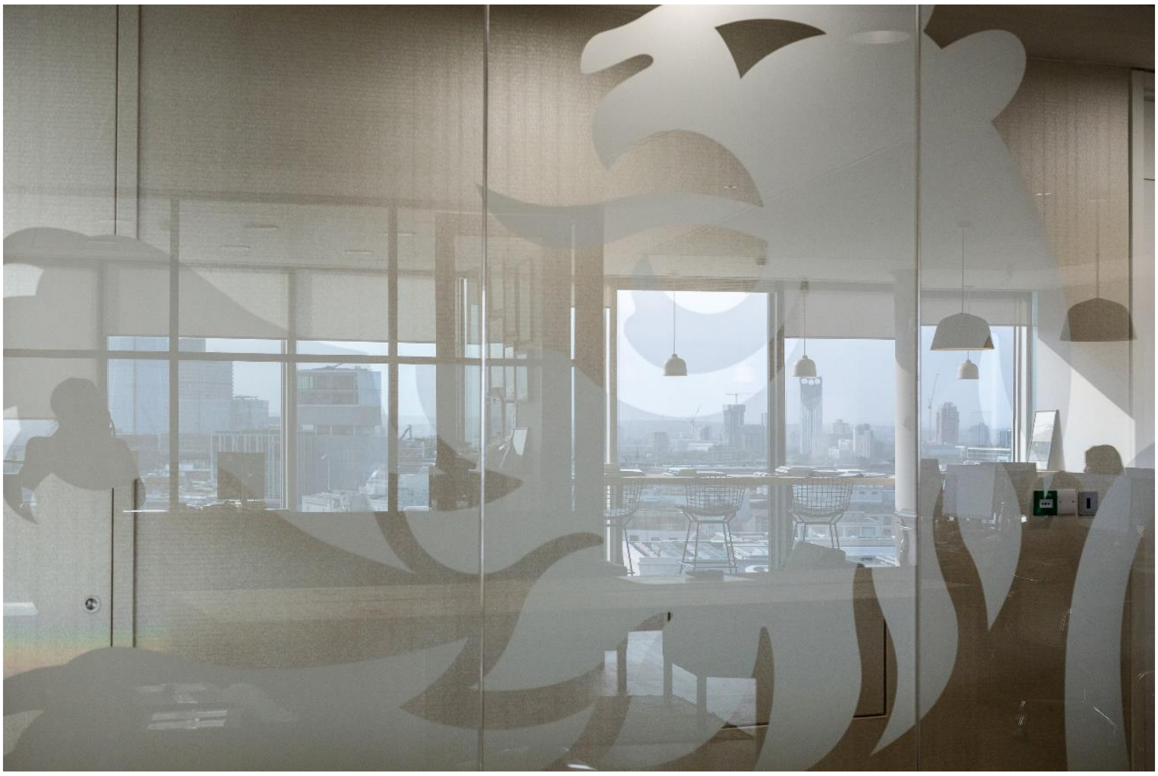


PICTET & CIE (EUROPE) S.A.

Pillar III Report

31.12.2021, RISK MANAGEMENT

INTRODUCTION 4

1 INTERNAL GOVERNANCE STRUCTURE OF THE BANK 5

1.1 Organization 5

1.2 The Board of Directors 5

1.3 Audit, Risk and Compliance Committee 6

1.4 Executive Committee 6

2 OWN FUNDS AND CAPITAL ADEQUACY 8

2.1 Own funds 8

2.2 Own funds requirements 8

3 STRATEGIC RISK 9

4 BUSINESS RISK 10

5 FINANCIAL RISKS 11

5.1 Market risk 11

5.2 ALM risk 11

5.2.1 Currency risk 11

5.2.2 Equity risk 11

5.2.3 IRRBB 11

5.2.4 Liquidity risk 12

5.3 Credit risk 12

5.4 Counterparty risk 13

5.4.1 Investment portfolio 13

5.4.2 Interbank placements and reverse repurchase transactions 13

5.4.3 OTC Derivatives 13

5.5 Credit concentration risk 14

6 INVESTMENT RISK 15

7 OPERATIONAL RISK 16

7.1 Operational risk within the Bank 16

7.1.1 Risk events management 16

7.1.2 Internal Control System (ICS) 16

7.1.3 Operational risk sub-categories 17

8 COMPLIANCE RISK 18

9 SUSTAINABILITY – ESG RISKS DRIVERS 19

10 REMUNERATION POLICY ________________ 20

10.1 Introduction ____________________________ 20

10.2 Identified staff___________________________ 20

10.3 Remuneration philosophy within the Bank -____ 20

10.4 Performance management ______________ 21

10.5 Governance and control mechanisms ___ 21

10.6 Quantitative information on remuneration __________________________________ 22

11 STATEMENT OF THE MANAGEMENT BODIES ____ 25

APPENDIX I: TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (IN CHF MIO) __________________________ 26

APPENDIX II: TEMPLATE EU OV1 – OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (IN CHF MIO)______________________ 30

APPENDIX III: TEMPLATE EU KM1 - KEY METRICS TEMPLATE (IN CHF MIO) ___________ 31

APPENDIX IV: LIST OF ABBREVIATIONS _______ 33

INTRODUCTION

The purpose of the Pillar III Report is to disclose in-depth quantitative and qualitative information on Pictet & Cie (Europe) S.A. (hereinafter "The Bank") solvency and risk management. Pillar III complements Pillars I and II and encourages the market discipline by publishing information that will allow market players to assess the exposure to risks, the risk assessment process and capital adequacy of the Bank.

This report has been prepared in accordance with the regulatory requirements set out in Part Eight of the Regulation EU No 2019/876 known as the "CRR 2".

In accordance with Articles 433 and 436 of the CRR 2, the Bank publishes its Pillar III Report on a solo basis, including its different branches, and on an annual basis relying on the financial statements as of 31 December 2021, reported in CHF. As per article 434 of the same Regulation, this report is available on the Bank's website.

Banque Pictet Luxembourg S.A. was incorporated in the Grand-Duchy of Luxembourg on 3 November 1989 as a Société Anonyme governed by Luxembourg law. On 30 September 2002, its name was changed to Pictet & Cie (Europe) S.A. The Bank is owned by the holding company "Pictet & Cie Group SCA", a partnership limited by shares incorporated under Swiss law.

It has now been more than 30 years that the Bank has been providing its unique expertise to its range of clients.

