PICTET
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BANK PICTET & CIE (ASIA) LTD
Registration Number: 199508227D

Public Disclosure
Period ended 31 December 2022

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1 The bank does not trade in Credit Derivatives (Section 14: Credit Derivative tables not required).

2 The bank does not have any securitisation (Section 15: Securitisation not required).

3 The bank does not have exposures to Central Counterparty (Section 16: CCP tables not required).

4 The bank does not have any prudent valuation adjustment as all our positions have current market value with observable input values for valuation and there are no illiquid positions.

5 The bank does not deploy IRBA approach (Tables 11-16 -21 & 11-26 not required).

6 The bank does not deploy internal model to calculate its market risk capital requirements (Section 17: only tables pertaining to Market Risk under SA is required).

7 The bank is not a G-SIB (Table on Disclosure of G-SIB indicators not required).

1. Introduction

Bank Pictet & Cie (Asia) Limited (the "Bank") is incorporated in the Republic of Singapore and has its registered office at 8 Marina Boulevard #05-02 Marina Bay Financial Centre, Tower 1, Singapore 018981. With effect from 2 April 2018, the Bank operates in Singapore under a wholesale bank licence granted by the Monetary Authority of Singapore.

The Bank is part of the Pictet Group headquartered in Geneva. The immediate holding company is Pictet Holding LLP, a partnership established in Singapore. Its principal activities include the provision of custody services, investment portfolio management and investment advisory services for private and institutional clients.

The following contained in this document represent the Pillar 3 disclosures for the Bank under MAS 637 part XI on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore for period ended 31 December 2022.

The Bank is applying the Standardized Approach and does not apply IRBA or IMA Approach.

The qualitative and quantitative data contained in this publication refer to 2022 and all figures are as at 31 December 2022 and stated in millions of Singapore Dollars, unless otherwise mentioned.

2. Attestation Statement Pursuant to MAS Notice 637- Disclosure Requirements (Pillar 3)

The Pillar 3 disclosures as at 31 December 2022 have been prepared in accordance with the internal control processes approved by Bank Pictet & Cie (Asia) Ltd Board of Directors.

Yap Kian Seng
Chief Financial Officer, Asia
25 April 2023

3. Key Metrics

S$m		(a) 31-Dec-22	(b) 30-Sep-22	(c) 30-Jun-22	(d) 31-Mar-22	(e) 31-Dec-21
	Available capital (amounts)					
1	CET1 capital	126	127	126	127	128
2	Tier 1 capital	126	127	126	127	128
3	Total capital	126	127	126	128	128
	Risk weighted assets (amounts)					
4	Total RWA	383	381	393	448	396
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	32.88%	33.19%	32.02%	28.43%	32.36%
6	Tier 1 ratio (%)	32.88%	33.19%	32.02%	28.43%	32.36%
7	Total capital ratio (%)	32.90%	33.21%	32.05%	28.45%	32.38%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.06%	0.03%	0.01%	0.05%	0.01%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.56%	2.53%	2.51%	2.55%	2.51%
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%) *	24.90%	25.21%	24.05%	20.45%	24.38%
	Leverage Ratio					
13	Total Leverage Ratio exposure measure	1,802	2,003	2,299	2,182	1,941
14	Leverage Ratio (%) (row 2 / row 13)	6.98%	6.32%	5.48%	5.84%	6.60%
	Liquidity Coverage Ratio					
15	Total High Quality Liquid Assets	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	Liquidity Coverage Ratio (%)	-	-	-	-	-
	Net Stable Funding Ratio					
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	Net Stable Funding Ratio (%)	-	-	-	-	-

* Regulatory minimum Common Equity Tier 1, Tier 1 and Total CAR of 4.5%, 6% and 8% respectively.
Items 15-20 are not displayed as the Bank complies with MLA (Minimum Liquid Assets) and is not required to apply LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio).

4. Key Risk Management Approach

Risk overview and profile

The Bank regards risk management as one of its strategic priorities. The Group General Risk Policy (GRP) defines the Group's appetite for and attitude towards risks and establishes the basic operating principles of its risk management. It applies to all staff and Group entities and aims to cover all significant risks to which the Group is exposed.

The Group pursues the following objectives with regard to risk management:

- to promote a risk management culture within the Group;
- to operate with transparency and not to expose itself to risks that are not understood or managed in an appropriate manner;
- to ensure that the Group's risk profile is commensurate with it's risk tolerance;
- to ensure that the Group's business strategy and resources, in particular the allocation of financial and human resources, are matched by a favourable and optimised income / risk ratio.

The GRP is the top-level document that lays down the framework for all the policies and directives on risk management within the Group. The specific elements associated with the different risk categories are dealt with in separate risk policies or in internal directives. In addition, the Bank incorporates MAS regulations and guidelines on Risk Management in its framework.

Risk is defined as the possibility that the actual result will diverge in a negative manner from the predicted, expected or desired result. It pertains to the uncertainty surrounding future events and results. It expresses the probability and incidence of an event likely to influence the achievement of the Group's objectives. The Group accepts that its activities entail risks. The Group does not seek to avoid activities that entail risks, provided that they respect its risk tolerance, match its business policy and are adequately remunerated.

The Group determines uniform taxonomies for key processes and risks that are aligned with the Group's risk profile and the expectations of key stakeholders to ensure that all staff use a single language to identify risks in a clear and harmonised manner. Group Risk is responsible for creating and maintaining a taxonomy of key processes (including transverse processes) and a Group risk taxonomy in coordination with Group units. These taxonomies are set up based on different levels, the first level being a general level (L1) and the subsequent levels presenting the processes and risks with a greater degree of granularity. The level 1 taxonomy is defined as follows:

- Strategic
- Business
- Financial
- Investment
- Operational
- Compliance

Risk tolerance

Risks associated with the Bank's business activities are identified, measured and managed in compliance with legal or internal regulations, provided they do not exceed the Group and Bank specific risk appetite as defined in the Group's general risk policy.

Any new business activity, product or major change within an area of business is subject beforehand to a risk analysis and fomal approval process.

The appetite for market, credit, interest-rate and liquidity risks is translated into quantified limits, and the appetite for other categories of risk, such as operational and business risks, is translated into qualitative as well as quantified limits. These limits on risk are subdivided into sub-limits where deemed necessary. These limits are regularly reviewed by the relevant Committees and the Board of Directors.

Risks that do not fall within the Pictet Group's business activities or which exceed the limits laid down are avoided, lessened or transferred. Similarly, business activities in which the risks are not adequately rewarded are avoided.

The Risk Department reports the risk tolerance indicators to the Bank's Management Committee on a quarterly basis. Any significant changes or breaches of risk tolerances are presented at the Management Committee and Board Risk Committee for discussion and validation.

Risk governance

The governance of the Bank's risk management process is based on a clear decision-making process, organised around specific risk committees. These committees establish the relevant guidelines and regularly monitor the banking risks falling within their remit.

