

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

|  | Notes | 6 months ended<br>30 Jun 2023<br>HKD'000 | 6 months ended<br>30 Jun 2022<br>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<br>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>                          |

Banque Pictet & Cie SA, Hong Kong Branch

Balance Sheet

As at 30 June 2023

|  | Notes | 30 Jun 2023<br>HKD'000 | 31 Dec 2022<br>HKD'000 |
|--|-------|------------------------|------------------------|
| <b>Assets</b>  |       |                        |                        |
| Due from Exchange Fund   |       | 10,106                 | 10,644                 |
| Balances with banks<br>(except those included in amount due from<br>overseas offices)  |       | 102,030                | 66,778                 |
| Placements with banks with residual maturity of<br>more than 1 month but not more than 12 months<br>(except those included in amount due from<br>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>      |
| <b>Liabilities</b>   |       |                        |                        |
| Balances from banks<br>(except those included in amount due to overseas<br>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<br>ended<br>30 Jun 2023<br>HKD'000 | 6 months<br>ended<br>30 Jun 2022<br>HKD'000 |
|--|-------|---|---|
| <b>1 Other operating income</b>                              |       |   |   |
| 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>                              |
| <b>2 Total operating expenses</b>                            |       |   |   |
| 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<br>HKD'000                      | 31 Dec 2022<br>HKD'000                      |
| <b>3 Loans and receivables</b>                               |       |   |   |
| 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<br>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<br>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<br>HKD'000             |   |
|------------------------|------------------------------------|---|
|                        | Loans and advances to<br>customers | Overdue / Impaired loans<br>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                             | -   |
|                        | 11,446,405                         | -   |
|                        | 31 Dec 2022<br>HKD'000             |   |
|                        | Loans and advances to<br>customers | Overdue / Impaired loans<br>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                             | -   |
|                        | 2,865,649                          | -   |

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<br>HKD million               |               |                    |                                       |  |          |               |
|--|---------------|--------------------|---------------------------------------|--|----------|---------------|
| <u>Non-bank private sector</u>           |               |                    |                                       |  |          |               |
|  | Banks         | Official<br>sector | Non-bank<br>financial<br>institutions | Non-<br>financial<br>private<br>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           |
|  | <b>19,560</b> | <b>25,105</b>      | <b>418</b>                            | <b>12,373</b>                          | <b>-</b> | <b>57,456</b> |

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

## 8 International Claims (cont'd)

|   |   | 31 Dec 2022<br>HKD million     |                    |                                       |  |          |               |
|---|---|--------------------------------|--------------------|---------------------------------------|--|----------|---------------|
|   |   | <u>Non-bank private sector</u> |                    |                                       |  |          |               |
|   |   | Banks                          | Official<br>sector | Non-bank<br>financial<br>institutions | Non-<br>financial<br>private<br>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<br>Caribbean | -                              | -                  | -                                     | -                                      | -        | -             |
| 6 | Developing Africa and Middle<br>East      | -                              | -                  | -                                     | 6                                      | -        | 6             |
| 7 | Developing Asia and Pacific               | 6                              | -                  | -                                     | 113                                    | -        | 119           |
|   |   | <b>9,751</b>                   | <b>19,372</b>      | <b>404</b>                            | <b>2,934</b>                           | <b>-</b> | <b>32,461</b> |

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

## 9 Non-bank Mainland exposures

|   | 30 Jun 2023<br>HKD'000          |                                  | Total         |
|---|---------------------------------|----------------------------------|---------------|
|   | On-balance<br>sheet<br>exposure | Off-balance<br>sheet<br>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 | -                               | -                                | -             |
| <b>Total</b>  | <b>23,305</b>                   | <b>-</b>                         | <b>23,305</b> |
| Total assets after provision  | 57,590,565                      |                                  |               |
| On-balance sheet exposures as percentage of total assets  | 0.04%                           |                                  |               |
|   | 31 Dec 2022<br>HKD'000          |                                  | Total         |
|   | On-balance<br>sheet<br>exposure | Off-balance<br>sheet<br>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 | -                               | -                                | -             |
| <b>Total</b>  | <b>21,089</b>                   | <b>-</b>                         | <b>21,089</b> |
| 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<br>HKD'000 | 31 Dec 2022<br>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<br>HKD'000 |          | Total<br>Notional<br>Amount |
|--|------------------------|----------|-----------------------------|
|  | Fair Value             |          |                             |
|  | 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<br>HKD'000 |          |                             |
|  | Fair Value             |          |                             |
|  | Positive               | Negative | Total<br>Notional<br>Amount |
| 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<br>quarter<br>ended<br>Q2 2023 | For the<br>quarter<br>ended<br>Q2 2022 |
|---|--|--|
| Average liquidity maintenance ratio for 3 months period | <u>200.97%</u>                         | <u>70.40%</u>                          |

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<br>(STLG)<br>As of 30 Jun 2023<br>(in HKD million) |       | 7 DAYS | 30 DAYS | 60 DAYS | 90 DAYS | 180 DAYS | 365 DAYS |
|---|-------|--------|---------|---------|---------|----------|----------|
| 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)      | <u>30 Jun 2023</u> | <u>31 Dec 2022</u> |
|------------------------------------|--------------------|--------------------|
| 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      |

| Profit and Loss:           | <u>30 Jun 2023</u> | <u>30 Jun 2022</u> |
|----------------------------|--------------------|--------------------|
|                            | 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