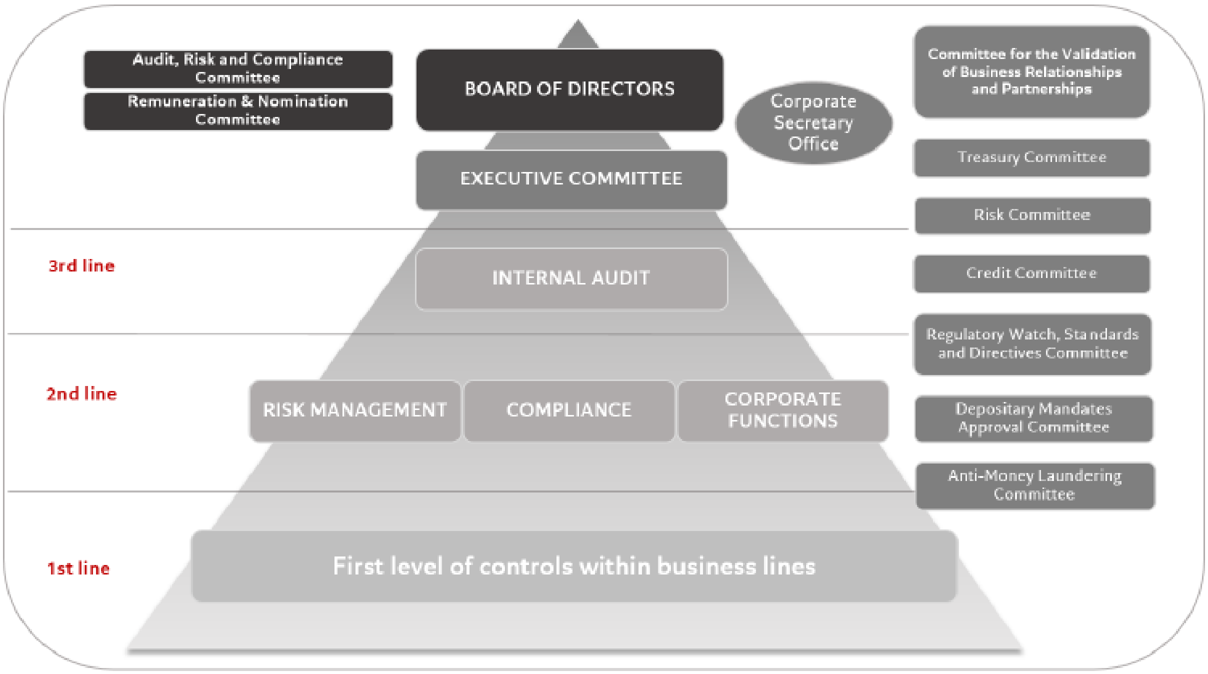
The Bank is part of the Pictet Group: its main purpose is to serve as a platform for the Pictet Group's banking business within the European region. As of 31 December 2021, the Bank has six branches located in Germany, Spain, France, Italy, Monaco and the United Kingdom.

Finally, in 2021, the Pictet Group decided to move the Bank's headquarters from Luxembourg to Frankfurt. This move has been driven by the strategic decision to further strengthen the presence of the Pictet Group in Germany and to take advantage of the benefits Frankfurt offers as a leading and expanding financial center.

1 INTERNAL GOVERNANCE STRUCTURE OF THE BANK

1.1 Organization

The governance of the Bank's risk management process is based on a clear decision-making process, organized around specific operational committees (see chart below). These draw up the guidelines and regularly monitor the banking risks within their remit.



This clear organizational structure, with a transparent, well-defined and coherent sharing of responsibilities, efficient processes for detecting, managing, controlling and reporting the risks, provides for sound and efficient risk management in accordance with Circular CSSF 12/552 (as amended).

1.2 The Board of Directors

The Board of Directors (hereafter the "Board") is vested with the most extensive powers to carry out all acts of administration and disposition concerning all corporate affairs. All powers that are not expressly reserved by law or by the articles of association to the general meeting are within the Board's competence. The Board plays a key role in defining internal governance mechanisms. It assumes overall responsibility for the Bank and supervises the management of its activities and affairs, in compliance with regulatory requirements. It supervises the implementation, by the Executive Committee (responsible for the Bank's day-to-day management) of the strategies and guiding principles that it defines and manages the effectiveness and efficiency of the internal control mechanisms put in place.

The Board meets at least four times per year and as many times as circumstances require. The agenda, the discussions and measures taken are documented in minutes.

The Board ensures that it has at all times, as a whole, competence appropriate to the nature, scale and complexity of the Bank's activities and organization and that it collectively possesses a perfect understanding of all activities and the risks inherent in them, as well as of the Bank's economic and regulatory environment.

The Board members abstain from taking part in decision-making that causes them a conflict of interest or that prevents them from deciding objectively and independently.

Board members are appointed in accordance with the regulatory requirements for the appointment of key function holders as well as in accordance with the Bank's and the Group's recruitment policies and guidelines.

As of 31 December 2021, the Board was composed of 7 members including one Executive Director and three independent Directors. The current number of mandates (including the Bank) related to each Board member is as follows:

> Mr. Marc Pictet: 1 mandate
> Mr. Giovanni Viani: 3 mandates
> Mr. Xavier Barde: 1 mandate
> Mr. Pierre Etienne: 1 mandate
> Mrs. Marie-Jeanne Chèvremont: 3 mandates
> Mrs. Isabelle Goubin: 2 mandates
> Mr. Philippe Dupont: 3 mandates

The Bank used the methodology defined in the article 91 of the Directive 2013/36/EU ('CRD IV') in order to define the number of mandates. Directorships held within the same group were counted as a single directorship whereas directorships in organisations which do not pursue predominantly commercial objectives (as defined in paragraph 55 of Joint ESMA and EBA Guidelines EBA/2021/06) were excluded from the calculation.

Through the application of diversity principles, the Board seeks to harness a wide range of qualities and skills, with the aim of bringing a variety of perspectives and experiences to the Board.

The Board assesses its composition in accordance with the fit and proper assessment process as recommended by the European Banking Authority ("EBA") and, where appropriate, proposes to shareholders any changes identified as necessary.

1.3 Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (CARC), is a committee set up by the Board of Directors.

The CARC reviews and analyses documents related to its mission and issues opinions and recommendations to the Board.

The CARC is made up of four Directors appointed by the Board of Directors and is chaired by an external non-executive director. The CARC meets at least four times a year before each regular Board meeting.

1.4 Executive Committee

The Executive Committee, chaired by the Bank's Managing Director, is in charge of implementing a sound and efficient management structure in accordance with the strategies and guiding principles set by the Board and existing regulations. The Executive Committee meets at least once a week and is subject to an internal regulation specifying its rules of operation.