This clear organisational structure based on a 3 lines of defense model – with a transparent, well-defined and coherent sharing of responsibilities, efficient processes for detecting, managing, controlling and reporting of risks – provides for sound and efficient risk management.

The Board of Directors defines the Bank's risk management framework, risk appetite and strategy. Furthermore, it approves the Bank's strategy with regard to internal and regulatory liquidity and capital matters. It has delegated day-to-day management to the Management Committee and other relevant Risk Committees, which report to it on the overall risk management situation at appropriate intervals, at least once a year.

The Risk Management Committee to the Board of Directors (BRC) receives delegation from the Board of Directors for the following:

- Establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis;
- Ensuring the Bank is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines;
- Review the Bank's risk profile and key risk trends in the context of its risk appetite;
- Contribute to the promotion of a sound risk culture and adequate control environment.

The Bank's Management Committee (Manco) comprising Senior Management of the Bank is responsible to oversee the management of risks, especially those that could have a material impact on the Bank.

In fulfilling their mission, the Manco and BRC rely on support from the Risk & Control Functions within the Pictet Group, and report to the Board of Directors at least on a half yearly basis, or more frequently as appropriate.

The Risk Management department monitors and controls risks, supported by various committees, ensuring that the internal and regulatory risk limits are met. Thus, the missions of the Risk Management department are to:

Promote risk culture within the organization

- Ensure that the methodologies and assessment procedures applied for each material risk are consistent with the Group's framework and complies with the applicable MAS regulations
- Coordinate with the Group's treasury, business units within the bank and other support functions in providing regular updates on the Bank's risk profile and adherence with established internal and regulatory risk limits
- Consolidate risk information provided by business units responsible for managing the applicable risk exposures of the bank (i.e. financial risks, operational risks, etc.)
- Monitor and report the bank's risk profile and risk-taking strategy to the relevant committees
- Oversee the design and implementation of the Internal Capital Adequacy Assessment Process with the assistance of relevant functions within the organization (i.e. Business Risk Management, Finance, Treasury, etc.).

Some of the Bank's risks are managed by dedicated teams (e.g. legal risk, compliance risk, finance risks). They regularly report on the status of their risks and activities to the Bank's Management and Management Committee, Board of Directors and regulator.

Risk culture

Risk culture is the foundation of the Pictet Group's risk governance system. The Group strives to create a culture in which risk management is widely promoted, where it is known for being an integral part of all management activities and where it is perceived as being the responsibility of all staff members. To this end, the Group considers the function of risk management as being an important element of corporate governance and issues guiding principles on corporate risk culture as defined in the Code of Ethics & Professional Conduct.

In that context, the GRP sets that Staff should be made fully aware of risks by their hierarchy and that a culture of proactively managing these risks should be promoted. Senior Management seeks to promote a culture of proactively

managing risks, together with a policy of open and transparent communication for every known incident or potential risk, using the channels defined in the Policy.

The responsibilities in respect of key risks (risk ownership, risk management and risk monitoring) are clearly defined in the specific risk policies or internal application directives.

Risk measurement systems

Risk assessment may be quantitative, qualitative or a combination of both depending on the risk categories. For all identified categories of risks, dedicated measurement systems have been implemented and documented in specific risk policies or internal application directives.

Operational risk assessment, for instance, includes an evaluation of inherent risks and residual risks based on the probability of occurrence and magnitude of impact of potential risk events. The materiality of each risk is assessed at the appropriate level (business line, division or legal entity) depending on where risk ownership lies, in line with the standard Group probability and impact definitions, and the Group Risk Scoring Matrix.

Risk information

For each risk category, the functions responsible for risk management must implement an integrated or manual risk information system that enables them to periodically monitor their risks and report to the Management Committee, Board of Directors and relevant Committees. They must ensure as well that the data used in the information system complies with the rules governing completeness, integrity and the possibility to aggregate data. Furthermore, the data must be recorded in the system without delay and assessed using the methods that have been selected and approved.

Useful information is identified, collected and communicated in a format and within a time span that enables staff to carry out their responsibilities. On a broader level, communication must circulate within the organisation both vertically and horizontally and in an efficient manner.

Stress testing

Stress testing is an integral part of the Bank's risk management process and the Internal Capital Adequacy Assessment Process.

Stress tests are conducted for credit risk, concentration risk, interest rate risk in the banking book, liquidity risk, operational risks, business & strategic risks and reputational risk. Depending on the category of risk, it may consist of sensitivity analysis, scenario analysis or other stress tests assessing the impact of adverse macroeconomic scenarios.

Stress testing alerts senior management and the Board of Directors to potential vulnerability to exceptional but plausible adverse events. As such, stress testing enables the Bank to assess capital adequacy under stress conditions and to develop the right contingency plans, exit strategies and mitigating actions beforehand.

Risk management, hedging and mitigation

The Bank's strategies and process to manage, hedge and mitigate liquidity and interest rate risks that arise from its business model are elaborated in the Group Asset & Liability Management and Group Liquidity Management policies.

The Bank invests its surplus liquidity from clients' deposits in a portfolio geared to a long-term strategy. This portfolio comprises holdings in bonds intended to be held to maturity although, in particular circumstances (such as a downgrading of an issuer's creditworthiness), the debt securities may be sold before term. Depending on market rates, excess treasury amounts may also be invested in short-term investments.

The purpose of the Bank is to maintain limited net open exposures for currency and interest rate risks. This policy is reflected in corresponding risk limits and monitored as set forth in the market risk section, which mostly consists of structural balance sheet management and to a limited extent may include the use of derivatives transactions for the purpose of hedging or managing exposures.

5. Overview of RWA

S$m		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31-Dec-22	As at 30-Sep-22	As at 31-Dec-22
1	**Credit risk (excluding CCR)**	172	178	12
2	of which: SA(CR) and SA(EQ)	152	169	12
3	of which: IRBA and IRBA(EQ) for equity exposures under the PD/LGD method	-	-	-
4	**CCR**	22	10	2
5	of which: SA-CCR	22	10	2
6	of which: CCR Internal Models Method	-	-	-
7	IRBA(EQ) for equity exposures under the simple risk weight method or the IMM	-	-	-
8	Equity investments in funds - look through approach	-	-	-
9	Equity investments in funds - mandate-based approach	-	-	-
10	Equity investments in funds - fall back approach	-	-	-
10a	Equity investments in funds - partial use of an approach	-	-	-
11	Unsettled transactions	-	-	-
12	Securitisation exposures in the banking book	-	-	-
13	of which: SEC-IRBA	-	-	-
14	of which: SEC-ERBA, including IAA	-	-	-
15	of which: SEC-SA	-	-	-
16	**Market risk***	20	22	2
17	of which: SA(MR)	20	22	2
18	of which: IMA	-	-	-
19	**Operational risk**	169	171	13
20	of which: BIA	169	171	13
21	of which: SA(OR)	-	-	-
22	of which: AMA	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	**Total**	383	381	29

* Minimum capital requirements in this column correspond to 8% RWA in column (a), as per minimum capital ratios to be maintained for non-DSIB per Annex 4 of Basel III issued by the BCBS.

