

Pictet Group

Annual report 2022



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KEY FIGURES

CHF thousand	2022	2021
Consolidated income statement		
Operating income	3 191 210	3 251 257
Total expenses before tax	2 261 666	2 327 677
Operating result	929 544	923 580
Consolidated profit for the year	767 904	1 007 883
Cost/income ratio	71%	72%
CHF thousand		
Consolidated balance sheet		
	31.12.2022	31.12.2021
Total assets	44 881 308	48 923 744
Total equity	4 154 632	3 679 945
Basel III CET1 solvency ratio	27.1%	22.5%
Basel III Total solvency ratio	27.4%	22.7%
Liquidity coverage ratio (LCR)	176%	164%
Return on equity	19.6%	29.4%
Leverage ratio	6.8%	5.0%
Other indicators		
Assets under management or custody (CHF bn)	608	698
Staff (in FTE)	5 307	5 040
in Switzerland	3 174	3 058
Abroad	2 133	1 982
Banque Pictet & Cie SA's rating FitchRatings/Moody's	AA-/Aa2	AA-/Aa2

2022 AND BEYOND

I proudly present the Annual Report of the Pictet Group for 2022.

Last year was marked by macroeconomic headwinds, the ongoing war in Ukraine, rising geopolitical tensions and pandemic-related turmoil in China. The era of ultra-low interest rates and quantitative easing ended abruptly as central banks around the world started to tighten monetary policy in response to levels of inflation last seen in the 1970s. Consequently, financial markets had one of their worst years on record, with a 50-50 US bond-equity portfolio experiencing its steepest annual decline since 1932. Currency and commodities markets also showed periods of extreme volatility.

For Pictet, assets under management or custody stood at CHF 608 billion at the end of 2022. The operating income of the Group was CHF 3.2 billion (-2% compared to the end of 2021) and our operating result rose from CHF 924 to CHF 930 million (+1%). The consolidated net profit was CHF 768 million. Adjusting for extraordinary income (mainly the sale and leaseback in 2021 of our Geneva head office), the net profit was down 1%. The resilience of our results reflects the diversified business mix of the Group, with four profitable and growing business lines.

2022 was challenging for the financial services industry, which also affected Pictet Asset Management (PAM) and Pictet Wealth Management (PWM). Nevertheless, relative to most competitors, PWM did well, with 81 per cent of assets under management beating the median of their peer group. PAM, meanwhile, expanded its range of products and investment expertise, including by adding a team of private debt investment specialists. Encouragingly, 70 per cent of Pictet Alternative Advisors' (PAA) new inflows went towards private equity strategies and hedge fund performance at PAA was outstanding, with over 90 per cent of funds beating their benchmark. Pictet Asset Services' operating environment improved significantly over the past 12 months as central banks hiked interest rates. It won mandates from major institutional investors in Zurich, Luxembourg and Norway, and saw strong inflows from existing clients.

Pictet has a long history as a responsible investment-led firm. We believe it is our duty to do all we can to accelerate the transition towards a net-zero emissions future

supported by climate science. Last year, we published our Climate Action Plan, describing our investment convictions in this regard and ongoing commitment to reducing our environmental footprint.

We also made great strides in moving our European headquarters from Luxembourg to Frankfurt – a significant logistical and structural undertaking which we will complete this year.

At Group level, we announced several changes to our Partnership. Rémy Best will retire after more than a quarter of a century at Pictet. After his retirement, he will join the Organe de Contrôle, the supervisory body of the Group, and the Board of Banque Pictet & Cie SA, both as a non-executive director. In addition, after more than 12 years as a Managing Partner and 22 years in the Group, Bertrand Demole decided to step down from his role as of June 2023. Bertrand will continue as a non-executive vice chairman on the Board of Pictet Alternative Advisors Holding SA, the business he helped develop over the past 20 years.

As the partnership undergoes a natural phase of transition and rejuvenation, Sven Holstenson will become the 46th and Raymond Sagayam the 47th Partner in the firm's 218-year history. The latter only being announced shortly before the publication of this report. Both have been at Pictet for over a decade, are immersed in the culture of the firm and are proven leaders with an impeccable track record.

As a privately owned company, Pictet has always resisted short-term thinking. We remain committed to our independent, long-term approach, ensuring stability and entrepreneurial spirit. Both have served our clients and us well for generations.

RENAUD DE PLANTA
Senior Partner

CONSOLIDATED BALANCE SHEET

Assets (CHF thousand)	Notes	31.12.2022	31.12.2021
Liquid assets		5 013 412	11 668 513
Amounts due from banks	10	1 748 151	2 003 865
Amounts due from securities financing transactions	1	5 582 520	5 913 000
Amounts due from customers	2;16	8 714 108	9 819 087
Trading portfolio assets	3	13 637	37 074
Positive replacement values of derivative financial instruments	4	2 557 556	1 108 905
Other financial instruments at fair value	3	1 419 385	1 800 725
Financial investments	5;10	18 435 937	15 379 876
Accrued income and prepaid expenses		661 546	688 695
Non-consolidated participations	6;7	4 090	6 904
Tangible fixed assets	8	257 450	174 916
Other assets	9	473 516	322 184
Total assets		44 881 308	48 923 744
Total subordinated claims		-	-
Liabilities (CHF thousand)	Notes	31.12.2022	31.12.2021
Amounts due to banks		1 756 371	1 215 145
Liabilities from securities financing transactions	1	2 074 326	1 501 727
Amounts due in respect of customer deposits	11;16	31 030 344	37 358 724
Trading portfolio liabilities	3	814	7 553
Negative replacement values of derivative financial instruments	4	1 967 509	1 169 539
Liabilities from other financial instruments at fair value	3;13	1 569 393	1 996 105
Accrued expenses and deferred income		1 322 718	1 368 326
Other liabilities	9	688 471	301 952
Provisions	14	316 730	324 728
Total equity		4 154 632	3 679 945
Equity owners' contribution	15;17	691 137	691 063
Capital reserve		11 664	11 664
Retained earnings reserve		2 691 132	1 988 736
Currency translation reserve		(7 205)	(19 401)
Consolidated profit for the year		767 904	1 007 883
Total liabilities		44 881 308	48 923 744
Total subordinated liabilities		-	-

