

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

as at 31 December 2021

(Commenced business on 01 August 2021)

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

CONTENTS	PAGES
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 – 9
Liquidity risk management	10 – 12
Group consolidated financial information	13
Chief Executive's declaration of compliance	

Banque Pictet & Cie SA, Hong Kong Branch

Profit and Loss Account

For the five-month period ended 31 December 2021

	Notes	1 Aug 2021 to 31 Dec 2021 HKD'000
Interest income		20,986
Interest expense		<u>(1,792)</u>
Net interest income		19,194
Other operating income	1	<u>117,417</u>
Total operating income		136,611
Operating expenses	2	<u>(230,044)</u>
(Loss) before allowances for credit losses		(93,433)
Impairment losses and provisions for impaired loans and receivables		<u>-</u>
(Loss) before taxation		(93,433)
Tax expense		<u>-</u>
(Loss) after taxation		<u>(93,433)</u>

Banque Pictet & Cie SA, Hong Kong Branch

Balance Sheet

As at 31 December 2021

	Notes	31 Dec 2021 HKD'000
Assets		
Due from Exchange Fund		10,538
Balances with banks (except those included in amount due from overseas offices)		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		3,035,248
Loans and receivables	3	3,889,206
Debt instruments held		1,012,720
Property, plant and equipment		10,169
Total assets		<u>8,572,625</u>
Liabilities		
Balances from banks (except those included in amount due to overseas offices)		1,008
Deposits from customers	7	5,439,385
Amount due to overseas offices		2,785,868
Other liabilities		346,364
Total liabilities		<u>8,572,625</u>

Banque Pictet & Cie SA, Hong Kong Branch

Notes to the Financial Statements

	Note	1 Aug 2021 to 31 Dec 2021 HKD'000
1 Other operating income		
Income from fees and commissions		
Fees and commission income		108,172
Less: Fees and commission expenses		<u>(45,191)</u>
		62,981
Gains less losses arising from trading in foreign currencies		4,928
Gains less losses arising from trading in other derivatives		639
Other income		<u>48,869</u>
		<u>117,417</u>
2 Total operating expenses		
Staff and rental expenses		201,534
Other expenses		<u>28,510</u>
		<u>230,044</u>
3 Loans and receivables		31 Dec 2021
Loans and advances to customers		
- Overdrafts		1,087,580
- Other loans due within 1 month		2,219,280
- Between 1 and 3 months		244,879
- Between 3 months and 1 year		115,233
- Later than 1 year		-
Total Loans and advances to customers	4	<u>3,666,972</u>
Accrued interest		7,036
Provisions for impaired loans and receivables		
Less: collective provisions		-
specific provisions		-
Other accounts		<u>215,198</u>
		<u>3,889,206</u>

Banque Pictet & Cie SA, Hong Kong Branch

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.

	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>

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.

	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	963,982	-
Cayman Islands	796,181	-
Anguilla	179,642	-
Samoa	170,302	-
Japan	158,115	-
Chinese Taipei	73,560	-
Panama	71,586	-
Others	152,894	-
	<u>3,666,972</u>	<u>-</u>

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 31 Dec 2021.

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

Banque Pictet & Cie SA, Hong Kong Branch

Notes to the Financial Statements (cont'd)

6 Other Assets Overdue and repossessed assets

BPSA HK does not have any overdue other assets as at 31 Dec 2021.

BPSA HK does not have any repossessed assets as at 31 Dec 2021.

7 Deposits from customers

	31 Dec 2021 HKD'000
Demand deposits and current accounts	5,437,862
Savings deposits	-
Time, call and notice deposits	1,523
	<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.

	31 Dec 2021 HKD million					
	Non-bank private sector					
	Banks	Official sector	Non-bank financial institutions	Non- financial private sector	Others	Total
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	-	-	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
	<u>3,798</u>	<u>1,007</u>	<u>2</u>	<u>3,688</u>	<u>-</u>	<u>8,495</u>

Banque Pictet & Cie SA, Hong Kong Branch

Notes to the Financial Statements (cont'd)

9 Non-bank Mainland exposures

	31 Dec 2021 HKD'000		Total
	On-balance sheet exposure	Off- balance sheet exposure	
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
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
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 after provision	0.49%		

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.

	31 Dec 2021 HKD million							Total
	USD	CHF	JPY	SGD	GBP	CNY	Others	
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.

Banque Pictet & Cie SA, Hong Kong Branch**Notes to the Financial Statements (cont'd)****11 Contingent liabilities and commitments**
(contractual amounts)Direct credit substitutes
Other commitments31 Dec 2021
HKD'000

51,655

6,995,065

12 Derivatives instruments31 Dec 2021
HKD'000

	Fair Value		Total Notional Amount
	Positive	Negative	
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	11,063	10,371	1,466,751
Others	1,889	1,889	366,640

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
	31 Dec 2021
Average liquidity maintenance ratio for 3 months period	49.68%
	01 Aug 2021 to
	31 Dec 2021
Average liquidity maintenance ratio for 5 months period	47.30%

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.