Among its responsibilities, the Executive Committee is required to inform the Board, at least once a year, on the measures taken in terms of internal governance, risk management, capital and liquidity adequacy according to the Board's principles and guidelines.

The Executive Committee is assisted in the accomplishment of certain of the above duties by several Committees which are tasked of managing and monitoring the evolution of the risks arising from the Bank's activity.

The Executive Committee is also kept informed of the risk situation at all times, specifically by way of reports from the Bank's various committees or functions (Risk Management, Compliance, Finance, Management of the branches, Depositary Oversight function, Outsourcing function, etc.).

2 OWN FUNDS AND CAPITAL ADEQUACY

2.1 Own funds

The Bank's share capital, fully paid up, stood at CHF 70 million as of 31 December 2021, comprised of 70,000 shares with a par value of CHF 1,000 each.

As of 31 December 2021, the Bank has an extremely comfortable capital position with CHF 541.6 million of regulatory own funds.

The reconciliation between the Bank's financial statements' equity and its regulatory own funds only highlights one difference which is related to the non-inclusion of the current year profit in the regulatory own funds (before audit):

		BALANCE SHEET AS IN PUBLISHED FINANCIAL STATEMENTS	UNDER REGULATORY SCOPE OF CONSOLIDATION
		As at 31.12.2021 and in CHF mio	As at 31.12.2021 and in CHF mio
	Shareholders' Equity		
1	Paid-up capital instruments	70.00	56.00
2	Share premium	30.00	30.00
3	Retained earnings	347.25	331.29
4	Other reserves	95.48	110.34
5	Profit after tax	74.82	0.00
6	**Total equity / Total CET1 Capital**	**617.55**	**527.63**
7	Tier 2 Capital instruments		14.00
8	**Total regulatory own funds**		**541.63**

The main features of the Bank's regulatory own funds are displayed in the table of Appendix I.

2.2 Own funds requirements

As of 31 December 2021, the Bank demonstrated a very strong solvency position with a Total Capital Ratio reaching 24.16% and a Tier 1 Capital of 23.53%, largely above internal and regulatory requirements.

The overall global Pillar I requirements have increased since last year, mainly due to Credit risk capital requirements. All details concerning the Bank's own funds requirements are available in Appendix II.

3 STRATEGIC RISK

Strategic risk represents the risk arising from changes in the Bank's environment and from adverse long-term decisions.

The Pictet Group is privately owned and managed by eight managing partner ensuring independence, solidity and long-term vision. As an investment-led service company, the Pictet Group offers wealth management, asset management and related asset services. The Group does not engage in investment banking, nor does it extend commercial loans.

As a leader in wealth and asset management, Pictet's aim is to be the trusted advisor for every single one of its clients as well as the investment partner of choice, by offering original strategies that outperform over the long-term and irreproachable client service. It also aims to maintain responsible, long-term partnerships with its clients and the companies in which it invests.

Regarding asset services, Pictet manages every aspect of the asset-servicing process, employing value-adding analytics, execution services and digital front-end interfaces to provide the most competitive client experience. With the capacity to offer bespoke services to the largest investing institutions, in particular in the field of data, Pictet aims to be a leader in this area by relying on a unified core platform and experienced staff, providing cash and securities settlements, corporate actions, valuation and reporting in a consistent way across multiple booking centres.

Pictet is aware of, and fully assumes, its responsibilities towards society and the world in general. In this regard, the Group constantly strives to improve its environmental impact with several initiatives launched in relation with ESG criteria.

Furthermore, in selecting new employees and promoting career advancement, Pictet aims for diversity of gender, background and education, which together contribute to diversity in thought, opinion and experience.

The Bank relies on the global expertise from the various Group's centers of excellence to provide distinctive service quality to its clients and operated through a well-defined outsourcing monitoring framework.

Moreover, the Bank is established in countries with good credit rating and stable political environment. The situation of these countries is monitored on a monthly basis. The Bank is also part of a group located in Switzerland, a high-rated country.

Regarding sovereign exposures, strict investment rules have been set and are followed by the Bank.

Concerning its clients' activity, the Bank analyses and chooses carefully the markets it wants to enter or not based on quantitative and qualitative criteria.

Finally, the Bank is also dependent on the general macroeconomic developments in various ways, inter alia as regards to fee and commission income earned through its custody/depositary activities for the assets under management. Their value is however sensitive to the overall development of stock markets, which are in turn highly responsive to the general macroeconomic climate.

4 BUSINESS RISK

Business risk is defined as the risk of failing to adequately implement the Bank's strategic decisions, meet market demand and commercial objectives.

The Bank seeks to maintain adequate equilibrium between business performance and efficient risk management to preserve shareholder value on the long run

Business risk is managed through different angles:

- New products and services are subject to detailed strategic and risk analysis;
- The Bank is only exposed to a very limited extent to Credit Concentration risk with respect to external clients due to its prudent approach to Credit risk;
- The Bank has also in place a dedicated committee to validate requests to open a business relationship with new retail clients or requests to enter into business relationships with existing clients considered as high risk;
- In terms of intermediaries, the Bank aims to use a well-diversified portfolio of selected high-quality counterparties. The approval and monitoring of these counterparties and related limits are responsibilities that ultimately lie with the Treasury Committee;
- The Bank adopts a selective client and intermediaries selection process with strict acceptance and compliance criteria applied also by intermediaries to underlying clients;
- The Bank's profitability is monitored closely by the Finance department, which reports on a monthly basis to the Bank's Executive Committee;
- Finally, with regards to the depositary services, the Bank set up a committee entrusted with the responsibility for the regulatory oversight duty to assess the risks associated with the nature, scale and complexity of the UCI's strategy at the time the depositary is appointed. The range of custody markets is also strictly monitored, and any new custody market requested by a UCI is subject to an in-depth analysis following by a decision from the governance in place.

5 FINANCIAL RISKS

Financial risks represent the risk of losses arising from the Bank's balance sheet/off-balance sheet exposures due to adverse market, liquidity or credit conditions (principal risk).

The risk is further composed of the following sub-risk categories: Market, ALM, Credit, Counterparty.

5.1 Market risk

PEUSA does not own a trading book as it does not conduct active trading activities for its own account.

The banking book-related Market risk, other than FX risk, is automatically neutralized with the back-to-back model in place with no tolerance (no limits for OTC derivatives).

As of 31 December 2021, there were no capital requirements for Market risk.