Consolidated off-balance-sheet transactions

CHF thousand	Notes	31.12.2022	31.12.2021
Contingent liabilities	2;23	8 016 187	7 611 079
Irrevocable commitments	2	127 363	44 388

CONSOLIDATED INCOME STATEMENT

CHF thousand	Notes	2022	2021	Change
Interest and discount income	27	299 843	157 860	
Interest and dividend income from financial investments		146 435	7 919	
Interest expense	27	(55 063)	(4 007)	
Gross result from interest operations		391 215	161 772	142%
Changes in value adjustments for default risks and losses from interest operations	2;14	265	2 074	
Subtotal net result from interest operations		391 480	163 846	139%
Commission income from securities trading and investment activities		3 550 953	3 984 884	
Commission income from lending activities		4 321	4 890	
Commission income from other services		11 918	9 814	
Commission expenses		(970 197)	(1 113 330)	
Subtotal result from commission business and services		2 596 995	2 886 258	-10%
Result from trading activities and the fair value option	26;27	195 105	192 992	1%
Result from the disposal of financial investments		3	-	
Income from other non-consolidated participations		4 269	8 161	
Result from real estate		1 565	1 177	
Other ordinary income		1 793	319	
Other ordinary expenses		-	(1 496)	
Subtotal other result from ordinary activities		7 630	8 161	-7%
Subtotal operating income		3 191 210	3 251 257	-2%
Personnel expenses	28	(1 541 006)	(1 607 961)	
General and administrative expenses	29	(662 929)	(597 495)	
Subtotal operating expenses		(2 203 935)	(2 205 456)	0%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	6;8	(44 973)	(51 731)	
Changes to provisions and other value adjustments and losses	30	(12 758)	(70 490)	
Operating result		929 544	923 580	1%
Extraordinary income	30	71 368	306 004	
Extraordinary expenses	30	(40 006)	(108)	
Taxes	32	(193 002)	(221 593)	
Consolidated profit of the period		767 904	1 007 883	-24%

CONSOLIDATED CASH-FLOW STATEMENT

CHF thousand	2022		2021	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from operating activities (internal financing)				
Consolidated result of the year	767 904	-	1 007 883	-
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	44 973	-	51 731	-
Provisions and other value adjustments	5 719	13 717	130 120	32 956
Change in value adjustments for default risks and losses	1 767	873	4 984	10 404
Accrued income and prepaid expenses	27 149	-	-	5 671
Accrued expenses and deferred income	-	45 608	261 407	-
Other items	235 187	68 571	133 929	301 752
Previous year's dividends	-	297 243	-	427 307
Subtotal	1 082 699	426 012	1 590 054	778 090
Cash flow from shareholders' equity transactions				
Share capital/participation capital/endowment capital, of which, equity owners' contribution	74	-	-	89 456
Recognised in reserves	3 952	-	20 839	-
Subtotal	4 026	-	20 839	89 456
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	71 187	-	-	809
Real estate	3 721	81 829	615 000	33 139
Other tangible fixed assets	1 904	51 105	136	32 315
Subtotal	76 812	132 934	615 136	66 263

CHF thousand	2022		2021	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from banking operations				
Medium- and long-term business (>1 year)				
Amounts due in respect of client deposits	60 479	-	-	-
Amounts due from customers	58 592	-	-	49 665
Financial investments	2 158 074	-	-	1 648 584
Short-term business (<1 year)				
Amounts due to banks	541 226	-	-	177 577
Liabilities from securities financing transactions	572 599	-	99 478	-
Amounts due in respect of customer deposits	-	6 388 859	2 935 261	-
Trading portfolio liabilities	-	6 739	877	-
Negative replacement values of derivative financial instruments	797 970	-	-	559 034
Liabilities from other financial instruments at fair value	-	426 712	356 720	-
Amount due from banks	255 714	-	-	406 441
Amount due from securities financing transactions	330 480	-	-	2 154 617
Amount due from customers	1 046 387	894	-	1 443 922
Trading portfolio assets	23 437	-	9 999	-
Positive replacement values of derivative financial instruments	-	1 448 651	341 626	-
Other financial instruments at fair value	381 340	-	-	368 212
Financial investments	-	5 214 135	-	429 531
Liquidity				
Liquid assets	6 655 101	-	2 201 402	-
Subtotal	12 881 399	13 485 990	5 945 363	7 237 583
Total	14 044 936	14 044 936	8 171 392	8 171 392

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 1.1.2022	691 063	11 664	1 988 736	(19 401)	1 007 883	3 679 945
Other variations	74	-	(8 244)	-	-	(8 170)
Currency translation differences	-	-	-	12 196	-	12 196
Dividends and other distributions	-	-	-	-	(297 243)	(297 243)
Other allocations to (trans- fers from) the other reserves	-	-	710 640	-	(710 640)	-
Consolidated profit of the pe- riod	-	-	-	-	767 904	767 904
Equity at 31.12.2022	691 137	11 664	2 691 132	(7 205)	767 904	4 154 632

**PICTET GROUP GOVERNANCE
AT 31 DECEMBER 2022**

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, Sébastien Eisinger, Elif Aktuğ and François Pictet.

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*

Nicolas Pictet

Daniel Wanner

*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 Council of the Swiss National Bank
- Member of the Board of Directors of SGS SA
- Member of the Board of Directors of Stonehage Fleming Group Services (Jersey) Limited, Jersey
- Member of the Board of the Grand Théâtre de Genève Foundation, Geneva
- Member of the Board of the Fondation du Musée d'art moderne et contemporain, Geneva

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 (up to March 2023)
- Vice-chairman 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 Pamp SA, Geneva, of MMTC PAMP India pvt. Ltd, Dehli and Goldavenue SA, Geneva
- Member of the Finance Commission of Doctors Without Borders Switzerland, Geneva
- Member of the Appel de Genève Board of Trustees, Geneva
- Chairman of the Board of Directors of Hymob SA, Le Mont sur Lausanne.

