

Pictet Group

Annual report 2023



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KEY FIGURES

CHF thousand	2023	2022
Consolidated income statement		
Operating income	3 161 546	3 191 210
Total expenses before tax	2 424 425	2 261 666
Operating result	737 121	929 544
Consolidated profit for the year	576 691	767 904
Cost/income ratio	77%	71%
CHF thousand		
Consolidated balance sheet		
	31.12.2023	31.12.2022
Total assets	40 060 322	44 881 308
Total equity	4 103 556	4 154 632
Basel III CET1 solvency ratio	28.7%	27.1%
Basel III Total solvency ratio	29.0%	27.4%
Liquidity coverage ratio (LCR)	198%	176%
Return on equity	14.0%	19.6%
Leverage ratio	7.7%	6.8%
Other indicators		
Assets under management or custody (CHF bn)	633	608
Staff (in FTE)	5 439	5 307
in Switzerland	3 224	3 174
abroad	2 215	2 133
Banque Pictet & Cie SA's rating FitchRatings/Moody's	AA-/Aa2	AA-/Aa2

REFLECTIONS ON 2023

I am honoured to present the Annual Report of the Pictet Group for the year ended 31 December 2023.

Last year was a challenging year for investors and the financial industry. Stubbornly high inflation put pressure on central banks to keep interest rates higher for longer. The higher rates as well as deficiencies in risk management and a lack of proactive supervision led to turbulences in some parts of the banking sector.

Against this backdrop, Pictet demonstrated its experience, discipline and unwavering commitment to long-term thinking.

The Group reported operating income of CHF 3,2bn for the year ended 31 December 2023, down 1% year on year. The significant strengthening of the Swiss franc adversely impacted assets under management and operating income. Consolidated profit stood at CHF 577m (down 25%), following the settlement with the US Department of Justice. Adjusted for one-off events, consolidated profit was 9% lower than 2022. Assets under management or custody amounted to CHF 633bn (+4%) as at 31 December 2023.

The Group's equity and regulatory liquidity and capital ratios remain very solid. As at 31 December 2023, total equity stood at CHF 4,1bn. The liquidity coverage ratio of 198% was comfortably above the 100% required by Basel III, underscoring the strength of Pictet.

Clients continue to recognise the benefits of our long-term business model, as reflected by the solid growth in net new money of CHF 16bn (excl. double counting). As we move forward into 2024 and beyond, we continue to prioritise investing in both talent and technology, ensuring that we maintain the renowned Pictet standard that sets us apart.

This is the last Annual Report that I will be presenting as I prepare to step down from the Partnership after more than a quarter-century at the end of June 2024. Marc Pictet will become the next Senior Partner and I will join the Supervisory Board of the Group and the Board of Directors of Banque Pictet & Cie SA, effective 1 January 2025.

I am looking forward to the next chapter and feel very confident about the future of Pictet. In a world that is constantly changing, Pictet remains steadfast in its course. Our firm is well positioned as a quality player and our rejuvenated group of Managing Partners is firmly committed to ensuring stability, independence and long-term thinking.

