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Pictet Group
Half-year financial report
30 June 2016

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CONTENTS

Key figures _____	3
Consolidated balance sheet _____	4
Consolidated income statement _____	5
Comments _____	6

KEY FIGURES

As an investment-led service company, the Pictet Group focuses exclusively on wealth management, asset management and related asset services, including custody and fund administration services. The Group does not, however, offer commercial loans or investment banking services.

CHF thousands	1st half 2016	1st half 2015
Consolidated income statement		
Operating income	1 032 806	1 046 863
Total expenses before tax	788 553	761 927
Operating result	244 253	284 936
Consolidated profit	190 844	225 875
Cost/income ratio	76%	73%

CHF thousands	30/06/2016	31/12/2015
Consolidated balance sheet		
Total assets	40 427 152	41 277 708
Total equity	2 698 341	2 604 448
Basel III CET1 solvency ratio	22.3%	22.1%
Basel III Total solvency ratio	22.3%	22.1%
Other indicators		
Assets under management or custody (CHF bn)	436	437
Staff (in FTE)	3 980	3 886
in Switzerland	2 544	2 496
abroad	1 436	1 390
Rating FitchRatings/Moody's	AA-/Aa2	AA-/Aa2

The yearly consolidated accounts are drawn up on 31 December. This publication presents the unaudited interim financial statements at 30 June 2016.

CONSOLIDATED BALANCE SHEET

At 30 June 2016 and 31 December 2015

Assets (CHF thousands)	30/06/2016	31/12/2015
Cash and balances with central banks	7 212 118	6 728 599
Due from banks	2 455 300	2 277 371
Due from securities financing transactions	983 000	1 904 000
Due from clients	7 225 571	6 171 300
Trading portfolio assets	70 041	136 102
Positive replacement values of derivative financial instruments	1 685 604	1 961 511
Other financial instruments at fair value	780 866	860 418
Financial investments	18 783 004	20 109 897
Accrued income and prepaid expenses	347 731	376 255
Non-consolidated participations	8 386	7 920
Fixed assets	471 850	473 900
Other assets	403 681	270 435
Total assets	40 427 152	41 277 708
Total subordinated loans	108	367
Liabilities (CHF thousands)	30/06/2016	31/12/2015
Due to banks	1 644 603	1 796 987
Liabilities from securities financing transactions	1 789 890	778 356
Amounts due in respect of client deposits	30 681 383	31 992 063
Trading portfolio liabilities	77 089	34 118
Negative replacement values of derivative financial instruments	1 886 879	1 990 877
Liabilities from other financial instruments at fair value	817 132	871 606
Accrued expenses and deferred income	415 445	634 232
Other liabilities	243 042	405 140
Provisions	173 348	169 881
Total equity	2 698 341	2 604 448
Equity owners' contribution	1 025 791	1 012 938
Capital reserve	11 664	11 664
Retained earnings reserve	1 470 124	1 127 384
Currency translation reserve	(82)	754
Consolidated profit (first half 2016/full year 2015)	190 844	451 708
Total liabilities and equity	40 427 152	41 277 708

Consolidated off-balance-sheet positions

CHF thousands	30/06/2016	31/12/2015
Contingent liabilities	4 419 821	3 811 688
Irrevocable commitments	23 702	25 597

Unaudited figures

CONSOLIDATED INCOME STATEMENT**Half-year ended 30 June**

CHF thousands	1st half 2016	1st half 2015	Change
Interest and discount income	36 169	20 985	
Interest and dividend income from financial investments	57 885	50 321	
Interest expense	(2 642)	(6 164)	
Gross interest income	91 412	65 142	40%
Changes in value adjustments for default risks and losses from interest operations	-	-	
Net interest income	91 412	65 142	40%
Fees from securities trading and investment activities	1 155 045	1 234 618	
Fees from lending activities	2 302	1 514	
Fees from other services	7 245	6 823	
Commission expenses	(321 094)	(360 381)	
Net fee and commission income	843 498	882 574	(4%)
Income from trading activities and the fair value option	92 929	92 163	1%
Result from the disposal of financial investments	-	2 687	
Income from other non-consolidated participations	4 059	3 699	
Result from real estate	866	601	
Other ordinary revenues	42	-	
Other ordinary expenses	-	(3)	
Other ordinary income	4 967	6 984	(29%)
Personnel expenses	(550 253)	(538 984)	
General and administrative expenses	(214 753)	(197 861)	
Operating expenses	(765 006)	(736 845)	4%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(21 396)	(20 282)	
Changes to provisions and other value adjustments, losses	(2 151)	(4 800)	
Operating result	244 253	284 936	(14%)
Extraordinary income	1 037	1 000	
Extraordinary expenses	-	(2)	
Taxes	(54 446)	(60 059)	
Consolidated profit for the half-year ended on 30 June	190 844	225 875	(16%)

Unaudited figures

COMMENTS

Name and legal status

The Pictet Group's accounts comprise financial statements of all companies in which the Partners of the Pictet Group owned, either directly or indirectly, over 50% of the capital or voting rights as at 30 June 2016.

The Group's scope of consolidation therefore encompasses a number of corporate entities that are either combined between themselves or consolidated into one or more of the combined entities. The combination link stems from the fact these entities come under the common management control of the Partners of Pictet & Cie Group SCA.

Accounting principles

The Group's consolidated financial statements have been drawn up in accordance with the "settlement date" principle, provisions of the Swiss Federal Law on Banks and Savings Banks, its relevant Implementing Ordinance, and the guidelines for accounting principles to be applied in the banking sector as stipulated by the Swiss Financial Market Supervisory Authority (FINMA) Circular 2015/1.

Consolidation

Entities either directly or indirectly controlled by the Group or over which the Group exercises a dominant influence are consolidated according to the full consolidation method. This means assets, liabilities, off-balance-sheet transactions, income and costs of fully consolidated companies are included in the Group's financial statements. The material business relations between consolidated companies are eliminated from assets, liabilities, costs and income. Net assets of Group companies are consolidated according to the purchase method. In the case of combined entities, the combination is an amalgamation of the accounts, performed in keeping with the same rules as described above.

After a management buyout (MBO) completed on 1 January 2016, the Rhone Group, which specialises in wealth planning and structuring, is no longer part of the Pictet Group scope of consolidation.

Balance sheet

The equity at 30 June 2016 does not yet account for the dividends which are generally distributed in the second half of the year.

This report is available in English and French. The French version is the authoritative version.

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