

Pictet Group

Annual report 2020



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KEY FIGURES

CHF thousand	2020	2019
Consolidated income statement		
Operating income	2 884 730	2 628 748
Total expenses before tax	2 191 006	2 022 662
Operating result	693 724	606 086
Consolidated profit for the year	576 714	539 060
Cost/income ratio	76%	77%

CHF thousand	31.12.2020	31.12.2019
Consolidated balance sheet		
Total assets	45 345 865	36 836 493
Total equity	3 167 986	3 131 102
Basel III CET1 solvency ratio	20.6%	20.5%
Basel III Total solvency ratio	20.6%	20.5%
Liquidity coverage ratio (LCR)	182%	156%
Return on equity	18.3%	17.7%
Leverage ratio	5.2%	5.9%

Other indicators		
Assets under management or custody (CHF bn)	609	576
Staff (in FTE)	4 881	4 694
in Switzerland	2 982	2 878
abroad	1 899	1 816
Banque Pictet & Cie SA's rating FitchRatings/Moody's	AA-/Aa2	AA-/Aa2

2020 AND PERSPECTIVES

It is with pride, humility and gratitude that I present the Pictet Group's annual report for the year 2020. Pride, because, with my fellow partners, I have seen unwavering commitment, professionalism and diligence from our employees worldwide, which resulted in 2020 being a record year for the Pictet Group. Humility and gratitude since this was achieved during a global pandemic of which the personal, professional and economic repercussions will be felt for years to come.

Assets under management rose during the year from CHF 576 billion to a record CHF 609 billion, of which CHF 24 billion represented net new money. While rising equity markets contributed to the increase, it is worth noting that our AUM has nearly doubled over the past decade.

Several factors contributed to our results, but it is the strong investment performance and the pace of our organic growth across all business lines that commands particular attention.

Well over 70 per cent of PAM and PWM mandates and strategies have outperformed their respective benchmarks over the past three years. Similarly, for PAA, 81 per cent of our funds of hedge funds exceeded their benchmark and the majority of our private equity investments were ahead of competitors' performance. PAS, our asset service business, which naturally does not offer its own investment products, also ended the year on a positive note.

Last year we began to implement our five-year vision – Ambition 2025. It is centred on seven key themes that we believe will shape the business of finance in the coming years. Among these themes are the rise of Asia, the rise in private market assets and the risk of financial instability stemming from heightened levels of government, corporate and private debt.

We have therefore intensified our expansion across Asia. PAM opened an office in Shanghai—Pictet's first in mainland China—while PWM reinforced its representation at the senior management and banker levels. Our new Chinese logo and the launch of a Chinese website further underscore our growth ambitions in the region.

We also continue to expand in private assets. Last year we launched an indirect private equity tech-focused fund and began investing the assets of our first direct real estate fund. We also intend to raise capital for a second, healthcare-related private equity vehicle later this year, in addition to the distressed debt fund we have launched.

The sale and lease-back of our headquarters at Acacias 60 in Geneva early in 2021 will reinforce the financial strength of the Group by reducing risk concentration on our balance sheet. The proceeds from the transaction will allow us to self-finance the development of our new building – the Campus Pictet de Rochemont – which we plan to complete by 2025 to mark our 220th anniversary.

Unsurprisingly, the pandemic helped us to accelerate some of our planned moves on flexible working arrangements. Our planned diversity and inclusion initiatives were also able to advance during the year. In that context, I am very happy to note, for example, that three of PAM's top-performing (and award-winning) total-return strategies are each led by a female fund manager.

What combines all of these efforts is our belief in acting responsibly – for our clients, as an employer and towards to communities in which we operate. We integrate environmental, social and governance principles into at least 75 per cent of actively managed assets across wealth and asset management. We also endowed the Pictet Group Foundation with assets of CHF 55 million, which will go towards supporting projects with measurable impact that build resilient communities and ecosystems in the field of water and nutrition—which are also two major fields for Pictet's responsible investment activities.

I would like to take the opportunity to thank our clients for their loyalty during these testing times and our employees for their commitment and their contribution to the continued success of our firm. Looking forward, I feel confident that we have a healthy base on which to thrive in years to come.

Renaud de Planta
Senior Partner

CONSOLIDATED BALANCE SHEET

Assets (CHF thousand)	Notes	31.12.2020	31.12.2019
Liquid assets		13 869 915	8 591 441
Amounts due from banks	10	1 597 424	1 254 807
Amounts due from securities financing transactions	1	3 758 383	4 613 000
Amounts due from customers	2;16	8 320 080	9 104 114
Trading portfolio assets	3	47 073	43 040
Positive replacement values of derivative financial instruments	4	1 450 531	1 283 232
Other financial instruments at fair value	3	1 432 513	746 502
Financial investments	5;10	13 301 761	9 960 306
Accrued income and prepaid expenses		683 024	442 435
Non-consolidated participations	6;7	5 845	8 373
Tangible fixed assets	8	474 827	463 976
Other assets	9	404 489	325 267
Total assets		45 345 865	36 836 493
Total subordinated claims		-	-
Liabilities (CHF thousand)	Notes	31.12.2020	31.12.2019
Amounts due to banks		1 392 722	1 172 011
Liabilities from securities financing transactions	1	1 402 249	410 042
Amounts due in respect of customer deposits	11;16	34 423 463	28 564 562
Trading portfolio liabilities	3	6 676	5 083
Negative replacement values of derivative financial instruments	4	1 728 573	1 376 649
Liabilities from other financial instruments at fair value	3;13	1 639 385	859 693
Accrued expenses and deferred income		1 106 919	855 561
Other liabilities	9	250 328	248 112
Provisions	14	227 564	213 678
Total equity		3 167 986	3 131 102
Equity owners' contribution	15;17	780 519	820 319
Capital reserve		11 664	11 664
Retained earnings reserve		1 808 262	1 789 101
Currency translation reserve		(9 173)	(29 042)
Consolidated profit for the year		576 714	539 060
Total liabilities		45 345 865	36 836 493
Total subordinated liabilities		-	-

Consolidated off-balance-sheet transactions

CHF thousand	Notes	31.12.2020	31.12.2019
Contingent liabilities	2;23	8 046 501	7 237 945
Irrevocable commitments	2	39 345	18 760

CONSOLIDATED INCOME STATEMENT

CHF thousand	Notes	2020	2019	Change
Interest and discount income	27	135 559	146 669	
Interest and dividend income from financial investments		50 743	106 340	
Interest expense	27	(12 638)	7 584	
Gross result from interest operations		173 664	260 593	-33%
Changes in value adjustments for default risks and losses from interest operations	2;14	(33 342)	(73)	
Subtotal net result from interest operations		140 322	260 520	-46%
Commission income from securities trading and investment activities		3 380 390	2 937 687	
Commission income from lending activities		5 456	3 245	
Commission income from other services		13 974	20 141	
Commission expenses		(880 823)	(744 678)	
Subtotal result from commission business and services		2 518 997	2 216 395	14%
Result from trading activities and the fair value option	26;27	221 950	141 324	57%
Income from other non-consolidated participations		1 262	8 811	
Result from real estate		1 488	1 972	
Other ordinary income		713	260	
Other ordinary expenses		(2)	(534)	
Subtotal other result from ordinary activities		3 461	10 509	-67%
Personnel expenses	28	(1 578 336)	(1 339 362)	
General and administrative expenses	29	(533 341)	(589 442)	
Subtotal operating expenses		(2 111 677)	(1 928 804)	9%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	6;8	(53 228)	(47 787)	
Changes to provisions and other value adjustments and losses	30	(26 101)	(46 071)	
Operating result		693 724	606 086	14%
Extraordinary income	30	372	864	
Extraordinary expenses	30	(136)	-	
Taxes	32	(117 246)	(67 890)	
Consolidated profit of the period		576 714	539 060	7%

CONSOLIDATED CASH FLOW STATEMENT

CHF thousand	2020		2019	
	CASH INFLOWS	CASH OUTFLOWS	CASH INFLOWS	CASH OUTFLOWS
Cash flow from operating activities (internal financing)				
Consolidated result of the year	576 714	-	539 060	-
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	53 228	-	47 787	-
Provisions and other value adjustments	28 080	14 194	46 688	72 427
Change in value adjustments for default risks and losses	33 342	-	73	-
Accrued income and prepaid expenses	-	240 589	-	31 571
Accrued expenses and deferred income	251 358	-	-	13 471
Other items	-	77 006	-	81 144
Previous year's dividends	-	520 256	-	511 135
Subtotal	942 722	852 045	633 608	709 748
Cash flow from shareholders' equity transactions				
Share capital/participation capital/endowment capital, of which, equity owners' contribution	-	39 800	181 933	-
Recognised in reserves	20 226	-	-	24 525
Subtotal	20 226	39 800	181 933	24 525
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	2 179	-	-	2 417
Real estate	-	11 517	-	-
Other tangible fixed assets	-	52 213	-	65 654
Subtotal	2 179	63 730	-	68 071

CHF thousand	2020		2019	
	CASH INFLOWS	CASH OUTFLOWS	CASH INFLOWS	CASH OUTFLOWS
Cash flow from banking operations				
Medium- and long-term business (>1 year)				
Amounts due from customers	22 706	-	-	9 151
Financial investments	-	3 368 284	-	1 225 130
Short-term business (<1 year)				
Amounts due to banks	220 711	-	-	162 275
Liabilities from securities financing transactions	992 207	-	169 477	-
Amounts due in respect of customer deposits	5 858 901	-	-	2 084 260
Trading portfolio liabilities	1 593	-	-	6 649
Negative replacement values of derivative financial instruments	351 924	-	331 428	-
Liabilities from other financial instruments at fair value	779 692	-	-	33 882
Amount due from banks	-	342 617	349 252	-
Amount due from securities financing transactions	854 617	-	-	2 707 000
Amount due from customers	761 328	33 342	-	508 476
Trading portfolio assets	-	4 033	20 883	-
Positive replacement values of derivative financial instruments	-	167 299	-	208 113
Other financial instruments at fair value	-	686 011	70 930	-
Financial investments	26 829	-	52 781	-
Liquidity				
Liquid assets	-	5 278 474	5 936 988	-
Subtotal	9 870 508	9 880 060	6 931 739	6 944 936
Total	10 835 635	10 835 635	7 747 280	7 747 280

STATEMENT OF CHANGES IN EQUITY

CHF thousand	EQUITY OWNERS' CONTRIBUTION	CAPITAL RESERVE	RETAINED EARNINGS RESERVE	CURRENCY TRANSLATION RESERVES	RESULT OF THE PERIOD	TOTAL
Equity at 1.1.2020	820 319	11 664	1 789 101	(29 042)	539 060	3 131 102
Other variations	(39 800)	-	357	-	-	(39 443)
Currency translation differences	-	-	-	19 869	-	19 869
Dividends and other distributions	-	-	-	-	(520 256)	(520 256)
Other allocations to (transfers from) the other reserves	-	-	18 804	-	(18 804)	-
Consolidated profit of the period	-	-	-	-	576 714	576 714
Equity at 31.12.2020	780 519	11 664	1 808 262	(9 173)	576 714	3 167 986

PICTET GROUP GOVERNANCE
AT 31 DECEMBER 2020

Structure and ownership of the Pictet Group

The Pictet Group is a privately owned leader in wealth and asset management. As an investment-led service company, the Pictet Group offers wealth management, asset management and related asset services. The Group does not engage in investment banking, nor does it extend commercial loans.