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
- Chairman of the Board of Directors of Symbiotics Group 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 Board of the EPFL Plus Foundation, Lausanne
- Member of various Boards of charitable foundations
-

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

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**

- Chairman of the Board of Foundation Philanthropique Takoha E&D Wanner
- Chairman of the Conseil Paroissial de St-Prex, St-Prex

* Appointments outside the Pictet Group

Board of Partners

Composition

Renaud de Planta
Rémy Best
Marc Pictet
Bertrand Demole
Laurent Ramsey
Sébastien Eisinger
Elif Aktuğ
François Pictet

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 Ltd, London
- CEO of Hong Kong and Northern Asia, UBS Hong Kong Ltd.

*Appointments**

- Member of the Board of Directors of the Swiss Bankers Association, Geneva
- 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, and
- Chairman of the INSEAD Campaign Board, Paris
- Chairman of 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, Geneva

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 the Fondation of Luxembourg, Luxembourg
- Member of the Board of Trustees of Avenir Suisse, Zurich
- Chairman of the Fondation pour Genève, Geneva

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**

- Vice-Chairman of the Committee of the Association of Swiss Private Banks

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 of the Committee of Genève Place Financière Foundation, Geneva
- Member of the Board of Directors of the Asset Management Association (AMAS), Geneva

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

Elif Aktuğ

Education

- Master of Business Administration, Stanford School of Business
- MA, Institut d'Etudes Politiques de Paris, major Finance and Economics

Professional experience

- Since 2011: Pictet Group (partner since 2021)
- 2001-2010: Goldman Sachs International, London
- 1997-1999: Goldman Sachs International, London

*Appointments**

- No other appointments

François Pictet

Education

- MBL, Master of Advanced Studies (MAS) in Business Law, Universities of Geneva and Lausanne
- Certificate in English Legal Methods, University of Cambridge
- Bachelor in Law, University of Geneva

Professional experience

- Since 2015: Pictet Group (partner since 2021)
- 2012-2014: AEA Investors, Private Equity Fund, London
- 2008-2011: Credit Suisse AG, Zurich
- 2006-2007: Aga Khan Agency for Microfinance, Geneva
- 2006 : Ethos Foundation, Geneva
- 2004-2005: UBS Securities LLC, New York
- 2003: Euroclear, Brussels
- 2002-2003: Hennerkes, Kirchdörfer & Lorz, Stuttgart

*Appointments**

- No other appointments

* Appointments outside the Pictet Group

Group Executive Committee (GEC)

Composition

Members of the Board of Partners
(above)

Xavier Barde
Christèle Hiss Holliger
Jean-Philippe Nerfin
Grégory Petit
Peter Wintsch

Composition

The GEC is made up of the eight 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 the Group
- 1995 - 2000: Arthur Andersen (Audit manager)

Christèle Hiss Holiger

Education

- MAS (Monetary Authority of Singapore), Certification Level 3
- Federal diploma of Financial Analyst and Asset Manager (CFPI), Lausanne
- Master in international management, Ecole des Hautes Etudes Commerciales (EDHEC), France

Professional experience

- Pictet Group since 1998:
since 2021: Global Head of Human Resources, Pictet Group, Geneva
2017 - 2021 : Global Head of Human Resources, Pictet Wealth Management (PWM), Geneva
Since 2016: equity partner
2015 - 2017: Chief Executive Officer of Pictet Asset Management (PAM), Singapore
1998 - 2015: Department of Institutional Client Management, Head of Institutional Client Relations, Pictet Asset Management (PAM), Geneva
- 1995 - 1998: United European Bank (BNP Paribas Group), Geneva
- 1992 - 1995: BNP, Paris

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 2022: equity partner
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

Peter Wintsch

Education

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

Professional experience

- Pictet Group since 2000:
Since 2021: Group Chief Operating Officer
since 2015: equity partner
since 2005: Group Chief Technology Officer
2000 - 2005: Head of the 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 2022.

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 2022.

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 2022. 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 2022, 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 2022

Name and legal status of the Group

The Pictet Group's (the "Group") accounts comprise the financial statements of all companies in which the partners of the Pictet Group owned, either directly or indirectly, over 50% of the capital or voting rights at 31 December 2022.

The Group's scope of consolidation therefore covers a number of corporate entities that are either interlinked through business combinations or consolidated into one or more of the business combinations. The link results from these entities coming 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 2022' (in accordance with the Circular 2016/01).

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

All 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:

	31.12.2022	31.12.2021	Average exchange rate
EUR	0.9874	1.0362	1.0046
USD	0.9252	0.9112	0.9506
JPY	0.0070	0.0079	0.0073
GBP	1.1129	1.2341	1.1776

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 tell-tale 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.

Amounts due from customers are composed by Lombard credits backed by securities and therefore no value adjustments for non-impaired loans are considered.

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 consolidated income statement; instead, these items are booked under 'Changes in value adjustments for default risks and losses from interest operations'.

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 doubtful 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 a sales transaction 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, software, 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 lifetimes of the assets. Depreciation charges are booked under 'Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets' in the consolidated 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 consolidated 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 consolidated 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.

Off-balance sheet fiduciary transactions

Such transactions cover customer deposits, loans, participations, and securities lending and borrowing transactions entered into or granted by the bank in its own name, but exclusively for the customer's account and risk. Amounts reported under other fiduciary transactions in the breakdown of fiduciary transactions relate to customers' deposits held by the Group in its own name as a nominee, on clients' behalf and sole risk.

Comparatives

Where necessary, comparative information in the notes to the financial statements has been adjusted to conform to changes in presentation in the current year.

Change in accounting principles

There were no changes in the accounting principles in 2022.