5.2 ALM risk

5.2.1 Currency risk

Even if in general terms, the Bank does not want to pursue active foreign exchange risk taking activities, the Bank has FX risk limits in place to facilitate and optimize the client business execution. The Bank therefore tolerates small limited open foreign exchange positions (in amount and in time) which are subject to daily controls and limited through hedging strategies.

Aside from the foreign exchange client driven activity which is executed in a principal capacity within a tight framework (back-to-back model with tight limits) described above, the Bank's Treasury is not intended to take any directional positions in currencies for own account and this activity is thus limited.

Given the regularly small amounts of open FX positions, the Bank falls below the minimum threshold stipulated in Article 351 of the CRR and hence is not required to calculate own funds requirements for FX risk under Pillar I.

5.2.2 Equity risk

The Bank's portfolio of shareholdings is comprised solely of a 100% stake in Pictet Life Insurance Advisors (France) S.A.S. or “PLIAF”. It is an insurance mediation company under French law. Its purpose is to offer its clients the possibility of subscribing to life-insurance products. It is subject to the provision of the law of December 2005 on the mediation of insurances, which took effect in April 2007. The company is audited on a yearly basis by external auditors and falls within the remit of the Bank's Internal Audit unit.

Hence, the participation portfolio of the Bank is concentrated on only one intra-group counterparty and for which the Bank monitors regularly the value.

5.2.3 IRRBB

IRRBB stems from exposure to unforeseen changes in the yield curves that are likely to result in financial losses. These financial losses may lead to a reduction in the interest margin that affects the Bank's current income (the so-called “income effect”) or a reduction in future revenue that is likely to reduce the economic value of the Bank's capital (the so-called “economic value effect”).

When calculating its exposure to IRRBB and performing stress tests, the Bank aggregates the various sub-categories of IRRBB (i.e. Gap risk, Basis risk and Option risk) as required by the guidelines of the European

Banking Authority (EBA) on the management of interest rate risk arising from non-trading book activities, defined in July 2018.

The Bank engages in a prudent and forward-looking Interest Rate Risk management process. The primary goal of IRRBB is to ensure that the Bank can keep Interest Rate Risk at a low level, even in a severely stressed environment, taking into account all potential risks that could arise, and which could affect the bank's Net Interest Income (hereinafter "NII") or the Economic Value of Equity (hereinafter "EVE").

For that purpose, the Bank identifies the IRRBB inherent in all products and activities, measures, monitors and controls IRRBB in line with the approved strategies and policies. The Bank's Treasury Committee is responsible for reviewing, validating and approving the IRRBB's management guidelines within the Bank.

In addition to the measurement methods used, the specific assumption on non-maturity deposits (NMD) must be complied with. In making this behavioural assumption, the Bank follows the guidelines set by the EBA in the EBA/GL/2018/02.

The results of the different scenarios run by the Bank are monitored on a monthly basis by the Risk Management Department.

5.2.4 Liquidity risk

The Bank defines liquidity risk as the inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Effective liquidity risk management helps ensuring a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agent's behaviour.

The Bank's liquidity strategy is to invest a large portion of its cash in a portfolio of investments consisting primarily of high-quality bonds and short-term money market placements. This choice is allowed since clients' deposits are very stable over the long term. Nevertheless, should a liquidity crisis led to a massive deposits run-off, the Bank could access BCL lending facilities thanks to the high-quality eligible assets deposited to the local central bank already.

The remaining part of the liquidity is invested short term with the Group through unsecured money-market loans or secured reverse repos. Finally, part of the liquidity of the Bank is used to provide funding to its clients via Lombard loans.

The Bank does not rely on external funding sources other than client deposits.

The Bank maintains a robust liquidity position above market average even in time of stress.

Liquidity risk is measured via limit checks and also using internal stress tests. These scenarios simulate an idiosyncratic shock, a systemic crisis and the combination of both (combined scenario) over a period of 1 year. In addition, the Bank calculates the regulatory NSFR "Net Stable Funding Ratio" and the LCR "Liquidity Coverage Ratio".

Management and measurement of liquidity risk are further integrated into the Bank's annual ILAAP.

5.3 Credit risk

Credit risk means the risk of losses due to a client failing to meet its financial obligations (principal repayment, interest payments or other financial obligations). A client is any counterparty that has pledged assets to the Bank.

The Bank's strategy with regard to client credit is limited to loans granted subject to the management or safekeeping of assets for the account of third parties. This represents the Bank's core business which is applied within a strict framework of risk control and limitation.

The credit risk incurred relates to the debtor accounts of private customers and mutual funds, and to the Lombard loans that the Bank grants to some of its clients. Loan decisions are formalized, which ensures uniform treatment in regard to the defined authorization and validation systems.

The monitoring of credit commitments and their strict controlling are regarded as critical elements of the Bank's balance sheet quality and financial strength. Loan dossiers are monitored so as to ensure that commitments resulting from lending decisions are sufficiently covered at all times, specifically by fulfilling the conditions under which these decisions were taken.

5.4 Counterparty risk

Counterparty risk is the risk of losses due to a counterparty failing to meet its contractual obligation. This excludes clients which are covered by credit risk.

The Bank’s counterparty risk mainly arises from its exposures in the investment portfolio, interbank placements (including reverse repos) and derivatives. The latter two involve collateral management.

The Bank has defined prudent and strict selection criteria for both market counterparts and eligible collateral, within clearly defined operational limits.

5.4.1 Investment portfolio

The Bank’s assets are to a great extent comprised of a fixed-income portfolio.

The credit quality of counterparties is reviewed at regular intervals based on the latest information available and quantitative/qualitative criteria (e.g. ratings, CDS spreads).

The investments permitted to constitute the securities’ portfolio are stated in the Bank’s investment grid and are approved by the Bank's Treasury Committee. Weekly checks ensure that investment constraints have been adhered to.

5.4.2 Interbank placements and reverse repurchase transactions

The Bank works only with counterparties that are duly authorized by its Treasury Committee. Balances with the different counterparties must be within the limits granted at the end of the day (running capital). Checks to ensure compliance with these limits are performed daily by the operational teams of the Ops division.

5.4.3 OTC Derivatives

The Bank engages in derivative transactions both for its own account and on behalf of its clients including potential margin requirements.

For all interbank activities, including OTC derivatives, the Group Treasury Committee is in charge of selecting authorised banking counterparts and of proposing related limits to the Bank’s Treasury Committee for validation.

As of 31 December 2021, with respect to derivative financial instruments, the Bank was engaged in:

- FX forwards;
- Currency swaps;
- Interest rate swaps;
- Equity options;

- FX and gold options;
- Other options;
- Credit default swaps.

