

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

as at 30 Jun 2022

(Commenced business on 01 August 2021)

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

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Banque Pictet & Cie SA, Hong Kong Branch

Profit and Loss Account

For the period ended 30 June 2022
(Commenced business on 01 August 2021)

	Notes	6 months ended 30 Jun 2022 HKD'000
Interest income		35,880
Interest expense		<u>(9,963)</u>
Net interest income		25,917
Other operating income	1	<u>127,358</u>
Total operating income		153,275
Operating expenses	2	<u>(240,214)</u>
(Loss) before allowances for credit losses		(86,939)
Impairment losses and provisions for impaired loans and receivables		<u>-</u>
(Loss) before taxation		(86,939)
Tax expense		<u>-</u>
(Loss) after taxation		<u>(86,939)</u>

Banque Pictet & Cie SA, Hong Kong Branch

Balance Sheet

As at 30 June 2022

	Notes	30 Jun 2022 HKD'000	31 Dec 2021 HKD'000
Assets			
Due from Exchange Fund		10,950	10,538
Balances with banks (except those included in amount due from overseas offices)		241,858	614,744
Placements with banks with residual maturity of more than 1 month but not more than 12 months (except those included in amount due from overseas offices)		-	-
Amount due from overseas offices		3,644,578	3,035,248
Loans and receivables	3	3,552,350	3,889,206
Debt instruments held		2,776,721	1,012,720
Property, plant and equipment		7,406	10,169
Total assets		<u>10,233,863</u>	<u>8,572,625</u>
Liabilities			
Balances from banks (except those included in amount due to overseas offices)		8,729	1,008
Deposits from customers	7	4,633,268	5,439,385
Amount due to overseas offices		5,163,810	2,785,868
Other liabilities		428,056	346,364
Total liabilities		<u>10,233,863</u>	<u>8,572,625</u>

Notes to the Financial Statements

	Notes	6 months ended 30 Jun 2022 HKD'000	
1 Other operating income			
Income from fees and commissions			
Fees and commission income			109,855
Less: Fees and commission expenses			<u>(49,974)</u>
			59,881
Gains less losses arising from trading in foreign currencies			6,370
Gains less losses arising from trading in other derivatives			2,071
Other income			<u>59,036</u>
			<u>127,358</u>
2 Total operating expenses			
Staff and rental expenses			(207,851)
Other expenses			<u>(32,363)</u>
			<u>(240,214)</u>
		30 Jun 2022 HKD'000	31 Dec 2021 HKD'000
3 Loans and receivables			
Loans and advances to customers			
- Overdrafts		683,619	1,087,580
- Other loans due within 1 month		2,160,586	2,219,280
- Between 1 and 3 months		272,746	244,879
- Between 3 months and 1 year		62,836	115,233
- Later than 1 year		-	-
Total Loans and advances to customers	4	<u>3,179,787</u>	<u>3,666,972</u>
Accrued interest		12,660	7,036
Provisions for impaired loans and receivables			
Less: collective provisions		-	-
specific provisions		-	-
Other accounts		<u>359,903</u>	<u>215,198</u>
		<u>3,552,350</u>	<u>3,889,206</u>

Notes to the Financial Statements (cont'd)

4 Analysis of gross amount of loans and advances to customers

a. Breakdown by industry sectors

The analysis of gross loans and advances to customers by industry sectors are based on the categories and definitions used by the Hong Kong Monetary Authority.

	30 Jun 2022		
	HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	2,022,814	-	2,022,814
<u>Individuals</u>			
Others	876,208	-	876,208
	<u>2,899,022</u>	<u>-</u>	<u>2,899,022</u>
Loans and advances for use outside Hong Kong	<u>280,765</u>	<u>-</u>	<u>280,765</u>
Total loans and advances to customers	<u>3,179,787</u>	<u>-</u>	<u>3,179,787</u>
	31 Dec 2021		
	HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	2,260,324	-	2,260,324
<u>Individuals</u>			
Others	931,910	-	931,910
	<u>3,192,234</u>	<u>-</u>	<u>3,192,234</u>
Loans and advances for use outside Hong Kong	<u>474,738</u>	<u>-</u>	<u>474,738</u>
Total loans and advances to customers	<u>3,666,972</u>	<u>-</u>	<u>3,666,972</u>

4 Analysis of gross amount of loans and advances to customers (cont'd)**b. Breakdown by geographical areas**

The gross amount of loans and advances to customers by geographical areas are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when a loan or advance is guaranteed by a party in a country which is different from that of the counterparty.