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 Boards of Pictet Group companies supervise the proper implementation of the policy by the Executive Committees, which 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 tolerance 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 tolerance (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 tolerance for market, credit, interest-rate and liquidity risks at the Group level is translated into quantified limits, and the tolerance 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 sub-divided 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.

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 periodically by 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 and the Central Clearing Houses.

Selected banking counterparties are approved on a quarterly basis by the Pictet Group's Management. All limits are set according to a formal process. 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 Counterparty Risk 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 Counterparty Risk Committee (CRC) and the Weekly Counterparty Committee (WCC);
- the Weekly Counterparty Committee (WCC) examines requests for changes to existing limits or for new limits for banking counterparties;
- the Financial Institutions Management team checks compliance with limits for each banking counterparty.

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 tolerance for market risks. This is then broken down into sub-limits under the supervision of the Group Market Risk Committee.

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 interest rate markets.

Limits attached to such trading activities are formulated in three ways: as sensitivity 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 tolerance 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 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 risk can be defined as the risk of loss resulting from inadequacy or failure of internal processes, people or systems, or from external events.

The Pictet Group Operational Risk Policy defines the objectives, priorities and principles for the management of operational risk in the Pictet Group.

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 tolerance 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 within the organisation 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, as well as the monitoring and adequacy of taken measures, are subject to particular attention by 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

The risk policy has been modified in 2022 to reflect some changes in the risk framework, in particular in relation to the internal control system.

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

No significant events that might affect Pictet Group's 2022 accounts have occurred since the year-end closing date.

Notes to the balance sheet

1. Breakdown of securities financing transactions (assets and liabilities)

CHF thousand	31.12.2022	31.12.2021
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	5 582 520	5 913 000
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	2 074 326	1 501 727
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	2 246 979	1 506 543
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	5 579 236	5 916 593

*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			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from clients	11 845	8 584 971	146 496	8 743 312
Total loans (before netting with value adjustments)				
31.12.2022	11 845	8 584 971	146 496	8 743 312
31.12.2021	5 252	9 672 795	169 350	9 847 397
Total loans (after netting with value adjustments)				
31.12.2022	11 845	8 584 971	117 292	8 714 108
31.12.2021	5 252	9 672 795	141 040	9 819 087
Off-balance sheet				
Contingent liabilities	-	7 810 391	205 796	8 016 187
Irrevocable commitments	-	109 469	17 894	127 363
Total off-balance sheet				
31.12.2022	-	7 919 860	223 690	8 143 550
31.12.2021	-	7 329 170	326 297	7 655 467

Impaired loans/receivables

CHF thousand	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2022	29 204	-	29 204	29 204
31.12.2021	28 310	-	28 310	28 310

Impaired loans represent 0.34% of the total amounts due from clients at 31 December 2022 (compared to 0.29% at 31 December 2021). Variation is mainly due to foreign exchange and interests effects.

3. Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

Assets (CHF thousand)	31.12.2022	31.12.2021
Trading portfolio assets	13 637	37 074
Equity securities	13 637	37 074
Other financial instruments at fair value	1 419 385	1 800 725
Debt securities	27 249	-
Equity securities	1 390 170	1 784 034
Precious metals	1 966	16 691
Total assets	1 433 022	1 837 799
<i>of which, determined using a valuation model</i>	1 315	3 049
Liabilities (CHF thousand)	31.12.2022	31.12.2021
Trading portfolio liabilities	814	7 553
Equity securities	814	7 553
Other financial instruments at fair value	1 569 393	1 996 105
Structured products (certificates)	1 569 393	1 996 105
Total liabilities	1 570 207	2 003 658
<i>of which, determined using a valuation model</i>	479	2 778

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	30 100	28 592	1 037 670	1 034 897	373 683	30 622 479
Futures	41	25	611 910	-	-	-
Foreign exchange						
Forward contracts	277 238	470 323	40 363 093	-	-	-
Combined interest rate/ currency swaps	1 071 029	859 351	89 522 101	17 774	117 550	5 636 813
Options (OTC)	13 525	12 694	1 543 157	-	-	-
Precious metals						
Forward contracts	759	163	20 557	-	-	-
Combined interest rate/ currency swaps	9 765	4 868	621 756	-	-	-
Options (OTC)	15 827	14 193	832 081	-	-	-
Equity securities/indices						
Forward contracts	211	211	68 476	-	-	-
Swaps	753	754	90 111	-	-	-
Futures	5	11	432	-	-	-
Options (OTC)	76 006	79 933	3 554 731	-	-	-
Options (exchange-traded)	8 009	3 541	330 042	-	-	-
Credit derivatives						
Credit default swaps	1 617	1 617	201 635	-	-	-
Total before netting agreements:						
31.12.2022	1 504 885	1 476 276	138 797 752	1 052 671	491 233	36 259 292
of which, determined using a valuation model	1 496 830	1 472 699	137 855 368	1 052 671	491 233	36 259 292
31.12.2021	976 904	1 010 188	157 293 340	132 001	159 351	22 580 070
of which, determined using a valuation model	956 756	1 001 029	154 989 826	132 001	159 351	22 580 070

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)
31.12.2022	2 557 556	1 967 509
31.12.2021	1 108 905	1 169 539

Breakdown by counterparty

Positive replacement values (after netting agreements) (CHF thousand)	Central clearing houses	Banks and securities dealers	Other customers
31.12.2022	1 014 510	938 247	604 799
31.12.2021	136 039	655 504	317 362

5. Breakdown of financial investments

CHF thousand	Book value		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities	17 685 453	14 551 456	16 862 023	14 632 384
<i>of which</i> , intended to be held to maturity	17 685 453	14 551 456	16 862 023	14 632 384
Equity securities	184 054	180 912	221 624	222 234
Precious metals	566 430	647 508	566 430	647 508
Total	18 435 937	15 379 876	17 650 077	15 502 126
<i>of which</i> , securities eligible for repo transactions in accordance with liquidity requirements	13 852 185	10 513 259	13 269 312	10 589 583

