

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

as at 30 Jun 2023

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

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Profit and Loss Account

For the period ended 30 June 2023

		6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
	Notes	HKD'000	HKD'000
Interest income		1,129,876	35,880
Interest expense		<u>(1,010,828)</u>	<u>(9,963)</u>
Net interest income		119,048	25,917
Other operating income	1	<u>168,020</u>	<u>166,899</u>
Total operating income		287,068	192,816
Operating expenses	2	<u>(301,840)</u>	<u>(279,755)</u>
(Loss) before allowances for credit losses		(14,772)	(86,939)
Impairment losses and provisions for impaired loans and receivables		<u>-</u>	<u>-</u>
(Loss) before taxation		(14,772)	(86,939)
Tax expense		<u>-</u>	<u>-</u>
(Loss) after taxation		<u>(14,772)</u>	<u>(86,939)</u>

Balance Sheet

As at 30 June 2023

	Notes	30 Jun 2023 HKD'000	31 Dec 2022 HKD'000
Assets			
Due from Exchange Fund		10,106	10,644
Balances with banks (except those included in amount due from overseas offices)		102,030	66,778
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		18,895,270	9,099,563
Loans and receivables	3	11,898,897	3,304,171
Debt instruments held		25,788,276	20,046,299
Investment securities		888,432	-
Property, plant and equipment		7,554	9,526
Total assets		<u>57,590,565</u>	<u>32,536,981</u>
Liabilities			
Balances from banks (except those included in amount due to overseas offices)		7,846,173	5,151,336
Deposits from customers	7	9,964,173	3,483,593
Amount due to overseas offices		32,148,264	22,300,432
Certificates of deposit issued		5,139,324	238,843
Issued debt securities		1,741,390	588,219
Other liabilities		751,241	774,558
Total liabilities		<u>57,590,565</u>	<u>32,536,981</u>

Notes to the Financial Statements

	Notes	6 months ended 30 Jun 2023 HKD'000	6 months ended 30 Jun 2022 HKD'000
1 Other operating income			
Income from fees and commissions			
Fees and commission income		114,730	109,855
Less: Fees and commission expenses		(10,222)	(10,433)
		<u>104,508</u>	<u>99,422</u>
Gains less losses arising from trading in foreign currencies		2,464	6,370
Gains less losses arising from trading in other derivatives		2,331	2,071
Other income		<u>58,717</u>	<u>59,036</u>
		<u>168,020</u>	<u>166,899</u>
2 Total operating expenses			
Staff and rental expenses		(194,648)	(207,851)
Other expenses		(107,192)	(71,904)
		<u>(301,840)</u>	<u>(279,755)</u>
		30 Jun 2023 HKD'000	31 Dec 2022 HKD'000
3 Loans and receivables			
Loans and advances to customers			
- Overdrafts		539,817	559,454
- Other loans due within 1 month		4,548,644	2,211,483
- Between 1 and 3 months		6,188,163	37,493
- Between 3 months and 1 year		167,250	57,219
- Later than 1 year		2,531	-
Total Loans and advances to customers	4	<u>11,446,405</u>	<u>2,865,649</u>
Accrued interest		26,555	16,438
Provisions for impaired loans and receivables			
Less: collective provisions		-	-
specific provisions		-	-
Other accounts		<u>425,937</u>	<u>422,084</u>
		<u>11,898,897</u>	<u>3,304,171</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 2023 HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	1,818,103	-	1,818,103
<u>Individuals</u>			
Others	484,999	-	484,999
	<u>2,303,102</u>	<u>-</u>	<u>2,303,102</u>
Loans and advances for use outside Hong Kong	<u>9,143,303</u>	<u>-</u>	<u>9,143,303</u>
Total loans and advances to customers	<u>11,446,405</u>	<u>-</u>	<u>11,446,405</u>
	31 Dec 2022 HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	2,257,306	-	2,257,306
<u>Individuals</u>			
Others	373,959	-	373,959
	<u>2,631,265</u>	<u>-</u>	<u>2,631,265</u>
Loans and advances for use outside Hong Kong	<u>234,384</u>	<u>-</u>	<u>234,384</u>
Total loans and advances to customers	<u>2,865,649</u>	<u>-</u>	<u>2,865,649</u>

Notes to the Financial Statements (cont'd)

