

Pictet Group

Half-year financial report

30 June 2020



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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 thousand	1st half 2020	1st half 2019
Consolidated income statement		
Operating income	1 328 363	1 282 138
Total expenses before tax	1 009 000	943 464
Operating result	319 363	338 674
Consolidated profit for the half-year	262 397	265 255
Cost/income ratio	76%	74%

CHF thousand	30.06.2020	31.12.2019
Consolidated balance sheet		
Total assets	43 264 071	36 836 493
Total equity	3 154 448	3 131 102
Basel III CET1 solvency ratio	20.2%	20.5%
Basel III Total solvency ratio	20.2%	20.5%
Other indicators		
Assets under management or custody (CHF bn)	559	576
Staff (in FTE)	4 800	4 694
in Switzerland	2 922	2 878
abroad	1 878	1 816
Banque Pictet & Cie SA's 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 2020.

CONSOLIDATED BALANCE SHEET

Assets (CHF thousand)	30.06.2020	31.12.2019
Liquid assets	8 829 301	8 591 441
Amounts due from banks	1 867 482	1 254 807
Amounts due from securities financing transactions	6 434 212	4 613 000
Amounts due from customers	8 470 104	9 104 114
Trading portfolio assets	40 821	43 040
Positive replacement values of derivative financial instruments	1 180 320	1 283 232
Other financial instruments at fair value	882 957	746 502
Financial investments	14 250 013	9 960 306
Accrued income and prepaid expenses	429 269	442 435
Non-consolidated participations	8 153	8 373
Tangible fixed assets	464 940	463 976
Other assets	406 499	325 267
Total assets	43 264 071	36 836 493
Total subordinated claims	-	-
Liabilities (CHF thousand)	30.06.2020	31.12.2019
Amounts due to banks	1 220 728	1 172 011
Liabilities from securities financing transactions	685 192	410 042
Amounts due in respect of customer deposits	33 975 873	28 564 562
Trading portfolio liabilities	9 481	5 083
Negative replacement values of derivative financial instruments	1 472 399	1 376 649
Liabilities from other financial instruments at fair value	1 110 408	859 693
Accrued expenses and deferred income	674 345	855 561
Other liabilities	735 678	248 112
Provisions	225 519	213 678
Total equity	3 154 448	3 131 102
Equity owners' contribution	820 319	820 319
Capital reserve	11 664	11 664
Retained earnings reserve	2 088 031	1 789 101
Currency translation reserve	(27 963)	(29 042)
Consolidated profit (first half 2020/full year 2019)	262 397	539 060
Total liabilities	43 264 071	36 836 493
Total subordinated liabilities	-	-

Consolidated off-balance-sheet Transactions

CHF thousand	30.06.2020	31.12.2019
Contingent liabilities	7 800 527	7 237 945
Irrevocable commitments	18 760	18 760

Unaudited figures

CONSOLIDATED INCOME STATEMENT

CHF thousand	1st half 2020	1st half 2019	Change
Interest and discount income	86 606	79 558	
Interest and dividend income from financial investments	27 386	53 707	
Interest expense	(7 376)	3 328	
Gross result from interest operations	106 616	136 593	(22%)
Changes in value adjustments for default risks and losses from interest operations	(32 874)	-	
Subtotal net result from interest operations	73 742	136 593	(46%)
Commission income from securities trading and investment activities	1 546 185	1 407 910	
Commission income from lending activities	1 790	1 303	
Commission income from other services	7 831	9 651	
Commission expenses	(420 950)	(349 306)	
Subtotal result from commission business and services	1 134 856	1 069 558	6%
Result from trading activities and the fair value option	117 082	68 533	71%
Income from other non-consolidated participations	1 254	6 545	
Result from real estate	1 013	901	
Other ordinary income	418	8	
Other ordinary expenses	(2)	-	
Subtotal other result from ordinary activities	2 683	7 454	(64%)
Personnel expenses	(685 893)	(637 697)	
General and administrative expenses	(279 249)	(273 133)	
Subtotal operating expenses	(965 142)	(910 830)	6%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(25 557)	(22 785)	
Changes to provisions and other value adjustments and losses	(18 301)	(9 849)	
Operating result	319 363	338 674	(6%)
Extraordinary income	69	126	
Extraordinary expenses	(100)	-	
Taxes	(56 935)	(73 545)	
Consolidated profit of the half-year ended on 30 June	262 397	265 255	(1%)

Unaudited figures

COMMENTS

Name and legal status

The Pictet Group's (hereafter also referred to as "the Group") accounts comprise the 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 at 30 June 2020.

The Group's scope of consolidation therefore covers a number of corporate entities that are either linked in business combinations between themselves or consolidated into one or more of the business combinations. The combination link stems from the fact these entities come under the common 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 provisions of the Swiss Federal Law on Banks and Savings Banks, its relevant implementing ordinance as well as the Swiss Financial Market Supervisory Authority's (FINMA) Accounting ordinance (FINMA-AO) and the accounting rules for banks (FINMA Circular 2015/1).

The financial statements have been compiled to present a true and fair view of the Group's assets, financial position and results.

General valuation principles

Assets and liabilities, together with off-balance-sheet business recognised under the same accounting heading, are valued on an individual basis.

Recording of transactions

Transactions are recorded and valued in accordance with generally accepted principles. As a rule, they will be recognised in the balance sheet as of the settlement date, or the trade date in the case of trading and cash-management transactions.

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 that the assets, liabilities, off-balance-sheet transactions, income and costs of fully consolidated companies are included in the Group's financial statements. All material business relations between consolidated companies are eliminated from assets, liabilities, costs, income and off-balance-sheet transactions. 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.

Change in accounting principles

There were no changes in accounting principles in the course of the half-year ended on 30 June 2020

Events after the balance sheet date

No significant events that might affect the consolidated 2020 half-year accounts have occurred since 30 June 2020.

Factors influencing the economic situation of the Pictet Group

The COVID-19 virus has spread around the world since early 2020, with the result that it has been classified as a pandemic by the World Health Organisation. Measures implemented by various governments to contain the virus have affected economic activity in Switzerland and abroad.

The Group has itself taken a series of steps to monitor and prevent the effects of COVID-19, including measures to protect the health and safety of its employees (such as physical distancing and working from home) and to ensure business continuity.

Against this backdrop, the Group maintained its appeal for its clients, as demonstrated by positive net new money inflows in the first half of 2020. The effects of the pandemic have also caused high volatility in the markets and a significant decline in the value of certain assets. These events have influenced the Group's financial results. On the one hand this has led to the booking of value

adjustments for default risks and losses from interest operations relating to a limited number of customer loans and on the other to an increase in the result from trading activities and the fair value option. Half-year profits are comparable to those of the first half of 2019.

Extraordinary income and expenses

The Pictet Group did not record any significant extraordinary income or expenses during the 1st half-year 2020.

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

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