

# Pictet Group Half-year financial report 30 June 2017



**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 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           |
| <b>Total assets</b>   | <b>37 926 084</b> | <b>38 561 408</b> |
| Total subordinated loans  | 4 220             | 475               |
| <b>Liabilities (CHF thousands)</b>                              | <b>30/06/2017</b> | <b>31/12/2016</b> |
| 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           |
| <b>Total equity</b>   | <b>2 759 305</b>  | <b>2 586 064</b>  |
| 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           |
| <b>Total liabilities and equity</b>                             | <b>37 926 084</b> | <b>38 561 408</b> |

**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**

| <b>CHF thousands</b>  | <b>1st half 2017</b> | <b>1st half 2016</b> | <b>Change</b> |
|---|----------------------|----------------------|---------------|
| 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)              |               |
| <b>Gross interest income</b>  | <b>124 360</b>       | <b>91 412</b>        | <b>36%</b>    |
| Changes in value adjustments for default risks and losses from interest operations                                | 1 000                | -                    |               |
| <b>Net interest income</b>  | <b>125 360</b>       | <b>91 412</b>        | <b>37%</b>    |
| 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)            |               |
| <b>Net fee and commission income</b>  | <b>950 039</b>       | <b>843 498</b>       | <b>13%</b>    |
| <b>Income from trading activities and the fair value option</b>   | <b>98 898</b>        | <b>92 929</b>        | <b>6%</b>     |
| 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)                 | -                    |               |
| <b>Other ordinary income</b>  | <b>4 730</b>         | <b>4 967</b>         | <b>(5%)</b>   |
| Personnel expenses  | (597 967)            | (550 253)            |               |
| General and administrative expenses   | (217 848)            | (214 753)            |               |
| <b>Operating expenses</b>   | <b>(815 815)</b>     | <b>(765 006)</b>     | <b>7%</b>     |
| 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)              |               |
| <b>Operating result</b>   | <b>318 994</b>       | <b>244 253</b>       | <b>31%</b>    |
| Extraordinary income  | -                    | 1 037                |               |
| Extraordinary expenses  | ( 20)                | -                    |               |
| Taxes   | (72 442)             | (54 446)             |               |
| <b>Consolidated profit for the half-year ended on 30 June</b>   | <b>246 532</b>       | <b>190 844</b>       | <b>29%</b>    |

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.

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

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