

Pictet & Cie (Europe) S.A., Hong Kong Branch

Key Financial Information Disclosure Statements

as at 31 December 2018

Pictet & Cie (Europe) S.A., Hong Kong Branch

Key Financial Information Disclosure Statements

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Pictet & Cie (Europe) S.A., Hong Kong Branch

Profit and Loss Account

For the year ended 31 December 2018

	Notes	31 Dec 2018 HKD'000	31 Dec 2017 HKD'000
Interest income		155,020	77,148
Interest expense		<u>(57,057)</u>	<u>(23,053)</u>
Net interest income		97,963	54,095
Other operating income	1	<u>280,193</u>	<u>254,400</u>
Total operating income		378,156	308,495
Operating expenses	2	<u>(337,522)</u>	<u>(327,328)</u>
Profit / (Loss) before allowances for credit losses		40,634	(18,833)
Allowances for credit losses		(2,922)	-
(Impairment losses and provisions) / Write-back for impaired loans and receivables		<u>-</u>	<u>-</u>
Profit / (Loss) before taxation		37,712	(18,833)
Tax expense		<u>-</u>	<u>-</u>
Profit / (Loss) after taxation		<u><u>37,712</u></u>	<u><u>(18,833)</u></u>

Pictet & Cie (Europe) S.A., Hong Kong Branch

Balance Sheet

As at 31 December 2018

	Notes	31 Dec 2018 HKD'000	30 Jun 2018 HKD'000
<b>Assets</b>			
Due from Exchange Fund		10,506	11,631
Balances with banks (except those included in amount due from overseas offices)		240,460	190,212
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		920,350	1,312,758
Loans and receivables	3	5,578,072	6,247,798
Debt instruments held		3,228,240	3,059,817
Property, plant and equipment		12,147	11,241
Total assets		<u>9,989,775</u>	<u>10,833,457</u>
<b>Liabilities</b>			
Balances from banks (except those included in amount due to overseas offices)		15,800	5,503
Deposits from customers	7	2,993,153	3,276,209
Amount due to overseas offices		6,701,843	6,772,045
Other liabilities		278,979	779,700
Total liabilities		<u>9,989,775</u>	<u>10,833,457</u>

## Notes to the Financial Statements

	Note	31 Dec 2018 HKD'000	31 Dec 2017 HKD'000
<b>1 Other operating income</b>			
Income from fees and commissions			
Fees and commission income		201,811	150,760
Less: Fees and commission expenses		(63,639)	(50,420)
		<u>138,172</u>	<u>100,340</u>
Gains from non-trading activities in foreign currencies		13,704	10,738
Other income		128,317	143,322
		<u>280,193</u>	<u>254,400</u>
<b>2 Total operating expenses</b>			
Staff and rental expenses		(271,105)	(267,163)
Other expenses		(66,417)	(60,165)
		<u>(337,522)</u>	<u>(327,328)</u>
		31 Dec 2018 HKD'000	30 Jun 2018 HKD'000
<b>3 Loans and receivables</b>			
Loans and advances to customers			
- Overdrafts		1,009,859	1,272,192
- Other loans due within 1 month		3,343,745	2,298,788
- Between 1 and 3 months		259,111	607,151
- Between 3 months and 1 year		676,286	849,551
- Later than 1 year		24,165	45,800
	4	<u>5,313,166</u>	<u>5,073,482</u>
Less:			
Allowances for credit and other losses		(1,568)	(1,249)
Total Loans and advances to customers		<u>5,311,598</u>	<u>5,072,233</u>
Accrued interest		15,947	20,546
Provisions for impaired loans and receivables			
Less: collective provisions		-	-
specific provisions		-	-
Other accounts		250,527	1,155,019
		<u>5,578,072</u>	<u>6,247,798</u>

The allowances for credit and other losses refer to expected credit losses following the transition to IFRS 9.