6.1. Composition of Regulatory Capital

S$m		(a) Amount	(b) Source based on reference letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Paid-up ordinary shares and share premium (if applicable)	123	A
2	Retained earnings	3	B
3	Accumulated other comprehensive income and other disclosed reserves	-	
4	Directly issued capital subject to phase out from (only applicable to non-joint stock companies)	-	
5	Minority interest that meets criteria for inclusion	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	126	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	-	
8	Goodwill, net of associated deferred tax liability	-	
9	Intangible assets, net of associated deferred tax liability	-	
10	Deferred tax assets that rely on future profitability	-	
11	Cash flow hedge reserve	-	
12	Shortfall of TEP relative to EL under IRBA	-	
13	Increase in equity capital resulting from securitisation transactions	-	
14	Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	-	
15	Defined benefit pension fund assets, net of associated deferred tax liability	-	
16	Investments in own shares	-	
17	Reciprocal cross-holdings in ordinary shares of financial institutions	-	
18	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
19	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries) (amount above 10% threshold)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of associated deferred tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments	-	
26A	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	-	
26B	Capital deficits in subsidiaries and associates that are regulated financial institutions	-	
26C	Any other items which the Authority may specify	-	

S$m		(a) Amount	(b) Source based on reference letters of the balance sheet under the regulatory scope of consolidation
27	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital to satisfy required deductions	-	
28	**Total regulatory adjustments to CET1 Capital**	-	
29	**Common Equity Tier 1 capital (CET1)**	126	
	Additional Tier 1 capital: instruments	-	
30	AT1 capital instruments and share premium (if applicable)	-	
31	of which: classified as equity under the Accounting Standards	-	
32	of which: classified as liabilities under the Accounting Standards	-	
33	*Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)*	-	
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 capital before regulatory adjustments**	-	
	Additional Tier 1 capital: regulatory adjustments	-	
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-	
39	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
40	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
41	National specific regulatory adjustments which the Authority may specify	-	
42	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	
44	**Additional Tier 1 capital (AT1)**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	126	
	Tier 2 capital: instruments and provisions		
46	Tier 2 capital instruments and share premium (if applicable)	-	
47	*Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)*	-	
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Provisions	0	C
51	**Tier 2 capital before regulatory adjustments**	0	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments of financial institutions	-	
54	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
54a	Investments in other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake: amount previously designated for the 5% threshold but that no longer meets the conditions	-	

S$m		(a) Amount	(b) Source based on reference letters of the balance sheet under the regulatory scope of consolidation
55	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
56	National specific regulatory adjustments which the Authority may specify	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	0	
59	**Total capital (TC = T1 + T2)**	126	
60	**Floor-adjusted total risk weighted assets**	383	
	Capital ratios (as a percentage of floor-adjusted risk weighted assets)		
61	**Common Equity Tier 1 CAR**	32.88%	
62	**Tier 1 CAR**	32.88%	
63	**Total CAR**	32.90%	
64	Bank-specific buffer requirement	7.06%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	0.06%	
67	of which: G-SIB and/or D-SIB buffer requirement (if applicable)	0.00%	
68	Common Equity Tier 1 available after meeting the Reporting Bank's minimum capital requirements	24.90%	
	National minima		
69	Minimum CET1 CAR	4.50%	
70	Minimum Tier 1 CAR	6.00%	
71	Minimum Total CAR	8.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Investments in ordinary shares, AT1 capital and Tier 2 capital of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
74	Mortgage servicing rights (net of associated deferred tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
80	*Current cap on CET1 instruments subject to phase out arrangements*	-	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-	
82	*Current cap on AT1 instruments subject to phase out arrangements*	-	
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on T2 instruments subject to phase out arrangements*	-	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	-	

6.2. Reconciliation of Regulatory Capital to Balance Sheet

S$m	(a) Balance sheet as per published financial statements As at reporting period end 31-Dec-22	(b) Under regulatory scope of consolidation As at reporting period end 31-Dec-22	(c) Reference to Composition of Regulatory Capital
Assets			
Cash and cash equivalents	609	-	
of which: Provisions eligible for inclusion in T2 Capital	0	-	C
Loans and advances to non-bank customers	379	-	
of which: Provisions eligible for inclusion in T2 Capital	0	-	C
Due from related parties	30	-	
Refundable deposits	1	-	
Derivative financial instruments	81	-	
Debt securities	434	-	
of which: Provisions eligible for inclusion in T2 Capital	0	-	C
Other assets	2	-	
Property, plant and equipment	14	-	
Total assets	1,551	-	
Liabilities			
Deposits of non-bank customers	1,091	-	
Due to related parties	202	-	
Current income tax liabilities	2	-	
Derivative financial instruments	89	-	
Other liabilities	36	-	
Deferred income tax liabilities	1	-	
Total liabilities	1,421	-	
Shareholders' Equity			
Share capital	123	-	A
of which: amount eligible for CET1	123	-	
Retained earnings	7	-	
of which: amount eligible for CET1	3	-	B
Total shareholders' equity	130		

6.3. Main Features of Regulatory Capital Instruments

1	Issuer	Bank Pictet & Cie (Asia) Ltd
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Singapore
4	Transitional Basel III rules	Common Equity Tier 1 (CET1)
5	Post-transitional Basel III rules	Common Equity Tier 1 (CET1)
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in millions, as of most recent reporting date)	CHF 85 million
9	Par value of instrument	N/A
10	Accounting classification	Equity
11	Original date of issuance	CHF 40,000,000 issued on 20 November 1991 CHF 37,000,000 issued on 15 December 2017 CHF 8,000,000 issued on 18 January 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Discretionary dividend amount
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	The ordinary shares shall on the return of capital in a winding-up, entitle the holders thereof rights of participation in any surplus profits or assets of the banks after all senior obligations have been satisfied.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

7.1. Leverage Ratio Summary Comparison Table

S$m		As at reporting period end
	Item	31-Dec-22
1	Total consolidated assets as per published financial statements	1,551
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	45
5	Adjustment for SFTs	-
6	Adjustment for off-balance sheet items	206
7	Other Adjustment	-
8	**Exposure measure**	**1,802**

Leverage ratio is computed using year end balances.