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 2023		
HKD'000		
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	7,872,019	-
Cayman Islands	918,052	-
Singapore	835,028	-
Bahamas	620,369	-
Hong Kong, China	485,295	-
Indonesia	306,721	-
Taiwan, China	168,265	-
Anguilla	115,256	-
Samoa	61,677	-
Others	63,723	-
	<u>11,446,405</u>	<u>-</u>

31 Dec 2022		
HKD'000		
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	1,527,510	-
Cayman Islands	543,021	-
Hong Kong, China	375,924	-
Anguilla	113,266	-
Samoa	77,268	-
Taiwan, China	75,956	-
Bahamas	55,272	-
Singapore	33,718	-
Panama	31,225	-
Others	32,489	-
	<u>2,865,649</u>	<u>-</u>

Notes to the Financial Statements (cont'd)

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 2023 and 31 Dec 2022.

BPSA HK does not have impaired loans and advances to banks as at 30 Jun 2023 and 31 Dec 2022.

6 Other Assets Overdue and repossessed assets

BPSA HK does not have any overdue other assets as at 30 Jun 2023 and 31 Dec 2022.

BPSA HK does not have any repossessed assets as at 30 Jun 2023 and 31 Dec 2022.

7 Deposits from customers

	30 Jun 2023	31 Dec 2022
	HKD'000	HKD'000
Demand deposits and current accounts	1,859,154	1,984,655
Savings deposits	-	-
Time, call and notice deposits	8,105,019	1,498,938
	<u>9,964,173</u>	<u>3,483,593</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.

Notes to the Financial Statements (cont'd)

8 International Claims (cont'd)

30 Jun 2023 HKD million						
<u>Non-bank private sector</u>						
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
1 International Organizations	-	899	-	-	-	899
2 Developed Countries	19,555	24,206	416	896	-	45,073
of which :						
Switzerland	19,236	22,100	1	893	-	42,230
United States	-	1,157	-	-	-	1,157
Netherlands	-	522	-	-	-	522
Austria	-	427	-	-	-	427
Canada	-	-	415	-	-	415
Germany	276	-	-	-	-	276
Others	43	-	-	3	-	46
3 Offshore Centres	-	-	2	10,952	-	10,954
of which :						
British Virgin Islands	-	-	-	8,028	-	8,028
Cayman Islands	-	-	-	919	-	919
Singapore	-	-	-	836	-	836
Bahamas	-	-	-	621	-	621
Hong Kong, China	-	-	-	454	-	454
Others	-	-	2	94	-	96
4 Developing Europe	-	-	-	-	-	-
5 Developing Latin America and Caribbean	-	-	-	-	-	-
6 Developing Africa and Middle East	-	-	-	22	-	22
7 Developing Asia and Pacific	5	-	-	503	-	508
	19,560	25,105	418	12,373	-	57,456

Notes to the Financial Statements (cont'd)

8 International Claims (cont'd)

31 Dec 2022 HKD million						
<u>Non-bank private sector</u>						
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
1 International Organizations	-	888	-	-	-	888
2 Developed Countries	9,745	18,484	404	3	-	28,636
of which :						
Switzerland	9,424	16,419	-	-	-	25,843
United States	-	1,140	-	-	-	1,140
Netherlands	-	509	-	-	-	509
Austria	-	416	-	-	-	416
Canada	-	-	404	-	-	404
Others	321	-	-	3	-	324
3 Offshore Centres	-	-	-	2,812	-	2,812
of which :						
British Virgin Islands	-	-	-	1,698	-	1,698
Hong Kong, China	-	-	-	366	-	366
Cayman Islands	-	-	-	543	-	543
Samoa	-	-	-	81	-	81
Others	-	-	-	124	-	124
4 Developing Europe	-	-	-	-	-	-
5 Developing Latin America and Caribbean	-	-	-	-	-	-
6 Developing Africa and Middle East	-	-	-	6	-	6
7 Developing Asia and Pacific	6	-	-	113	-	119
	9,751	19,372	404	2,934	-	32,461

Notes to the Financial Statements (cont'd)

9 Non-bank Mainland exposures

	30 Jun 2023 HKD'000		Total
	On-balance sheet exposure	Off-balance sheet exposure	
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	23,305	-	23,305
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>23,305</u>	<u>-</u>	<u>23,305</u>

Total assets after provision 57,590,565

On-balance sheet exposures as percentage of total assets 0.04%

	31 Dec 2022 HKD'000		Total
	On-balance sheet exposure	Off-balance sheet exposure	
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	21,089	-	21,089
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>21,089</u>	<u>-</u>	<u>21,089</u>

