PICTET
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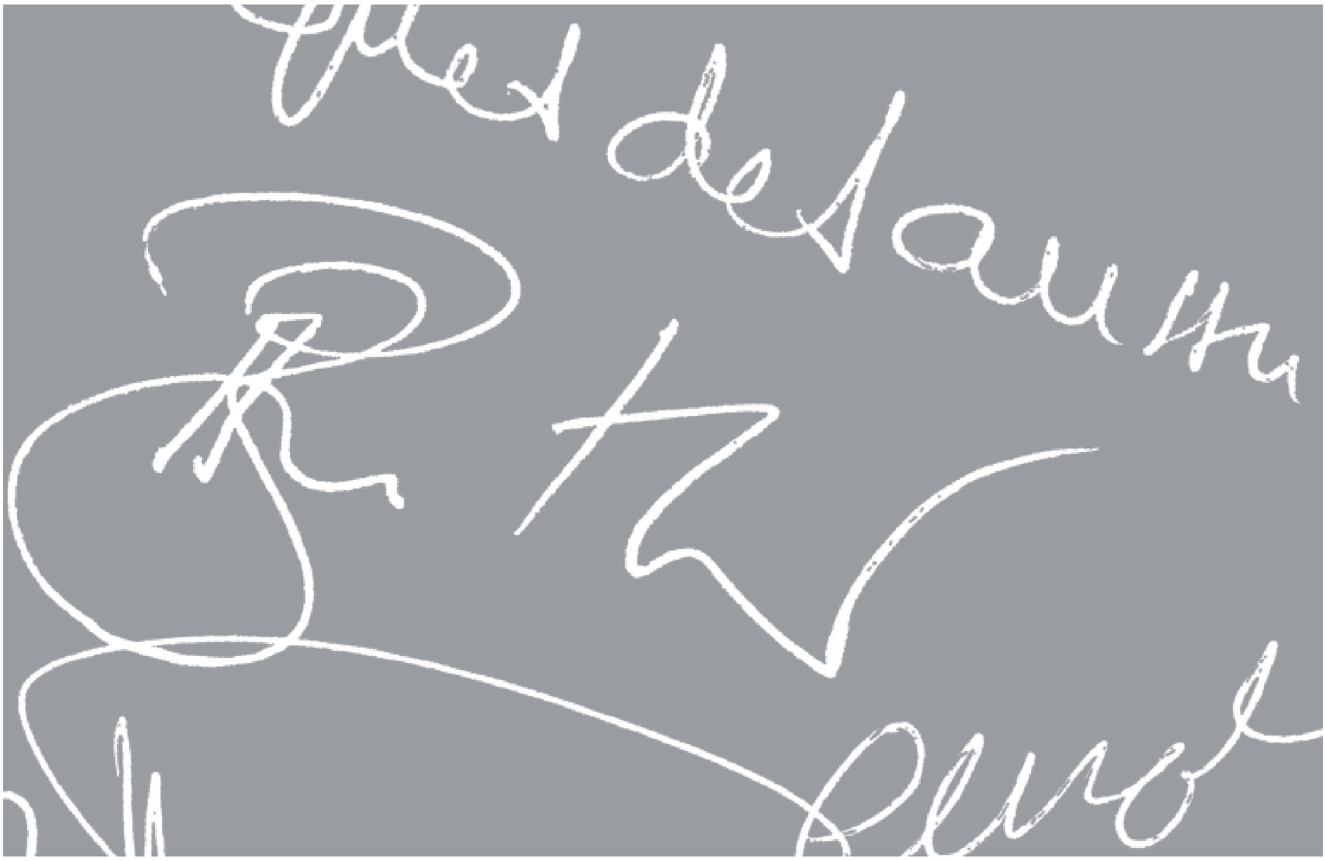
Pictet Group

Consolidated financial statements at 30 June 2014



Contents

Introduction and key figures

Founded in Geneva in 1805, the Pictet Group is one of Europe's leading independent wealth and asset managers

8
Partners

3,611
Employees (FTE)

26
Offices in 17 Countries

The Pictet Group has gradually evolved from a private bank into a specialised financial group. Not only does it now operate on a global scale, but its sphere of business has also become increasingly complex. As a result, the Group has changed its legal status.