7.2. Leverage Ratio Common Disclosure Template

S$m	Item	As at reporting period end	
		31-Dec-22	30-Sep-22
	Exposure measures of on-balance sheet items		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on- balance sheet collateral for derivative transactions or SFTs)	1,470	1,648
2	Asset amounts deducted in determining Tier 1 capital	-	-
3	**Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)**	1,470	1,648
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	81	94
5	Potential future exposure associated with all derivative transactions	45	48
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	**Total derivative exposure measures**	126	142
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	-	-
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	-	-
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	**Total SFT exposure measures**	-	-
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	2,058	2,121
18	Adjustments for calculation of exposure measures of off-balance sheet items	(1,852)	(1,909)
19	**Total exposure measures of off-balance sheet items**	206	212
	Capital and Total exposures		
20	**Tier 1 capital**	126	127
21	**Total exposures**	1,802	2,003
	Leverage ratio		
22	**Leverage ratio**	6.98%	6.32%

8. Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

	As at reporting period end 31-Dec-2022			
S$m	(a)	(b)	(c)	(d)
Geographical breakdown	Country-specific countercyclical buffer requirement	RWA for private sector credit exposures used in the computation of the countercyclical buffer	Bank-specific countercyclical buffer requirement	Countercyclical buffer amount
Hong Kong	1.00%	1	-	-
Singapore	0.00%	24	-	-
Luxembourg	0.50%	2	-	-
All others	0.00%	1	-	-
Total	-	28	0.06%	0

9. Differences between Accounting and Regulatory scopes of Consolidation and mapping of Financial Statements categories with Regulatory Risk categories

As at reporting period end

31-Dec-22

S$m	(a)+(b)	(c)	(d)	(e)	(f)	(g)
	Carrying amounts in balance sheet of published financial statements and under regulatory scope of consolidation	Carrying amounts of items				
		subject to credit risk requirements	subject to CCR requirements	subject to securitisation framework	subject to market risk requirements	not subject to capital requirements or subject to deduction from regulatory capital
Assets						
Cash and cash equivalents	609	609	-	-	371	-
Loans and advances to non-bank customers	379	379	-	-	337	-
Due from related parties	30	30	-	-	25	-
Refundable deposits	1	1	-	-	1	-
Derivative financial instruments	81	-	81	-	6	-
Debt securities	434	434	-	-	362	-
Property, plant and equipment	14	14	-	-	10	-
Other assets	2	2	-	-	2	-
Total assets	1,551	1,470	81	-	1,114	-
Liabilities						
Deposits of non-bank customers	1,091	-	-	-	1,035	56
Due to related parties	202	-	-	-	28	174
Current income tax liabilities	2	-	-	-	2	-
Derivative financial instruments	89	-	89	-	14	-
Other liabilities	36	-	-	-	36	0
Deferred income tax liabilities	1	-	-	-	1	-
Total liabilities	1,421	-	89	-	1,116	216

10. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Amounts in Financial Statements

S$m		(a) Total	(b) Items subject to - credit risk requirements	(c) CCR requirements	(d) market risk requirements
		As at reporting period end 31-Dec-22			
1	**Asset carrying amount under regulatory scope of consolidation (as per Table 9)**	1,551	1,470	81	1,114
2	Liabilities carrying amount under regulatory scope of consolidation (as per Table 9)	1,421	-	89	1,116
3	Total net amount under regulatory scope of consolidation (row 3 = row 1 - row 2)	130	1,470	(8)	(2)
4	Off-balance sheet amounts	5	5	-	5
5	Differences due to potential future exposure for derivatives	-	-	22	-
6	Differences due to consideration of provisions	-	-	-	-
7	Differences due to other differences	-	(378)	88	-
8	Differences due to valuation of net position	-	-	-	35
9	**Exposure amounts considered for regulatory purposes**	1,237	1,097	102	38

5. Derivative regulatory exposures also include potential future exposures.

6. Differences due to consideration of provisions as the carrying value of assets in the financial statements are net of general provisions.

7. Differences due to recognition of the effects of collateral as credit risk mitigation.

8. Differences due to valuation of net FX and commodity positions in accordance to market risk requirements.

11. Qualitative Disclosures of Differences between Carrying Amounts in Financial Statements and Regulatory Exposure Amounts

The source used to calculate the capital adequacy requirements is the same as the one used for drawing up the annual financial statements as presented in our 2022 Annual Financial Statements.

The valuation process adopted by the Group is governed by the valuation policy which defines the valuation methodologies. The policy is reviewed and approved by the Oversight Valuation Committee.

The Group maintains its own securities database containing trading, financial and administrative information on each security held or traded by custody clients. Financial data cover information about companies, securities, asset classes, pricing, financial instruments, income and corporate actions.

The market data providers are external (i.e. Bloomberg, Telekurs, Reuters, etc.). The majority of securities have their information updated automatically through electronic feeds, with the remainder being updated manually. For some types of financial instruments, prices are calculated automatically by the securities database.

All static data are subjected to multiple controls for plausibility, completeness and coherence between multiple sources before their confirmation and automatic application into the banking system. All prices are subjected to multiple controls for plausibility, abnormal variation or missing updates before their confirmation and automatic application into the banking system.

The bank marks-to-market all positions using prices from appropriate sources, as articulated above. FX products are marked automatically using independent yield curves. All instruments of the bank are listed and traded with observable input values.

12.1. General Qualitative Disclosures on Credit Risk

Considering the nature of the Pictet Group's business, risks cannot be entirely eliminated. Risks associated with the Group's business activities are accepted, in compliance with legal or internal regulations, provided they do not exceed the Group's risk appetite (including in so-called 'stress' situations) and can be monitored and controlled by processes in line with the Group's general risk policy.

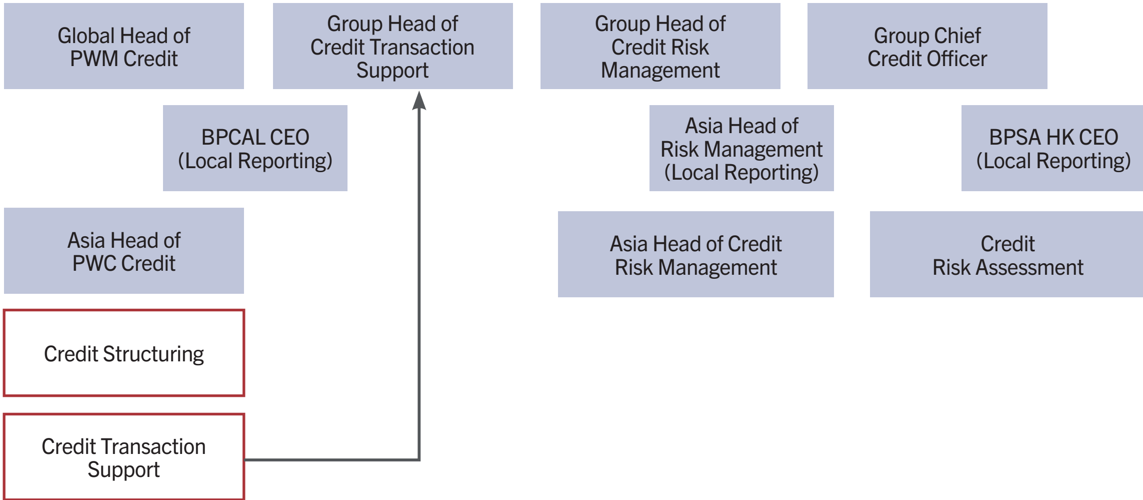
Any new business activity, product or major change within an area of business is subject beforehand to a risk analysis. The Pictet Group's Management is required to give its formal approval.