The derivative transactions for the Bank's own account concern currency swaps for the management of its treasury and interest rate swaps to hedge its securities portfolio. The Bank does not make use of credit derivatives as part of its counterparty credit risk management.

Regarding derivative transactions on clients' behalf, all above-mentioned products are in scope.

The Bank receives collateral from its clients and other financial counterparties as a credit risk mitigation technique in order to reduce the credit risk and applicable capital requirements.

Regarding the Credit Value Adjustment (CVA) calculation, the Bank follows the requirements set out in the CRR, Articles 381 – 386, and applies the standardized method to calculate its own funds requirements. CVA risk mainly arises from derivative contracts entered into: on the Bank's own account and by the Bank to facilitate clients' business (private and fund clients).

Finally, the main Settlement risks which the Bank is exposed to relate to credit transactions, interbank transactions and securities transactions carried out on behalf of clients. However, these risks are limited insofar.

5.5 Credit concentration risk

The Credit Concentration risk is the risk arising from concentrated credit exposure to a limited number of counterparties, including clients.

The inherent concentration risk of credit may result from exposures towards:

- Individual counterparties;
- Counterparties affiliated with each other or stakeholder groups;
- Counterparties belonging to the same business sector or the same geographical zone;
- Counterparties whose financial results depend on the same activity or the same underlying product.

This risk also includes exposures resulting from the concentration of techniques used to mitigate the credit risk.

The Bank is required to comply at all times with the limit to large exposures as defined by the CRR in Articles 399 to 403.

In accordance with Circular CSSF 16/647 and EBA Guidelines (EBA/GL/2015/20), the Bank has also established a process to monitor individual "Shadow Banking Entities" with an exposure value, after Credit risk mitigation and exemptions, equal to or in excess of 0.25% of the institution's Eligible Capital.

6 INVESTMENT RISK

Investment risk is the risk of losses arising from client exposures due to adverse market, liquidity or credit conditions (fiduciary risk).

The Bank aligns its core values and long-term objectives with those of its clients.

Investment risk within the Bank would arise in relation to PWM clients with discretionary and advisory mandates. The clients would bear the financial impacts in case of risk materialization, in consideration of the fact that contractually the Bank has an obligation of means and not of results.

The Bank mainly holds towards those clients a fiduciary responsibility, which is represented by the obligation of implementing and adhere to the contractually agreed mandates and investment constraints.

Clients wishing to benefit from the wealth management services sign a discretionary management mandate, specifying the selected management framework they want to benefit. An analysis is carried out to check the suitability or appropriateness of the management mandate with respect to the client's MiFID profile. This assessment results in a management profile, which is specified in the discretionary management mandate.

The adherence to applicable investment constraints by mandate is monitored via a specific tool which keeps record of the specific applicable constraints by client and sends a warning when transactions breach investment constraints. The tool additionally allows the monitoring of clients' portfolios adherence to the allocation models, proposing adjustments when need be.

On a monthly basis, reports are produced providing information about the respect of investment constraints as well as about portfolios performance, including a set of indicators and controls on the clients' portfolios. Bi-annual deep-dive desk reviews are also conducted.

Hence, the Bank continuously ensures that product/service offering matches agreed clients' mandates and their investment profile.

7 OPERATIONAL RISK

7.1 Operational risk within the Bank

Operational risk represents the risk of a loss resulting from the inadequacy or failure of internal processes, people or systems, or from external events.

The Bank does not actively seek Operational risk with a view to achieving returns but accepts it as a result of its business activities. It has decided to limit its tolerance to Operational risk in all its business activities and attaches great importance to an effective internal control system and close monitoring of Operational risks, whereby each staff member has an important role to play.

To this end, the Bank promotes a sound risk and control management culture across all lines and applies the Group-wide consistent Internal Control System (ICS) that forms the basis for achieving its objectives and ensuring orderly business operations.

The Bank also maintains ICT and digital resilience of its activities through a dedicated IT strategy aligned with the Group-wide IT risk and control management framework.

7.1.1 Risk events management

The Bank defines "risk event" as an error, discrepancy, act of fraud, breakdown or any other malfunction that results in a loss or gain.

The Bank uses an application for the management of risk events, with an integrated validation workflow. Each risk event is logged in a risk event report, which specifies the type of problem encountered, the amount at stake, and the measures taken to prevent such an event from reoccurring. Each risk event report is reviewed by the Risk Management function and/or by the Risk & Compliance team of the Pictet Asset Services business line or the Tech & Ops Division.

The Risk Management function also produces a quarterly detailed report on risk events with a financial impact that occurred during the previous period. This report is sent to the Executive Committee and to the Chairman of the Board of Directors.

7.1.2 Internal Control System (ICS)

Risk and control self-assessments

Risk and control self-assessments (RCSA) are bottom-up assessments by the first line enabling the business and control functions to proactively identify, assess and manage their risks in all material products, activities, processes and systems. These assessments provide an evaluation of the inherent risks, of the design and operating effectiveness of the controls in place to mitigate these risks, and to determine the residual risk ratings. A decision to either accept or remediate any residual risks is then required depending on the residual risk level.

The Bank's RCSA framework therefore provides a systematic way of identifying control gaps that threaten the achievement of defined business or process objectives. The findings from an RCSA should be used to formulate appropriate action plans to address identified control gaps and/or feed into ongoing initiatives/projects, taking into account risk-reward (cost-benefit) considerations. These plans are monitored as part of the overall risk management approach (in some cases under dedicated project governance).

The RCSA process should assess vulnerability to known or past events; identify and assess events that may not have occurred yet; and monitor the business environment and internal control factors including identifying and assessing key changes.

Overall, RCSA creates a common language and set of value and support the risk culture, helping risk management become part of all levels of the Bank.

The RCSA process is an element of the Bank's risk management framework and links into the organisation's risk governance structure and its risk appetite.

Control testing

Control testing is a form of validating controls operation. Evaluators use tests of controls to determine whether selected internal controls were operating effectively, in the manner they are supposed/designed to operate, during a period or as of a point of time.

Tests of controls follow the evaluation of controls design. In supporting their assessment on internal control, the Bank's units therefore first evaluate the design of the controls, then test their operating effectiveness, which requires an evaluation as to whether the key controls, as documented, reduce identified risks to an appropriate level.

Control testing is an element of the Bank's risk management framework.

7.1.3 Operational risk sub-categories

Within its risk taxonomy, the Bank defined different sub-categories pertaining to Operational risk. These sub-risks are followed by dedicated experts within the Bank and under the governance of various committees which report to the Bank's management.