The change that took place on 1 January 2014 resulted in the transformation of the Swiss bank into a limited liability company and the creation of corporate partnership[1] (Pictet & Cie Group SCA). This corporate partnership, which is still owned by the Partners, acts as the Group's management.

Following these changes, the Pictet Group will now publish half-yearly and annual financial statements.

The figures presented here, are as at 30 June 2014. A comparison with previous years is not possible for several reasons. First, the change in legal structure resulted in changes to the balance sheet and income statement. Second, since 2014, the balance sheet has been drawn up using "settlement date" accounting (previously "trade date" was used). Finally, from 30 June this year, the Group has adopted FINMA's new accounting guidelines for banks (PCB) ahead of the formal requirement (the deadline for adoption set by FINMA is 1 January 2015). These replace the former standard (DEC). The Group's early adoption of these new guidelines will make future comparisons of financial figures easier.

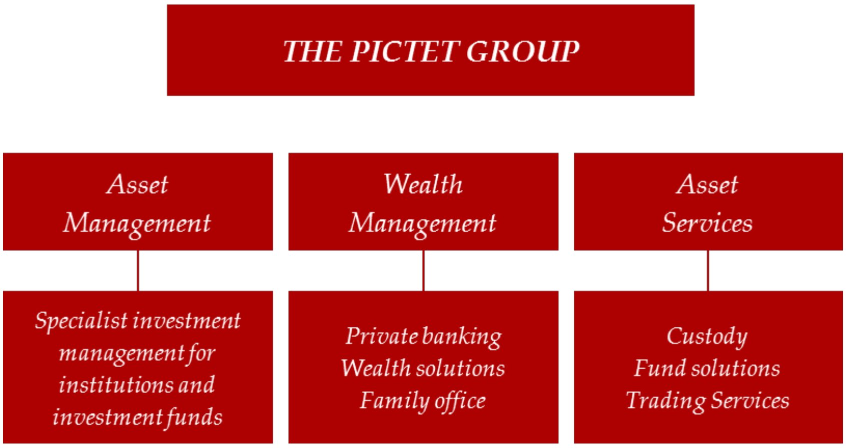
In this document the terms "Pictet Group" or "the Group" are taken to mean all entities in which the Pictet Partners have a majority stake, either directly or indirectly.

This report is published in French and English. In the event of divergence between the English text and the original French, the French text shall prevail.

[1] Société en commandite par actions

As an investment-led service company, the Pictet Group is dedicated to private and institutional wealth and asset management. It also provides depository bank and investment fund administration services. However, it does not offer commercial loans or investment banking services.

Here are the Pictet Group's main activities:



The Group's different activities are grouped into dedicated legal entities (the main ones are listed on page 9 of this report) and consolidated in the financial statements presented in this report.

Apart from its headquarters in Geneva, the Group is also present in most of the world's main financial centres.

KEY FIGURES

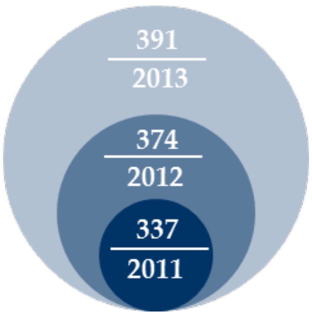
Consolidated income statement (CHF '000)	1st half-year 2014
Operating income	975,012
Total expenses before tax	727,768
Operating profit	247,244
Net profit for the first half year 2014	202,959
Cost / Income ratio	75%

Consolidated balance sheet (CHF '000)	30 June 2014
Total assets	34,160,293
Equity (including net profit for the half year)	2,208,706
Basel III CET1 solvency ratio	21.7%
Basel III Total solvency ratio	21.7%
Liquidity coverage ratio (LCR)	166%
Return on equity	17.6%
Leverage ratio	5.4%