The Pictet Group comprises all the entities over which the partners of the Pictet & Cie Group SCA have joint control. These entities are listed in note 7 “Main legal entities of the Group”. The holding entities are listed in the accounting principles section.

The Group's equity comprises contributions from the equity owners, that is the partners and other holders of equity capital in the companies that, in combination, control the Pictet Group.

The significant equity owners are the partners: Renaud de Planta, Rémy Best, Marc Pictet, Bertrand Demole, Laurent Ramsey, Boris Collardi and Sébastien Eisinger.

Pictet Group governing bodies

The three main governing bodies are the Board of Partners, the Group Executive Committee and the Supervisory Board of Pictet & Cie Group SCA.

The Board of Partners is made up of the Partners of Pictet & Cie Group SCA. It is responsible for the highest level of management of the Group. It defines the Group's strategy, supervises its implementation, sets the Group's risk appetite and exercises consolidated supervision of the Group's activities.

The Group Executive Committee (GEC) is responsible for implementing the Group's strategy as set and approved by the Board of Directors. It monitors the implementation of the strategy within the Group. The GEC also defines the internal control framework.

The Supervisory Board acts as an independent body that oversees the management of the Pictet Group by the Board of Partners. The Supervisory Board acts as the audit committee and risk committee.

Risk management

The ‘risk management’ note to the Annual Report of the Pictet Group describes the Group’s risk policy and the risk profile, as well as the oversight, controlling and management of the risks incurred by the Pictet Group.

Supervisory Board

Members

Shelby du Pasquier, Chairman*

Hans Isler*

Jacques de Saussure*

Daniel Wanner

Nicolas Pictet

*Independent members

Organisation

The Supervisory Board is made up of at least three people elected by the annual general meeting of Pictet & Cie Group SCA. The composition of the Supervisory Board meets the independence criteria imposed by FINMA.

The members of the Supervisory Board are elected for a term of one year and may be re-elected. The members of the Supervisory Board may not be partners or employees of the Pictet Group.

The Supervisory Board meetings are called at least four times per year.

Responsibilities

As the body with oversight over the Board of Partners, the Supervisory Board verifies that the measures taken by the Board of Partners comply with law, regulations and the articles of association. In this context the Supervisory Board oversees the risk controls and the following tasks, among others:

- monitoring the existence of a risk management framework and policy that reflect the strategy and risk profile of the Pictet Group,
- critically assessing the main risks and ensuring that the Board of Partners responds to them,
- verifying that the level of equity is in line with the strategy and risk profile of the Pictet Group,
- monitoring the adequacy of the organisation of the Pictet Group's control functions.

The Supervisory Board also exercises a control function over the internal and external audit. In this capacity, it examines and approves the annual audit plan and reviews the work carried out by internal and external audit and the measures that have to be taken. It evaluates the integrity of the financial statements of the Group.

At least once a year, the Supervisory Board informs the Board of Partners of its findings relating to supervision and the controls performed.

Backgrounds of the members of the Supervisory Board

Shelby du Pasquier

Education

- Columbia University School of Law, New York City (LL.M.)
- University of Geneva, School of Law (Bachelor's)
- University of Geneva School of Economics and Social Sciences (Bachelor's)

Professional experience

- Since 1988: Lenz & Staehelin, Geneva (partner since 1994)

*Appointments**

- Member of the International Bar Association, Swiss Bar Association, Geneva Bar Association
- Member of the Bank Council of the Swiss National Bank
- Member of the Board of Directors of SGS SA
- Member of the Board of Directors of Stonehage Fleming Family and Partners Limited, Jersey
- Member of the Board of the Grand Théâtre de Genève Foundation

Hans Isler

Education

- Swiss Certified Public Accountant
- Master's in Economics, University of St. Gallen

Professional experience

- Since 2012: independent Board Member
- 2002 – 2011: Ernst & Young SA, Switzerland, Partner and member of the Board of Directors
- 1980 – 2002: Arthur Andersen SA, Switzerland, partner (from 1994 to 2002) and member of the Board of Directors
- 1978 – 1980: Delegate to the International Committee of the Red Cross

*Appointments**

- Chairman of the Board of Directors of Banque Thaler SA, Geneva
- Member of the Board of Directors of Banque du Léman SA, Geneva
- Chairman of the Board of Directors of Valcourt SA, Geneva
- Member of the Board of Directors of MKS (Switzerland) SA and its affiliates Pamp SA, MMTC Pamp Indid Pvt. Ltd and Goldavenue SA
- Member of the Finance Committee of Doctors Without Borders Switzerland, Geneva
- Member of the Appel de Genève Foundation Board

Jacques de Saussure

Education

- MIT Sloan School of Management, Boston
- Degree in applied Mathematics and Computing, Ecole Polytechnique de Lausanne

Professional experience

- 1980 – 2016: Pictet Group (partner from 1986 to 2016)
- 1978 – 1979: Intersec Research

*Appointments**

- Member of the Board of Directors of Salt Mobile SA, Renens
- Member of the Board of Directors of Symbiotics SA, Geneva
- Chairman of the Board of Directors of Eurosite Power Inc., Waltham (United States)
- Treasurer of the FIFDH Foundation (International Film Festival and Forum on Human Rights), Geneva
- Member of the Council of Europa Nostra, The Hague
- Chairman of the EPFL Plus Foundation
- Member of various Boards of charitable foundations

Daniel Wanner

Education

- Swiss Certified Public Accountant
- Master's in economics and management, HEC, Lausanne

Professional experience

- 1995 – 2019: Pictet Group (Group Chief Financial Officer from 2000)
- 1994 – 1995: STG-Coopers & Lybrand SA, Geneva
- 1983 – 1994: Ofor Révision Bancaire SA, Geneva

*Appointments**

- Member of the Board of Fondation Philanthropique Takoha E&D Wanner

Nicolas Pictet

Education

- Law degree and bar exam, Geneva

Professional experience

- 1984 – 2019: Pictet Group (partner from 1991 to 2019)
- 1982 – 1984: Oppenheimer & Richard Butler, London
- 1978 – 1982: Schellenberg Wittmer Avocats, Geneva

*Appointments**

- Member of various Boards of charitable foundations

** Appointments outside the Pictet Group*

Board of Partners

Composition

Renaud de Planta

Rémy Best

Marc Pictet

Bertrand Demole

Laurent Ramsey

Boris Collardi

Sébastien Eisinger

Organisation

The Board of Partners meets as often as business requires, at least twice per month, and is chaired by the senior partner. It works by consensus.

Responsibilities

The Board of Partners is the most senior level of management of the Pictet Group and its business activities. It defines and implements the Group's strategy and objectives, sets the acceptable level of risks and takes all decisions laying down the general framework of the Group's business activities. The Board of Partners also carries out the consolidated supervision of the activities of the Pictet Group.

The responsibilities of the Board of Partners include:

- determining and following up on the strategy, objectives and budget of the Pictet Group,
- setting the risk and compliance policy of the Pictet Group,
- monitoring the internal control system,
- setting the human resources policy,
- appointing and dismissing the Head of Internal Audit and the auditor of the Pictet Group on advice of the Supervisory Board,
- determining the principles to be used for accounting and financial controlling,
- reviewing and approving the interim and annual consolidated financial statements of the Pictet Group,

- allocating equity and determining the cash management principles for the Pictet Group as a whole.

The Board of Partners is responsible for implementing the internal audit, risk management and compliance functions related to the consolidated supervision of the Pictet Group. These functions are carried out by resources provided by certain entities of the Group.

Apart from their collegiate responsibility, the members of the Board of Partners assume individual and reporting responsibilities for corporate functions or business lines of the Pictet Group. These responsibilities are decided by the Board of Partners.

Backgrounds of the members of the Board of Partners

Renaud de Planta

Education

- PhD in Financial Economics, University of St. Gallen
- MBA in Finance, University of Chicago
- Master's in Economics, University of St. Gallen

Professional experience

- Since 2019: senior partner of the Pictet Group
- Since 1998: partner of the Pictet Group
- 1988 - 1998: Global Head of Equity Derivatives, UBS Warburg, London
- CEO of Hong Kong and Northern Asia

*Appointments**

- Member of various Boards of charitable foundations and academic institutions

Rémy Best

Education

- Law degree and bar exam, Geneva
- MBA, INSEAD, Paris

Professional experience

- Since 1997: Pictet Group (partner since 2003)
- 1991 – 1997: McKinsey & Company, New-York, Geneva and Zurich
- 1988 – 1990: Lalive, Budin & Partners, Geneva

*Appointments**

- Member of the Board of Directors of INSEAD
- Chairman, INSEAD Campaign Board
- Président, Domus Antiqua Helvetica, Geneva
- Member of the Assembly of the International Committee of the Red Cross
- Chairman of the Board of the Cercle du Grand Théâtre de Genève

Marc Pictet

Education

- MBA, Boston University
- International Management Program, Kobe
- Bachelor of Science, Bryant College, Smithfield, Rhode Island

Professional experience

- Since 2002: Pictet Group (partner since 2011)
- 2001 – 2002: Sal. Oppenheim, Cologne
- 1997 – 2000: Prudential Investments, Newark

*Appointments**

- Member of the Advisory Committee of Fondation Luxembourg
- Member of the Board of Trustees of Avenir Suisse
- Chairman of the Foundation Board of Fondation pour Genève

Bertrand Demole

Education

- MBA, INSEAD, Paris
- Bachelor's in Finance and Economics, Babson College, Boston

Professional experience

- Since 2001: Pictet Group (partner since 2011)
- 1999 – 2001: Soditic Asset Management, London
- 1996 – 1998: Moore Capital Management, New York

*Appointments**

- Member of the Committee of the Association of Swiss Private Banks
- Member of the Young Presidents' Organization

Laurent Ramsey

Education

- Certified Portfolio Manager and Financial Analyst (CFPI), Lausanne
- Master's in International Management, HEC Lausanne
- Bachelor's in Business Administration, HEC Lausanne

Professional experience

- Since 1995: Pictet Group (partner since 2016)

*Appointments**

- Vice-chairman de Genève Place Financière
- Member of the Board of Directors of the Asset Management Association

Boris Collardi

Education

- Executive Program, IMD Lausanne
- Centre d'enseignement supérieur secondaire de l'Ouest, Nyon

Professional experience

- Since 2018: Pictet Group (partner since 2018)
- 2006 – 2017: Julius Bär, Zurich
- 1993 – 2006: Crédit Suisse, Zurich and Singapore

*Appointments**

- Member of the Board of the Swiss Bankers Association, Basel
- Member of the Strategic Advisory Board of the EPFL Lausanne
- Member of the Foundation Board of IMD Lausanne
- Member of the Private Banking International Advisory Committee of the Wealth Management Institute Nanyang Technological University, Singapore
- Member of the Honorary Committee of the INTERPOL Foundation for a Safer World

Sébastien Eisinger

Education

- Master's degree in Mathematics, Jussieu, Paris

Professional experience

- Since 1999: Pictet Group (partner since 2019)
- 1994 – 1999: Lazard Frères Gestion, Paris

*Appointments**

- No other appointments

** Appointments outside the Pictet Group*

Group Executive Committee (GEC)

Composition

Members of the Board of Partners

Xavier Barde

Marc Briol

Jean-Philippe Nerfin

Grégory Petit

Bernd Uhe

Peter Wintsch

Composition

The GEC is made up of the members of the Board of Partners as ex officio members. The other members of the GEC are appointed by management from among the heads of the Group's main support functions.