**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 2018		
	HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	3,455,547	-	3,455,547
<u>Individuals</u>			
Others	674,913	-	674,913
	<u>4,130,460</u>	<u>-</u>	<u>4,130,460</u>
Loans and advances for use outside Hong Kong	<u>1,182,706</u>	<u>-</u>	<u>1,182,706</u>
Total loans and advances to customers	<u>5,313,166</u>	<u>-</u>	<u>5,313,166</u>
	30 Jun 2018		
	HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	3,366,056	-	3,366,056
<u>Individuals</u>			
Others	671,654	-	671,654
	<u>4,037,710</u>	<u>-</u>	<u>4,037,710</u>
Loans and advances for use outside Hong Kong	<u>1,035,772</u>	<u>-</u>	<u>1,035,772</u>
Total loans and advances to customers	<u>5,073,482</u>	<u>-</u>	<u>5,073,482</u>

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

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

	31 Dec 2018 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	1,996,134	-
Cayman Islands	1,181,850	-
Hong Kong	723,027	-
Japan	551,085	-
Chinese Taipei	396,147	-
Singapore	137,951	-
Bahamas	95,804	-
Others	231,168	-
	<u>5,313,166</u>	<u>-</u>

	30 Jun 2018 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	2,000,877	-
Cayman Islands	1,156,771	-
Hong Kong	720,676	-
Japan	522,282	-
Chinese Taipei	248,507	-
Singapore	173,162	-
Bahamas	99,751	-
Others	151,456	-
	<u>5,073,482</u>	<u>-</u>

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

Pictet & Cie (Europe) S.A., Hong Kong Branch ("PEUSA HK") does not have any overdue and rescheduled loans and advances to customers and banks as at 31 Dec 2018 and 30 Jun 2018.

PEUSA HK does not have impaired loans and advances to customers and banks as at 31 Dec 2018 and 30 Jun 2018.

**6 Other Assets Overdue and repossessed assets**

PEUSA HK does not have any overdue other assets as at 31 Dec 2018 and 30 Jun 2018.

PEUSA HK does not have any repossessed assets as at 31 Dec 2018 and 30 Jun 2018.

**7 Deposits from customers**

	31 Dec 2018	30 Jun 2018
	HKD'000	HKD'000
Demand deposits and current accounts	2,983,757	3,258,606
Savings deposits	-	-
Time, call and notice deposits	9,396	17,603
	<u>2,993,153</u>	<u>3,276,209</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 Branch's exposure to a particular country by an effective transfer of credit risk to a different country with the use of credit risk mitigates which include guarantees, collateral and credit derivatives. The basis of the country and geographical segment classification is in accordance with the guidance notes from the Hong Kong Monetary Authority.



**8 International Claims (cont'd)**

31 Dec 2018

HKD million

	<b>Banks</b>	<b>Official sector</b>	<b>Non-bank financial institutions</b>	<b>Non- financial private sector</b>	<b>Others</b>	<b>Total</b>
<b>Developed Countries</b>	<b>1,259</b>	<b>3,212</b>	-	<b>562</b>	-	<b>5,033</b>
United States	-	2,178	-	-	-	2,178
Switzerland	1,170	-	-	2	-	1,172
Netherlands	-	587	-	-	-	587
Japan	-	-	-	551	-	551
Austria	-	447	-	-	-	447
Others	89	-	-	9	-	98
<b>Offshore Centres</b>	-	-	-	<b>4,154</b>	-	<b>4,154</b>
British Virgin Islands	-	-	-	2,017	-	2,017
Cayman Islands	-	-	-	1,183	-	1,183
Hong Kong	-	-	-	555	-	555
Singapore	-	-	-	147	-	147
Others	-	-	-	252	-	252
<b>Developing Europe</b>	-	-	-	<b>5</b>	-	<b>5</b>
<b>Developing Latin America and Caribbean</b>	-	-	-	<b>23</b>	-	<b>23</b>
<b>Developing Africa and Middle East</b>	-	-	-	<b>6</b>	-	<b>6</b>
<b>Developing Asia and Pacific</b>	<b>395</b>	<b>12</b>	-	<b>98</b>	-	<b>505</b>
Chinese Taipei	392	-	-	7	-	399
Others	3	12	-	91	-	106
	<b>1,654</b>	<b>3,224</b>	-	<b>4,848</b>	-	<b>9,726</b>