	30 Jun 2022 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	1,164,110	-
Hong Kong, China	894,109	-
Cayman Islands	636,843	-
Anguilla	182,099	-
Samoa	74,687	-
Bahamas	65,743	-
Taiwan, China	60,808	-
Panama	59,035	-
Others	42,353	-
	3,179,787	-

	31 Dec 2021 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	1,100,710	-
Hong Kong, China	963,982	-
Cayman Islands	796,181	-
Anguilla	179,642	-
Samoa	170,302	-
Japan	158,115	-
Taiwan, China	73,560	-
Panama	71,586	-
Bahamas	61,418	-
Others	91,476	-
	3,666,972	-

5 Loans and advances to customers and banks which have been overdue

Banque Pictet & Cie SA, Hong Kong Branch (“BPSA HK”) does not have any overdue and rescheduled loans and advances to customers and banks as at 30 Jun 2022 and 31 Dec 2021.

BPSA HK does not have impaired loans and advances to banks as at 30 Jun 2022 and 31 Dec 2021.

6 Other Assets Overdue and repossessed assets

BPSA HK does not have any overdue other assets as at 30 Jun 2022 and 31 Dec 2021.

BPSA HK does not have any repossessed assets as at 30 Jun 2022 and 31 Dec 2021.

7 Deposits from customers

	30 Jun 2022	31 Dec 2021
	HKD'000	HKD'000
Demand deposits and current accounts	4,538,983	5,437,862
Savings deposits	-	-
Time, call and notice deposits	94,285	1,523
	<u>4,633,268</u>	<u>5,439,385</u>

8 International Claims

International claims are classified by the types and the locations of the counterparties after taking into account the transfer of risk. In general, such transfer of risk refers to the reduction of the BPSA HK's exposure to a particular country by an effective transfer of credit risk to a different country with the use of credit risk mitigates which include guarantees, collateral and credit derivatives. The basis of the country and geographical segment classification is in accordance with the guidance notes from the Hong Kong Monetary Authority.

8 International Claims (cont'd)

30 Jun 2022

HKD million

	<u>Non-bank private sector</u>					<u>Total</u>
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	
1 Developed Countries	4,050	2,777	1	1	-	6,829
of which :						
Switzerland	4,011	-	1	-	-	4,012
United States	-	1,499	-	-	-	1,499
Netherlands	-	510	-	-	-	510
Austria	-	410	-	-	-	410
Luxembourg	-	358	-	-	-	358
Others	39	-	-	1	-	40
2 Offshore Centres	-	-	1	3,237	-	3,238
of which :						
British Virgin Islands	-	-	-	1,422	-	1,422
Hong Kong, China	-	-	-	921	-	921
Cayman Islands	-	-	-	638	-	638
Others	-	-	1	256	-	257
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	4	-	4
6 Developing Asia and Pacific	6	-	-	76	-	82
	4,056	2,777	2	3,318	-	10,153

8 International Claims (cont'd)

31 Dec 2021

HKD million

	<u>Non-bank private sector</u>					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
1 Developed Countries	3,792	995	1	158	-	4,946
of which :						
Switzerland	3,753	-	-	-	-	3,753
Netherlands	-	552	-	-	-	552
Austria	-	443	-	-	-	443
Others	39	-	1	158	-	198
2 Offshore Centres	-	-	1	3,402	-	3,403
of which :						
British Virgin Islands	-	-	-	1,285	-	1,285
Hong Kong, China	-	-	1	957	-	958
Cayman Islands	-	-	-	797	-	797
Samoa	-	-	-	187	-	187
Others	-	-	-	176	-	176
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America and Caribbean	-	-	-	-	-	-
5 Developing Africa and Middle East	-	-	-	2	-	2
6 Developing Asia and Pacific	6	12	-	126	-	144
	3,798	1,007	2	3,688	-	8,495

Notes to the Financial Statements (cont'd)

9 Non-bank Mainland exposures

	30 Jun 2022 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint-ventures (JVs)	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,375	-	4,375
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	840	1,398	2,238
Total	5,215	1,398	6,613
Total assets after provision	10,233,863		
On-balance sheet exposures as percentage of total assets	0.05%		
	31 Dec 2021 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint-ventures (JVs)	12,357	-	12,357
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	27,092	-	27,092
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	969	1,337	2,306
Total	40,418	1,337	41,755
Total assets after provision	8,572,625		
On-balance sheet exposures as percentage of total assets	0.47%		

Notes to the Financial Statements (cont'd)

10 Currency Risk

The net position in a particular foreign currency is disclosed if the net position (in absolute term) constitutes 10% or more of the total net position in all foreign currencies.