Organisation

The GEC meets as often as business requires, but in principle at least once a month, chaired by the senior partner.

Responsibilities

The GEC is responsible for implementing the Group's strategy as set and approved by the Board of Partners. It monitors the implementation of the strategy within the Group by ensuring that the decisions of the management are properly passed down to the business lines and Group entities. The GEC also defines the internal control framework.

Backgrounds of the members of the Group Executive Committee

Members of the Board of Partners (above)

Xavier Barde

Education

- Swiss Certified Public Accountant
- Bachelor's in Economics, University of St. Gallen, additional specialisation in banking

Professional experience

- Pictet Group: since 2000
since 2020: equity partner
since 2018: Group Chief Risk Officer
2000 - 2018: deputy CFO and various positions in Financial Management
- 1995 - 2000: Arthur Andersen

Marc Briol

Education

- Master's in Economics, Institut Européen University of Geneva
- Bachelor's in Political Sciences, University of Geneva

Professional experience

- Pictet Group : since 1995
since 2008: equity partner
since 2008: CEO Pictet Asset Services
2008 - 2021: COO Technology & Operations
1997 - 2008 : COO Pictet Asset Management
1995 - 1997 : Assistant to the Head of Operations
- 1993 - 1995: Arthur Andersen

Jean-Philippe Nerfin

Education

- Law degree and bar exam, Geneva
- International and European Economic & Commercial Law (LL.M)

Professional experience

- Pictet Group : since 2010
since 2019: Group General Counsel
2017 - 2018: General Counsel Pictet Group Banks
2010 - 2016: various positions in the Legal Department
- 2003-2009: Pestalozzi Attorneys at Law, Geneva

Grégory Petit

Education

- Swiss Certified Public Accountant
- Diploma in International Financial Management, Conservatoire National des Arts et Métiers, Paris
- Master's in Finance, Paris School of Business, Paris

Professional experience

- Pictet Group since 2008:
 - since 2020: equity partner
 - since 2018: Group Chief Financial Officer
 - 2008 - 2017: various positions in the Internal Audit Department of the Pictet Group
- 2002 - 2007: Ernst & Young
- 2001 - 2002: Andersen
- 1999 - 2000: Arthur Andersen
- 1996 - 1998: Caisse d'Épargne France

Bernd Uhe

Education

- PhD in Biochemistry, Technical University of Munich and University of Utah
- Diploma in Chemistry, Heidelberg

Professional experience

- Pictet Group since 2006 :
 - since 2008: Equity Partner
 - since 2006: Global Head of Human Resources
- 1994 - 2006: McKinsey & Company

Peter Wintsch

Education

- Bachelor of Science in Economics, specialisation in marketing and information systems, University of Geneva

Professional experience

- Pictet Group since 2000:
 - since 2008: Equity partner
 - since 2005: Group Chief Technology Officer
 - 2000 - 2005 : Head of Organisation Department
- 1995 - 2000: JP Morgan Suisse SA
- 1994 - 1995: Price Waterhouse Management Consultancy Services (Suisse)
- 1989 - 1994 : IBM Suisse SA

Remuneration

Board of Partners

The members of the Board of Partners receive a fixed remuneration and receive the fee conditions and other benefits offered to staff.

No part of the remuneration of the members of the Board of Partners changed in 2020.

Group Executive Committee

The members of the GEC receive a fixed and variable remuneration. They also receive the fee conditions and other benefits offered to staff.

Supervisory Board

All members of the Supervisory Board receive a fixed remuneration.

The members of the Supervisory Board who used to be partners or employees of the Pictet Group receive the preferential fee conditions for transactions carried out within the Pictet Group. They do not receive other special conditions offered to staff.

The members of the Supervisory Board are not under any contract with the Pictet Group entitling them to compensation at the end of their appointment.

No part of the remuneration of the members of the Supervisory Board changed in 2020.

Auditors

The external audit is an integral part of the governance. The auditor of the consolidated financial statements of the Pictet Group is PricewaterhouseCoopers SA (PwC), Suisse. The existing appointment was renewed for 2020. Christophe Kratzer has been the auditor in charge since 2016.

PwC presents the planning of the audit work and their reports to the Supervisory Board.

Note 29 ‘Other operating expenses’ of the Annual Report of the Pictet Group details the fees paid to the auditor in 2020, including a breakdown between auditing fees and consulting fees. The latter related to assignments that do not impair the independence of the auditors.

Internal audit

The internal audit unit of the Group provides Pictet & Cie Group SCA’s Supervisory Board and Board of Partners with independent assurances on the operations and the control and governance process of the Pictet Group. In addition, it provides independent and objective advice and points of view, in order to create added value and improve the management of the Group.

To ensure the independence of this department, it only reports to the Chairman of the Supervisory Board and the Senior Partner of the Board of Partners.

NOTES

ACCOUNTING PRINCIPLES

Consolidated accounts at 31 december 2020

Name and legal status of the Group

The Pictet Group's 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 31 December 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.

Those entities that are directly controlled by the partners are: Pictet & Partners, Cologny; Pictet Holding LLP, Singapore; Pictet Capital SA, Cologny; Sopafin (Luxembourg) SA, Luxembourg; Pictet Canada LP, Montreal; and Sopafin SA, Cologny.

Accounting principles and valuation method

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 2020/1).

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

This report should be read in conjunction with the 'Pictet Group capital adequacy and liquidity disclosure at 31 December 2020' (in accordance with the Circular 2008/22).

The main accounting methods applied are described below.

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.

If a significant influence is exercised over an entity, the equity method is used for consolidation purposes. If the consolidated companies' accounts are closed on a date other than 31 December, interim financial statements will be drawn up.

Entities are consolidated as from the date effective control over them passed to the Group; they are removed from the scope of consolidation as from the date such control ceases.

Foreign-currency translation

Costs and income denominated in foreign currencies for each Group company are converted in the individual company accounts at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are converted at the exchange rate applicable on the period-closing date. Currency gains and losses resulting from

translation are included in the respective income statements of the individual companies.

Upon consolidation, the assets and liabilities of Group companies are converted into Swiss francs at the exchange rate on the period-closing date. Group companies' equity is converted at the historical exchange rate. Income and costs are converted at the exchange rate averaged over the reporting period.

Exchange differences resulting from conversion into Swiss francs of individual financial statements are recognised in equity ('Currency translation reserve'). The main exchange rates used to convert foreign currencies into Swiss francs are as follows:

	31.12.2020	31.12.2019	AVERAGE EXCHANGE RATE
EUR	1.0816	1.0870	1.0718
USD	0.8840	0.9684	0.9366
JPY	0.0086	0.0089	0.0088
GBP	1.2083	1.2828	1.2120

Liquid assets

Cash and sight deposits with central banks are booked in the balance sheet at nominal value.

Amounts due from banks and from customers

Amounts due from banks and from clients are booked in the balance sheet at nominal value, with due account being taken of any requisite value adjustments.

Value adjustments for default risk

Impaired loans/receivables are valued on an item-by-item basis. Off-balance-sheet transactions, such as firm commitments, guarantees and derivatives, are also included in this valuation. Any value impairment charge is covered by individual value adjustments to reflect the disparity between the book value of the receivable and the amount expected to be received as reimbursement.

A loan/receivable is deemed to be impaired when telltale signs make future contractual payments due in the form

of capital and/or interest unlikely or, at the latest, when any such payments are in arrears for over 90 days.

*Disclosures concerning the treatment
of past due interest*

Interest due and in arrears by over 90 days is regarded as being past due. The Group does not recognise any past due interest or interest from impaired loans/receivables in the income statement; instead, these items are booked under ‘Value adjustments for default risks’.

*Methods applied for identifying
default risks and assessing whether value
adjustments need to be made*

When a loan of a client or a group exceeds the limit granted, when a current account is overdrawn without an authorised overdraft limit or when the value of pledged collateral falls below the applicable drawdown limit, the Credit Risk Control team immediately notifies the Client Relationship Manager who must take remedial steps subject to oversight by the Group’s Credit Committee.

If it becomes unlikely the debtor will be able to honour their obligations, an individual value adjustment will be made on a case-by-case basis as decided by the relevant bodies and based on a proper valuation of any collateral security.

*Valuation of collateral security for credit,
in particular significant criteria
applied to assess current economic values
and the values of pledged assets*

Granting credit to clients comes second to the management and custody of clients’ assets, which constitute the Pictet Group’s core business. The credit facilities are granted primarily in the form of Lombard loans, i.e. credit that is secured by collateral pledged by the borrower.

Collateral accepted as security for Lombard loans are accounts with Group companies, fiduciary deposits with authorised correspondent banks, precious metals and selected negotiable securities.

Current economic values of such assets are based on their ongoing market value. Loan-to-value ratios are conservative, varying depending on the diversification, quality,

volatility and liquidity of the assets to be pledged as collateral security.

Securities financing transactions

The Group undertakes repurchase and reverse repurchase (repo/reverse repo) transactions for the purposes of its cash management, as well as securities lending/borrowing transactions on its clients' behalf.

Cash amounts exchanged and accrued interest are recognised in the balance sheet at nominal value. An item is only recognised in the balance sheet for securities where the transferring party also transfers economic control.

In cases where securities are lent or borrowed, those transactions in which the Group acts as principal and for which economic control have been transferred are recognised in the balance sheet. Such transactions undertaken for clients with the Group acting as agent are treated in compliance with rules for fiduciary transactions.

Trading portfolio assets and trading portfolio liabilities

Equities, bonds, precious metals, investment funds and derivatives not acquired as long-term investments or for the purpose of covering client purchases of certificates issued by the Group are included under 'Trading portfolio assets/liabilities'. Trading positions are valued at fair value on the balance-sheet date. Securities not traded on regular markets are valued at their acquisition cost subject to any requisite write-down of value (principle of the lower of cost or market value).

Interest and dividend income from trading portfolios are booked under 'Income from trading activities and the fair value option'. The refinancing costs of the trading portfolios are offset directly under 'Income from trading activities and the fair value option'. Unrealised income stemming from the valuation, as well as realised income, are booked under 'Income from trading activities and the fair value option'.

*Derivative financial instruments
and their replacement values*

– *Trading portfolios*

Derivative financial instruments ('derivatives') recorded on the balance-sheet date are marked to market ('fair value'). Positive and negative replacement values are recognised in the balance sheet under 'positive replacement values of derivative financial instruments' or 'negative replacement values of derivative financial instruments'.

For derivative contracts traded on clients' behalf on stock exchanges, only that portion of replacement values exceeding the margin calls is recognised in the balance sheet

– *Hedging transactions*

The Group may use derivatives to hedge interest-rate and currency risks for the purposes of its asset/liability management. Hedging transactions are valued according to the same principles as those for the underlying transactions being hedged. Income/losses on hedging transactions are booked under the same item under which the result from the underlying asset being hedged is booked.

*Other financial instruments
at fair value and liabilities from financial
instruments at fair value*

The Group enables its clients to purchase certificates corresponding, in the main, to shares in equity baskets.

The amount of investments by clients in such certificates is recorded as a liability in the balance sheet under 'Liabilities from other financial instruments at fair value'. Amounts corresponding to the underlying financial assets are recorded on the assets side of the balance sheet under 'Other financial instruments at fair value'.