Other metrics (FTE)	
Staff	3,611
- in Switzerland	2,346
- in other countries	1,265
Assets under management or custody (CHF bn)	404
Rating Fitch / Moody's	AA- / Aa3

Assets under management or custody

CHF bn (at year end)



CHF 203 m

Net profit for the first half-year 2014

21.7%

CET1 and total capital Basel III capital ratio

AA- / Aa3

Rating Fitch / Moody's

On 30 June 2014, assets under management or custody totalled CHF 404 billion excluding double counting. Taking double counting into account, amounts are split between wealth management (34%), asset management (33%) and asset servicing (33%).

The Group has strong financial stability, with core regulatory capital (CET1) of CHF 2.0 billion excluding the net profit for the period. This translates into a Basel III capital ratio of 21.7% according to the Bank for International Settlements (BIS), substantially higher than the BIS's 8% requirement (and the 12% stipulated by FINMA for banks of Pictet's size). It should also be pointed out that the Group is already applying Basel III requirements in full, including those that will come into force until after 2014.

The "leverage ratio" is a simple, if inadequate, measure for wealth management banks of the ratio of equity to the Bank's exposure. On 30 June, it was 5.4%. In order to meet client withdrawals or investment requests at any time, even for large amounts, part of the clients' deposits are kept in the form of cash assets on the balance sheet (chiefly with central banks). If these cash assets are excluded from the computation, the ratio is 7.2%.

Net commission and fee income represents 85% of total operating income and covers 114% of total expenses, underlining the Group's structural profitability.

At 30 June, the Group headcount totalled 3,611 full-time-equivalent employees. Personnel expenses of CHF 519 million make up the largest part (71%) of total expenses before tax.

Net profit for the Group totalled CHF 203 million for the first half-year 2014.

Consolidated balance sheet at 30 June 2014

Notes:	**Assets (CHF '000)**	30/06/2014
1	Cash and balances with central banks	9,402,643
3	Due from banks	2,116,417
	Securities lending and borrowing and Repo transactions	42,496
4	Due from clients	5,001,011
5	Trading operations	205,996
5	Positive replacement values of derivative instruments	850,744
6	Other financial instruments at fair value	1,376,952
7	Financial investments	14,273,882
	Accrued income and prepaid expenses	298,058
	Non-consolidated participations	8,973
8	Fixed assets	480,551
	Other assets	102,570
	Total assets	**34,160,293**
	Total subordinated loans	6,294

	Liabilities (CHF '000)	30/06/2014
3	Due to banks	1,294,113
	Securities lending and borrowing and Repo transactions	35,472
2	Due to clients	27,209,863
5	Trading portfolio liabilities	83,971
5	Negative replacement values of derivative instruments	835,751
6	Other financial instruments at fair value liabilities	1,400,940
	Accrued expenses and deferred income	431,838
	Other liabilities	493,040
9	Provisions	166,599
10	Equity	2,208,706
	Partners' capital	*787,783*
	Retained earnings	*1,218,636*
	Currency translation reserve	*(672)*
	Consolidated profit for the first half year 2014	*202,959*
	Total liabilities	**34,160,293**
	Total subordinated debt	1,080,726

Unaudited figures

Consolidated income statement for the half-year ended 30 June 2014

Notes:	Income statement (CHF '000)	01/01/2014 to 30/06/2014
11	Net interest income	62,746
12	Net commission and fee income	828,262
13	Net income from trading and fair value option	78,667
	Other ordinary income	5,337
14	Operating expenses	(704,066)
8	Depreciation and amortisation	(19,638)
	Changes to provisions and other value adjustments, losses	(4,064)
	Operating profit	**247,244**
	Taxes	(44,285)
	Consolidated net profit for the first half-year 2014	**202,959**