The appetite for market, credit, interest-rate and liquidity risks at the Group level is translated into quantified limits, and the appetite for other categories of risk, such as operational and business risks, is translated into qualitative as well as quantified limits. These limits on risk are sub-divided into sub-limits where deemed necessary. These limits are regularly reviewed by the Pictet Group's Management.

Credit risk policy is set globally and adherence is ensured at the local level, with relevant procedures. These procedures are approved at the group and local levels.

Structure and organization of the credit risk management control function.

CREDIT ORGANISATION STRUCTURE



Our risk governance framework operates along three lines of defense. Our first line of defense lies with the Front Office and PWM Credit functions which report into the local CEO and the latter also reports into the Global PWM Credit Head. The initiation and review of credits, documentation and covenant monitoring falls under the purview of PWM Credit. Our second line of defense is formed by Credit Risk Management Team, which is independent from the business and has a reporting line into the Asia Head of Risk, who reports to the Asia Chief Risk Officer. The Credit Risk Management team does sample testing, stress testing, shortfall and excess monitoring, portfolio concentration and large limit monitoring and protection against non-compliance with applicable laws and regulations. The Credit Risk Assessment team reviews all credits which fall outside of the purview of the local credit authority. The team also has approving authority for specific credits, along with the first line of defense. Our third line of defense, Internal Audit (IA), reports to the Audit Committee of the Board of Directors and evaluates the overall effectiveness of governance, risk management and the control environment, including the assessment of how the first and second lines of defense meet their objectives.

12.2. Credit Quality of Assets

S$m		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		As at reporting period end 31-Dec-22						
		Gross carrying amount of		Allowances and impairments	of which: allowances for standardised approach exposures		of which: allowances for IRBA exposures	Net values (a + b - c)
		Defaulted exposures	Non-defaulted exposures		of which: specific allowances	of which: general allowances		
1	Loans	0	379	0	0	0	-	379
2	Debt securities	-	434	0	-	0	-	434
3	Off-balance sheet exposures	-	5	-	-	-	-	5
4	**Total**	-	818	0	0	0	-	817

Defaulted loans/receivables, i.e. those receivables for which the debtor appears unlikely to be in a position to honour future liabilities, are valued on an item-by-item basis. Off-balance-sheet transactions, such as firm commitments, guarantees and derivatives, are also included in this valuation. Any value impairment charge is covered by individual value adjustments to reflect the disparity between the book value of the receivable and the amount expected to be received as reimbursement.

A loan/receivable is deemed to be in default when tell-tale signs make future contractual payments due in the form of capital and/or interest unlikely or, at the latest, when any such payments are in arrears for over 90 days.

12.3. Changes in Stock of Defaulted Loans and Debt Securities

S$m		As at reporting period end 31-Dec-22 (a)
1	**Defaulted loans and debt securities at end of the previous semi-annual reporting period**	0
2	Loans and debt securities that have defaulted since the previous semi-annual reporting period	0
3	Returned to non-defaulted status	-
4	Amounts written-off	-
5	Other changes	-
6	**Defaulted loans and debt securities at end of the semi-annual reporting period (1+2-3-4+/-5)**	0

12.4. Additional Disclosures related to the Credit Quality of Assets

The following tables show the breakdown of the Bank's on-balance sheet credit risk exposures by geographical areas, industry and residual maturity:

Major on-balance sheet credit exposures as at 31 December 2022

Breakdown by Geography

S$m	**Exposure**
Singapore	398
Switzerland	642
British Virgin Islands	110
United States	80
Netherlands	44
Rest of the World	177
Total	**1,452**

Breakdown by Industry

S$m	**Exposure**
Private individuals	206
Financial institutions, investment and holding companies	173
Government & public sector	1,073
Others	-
Total	**1,452**

Breakdown by Residual Maturity

S$m	**Exposure**
Up to 1 year	1,408
Between 1 year to 3 years	44
After 3 years	-
Total	**1,452**

The Bank classifies credit facilities as "Performing assets" or "Non-performing assets" (NPA), in accordance with the MAS Notice to Banks No. 612 respectively known as "Credit Files, Grading and Provisioning".

Credit exposures are categorised into one of the five following categories, according to the bank's assessment of a borrower's ability to repay a credit facility and/or the repayment behaviour of the borrower.

	Credit Classification Criteria	**MAS Loan Grading**
Performing Loans	• Timely repayment/servicing of the credit facility • No potential weakness noted in Borrower's repayment capability, business, cash flow or financial position	Pass
	• Potential weaknesses noted in the Borrower's repayment capability, business, cash flow or financial position. Some of the characteristics exhibited by the loans could include, but not limited to:- o slowdown in business or adverse trend in the borrower's operations that signals a potential weakness in the financial strength of the borrower but which has not reached a point where servicing of the loan is jeopardised; o volatility in economic or market conditions which may in the future affect the borrower negatively; o borrower is the subject of litigation which may have a significant impact on his financial position; and o borrower having difficulty in servicing other loans. • Collateral shortfall (> 60 – < 90 days)	Special Mention
Non-Performing Loans	• Collateral shortfall (=> 90 – < 120 days) • Restructured credit facility where concessions have been made to the borrower such as to render the loan non-commercial to the bank	Substandard
	• Collateral shortfall (=> 120 – < 180 days) • Loans where collection in full is improbable and the bank expects to sustain a loss of principal and/or interest after taking account of the net realisable value of the collateral. Some of the characteristics exhibited by the loans could include, but not limited to:- o Death, bankruptcy or liquidation of the borrower; and o Borrower uncontactable	Doubtful
	• Collateral shortfall (=> 180 days) • Loans which are considered uncollectible after exhausting all collection efforts such as realisation of collateral, institution of legal proceedings, etc.	Loss

IFRS 9 introduction:

The impairment requirements in FRS 109 are based on an expected credit loss model. This model applies to debt instruments recorded at Amortised Cost or at Fair Value through Other Comprehensive Income, such as loans, debt securities and trade receivables, lease receivables.

The guiding principle of the Expected Credit Loss (ECL: the probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. Therefore, the measurement of the ECL reflects a probability-weighted outcome, the time value of money and the best available Forward-Looking information.

The amount of ECLs recognized as a loss allowance depends on the extent of credit deterioration since initial recognition. Thus, the Bank is now required to recognize an allowance for either 12-month (Stage 1) or lifetime Expected Credit Losses (Stages 2 and 3), depending on whether there has been a significant increase in credit risk since initial recognition.

As mentioned above, at each reporting date, the Bank recognizes the Expected Credit Losses and measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition.

There was an impaired exposure by a private individual which was downgraded at the consideration of the bank, wherein specific allowances of S$0.09m was provided for during 2022.

12.5. Qualitative Disclosures related to Credit Risk Mitigation (CRM) Techniques

The bank has implemented credit risk mitigation techniques, consisting of netting agreement with our primary group related counterparty- Bank Pictet & Cie SA Geneva and other CRM techniques for client positions, which are normally fully collateralized.