The difference between the amounts invested by clients, shown under liabilities, and positions held to cover the certificates, shown on the assets side, is essentially due to a cash component recorded under 'Liquid assets' on the assets side of the balance sheet and the replacement values of derivative financial instruments purchased in accordance with the investment strategy of the certificates.

Changes in the value of the certificates and underlying positions are recorded under ‘Result from trading activities and the fair value option’ in the consolidated income statement.

Financial investments

Debt securities intended to be held to maturity are valued on the basis of amortised cost. Gains/losses resulting from fixed-income transactions sold prior to maturity or reimbursed early are accrued over the remaining term to the scheduled maturity date of the sold or reimbursed security. As a rule, negative value adjustments are booked under ‘Other ordinary expenses’ and positive value adjustments are recorded under ‘Other ordinary income’. In cases where value adjustments are broken down into components related to default risk and market conditions, that portion related to default risk is recognised under ‘Changes in value adjustments for default risks and losses from interest operations’.

Precious metals are valued at market value on the balance-sheet date. They serve primarily as hedges for clients’ ‘Metal’ accounts recorded under ‘Amounts due in respect of customer deposits’ on the liabilities side of the balance sheet. Value adjustments are booked under ‘Other ordinary expenses’ or ‘Other ordinary income’, as appropriate.

Equities and shares of funds intended to be held as long-term investments are valued at the lower of their acquisition cost or market value on the balance-sheet date.

Non-consolidated participations

Non-consolidated participations are valued at their acquisition cost, less any required write-down of their value.

Tangible fixed assets

Tangible fixed assets include buildings, IT and telecommunications equipment as well as furniture, fixtures and fittings. Tangible fixed assets are valued at their acquisition cost, less accumulated depreciation computed according to the straight-line method over the estimated useful life-times of the assets. Depreciation charges are booked under ‘Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets’ in the income statement.

Scheduled useful lifetimes

– Buildings for own use:	50 years
– Other buildings:	50 years
– Software:	3 years
– IT equipment:	3 years
– Other equipment and furniture:	3-5 years

Provisions

A provision is set aside for any probable obligation, based on a past event, whose amount and/or due date is uncertain, but can be reliably estimated.

Liabilities relating to pension schemes

The Pictet Group has set up several occupational pension schemes for its staff and employees in Switzerland and abroad.

Contributions paid into schemes are presented as ‘Personnel expenses’ in the income statement for the financial year to which they apply.

Every year, the Group examines whether, from its standpoint, there are economic benefits (overfunding) or obligations (underfunding) with regard to the pension schemes. Any difference with the corresponding value for the previous reporting period is booked under ‘Personnel expenses’ in the income statement.

The annual examination is undertaken on the basis of contracts, annual financial statements (for which the period closing date is not longer than 12 months earlier) drawn up in accordance with Swiss GAAP FER 26 for Swiss pension schemes, and any other calculations.

An economic benefit may be booked if permissible and the intended use of the surplus is to lower future employer contributions, to reimburse contributions to the employer or to utilise them outside regulatory benefits. This benefit (surplus) appears under ‘Other assets’ in the balance sheet and is booked in the income statement under ‘Personnel expenses’. The obligation (shortfall) is registered in the same way in the income statement. It is, however, booked under ‘Provisions’ in the balance sheet.

Taxes

Current taxes on income and capital are booked as an expense for the reporting period during which the income was generated.

Deferred taxes, stemming from temporary timing differences between the taxable and accounting values of assets and liabilities, are booked as deferred taxes under ‘Provisions’ on the liabilities side of the balance sheet.

Change in accounting principles

There were no changes in the accounting principles in 2020.

RISK MANAGEMENT

Risk policy

General provisions

Risk management forms a cornerstone of the Pictet Group's corporate strategy and governance. The Pictet Group's Management defines the Group's general risk policy, which is applied to all companies in the Pictet Group and is intended to cover all types of major risk to which the Group is exposed.

Specific factors related to the various categories of risk are covered in specific risk policies or in-house directives or guidelines. The risk policy is implemented at several different levels:

- The Pictet Group's Management ratifies and oversees implementation of general risk policy;
- The Executive Committees of Pictet Group companies supervise the proper implementation of the policy and put operational measures into practice to apply it;
- Specific committees are responsible for managing risks in their respective fields;
- The individual business units are responsible for managing risks specific to them.

In addition, the Pictet Group strives to foster a corporate culture in which risk management is given a high priority and made an integral part of all management activities. As such, risk management (for all risk categories) must be perceived by every member of staff as being one of their responsibilities as well.

Monitoring of overall risk profile

A risk management framework is in place (in accordance with FINMA circular 2017/1). The Group Risk Department compiles a consolidated report on overall risk exposure for the Pictet Group's management bodies on a quarterly basis. This report presents an impartial overview of the overall situation and level of risk for the Pictet Group.

Attitude to and appetite for risk

Considering the nature of the Pictet Group's business, risks cannot be entirely eliminated. Risks associated with the Group's business activities are accepted, in compliance with legal or internal regulations, provided they do not

exceed the Group's risk appetite (including in so-called 'stress' situations) and can be monitored and controlled thanks to documented processes in keeping with the Group's general risk policy.

Any new business activity, product or major change within an area of business is subject to a prior risk analysis. The Pictet Group's Management is required to give its formal approval.

The appetite for market, credit, interest-rate and liquidity risks at the Group level is translated into quantified limits, and the appetite for other categories of risk, such as operational and business risks, is translated into qualitative as well as quantified limits. These limits on risk are subdivided into sub-limits where deemed necessary. These limits are regularly reviewed by the Pictet Group's Management.

Risks that do not come under the heading of risks related to the Pictet Group's business activities or which exceed the limits laid down are avoided, lessened or transferred. Similarly, business activities involving risks that are not adequately rewarded are avoided.

Credit risk

Credit risk arises out of the possibility of a counterparty defaulting on its financial obligations towards the Pictet Group. It covers settlement risks and risk factors associated with a particular country. All forms of credit obligations involving non-banking clients, banks or organised markets constitute a credit risk. Credit risk management is monitored by the Chief Credit Officer.

– *Clients*

Providing credit to clients comes second to the management and custody of assets on behalf of third parties, which constitute the Pictet Group's core business. Credit facilities granted are primarily in the form of Lombard loans, i.e. credit that is secured by collateral pledged by the borrower.

Risks are limited by stringent criteria in terms of the quality, liquidity, valuation and diversification of assets pledged as collateral, as well as by the application of conservative loan-to-value ratios, differentiated by asset class.

All liabilities stemming from credit granted are reviewed in a quarterly report submitted to the Pictet Group’s management bodies. Such reports may be compiled more frequently in the event of high market volatility or in the case of credit obligations calling for special monitoring.

– *Banking counterparties*

The Pictet Group selects top-tier correspondent banks and banking counterparties. In addition to diversification criteria, risks are reduced by resorting to legal or contractual compensation, guarantees, credit derivatives or hedging taking the form of different financial assets. Settlement risk is limited through recourse to centralised settlement systems of the Continuous Linked Settlement (CLS) type.

Banking counterparties selected by the Treasury Committee are approved on a quarterly basis by the Pictet Group’s Management. All limits are set according to a formal process under the Chief Credit Officer’s responsibility. Limits on trading and settlement, bank deposits, fiduciary deposits and clearing limits are set on an individual basis for each counterparty.

Management and monitoring of banking counterparty risk are the responsibility of the Treasury Committee, which draws on the support of the following bodies and persons:

- the Banking Risk Committee (BRC), comprising Pictet Group financial analysts specialised in banks, gives an impartial assessment to the Treasury Committee;
- the Counterparty Risk Committee (CRC) examines requests for changes to existing limits or for new limits for banking counterparties;
- the Chief Credit Officer permanently monitors and controls the quality of banking counterparties;
- the Credit Risk Control team checks compliance with limits for each banking counterparty.

A quarterly report on the status of contracted obligations is compiled and presented to the Pictet Group’s Management.

– *Financial investments*

The Pictet Group invests in top-quality financial assets, mainly including bonds or similar debt securities meeting very stringent criteria. These investments are intended to diversify the Pictet Group's liquidity in medium-term investments and to deliver regular returns.

The choice of investment vehicle is devolved to the Treasury Department in conformity with the investment grid authorised by the Treasury Committee. This grid, reviewed and revised depending on developments, stipulates those instruments, types of issuers and countries that are authorised, the minimum credit ratings to be met, as well as limits and sub-limits by segment, issuer and maturity date.

Market risk

Market risk refers to the Pictet Group's exposure to any adverse movements in market conditions. The main risk factors relate to interest rates, exchange rates and prices of equity securities and precious metals.

– *Trading operations for its own account (trading portfolio)*

The Board of Partners lays down the overall appetite for market risks. This is then broken down into sub-limits under the supervision of the Chief Risk Executive Committee. The senior management of Pictet Trading & Sales (PTS) is responsible for organising first-level market risk controls. Second-level controls are carried out by the PTS' unit responsible for monitoring market risk (internal limits) and the Group Risk Department (independent controls including those on capital), which have an unlimited right to inspect the first-level risk monitoring.

The Pictet Group Policy for Managing, Controlling and Monitoring Market Risk sets out the organisational framework and underlying principles with regard to managing market risks.

Trading activities for the Group's own account are aimed essentially at mitigating risk resulting from client orders. It is not the Pictet Group's prime vocation to take large directional positions for its own account with respect to its own funds. Such proprietary trading is undertaken subject to a strict framework of limits and is geared towards

accumulating a more thorough understanding of markets in which the Pictet Group is active.

Proprietary trading is used primarily on currency, equity and bond markets.

Limits attached to such trading activities are formulated in three ways: as a delta or direct exposure (in-house limits), as stress tests (internal limits) and in terms of equity in accordance with FINMA rules relating to calculating capital adequacy requirements for market risks (formulated in Circular 2008/20).

– *Structural balance-sheet management (bank portfolio)*

The Pictet Group Liquidity Management Policy sets out the organisational framework and the fundamental principles of structural balance-sheet management.

The purpose of managing the balance sheet, generally referred to as Asset & Liability Management (ALM), is to estimate and achieve a balance between liabilities (inflows) and assets (outflows) in light of the Pictet Group's appetite for risk, subject to the constraints of achieving a desired level of profitability and adherence to a clearly-delineated regulatory framework. The Treasury Committee analyses liquidity risk and interest-rate risk; it ensures that ratios imposed by FINMA are complied with. The Finance Department is responsible for organising the first level market risk controls stemming from treasury management activities and including the stress tests. The second level controls (independent) are performed by the Group Risk Department.

The purpose of the Pictet Group's policy is to keep interest-rate risk at a modest level. This policy is reflected in corresponding risk limits.

The Treasury Department is responsible for implementing the defined strategy at the operational level. The use of interest-rate derivatives for the purposes of hedging or managing durations is allowed as being in line with efficient cash management.

Operational risk

Operational or business risk can be defined as the risk of losses or damage resulting from inadequacies or shortcomings in in-house processes, staff or systems, or stemming from external events. Operational risk also covers legal and compliance risks.

The Pictet Group Operational Risk Policy sets out the organisational framework and the fundamental principles of operational risk management. The policy requires that the responsibilities be clearly defined for each significant risk. These responsibilities are broken down into three categories: owning the risk, controlling the risk and monitoring the risk.

Management teams for each business line are responsible for identifying, assessing, managing, monitoring and controlling those operational risks specific to their area of business. They are assisted in this by risk managers working directly with the various business lines. These risk managers also act as liaisons between Management and the Group Risk Department.