Unaudited figures

Consolidated off-balance sheet positions at 30 June 2014

Notes:	Off-balance sheet (CHF '000)	30/06/2014
15	Contingent liabilities	2,646,379
	Irrevocable commitments	30,791

Unaudited figures

Summary of accounting principles

Key principles

The financial statements of the Pictet Group have been drawn up in compliance with the requirements of the Swiss Federal Act on Banks and Savings Banks, its related execution ordinance and the circular "Accounting – Banks" from the Swiss Financial Market Supervisory Authority (FINMA). The financial statements have been prepared in such a way as to give a true and fair view of the Group's net assets, financial position and results.

Some accounting principles are mentioned in the notes relating to the consolidated balance sheet and income statement from page 13.

Consolidation

The accounts of the Pictet Group include the financial statements of all material entities active in the banking, financial and real-estate sectors, in which the Partners of Pictet hold more than 50% of the capital or voting rights, either directly or indirectly, at 30 June 2014.

The consolidation is based on the global integration method. Group entities' net assets are consolidated according to the "purchase method". All assets, liabilities, off-balance sheet operations, income and expenses of fully consolidated entities are included in the Group financial statements.

All material business relations between consolidated entities are eliminated from assets, liabilities, expenses and income.

All transactions concluded up to 30 June are recorded and evaluated according to generally accepted accounting principles and are, as a rule, recorded on the balance sheet on settlement date or on the trade date in the case of trading operations.

LIST OF MAIN LEGAL ENTITIES OF THE GROUP

Company	Registered	30/06/2014 Equity interest (%)
Banks		
Bank Pictet & Cie (Asia) Ltd	Singapore	100%
Banque Pictet & Cie SA	Geneva	100%
Pictet Bank & Trust Ltd	Nassau	100%
Pictet & Cie (Europe) SA	Luxembourg	100%
Asset Management		
Pictet Asset Management (Hong Kong) Ltd	Hong Kong	100%
Pictet Asset Management (Japan) Ltd	Tokyo	100%
Pictet Asset Management (Singapore) Pte Ltd	Singapore	100%
Pictet Asset Management Inc.	Montreal	100%
Pictet Asset Management Ltd	London	100%
Pictet Asset Management SA	Geneva	100%
Pictet Funds (Europe) SA	Luxembourg	100%
Pictet Funds SA	Geneva	100%
Pictet SICE (Taiwan) Ltd	Taipei	100%
Wealth Management		
Pictet Alternative Advisors SA	Geneva	100%
Pictet Investment Company Ltd	London	100%
Pictet North America Advisors SA	Geneva	100%
Pictet Wealth Management Israel Ltd	Tel Aviv	100%
Holding companies		
Pictet & Cie Group SCA	Geneva	100%
Pictet & Partners	Geneva	100%
Pictet Asset Management Holding SA	Geneva	100%
Pictet Capital SA	Geneva	100%
Pictet Europe SA	Luxembourg	100%
Pictet Holding LLP	Singapore	100%
Sopafin (Luxembourg) SA	Luxembourg	100%
Sopafin SA	Geneva	100%
Other companies		
FundPartner Solutions (Europe) SA	Luxembourg	100%
FundPartner Solutions (Suisse) SA	Geneva	100%
Pictet Canada LP / SEC	Montreal	100%
Pictet Overseas Inc.	Montreal	100%
Rhone Trust and Fiduciary Services SA and subsidiaries	Geneva	100%

Foreign currency translation

Expenses and income expressed in foreign currencies of each Group entity are translated in the entities' statutory accounts at the rate on the date of the transaction. Assets and liabilities in foreign currencies are converted at the exchange rate on the date of the balance sheet. Gains and losses resulting from translations are included in the respective income statements of the entities.

At consolidation, assets and liabilities of Group entities are translated into Swiss francs at the closing exchange rate. Income and expenses are converted at the average exchange rate for the reporting period.

Exchange differences resulting from the translation into Swiss francs of individual financial statements are recognised in equity ("Currency translation reserve").

