

Banque Pictet & Cie SA, Hong Kong Branch

Key Financial Information Disclosure Statements

as at 30 Jun 2024

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 – 16
Group consolidated financial information	17
Chief Executive's Declaration of Compliance	

Profit and Loss Account

For the year ended 30 June 2024

	Notes	6 months ended 30 Jun 2024 HKD'000	6 months ended 30 Jun 2023 HKD'000
Interest income		1,560,498	1,129,876
Interest expense		<u>(1,444,105)</u>	<u>(1,010,828)</u>
Net interest income		116,393	119,048
Other operating income	1	<u>183,288</u>	<u>168,020</u>
Total operating income		299,681	287,068
Operating expenses	2	<u>(270,991)</u>	<u>(301,840)</u>
Profit/(Loss) before allowances for credit losses		28,690	(14,772)
Impairment losses and provisions for impaired loans and receivables		<u>-</u>	<u>-</u>
Profit/(Loss) before taxation		28,690	(14,772)
Tax expense		<u>-</u>	<u>-</u>
Profit/(Loss) after taxation		<u>28,690</u>	<u>(14,772)</u>

## Balance Sheet

As at 30 June 2024

	Notes	30 Jun 2024 HKD'000	31 Dec 2023 HKD'000
<b>Assets</b>			
Due from Exchange Fund		16,767	9,922
Balances with banks (except those included in amount due from overseas offices)		104,299	80,171
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		29,811,178	35,143,617
Loans and receivables	3	13,306,477	12,920,566
Debt instruments held		28,042,854	15,954,856
Investment securities		808,642	767,101
Property, plant and equipment		6,388	8,456
Total assets		<u>72,096,605</u>	<u>64,884,689</u>
<b>Liabilities</b>			
Balances from banks (except those included in amount due to overseas offices)		4,758,288	650,553
Deposits from customers	7	8,203,851	10,448,410
Amount due to overseas offices		49,053,300	44,001,042
Certificates of deposit issued		7,941,526	6,398,902
Issued debt securities		1,400,163	1,336,308
Other liabilities		739,477	2,049,474
Total liabilities		<u>72,096,605</u>	<u>64,884,689</u>

## Notes to the Financial Statements

	Notes	6 months ended 30 Jun 2024 HKD'000	6 months ended 30 Jun 2023 HKD'000
<b>1 Other operating income</b>			
Income from fees and commissions			
Fees and commission income		97,214	114,730
Less: Fees and commission expenses		(6,003)	(10,222)
		<u>91,211</u>	<u>104,508</u>
Gains less losses arising from trading in foreign currencies		18,518	2,464
Gains less losses arising from trading in other derivatives		2,557	2,331
Other income		<u>71,002</u>	<u>58,717</u>
		<u>183,288</u>	<u>168,020</u>
<b>2 Total operating expenses</b>			
Staff and rental expenses		(174,048)	(194,648)
Other expenses		(96,943)	(107,192)
		<u>(270,991)</u>	<u>(301,840)</u>
		30 Jun 2024 HKD'000	31 Dec 2023 HKD'000
<b>3 Loans and receivables</b>			
Loans and advances to customers			
- Overdrafts		412,733	466,268
- Other loans due within 1 month		5,423,468	9,384,098
- Between 1 and 3 months		5,957,774	2,318,313
- Between 3 months and 1 year		864,045	257,457
- Later than 1 year		-	-
Total Loans and advances to customers	4	<u>12,658,020</u>	<u>12,426,136</u>
Accrued interest		64,276	47,878
Provisions for impaired loans and receivables			
Less: collective provisions		-	-
specific provisions		-	-
Other accounts		<u>584,181</u>	<u>446,552</u>
		<u>13,306,477</u>	<u>12,920,566</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 2024 HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	1,029,627	-	1,029,627
<u>Individuals</u>			
Others	389,790	-	389,790
	<u>1,419,417</u>	<u>-</u>	<u>1,419,417</u>
Loans and advances for use outside Hong Kong	<u>11,238,603</u>	<u>-</u>	<u>11,238,603</u>
Total loans and advances to customers	<u>12,658,020</u>	<u>-</u>	<u>12,658,020</u>
	31 Dec 2023 HKD'000		
	Secured	Unsecured	Total
Loans and advances for use in Hong Kong			
<u>Industrial, commercial and financial</u>			
Financial concerns	2,553,668	-	2,553,668
<u>Individuals</u>			
Others	443,647	-	443,647
	<u>2,997,315</u>	<u>-</u>	<u>2,997,315</u>
Loans and advances for use outside Hong Kong	<u>9,428,821</u>	<u>-</u>	<u>9,428,821</u>
Total loans and advances to customers	<u>12,426,136</u>	<u>-</u>	<u>12,426,136</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 2024 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	8,600,570	-
Singapore	1,259,274	-
Cayman Islands	983,096	-
Bahamas	596,482	-
Hong Kong, China	401,312	-
Indonesia	310,411	-
Taiwan, China	230,017	-
Samoa	124,726	-
Thailand	78,708	-
Others	73,424	-
	12,658,020	-
	31 Dec 2023 HKD'000	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
British Virgin Islands	7,871,480	-
Singapore	1,214,437	-
Cayman Islands	1,077,388	-
Bahamas	691,310	-
Hong Kong, China	455,757	-
Samoa	378,206	-
Indonesia	309,668	-
Taiwan, China	183,604	-
Anguilla	94,341	-
Thailand	84,719	-
Others	65,226	-
	12,426,136	-