RENAUD DE PLANTA
Senior Partner

CONSOLIDATED BALANCE SHEET

Assets (CHF thousand)	Notes	31.12.2023	31.12.2022
Liquid assets		5 123 932	5 013 412
Amounts due from banks	10	1 144 735	1 748 151
Amounts due from securities financing transactions	1	8 795 000	5 582 520
Amounts due from customers	2;16	7 169 783	8 714 108
Trading portfolio assets	3	16 351	13 637
Positive replacement values of derivative financial instruments	4	2 375 198	2 557 556
Other financial instruments at fair value	3	1 037 504	1 419 385
Financial investments	5;10	12 893 533	18 435 937
Accrued income and prepaid expenses		739 808	661 546
Non-consolidated participations	6;7	4 035	4 090
Tangible fixed assets	8	337 386	257 450
Other assets	9	423 057	473 516
Total assets		40 060 322	44 881 308
Total subordinated claims		-	-
Liabilities (CHF thousand)	Notes	31.12.2023	31.12.2022
Amounts due to banks		1 585 676	1 756 371
Liabilities from securities financing transactions	1	2 672 992	2 074 326
Amounts due in respect of customer deposits	11;16	26 109 507	31 030 344
Trading portfolio liabilities	3	9 624	814
Negative replacement values of derivative financial instruments	4	2 334 798	1 967 509
Liabilities from other financial instruments at fair value	3;13	1 135 171	1 569 393
Accrued expenses and deferred income		1 220 134	1 322 718
Other liabilities	9	562 637	688 471
Provisions	14	326 227	316 730
Total equity		4 103 556	4 154 632
Equity owners' contribution	15;17	674 819	691 137
Capital reserve		11 664	11 664
Retained earnings reserve		2 858 620	2 691 132
Currency translation reserve		(18 238)	(7 205)
Consolidated profit for the year		576 691	767 904
Total liabilities		40 060 322	44 881 308
Total subordinated liabilities		-	-

Consolidated off-balance-sheet transactions

CHF thousand	Notes	31.12.2023	31.12.2022
Contingent liabilities	2;23	8 408 034	8 016 187
Irrevocable commitments	2	105 714	127 363

CONSOLIDATED INCOME STATEMENT

CHF thousand	Notes	2023	2022	Change
Interest and discount income	27	816 762	299 843	
Interest and dividend income from financial investments		346 126	146 435	
Interest expense	27	(581 203)	(55 063)	
Gross result from interest operations		581 685	391 215	49%
Changes in value adjustments for default risks and losses from interest operations	2;14	1 120	265	
Subtotal net result from interest operations		582 805	391 480	49%
Commission income from securities trading and investment activities		3 277 240	3 550 953	
Commission income from lending activities		3 455	4 321	
Commission income from other services		11 392	11 918	
Commission expenses		(887 942)	(970 197)	
Subtotal result from commission business and services		2 404 145	2 596 995	-7%
Result from trading activities and the fair value option	26;27	172 315	195 105	-12%
Result from the disposal of financial investments		-	3	
Income from other non-consolidated participations		1 658	4 269	
Result from real estate		2 860	1 565	
Other ordinary income		1 178	1 793	
Other ordinary expenses		(3 415)	-	
Subtotal other result from ordinary activities		2 281	7 630	-70%
Subtotal operating income		3 161 546	3 191 210	-1%
Personnel expenses	12;28	(1 529 919)	(1 541 006)	
General and administrative expenses	29	(717 040)	(662 929)	
Subtotal operating expenses		(2 246 959)	(2 203 935)	2%
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	6;8	(40 670)	(44 973)	
Changes to provisions and other value adjustments and losses	14;30	(136 796)	(12 758)	
Operating result		737 121	929 544	-21%
Extraordinary income	30	610	71 368	
Extraordinary expenses	30	-	(40 006)	
Taxes	32	(161 040)	(193 002)	
Consolidated profit for the period		576 691	767 904	-25%

CONSOLIDATED CASH-FLOW STATEMENT

CHF thousand	2023		2022	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from operating activities (internal financing)				
Consolidated result for the year	576 691	-	767 904	-
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	40 670	-	44 973	-
Provisions and other value adjustments	31 129	21 632	5 719	13 717
Change in value adjustments for default risks and losses	1 621	1 285	1 767	873
Accrued income and prepaid expenses	-	78 262	27 149	-
Accrued expenses and deferred income	-	102 584	-	45 608
Other items	168 813	244 188	235 187	68 571
Previous year's dividends	-	599 600	-	297 243
Subtotal	818 924	1 047 551	1 082 699	426 012
Cash flow from shareholders' equity transactions				
Share capital/participation capital/endowment capital, of which, equity owners' contribution	-	16 318	74	-
Recognised in reserves	-	11 849	3 952	-
Subtotal	-	28 167	4 026	-
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	-	31	71 187	-
Real estate	2 138	80 114	3 721	81 829
Other tangible fixed assets	2 338	44 882	1 904	51 105
Subtotal	4 476	125 027	76 812	132 934