The main exchange rates used against the CHF for the translation of foreign currencies are as follows:

	30/06/2014	Average for the period
USD	0.8868	0.8885
EUR	1.2142	1.2183
GBP	1.5163	1.4899

Risk management

The Pictet Group's management defines the general company policy, of which the risk policy is part. Different management bodies incorporate this policy into internal regulations, specific policies or directives and instructions necessary for its enforcement.

Operational risks

The Pictet Group's operational risk management policy, which includes legal and compliance risks, defines the objectives, priorities and principles for the entire Group. It sets the organisational framework as well as the fundamental principles for the management of operational risks.

Liquidity risks

Liquidity risk management is an integral part of the Group's overall risk management process. The Group takes a prudent approach, anticipating liquidity risk, with the main objective of being able to honour its commitments at any time, including times of crisis. This approach takes into account all potential liquidity risks and all possible cash outflows that might have an impact on the level of liquidity. With its conservative risk modelling approach and the parameters set with these models, the Group is able to meet the legal and regulatory provisions governing the management of liquidity risk at any time.

Counterparty credit risks

The Treasury Committee is responsible for selecting the Group's banking counterparties. These selections are validated each quarter by Pictet Group's management. These risks are monitored daily.

Client credit risks

Pictet does not provide investment bank services or commercial loans. Only Lombard loans are granted against the pledging of securities and other client assets as collateral. The haircuts applied to the market value of pledged client assets for collateral purposes are conservative. The administration, follow-up and daily monitoring of client credit risks are performed by a dedicated department that is independent of the front office.

Market risks

Although the Group does not consider taking market risks as a core activity of its business, it may engage in proprietary trading in bonds, equities, investment funds, foreign exchange, metals, commodities and derivatives. Compliance with limits is monitored both intra-day and overnight.

Interest rate risks

The objective of the Group's interest rate risk policy is to keep the interest rate risk at a moderate level. This risk philosophy is translated into corresponding risk limits that are fixed by the Pictet Group's management.

Evaluation of risks

Group management reviews the main risks to which the Group is exposed on a quarterly basis. It ensures that the risks identified are taken into account adequately in the financial statements.

Comments on the balance sheet

Balance sheet operations

The consolidated balance sheet mainly reflects the Group's wealth management activity. Banque Pictet & Cie SA in Geneva remains the main bank of the Group and represents more than three quarters of the total consolidated balance sheet.

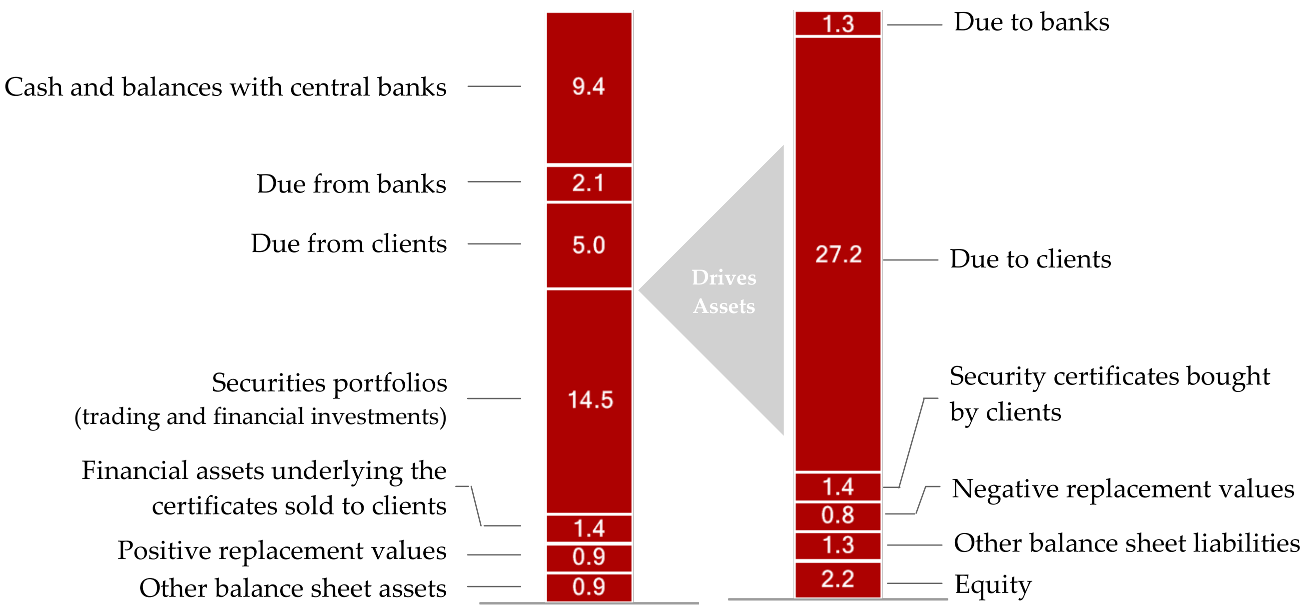
The size of the balance sheet is mainly determined by the volume of non-invested client assets that appear in the entry "Due to clients" under Liabilities.