**8 International Claims (cont'd)**30 Jun 2018  
HKD million

	<b>Banks</b>	<b>Official sector</b>	<b>Non-bank financial institutions</b>	<b>Non- financial private sector</b>	<b>Others</b>	<b>Total</b>
<b>Developed Countries</b>	<b>2,159</b>	<b>3,053</b>	-	<b>556</b>	-	<b>5,768</b>
Switzerland	2,068	-	-	2	-	2,070
United States	-	1,985	-	-	-	1,985
Netherlands	-	611	-	-	-	611
Japan	-	-	-	532	-	532
Austria	-	457	-	-	-	457
Others	91	-	-	22	-	113
<b>Offshore Centres</b>	-	-	-	<b>4,276</b>	-	<b>4,276</b>
British Virgin Islands	-	-	-	2,098	-	2,098
Cayman Islands	-	-	-	1,159	-	1,159
Hong Kong	-	-	-	642	-	642
Singapore	-	-	-	181	-	181
Others	-	-	-	196	-	196
<b>Developing Europe</b>	-	-	-	<b>7</b>	-	<b>7</b>
<b>Developing Latin America and Caribbean</b>	-	-	-	<b>23</b>	-	<b>23</b>
<b>Developing Africa and Middle East</b>	-	-	-	<b>35</b>	-	<b>35</b>
<b>Developing Asia and Pacific</b>	<b>242</b>	<b>12</b>	-	<b>153</b>	-	<b>407</b>
Chinese Taipei	236	-	-	102	-	338
Others	6	12	-	51	-	69
	<b>2,401</b>	<b>3,065</b>	-	<b>5,050</b>	-	<b>10,516</b>

## Notes to the Financial Statements (cont'd)

**9 Non-bank Mainland exposures**

	31 Dec 2018 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint-ventures (JVs)	11,682	-	11,682
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,896	-	5,896
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	1	-	1
<b>Total</b>	<b>17,579</b>	<b>-</b>	<b>17,579</b>
Total assets after provision	9,989,775		
On-balance sheet exposures as percentage of total assets	0.18%		
	30 Jun 2018 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint-ventures (JVs)	11,909	-	11,909
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
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	2,109	-	2,109
<b>Total</b>	<b>14,018</b>	<b>-</b>	<b>14,018</b>
Total assets after provision	10,833,457		
On-balance sheet exposures as percentage of total assets	0.13%		

## 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.

	31 Dec 2018								Total
	USD	GBP	JPY	EUR	CNY	CAD	CHF	Others	
Spot assets	4,698	96	1,398	1,568	53	25	132	476	8,446
Spot liabilities	(4,688)	(95)	(1,396)	(1,569)	(52)	(24)	(116)	(475)	(8,415)
Forward purchases	688	101	99	143	10	-	165	159	1,365
Forward sales	(687)	(101)	(99)	(143)	(10)	-	(165)	(159)	(1,364)
Net options positions	-	-	-	-	-	-	-	-	-
Net long/(short) position	<u>11</u>	<u>1</u>	<u>2</u>	<u>(1)</u>	<u>1</u>	<u>1</u>	<u>16</u>	<u>1</u>	<u>32</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

  

	30 Jun 2018							Total
	USD	EUR	CAD	CHF	AUD	SGD	Others	
Spot assets	5,523	1,614	10	93	43	80	1,919	9,282
Spot liabilities	(5,517)	(1,616)	(9)	(95)	(42)	(79)	(1,919)	(9,277)
Forward purchases	482	215	-	122	22	11	148	1,000
Forward sales	(481)	(215)	-	(122)	(22)	(11)	(148)	(999)
Net options positions	-	-	-	-	-	-	-	-
Net long/(short) position	<u>7</u>	<u>(2)</u>	<u>1</u>	<u>(2)</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>6</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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)	31 Dec 2018 HKD'000	30 Jun 2018 HKD'000
Direct credit substitutes	520,692	504,387
Other commitments	5,670,055	5,634,899