Collateral Evaluation and management

In accordance with its client loan policy, the Bank issues essentially Lombard loans secured by diversified financial assets.

The criteria used to determine collateral values are laid down in the internal directive on “Credit to Clients”. Only assets with sufficient market capitalisation and liquidity, and for which the Bank has sufficient visibility over, are considered for collateral; assets that are highly concentrated in the pledged portfolio must meet stricter criteria.

These different criteria have been integrated in the Bank’s systems so that the haircuts are adjusted if there are changes in the characteristics of the instruments pledged as collateral (if the credit rating of a bond issuer is down-graded for example). This includes adjustments to the concentration of assets in a portfolio. Additionally, the internal directive also specifies parameters under which a concentrated portfolio would be considered.

The credit limits are determined to ensure a sufficient level of collateral after a detailed analysis of the assets pledged as collateral. These commitment limits are reviewed at least once per year. Breaches in credit limits and/or collateral deficiencies are automatically detected daily and corrective measures are taken to rectify them as soon as possible. Credit Risk Management reports all cases of unresolved breaches weekly to the local Credit Committee, the Pictet Wealth Management Credit and Group Credit Risk Management.

Any exception to the directive on “Credit to Clients” must be approved by the Group Credit Committee or the Board of Partners. Documentation must be held to enable the Bank to realise the assets without the cooperation of the asset owner.

12.6. Overview of CRM Techniques

		As at reporting period end 31-Dec-22				
		(a)	(b)	(c)	(d)	(e)
S$m		Exposures unsecured	Exposures secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	6	372	372	-	-
2	Debt securities	434	-	-	-	-
3	**Total**	**440**	**372**	**372**	-	-
4	Of which: defaulted	-	-	-	-	-

12.7. Qualitative Disclosures on the use of external credit ratings - under the SA(CR)

Credit Risk: Qualitative Disclosures of the Bank's use of external credit ratings under the standardised approach

The Pictet Group uses the ratings issued by Standard & Poor's, Fitch Ratings and Moody's mainly for securities positions as well as government or bank counterparties. The Group takes into consideration the two lowest risk ratings and uses the higher one of the two.

12.8. SA(CR) and SA(EQ) - Credit Risk Exposure and CRM Effects

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM		Exposures post-CCF and post- CRM		RWA and RWA density	
S$m	Asset classes and others	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Cash items	-	-	-	-	-	0%
2	Central government and central bank	438	-	438	-	-	0%
3	PSE	-	-	-	-	-	0%
4	MDB	-	-	-	-	-	0%
5	Bank	634	-	634	-	127	20%
6	Corporate	178	1	4	-	4	100%
7	Regulatory retail	35	4	-	-	-	0%
8	Residential mortgage	-	-	-	-	-	0%
9	CRE	-	-	-	-	-	0%
10	Equity - SA(EQ)	-	-	-	-	-	0%
11	Past due exposures	-	-	-	-	-	0%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other exposures	186	-	21	-	21	100%
14	**Total**	1,470	5	1,097	-	152	14%

The Bank deploys SA(CR) method in calculation of credit risk exposure and CRM effects.
The Bank does not have exposures to PSE, MDB, Residential Mortgage, CRE, Equity-SA(EQ), past due exposures or higher-risk categories as at 31 December 2022.

12.9. SA(CR) and SA(EQ) – Exposures by Asset Classes and Risk Weights

S$m	Risk Weight / Asset classes and others	(a) 0%	(b) 10%	(c) 20%	(d) 35%	(e) 50%	(f) 75%	(g) 100%	(h) 150%	(i) Others	(j) Total credit exposure amount (post-CCF and post-CRM)
1	Cash items	-	-	-	-	-	-	-	-	-	-
2	Central government and central bank	438	-	-	-	-	-	-	-	-	438
3	PSE	-	-	-	-	-	-	-	-	-	-
4	MDB	-	-	-	-	-	-	-	-	-	-
5	Bank	-	-	634	-	-	-	-	-	-	634
6	Corporate	-	-	-	-	-	-	4	-	-	4
7	Regulatory retail	-	-	-	-	-	0	-	-	-	0
8	Residential mortgage	-	-	-	-	-	-	-	-	-	-
9	CRE	-	-	-	-	-	-	-	-	-	-
10	Equity - SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	21	-	-	21
14	**Total**	438	-	634	-	-	0	25	-	-	1,097

The Bank deploys SA(CR) method in calculation of credit risk exposure and CRM effects.
The Bank does not have exposures to PSE, MDB, Residential Mortgage, CRE, Equity-SA(EQ), past due exposures or higher-risk categories as at 31 December 2022.

13. Counterparty Credit Risk ("CCR")

13.1. Qualitative Disclosures related to CCR

The Bank Pictet & Cie (Asia) Ltd's main activity is the management of financial assets for third parties, mainly for private clients through its wealth management business line. In carrying out this activity, and also in direct connection with it, the Bank offers a number of services to its clients, including the granting of loans, which incur credit risk.

Credit risk arises out of the possibility of a counterparty defaulting on their financial obligations to the Pictet Group. It covers settlement risks and risk factors associated with a particular country. All forms of credit obligations involving non-banking clients, banks or organised markets constitute a credit risk.

Clients

Granting credit to clients comes second to the management or custody of assets on behalf of third parties, which constitute the Pictet Group's core business. Credit facilities granted are primarily Lombard loans, i.e. credit that is secured by the collateral pledged by the borrower. Loans are granted according to principles and rules defined centrally at Group level in the "Pictet Group Policy for Managing Client Credit Risk" which explains:

- why the Pictet Group agrees to take on these credit risks as part of its main activity of wealth management;
- how these risks are identified, assessed, validated, managed and controlled;
- which means are used to achieve this while fully adhering to the framework provisions of the "General Risk Policy".

Risks are limited by stringent criteria in terms of the quality, liquidity, valuation and diversification of assets pledged as collateral, as well as by the application of conservative loan-to-value ratios, differentiated by asset class.

All liabilities stemming from credit granted are reviewed in a quarterly report submitted to the Pictet Group's management bodies. Such reports may be compiled more frequently in the event of high market volatility or in the case of credit obligations calling for special monitoring.

Banking counterparties

The Pictet Group selects top-tier correspondent banks and banking counterparties. In addition to diversification criteria, the associated risks are mitigated by legal or contractual compensation mechanisms, guarantees, credit derivatives or hedging in the form of different financial assets. Settlement risk is limited through use of Continuous Linked Settlement (CLS) for FX activities, and of clearing brokers or Central Clearing Counterparty (CCP) for derivatives products. Any exceptions must be validated by Pictet Group's Management. At the moment, the only exceptions are with Central Banks.

Selected banking counterparties are approved by the Pictet Group's Management on a quarterly basis. Limits on trading and settlement, clearing, bank deposits, and fiduciary deposits are set on an individual basis for each counterparty.