As a measure of prudence, part of the amounts due to clients are held in cash to ensure that even substantial withdrawal requests can be met. The remaining part is mainly invested in bond portfolios. In order to ensure that their value is preserved in the short term, these portfolios are concentrated on securities that are very liquid, highly rated, with short maturities and eligible for repurchase agreements.

The Group offers its clients credit facilities in the form of Lombard loans. The Pictet Group does not extend commercial loans.

The chart below provides a simplified overview of the Group's balance sheet.

Pictet Group balance sheet at 30 June 2014
CHF 34.2 bn



Note 1: Cash and balances with central banks

This item consists of deposits held with the Swiss and Luxembourg central banks.

Note 2: Due to clients

This item represents clients' non-invested assets and is essentially made up of cash accounts.

Note 3: Due from and to banks

Amounts due from and to banks result in particular from client transactions. Exposure limits are set individually for each counterparty. Constant monitoring is carried out to ensure consistency between the level of exposure and the limit fixed. An in-depth solvency review of all counterparties is conducted each quarter and signed off by Group Management. These balances are made up solely of sight accounts.

Amounts due from and to banks are recorded on the balance sheet at nominal value, taking into consideration, for the amounts due from banks, the necessary value adjustments. Any risk of loss would be recorded under "Changes to provisions and other value adjustments, losses".

A cautious loan policy means that the Pictet Group has recorded hardly any credit losses to date

Note 4: Due from clients

These loans are aimed at facilitating clients' investment operations and addressing short- and medium-term financing needs. These credit lines are granted in the form of Lombard loans with a hair-cut applied to the market value of the securities received as collateral that goes beyond regulatory requirements.

The loans are recorded at nominal value on the balance sheet, taking into consideration any necessary value adjustments. Any risk of loss would be deducted from the net interest income.

Trading operations are chiefly conducted on behalf of clients

Note 5: Trading operations and replacement values of derivative instruments

The portfolio of securities and precious metals for trading purposes is made up of equities, bonds, financial derivative instruments and precious metals that are not acquired with the aim of being held as longer-term investments.

The table below shows the breakdown of the trading portfolio:

CHF '000	**30/06/2014**
Listed debt instruments	66,438
Listed equity instruments	139,558
Total	**205,996**

The Group executes on behalf of its clients all types of trading transactions usually provided by banks for their clients. To a lesser extent, the banks of Pictet Group carry out proprietary trading transactions on bonds, equities, foreign exchange and derivative instruments. These transactions are subject to limits that take both quality and market-liquidity parameters into account.

All positions are recorded at market value at the balance sheet closing date.