Breakdown of counterparties by rating

CHF thousand	Book value	
	31.12.2022	31.12.2021
AAA	14 161 498	10 781 124
AA+	2 372 434	2 401 374
AA	285 232	312 071
AA-	866 289	1 055 443
A+	-	1 444
Total	17 685 453	14 551 456

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 31.12.2021	Additions	Disposals	Value adjustments	Changes in book value in the case of participations valued using the equity method/ depreciation reversals	Book value at 31.12.2022	Market value
Other participations									
with listing on a stock exchange	2 900	(2 900)	-	-	-	-	-	-	3 590
without listing on a stock exchange	8 950	(2 046)	6 904	289	(2 905)	(198)	-	4 090	82 976
Total participations	11 850	(4 946)	6 904	289	(2 905)	(198)	-	4 090	86 566

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	0	100
Banque Pictet & Cie SA, Carouge	Bank	CHF	90 000	100	100	0	100
Bayside Pictet Ltd, Nassau	Real estate company	CHF	7	100	100	0	100
Finance 1805 SA, Carouge	Financial company	CHF	100	100	100	0	100
FundPartner Solutions (Europe) SA, Luxembourg	Fund management	CHF	6 250	100	100	0	100
FundPartner Solutions (Suisse) SA, Carouge	Fund management	CHF	10 000	100	100	0	100
Pictet & Cie (Europe) S.A., Luxembourg	Bank	CHF	70 000	100	100	0	100
Pictet & Cie Group SCA, Carouge	Financial company	CHF	148 500	100	100	0	100
PICTET & PARTNERS, Cologny	Financial company	CHF	300 000	100	100	100	0
Pictet Advisory Services (Overseas) Ltd, Nassau	Financial company	CHF	150	100	100	0	100
Pictet Alternative Advisors SA, Carouge	Wealth management	CHF	3 000	100	100	0	100
Pictet Alternative Advisors (Europe) SA, Luxembourg	Wealth management	EUR	525	100	100	0	100
Pictet Alternative Advisors Holding SA, Carouge	Financial company	CHF	5 700	100	100	0	100
Pictet Alternative Advisors (UK) Limited, Londres	Wealth management	GBP	50	100	100	0	100
Pictet Alternative Advisors (Germany) GMBH, Francfort	Wealth management	EUR	85	100	100	0	100
Pictet Alternative Advisors (Spain) SL, Madrid	Wealth management	EUR	60	100	100	0	100
Pictet Alternative Advisors (Sweden) AB, Stockholm	Wealth management	SEK	600	100	100	0	100
Pictet Asset Management (Europe) SA, Luxembourg	Asset Management	CHF	11 332	100	100	0	100
Pictet Asset Management (Hong-Kong) Ltd, Hong-Kong	Asset Management	HKD	30 000	100	100	0	100
Pictet Asset Management (Japan) Ltd, Tokyo	Asset Management	JPY	200 000	100	100	0	100
Pictet Asset Management (Singapore) Pte Ltd, Singapour	Asset Management	SGD	2 500	100	100	0	100
Pictet Asset Management Ltd, Londres	Asset Management	GBP	45 000	100	100	0	100
Pictet Asset Management Holding SA, Carouge	Financial company	CHF	40 000	100	100	0	100
Pictet Asset Management Inc., Montréal	Asset Management	CAD	250	100	100	0	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 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	55 000	100	100	-	100
Pictet Canada S.E.C., Montréal	Brokerage	CAD	76 000	100	100	100	-
Pictet Capital S.A., Cologne	Financial company	CHF	90 000	100	100	83	17
Pictet Europe SA, Luxembourg	Financial company	CHF	10 000	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 North America Advisors SA, Carouge	Wealth management	CHF	500	100	100	-	100
Pictet Overseas Inc., Montréal	Brokerage	USD	30 000	100	100	-	100
Pictet Participations SARL, Luxembourg	Financial company	CHF	8 700	100	100	-	100
Pictet Private Fund Management (Shanghai) Limited, Shanghai	Asset Management	CNY	16 505	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, Cologne	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 31.12.2022

Company name and domicile	Business activity	Currency	Company capital (in thousand)	Book value (in thousand CHF)	Share of capital (in %)	Share of votes (in %)
Pictet International Ltd	Financial Company	CHF	655	1 585	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' (2021: none).

There are no commitments to purchase or dispose of shares (2021: 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).

The company Pictet International Ltd is in liquidation.

8. Tangible fixed assets

CHF thousand	Acquisition cost	Accumulated depreciation	Book value at 31.12.2021	Reclassifications	Additions	Disposals	Translation differences	Depreciation	Book value at 31.12.2022
Buildings for own use	44 807	-	44 807	26 352	81 829	(3 721)	-	-	149 267
Other real estate	52 715	(26 363)	26 352	(26 352)	-	-	-	-	-
Separately acquired software	80 152	(71 389)	8 763	-	3 282	-	(10)	(6 410)	5 625
Other tangible fixed assets	242 713	(147 719)	94 994	-	47 823	(983)	(911)	(38 365)	102 558
Total tangible fixed assets	420 387	(245 471)	174 916	-	132 934	(4 704)	(921)	(44 775)	257 450

9. Breakdown of other assets and other liabilities

CHF thousand	Other assets		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Compensation account	-	-	571 637	28 334
Deferred income taxes recognised as assets	12 868	13 284	-	-
Indirect taxes	244 496	143 400	50 496	52 105
Clearing accounts	207 963	157 967	62 809	217 966
Other	8 189	7 533	3 529	3 547
Total	473 516	322 184	688 471	301 952

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

The increase for the financial year 2022 of the compensation account in the liabilities is related to the adjustments of positive replacement values of derivatives financial instruments used for the hedge accounting.

10. Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

CHF thousand	Book values		Effective commitments	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Due from banks	93 747	242 259	93 747	242 259
Financial investments	1 881 660	1 800 532	1 881 660	1 800 532

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 111.6% as at end-December 2022 (125.9% at end 2021). The value fluctuation reserve represents 25% of pension liabilities (22% at end 2021).