CHF thousand	2023		2022	
	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	-	3 533	60 479	-
Amounts due from customers	117 664	-	58 592	-
Financial investments	2 411 090	-	2 158 074	-
Short-term business (<1 year)				
Amounts due to banks	-	170 695	541 226	-
Liabilities from securities financing transactions	598 666	-	572 599	-
Amounts due in respect of customer deposits	-	4 917 304	-	6 388 859
Trading portfolio liabilities	8 810	-	-	6 739
Negative replacement values of derivative financial instruments	367 289	-	797 970	-
Liabilities from other financial instruments at fair value	-	434 222	-	426 712
Amount due from banks	603 416	-	255 714	-
Amount due from securities financing transactions	-	3 212 480	330 480	-
Amount due from customers	1 426 661	336	1 046 387	894
Trading portfolio assets	-	2 714	23 437	-
Positive replacement values of derivative financial instruments	182 358	-	-	1 448 651
Other financial instruments at fair value	381 881	-	381 340	-
Financial investments	3 131 314	-	-	5 214 135
Liquidity				
Liquid assets	-	110 520	6 655 101	-
Subtotal	9 229 149	8 851 804	12 881 399	13 485 990
Total	10 052 549	10 052 549	14 044 936	14 044 936

STATEMENT OF CHANGES IN EQUITY

CHF thousand	Equity owners' contribution	Capital reserve	Retained earnings reserve	Currency translation reserve	Result of the period	Total
Equity at 1.1.2023	691 137	11 664	2 691 132	(7 205)	767 904	4 154 632
Other variations	(16 318)	-	(816)	-	-	(17 134)
Currency translation differences	-	-	-	(11 033)	-	(11 033)
Dividends and other distributions	-	-	-	-	(599 600)	(599 600)
Other allocations to (transfers from) the other reserves	-	-	168 304	-	(168 304)	-
Consolidated profit for the period	-	-	-	-	576 691	576 691
Equity at 31.12.2023	674 819	11 664	2 858 620	(18 238)	576 691	4 103 556

**PICTET GROUP GOVERNANCE
AT 31 DECEMBER 2023**

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, Marc Pictet, Laurent Ramsey, Sébastien Eisinger, Elif Aktuğ, François Pictet and Sven Holstenson.

Pictet Group governing bodies

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

The Board of Managing 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 Managing Partners. 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 Managing Partners. The Supervisory Board acts as the Group 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 (as of 31st December 2023)

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 cannot be Partners or employees of the Pictet Group.

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

As of January 1st, 2024, the composition of the Pictet Group's Supervisory Board and the Board of Directors of the Swiss Bank (Banque Pictet & Cie SA) has been aligned.

Both bodies will be composed of the same Board members as follows:

Shelby du Pasquier, *Chairman*

Hans Isler

Jacques de Saussure

Nicolas Pictet

Daniel Wanner

Jürg Brun

Isabelle Romy

Susanne Haury von Siebenthal

Rémy Best

Some further adaptations have been introduced to ensure the smooth functioning and strong decision-making of these revised bodies, including a new Risk & Compliance Committee (composed of Hans Isler as Chair, Shelby du Pasquier, and Susanne Haury von Siebenthal), as well as an Audit Committee (composed of Daniel Wanner as Chair, Jürg Brun and Isabelle Romy).