The replacement value of derivative instruments on 30 June reflects their market value. Most derivative instruments are foreign exchange forward trades for clients. For exchange-traded contracts entered into for clients, the replacement values are recorded on the balance sheet only for the amount that exceeds the margin calls.

The Group may use derivative instruments for hedging purposes to manage interest-rate and foreign-exchange risk as part of its asset and liability management. Hedging transactions are valued using the same principles as those for the underlying transactions being hedged.

The table below shows the Group's limited exposure to trading operations:

CHF '000	**30/06/2014**
Trading operations	205,996
Positive replacement values of derivative instruments	850,744
Trading portfolio liabilities	(83,971)
Negative replacement values of derivative instruments	(835,751)
Group net exposure	**137,018**

Note 6: Other financial instruments at fair value (and resulting liabilities)

The Group allows its clients to invest in certificates that mainly correspond to shares of equity baskets.

The amount of the investments in such certificates is recorded under balance sheet liabilities. The amounts that correspond to the underlying financial assets are recorded on the asset side of the balance sheet.

The difference between the amounts invested by clients, shown under liabilities, and the positions held to cover the certificates, shown on the asset side, is essentially due to a cash component that is not yet invested but recorded under "Cash and balances with central banks" in balance sheet assets.

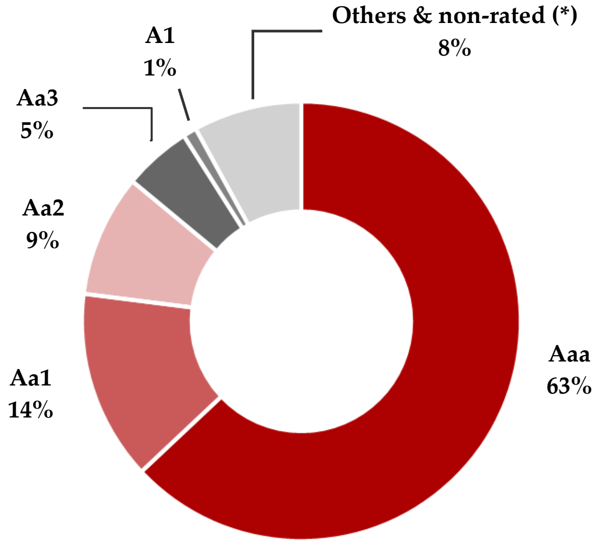
Non-invested client assets recorded under "Due to clients" balance sheet liabilities, are mainly left with central banks or invested in portfolios of very liquid and highly rated securities

Note 7: Financial investments

This portfolio is made up of 95% bonds, 4% precious metals and 1% equities.

The valuation of the bonds to be held to maturity is based on the amortised cost. Negative value adjustments are booked under "Other ordinary expenses" (subsequent positive revaluations are booked under "Other ordinary income").

The graph below shows the breakdown of the portfolio according to Moody's rating scale at 30 June 2014:



(*): Non-rated securities are mainly made up of bonds issued by multilateral development banks and Swiss cantons.

Precious metals are recorded at fair value at the balance sheet closing date. They serve as hedges for clients' "metal" accounts recorded under "Due to clients" balance sheet liabilities.

Note 8: Fixed assets and depreciation and amortisation

Fixed assets include buildings, IT and telecommunications equipment as well as furniture and fixtures.

The book value of fixed assets at 30.06.2014:

CHF '000	**30/06/2014**
Buildings	**400,076**
- for own use	*363,750*
- other buildings	*36,326*
Other tangible fixed assets	**80,475**
Total tangible fixed assets	**480,551**

Fixed assets are valued at purchase price after deduction of straight-line depreciation and amortisation based on their estimated useful life. Depreciation and amortisation are recorded under the heading “Depreciation and amortisation” of the income statement.

EXPECTED UTILISATION PERIODS	
Buildings	50 years
Equipment and fixtures	5 years
Other fixed assets	3 years

Note 9: Provisions

Provisions are made to cover likely future events for which a potential loss can be estimated. The main provisions relate to charges for deferred taxes totalling CHF 88 million and operational risks totalling CHF 49 million.