**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 2024 and 31 Dec 2023.

BPSA HK does not have impaired loans and advances to banks as at 30 Jun 2024 and 31 Dec 2023.

**6 Other Assets Overdue and repossessed assets**

BPSA HK does not have any overdue other assets as at 30 Jun 2024 and 31 Dec 2023.

BPSA HK does not have any repossessed assets as at 30 Jun 2024 and 31 Dec 2023.

**7 Deposits from customers**

	30 Jun 2024	31 Dec 2023
	HKD'000	HKD'000
Demand deposits and current accounts	1,321,962	1,475,973
Savings deposits	-	-
Time, call and notice deposits	6,881,889	8,972,437
	<u>8,203,851</u>	<u>10,448,410</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 2024 HKD million					
		<u>Non-bank private sector</u>					
		Banks	Official sector	Non-bank financial institutions	Non- financial private sector	Others	Total
1	International Organizations	-	910	-	-	-	910
2	Developed Countries	30,631	19,095	557	823	-	51,106
	of which :						
	Switzerland	30,271	16,472	147	823	-	47,713
	United States	-	389	-	-	-	389
	Canada	-	2,234	410	-	-	2,644
	Germany	275	-	-	-	-	275
	United Kingdom	85	-	-	-	-	85
3	Offshore Centres	-	7,024	183	12,096	-	19,303
	of which :						
	Singapore	-	7,024	183	1,262	-	8,469
	West Indies UK	-	-	-	8,654	-	8,654
	Cayman Islands	-	-	-	984	-	984
	Bahamas	-	-	-	597	-	597
	Samoa	-	-	-	181	-	181
	Hong Kong, China	-	-	-	390	-	390
	Panama	-	-	-	28	-	28
4	Developing Europe	-	-	-	-	-	-
5	Developing Latin America and Caribbean	-	-	-	-	-	-
6	Developing Africa and Middle East	-	-	-	13	-	13
7	Developing Asia and Pacific	8	-	-	657	-	665
		<u>30,639</u>	<u>27,029</u>	<u>740</u>	<u>13,589</u>	<u>-</u>	<u>71,997</u>

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

## 8 International Claims (cont'd)

31 Dec 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	-	903	-	-	-	903
2 Developed Countries	35,801	7,242	580	775	-	44,398
of which :						
Switzerland	35,467	6,469	157	775	-	42,868
United States	-	773	-	-	-	773
Canada	-	-	422	-	-	422
Germany	275	-	-	-	-	275
United Kingdom	59	-	-	-	-	59
Luxembourg	-	-	1	-	-	1
3 Offshore Centres	-	6,780	179	11,851	-	18,810
of which :						
Singapore	-	6,780	179	1,220	-	8,179
West Indies UK	-	-	-	8,004	-	8,004
Cayman Islands	-	-	-	1,078	-	1,078
Bahamas	-	-	-	694	-	694
Samoa	-	-	-	430	-	430
Hong Kong, China	-	-	-	398	-	398
Panama	-	-	-	27	-	27
4 Developing Europe	-	-	-	-	-	-
5 Developing Latin America and Caribbean	-	-	-	-	-	-
6 Developing Africa and Middle East	-	-	-	7	-	7
7 Developing Asia and Pacific	6	-	-	613	-	619
	<u>35,807</u>	<u>14,925</u>	<u>759</u>	<u>13,246</u>	<u>-</u>	<u>64,737</u>