Notes to the Financial Statements (cont'd)

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.

SHORT-TERM LIQUIDITY GAP (STLG)						
AS OF 31 DEC 2021	7 DAYS	30 DAYS	60 DAYS	90 DAYS	180 DAYS	365 DAYS
(IN HKD MILLION)						
Unencumbered Liquid Assets	1,005					
Net Inflows	1,508	1,958	1,404	797	500	505
Net Liquidity Position	2,513	2,963	2,409	1,802	1,505	1,510
Limit (all tenors): >100% (alert set at 120%)						

15 Liquidity Risk Management (cont'd)

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-1-year 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.

Long-Term Funding Gap (LTFG)

as of 31 Dec 2021

(in HKD million)

Total Illiquid Assets	2,168
Total Long-Term or Stable Liabilities	(3,466)
Long-Term Funding Surplus	1,298
LTFG Ratio	160%

Limit: >100% (alert set at 115%)

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.

Banque Pictet & Cie SA, Hong Kong Branch

Notes to the Financial Statements (cont'd)

15 Liquidity Risk Management (cont'd)

BPSA HK's analysis of on and off-balance sheet items by remaining maturity and the resultant liquidity gaps as of 31 December 2021 is shown as follows:

(HKD'000)

	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
On-balance sheet liabilities												
Deposits from non-bank customers	5,439,364	5,437,841	-	-	1,523	-	-	-	-	-	-	-
Amount payable arising from derivative contracts	10,612	9,713	37	10,612	-	-	368	494	-	-	-	-
Due to banks	2,786,897	56,043	338,515	1,019,584	338,515	107,815	-	1,034,240	-	-	-	-
Other liabilities	334,103	117,294	29,663	1,782	72,906	-	-	-	-	-	-	4,643
Capital and reserves	(93,433)	-	-	-	(93,433)	-	-	-	-	-	-	-
Total	8,477,543	5,620,891	368,215	1,782	1,094,013	352,897	368	1,034,734	-	-	-	4,643
Off-balance sheet obligations												
Irrevocable loan commitments or facilities granted	1,144,921	1,144,921	-	-	-	-	-	-	-	-	-	-
Others	51,655	51,655	-	-	-	-	-	-	-	-	-	-
Total	1,196,576	1,196,576	-	-	-	-	-	-	-	-	-	-
On-balance sheet assets												
Amount receivable arising from derivative contracts	11,303	10,404	37	-	-	-	368	494	-	-	-	-
Due from MA for a/c for Exchange Fund	10,537	10,537	-	-	-	-	-	-	-	-	-	-
Due from banks	3,556,560	3,556,560	-	-	-	-	-	-	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	1,017,034	1,017,034	-	-	-	-	-	-	-	-	-	-
Loans and advances to non-bank customers	3,666,972	1,099,109	148,217	2,059,534	244,879	63,566	51,667	-	-	-	-	-
Other assets	215,137	90,807	29,793	819	68,386	64	178	-	-	-	-	25,090
Total	8,477,543	5,784,451	178,047	2,060,353	313,265	63,630	52,213	494	-	-	-	25,090
Contractual Maturity Mismatch												
Cumulative Contractual Maturity Mismatch		(1,033,016)	(190,168)	2,058,571	(780,748)	(289,267)	51,845	(1,034,240)	(1,217,023)	(1,217,023)	(1,217,023)	-
		(1,033,016)	(1,223,184)	835,387	54,639	(234,628)	(182,783)	(1,217,023)	(1,217,023)	(1,217,023)	(1,217,023)	-

Banque Pictet & Cie SA

Consolidated Financial Information

Capital and Capital Adequacy

Capital adequacy ratio (Note)	31 Dec 2021	31 Dec 2020
Common Equity Tier 1 capital ratio	17.60%	15.50%
Tier 1 capital ratio	22.60%	19.50%
Total capital ratio	22.60%	19.50%

	CHF million	CHF million
Total shareholders' equity	1,194	1,232

Other financial information

Balance sheet:	CHF million	CHF million
Total assets	37,059	35,321
Total liabilities	35,865	34,089
Total Loans and advances	6,859	5,673
Total customer deposits	24,839	23,002

	31 Dec 2021	31 Dec 2020
Profit and Loss:	CHF million	CHF million
Profit before income taxes	35.3	75.3

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

Chief Executive's Declaration of Compliance

The 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.



Alex Ng
Chief Executive
Banque Pictet & Cie SA, Hong Kong Branch

Date: 25 April 2022