**12 Derivatives instruments**

	31 Dec 2018 HKD'000		
	Fair Value		Total Notional
	Positive	Negative	Amount
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	28,253	27,264	2,181,173

	30 Jun 2018 HKD'000		
	Fair Value		Total Notional
	Positive	Negative	Amount
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	35,135	33,464	2,203,646

**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, PEUSA HK complies with the requirements.

**14 Liquidity Ratio**

	For the quarter ended 31 Dec 2018	For the quarter ended 30 Sept 2018
Average liquidity maintenance ratio ("LMR") for 3 months period	41.37%	41.01%
		For the year ended 31 Dec 2017
Average LMR for 12 months period according to pre-amended Banking Disclosure Rule		44.30%

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.

## 15 Liquidity Risk Management

Liquidity risk is the risk that an authorized institution (AI) may not be able to meet its obligations as they fall due without incurring unacceptable losses. Effective liquidity risk management helps ensure an AI's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behavior.

Pictet & Cie (Europe) S.A. ("PEUSA") has six branches located in Germany, Spain, France, Italy, Hong Kong, and the United Kingdom. Liquidity is centrally managed by PEUSA which has put in place a liquidity risk management framework, policies and procedures. PEUSA also adheres to the Pictet Group Liquidity Management Policy. Pictet & Cie (Europe) S.A., Hong Kong Branch ("PEUSA HK") apart from adopting PEUSA's liquidity practices also considers and complies with the relevant liquidity risk regulations prescribed by the Hong Kong Monetary Authority ("HKMA").

PEUSA Treasury runs the liquidity and funding stress model and measures the exposures and adherence to limits. PEUSA Treasury reports to the PEUSA's Treasury Committee on any significant deterioration on PEUSA HK's liquidity position, breaches in limits identified, results of liquidity stress testing, updates and/or changes on PEUSA HK's Contingency Funding Plan (CFP) and funding.

Due to its limited size and complexity, all liquidity and funding flows of PEUSA HK are essentially back-to-backed into PEUSA. Exceptions may exist for local currencies which are placed directly with local banks. Additional term borrowings from PEUSA may be required to finance locally booked eligible liquid assets to maintain PEUSA HK's Liquidity Maintenance Ratio (LMR) above the regulatory requirement of the Hong Kong Monetary Authority (HKMA). The regulatory requirement of 25% in the LMR is complemented with an internal limit which is set at 35%.

The Finance and Treasury Committee of PEUSA HK is in charge of managing and coordinating all treasury and liquidity related matters concerning PEUSA HK and its relationship with other entities.

The Finance and Treasury Committee of PEUSA HK includes the Head of Treasury of PEUSA, the CFO of PEUSA, and the CFO of PEUSA HK as members.

The Finance and Treasury Committee of PEUSA HK meets on a quarterly basis. The meeting frequency may be increased as appropriate and as needed in times of stress.

The Finance and Treasury Committee of PEUSA HK keeps reviewing the development of the business, the balance sheet and the liquidity of PEUSA HK.

**15 Liquidity Risk Management (cont'd)**

PEUSA Treasury is ensuring that PEUSA HK disposes of sufficient liquidity at all times and maintains a Contingency Funding Plan (CFP) for PEUSA that includes its branches. Should the business or the balance sheet in PEUSA HK evolve to the extent that more local contingencies and liquid assets become necessary as described above, the Finance and Treasury Committee of PEUSA HK will also action the pledge of locally booked liquid assets to the HKMA for the purpose of being able to receive emergency liquidity funding.