Responsibilities

As the body with oversight over the Board of Managing Partners, the Supervisory Board verifies that the measures taken by the Board of Managing 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 Managing 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 Managing 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 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 Pamp Ventures 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.
- Foundation Audemars Piguet, Member of the Board of Trustees

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 (up to August 2023)
- 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 Managing Partners

Composition

Renaud de Planta
Marc Pictet
Laurent Ramsey
Sébastien Eisinger
Elif Aktuğ
François Pictet
Sven Holstenson

Organisation

The Board of Managing 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 Managing 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 Managing Partners also carries out the consolidated supervision of the activities of the Pictet Group.

The responsibilities of the Board of Managing 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 Managing 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 Managing Partners oversee individual and reporting responsibilities for corporate functions or business lines of the Pictet Group. These responsibilities are decided by the Board of Managing Partners.

Backgrounds of the members of the Board of Managing 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

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

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**

- Member of the FIFDH Foundation (International Film Festival and Forum on Human Rights), Geneva

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

Sven Holstenson

Education

- Certified International Investment Analyst, SFAA
- Master of Business Administration, INSEAD, Paris
- Master in Production Engineering, Swiss Federal Institute of Technology (EPFL), Lausanne
- Bachelor in Microengineering, Swiss Federal Institute of Technology (EPFL), Lausanne

Professional experience

- Since 2012: Pictet Group (Partner since 2023)
- 2011-2012: McKinsey & Company, Geneva
- 2010-2012: Alphabet, London
- 2006-2009 : Procter & Gamble, Geneva

*Appointments**

- Member of the Board of Directors and Audit Committee of the SIX Group, Zurich

* Appointments outside the Pictet Group

Group Executive Committee (GEC)

Composition

Members of the Board of Managing Partners
(above)

Xavier Barde
Jean-Philippe Nerfin
Grégory Petit
Peter Wintsch
Cynthia O’Gorman Schem

Composition

The GEC is made up of the seven members of the Board of Managing 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 Managing 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, specialisation in banking, University of St. Gallen,

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)

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 Technology and Operations 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

Cynthia O’Gorman Schem

Education

- Master of Arts, International Business, Webster University, Bellevue
- Bachelor of Arts, Management and Business Administration, Webster University, Bellevue
- High School Academic Diploma, Collège du Léman, Versoix

Professional experience

- Pictet Group since 2013:
 - since 2023: Global Head of Human Resources
 - 2018 – 2023: PAM Ltd, Chief Operating Officer
 - 2017 - 2018: PAM SA, Chief Operating Officer
 - 2013 - 2017: PAM SA, Head of Fund Administration & Portfolio Transitions
- 1998 - 2013: Capital Group Geneva
- 1995 - 1997: HellerSud Servicios Financieros
- 1995: Superintendence of Financial Institutions Banco Central de la República Argentina

Remuneration

Board of Partners

The members of the Board of Managing 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 Managing Partners changed in 2023.

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 benefit from 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 2023.

Auditors

The external audit is an integral part of the governance. The auditor of the consolidated financial statements of the Pictet Group is PricewaterhouseCoopers Ltd (PwC), Switzerland. The existing appointment was renewed for 2023. Beresford Caloia is the auditor in charge since 2023.

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 external auditor in 2023, 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 Managing 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 Managing Partners.

NOTES

Accounting principles

Consolidated accounts at 31 december 2023

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 2023.

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, Cologne; Pictet Holding LLP, Singapore; Pictet Capital SA, Cologne; Sopafin (Luxembourg) SA, Luxembourg; Sopafin SA, Cologne, and Pictet Canada LP, Montreal.

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 2023' (in accordance with the FINMA 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 reserves'). The main exchange rates used to convert foreign currencies into Swiss francs are as follows:

	31.12.2023	31.12.2022	Average exchange rate
EUR	0.9297	0.9874	0.9714
USD	0.8417	0.9252	0.8984
JPY	0.0060	0.0070	0.0064
GBP	1.0729	1.1129	1.1174

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. Furthermore, all receivables arising from such interest that have accrued by the end of the 90 days are written off using income statement item '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 'Result from trading activities and the fair value option'. The refinancing costs of the trading portfolios are offset directly under 'Result from trading activities and the fair value option'. Unrealised income stemming from the valuation, as well as realised income, are booked under 'Result 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 and recorded under the items "Other assets" and "Other liabilities". In cases where value adjustments are related to default risk, that portion related to default risk is recognised under 'Changes in value adjustments for default risks and losses from interest operations'

Debt securities that are not intended to be held to maturity are valued based on the lower of cost or market value. 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 (excl. self-developed software booked as an expense in the income statement), 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.