Management and monitoring of banking counterparty risk are ultimately the responsibility of the Group Treasury Committee, which draws on the support of the following bodies and persons:

- the Banking Risk Committee (BRC), comprising Pictet Group's credit and equity analysts specialised in banks, gives an impartial assessment of the fundamental quality of the banking counterparties;
- the Counterparty Risk Committee (CRC) analyses all limit requests and decides on new banking counterparties, limits and changes to banking counterparty limits. All the CRC's decisions are reviewed by the Group Treasury Committee;
- the Sovereign Risk Committee (SRC) monitors country specific risks;
- the Group Credit Research team and Financial Institutions Management team, continuously monitor the quality of banking counterparties;
- the Financial Institutions Management departments, together with Group Risk Department check compliance with limits for each banking counterparty.

A quarterly report on the status of banking counterparties of the Group is compiled and presented to the Pictet Group's Management.

Wrong Way risk is controlled as part of the overall credit review. The Bank is guided by our internal Credit Policy which defines parameters for lending.

CCR is the risk that a transaction could default before the final settlement of the transaction.

CCR arises mainly from Derivatives transaction entered into and on behalf of clients, the way the bank manages CCR is to require the client to ensure sufficient collaterals against the outstanding positions.

13.2. Analysis of CCR Exposure by Approach

S$m		(a) Replacement cost	(b) Potential future exposure	(c) Effective EPE	(d) α used for computing regulatory EAD	(e) EAD (post- CRM)	(f) RWA
1	SA-CCR (for derivatives)	52	22	-	-	102	22
2	CCR internal models method (for derivatives and SFTs)	-	-	-	-	-	-
3	FC(SA) (for SFTs)	-	-	-	-	-	-
4	FC(CA) (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	-	-	-	-	-	-
6	**Total**	52	22	-	-	102	22

13.3. CVA Risk Capital Requirements

S$m		(a) EAD (post-CRM)	(b) RWA
	Total portfolios subject to the Advanced CVA capital requirement	-	-
1	(i) VaR component (including the three-times multiplier)	-	-
2	(ii) Stressed VaR component (including the three-times multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital requirement	100	20
4	**Total portfolios subject to the CVA risk capital requirement**	100	20

13.4. Standardised Approach - CCR Exposures by Portfolio and Risk Weights

S$m	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Asset classes \ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Central government and central bank	-	-	-	-	-	-	-	-	-
PSE	-	-	-	-	-	-	-	-	-
MDB	-	-	-	-	-	-	-	-	-
Bank	-	-	100	-	-	-	-	-	100
Corporate	-	-	-	-	-	1	-	-	1
Regulatory retail	-	-	-	-	0	-	-	-	0
Other exposures	-	-	-	-	-	1	-	-	1
Total	**-**	**-**	**100**	**-**	**0**	**2**	**-**	**-**	**102**

13.5. Composition of Collateral for CCR Exposure

	(a)	(b)	(c)	(d)	(e)	(f)
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral received		Fair Value of Collateral posted		Fair value of collateral received	Fair value of collateral posted
S$m	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	4	-	-	-	-	-
Corporate bonds	1	-	-	-	-	-
Equity securities	2	-	-	-	-	-
Funds	2	-	-	-	-	-
Commodities	0	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**10**	-	-	-	-	**-**

Market Risk

17.1. Qualitative Disclosures related to Market Risk

Market risk lies in the Bank's exposure to any adverse movements in market conditions. The main risk factors relate to interest rates, prices of equity-type securities, exchange rates and prices of precious metal commodities.

As a matter of policy, the Bank does not engage in proprietary trading activities. All dealings in financial market instruments are to facilitate client's flow or to manage the Bank's funding or investment portfolio needs. All trades executed for clients are booked on a back-to-back model with Banque Pictet & Cie S.A. As such, the Bank does not take on market risk, and has no Value-at-Risk limits assigned.

The Bank is exposed to limited market risk arising from revenue and expense items denominated in foreign currencies other than its functional currency. This foreign exchange risk is hedged on a daily basis by the Pictet Trading & Sales department and Group Treasury if it exceeds a set threshold at the individual currency level. The Risk Department performs a second level of independent monitoring of foreign exchange exposures.

17.2. Market Risk under Standardised Approach

S$m		As at reporting period end 31-Dec-22 RWA
	Products excluding options	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	9
4	Commodity risk	11
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	**Securitisation**	-
9	Total	20

18. Operational Risk

Operational risk is defined as the risk of a loss resulting from the inadequacy or failure of internal processes, people or systems, or from external events. The Pictet Group Operational Risk Policy sets out the organisational framework and the fundemental principles of operational risk management.

The Bank has put in place processes for identifying and assessing operational risks on a regular basis. If deemed necessary, action plans are implemented to reduce risks that exceed limits set according to the risk appetite.

Risk and control self-assessments (RCSA) are performed by all first line business units and relevant functions on a yearly basis to enable the proactive identification, assessment and management of risks in all material products, activities, processes and systems. This is supplemented by the controls testing programme, in which key controls are tested and validated by the second line Risk and Compliance functions.

Key risk indicators (KRIs) are defined and regularly analysed. These KRIs measure the level of risk arising from business activities, systems, processes, etc.

All operational risk incidents resulting in financial losses, as well as significant non-financial incidents are logged and reviewed to ensure that mitigation plans are implemented to avoid reoccurence.

The Pictet Group has instituted robust corporate governance geared towards anticipating risks. This involves active exchanges of information with business lines and regular efforts to emphasise to staff their responsibilities and heighten their awareness about the direct and indirect impact that the Pictet Goup's activities might have on its reputation as well as on its clients and its staff.

The Asia Risk and Compliance Committee (RCCO) oversees the management of operational risks of the Bank, and reports to the Management Committee. The Bank's Risk Management department is responsible for second line monitoring and supervision of the first line business units in their management of operational risk.

The Bank's Operational Risk Pillar 1 capital requirements are computed based on the Basic Indicator Approach (BIA).

19. Interest rate risk in the banking book

The Bank's management of IRRBB is governed by the Pictet Group Asset & Liability Management (ALM) Policy, and the Bank Pictet & Cie (Asia) Ltd ALM Policy. These policies define the principles, priorities, and means of control and monitoring of IRRBB.

The BPCAL Treasury Department, with the support of Group Treasury, is responsible for the identification, measurement, management, monitoring and reporting of the non-trading positions on and off the balance sheet that are influenced by changes in interest rates. The use of derivatives on interest rates is permitted for the purposes of hedging or duration management, and where necessary, the Bank's IRRBB is hedged through derivative financial instruments, specifically Interest Rate Swaps (IRS). The Group Treasury also conducts stress testing for the Bank's IRRBB exposures on a weekly basis, including various IRRBB shock scenarios with appropriate risk limits. To determine the repricing maturity for non-maturity deposits, the Bank applies specific hypotheses to determine the stable part of retail (non-maturity) deposits and how the maturities are attributed to these deposits for each of the time bucket tranches. The stable part of retail deposits is defined as the pecentile 1% variation for each interval and each client type, by using the most volatile currency. The Bank defined four time bucket tranches with a minimum size of 5%. Customer loans (Lombard credit) are assumed to follow their contractual maturities. The Bank has immaterial exposure to IRRBB risk as its assets and liabilities are repricing mostly under 12 months.