PEUSA HK follows a particular and well-defined business model as an Asset and Wealth Manager for its clients. The main natural assets resulting from the business activities of PEUSA HK are client loans. These client loans are exclusively granted in collateralized form and mainly on a rather short term basis. Client loans are mainly funded by clients deposits and borrowings from PEUSA. PEUSA HK invests in high quality eligible liquid assets which is also funded from PEUSA.

Internal Stress Testing

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

*Short term liquidity gap (STLG)*

PEUSA 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 stressed liquidity outflows and puts them into relation to available liquid assets.

## Short Term Liquidity Gap (STLG)

As of 31 Dec 2018

(in HKD million)	7 days	30 days	60 days	90 days	180 days	365 days
Unencumbered Liquid Assets	3,219					
Net Outflows	(2,624)	(1,669)	(1,819)	(1,755)	(1,926)	(2,506)
Net Liquidity Position	595	1,550	1,400	1,464	1,293	713
STLG Ratio	123%	193%	177%	183%	167%	128%
Limit (all tenors): >100% (alert set at 115%)						

**15 Liquidity Risk Management (cont'd)**Internal Stress Testing (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 2018

(in HKD million)

Total Illiquid Assets	3,030
Total Long Term or Stable Liabilities	3,208
Long Term Funding Surplus/(Deficit)	178
LTFG Ratio	106%
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%-points over the course of one month. At 31 December 2018, PEUSA HK LTFG ratio was below internal threshold. This was corrected during the month of January 2019 and no further actions on PEUSA HK had to be taken.

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.



**15 Liquidity Risk Management (cont'd)**

Contingency Funding Plan (CFP)

The Contingency Funding Plan ("CFP") identifies early indicators of stress conditions and describes actions to be taken as well as roles and responsibilities in the event of crises, while minimizing adverse long-term implications on the business.

PEUSA Treasury systematically monitors the development of the daily liquidity position of PEUSA 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 PEUSA HK. Should a deterioration of PEUSA HK specific or the market wide stress indicators and metrics be observable, appropriate action will be taken.

Pictet & Cie (Europe) S.A., Hong Kong Branch

Notes to the Financial Statements (cont'd)

15 Liquidity Risk Management (cont'd)

PEUSA HK's analysis of on- and off- balance sheet items by remaining maturity and the resultant liquidity gaps as of 31 December 2018 is shown as follows:

(in HKD million)

	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
<b><u>On-balance sheet liabilities</u></b>												
Deposits from non-bank customers	2,990	2,980	8	-	2	-	-	-	-	-	-	-
Amount payable arising from derivative contracts	28	28	-	-	-	-	-	-	-	-	-	-
Due to banks	6,709	2,586	195	392	392	583	1,086	431	-	1,044	-	-
Other liabilities	225	79	54	4	18	60	-	-	-	-	-	10
Capital and reserves	38	-	-	-	-	38	-	-	-	-	-	-
<b>Total</b>	<b>9,990</b>	<b>5,673</b>	<b>257</b>	<b>396</b>	<b>412</b>	<b>681</b>	<b>1,086</b>	<b>431</b>	<b>-</b>	<b>1,044</b>	<b>-</b>	<b>10</b>
<b><u>Off-balance sheet obligations</u></b>												
Irrevocable loan commitments or facilities granted	1,422	1,422	-	-	-	-	-	-	-	-	-	-
Others	521	521	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,943</b>	<b>1,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>On-balance sheet assets</u></b>												
Amount receivable arising from derivative contracts	29	29	-	-	-	-	-	-	-	-	-	-
Due from MA for a/c for Exchange Fund	11	11	-	-	-	-	-	-	-	-	-	-
Due from banks	1,554	1,161	110	282	-	-	-	-	-	1	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	3,233	3,233	-	-	-	-	-	-	-	-	-	-
Loans and advances to non-bank customers	4,932	1,011	69	2,888	260	286	394	4	-	20	-	-
Other assets	235	76	54	2	76	-	-	-	-	-	-	27
<b>Total</b>	<b>9,994</b>	<b>5,521</b>	<b>233</b>	<b>3,172</b>	<b>336</b>	<b>286</b>	<b>394</b>	<b>4</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>27</b>
Contractual Maturity Mismatch	-	(2,095)	(24)	2,776	(76)	(395)	(692)	(427)	-	(1,023)	-	-
Cumulative Contractual Maturity Mismatch	-	(2,095)	(2,119)	657	581	186	(506)	(933)	(933)	(1,956)	(1,956)	-