The accuracy of the valuation is reviewed on an annual basis.

Depreciation charges are booked under 'Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets' in the consolidated income statement.

<i>Scheduled useful lifetimes</i>	
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 transaction

Such transactions cover customer deposits, loans, participations, and securities lending and borrowing transactions entered into or granted by the Group 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.

Change in accounting principles

There were no changes in the accounting principles in 2023.

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. 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 governance bodies at least on a quarterly basis. 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 Managing 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.

Technology and Information Security risks

As a subset of operational risks, the Group places utmost importance on technology, information security, and cyber risk management by implementing the three lines model.

A robust framework is implemented to proactively identify potential threats, fortify the technology infrastructure, and continuously monitor to promptly detect security incidents. This includes also regular awareness training for all staff. This comprehensive approach ensures the confidentiality, integrity, and availability of the Group's information system. The framework enables swift response and recovery, minimizing disruption to normal operations in case of events.

Sustainability-related risks

Sustainability risk is covered by Pictet's risk policies and risk management framework. A dedicated ESG Risk forum monitors key risk indicators (KRI) and sustainability-related risks stemming from key business activities, within the wider internal control system. Detailed information can be found in the Pictet Group Sustainability report published on www.pictet.com.

Change in risk policy

The risk policy has been modified in 2023 to reflect some minor 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 reserve'.

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 downgrade of an issuer's credit rating), the debt securities may be sold before term. A sizeable portion of the Treasury portfolio is also invested in short-term investments such as cash at central banks or reverse repos.

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.

At least once a year, the hedge effectiveness is verified and documented. The situations of hedge ineffectiveness (if any) are commented.

Events after the balance sheet date

No significant events that might affect Pictet Group's 2023 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	31.12.2023	31.12.2022
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	8 795 000	5 582 520
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	2 672 992	2 074 326
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	1 897 313	2 246 979
- of which, with unrestricted right to resell or pledge	1 897 313	2 246 979
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	8 832 029	5 579 236
- of which, resold securities	958 336	-

*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 customers	13 535	7 070 406	115 382	7 199 323
Total loans (before netting with value adjustments)				
31.12.2023	13 535	7 070 406	115 382	7 199 323
31.12.2022	11 845	8 584 971	146 496	8 743 312
Total loans (after netting with value adjustments)				
31.12.2023	13 535	7 070 406	85 842	7 169 783
31.12.2022	11 845	8 584 971	117 292	8 714 108
Off-balance sheet				
Contingent liabilities	-	8 275 895	132 139	8 408 034
Irrevocable commitments	-	83 194	22 520	105 714
Total off-balance sheet				
31.12.2023	-	8 359 089	154 659	8 513 748
31.12.2022	-	7 919 860	223 690	8 143 550

Impaired loans/receivables

CHF thousand	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2023	29 540	-	29 540	29 540
31.12.2022	29 204	-	29 204	29 204

Impaired loans represent 0.41% of the total amounts due from customers at 31 December 2023 (compared to 0.34% at 31 December 2022). Variation is mainly due to foreign exchange effects and accrued interests.