Note 10: Equity

The amount of equity substantially exceeds the 8% Basel III equity requirement stipulated by the BIS and the 12% requirement set by FINMA for banks of Pictet’s size.

Furthermore, the Group’s equity is made up solely of Common Equity Tier 1 (CET1).

AVAILABLE EQUITY AND EQUITY REQUIREMENT	
CHF '000	**30/06/2014**
Credit risk	359,094
Settlement risk	7
Credit Valuation Adjustments (CVA)	25,893
Non counterparty related risk	38,454
Market risk	38,239
Operational risk	272,609
Capital requirement	**734,296**
Total Equity	2,005,747
Participations	(8,973)
Total eligible capital	**1,996,774**
Solvency ratio (BIS)	**21.7%**

Comments on the income statement

The consolidated net profit for the Group comprises the contributions from different business lines. The profits of Pictet Wealth Management and Pictet Asset Services are primarily generated by the Group's banks, mainly Banque Pictet & Cie SA. For Pictet Asset Management, the profit is generated in the entities dedicated to this activity.

Note 11: Net interest income

CHF '000	**30/06/2014**
Interest and discount income	31,519
Interest and dividend income from financial investment	35,513
Interest expense	(4,286)
Net interest income	**62,746**

Interest and discount income are mostly made up of client debit interest. Interest expenses reflect the interest paid to correspondent banks.

85% of Group operating income arises from service income relating to Wealth and Asset Management

Note 12: Net commission and fee income

CHF '000	**30/06/2014**
Commission income from securities and investment activities	955,463
of which net commissions on portfolios	*697,122*
Other commission and fee income	4,692
Commission expenses	(131,893)
Net commission and fee income	**828,262**

This item corresponds to fees collected for the management of clients' assets, the Group's main service. The services for which these fees are levied include wealth management, custody, operations relating to fiduciary deposits as well as brokerage and trading services for securities and derivatives.

Net commissions on portfolios amount to CHF 697.1 million, which represents 84% of the net commission and fee income.

Commission expenses relate to custody fees, brokerage and transaction fees and miscellaneous fees paid to correspondents and depositories.

Note 13: Net income from trading and fair value option

Net trading income is essentially generated by clients' foreign exchange trades and revenues related to the certificates sold to clients.

Pictet can boast a 4% employee turnover rate

Note 14: Operating expenses

Personnel expenses, including the variable compensation linked to Group performance, are the main component of the operating expenses with a share of 74%. At 30 June, Pictet's full time equivalent employees totalled 2,346 in Switzerland and 1,265 abroad.

OPERATING EXPENSES

CHF '000	**30/06/2014**
Personnel expenses	**519,457**
General and administrative expenses	**184,609**
Office space expenses	31,987
Expenses for IT and communications	75,515
Expenses for vehicles, machinery, furniture and other equipment and fixtures as well as operating leases	7,735
Audit fees	1,804
Other operating expenses	67,568
Total operating expenses	**704,066**

Other operating expenses, totalling CHF 68 million, are mainly made up of travel and public relations costs.

Regarding pension obligations, the funding ratio of the pension fund for employees of the Swiss entities was 116% at 31 December 2013. For subsidiaries outside Switzerland, pension plans vary according to local requirements and are mostly based on "defined contributions" schemes.

Note 15: Contingent liabilities

These are guarantees issued on behalf of clients and for commitments arising from clients' investments in private equity deals. As is the case for Lombard loans, these commitments are collateralised by the pledging of clients' assets.

Abbreviations

FTE: Full Time Equivalent

PCB: *Prescriptions Comptables pour les Banques*

FINMA's new accounting guidelines for banks

DEC: *Directives sur les dispositions régissant l'Etablissement des Comptes*

FINMA's previous accounting guidelines for banks

FINMA: Swiss Financial Market Supervisory Authority

CET1: Common Equity Tier 1

BIS: Bank for International Settlements