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Notes to the Financial Statements (cont'd)

15 Liquidity Risk Management (cont'd)

PEUSA HK's analysis of on- and off- balance sheet items by remaining maturity and the resultant liquidity gaps as of 30 June 2018 is shown as follows:

(in HKD million)

	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
<b>On-balance sheet liabilities</b>												
Deposits from non-bank customers	3,262	3,252	8	-	2	-	-	-	-	-	-	-
Amount payable arising from derivative contracts	34	34	-	-	-	-	-	-	-	-	-	-
Due to banks	6,780	2,636	-	981	100	434	772	788	-	-	1,069	-
Other liabilities	732	371	294	21	2	3	30	-	-	-	-	11
Capital and reserves	26	-	-	-	-	-	26	-	-	-	-	-
<b>Total</b>	<b>10,834</b>	<b>6,293</b>	<b>302</b>	<b>1,002</b>	<b>104</b>	<b>437</b>	<b>828</b>	<b>788</b>	<b>-</b>	<b>-</b>	<b>1,069</b>	<b>11</b>
<b>Off-balance sheet obligations</b>												
Irrevocable loan commitments or facilities granted	1,561	1,561	-	-	-	-	-	-	-	-	-	-
Others	504	504	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,065</b>	<b>2,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>On-balance sheet assets</b>												
Amount receivable arising from derivative contracts	36	36	-	-	-	-	-	-	-	-	-	-
Due from MA for a/c for Exchange Fund	11	11	-	-	-	-	-	-	-	-	-	-
Due from banks	1,745	1,508	-	236	-	-	-	-	-	-	1	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	3,074	3,074	-	-	-	-	-	-	-	-	-	-
Loans and advances to non-bank customers	4,844	1,297	416	1,874	358	505	347	22	5	20	-	-
Other assets	1,131	760	294	21	-	-	31	-	-	-	-	25
<b>Total</b>	<b>10,841</b>	<b>6,686</b>	<b>710</b>	<b>2,131</b>	<b>358</b>	<b>505</b>	<b>378</b>	<b>22</b>	<b>5</b>	<b>20</b>	<b>1</b>	<b>25</b>
Contractual Maturity Mismatch	-	(1,672)	408	1,129	254	68	(450)	(766)	5	20	(1,068)	-
Cumulative Contractual Maturity Mismatch	-	(1,672)	(1,264)	(135)	119	187	(263)	(1,029)	(1,024)	(1,004)	(2,072)	-

PEUSA Consolidated Financial Information

**Capital and Capital Adequacy**

Capital adequacy ratio (Note)	<u>31 Dec 2018</u>	<u>30 Jun 2018</u>
Common Equity Tier 1 capital ratio	21.43%	20.92%
Tier 1 capital ratio	21.43%	20.92%
Total capital ratio	22.23%	21.70%
	CHF'000	CHF'000
Total shareholders' equity	388,758	389,758

**Other financial information**

Balance sheet:	CHF'000	CHF'000
Total assets	11,187,567	11,096,060
Total liabilities	10,691,568	10,650,753
Total Loans and advances	6,254,000	5,974,040
Total customer deposits	9,125,326	7,870,509
	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
Profit and Loss:	CHF'000	CHF'000
Profit before income taxes	105,554	106,203

Note:

1. The capital adequacy ratio is computed in accordance with the REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013.

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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>, for public inspection.



Sharon Chou

Chief Executive, Hong Kong Branch

Date: 30 April 2019