

EFG Bank AG, Hong Kong Branch
Key Financial Information Disclosure Statement
for the six months ended 30th June 2018

The Chief Executive of EFG Bank AG, Hong Kong Branch announces that its key financial information disclosure statement as at June 30, 2018 is as follows: -

Section A – Hong Kong Branch Information

I – Profit and loss information

	30-Jun-18 HKD'000	30-Jun-17 HKD'000
Interest income		
Interest income	266,457	179,425
Interest expense	(203,204)	(84,537)
Net interest income	**63,253**	94,888
Other operating income		
Gains less losses arising from trading in foreign currencies	182,778	166,859
Gains less losses on securities held for trading purposes	28,631	27,672
Gains less losses from other trading activities	12,974	14,669
Net fees and commission income	100,737	97,650
- gross fees and commission income	*183,428*	*165,579*
- gross fees and commission expenses	*(82,691)*	*(67,929)*
Others	19	7
Net operating income	**325,139**	306,857
Gross Revenue	**388,392**	401,745
Operating expenses		
Staff and rental expense	(164,985)	(174,607)
Other expenses	(138,205)	(131,462)
Charge for bad and doubtful debts	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	**85,202**	95,676
Tax expense	(12,588)	(14,945)
Profit after taxation	**72,614**	80,731

II – Balance sheet information

	30-Jun-18 HKD'000	31-Dec-17 HKD'000
Assets		
Cash and balances with banks	3,941,831	1,296,784
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	7,283,544	9,759,058
Trade bills	-	-
Certificates of deposit held	115,877	122,142
Securities held for trading purposes	-	-
Loans and receivables	21,694,778	20,900,849
- loans and advances to customers	*20,376,662*	*19,814,713*
- other accounts	*1,318,116*	*1,086,136*
- provisions for bad and doubtful debts	-	-
general	-	-
specific	-	-
Investment securities	4,525,171	5,877,583
Other investments	-	-
Property, plant and equipment and investment properties	7,813	9,841
Total assets	**37,569,014**	37,966,257
Liabilities		
Deposits and balances from banks	14,839	12,529
Deposits from customers	31,216,250	34,916,877
- demand deposits and current accounts	*11,256,085*	*13,544,606*
- savings deposits	-	-
- time, call and notice deposits	*19,960,165*	*21,372,271*
Amount due to overseas offices of the reporting institution	4,385,499	1,834,695
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	1,952,426	1,202,156
Total Liabilities	**37,569,014**	37,966,257

III – Additional balance sheet information

		30-Jun-18 HKD'000	31-Dec-17 HKD'000
i)	Amount of non-performing loans	-	-
ii)	Amount of suspended interest in respect of the total advances and other accounts	-	-
iii)	Amount of specific provisions made in respect of the total advances and other accounts	-	-
iv)	Advances to bank and other financial institutions which are non-performing	-	-
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 investment	-	11,456
	- financial concerns	4,467,033	3,952,550
	- wholesale and retail trade	-	-
	- manufacturing	-	-
	- transport and transport equipment	-	-
	- others	-	-
	Individuals:		
	- loans for the purchase of other residential properties	33,051	39,900
	- others	13,159,865	13,078,053
	Loans for use outside Hong Kong	2,716,713	2,732,754
	Total Advances to Customers	**20,376,662**	19,814,713

100% of the loans and advances to customers are covered by collaterals or other securities as at 30 Jun 2018 and 31 Dec 2017.

vi) The branch does not have any overdue and rescheduled advances as at 30 Jun 2018 and 31 Dec 2017.

vii) The branch does not have any other assets overdue as at 30 Jun 2018 and 31 Dec 2017.

viii) The branch does not have any repossessed assets as at 30 Jun 2018 and 31 Dec 2017.

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 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	1,926,196	255,503	2,181,699
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	**1,926,196**	**255,503**	**2,181,699**
Total assets after provision	37,569,014		
On-balance sheet exposures as percentage of total assets	5.13%		

31 Dec 2017	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	2,410,183	282,257	2,692,440
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	**2,410,183**	**282,257**	**2,692,440**
Total assets after provision	37,966,257		
On-balance sheet exposures as percentage of total assets	6.35%		

III – Additional balance sheet information (continued)

Advances to customers by countries

x) Breakdown of the gross amount of advances to customers by location of counterparties:

	30-Jun-18 HKD'm	31-Dec-17 HKD'm
- China	2,570	5,039
- Japan	52	51
- Singapore	576	590
- Taiwan	6,043	4,338
- Others	11,136	9,797
	20,377	19,815