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

## 9 Non-bank Mainland exposures

	30 Jun 2024 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
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	34,352	332	34,684
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>34,352</b>	<b>332</b>	<b>34,684</b>
Total assets after provision	72,096,605		
On-balance sheet exposures as percentage of total assets	0.05%		
	31 Dec 2023 HKD'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
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	31,761	536	32,297
Other counterparties where the exposure are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>31,761</b>	<b>536</b>	<b>32,297</b>
Total assets after provision	64,884,689		
On-balance sheet exposures as percentage of total assets	0.05%		

## 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 2024			
	HKD million			
	CHF	USD	Others	Total
Spot assets	45,430	10,541	15,116	71,087
Spot liabilities	(7,599)	(50,996)	(12,697)	(71,292)
Forward purchases	6,300	51,232	11,345	68,877
Forward sales	(44,026)	(10,769)	(13,758)	(68,553)
Net options positions	-	-	-	-
Net long/(short) position	105	8	6	119
Net structural position	-	-	-	-

  

	31 Dec 2023			
	HKD million			
	CHF	USD	Others	Total
Spot assets	38,338	12,830	12,426	63,594
Spot liabilities	(7,279)	(45,767)	(9,490)	(62,536)
Forward purchases	9,725	42,522	5,498	57,745
Forward sales	(40,520)	(9,590)	(8,430)	(58,540)
Net options positions	-	-	-	-
Net long/(short) position	264	(5)	4	263
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 2024 HKD'000	31 Dec 2023 HKD'000
Direct credit substitutes	859	2,344,010
Other commitments	8,446,511	8,887,180
Forward forward deposits placed	-	-

**12 Derivatives instruments**

	30 Jun 2024 HKD'000		Total Notional Amount
	Fair Value		
	Positive	Negative	
Exchange rate contracts	287,234	48,568	69,875,187
Equity contracts	9,041	9,041	476,000
Precious metals (including gold) contracts	2,584	2,377	550,213
	31 Dec 2023 HKD'000		
	Fair Value		
	Positive	Negative	Total Notional Amount
Exchange rate contracts	122,245	1,190,001	58,689,155
Equity contracts	59,327	59,327	2,693,470
Precious metals (including gold) contracts	2,619	2,966	444,112

**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 2024	For the quarter ended Q2 2023
Average liquidity maintenance ratio for 3 months period	558.64%	200.97%

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)		7 DAYS	30 DAYS	60 DAYS	90 DAYS	180 DAYS	365 DAYS
As of 30 Jun 2024 (in HKD million)							
Unencumbered Liquid Assets	28,007						
Net Inflows / (Outflows)		24,545	15,721	11,823	5,088	(616)	(745)
Net Liquidity Position		52,552	43,728	39,831	33,096	27,391	27,262
Liquidity Ratio		Excess liquidity	Excess liquidity	Excess liquidity	Excess liquidity	4544%	3759%

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 2024

(in HKD million)

Total Illiquid Assets	7,387
Total Long-Term or Stable Liabilities	(28,085)
Long-Term Funding Surplus	20,698
LTFG Ratio	380%
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 2024</u>	<u>31 Dec 2023</u>
Common Equity Tier 1 capital ratio	28.00%	28.70%
Tier 1 capital ratio	28.20%	29.00%
Total capital ratio	28.20%	29.00%
	CHF million	CHF million
Total shareholders' equity	3,799	4,104

**Other financial information**

Balance sheet:	CHF million	CHF million
Total assets	39,119	40,060
Total liabilities	35,321	35,956
Total Loans and advances	7,351	7,170
Total customer deposits	27,625	26,110
	6 months ended	6 months ended
	<u>30 Jun 2024</u>	<u>30 Jun 2023</u>
Profit and Loss:	CHF million	CHF million
Profit before income taxes	401	475

## Note:

- 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.



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Alex NG

Chief Executive

Banque Pictet & Cie SA, Hong Kong Branch

20 September 2024