A process of identifying and assessing operational risks throughout the Pictet Group is performed on a regular basis. If deemed necessary, action plans are instigated to lessen risks that are assessed to exceed limits set according to the appetite for risk.

Key risk indicators (KRIs) are defined and regularly analysed. These KRIs measure the level of risk resulting from business activities, systems, processes, etc.

All operating incidents and potentially resultant financial losses are logged so as to have an overall quantifiable view of incidents that have occurred and to ensure that plans to mitigate risk levels or extra checks and controls can be put in place in the event of a major incident.

The Pictet Group has instituted robust corporate governance geared towards anticipating risk. This involves actively exchanging information with business lines and regular efforts to remind staff of their responsibilities and heighten their awareness about the direct and indirect impact that the Pictet Group's activities might have on its reputation as well as on that of its clients and its staff (such as changes in the political or regulatory climate). Effective management of communications, both in-house and to the outside world, is crucial in safeguarding the Pictet

Group's good name and reputation. Group Corporate Communications is responsible for managing risk related to the Group's image. It monitors articles published about the Group and contacts the media if the Group's reputation could be damaged. Measures aimed at limiting risk to the Group's image and reputation include analysing and pinpointing any areas of vulnerability, carrying out internal analyses and escalation procedures as well as rules of conduct applicable to staff. Group Corporate Communications works closely with the Risks, Compliance and Legal Departments. Reputational risk, and the monitoring and appropriateness of measures taken to mitigate it, are covered in the consolidated report on overall risk submitted to Pictet Group's Management.

The Pictet Group has implemented a crisis management process to enable it to take effective and swift action to cope with a variety of crisis events. A crisis management plan has been drawn up and members of staff appointed as 'Crisis Coordinators' have been trained. Operating procedures and communications plans have been compiled.

Business Continuity Management is geared towards safeguarding the sustainability of the Pictet Group and protecting its clients' assets. Contingency solutions have been devised, deployed and kept operational for each Pictet Group company in keeping with the risks incurred, statutory and regulatory requirements, and need in terms of safeguarding the continuity of operations. To this end, emergency off-site workplaces and IT/technical infrastructures are available and regularly tested.

Change in risk policy

There were no changes to the risk policy in 2020.

HEDGE ACCOUNTING

Equity of consolidated companies

Fixed forward contracts are used to hedge exchange-rate risk related to the equity of consolidated companies. The results of hedging contracts are booked in the same way as results for the underlying hedged item, i.e. under ‘Currency translation reserves’.

How effective hedging contracts are, is gauged whenever the hedging is renewed or rolled over by comparing the results achieved by the hedging instrument and the hedged item. Hedging transactions that no longer or only partially fulfil their hedging purpose are equated, for their ineffective portion, to trading transactions and are treated as such.

Treasury management

The Pictet Group invests its surplus liquidity from clients’ deposits in a portfolio following a long-term strategy. This portfolio holds bonds intended to be held to maturity, although, in particular circumstances (such as a downgrading of an issuer’s credit rating), the debt securities may be sold before term. Depending on market rates, excess treasury amounts may also be invested in short-term investments.

In order to protect against interest-rate risk that might have an adverse impact on the portfolio’s value, the Group makes use of derivatives (in the form of interest-rate swaps). The risk measures used are Basis Point Values (BPV), which indicate how sensitive the portfolio’s market value is to a parallel change of one basis point in the yield curves of different currencies. In addition, multiple stress tests (parallel and non-parallel) are applied to the yield curve. This risk is monitored daily.

EVENTS AFTER THE BALANCE SHEET DATE

Following a sale and leaseback agreement, the Group no longer owns its headquarters building in Geneva, effective 1 March 2021. The building was sold for a price greater than its accounting value at 31 December 2020, resulting in no additional depreciation requirement in the 2020 financial statements.

The Group has announced its decision to transfer the headquarters of its bank in the European Union, Pictet & Cie (Europe) S.A., from Luxembourg to Frankfurt during 2022. This strategic move has no impact on the 2020 consolidated financial statements.

NOTES TO THE BALANCE SHEET**1. BREAKDOWN OF SECURITIES FINANCING
TRANSACTIONS (ASSETS AND LIABILITIES)**

CHF thousand	31.12.2020	31.12.2019
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	3 758 383	4 613 000
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	1 402 249	410 042
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	1 405 275	419 733
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	3 809 590	4 614 316

*Before netting agreements

2. PRESENTATION OF COLLATERAL FOR LOANS/RECEIVABLES AND OFF-BALANCE-SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS/RECEIVABLES

CHF thousand	TYPE OF COLLATERAL			
	SECURED BY MORTGAGE	OTHER COLLATERAL	UNSECURED	TOTAL
Loans (before netting with value adjustments)				
Amounts due from clients	44 656	8 120 951	188 203	8 353 810
Total loans (before netting with value adjustments)				
31.12.2020	44 656	8 120 951	188 203	8 353 810
31.12.2019	49 940	8 581 969	472 593	9 104 502
Total loans (after netting with value adjustments)				
31.12.2020	44 656	8 120 951	154 473	8 320 080
31.12.2019	49 940	8 581 969	472 205	9 104 114
Off-balance sheet				
Contingent liabilities	-	8 020 142	26 359	8 046 501
Irrevocable commitments	-	21 315	18 030	39 345
Total off-balance sheet				
31.12.2020	-	8 041 457	44 389	8 085 846
31.12.2019	-	7 203 728	52 977	7 256 705

Impaired loans/receivables

CHF thousand	GROSS DEBT AMOUNT	ESTIMATED LIQUIDATION VALUE OF COLLATERAL	NET DEBT AMOUNT	INDIVIDUAL VALUE ADJUSTMENTS
31.12.2020	33 730	-	33 730	33 730
31.12.2019	388	-	388	388

Impaired loans represent 0.41% of the total amounts due from clients at 31 December 2020 (compared to 0.004% at 31 December 2019).

The increase in the amount of impaired receivables is due to a limited number of clients with negative balances as of 31 December 2020 resulting from losses caused by the high volatility of the financial markets as a result of the COVID-19 crisis. Ongoing actions have resulted in the recovery of CHF 7.1 million of the amount of impaired receivables to date.

**3. BREAKDOWN OF TRADING PORTFOLIOS
AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE
(ASSETS AND LIABILITIES)**

ASSETS (CHF thousand)	31.12.2020	31.12.2019
Trading portfolio assets	47 073	43 040
Debt securities, money market securities/transactions	539	3
<i>of which, listed</i>	-	-
Equity securities	46 534	43 037
Other financial instruments at fair value	1 432 513	746 502
Equity securities	1 412 176	730 717
Precious metals	20 337	15 785
Total assets	1 479 586	789 542
<i>of which, determined using a valuation model</i>	1 615	2 210
LIABILITIES (CHF thousand)	31.12.2020	31.12.2019
Trading portfolio liabilities	6 676	5 083
Equity securities	6 676	5 083
Other financial instruments at fair value	1 639 385	859 693
Structured products (certificates)	1 639 385	859 693
Total liabilities	1 646 061	864 776
<i>of which, determined using a valuation model</i>	1 461	238

The Pictet Group enables its clients to purchase certificates corresponding, in general, to shares in equity baskets. The section detailing the accounting principles used in this report describes how these certificates are treated.

4. PRESENTATION OF DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

CHF thousand	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	POSITIVE REPLACEMENT VALUES	NEGATIVE REPLACEMENT VALUES	CONTRACT VOLUME	POSITIVE REPLACEMENT VALUES	NEGATIVE REPLACEMENT VALUES	CONTRACT VOLUME
Interest-rate instruments						
Swaps	27 628	26 374	1 234 874	72 862	286 128	18 504 108
Futures	3	11	1 179 862	-	-	-
Options (exchange-traded)	-	-	2 199	-	-	-
Foreign exchange						
Forward contracts	428 706	552 423	43 183 760	77	-	32 376
Combined interest rate/ currency swaps	747 350	634 017	96 521 813	17 712	92 780	2 886 405
Options (OTC)	56 019	43 321	9 922 669	-	-	-
Precious metals						
Forward contracts	6 065	8 664	260 241	-	-	-
Combined interest rate/ currency swaps	4 972	4 655	328 864	-	-	-
Options (OTC)	18 939	17 746	860 345	-	-	-
Equity securities/indices						
Forward contracts	2 168	2 168	202 468	-	-	-
Futures	21	126	884 997	-	-	-
Options (OTC)	21 276	41 921	915 754	-	-	-
Options (exchange-traded)	36 298	7 804	436 027	-	-	-
Credit derivatives						
Credit default swaps	10 435	10 435	609 808	-	-	-
Total before netting agreements:						
31.12.2020	1 359 880	1 349 665	156 543 681	90 651	378 908	21 422 889
of which, determined using a valuation model	1 323 558	1 341 724	154 040 596	90 651	378 908	21 422 889
31.12.2019	1 146 455	1 157 428	162 179 008	136 777	219 221	29 723 412
of which, determined using a valuation model	1 145 343	1 155 639	158 333 322	136 777	219 221	29 723 412

Derivative financial instruments result mainly from transactions on behalf of clients in which Pictet Group entities contract with counterparties on the market.

Furthermore, hedging transactions are mentioned in the section on hedge accounting.

– Total after netting agreements

CHF thousand	POSITIVE REPLACEMENT VALUES (CUMULATIVE)	NEGATIVE REPLACEMENT VALUES (CUMULATIVE)
31.12.2020	1 450 531	1 728 573
31.12.2019	1 283 232	1 376 649

– Breakdown by counterparty

POSITIVE REPLACEMENT VALUES (AFTER NET- TING AGREEMENTS) (CHF thousand)	CENTRAL CLEARING HOUSES	BANKS AND SECURITIES DEALERS	OTHER CUSTOMERS
31.12.2020	-	976 054	474 477
31.12.2019	-	997 650	285 582

5. BREAKDOWN OF FINANCIAL INVESTMENTS

CHF thousand	BOOK VALUE		FAIR VALUE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt securities	12 509 379	9 224 002	12 830 052	9 513 583
<i>of which, intended to be held to maturity</i>	12 509 379	9 224 002	12 830 052	9 513 583
Equity securities	179 390	174 504	227 174	202 169
Precious metals	612 992	561 800	612 992	561 800
Total	13 301 761	9 960 306	13 670 218	10 277 552
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	10 038 574	6 199 456	10 279 361	6 344 942

– Breakdown of counterparties by rating

CHF thousand	BOOK VALUE	
	31.12.2020	31.12.2019
AAA	9 312 356	6 532 233
AA+	1 966 696	1 363 243
AA	197 379	350 763
AA-	1 031 556	895 635
A+	1 392	82 128
Total	12 509 379	9 224 002

The Pictet Group uses the specific ratings of three agencies (Standard & Poor's, Moody's and Fitch) assigned to the instruments it holds. Ratings are based on Standard & Poor's rating scale. When three ratings are available, the median value is taken. When two ratings are available, the more prudent one is taken. In the absence of a specific rating, Standard & Poor's long-term rating of the issuer is used.