The Pictet Group's Fondation de Prévoyance Complémentaire pension plan having no commitments toward the saving capital of affiliated employees, its funding ratio stands at 100%.

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)	31.12.2022	31.12.2021
Amounts due in respect of client deposits	66 390	136 293

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 31.12.2022	Contributions paid for 2022	Pension expenses in personnel expenses	
			2022	2021
Employer sponsored funds/employer sponsored pension schemes	-	2 700	2 700	2 300
Pension plans without overfunding/underfunding	-	22 856	25 474	26 789
Pension plans with overfunding	11.6%	105 006	105 006	101 756

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 2022, 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)		1 487 224	-	-	1 487 224
Without oDC		-	-	-	-
Foreign currencies					
With own debenture component (oDC)		55 681	-	-	55 681
Without oDC		-	-	-	-
Commodities/precious metals					
With own debenture component (oDC)		26 488	-	-	26 488
Without oDC		-	-	-	-
Total 31.12.2022		1 569 393	-	-	1 569 393

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 31.12.2021	Use in conformity with designated purpose	Reclassifications	Past due interest, recoveries	New creations charges to income	Releases to income	Balance at 31.12.2022
Provisions for deferred taxes	141 386	-	-	-	5 600	-	146 986
Provisions for other business risks	182 406	(17 026)	-	(24)	14 000	(10 527)	168 829
Other provisions	936	-	(164)	(45)	188	-	915
Total provisions	324 728	(17 026)	(164)	(69)	19 788	(10 527)	316 730
Value adjustments for default and country risks	28 310	(116)	-	1 438	329	(757)	29 204
<i>of which</i> , value adjustments for default risks in respect of impaired loans/receivables	28 310	(116)	-	1 438	329	(757)	29 204

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.

'Provisions for other business risks' are mainly intended to cover a variety of risks relating to litigation, including any associated legal expenses, inherent to the Group's activity.

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 2022.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	-	4 729	896 781	966 346
Group companies	-	15	2 336	2 304
Transactions with members of governing bodies	1 000	26	334 266	285 549

Transactions with related parties are concluded at going market conditions.

17. Disclosure of holders of significant participations

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

Decisions are made 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	5 013 412	-	-	-	-	-	5 013 412
Amounts due from banks	806 711	-	939 125	2 315	-	-	1 748 151
Amounts due from securities financing transactions	-	-	5 582 520	-	-	-	5 582 520
Amounts due from customers	23 841	4 922 296	2 542 092	1 002 125	222 859	895	8 714 108
Trading portfolio assets	13 637	-	-	-	-	-	13 637
Positive replacement values of derivative financial instruments	2 557 556	-	-	-	-	-	2 557 556
Other financial instruments at fair value	1 419 385	-	-	-	-	-	1 419 385
Financial investments	750 484	-	3 811 577	3 422 957	8 663 864	1 787 055	18 435 937
Total 31.12.2022	10 585 026	4 922 296	12 875 314	4 427 397	8 886 723	1 787 950	43 484 706
Total 31.12.2021	17 389 501	5 444 363	9 561 896	2 443 946	10 444 012	2 447 327	47 731 045

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	1 756 371	-	-	-	-	-	1 756 371
Liabilities from securities financing transactions	-	-	2 074 326	-	-	-	2 074 326
Amounts due in respect of customer deposits	25 231 335	-	5 155 334	583 196	60 479	-	31 030 344
Trading portfolio liabilities	814	-	-	-	-	-	814
Negative replacement values of derivative financial instruments	1 967 509	-	-	-	-	-	1 967 509
Liabilities from other financial instruments at fair value	1 569 393	-	-	-	-	-	1 569 393
Total 31.12.2022	30 525 422	-	7 229 660	583 196	60 479	-	38 398 757
Total 31.12.2021	40 468 271	171 503	2 609 019	-	-	-	43 248 793

19. Presentation of assets and liabilities
by domestic and foreign origin
in accordance with the domicile principle

Assets (CHF thousand)	31.12.2022		31.12.2021	
	Swiss	Foreign	Swiss	Foreign
Liquid assets	4 924 022	89 390	7 648 153	4 020 360
Amounts due from banks	29 689	1 718 462	541 203	1 462 662
Amounts due from securities financing transactions	5 582 520	-	5 513 000	400 000
Amounts due from customers	907 742	7 806 366	1 012 515	8 806 572
Trading portfolio assets	4 012	9 625	5 085	31 989
Positive replacement values of derivative financial instruments	416 033	2 141 523	192 024	916 881
Other financial instruments at fair value	210 807	1 208 578	271 463	1 529 262
Financial investments	7 292 010	11 143 927	3 180 662	12 199 214
Accrued income and prepaid expenses	133 291	528 255	164 271	524 424
Non-consolidated participations	2 094	1 996	2 021	4 883
Tangible fixed assets	227 397	30 053	151 283	23 633
Other assets	249 102	224 414	139 130	183 054
Total assets	19 978 719	24 902 589	18 820 810	30 102 934

Liabilities (CHF thousand)	31.12.2022		31.12.2021	
	Swiss	Foreign	Swiss	Foreign
Amounts due to banks	178 190	1 578 181	648 815	566 330
Liabilities from securities financing transactions	1 256 012	818 314	1 501 727	-
Amounts due in respect of customer deposits	9 751 680	21 278 664	8 833 468	28 525 256
Trading portfolio liabilities	2	812	379	7 174
Negative replacement values of derivative financial instruments	573 336	1 394 173	352 554	816 985
Liabilities from other financial instruments at fair value	1 421 949	147 444	1 744 113	251 992
Accrued expenses and deferred income	556 553	766 165	544 131	824 195
Other liabilities	598 956	89 515	138 081	163 871
Provisions	315 321	1 409	321 624	3 104
Total equity	3 775 813	378 819	3 268 671	411 274
Equity owners' contribution	691 137	-	691 063	-
Capital reserve	11 664	-	11 664	-
Retained earnings reserve	2 691 132	-	1 988 736	-
Currency translation reserve	(7 205)	-	(19 401)	-
Consolidated profit for the year	389 085	378 819	596 609	411 274
Total liabilities	18 427 812	26 453 496	17 353 563	31 570 181