Total assets after provision 32,536,981

On-balance sheet exposures as percentage of total assets 0.06%

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 2023				
HKD million				
	CHF	USD	Others	Total
Spot assets	33,305	15,884	6,894	56,083
Spot liabilities	(4,655)	(41,647)	(10,091)	(56,393)
Forward purchases	2,508	28,772	3,987	35,267
Forward sales	(31,033)	(2,991)	(785)	(34,809)
Net options positions	-	-	-	-
Net long/(short) position	125	18	5	148
Net structural position	-	-	-	-

31 Dec 2022								
HKD million								
	CHF	USD	EUR	JPY	SGD	GBP	Others	Total
Spot assets	20,500	6,032	3,388	543	164	166	564	31,357
Spot liabilities	(4,436)	(18,316)	(6,302)	(246)	(396)	(869)	(563)	(31,128)
Forward purchases	111	12,697	3,107	39	233	763	166	17,116
Forward sales	(16,032)	(459)	(192)	(335)	-	(59)	(165)	(17,242)
Net options positions	-	-	-	-	-	-	-	-
Net long/(short) position	143	(46)	1	1	1	1	2	103
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 2023 HKD'000	31 Dec 2022 HKD'000
Direct credit substitutes	1,450	1,444
Other commitments	10,455,926	8,335,629
Forward forward deposits placed	-	14,128

12 Derivatives instruments

	30 Jun 2023 HKD'000		
	Fair Value		Total Notional Amount
	Positive	Negative	
Exchange rate contracts	97,715	98,353	33,891,738
Equity contracts	17,323	17,323	1,208,619
Precious metals (including gold) contracts	2,030	1,982	636,654

	31 Dec 2022 HKD'000		
	Fair Value		Total Notional Amount
	Positive	Negative	
Exchange rate contracts	49,698	147,873	18,148,796
Equity contracts	50,603	50,603	993,567
Precious metals (including gold) contracts	2,796	2,796	469,935

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.

Notes to the Financial Statements (cont'd)

14 Liquidity Ratio

	For the quarter ended Q2 2023	For the quarter ended Q2 2022
Average liquidity maintenance ratio for 3 months period	200.97%	70.40%

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 balance sheet management. BPSA HK also monitor a set of liquidity early warning indicators that serves to pre-empt potential evolving liquidity risk situation which may require BPSA HK to activate Contingency Funding Plan to address those situations.

Notes to the Financial Statements (cont'd)

15 Liquidity Risk Management (cont'd)

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 behaviourally 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 30 Jun 2023

7 DAYS

30 DAYS

60 DAYS

90 DAYS

180 DAYS

365 DAYS

(in HKD million)

Unencumbered Liquid Assets	2,936					
Net Inflows / (Outflows)	1,794	577	(25)	(645)	(1,099)	(1,415)
Net Liquidity Position	4,730	3,513	2,911	2,291	1,837	1,521

Limit (30-day): >110% (alert set at 120%) / Limit (other tenors): >100% (alert set at 115%)

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.

Notes to the Financial Statements (cont'd)

15 Liquidity Risk Management (cont'd)

Long-Term Funding Gap (LTFG)

as of 30 Jun 2023

(in HKD million)

Total Illiquid Assets	795
Total Long-Term or Stable Liabilities	(1,919)
Long-Term Funding Surplus	1,124
LTFG Ratio	241%
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.

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 Pictet and 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.

Capital and Capital Adequacy

Capital adequacy ratio (Note)	30 Jun 2023	31 Dec 2022
Common Equity Tier 1 capital ratio	29.10%	27.10%
Tier 1 capital ratio	29.30%	27.40%
Total capital ratio	29.30%	27.40%
	CHF million	CHF million
Total shareholders' equity	3,925	4,155

Other financial information

Balance sheet:	CHF million	CHF million
Total assets	40,537	44,881
Total liabilities	36,612	40,727
Total Loans and advances	8,121	8,714
Total customer deposits	28,504	31,030

	30 Jun 2023	30 Jun 2022
Profit and Loss:	CHF million	CHF million
Profit before income taxes	475	468

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

Declaration of Compliance

The Key Financial Information 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.pictet.com/ch/en/legal-documents-and-notes/banque-pictet-cie-sa-hong-kong-branch/financial-documentation> , for public inspection.



Jeff See

Alternate Chief Executive

Banque Pictet & Cie SA, Hong Kong Branch

20 September 2023