6. NON-CONSOLIDATED PARTICIPATIONS

CHF thousand	ACQUISITION COST	ACCUMULATED VALUE ADJUSTMENTS AND CHANGES IN BOOK VALUE (VALUATION USING THE EQUITY METHOD)	BOOK VALUE AT 31.12.2019	RECLASSIFICATIONS	DISPOSALS	VALUE ADJUSTMENTS	BOOK VALUE AT 31.12.2020	MARKET VALUE
Other participations								
with market value	2 900	(2 900)	-	-	-	-	-	3 180
without market value	11 371	(2 998)	8 373	(2 156)	(23)	(349)	5 845	145 130
Total participations	14 271	(5 898)	8 373	(2 156)	(23)	(349)	5 845	148 310

7. MAIN LEGAL ENTITIES OF THE GROUP

COMPANY NAME AND DOMICILE	BUSINESS ACTIVITY	CURRENCY	COMPANY CAPITAL (in thousand)	SHARE OF CAPITAL (in %)	SHARE OF VOTES (in %)	HELD DIRECTLY (in %)	HELD INDIRECTLY (in %)
Bank Pictet & Cie (Asia) Ltd, Singapour	Bank	CHF	85 000	100	100	-	100
Banque Pictet & Cie SA, Carouge	Bank	CHF	90 000	100	100	-	100
Bayside Pictet Ltd, Nassau	Real estate company	CHF	7	100	100	-	100
Finance 1805 SA, Carouge	Financial company	CHF	100	100	100	-	100
FundPartner Solutions (Europe) SA, Luxembourg	Fund management	CHF	6 250	100	100	-	100
FundPartner Solutions (Suisse) SA, Carouge	Fund management	CHF	10 000	100	100	-	100
Pictet & Cie (Europe) S.A., Luxembourg	Bank	CHF	70 000	100	100	-	100
Pictet & Cie Group SCA, Carouge	Financial company	CHF	148 500	100	100	-	100
Pictet & Cie (Monaco) SAM, Monaco	Wealth management	EUR	300	100	100	-	100
PICTET & PARTNERS, Cologne	Financial company	CHF	300 000	100	100	100	-
Pictet Advisory Services (Overseas) Ltd, Nassau	Investment advisory	CHF	150	100	100	-	100
Pictet Alternative Advisors SA, Carouge	Wealth management	CHF	3 000	100	100	-	100
Pictet Alternative Advisors (Europe) SA, Luxembourg	Wealth management	EUR	525	100	100	-	100
Pictet Alternative Advisors Holding SA, Carouge	Financial company	CHF	5 700	100	100	-	100
Pictet Alternative Advisors (UK) Limited, Londres	Wealth management	GBP	50	100	100	-	100
Pictet Alternative Advisors (Germany) GMBH, Francfort	Wealth management	EUR	85	100	100	-	100
Pictet Alternative Advisors (Spain) SL, Madrid	Wealth management	EUR	60	100	100	-	100
Pictet Alternative Advisors (Sweden) AB, Stockholm	Wealth management	SEK	600	100	100	-	100
Pictet Asset Management (Europe) SA, Luxembourg	Asset Management	CHF	11 332	100	100	-	100
Pictet Asset Management (Hong-Kong) Ltd, Hong-Kong	Asset Management	HKD	30 000	100	100	-	100
Pictet Asset Management (Japan) Ltd, Tokyo	Asset Management	JPY	200 000	100	100	-	100
Pictet Asset Management (Singapore) Pte Ltd, Singapour	Asset Management	SGD	2 500	100	100	-	100
Pictet Asset Management Ltd, Londres	Asset Management	GBP	45 000	100	100	-	100
Pictet Asset Management Holding SA, Carouge	Financial company	CHF	40 000	100	100	-	100

COMPANY NAME AND DOMICILE	BUSINESS ACTIVITY	CURRENCY	COMPANY CAPITAL (in thousand)	SHARE OF CAPITAL (in %)	SHARE OF VOTES (in %)	HELD DIRECTLY (in %)	HELD INDIRECTLY (in %)
Pictet Asset Management Inc., Montréal	Asset Management	CAD	250	100	100	-	100
Pictet Asset Management SA, Carouge	Asset Management	CHF	21 000	100	100	-	100
Pictet Asset Management (USA) Corp., New York	Asset Management	USD	-	100	100	-	100
Pictet Bank & Trust Ltd, Nassau	Bank	CHF	102 000	100	100	-	100
Pictet Canada S.E.C., Montréal	Brokerage	CAD	108 500	100	100	100	-
Pictet Capital S.A., Cologny	Financial company	CHF	90 000	100	100	83	17
Pictet Europe SA, Luxembourg	Financial company	CHF	10 000	100	100	-	100
Pictet Global Markets (UK) Ltd, Londres	Wealth management	GBP	500	100	100	-	100
Pictet Holding LLP, Singapour	Financial company	CHF	100 000	100	100	92	8
Pictet Life Insurance Advisors (France) SAS, Paris	Financial company	EUR	500	100	100	-	100
Pictet Life Insurance Advisors SA, Luxembourg	Financial company	EUR	500	100	100	-	100
Pictet (London) Ltd, Londres	Financial company	GBP	7 000	100	100	-	100
Pictet North America Advisors SA, Carouge	Wealth management	CHF	500	100	100	-	100
Pictet Overseas Inc., Montréal	Brokerage	USD	30 000	100	100	-	100
Pictet Private Fund Management (Shanghai) Limited, Shanghai	Asset Management	CNY	8 404	100	100	-	100
Pictet Sice Ltd, Taiwan	Asset Management	TWD	70 000	100	100	-	100
Pictet Technologies SA, Luxembourg	IT services	EUR	500	100	100	-	100
Pictet Wealth Management (Israel) Ltd, Tel Aviv	Wealth management	ILS	1 000	100	100	-	100
Sopafin Luxembourg SA, Luxembourg	Financial company	CHF	11 200	100	100	100	-
Sopafin Suisse SA, Cologny	Financial company	CHF	57 140	100	100	26	74

The entities listed above are consolidated according to the full consolidation method. Investments in companies that are not significant for the financial reporting are excluded from the consolidation perimeter.

– *Significant non-consolidated participations at 31.12.2020*

COMPANY NAME AND DOMICILE	BUSINESS ACTIVITY	CURRENCY	COMPANY CAPITAL (in thousand)	BOOK VALUE (in thousand CHF)	SHARE OF CAPITAL (in %)	SHARE OF VOTES (in %)
Euroclear Holding SA/NV, Bruxelles	Financial Company	EUR	3 147	1 893	1	1
Pictet International Ltd	Financial Company	CHF	655	1 275	100	100

The Pictet Group does not have any significant position in equity securities of companies recorded in the assets of the balance sheet under ‘Financial investments’ (2019: none).

There are no commitments to purchase or dispose of shares (2019: none).

Non-consolidated participations are deemed significant if their value recorded on the balance sheet exceeds CHF 1 million or equivalent. All non-consolidated participations are subject to an equity requirement (risk weighted assets).

8. TANGIBLE FIXED ASSETS

CHF thousand	ACQUISITION COST	ACCUMULATED DEPRECIATION	BOOK VALUE AT 31.12.2019	ADDITIONS	TRANSLATION DIFFERENCES	DEPRECIATION	BOOK VALUE AT 31.12.2020
Buildings for own use	503 160	(180 923)	322 237	11 517	-	(7 575)	326 179
Other real estate	52 715	(24 913)	27 802	-	-	(725)	27 077
Separately acquired software	80 584	(66 508)	14 076	8 142	(11)	(8 729)	13 478
Other tangible fixed assets	235 607	(135 746)	99 861	44 756	(674)	(35 850)	108 093
Total tangible fixed assets	872 066	(408 090)	463 976	64 415	(685)	(52 879)	474 827

**9. BREAKDOWN
OF OTHER ASSETS AND OTHER LIABILITIES**

CHF thousand	OTHER ASSETS		OTHER LIABILITIES	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Compensation account	174 671	105 250	-	-
Deferred income taxes recognised as assets	14 444	12 202	-	-
Indirect taxes	118 810	124 639	48 057	37 517
Clearing accounts	89 708	58 486	194 038	200 718
Other	6 856	24 690	8 233	9 877
Total	404 489	325 267	250 328	248 112

Provisions for deferred taxes (liabilities) are shown in note 14.

**10. DISCLOSURE OF ASSETS PLEDGED OR ASSIGNED
TO SECURE OWN COMMITMENTS AND OF ASSETS
UNDER RESERVATION OF OWNERSHIP**

CHF thousand	BOOK VALUES		EFFECTIVE COMMITMENTS	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Due from banks	217 800	121 538	217 800	121 538
Financial investments	1 865 648	1 751 702	1 865 648	1 751 702

Assets pledged with banking counterparties correspond to deposits for margin calls associated with transactions in derivatives.

11. DISCLOSURES ON PENSION SCHEMES

The Pictet Group has set up, for the various companies in the Group, pension schemes designed to make provision for their employees and former employees against the economic consequences of retirement, incapacity and death.

These pension schemes may differ depending on national legislation on occupational pensions applicable to the various Group companies and customary market practices.

In the case of employees in Switzerland, the Pictet Group's pension fund is an independent occupational pension scheme registered with the Supervisory Authority for the Canton of Geneva. This pension plan is a defined contributions scheme. The unaudited annual accounts show the funding ratio for the scheme stood at 122.9% as at end-December 2020. The value fluctuation reserve is funded up to 20.1% of pension liabilities.

The unaudited annual accounts for the Pictet Group's Fondation de Prévoyance Complémentaire pension plan show its funding ratio stood at 100% as at end-2020. Reassurance cover for death and invalidity risks has been taken out by the pension schemes with an insurance group.

Staff employed abroad are insured via occupational pension funds in the form of collective foundations or collective insurance contracts with life assurance companies or via State-run pension plans in the country of domicile. No economic benefits or liabilities arise out of this array of pension plans other than those that would be recognised in the balance sheet.

– *Liabilities relating to pension schemes at 31.12.*

LIABILITIES RELATING TO OWN PENSION SCHEMES (CHF thousand)	31.12.2020	31.12.2019
Amounts due in respect of client deposits	36 056	85 020

**12. DISCLOSURE ON THE ECONOMIC SITUATION
OF OWN PENSION SCHEMES**

– *Employer contribution reserves (ECR)*

There are no employer contribution reserves with the pension schemes relating to the current year or the previous year.

– *Economic benefit/obligation and the pension expenses at 31 December*

CHF thousand	OVERFUNDING/ UNDERFUNDING AT 31.12.2020	CONTRIBUTIONS PAID FOR 2020	PENSION EXPENSES IN PERSONNEL EXPENSES	
			2020	2019
Employer sponsored funds/employer sponsored pension schemes	-	2 300	2 300	2 000
Pension plans without overfunding/underfunding	-	23 938	26 562	22 938
Pension plans with overfunding	22.9%	97 916	97 916	91 585

The governing bodies consider that any overfunding, as defined by FINMA's AO (article 29), would be deployed for the benefit of the members of the pension scheme, so there would be no economic benefit accruing to the Pictet Group.

As at 31 December 2020, there was no economic benefit or obligation to be booked in the Pictet Group's balance sheet or income statement.