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

Assets (CHF thousand)	31.12.2023	31.12.2022
Trading portfolio assets	16 351	13 637
Equity securities	16 351	13 637
Other financial instruments at fair value	1 037 504	1 419 385
Debt securities	28 216	27 249
Equity securities	1 007 256	1 390 170
Precious metals	2 032	1 966
Total assets	1 053 855	1 433 022
<i>of which, determined using a valuation model</i>	788	1 315
Liabilities (CHF thousand)	31.12.2023	31.12.2022
Trading portfolio liabilities	9 624	814
Debt securities, money market securities/transactions	14	-
Equity securities	9 375	814
Precious metals and commodities	235	-
Other financial instruments at fair value	1 135 171	1 569 393
Structured products (certificates)	1 135 171	1 569 393
Total liabilities	1 144 795	1 570 207
<i>of which, determined using a valuation model</i>	1 722	479

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	19 366	16 494	1 337 178	764 965	317 305	37 816 189
Futures	8	18	181 848	-	-	-
Foreign exchange						
Forward contracts	248 467	466 724	39 851 281	-	17 962	1 009 964
Combined interest rate/ currency swaps	1 211 547	1 049 355	84 704 095	13 244	362 965	12 773 808
Options (OTC)	11 812	9 790	1 430 631	-	-	-
Precious metals						
Forward contracts	1 884	472	71 328	-	-	-
Combined interest rate/ currency swaps	9 884	3 980	1 006 211	-	-	-
Options (OTC)	22 689	17 586	1 518 016	-	-	-
Equity securities/indices						
Forward contracts	172	172	52 791	-	-	-
Swaps	1 401	1 401	124 963	-	-	-
Futures	-	367	131 287	-	-	-
Options (OTC)	56 468	46 252	3 522 673	-	-	-
Options (exchange-traded)	6 162	16 826	844 358	-	-	-
Credit derivatives						
Credit default swaps	7 129	7 129	216 508	-	-	-
Total before netting agreements:						
31.12.2023	1 596 989	1 636 566	134 993 168	778 209	698 232	51 599 961
of which, determined using a valuation model	1 590 819	1 619 355	133 835 675	778 209	698 232	51 599 961
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

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)
31.12.2023	2 375 198	2 334 798
31.12.2022	2 557 556	1 967 509

Breakdown by counterparty

Positive replacement values (after netting agreements) (CHF thousand)	Central clearing houses	Banks and securities dealers	Other customers
31.12.2023	252	1 989 548	385 398
31.12.2022	1 014 510	938 247	604 799

5. Breakdown of financial investments

CHF thousand	Book value		Fair value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Debt securities	12 148 523	17 685 453	11 728 790	16 862 023
<i>of which, intended to be held to maturity</i>	12 148 523	17 685 453	11 728 790	16 862 023
Equity securities	184 550	184 054	215 552	221 624
Precious metals	560 460	566 430	560 460	566 430
Total	12 893 533	18 435 937	12 504 802	17 650 077
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	9 873 629	13 852 185	9 541 201	13 269 312

The debt securities portfolio held to maturity is hedged against market fluctuations arising from interest rate movements. Fair value of the portfolio should be considered along with the result of these hedging operations.

Breakdown of counterparties by rating

CHF thousand	Book value	
	31.12.2023	31.12.2022
AAA	8 885 458	14 161 498
AA+	2 270 294	2 372 434
AA	306 325	285 232
AA-	677 221	866 289
A+	9 225	-
Total	12 148 523	17 685 453

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 31.12.2022	Additions	Disposals	Value adjustments	Changes in book value in the case of participations valued using the equity method/depreciation reversals	Book value at 31.12.2023	Market value
Other participations									
with listing on a stock exchange	2 900	(2 900)	-	-	-	-	-	-	4 500
without listing on a stock exchange	6 334	(2 244)	4 090	100	(69)	(86)	-	4 035	28 766
Total participations	9 234	(5 144)	4 090	100	(69)	(86)	-	4 035	33 266