8 COMPLIANCE RISK

Compliance risk consists of the risk of violating legal, regulatory and internal regulations, as well as common standards and rules of professional conduct, relevant to financial markets and financial intermediaries focused on ensuring specific market behavior or on protecting investors and market participants, prevention of money laundering and the financing of terrorism, protection of financial actors' reputation and that of the market places where they operate, and as a consequence, having to bear the legal and regulatory sanctions, financial or reputational losses.

The Bank fosters a culture of integrity and professional conduct to protect investor interests supported by appropriate governance arrangements that includes adequate exception management and escalation mechanisms.

The Bank strictly adheres to its Board-approved Anti-Money Laundering (AML) strategy that is applied, monitored and controlled across the whole organization.

According to the Compliance Policy and Charter, the rules, requirements and standards that govern such activities correspond to the professional standards applicable to the Bank by virtue of the law on the regulation and supervision of financial intermediaries and the financial markets aimed at the adoption of a given market behavior or at protecting investors as well as the Bank's reputation and the financial markets on which it operates. These professional standards entail the expected behavior as well as the organizational measures that should accompany them.

Within the context of Compliance risk management, the Bank has set up a reporting system to identify, assess and control the Compliance risk (which includes a risk register and a monitoring program). This system is accompanied by various risk and progress indicators.

The reporting system followed by the Bank's branches abroad seeks to give an overview of the Bank's situation regarding Compliance risk. Luxembourg Compliance prepares a half-yearly consolidated report taking into account both the Bank in Luxembourg as well as its branches. This report is submitted to the Bank's governing bodies and supreme supervisory bodies, such as the Board of Directors and the CARC, and to Pictet Group's and Bank's Internal Audit, Compliance and Risk functions.

9 SUSTAINABILITY – ESG RISKS DRIVERS

In 2021, the Pictet Group continued the progress towards its three 2025 ambitions: to significantly reduce the environmental impact of our activities and investments, to fully integrate ESG factors and active ownership into all investment processes and to be a leading provider of responsible products and solutions.

These ambitions are fully embraced by the Bank.

A new milestone was hit by the Group with the commitment, in October 2021 to the Net Zero Asset Manager Initiative and the Business Ambition for 1.5 degrees from the Science-based target Initiative. Addressing the risks and opportunities of climate change is one of the key themes for the Group in the context of our ambition. 2021 continued to see an important reduction of the Bank's carbon footprint due to travel and commuting restrictions linked to the Covid-19 pandemic.

The Bank strives to deliver on the Group's ambitions on Responsible Investing and to comply with recent and prospect European and local regulations on Sustainable Finance.

To this end, the Bank has launched a local project aiming at implementing ESG regulatory requirements. The local roadmap spans over multiple years and the implementation is supported by local and Group's business and corporate functions experts. Given the responsible vision of the Group and its ambitions, this project interacts closely and on a continuous basis with the Group ESG & Stewardship team, responsible for guiding the implementation of the Group's strategic ambitions. Ongoing communication channel between Group ESG & Stewardship and Group ESG Regulatory teams ensures that relevant requirements linked to Sustainability are taken into consideration at the earliest stage whenever possible.

Moreover, as required by CSSF Circular 21/773, the Bank integrated Sustainability considerations in its risk taxonomy, developed key risk indicators on ESG and performed an assessment on how Environmental and Climate-related risks impacted its existing risk categories.

The full details of this assessment are available in the Bank's ICAAP report.

The implementation of the risk management framework around ESG risks will be progressively enhanced and strengthened in the context of the Bank's and the Group's ESG project.

10 REMUNERATION POLICY

10.1 Introduction

The Remuneration policy is applicable to the Bank as well as to all its branches.

10.2 Identified staff

In accordance with the provisions stated in the Delegated Regulation (EU) 604/2014 of 4 March 2014 supplementing the provisions of the European Directive 2013/36/EU of 26 June 2013 known as "CRD IV" on the identification and control of categories of staff conducting activities likely to have a significant impact on the risk profile of the Bank, the Human Resources department performs on a quarterly basis an analysis in order to identify the people whose activities are likely to have an impact on the Bank's risk profile.

This analysis, resulting in the identification of a list of identified staff, is reviewed by the Risk Management and Compliance departments and finally approved by the Bank's Executive Committee and Board of Directors.

10.3 Remuneration philosophy within the Bank

Pictet's remuneration philosophy is based on the concept of "remuneration package". This package can consist of one or more of the elements described below:

Fixed salary

The base salary rewards the employee for the good execution of his work, as described in his specifications. It is paid on a monthly basis and reviewed annually.

Performance-linked bonus

The performance-linked bonus is a variable compensation component paid in addition to the fixed compensation, this bonus links individual remuneration to financial and non-financial performance objectives defined at Group level and within the Bank, as well to the results obtained during the year in question. Individual qualitative and quantitative objectives are determined to measure the performance.

Following the Directive 2019/878/EU/EU (Article 94 (g)), the purpose of which is to cap variable remuneration at 100% of the fixed remuneration or 200% with the consent of enough shareholders, each year the Board of Directors asks the General Meeting of Shareholders to pass a resolution. The General Meeting of Shareholders then has the opportunity to approve or dismiss the Board's request. The request for resolution of the Board of Directors and the resolution of the shareholders are sent to the CSSF as required by CSSF Circular 15/622.

Profit sharing

When an employee is admitted to the profit-sharing system, he/she is granted a number of "shares". Strictly speaking, the share has no intrinsic value, but it can be compared to a worthless share (and without voting rights) that pays an amount which may vary from year to year. The number of employee shares may be increased depending on, among other things, his/her training, experience, skills, responsibilities, commitment and years of service in the Group and may also be reduced.

Other exceptional payments

Pictet may also pay a lump sum premium payable at the end of the trial period ("sign-on bonus") or a compensatory benefit for past due claims against a previous employer ("buy-out bonus"). These exceptional payments are one-time and non-recurring.

Other advantages

Other benefits enjoyed by the Bank’s employees are not granted according to performance criteria, but in relation to the role, seniority, rank or other eligibility criteria. The other benefits are an integral part of the base fixed salary. In the event of a temporary transfer abroad, allowances may be paid to the employee in order to facilitate his/her mission.

10.4 Performance management

The performance evaluation is based on two essential questions:

> What has been achieved? (hard factors, quantifiable criteria);

> How were these results obtained? (soft factors).