**13. PRESENTATION OF ISSUED STRUCTURED PRODUCTS
(BOOK VALUE)**

UNDERLYING RISK OF THE EMBEDDED DERIVATIVE (CHF thousand)	VALUED AS A WHOLE		VALUED SEPARATELY		TOTAL
	BOOKED IN TRADING PORTFOLIO	BOOKED IN OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE	VALUE OF THE HOST INSTRUMENTS	VALUE OF THE DERIVATIVE	
Equity securities					
With own debenture component (oDC)		1 619 048	-	-	1 619 048
Without oDC		-	-	-	-
Commodities/precious metals					
With own debenture component (oDC)		20 337	-	-	20 337
Without oDC		-	-	-	-
Total 31.12.2020		1 639 385	-	-	1 639 385

The Pictet Group enables its clients to purchase certificates corresponding, in general, to shares in equity baskets. The section detailing the accounting principles used in this report describes how these certificates are treated.

**14. PRESENTATION OF VALUE ADJUSTMENTS,
PROVISIONS AND CHANGES THEREIN
DURING THE CURRENT YEAR**

CHF thousand	BALANCE AT 31.12.2019	USE IN CONFORMITY WITH DESIGNATED PURPOSE	CURRENCY DIFFERENCES	NEW CREATIONS CHARGED TO INCOME	RELEASES TO INCOME	BALANCE AT 31.12.2020
Provisions for deferred taxes	87 940	-	-	5 601	-	93 541
Provisions for other business risks	124 770	(4 385)	(94)	22 429	(9 809)	132 911
Other provisions	968	-	(4)	148	-	1 112
Total provisions	213 678	(4 385)	(98)	28 178	(9 809)	227 564
Value adjustments for default and country risks	388	-	-	33 342	-	33 730
<i>of which, value adjustments for default risks in respect of impaired loans/receivables</i>	388	-	-	33 342	-	33 730

‘Provisions for other business risks’ are mainly intended to cover a variety of risks relating to litigation, including any associated legal expenses. Provisions for deferred taxes result mainly from provisions set aside in the individual accounts of Banque Pictet & Cie SA that are not recognised in the consolidated accounts of the Pictet Group.

In October 2012, the Swiss Financial Market Supervisory Authority (FINMA) notified Banque Pictet & Cie SA (formerly known as Pictet & Cie) that the US Department of Justice had lodged a general request for information pertaining to its wealth management business with US clients. Banque Pictet & Cie SA is in ongoing discussions with the US Department of Justice and is cooperating fully with it in compliance with applicable legislation. At this juncture, it is not feasible to judge what the extent of any financial implications for Banque Pictet & Cie SA might be, which explains why no provision had been set aside as at 31 December 2020.

15. OWN SHARES AND COMPOSITION OF EQUITY CAPITAL

The Group's equity comprises contributions from the equity owners, namely the partners and other holders of equity capital in the companies who, in combination, control the Pictet Group.

Other holders of equity capital do not have voting rights.

The Pictet Group does not issue participatory ownership rights or options on such rights, and there is no share ownership scheme.

16. DISCLOSURE OF AMOUNTS DUE FROM/TO RELATED PARTIES

CHF thousand	AMOUNTS DUE FROM		AMOUNTS DUE TO	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Holders of qualified participations	630	11 034	803 169	819 047
Linked companies	35	-	2 261	2 268
Transactions with members of governing bodies	1	30	272 372	365 197

Transactions with related parties are concluded at going market rates.

17. DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

The partners of Pictet & Partners – Messrs Renaud de Planta, Rémy Best, Marc Pictet, Bertrand Demole, Laurent Ramsey, Boris Collardi and Sébastien Eisinger – are significant equity owners.

Decisions are taken by the partners on a consensus basis, at the level of the holding companies.

18. MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

CHF thousand	AT SIGHT	CANCELLABLE	DUE				TOTAL
			WITHIN 3 MONTHS	WITHIN 3 TO 12 MONTHS	WITHIN 12 MONTHS TO 5 YEARS	AFTER 5 YEARS	
Assets/financial instruments							
Liquid assets	13 869 915	-	-	-	-	-	13 869 915
Amounts due from banks	1 556 979	-	35 358	5 087	-	-	1 597 424
Amounts due from securities financing transactions	-	-	3 758 383	-	-	-	3 758 383
Amounts due from customers	70 288	5 179 078	2 164 361	673 672	229 496	3 185	8 320 080
Trading portfolio assets	47 073	-	-	-	-	-	47 073
Positive replacement values of derivative financial instruments	1 450 531	-	-	-	-	-	1 450 531
Other financial instruments at fair value	1 432 513	-	-	-	-	-	1 432 513
Financial investments	792 383	-	441 735	1 107 234	8 629 296	2 331 113	13 301 761
Total 31.12.2020	19 219 682	5 179 078	6 399 837	1 785 993	8 858 792	2 334 298	43 777 680
Total 31.12.2019	12 575 390	5 147 936	8 142 888	1 882 716	5 581 564	2 265 948	35 596 442

CHF thousand	AT SIGHT	CANCELLABLE	DUE				TOTAL
			WITHIN 3 MONTHS	WITHIN 3 TO 12 MONTHS	WITHIN 12 MONTHS TO 5 YEARS	AFTER 5 YEARS	
Debt capital/financial instruments							
Amounts due to banks	1 392 722	-	-	-	-	-	1 392 722
Liabilities from securities financing transactions	-	-	1 402 249	-	-	-	1 402 249
Amounts due in respect of customer deposits	33 456 410	198 555	768 498	-	-	-	34 423 463
Trading portfolio liabilities	6 676	-	-	-	-	-	6 676
Negative replacement values of derivative financial instruments	1 728 573	-	-	-	-	-	1 728 573
Liabilities from other financial instruments at fair value	1 639 385	-	-	-	-	-	1 639 385
Total 31.12.2020	38 223 766	198 555	2 170 747	-	-	-	40 593 068
Total 31.12.2019	30 939 532	270 765	1 105 278	72 465	-	-	32 388 040

19. PRESENTATION OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

Assets (CHF thousand)	31.12.2020		31.12.2019	
	SWISS	FOREIGN	SWISS	FOREIGN
Liquid assets	11 955 395	1 914 520	7 377 175	1 214 266
Amounts due from banks	565 708	1 031 716	504 390	750 417
Amounts due from securities financing transactions	3 457 000	301 383	4 554 000	59 000
Amounts due from customers	788 374	7 531 706	1 267 869	7 836 245
Trading portfolio assets	19 672	27 401	24 938	18 102
Positive replacement values of derivative financial instruments	489 290	961 241	252 719	1 030 513
Other financial instruments at fair value	252 997	1 179 516	100 850	645 652
Financial investments	3 491 039	9 810 722	2 785 168	7 175 138
Accrued income and prepaid expenses	137 589	545 435	136 389	306 046
Non-consolidated participations	1 711	4 134	2 021	6 352
Tangible fixed assets	449 655	25 172	436 873	27 103
Other assets	292 089	112 400	237 613	87 654
Total assets	21 900 519	23 445 346	17 680 005	19 156 488

Liabilities (CHF thousand)	31.12.2020		31.12.2019	
	SWISS	FOREIGN	SWISS	FOREIGN
Amounts due to banks	640 006	752 716	471 977	700 034
Liabilities from securities financing transactions	1 402 249	-	410 042	-
Amounts due in respect of customer deposits	8 961 541	25 461 922	8 067 887	20 496 675
Trading portfolio liabilities	177	6 499	441	4 642
Negative replacement values of derivative financial instruments	619 614	1 108 959	321 174	1 055 475
Liabilities from other financial instruments at fair value	1 416 344	223 041	747 255	112 438
Accrued expenses and deferred income	533 531	573 388	394 966	460 595
Other liabilities	162 738	87 590	195 824	52 288
Provisions	199 220	28 344	182 819	30 859
Total equity	2 842 242	325 744	2 880 922	250 180
Equity owners' contribution	780 519	-	820 319	-
Capital reserve	11 664	-	11 664	-
Retained earnings reserve	1 808 262	-	1 789 101	-
Currency translation reserve	(9 173)	-	(29 042)	-
Consolidated profit for the year	250 970	325 744	288 880	250 180
Total liabilities	16 777 662	28 568 203	13 673 307	23 163 186

**20. BREAKDOWN OF TOTAL ASSETS
BY COUNTRY (DOMICILE PRINCIPLE)**

Assets (CHF thousand)	31.12.2020		31.12.2019	
	ABSOLUTE	SHARE AS %	ABSOLUTE	SHARE AS %
Switzerland	21 900 519	48%	17 680 005	48%
Europe	13 975 523	31%	10 579 897	29%
The Americas	7 692 209	17%	6 663 108	18%
Asia	1 480 996	3%	1 566 064	4%
Africa and Oceania	296 618	1%	347 419	1%
Total assets	45 345 865	100%	36 836 493	100%

**21. BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING
OF COUNTRY GROUPS (RISK DOMICILE VIEW)**

RATING ACCORDING TO FINMA MAPPING TABLES	NET FOREIGN EXPOSURE 31.12.2020		NET FOREIGN EXPOSURE 31.12.2019	
	CHF THOUSAND	SHARE AS %	CHF THOUSAND	SHARE AS %
1 & 2	18 230 664	83%	14 530 926	81%
3	878 516	4%	959 524	5%
4	951 481	4%	1 024 375	6%
5	144 988	1%	161 804	1%
6	112 457	1%	6 139	0%
7	104 546	0%	13 243	0%
Unrated	1 495 075	7%	1 281 939	7%
Total	21 917 727	100%	17 977 950	100%

– Comments on the rating system used

The Pictet Group uses credit ratings provided by FINMA in its rating concordance ('mapping') tables to calculate capital-adequacy requirements. The most prudent rating assigned by Moody's, Standard & Poor's or the OECD is the one taken for each country.

**22. PRESENTATION OF ASSETS AND LIABILITIES BROKEN DOWN BY MOST SIGNIFICANT CURRENCIES
(AT 31 DECEMBER 2020)**

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Assets							
Liquid assets	11 951 380	1 914 822	1 581	332	15	1 785	13 869 915
Amounts due from banks	156 529	310 610	769 325	54 423	79 172	227 365	1 597 424
Due from securities financing transactions	3 687 000	71 383	-	-	-	-	3 758 383
Amounts due from customers	704 074	3 650 438	3 013 964	586 452	189 521	175 631	8 320 080
Trading portfolio assets	25 320	2 052	17 831	1 784	86	-	47 073
Positive replacement values of derivative financial instruments	1 230 013	67 285	101 359	16 423	-	35 451	1 450 531
Other financial instruments at fair value	219 064	106 367	808 399	32 814	47 413	218 456	1 432 513
Financial investments	3 074 841	4 307 646	4 626 503	340 581	-	952 190	13 301 761
Accrued income and prepaid expenses	167 476	315 967	152 183	13 972	32 059	1 367	683 024
Non-consolidated participations	4 390	-	965	6	-	484	5 845
Tangible fixed assets	460 496	4 698	808	2 301	2 935	3 589	474 827
Other assets	284 734	85 253	11 138	8 132	10 949	4 283	404 489
Total assets shown in the balance sheet	21 965 317	10 836 521	9 504 056	1 057 220	362 150	1 620 601	45 345 865
Delivery entitlements from spot exchange, forward forex and forex options transactions	257 974 294	142 679 390	172 386 330	25 923 466	14 946 765	15 312 845	629 223 090
Total assets	279 939 611	153 515 911	181 890 386	26 980 686	15 308 915	16 933 446	674 568 955

