

# Pictet Group

# Half-year financial report

# 30 June 2018



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**KEY FIGURES**

As an investment-led service company, the Pictet Group focuses exclusively on wealth management, asset management and related asset services, including custody and fund administration services. The Group does not, however, offer commercial loans or investment banking services.

CHF thousands	1st half 2018	1st half 2017
Consolidated income statement		
Operating income	1 347 527	1 179 027
Total expenses before tax	929 554	860 033
Operating result	417 973	318 994
Consolidated profit for the half-year	321 300	246 532
Cost/income ratio	69%	73%

CHF thousands	30.06.2018	31.12.2017
Consolidated balance sheet		
Total assets	38 217 930	37 287 778
Total equity	2 931 089	2 847 839
Basel III CET1 solvency ratio	21.8%	20.2%
Basel III Total solvency ratio	21.8%	20.2%
Other indicators		
Assets under management or custody (CHF bn)	512	509
Staff (in FTE)	4 315	4 220
in Switzerland	2 688	2 659
abroad	1 627	1 561
Rating FitchRatings/Moody's	AA-/Aa2	AA-/Aa2

The yearly consolidated accounts are drawn up on 31 December. This publication presents the unaudited interim financial statements at 30 June 2018.

**CONSOLIDATED BALANCE SHEET**

At 30 June 2018 and 31 December 2017

Assets (CHF thousands)	30/06/2018	31/12/2017
Cash and balances with central banks	13 942 769	16 258 114
Due from banks	1 991 717	1 322 792
Due from securities financing transactions	1 725 000	619 108
Due from clients	9 054 522	8 360 086
Trading portfolio assets	62 538	79 453
Positive replacement values of derivative financial instruments	1 200 212	1 059 140
Other financial instruments at fair value	863 032	529 280
Financial investments	8 389 607	7 972 585
Accrued income and prepaid expenses	361 936	434 081
Non-consolidated participations	6 867	6 950
Fixed assets	447 489	459 051
Other assets	172 241	187 138
<b>Total assets</b>	<b>38 217 930</b>	<b>37 287 778</b>
Total subordinated loans	1 100	629
Liabilities (CHF thousands)	30/06/2018	31/12/2017
Due to banks	1 319 977	882 388
Liabilities from securities financing transactions	965 978	1 332 492
Amounts due in respect of client deposits	29 720 645	29 368 778
Trading portfolio liabilities	9 118	943
Negative replacement values of derivative financial instruments	1 216 714	1 049 731
Liabilities from other financial instruments at fair value	939 031	566 202
Accrued expenses and deferred income	634 073	797 182
Other liabilities	241 729	219 328
Provisions	239 576	222 895
<b>Total equity</b>	<b>2 931 089</b>	<b>2 847 839</b>
Equity owners' contribution	671 525	684 922
Capital reserve	11 664	11 664
Retained earnings reserve	1 945 890	1 595 842
Currency translation reserve	(19 290)	(17 086)
Consolidated profit (first half 2018/full year 2017)	321 300	572 497
<b>Total liabilities and equity</b>	<b>38 217 930</b>	<b>37 287 778</b>

**Consolidated off-balance-sheet positions**

CHF thousands	30/06/2018	31/12/2017
Contingent liabilities	5 740 745	5 584 718
Irrevocable commitments	21 264	21 264

Unaudited figures

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

<b>CHF thousands</b>	<b>1st half 2018</b>	<b>1st half 2017</b>	<b>Change</b>
Interest and discount income	109 173	85 391	
Interest and dividend income from financial investments	31 914	36 947	
Interest expense	5 221	2 022	
<b>Gross interest income</b>	<b>146 308</b>	<b>124 360</b>	<b>18%</b>
Changes in value adjustments for default risks and losses from interest operations	-	1 000	
<b>Net interest income</b>	<b>146 308</b>	<b>125 360</b>	<b>17%</b>
Fees from securities trading and investment activities	1 477 155	1 290 258	
Fees from lending activities	2 588	2 093	
Fees from other services	13 359	10 315	
Commission expense	(391 717)	(352 627)	
<b>Net fee and commission income</b>	<b>1 101 385</b>	<b>950 039</b>	<b>16%</b>
<b>Income from trading activities and the fair value option</b>	<b>94 766</b>	<b>98 898</b>	<b>(4%)</b>
Income from other non-consolidated participations	3 889	3 745	
Result from real estate	1 092	981	
Other ordinary revenues	87	5	
Other ordinary expenses	-	( 1)	
<b>Other ordinary income</b>	<b>5 068</b>	<b>4 730</b>	<b>7%</b>
Personnel expenses	(651 357)	(597 967)	
General and administrative expenses	(237 897)	(217 848)	
<b>Operating expenses</b>	<b>(889 254)</b>	<b>(815 815)</b>	<b>9%</b>
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(23 545)	(24 448)	
Changes to provisions and other value adjustments, losses	(16 755)	(19 770)	
<b>Operating result</b>	<b>417 973</b>	<b>318 994</b>	<b>31%</b>
Extraordinary expenses	-	(20)	
Taxes	(96 673)	(72 442)	
<b>Consolidated profit for the half-year ended on 30 June</b>	<b>321 300</b>	<b>246 532</b>	<b>30%</b>

Unaudited figures

## COMMENTS

### Name and legal status

The Pictet Group's accounts comprise financial statements of all companies in which the Partners of the Pictet Group owned, either directly or indirectly, over 50% of the capital or voting rights as at 30 June 2018.

The Group's scope of consolidation therefore encompasses a number of corporate entities that are either combined between themselves or consolidated into one or more of the combined entities. The combination link stems from the fact these entities come under the common management control of the Partners of Pictet & Cie Group SCA.

### Accounting principles

The Group's consolidated financial statements have been drawn up in accordance with the "settlement date" principle, provisions of the Swiss Federal Law on Banks and Savings Banks, its relevant Implementing Ordinance, and the guidelines for accounting principles to be applied in the banking sector as stipulated by the Swiss Financial Market Supervisory Authority (FINMA) Circular 2015/1.

### Consolidation

Entities either directly or indirectly controlled by the Group or over which the Group exercises a dominant influence are consolidated according to the full consolidation method. This means assets, liabilities, off-balance-sheet transactions, income and costs of fully consolidated companies are included in the Group's financial statements. The material business relations between consolidated companies are eliminated from assets, liabilities, costs and income. Net assets of Group companies are consolidated according to the purchase method. In the case of combined entities, the combination is an amalgamation of the accounts, performed in keeping with the same rules as described above.

### Balance sheet

The equity at 30 June 2018 does not yet account for the dividends which are generally distributed in the second half of the year.

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