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, Singapore	Bank	CHF	85 000	100	100	0	100
Bank Pictet & Cie (Europe) AG, Frankfurt *	Bank	EUR	60 000	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 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 Holding SA, Carouge	Financial company	CHF	5 700	100	100	0	100
Pictet Alternative Advisors (UK) Limited, London	Wealth management	GBP	2 950	100	100	0	100
Pictet Alternative Advisors (Germany) GMBH, Frankfurt	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, Singapore	Asset Management	SGD	2 500	100	100	0	100
Pictet Asset Management Ltd, London	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., Montreal	Asset Management	CAD	250	100	100	0	100
Pictet Asset Management SA, Carouge	Asset Management	CHF	21 000	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 (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., Montreal	Brokerage	CAD	28 000	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 Global Hedging SA, Carouge	Financial company	CHF	100	100	100	-	100
Pictet Holding LLP, Singapore	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., Montreal	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 Holding SA, Carouge	Financial company	CHF	100	100	100	-	100
Pictet Technologies SA, Luxembourg	IT services	EUR	500	100	100	-	100
Pictet Technology Portugal LLC, Portugal	IT services	EUR	20	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

*In May 2023, Pictet & Cie (Europe) S.A., the European bank of the Pictet Group (PEUSA) relocated its headquarters to Frankfurt am Main, Germany and became Bank Pictet & Cie (Europe) AG, Frankfurt

**Pictet Alternative Advisors (Europe) SA, Luxembourg was merged with Pictet Asset Management (Europe) SA, Luxembourg

*** Pictet Wealth Management (Israel) Ltd, Tel Aviv is in liquidation

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 31.12.2023

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' (2022: none).

There are no commitments to purchase or dispose of shares (2022: none).

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

8. Tangible fixed assets

CHF thousand	Acquisition cost	Accumulated depreciation	Book value at 31.12.2022	Reclassifications	Additions	Disposals	Translation differences	Depreciation	Book value at 31.12.2023
Buildings for own use	159 192	(9 925)	149 267	-	80 114	(2 138)	-	-	227 243
Other real estate	16 440	(16 440)	-	-	-	-	-	-	-
Separately acquired software	82 875	(77 250)	5 625	-	1 599	-	(5)	(3 642)	3 577
Other tangible fixed assets	263 500	(160 942)	102 558	-	43 283	(454)	(1 879)	(36 942)	106 566
Total tangible fixed assets	522 007	(264 557)	257 450	-	124 996	(2 592)	(1 884)	(40 584)	337 386

Operational Leasing

CHF thousand	Off balance sheet leasing commitments	
	31.12.2023	31.12.2022
within 12 months	77 551	77 495
between 12 months and 5 years	254 980	279 258
after 5 years	356 571	376 326
Total off balance sheet leasing commitments	689 102	733 079
<i>of which, cancellable within 12 months</i>	486	144

9. Breakdown of other assets and other liabilities

CHF thousand	Other assets		Other liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Compensation account	-	-	327 449	571 637
Deferred income taxes recognised as assets	10 718	12 868	-	-
Indirect taxes	238 705	244 496	68 398	50 496
Clearing accounts	165 478	207 963	162 842	62 809
Other	8 156	8 189	3 948	3 529
Total	423 057	473 516	562 637	688 471

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

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

CHF thousand	Book values		Effective commitments	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Due from banks	86 965	93 747	86 965	93 747
Financial investments	1 883 509	1 881 660	1 869 680	1 881 660

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 audited annual accounts show the funding ratio for the scheme stood at 112.9% as at end-December 2023 (111.6% at end 2022). The value fluctuation reserve represents 25% of pension liabilities (25% at end 2022).