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Liabilities							
Amounts due to banks	143 665	398 102	737 807	61 711	23 089	28 348	1 392 722
Liabilities from securities financing transactions	-	703 012	685 945	13 292	-	-	1 402 249
Amounts due in respect of customer deposits	8 403 217	10 941 592	10 972 409	1 751 578	311 870	2 042 797	34 423 463
Trading portfolio liabilities	177	823	5 652	-	24	-	6 676
Negative replacement values of derivative financial instruments	1 326 858	127 740	212 746	21 868	560	38 801	1 728 573
Liabilities from other financial instruments at fair value	356 655	156 119	828 391	33 271	47 398	217 551	1 639 385
Accrued expenses and deferred income	556 352	295 275	19 606	133 897	29 769	72 020	1 106 919
Other liabilities	29 048	-	-	-	221 280	-	250 328
Provisions	219 012	8 552	-	-	-	-	227 564
Total equity	3 167 986	-	-	-	-	-	3 167 986
Equity owners' contribution	780 519	-	-	-	-	-	780 519
Capital reserve	11 664	-	-	-	-	-	11 664
Retained earnings reserve	1 808 262	-	-	-	-	-	1 808 262
Currency translation reserve	(9 173)	-	-	-	-	-	(9 173)
Consolidated profit for the year	576 714	-	-	-	-	-	576 714
Total liabilities shown in the balance sheet	14 202 970	12 631 215	13 462 556	2 015 617	633 990	2 399 517	45 345 865
Delivery obligations from spot exchange, forward forex and forex options transactions	265 881 524	140 777 436	168 301 708	24 945 189	14 705 853	14 611 380	629 223 090
Total liabilities	280 084 494	153 408 651	181 764 264	26 960 806	15 339 843	17 010 897	674 568 955
Net position per currency	(144 883)	107 260	126 122	19 880	(30 928)	(77 451)	-

NOTES TO OFF-BALANCE SHEET TRANSACTIONS**23. BREAKDOWN AND EXPLANATION OF
CONTINGENT ASSETS AND LIABILITIES**

CHF thousand	31.12.2020	31.12.2019
Guarantees to secure credits and similar	8 046 501	7 237 945
Total contingent liabilities	8 046 501	7 237 945
Contingent assets arising from tax losses carried forward	2 295	-
Total contingent assets	2 295	-

‘Contingent liabilities’ encompass guarantees issued on clients’ behalf and liabilities arising out of commitments contracted by clients in private-equity and real estate transactions. These liabilities are secured by client assets pledged as collateral, in compliance with internal regulations.

24. BREAKDOWN OF FIDUCIARY TRANSACTIONS

CHF thousand	31.12.2020	31.12.2019
Fiduciary investments with third-party companies	13 351 487	20 488 527
Fiduciary transactions arising from securities lending and borrowing, which the bank conducts in its own name for the account of customers	376 162	997 936
Total fiduciary transactions	13 727 649	21 486 463

**25. BREAKDOWN OF ASSETS
UNDER MANAGEMENT OR CUSTODY**

– Breakdown of assets under management or custody

CHF billion	31.12.2020	31.12.2019
Assets in collective investment schemes managed by the bank	200.5	200.3
Assets under discretionary asset management agreements	108.9	114.7
Other assets under custody	460.7	420.5
Total assets under management or custody (incl. double counting)	770.1	735.5
<i>of which, double counting</i>	160.7	159.6
Total managed assets excl. double counting	609.4	575.9

*– Change in assets under management or custody
(including double counting)*

CHF billion	2020	2019
Total assets under management or custody - beginning of year	735.5	631.0
+/- Net new money inflow or net new money outflow	25.8	26.9
+/- Price gains/losses, interest, dividends and currency gains/losses	8.8	77.6
+/- Other effects	-	-
Total assets under management or custody - end of year	770.1	735.5

The nature of the services provided to clients and the reason for clients holding assets at the Bank determine how the assets are classified. As such, assets under management or custody include the assets of clients for which value-added services are provided. Said services are mainly investment advice and discretionary asset management. Pictet funds and third-party funds not managed by the Group are also included in this category.

Assets are classified at the individual account level. As such, only the assets for which value-added services are provided are included in this category.

In contrast, the assets of clients for which the Pictet Group provides only basic safekeeping services are not counted

when calculating assets under management or held in custody.

If the nature of a client's relationship with the Pictet Group changes, the classification of the client's assets is systematically reviewed. This change may, if necessary, result in net new money inflows or net new money out-flows being acknowledged.

If different types of services are provided for the same assets, the assets will be counted twice. Practically speaking, these are assets under custody or discretionary management agreements that are invested in collective investment schemes managed by the Bank.

Net new money inflows are made up of a combination of several factors:

- Inflows of funds resulting from the acquisition of new clients, new funds from existing clients as well as cashflows and investments relating to client loans.
- Outflows, subtracted from total inflows, comprising partial or total withdrawals of existing clients' assets.

The calculations are based on the direct method and include deposits and withdrawals in cash and financial assets (mainly securities or precious metals). Changes in the value of assets caused by market effects (particularly fluctuations in prices or exchange rates or interest or dividend payments) or interest charges, fees or expenses debited from clients are not included in the calculation of net inflows/outflows.

NOTES TO THE INCOME STATEMENT**26. BREAKDOWN OF THE RESULT FROM
TRADING ACTIVITIES AND THE FAIR VALUE OPTION***– Breakdown by business area*

CHF thousand	2020	2019
Trading for the account of the customers	142 635	110 355
Trading for own account	79 315	30 969
Trading activity total	221 950	141 324

Trading activities for the Group's own account are aimed essentially at mitigating risk resulting from client orders.

*– Breakdown by underlying risk and based on the use of
the fair value option*

CHF thousand	2020	2019
Result from trading activities from:		
Interest-rate instruments (incl. funds)	(3)	472
Equity securities (incl. funds)	15 684	4 671
Foreign currencies/precious metals/ commodities	206 269	136 181
Total result from trading activities	221 950	141 324
<i>of which, from fair value option</i>	5 695	5 002
<i>of which, from fair value option on assets</i>	5 695	5 002

**27. DISCLOSURE OF MATERIAL REFINANCING UNDER
‘INTEREST AND DISCOUNT INCOME AS WELL AS
MATERIAL NEGATIVE INTEREST’**

– Refinancing income

The refinancing costs of the trading portfolios are offset directly under ‘Income from trading activities and the fair value option’.

– Negative interest

CHF thousand	2020	2019
Negative interest on lending business (decrease in interest and discount income)	31 741	62 523
Negative interest on borrowing business (decrease in interest expense)	42 443	36 586

28. BREAKDOWN OF PERSONNEL EXPENSES

CHF thousand	2020	2019
Salaries	1 296 085	1 076 785
<i>of which</i> , expenses relating to alternative forms of variable compensation	176 290	150 620
Social insurance benefits	253 853	224 912
Other personnel expenses	28 398	37 665
Total	1 578 336	1 339 362

29. BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSES

CHF thousand	2020	2019
Office space expenses	83 257	78 243
Expenses for information and communications technology	241 268	248 246
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	12 223	15 361
Professional services	60 380	61 696
Fees of audit firms	6 581	6 410
<i>of which</i> , for financial and regulatory audits	4 462	4 553
<i>of which</i> , for other services	2 119	1 857
Public relations	27 898	44 766
Travel	18 057	44 978
Taxes	21 867	21 598
Other operating expenses	61 810	68 144
Total	533 341	589 442

**30. EXPLANATIONS REGARDING MATERIAL LOSSES,
EXTRAORDINARY INCOME AND EXPENSES,
AS WELL AS MATERIAL RELEASES OF HIDDEN RESERVES
AND VALUE ADJUSTMENTS AND PROVISIONS
NO LONGER REQUIRED**

CHF thousand	2020	2019
Changes to provisions and other value adjustments, losses	(26 101)	(46 071)
Extraordinary income	372	864
Extraordinary expenses	(136)	-

The detailed breakdown of value adjustments and provisions is shown in the table presenting value adjustments and provisions in annex 14.

**31. PRESENTATION OF THE OPERATING RESULT
BROKEN DOWN BY DOMESTIC AND FOREIGN ORIGIN,
ACCORDING TO THE PRINCIPLE OF
PERMANENT ESTABLISHMENT**

(CHF thousand)	2020		2019	
	SWISS	FOREIGN	SWISS	FOREIGN
Interest and discount income	101 983	33 576	93 322	53 347
Interest and dividend income from financial investments	47 511	3 232	81 857	24 483
Interest expense	(15 274)	2 636	2 257	5 327
Gross result from interest operations	134 220	39 444	177 436	83 157
Changes in value adjustments for default risks and losses from interest operations	(33 292)	(50)	(73)	-
Subtotal net result from interest operations	100 928	39 394	177 363	83 157
Commission income from securities trading and investment activities	1 675 212	1 705 178	1 471 687	1 466 000
Commission income from lending activities	1 974	3 482	1 251	1 994
Commission income from other services	8 192	5 782	19 783	358
Commission expenses	(215 811)	(665 012)	(182 479)	(562 199)
Subtotal result from commission business and services	1 469 567	1 049 430	1 310 242	906 153
Result from trading activities and the fair value option	161 096	60 854	100 494	40 830
Income from other non-consolidated participations	1 262	-	8 811	-
Result from real estate	1 284	204	1 833	139
Other ordinary income	648	65	164	96
Other ordinary expenses	(2)	-	(534)	-
Subtotal other result from ordinary activities	3 192	269	10 274	235
Personnel expenses	(1 033 741)	(544 595)	(867 636)	(471 726)
General and administrative expenses	(346 382)	(186 959)	(391 878)	(197 564)
Subtotal operating expenses	(1 380 123)	(731 554)	(1 259 514)	(669 290)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(40 950)	(12 278)	(35 767)	(12 020)
Changes to provisions and other value adjustments and losses	(15 363)	(10 738)	(9 162)	(36 909)
Operating result	298 347	395 377	293 930	312 156
Extraordinary income	281	91	738	126
Extraordinary expenses	-	(136)	-	-
Taxes	(47 658)	(69 588)	(5 788)	(62 102)
Consolidated profit of the year	250 970	325 744	288 880	250 180

**32. PRESENTATION OF CURRENT TAXES,
DEFERRED TAXES AND DISCLOSURE OF TAX RATE**

CHF thousand	2020	2019
Creation/(release) of provisions for deferred taxes	7 842	(56 541)
Current tax expenses	109 404	124 431
Total taxes	117 246	67 890
Average tax rate	16.9%	11.2%
Average tax rate (current tax expenses)	15.8%	20.5%

The tax rate applicable to the Swiss entities of the Pictet Group decreased following the adoption of the reform of corporate taxation in Switzerland (RFFA). This change in 2019 resulted in a partial release to income of the provisions made in the past. Excluding this change, the 2019 average tax rate was 20.5%.

**REPORT OF THE AUDITOR
ON THE CONSOLIDATED FINANCIAL STATEMENTS**



Report of the auditor

to the Board of Partners of Pictet & Cie Group SCA, Carouge

Report of the auditor on the consolidated financial statements of Pictet Group

On your instructions, we have audited the consolidated financial statements of Pictet Group, which comprise the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, statement of changes in equity and notes (pages 6 to 10 and 27 to 76), for the year ended 31 December 2020.

Board of Partners' responsibility

The Board of Partners is responsible for the preparation of the consolidated financial statements in accordance with accounting rules for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Partners is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

*PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, 1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch*

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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Partners.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Christophe Kratzer

Audit expert
Auditor in charge



Adrien Meyrat

Audit expert

Geneva, 26 April 2021

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

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