

Pictet Group Half-year financial report 30 June 2017



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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 2017	1st half 2016
Consolidated income statement		
Operating income	1 179 027	1 032 806
Total expenses before tax	860 033	788 553
Operating result	318 994	244 253
Consolidated profit	246 532	190 844
Cost/income ratio	73%	76%

CHF thousands	30/06/2017	31/12/2016
Consolidated balance sheet		
Total assets	37 926 084	38 561 408
Total equity	2 759 305	2 586 064
Basel III CET1 solvency ratio	21.0%	20.4%
Basel III Total solvency ratio	21.0%	20.4%
Other indicators		
Assets under management or custody (CHF bn)	479	462
Staff (in FTE)	4 223	4 130
in Switzerland	2 683	2 645
abroad	1 540	1 485
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 2017.

CONSOLIDATED BALANCE SHEET

At 30 June 2017 and 31 December 2016

Assets (CHF thousands)	30/06/2017	31/12/2016
Cash and balances with central banks	16 176 486	14 186 181
Due from banks	1 684 424	1 768 531
Due from securities financing transactions	744 000	997 000
Due from clients	7 747 444	7 696 811
Trading portfolio assets	158 242	79 083
Positive replacement values of derivative financial instruments	1 326 593	1 526 329
Other financial instruments at fair value	545 978	567 842
Financial investments	8 623 259	10 729 832
Accrued income and prepaid expenses	307 338	329 741
Non-consolidated participations	8 229	8 396
Fixed assets	465 000	477 702
Other assets	139 091	193 960
Total assets	37 926 084	38 561 408
Total subordinated loans	4 220	475
Liabilities (CHF thousands)	30/06/2017	31/12/2016
Due to banks	1 535 420	1 235 394
Liabilities from securities financing transactions	1 005 266	776 523
Amounts due in respect of client deposits	29 746 933	30 812 229
Trading portfolio liabilities	14 414	9 064
Negative replacement values of derivative financial instruments	1 376 210	1 520 223
Liabilities from other financial instruments at fair value	570 000	580 910
Accrued expenses and deferred income	517 816	608 623
Other liabilities	203 480	249 234
Provisions	197 240	183 144
Total equity	2 759 305	2 586 064
Equity owners' contribution	765 541	765 541
Capital reserve	11 664	11 664
Retained earnings reserve	1 744 402	1 394 565
Currency translation reserve	(8 834)	(7 769)
Consolidated profit (first half 2017/full year 2016)	246 532	422 063
Total liabilities and equity	37 926 084	38 561 408

Consolidated off-balance-sheet positions

CHF thousands	30/06/2017	31/12/2016
Contingent liabilities	4 310 855	4 474 851
Irrevocable commitments	21 696	21 696

Unaudited figures

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

CHF thousands	1st half 2017	1st half 2016	Change
Interest and discount income	24 233	36 169	
Interest and dividend income from financial investments	98 105	57 885	
Interest expense	2 022	(2 642)	
Gross interest income	124 360	91 412	36%
Changes in value adjustments for default risks and losses from interest operations	1 000	-	
Net interest income	125 360	91 412	37%
Fees from securities trading and investment activities	1 290 258	1 155 045	
Fees from lending activities	2 093	2 302	
Fees from other services	10 315	7 245	
Commission expenses	(352 627)	(321 094)	
Net fee and commission income	950 039	843 498	13%
Income from trading activities and the fair value option	98 898	92 929	6%
Result from the disposal of financial investments	-	-	
Income from other non-consolidated participations	3 745	4 059	
Result from real estate	981	866	
Other ordinary revenues	5	42	
Other ordinary expenses	(1)	-	
Other ordinary income	4 730	4 967	(5%)
Personnel expenses	(597 967)	(550 253)	
General and administrative expenses	(217 848)	(214 753)	
Operating expenses	(815 815)	(765 006)	7%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(24 448)	(21 396)	
Changes to provisions and other value adjustments, losses	(19 770)	(2 151)	
Operating result	318 994	244 253	31%
Extraordinary income	-	1 037	
Extraordinary expenses	(20)	-	
Taxes	(72 442)	(54 446)	
Consolidated profit for the half-year ended on 30 June	246 532	190 844	29%

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 2017.

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.

Balance sheet

The equity at 30 June 2017 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.

Pictet Group head office
Route des Acacias 60
1211 Geneva 73, Switzerland