	30 Jun 2022							
	HKD million							
	USD	EUR	JPY	SGD	GBP	CAD	Others	Total
Spot assets	6,743	1,462	551	104	131	10	605	9,606
Spot liabilities	(6,736)	(1,457)	(549)	(103)	(130)	(9)	(604)	(9,588)
Forward purchases	362	155	35	-	45	-	310	907
Forward sales	(362)	(155)	(35)	-	(45)	-	(310)	(907)
Net options positions	-	-	-	-	-	-	-	-
Net long/(short) position	7	5	2	1	1	1	1	18
Net structural position	-	-	-	-	-	-	-	-

	31 Dec 2021							
	HKD million							
	USD	CHF	JPY	SGD	GBP	CNY	Others	Total
Spot assets	3,489	92	909	81	115	65	2,994	7,745
Spot liabilities	(3,479)	(96)	(907)	(80)	(114)	(64)	(2,993)	(7,733)
Forward purchases	434	87	38	-	48	219	267	1,093
Forward sales	(433)	(87)	(38)	-	(48)	(218)	(267)	(1,091)
Net options positions	-	-	-	-	-	-	-	-
Net long/(short) position	11	(4)	2	1	1	2	1	14
Net structural position	-	-	-	-	-	-	-	-

The above represent the Hong Kong dollar equivalent values of the individual currencies.

Notes to the Financial Statements (cont'd)

11 Contingent liabilities and commitments
(contractual amounts)

	30 Jun 2022 HKD'000	31 Dec 2021 HKD'000
Direct credit substitutes	50,769	51,655
Other commitments	7,078,247	6,995,065

12 Derivatives instruments

	30 Jun 2022 HKD'000		Total Notional Amount
	Fair Value		
	Positive	Negative	
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	28,134	27,679	1,267,473
Equity contracts	7,138	7,138	513,642
Precious metals including gold contracts	128	128	39,410
	31 Dec 2021 HKD'000		
	Fair Value		
	Positive	Negative	Total Notional Amount
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	11,063	10,371	1,466,751
Equity contracts	1,776	1,776	264,916
Precious metals including gold contracts	113	113	101,724

13 Disclosure on Remuneration

Pursuant to Section 3 of Supervisory Policy Manual (CG-5) "Guideline on a sound remuneration system" issued by the Hong Kong Monetary Authority, BPSA HK complies with the requirements.

14 Liquidity Ratio

	For the quarter ended <u>Q2 2022</u>	For the quarter ended <u>Q1 2022</u>	For the quarter ended <u>Q4 2021</u>
Average liquidity maintenance ratio for 3 months period	70.40%	50.54%	49.68%
			For the period ended <u>30 Jun 2022</u>
Average liquidity maintenance ratio for 6 months period			60.47%

The average liquidity maintenance ratio ("LMR") are calculated as the simple average of each calendar month's average liquidity maintenance ratio, which is computed as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Hong Kong Banking Ordinance.

15 Liquidity Risk Management

Liquidity risk is the risk that an authorised institution (AI) is unable to meet its cash flow obligations as they fall due. The AI engages in a prudent and forward-looking liquidity risk management process, which is integrated into the Group-wide risk management process. The primary goal is to ensure that the AI is able to meet all its obligations as they come due by maintaining sufficient liquidity, even in a severely stressed environment and taking into account all potential liquidity risks and outflows that could arise and which could affect the bank's liquidity position. For that purpose, the AI conservatively projects potential outflows as well as the liquidity of its assets and considers potential liquidity generating measures as part of its contingency funding plan. The projections are incorporated into comprehensive liquidity stress test models which conservatively aggregate all liquidity risks.

Banque Pictet & Cie SA, Hong Kong Branch (BPSA HK) adheres to the Pictet Group Liquidity Management Policy and adopts Pictet Group's liquidity risk management practices and also considers and complies with the relevant liquidity risk regulations prescribed by the Hong Kong Monetary Authority ("HKMA").

BPSA Treasury runs the liquidity and funding stress model and measures the exposures and adherence to limits. Such reporting is made to Asia Treasurer and in turns report to Asia ALCO on any significant deterioration on BPSA HK's liquidity position, breaches in limits identified, results of liquidity stress testing, updates and/or changes on BPSA HK's Contingency Funding Plan (CFP) and funding.