The Asia Asset Liability Committee (ALCO) meets on a monthly basis and is responsible for all issues relating to liquidity and balance sheet management of the Bank. The committee is primarily responsible for deciding on the changes to the balance sheet and the corresponding corrective actions and reviews the stress testing results conducted by the Group Treasury.

Change in Economic Value of Equity (in accordance with paragraph 5.49 of Annex 10A)

S$m	Material Currencies (Currencies that account for more than 5% of banking book assets or liabilities)				Aggregate (across all material currencies)
Interest rate shock scenario	SGD	CHF	EUR	USD	
Parallel up	0.16	(0.02)	0.19	(2.78)	0.35
Parallel down	(0.16)	0.03	(0.20)	2.86	2.89
Steepener	(0.05)	(0.04)	(0.03)	1.32	1.32
Flattener	0.08	0.03	0.06	(1.93)	0.17
Short rate up	0.13	0.01	0.11	(2.88)	0.25
Short rate down	(0.13)	(0.01)	(0.12)	2.97	2.97
Maximum impact					2.97

20. Remuneration Policy

The aim of Pictet Group ('the Group") Policy is to define an approach and practices that are effective, sound and responsible and that serve to align the interests of the Group, its employees, clients, business partners and capital owners in a sustainable long-term perspective, while preventing conflicts of interest and not encouraging excessive risk-taking. The policy seeks to value and reward each employee through a fair, equitable and merit based remuneration system, which is competitive in relation to the market. The Policy is defined for the entire Group and approved by the Board of Partners of Pictet & Cie Group SCA. This Policy concerns therefore all Group entities and applies to all salaried employees. Senior managers ("SMs") are responsible for managing and conducting the bank's core functions. SMs are fit and proper for their roles and are held responsible for the actions of their employees and the conduct of the business under their purviews. Governance framework supports SM's performance of their roles and responsibilities. Material risk takers defined as employees fit and proper for their roles and are subject to effective risk governance, appropriate incentive structures and standards of conduct.

Remuneration levels, package structures and processes in place are regularly reviewed and compared with internal and external benchmarks, information available in the public domain and also with results of analyses performed by independent external consultants in the field of remuneration. The objective of the Bank is to align its remuneration policy with its strategy, objectives and values, as well as with its long-term interests.

The performance assessment is based on two essential questions:

- What has been achieved? (hard factors, concrete and quantifiable elements);
- How have these results been obtained? (soft factors, elements that are difficult to quantify, such as the way the employee behaves or puts the Group's guiding principles into practice).

For quantifiable functions, the Group recommends a balanced scorecard model to assess the degree to which the numerical targets have been achieved. Accurate performance assessment is, by definition, more difficult for employees in functions that cannot be quantified or are difficult to quantify. In order to help the managers to assess the contribution of these employees, the Group has designed the performance distribution curve with criteria that correspond to five levels depending on the employee's performance over the year.

The Group's remuneration strategy is based on a total reward concept that includes all or part of the elements listed below:-

Fixed salary

The fixed salary is a payment received by the employee for accomplishing their everyday tasks, as stated in their job description. It is paid on a monthly basis and reviewed annually.

Performance-linked bonus

The performance-linked bonus is a variable compensation component paid in addition to the fixed compensation. This bonus is used to motivated and reward both employee and team performance. It links individual remuneration to financial and non-financial performance objectives defined at Group level and within every division, as well to the results obtained during the year in question. When the function and conditions allow it, or when the achievement of objectives is sufficiently measurable, line managers can determine the level of the bonus in advance, at the same time as they fix the individual performance objectives for the year. This is known as the "target bonus", and is paid when all of the said objectives set by the line managers are achieved. For other types of performance-linked bonus, the amount is determined by the employer, on a discretionary basis but in the most objective way possible, taking account of the employee's performance appraisal.

Parts system

Parts system is based on a partnership philosophy that enables the majority of employees to have a share in the Group's profits while at the same time helping to align their interests with those of the Group and its owners. Admission to the 'parts' system is generally based on the employee's function. Once an employee has been admitted to the incentive plan, a fixed number of 'parts' is attributed. This number may increase or decrease as part of the annual appraisal process, if the nature or scope of the responsibilities attached to the employee's function changes. It should be noted, however, that the number of "parts' is not automatically reviewed each year. The value of a 'part' varies not only according to the Group's financial results, but also as a result of the dilution or concentration induced by changes in the number of 'parts' awarded. The value of the 'part' is determined exclusively by the Board of Partners of Pictet & Cie Group SCA, and at their sole discretion at the end of each annual cycle. This value is dependent in particular on the Group's financial results. As such, the value of the 'part' is subject to fluctuations that may be of significant magnitude. It is not subject to any guarantee, particularly in terms of minimum value, which means that its value may potentially be zero.

20.1. Remuneration Awarded during the Financial Year

S$m		(a) Senior management	(b) Other material risk-takers
Fixed remuneration			
1	Number of employees	10	19
2	Total fixed remuneration (row 3 + row 5 + row 7)	50.00%	54.00%
3	of which: cash-based	49.00%	53.00%
4	of which: deferred	-	-
5	of which: shares and other share-linked instruments	-	-
6	of which: deferred	-	-
7	of which: other forms of remuneration	1.00%	1.00%
8	of which: deferred	-	-
Variable remuneration			
9	Number of employees	10	19
10	Total variable remuneration (row 11 + row 13 + row 15)	50.00%	46.00%
11 12	of which: cash-based of which: deferred	35.00%	32.00%
13	of which: shares and other share-linked instruments	-	-
14	of which: deferred	-	-
15	of which: other forms of remuneration	15.00%	14.00%
16	of which: deferred	-	-
17	Total remuneration (row 2 + row 10)	100.00%	100.00%

20.2. Special Payments

S$m		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management	-	-	-	-	-	-
2	Other material risk-takers	-	-	-	-	-	-

* Where the disclosure of the total amount of certain special payments will reveal information relating to the remuneration of specific employees, the Reporting Bank may omit the disclosure. Nonetheless, the Reporting Bank should provide the reason for the omission in the narrative commentary and disclose the omitted information to the Authority to assist the Authority in its assessment of the Reporting Bank's remuneration practices.

20.3. Deferred Remuneration

S$m		(a) Total outstanding deferred remuneration	(b) of which: total outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	(c) Total amendments during the year due to ex post explicit adjustments	(d) Total amendments during the year due to ex post implicit adjustments	(e) Total deferred remuneration paid out in the financial year
1	Senior management	-	-	-	-	-
2	Cash	-	-	-	-	-
3	Shares	-	-	-	-	-
4	Share-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Other material risk-takers	-	-	-	-	-
7	Cash	-	-	-	-	-
8	Shares	-	-	-	-	-
9	Share-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-