20. Breakdown of total assets by country (domicile principle)

Assets (CHF thousand)	31.12.2022		31.12.2021	
	Absolute	Share as %	Absolute	Share as %
Switzerland	19 978 719	45%	18 820 810	38%
Europe	14 140 749	31%	18 538 550	38%
The Americas	8 120 616	18%	9 113 376	19%
Asia	2 364 686	5%	2 107 093	4%
Africa and Oceania	276 538	1%	343 915	1%
Total assets	44 881 308	100%	48 923 744	100%

21. Breakdown of total assets by credit rating of country groups (risk domicile view)

Rating according to FINMA mapping tables	Net foreign exposure 31.12.2022		Net foreign exposure 31.12.2021	
	CHF thousand	Share as %	CHF thousand	Share as %
1 & 2	20 961 737	88%	25 098 249	88%
3	1 373 217	6%	1 602 047	6%
4	688 771	3%	662 657	2%
5	81 624	0%	130 778	0%
6	99 720	0%	137 853	0%
7	71 222	0%	32 084	0%
Unrated	511 790	2%	946 071	3%
Total	23 788 081	100%	28 609 739	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. 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.

22. Presentation of assets and liabilities broken down by most significant currencies (at 31 December 2022)

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Assets							
Liquid assets	4 919 693	89 793	1 039	396	17	2 474	5 013 412
Amounts due from banks	36 213	1 048 480	250 713	34 462	41 355	336 928	1 748 151
Due from securities financing transactions	5 490 000	-	92 520	-	-	-	5 582 520
Amounts due from customers	765 971	3 445 067	3 590 457	527 275	157 366	227 972	8 714 108
Trading portfolio assets	8 051	1 064	2 921	1 563	29	9	13 637
Positive replacement values of derivative financial instruments	1 579 616	404 021	465 118	70 552	93	38 156	2 557 556
Other financial instruments at fair value	202 209	131 399	846 448	43 884	26 085	169 360	1 419 385
Financial investments	6 960 703	4 885 506	5 355 381	365 442	-	868 905	18 435 937
Accrued income and prepaid expenses	169 769	322 486	112 382	15 215	36 525	5 169	661 546
Non-consolidated participations	2 821	765	4	5	-	495	4 090
Tangible fixed assets	240 660	4 236	534	2 460	7 374	2 186	257 450
Other assets	237 438	85 830	127 647	5 524	11 518	5 559	473 516
Total assets shown in the balance sheet	20 613 144	10 418 647	10 845 164	1 066 778	280 362	1 657 213	44 881 308
Delivery entitlements from spot exchange, forward forex and forex options transactions	275 340 109	136 376 891	187 195 923	35 508 294	9 437 727	15 234 576	659 093 520
Total assets	295 953 253	146 795 538	198 041 087	36 575 072	9 718 089	16 891 789	703 974 828

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Liabilities							
Amounts due to banks	228 381	601 040	761 294	56 741	3 904	105 011	1 756 371
Liabilities from securities financing transactions	100 000	1 712 186	134 154	127 986	-	-	2 074 326
Amounts due in respect of customer deposits	8 115 252	8 958 624	10 315 563	1 539 535	443 133	1 658 237	31 030 344
Trading portfolio liabilities	2	218	594	-	-	-	814
Negative replacement values of derivative financial instruments	1 598 769	102 442	199 649	33 420	112	33 117	1 967 509
Liabilities from other financial instruments at fair value	260 196	175 106	894 722	43 859	26 106	169 404	1 569 393
Accrued expenses and deferred income	589 705	503 646	28 642	115 390	29 757	55 578	1 322 718
Other liabilities	688 471	-	-	-	-	-	688 471
Provisions	315 321	1 409	-	-	-	-	316 730
Total equity	4 154 632	-	-	-	-	-	4 154 632
Equity owners' contribution	691 137	-	-	-	-	-	691 137
Capital reserve	11 664	-	-	-	-	-	11 664
Retained earnings reserve	2 691 132	-	-	-	-	-	2 691 132
Currency translation reserve	(7 205)	-	-	-	-	-	(7 205)
Consolidated profit for the year	767 904	-	-	-	-	-	767 904
Total liabilities shown in the balance sheet	16 050 729	12 054 671	12 334 618	1 916 931	503 012	2 021 347	44 881 308
Delivery obligations from spot exchange, forward forex and forex options transactions	279 733 373	134 925 056	185 759 506	34 660 437	9 211 293	14 803 855	659 093 520
Total liabilities	295 784 102	146 979 727	198 094 124	36 577 368	9 714 305	16 825 202	703 974 828
Net position per currency	169 151	(184 189)	(53 037)	(2 296)	3 784	66 587	-

Notes to off-balance sheet transactions

23. Breakdown and explanation of contingent assets and liabilities

CHF thousand	31.12.2022	31.12.2021
Guarantees to secure credits and similar	8 016 187	7 611 079
Total contingent liabilities	8 016 187	7 611 079
Contingent assets arising from tax losses carried forward	11 703	13 847
Total contingent assets	11 703	13 847

‘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	31.12.2022	31.12.2021
Fiduciary investments with third-party companies	21 044 170	13 801 540
Fiduciary transactions arising from securities lending and borrowing, which the bank conducts in its own name for the account of customers	604 355	509 490
Other fiduciary transactions	68 890	28 801
Total fiduciary transactions	21 717 415	14 339 831

25. Breakdown of assets under management or custody

Breakdown of assets under management or custody

CHF billion	31.12.2022	31.12.2021
Assets in collective investment schemes managed by the bank	194.1	231.6
Assets under discretionary asset management agreements	114.1	125.7
Other assets under custody	466.7	524.0
Total assets under management or custody (incl. double counting)	774.9	881.3
<i>of which, double counting</i>	166.9	182.9
Total managed assets excl. double counting	607.9	698.4