Due to its limited size and complexity, all liquidity and funding flows of BPSA HK are essentially back-to-backed into BPSA. Exceptions may exist for local currencies which are placed directly with local banks.

Internal Stress Testing

BPSA HK's stress testing procedures adopt the BPSA's stress testing framework based on the following:

Short-term liquidity gap (STLG)

BPSA HK is managing its liquidity risk using the short-term liquidity gap model. The STLG builds on the contractual maturity profile of the balance sheet, which is then adjusted behaviorally to reflect a liquidity stress scenario with one-year horizon. Additionally, potential off-balance sheet, intraday liquidity and other requirements are modelled in a stressed environment. The model stimulates severe combined stressed liquidity outflows and puts them into relation to available liquid assets.

Long-term liquidity gap (based on Net Stable Funding Ratio – NSFR)

The long-term funding gap (LTFG) is a measure of the structural funding position. It puts available stable funding in relation to illiquid assets. The parameterization of the model is in line and a direct result of the short-term liquidity gap model, with the exception that it includes an additional stable funding requirement for client loans of 50% of sub-1year maturity client loans that are being deemed illiquid, and 100% of longer than 1 year client loans being deemed illiquid. Otherwise, illiquid assets are defined as all funding requirements that remain beyond 12 months of the scenario. Stable funding is defined as all funding supply that remains beyond 12 months of the scenario.

The current limits are set on the STLG in the combined liquidity stress scenario and require a liquidity coverage ratio (available liquid assets after haircuts to net stressed outflows) of at least 100% in every time bucket out to 12 months. Also the net stable funding ratio (available stable funding to illiquid assets) in the LTFG (combined stress scenario) is required to be at least 100% at all times.

In addition, alert levels are set if any one of the ratios drops below 115% or if any of the ratios drop by more than 15% over the course of one month.

The limits and alert levels only apply for the stress results across all currencies. Nevertheless, the liquidity risks by major currency are actively managed and monitored on at least a monthly basis.

Contingency Funding Plan (CFP)

The BPSA HK has in place a Contingency Funding Plan ("CFP") that serves to describe the procedures that BPSA HK will undertake to address an impending or when encountering a liquidity crisis.

The CFP describes the monitoring of a potential liquidity stress event via relevant early warning indicators, the triggering of the CFP, internal responsibilities of various stakeholders, escalation procedures and suite of liquidity generating / preservation actions that could be deployed to ensure that BPSA HK can function as an ongoing entity.

Asia Treasury systematically monitors the development of the daily liquidity position of BPSA HK. For that purpose, Treasury maintains a daily Early Warning Indicator (EWI) sheet which includes relevant movements on the balance sheet, as well as relevant market wide liquidity stress indicators.

The CFP contains a list of short-term measures which can be taken quickly to significantly improve the liquidity position of BPSA HK. Should a deterioration of BPSA HK specific or the market wide stress indicators and metrics be observable, appropriate action will be taken.

Consolidated Financial Information

Capital and Capital Adequacy

Capital adequacy ratio (Note)	30 Jun 2022	31 Dec 2021
Common Equity Tier 1 capital ratio	16.10%	17.60%
Tier 1 capital ratio	20.60%	22.60%
Total capital ratio	20.60%	22.60%

	CHF million	CHF million
Total shareholders' equity	1,221	1,194

Other financial information

Balance sheet:	CHF million	CHF million
Total assets	36,905	37,059
Total liabilities	35,685	35,865
Total Loans and advances	6,462	6,859
Total customer deposits	26,101	24,839

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
Profit and Loss:	CHF million	CHF million
Profit before income taxes	63.3	60.0

Note:

1. Capital adequacy ratio prescriptions are laid down by the Basel Committee, the Swiss Federal Capital Adequacy Ordinance (hereafter, "CAO") and FINMA circulars (mainly credit, market and operational risks).

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

Alternate Chief Executive's Declaration of Compliance

The Interim Disclosure Statement was prepared in accordance with the Banking (Disclosure) Rules made by Hong Kong Monetary Authority under Section 60A of the Banking Ordinance (Cap.155). To the best of my knowledge, the information contained in the statement is not false or misleading in any material respect.

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available on the website <https://www.group.pictet/about/worldwide-offices/hong-kong/financial-documentation>, for public inspection.



Jeff See
Alternate Chief Executive
Banque Pictet & Cie SA, Hong Kong Branch

Date: 22 September 2022