Concerning the functions for which quantifiable objectives are defined, the Bank recommends the use of the “balanced scorecard”. "Quantifiable functions" are those for which measurable objectives can be defined, typically in terms of sales, profits, performance compared to a benchmark, volumes, etc.

Within Pictet, “balanced scorecards” contain not only quantified objectives, but also "soft" objectives for individual behavior and the promotion of corporate values.

Non-quantifiable functions are those for which it is not usually possible to define quantifiable and measurable objectives. An accurate assessment of performance is, by definition, more difficult for employees with little or no quantifiable functions.

In order to help managers in their evaluations of these functions and to ensure a consistent application throughout the Group, Pictet has identified criteria that correspond to five levels depending on the employee’s performance over the year.

10.5 Governance and control mechanisms

Remuneration levels, package structures and processes in place are regularly reviewed and compared with internal and external benchmarks, information available in the public domain and also with results of analyses performed by independent external consultants in the field of remuneration.

The objective of the Bank is to align its remuneration policy with its strategy, objectives and values, as well as with its long-term interests.

The role of the Board of Directors

The general principles governing the Bank’s remuneration policy are established by the Board of Directors. They supervise the remuneration process, publish the annual report of activities and validate nominations, remuneration envelops, the remuneration policy as well as any subsequent modification or addition, at least annually. The Board of Directors is responsible for the effective implementation of the policy and delegate the daily management to the Bank’s Executive Committee.

The role of the Bank's Executive Committee

The Executive Committee is in charge of the implementation of this policy locally, on a day-to-day basis, while taking into account the relevant regulatory requirements.

The role of the Remuneration Committee

The Remuneration Committee has been created in 2018. It is made up of 3 Board members.

The Remuneration Committee assists and advises the Board of Directors in its activities of supervision, implementation and approval of the remuneration policy. Indeed, it formulates propositions concerning the remuneration that will be adopted by the Board of Directors, especially for identified staff. Moreover, it guarantees the adequacy of the information submitted and evaluates the mechanisms and systems adopted to ensure:

> That the remuneration system takes due account of any type of risk and liquidity and capital levels;
> And that the overall remuneration policy is consistent and promotes sound and effective risk management and is consistent with the Bank's economic strategy, objectives, corporate culture, corporate values and long-term interests.

Finally, different functions of the Bank are also involved in the remuneration policy framework:

> The Human Resources Department ensure that the individual objectives set, weights and measures used in the annual review process, are consistent with the principles of the remuneration policy and its guiding principles;
> Control functions also play a role with regards to the remuneration policy: Compliance ensures regulatory oversight and, together with the Risk Management function, works with Human Resources in defining the list of identified staff. Internal Audit, on the other side, is mandated by the Board of Directors to independently control the remuneration policy.

10.6 Quantitative information on remuneration

Remuneration awarded for the financial year (template EU RM1)

The information contained in template EU REM1 has been deemed as confidential by the Bank and is only available on demand.

Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff, template EU RM2)

Amounts paid by the Bank in 2021 and expressed in EUR.

		MB SUPERVISORY FUNCTION	MB MANAGEMENT FUNCTION	OTHER SENIOR MANAGEMENT	OTHER IDENTI-FIED STAFF
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	1	1	4
2	Guaranteed variable remuneration awards -Total amount	0	76'000	50'000	265'000
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Deferred remuneration (template EU REM3)

The Bank did not have any deferred remuneration in 2021, hence the table EU REM3 is empty.

Identified staff with a total remuneration above EUR 1 million (template EU REM4)

During the 2021 financial year, the Bank paid to the regulated persons, reaching or exceeding EUR 1 million, an individual remuneration within the ranges below:

	EUR	IDENTIFIED STAFF THAT ARE HIGH EARNERS AS SET OUT IN ARTICLE 450(I) CRR
1	1 000 000 to below 1 500 000	5

11 STATEMENT OF THE MANAGEMENT BODIES

The risk profile of the Bank reflects its core business, which primarily focuses on investment management and asset services offering to wealth and institutional clients in the European region (ex-Switzerland). These services are complemented by custody, Lombard lending, wealth planning and other ancillary services. The Board of Directors defined its Risk Strategies in the form of main guiding principles structuring the desired approach to manage and mitigate risks in order to support the achievement of its business strategy.

The Risk Strategies are strongly connected with the Group wide risk management framework of the Pictet Group and are translated within a set of thresholds, targets and statements that are detailed in the Bank's Risk Appetite Framework and Risk Appetite Statement.

The Bank focuses on low capital-intensive transactions and seeks to maintain robust solvency and liquidity positions also in times of market stress. The Bank relies on clients-based funding and invests its excess of liquidity in very high-quality bonds or secured cash transactions.

This prudent risk profile is reflected in the Bank's comfortable key prudential ratios, with a Total Capital Ratio reaching 24.16%, a Leverage Ratio at 3.74% and a LCR at 133%, as of December-end 2021.

Regarding Pictet intra-group financial exposures, the largest part comes from the placement of PEUSA excess funding essentially collateralized by means of reverse repos. A part of the exposure is unsecured, corresponding to deposits on nostro accounts or money market deposits. PEUSA has also some exposure related to derivative transactions with BPSA. These are governed by an ISDA contract, subject to netting, and the exposure is subject to daily margining. Finally, PEUSA has some indirect intra-group exposure related to guarantees received from BPSA.

The whole list of key metrics is presented in Appendix III.

Considering the above as well as the risk-related information received through the Bank's different reporting, the Management bodies deem the risk profile of the Bank to remain fully within its strategy and risk appetite (as set in the Bank's Risk Appetite Statement), accordingly to CRR Article 435(1)(f).

The Bank's Management bodies also confirm the adequacy of the implemented risk management arrangements considering the Bank's profile and strategy, in accordance with CRR Article 435(1)(e).

The report has been approved by the Bank's Executive Committee, CARC and Board of Directors as a correct representation of the Bank's risk profile and risk appetite, prepared in accordance with internal control processes concerning verification and frequency of disclosures.

