vigorously challenge in court the validity of the award and any attempt to enforce it. Moreover, the tribunal did not opine on the validity of the loan collateral under the governing laws of Singapore. The Bank had already commenced legal proceedings to confirm the validity of the loan collateral in Singapore, which remain ongoing. In addition, the Bank is enforcing the personal indemnity through legal proceedings in Singapore and taking steps to recover assets from the former chairman. The Bank will further assess these developments in the course of preparing its annual financial statements.

As there are pending legal proceedings, no additional information can be provided at this stage.

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## About EFG International

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. EFG International's group of private banking businesses operates in around 40 locations worldwide. Its registered shares (EFGN) are listed on the SIX Swiss Exchange.

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