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 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	10,993	314	-	2,185	-	13,492
Offshore centres	1,059	86	-	3,359	-	4,504
Developing Asia Pacific	59	-	1	9,391	-	9,451
of which						
- Taiwan	*15*	-	*1*	*6,127*	-	*6,143*
- China	*44*	-	-	*2,677*	-	*2,721*

At 31 Dec 2017	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	10,702	-	-	2,094	-	12,796
Offshore centres	1	88	-	3,627	-	3,716
Developing Asia Pacific	330	-	4	9,767	-	10,101
of which						
- Taiwan	*253*	-	*4*	*4,394*	-	*4,651*
- China	*76*	-	-	*5,064*	-	*5,140*

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-18 HKD'000	31-Dec-17 HKD'000
Contingent liabilities and commitments		
• Direct credit substitutes	84,935	97,818
• Other commitments	2,272,633	2,217,974
• Forward deposit placement (forward value date)	1,127,695	801,176
Derivatives		
• Exchange rate contracts	43,608,803	47,210,655
• Equity contracts and others	2,732,357	2,841,061
Replacement Costs		
• Exchange rate contracts	243,815	245,579
• Equity contracts and others	154,875	91,851

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 2018

Equivalent in millions of HKD	USD	AUD	CAD	CHF	CNY	EUR	GBP	JPY	NZD	SGD	Others	Total
Spot assets	12,840	497	38	1,063	314	6,695	578	2,511	14	286	115	24,951
Spot Liabilities	22,414	1,073	302	385	1,128	983	330	372	408	374	492	28,261
Forward Purchases	22,592	719	458	24	1,574	1,209	433	1,898	620	3,902	871	34,300
Forward Sales	13,018	146	193	702	760	6,921	682	4,037	226	3,815	493	30,993
Net Option position	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	-	(3)	1	-	-	-	(1)	-	-	(1)	1	(3)

At 31 Dec 2017

Equivalent in millions of HKD	USD	AUD	CAD	CHF	CNY	EUR	GBP	JPY	NZD	SGD	Others	Total
Spot assets	11,992	510	53	4,163	286	5,586	513	927	1	412	343	24,786
Spot Liabilities	24,894	868	212	497	1,052	619	337	453	739	346	896	30,913
Forward Purchases	25,233	1,272	405	61	1,512	2,549	988	1,177	1,149	2,858	1,161	38,365
Forward Sales	12,321	915	246	3,727	748	7,520	1,163	1,645	411	2,924	607	32,227
Net Option position	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	10	(1)	-	-	(2)	(4)	1	6	-	-	1	11

*No structural position is recorded.

VI – Liquidity information

Average Liquidity Maintenance Ratio ("LMR") for the financial period ended 30 June 2017	**63.9%**

The average LMR for the financial period ended June 2017 (6 months' average) is 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 2015.

Average LMR for the quarter ended 31 March 2018	**57.8%**
Average LMR for the quarter ended 30 June 2018	**56.1%**

The average LMR for the quarter ended of March and June 2018 (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.

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.

VII – Disclosure on Remuneration

The Branch's remuneration system is consistent with its Head Office. The disclosures on remuneration by Head Office included all the information set out in the Supervisory Policy Manual CG-5 Guideline on a Sound Remuneration System.

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

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-18		31-Dec-17	
	CHF'm	Ratio	CHF'm	Ratio
Total eligible capital	1,463	20.6%	1,405	18.3%
Tier 1 capital (CET1)	1,010	14.2%	956	12.5%
	CHF'm		CHF'm	
Shareholders' equity	1,024		999	

II – Other financial information

Financial Highlights of EFG Bank AG, Switzerland

	30-Jun-18	31-Dec-17
	CHF'm	CHF'm
Total assets	28,847	30,182
Total liabilities	27,822	29,183
Total advances	12,624	12,784
Total customer deposits	23,698	24,375

	30-Jun-18	30-Jun-17
	CHF'm	CHF'm
Pre-tax profit/(loss)	26.7	(4.6)

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-18		31-Dec-17	
	CHF'm	Ratio	CHF'm	Ratio
Total eligible capital (Swiss GAAP fully applied)	2,309	21.5%	2,289	21.0%
Tier 1 capital (CET1) (Swiss GAAP fully applied)	1,897	17.6%	1,883	17.3%
	CHF'm		CHF'm	
Shareholders' equity	1,681		1,700	

II – Other financial information

Financial Highlights of EFG International AG

	30-Jun-18	31-Dec-17
	CHF'm	CHF'm
Total assets	41,518	41,613
Total liabilities	39,811	39,886
Total advances	18,787	18,951
Total customer deposits	31,907	32,298

	30-Jun-18	30-Jun-17
	CHF'm	CHF'm
Pre-tax profit/(loss)	48.0	70.2

END