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

CHF billion	2022	2021
Total assets under management or custody - beginning of year	881.3	770.1
+/- Net new money inflow or net new money outflow	7.9	31.1
+/- Price gains/losses, interest, dividends and currency gains/losses	(114.3)	80.1
+/- Other effects	-	-
Total assets under management or custody - end of year	774.9	881.3

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	2022	2021
Trading for the account of the customers	131 376	144 949
Trading for own account	63 729	48 043
Trading activity total	195 105	192 992

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	2022	2021
Result from trading activities from:		
Equity securities (incl. funds)	22 586	13 319
Foreign currencies/precious metals/commodities	172 519	179 673
Total result from trading activities	195 105	192 992
<i>of which, from fair value option</i>	8 611	8 639
<i>of which, from fair value option on assets</i>	8 611	8 639

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	2022	2021
Negative interest on lending business (decrease in interest and discount income)	13 383	22 896
Negative interest on borrowing business (decrease in interest expense)	30 919	48 324

28. Breakdown of personnel expenses

CHF thousand	2022	2021
Salaries	1 245 050	1 317 079
<i>of which</i> , expenses relating to alternative forms of variable compensation	228 973	236 357
Social insurance benefits	252 573	259 161
Other personnel expenses	43 383	31 721
Total	1 541 006	1 607 961

29. Breakdown of general and administrative expenses

CHF thousand	2022	2021
Office space expenses	117 345	102 875
Expenses for information and communications technology	282 447	240 286
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	12 320	12 109
Professional services	62 383	71 090
Fees of audit firms	6 635	6 732
<i>of which</i> , for financial and regulatory audits	5 201	4 959
<i>of which</i> , for other services	1 434	1 773
Public relations	40 698	35 662
Travel	34 738	17 725
Taxes	30 191	25 749
Other operating expenses	76 172	85 267
Total	662 929	597 495

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	2022	2021
Changes to provisions and other value adjustments, losses	(12 758)	(70 490)
Extraordinary income	71 368	306 004
Extraordinary expenses	(40 006)	(108)

In 2022, the participation in the company Euroclear has been sold, generating an extraordinary income of CHF 69 million. Main portion of this income has been allocated to the Pictet Group Foundation, explaining the extraordinary expenses of CHF 40 million.

In 2021, a sale-leaseback agreement was concluded for the head office building located at route des Acacias 60, in Geneva. Taking into account the residual value of the building, this transaction generated an extraordinary income of CHF 302 million. In accordance with the accounting rules for drawing up the consolidated accounts as per the fair value principle, the capital gain reinvestment recognised in Banque Pictet & Cie SA's financial statements resulted in the recognition of a provision for deferred taxes at consolidated level. The detailed breakdown of value adjustments and provisions is shown in the table presenting value adjustments and provisions in note 14.

31. Presentation of the operating result
broken down by domestic and foreign origin,
according to the principle of permanent establishment

(CHF thousand)	2022		2021	
	Swiss	Foreign	Swiss	Foreign
Interest and discount income	193 271	106 572	122 866	34 994
Interest and dividend income from financial investments	110 534	35 901	11 758	(3 839)
Interest expense	(42 499)	(12 564)	(11 871)	7 864
Gross result from interest operations	261 306	129 909	122 753	39 019
Changes in value adjustments for default risks and losses from interest operations	293	(28)	2 079	(5)
Subtotal net result from interest operations	261 599	129 881	124 832	39 014
Commission income from securities trading and investment activities	1 676 634	1 874 319	1 909 768	2 075 116
Commission income from lending activities	1 328	2 993	770	4 120
Commission income from other services	9 141	2 777	2 896	6 918
Commission expenses	(178 718)	(791 479)	(216 247)	(897 083)
Subtotal result from commission business and services	1 508 385	1 088 610	1 697 187	1 189 071
Result from trading activities and the fair value option	137 938	57 167	133 634	59 358
Result from the disposal of financial investments	3	-	-	-
Income from other non-consolidated participations	3 178	1 091	8 161	-
Result from real estate	1 165	400	982	195
Other ordinary income	1 725	68	232	87
Other ordinary expenses	-	-	(1 496)	-
Subtotal other result from ordinary activities	6 071	1 559	7 879	282
Personnel expenses	(998 461)	(542 545)	(1039 194)	(568 767)
General and administrative expenses	(438 753)	(224 176)	(410 449)	(187 046)
Subtotal operating expenses	(1437 214)	(766 721)	(1449 643)	(755 813)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(31 802)	(13 171)	(38 253)	(13 478)
Changes to provisions and other value adjustments and losses	(19 343)	6 585	(73 109)	2 619
Operating result	425 634	503 910	402 527	521 053
Extraordinary income	70 386	982	304 315	1 689
Extraordinary expenses	(40 000)	(6)	-	(108)
Taxes	(66 935)	(126 067)	(110 233)	(111 360)
Consolidated profit of the year	389 085	378 819	596 609	411 274

32. Presentation of current taxes, deferred taxes and disclosure of tax rate

CHF thousand	2022	2021
Creation/(release) of provisions for deferred taxes	7 553	46 685
Current tax expenses	185 449	174 908
Total taxes	193 002	221 593
Average tax rate	20.8%	24.0%
Average tax rate (current tax expenses)	20.1%	18.9%

A provision for deferred taxes was constituted in 2021, in relation to the sale-leaseback transaction of the Bank's building in Geneva.

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 on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Pictet Group (the Group), which comprise the consolidated balance sheet as at 31 December 2022, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements (pages 6 to 10 and 26 to 71), including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting rules for banks and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Partners is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Partners' responsibilities for the consolidated financial statements

The Board of Partners is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with accounting rules for banks and the provisions of Swiss law, and for such internal control as the Board of Partners determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the Board of Partners is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Partners either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Partners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to the Board of Partners or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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



Morgan Badoud

Geneva, 28 April 2023

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