APPENDIX I: TEMPLATE EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS (IN CHF MIO)

		AMOUNTS
1	Capital instruments and the related share premium accounts	86.00
	of which: Fully paid up capital instruments	56.00
	of which: Share premium	30.00
2	Retained earnings	331.29
3	Accumulated other comprehensive income (and other reserves)	110.34
EU-3a	Funds for general banking risk	-
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-
5	Minority interests (amount allowed in consolidated CET1)	-
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**527.63**
7	Additional value adjustments (negative amount)	-
8	Intangible assets (net of related tax liability) (negative amount)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-
12	Negative amounts resulting from the calculation of expected loss amounts	-
13	Any increase in equity that results from securitised assets (negative amount)	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-
15	Defined-benefit pension fund assets (negative amount)	-
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-
EU-20c	of which: securitisation positions (negative amount)	-
EU-20d	of which: free deliveries (negative amount)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-
22	Amount exceeding the 17,65% threshold (negative amount)	-

		AMOUNTS
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-
25	of which: deferred tax assets arising from temporary differences	-
EU-25a	Losses for the current financial year (negative amount)	-
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-
27a	Other regulatory adjustments	-
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-
29	**Common Equity Tier 1 (CET1) capital**	**527.63**
30	Capital instruments and the related share premium accounts	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-
42a	Other regulatory adjustments to AT1 capital	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**
44	**Additional Tier 1 (AT1) capital**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**527.63**
46	Capital instruments and the related share premium accounts	14.00
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-

		AMOUNTS
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Credit risk adjustments	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**14.00**
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-
EU-56b	Other regulatory adjustments to T2 capital	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**
58	**Tier 2 (T2) capital**	**14.00**
59	**Total capital** (TC = **T1** + T2)	**541.63**
60	**Total Risk exposure amount**	**2'241.97**
61	Common Equity Tier 1 capital	23.53%
62	Tier 1 capital	23.53%
63	Total capital	24.16%
64	Institution CET1 overall capital requirements	7.52%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.24%
67	of which: systemic risk buffer requirement	-
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	-
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**16.16%**
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-

		AMOUNTS
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	18.11
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

APPENDIX II: TEMPLATE EU OV1 – OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS (IN CHF MIO)

		TOTAL RISK EXPOSURE AMOUNTS (TREA)		TOTAL OWN FUNDS REQUIREMENTS
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk (excluding CCR)	1'140.39	721.74	91.23
2	Of which the standardised approach	1'140.39	721.74	91.23
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk-weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	478.71	315.18	38.30
7	Of which the standardised approach	342.06	265.30	27.36
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	130.77	49.88	10.46
9	Of which other CCR	5.89	-	0.47
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	622.87	611.14	49.83
EU 23a	Of which basic indicator approach	622.87	611.14	49.83
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	Total	2'241.97	1'648.05	179.36

APPENDIX III: TEMPLATE EU KM1 - KEY METRICS TEMPLATE (IN CHF MIO)

		31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	527.63	527.59	527.58	461.30	461.30
2	Tier 1 capital	527.63	527.59	527.58	461.30	461.30
3	Total capital	541.63	541.59	541.58	475.30	475.30
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2'241.97	2'368.51	2'093.68	1'846.20	1'648.05
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	23.53%	22.28%	25.20%	24.99%	27.99%
6	Tier 1 ratio (%)	23.53%	22.28%	25.20%	24.99%	27.99%
7	Total capital ratio (%)	24.16%	22.87%	25.87%	25.74%	28.84%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.50%	0.50%	0.50%	0.50%	0.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.28%	0.28%	0.28%	0.28%	0.50%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.10%	0.10%	0.10%	0.10%	0.00%
EU 7d	Total SREP own funds requirements (%)	8.50%	8.50%	8.50%	8.50%	8.50%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.24%	0.23%	0.36%	0.35%	0.16%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.74%	2.73%	2.86%	2.85%	2.66%
EU 11a	Overall capital requirements (%)	11.24%	11.23%	11.36%	11.35%	11.16%

		31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
12	CET1 available after meeting the total SREP own funds requirements (%)	362.27	352.11	433.36	378.22	387.14
	Leverage ratio					
13	Total exposure measure	14'108.85	14'636.64	13'711.42	13'179.93	12'338.58
14	Leverage ratio (%)	3.74%	3.60%	3.85%	3.50%	3.74%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	7'570.31	7'363.74	7'026.41	6'467.38	5'917.13
EU 16a	Cash outflows - Total weighted value	6'679.80	6'409.80	6'250.07	5'974.35	5'792.28
EU 16b	Cash inflows - Total weighted value	1'591.96	1'788.38	1'948.45	1'917.13	2'006.33
16	Total net cash outflows (adjusted value)	5'087.84	4'621.42	4'301.62	4'057.22	3'785.96
17	Liquidity coverage ratio (%)	151.02%	161.05%	163.66%	159.58%	156.41%
	Net Stable Funding Ratio					
18	Total available stable funding	5'441.44	5'442.08	5'733.00	5'290.69	4'950.50
19	Total required stable funding	2'659.31	2'515.95	2'643.85	1'880.50	1'687.53
20	NSFR ratio (%)	204.62%	216.30%	216.84%	281.35%	293.36%

APPENDIX IV: LIST OF ABBREVIATIONS

ABBREVIATIONS	DEFINITIONS	ABBREVIATIONS	DEFINITIONS
A-IRB	Advanced Internal Ratings-Based Approach	ICS	Internal Control System
ALM	Asset and Liability Management	ILAAP	Internal Liquidity Adequacy Assessment Process
AT1	Additional Tier 1	IMM	Internal Model Method
BCL	Banque Centrale du Luxembourg	IRRBB	Interest Risk in the Banking Book
BPSA	Banque Pictet & Cie S.A.	LCR	Liquidity Coverage Ratio
CARC	Compliance, Audit and Risk Committee	MiFID	Markets in Financial Instruments Directive
CCF	Credit Conversion Factor	NA	Not Applicable
CCP	Central Counterparty	NII	Net Interest Income
CCR	Counterparty Credit Risk	NSFR	Net Stable Funding Ratio
CDS	Credit Default Swap	OTC	Over The Counter
CET1	Common Equity Tier 1	PLIAF	Pictet Life Insurance Advisors (France)
CRD	Capital Requirements Directive	PWM	Pictet Wealth Management
CRR	Capital Requirements Regulation	RCSA	Risk & Control Self-Assessment
CSSF	Commission de Surveillance du Secteur Financier	REA	Risk Exposure Amount
CVA	Credit Value Adjustment	RW	Risk Weight
EBA	European Banking Authority	SA	Société Anonyme
ESG	Environmental, Social and Governance	SA	Standardized Approach
ESMA	European Securities and Markets Authority	SAS	Société par Actions Simplifiée
EU	European Union	SCA	Société en Commandite par Actions
EVE	Economic Value of Equity	SREP	Supervisory Review and Evaluation Process
F-IRB	Foundation Internal Ratings-Based Approach	T2	Tier 2
FX	Foreign Exchange	TREA	Total Risk Exposure Amount
GL	Guidelines	UCI	Undertakings for Collective Investments