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)	31.12.2023	31.12.2022
Amounts due in respect of client deposits	40 879	66 390

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 31.12.2023	Contributions paid for 2023	Pension expenses in personnel expenses	
			2023	2022
Employer sponsored funds/employer sponsored pension schemes	-	4 000	4 000	2 700
Pension plans without overfunding/underfunding	-	19 720	22 516	25 474
Pension plans with overfunding	12.9%	111 297	111 297	105 006

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 2023, 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)		1 080 076	-	-	1 080 076
Without oDC		-	-	-	-
Foreign currencies					
With own debenture component (oDC)		37 163	-	-	37 163
Without oDC		-	-	-	-
Commodities/precious metals					
With own debenture component (oDC)		17 932	-	-	17 932
Without oDC		-	-	-	-
Total 31.12.2023		1 135 171	-	-	1 135 171

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 31.12.2022	Use in conformity with designated purpose	Reclassifica- tions	Past due interest, recoveries	New creations charges to income statement	Releases to Income statement	Balance at 31.12.2023
Provisions for deferred taxes	146 986	-	-	-	16 126	(8 100)	155 012
Provisions for other business risks	168 829	(8 672)	-	(15)	10 282	(88)	170 336
Other provisions	915	(391)	-	(53)	486	(78)	879
Total provisions	316 730	(9 063)	-	(68)	26 894	(8 266)	326 227
Value adjustments for default and country risks	29 204	(137)	-	1 500	121	(1 148)	29 540
<i>of which</i> , value adjustments for default risks in respect of impaired loans/receivables	29 204	(137)	-	1 500	121	(1 148)	29 540

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.

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Holders of qualified participations	-	-	654 844	896 781
Group companies	2 044	-	2 735	2 336
Affiliated companies	-	-	63 237	-
Transactions with members of governing bodies	-	1 000	260 156	334 266

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, Marc Pictet, Laurent Ramsey, Sébastien Eisinger, François Pictet, Elif Aktuğ and Sven Holstenson – are significant equity owners.

Decisions are made by the Managing 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	5 123 932	-	-	-	-	-	5 123 932
Amounts due from banks	485 182	-	657 373	2 180	-	-	1 144 735
Amounts due from securities financing transactions	-	-	8 795 000	-	-	-	8 795 000
Amounts due from customers	18 718	4 282 376	2 273 888	488 711	105 794	296	7 169 783
Trading portfolio assets	16 351	-	-	-	-	-	16 351
Positive replacement values of derivative financial instruments	2 375 198	-	-	-	-	-	2 375 198
Other financial instruments at fair value	1 037 504	-	-	-	-	-	1 037 504
Financial investments	745 011	13 829	2 279 764	1 815 100	7 245 324	794 505	12 893 533
Total 31.12.2023	9 801 896	4 296 205	14 006 025	2 305 991	7 351 118	794 801	38 556 036
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

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	1 585 676	-	-	-	-	-	1 585 676
Liabilities from securities financing transactions	-	-	2 672 992	-	-	-	2 672 992
Amounts due in respect of customer deposits	12 627 931	-	11 518 161	1 906 469	56 946	-	26 109 507
Trading portfolio liabilities	9 624	-	-	-	-	-	9 624
Negative replacement values of derivative financial instruments	2 334 798	-	-	-	-	-	2 334 798
Liabilities from other financial instruments at fair value	1 135 171	-	-	-	-	-	1 135 171
Total 31.12.2023	17 693 200	-	14 191 153	1 906 469	56 946	-	33 847 768
Total 31.12.2022	30 525 422	-	7 229 660	583 196	60 479	-	38 398 757

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

Assets (CHF thousand)	31.12.2023		31.12.2022	
	Swiss	Foreign	Swiss	Foreign
Liquid assets	4 983 711	140 221	4 924 022	89 390
Amounts due from banks	20 657	1 124 078	29 689	1 718 462
Amounts due from securities financing transactions	8 795 000	-	5 582 520	-
Amounts due from customers	764 617	6 405 166	907 742	7 806 366
Trading portfolio assets	196	16 155	4 012	9 625
Positive replacement values of derivative financial instruments	504 348	1 870 850	416 033	2 141 523
Other financial instruments at fair value	172 885	864 619	210 807	1 208 578
Financial investments	3 326 876	9 566 657	7 292 010	11 143 927
Accrued income and prepaid expenses	185 888	553 920	133 291	528 255
Non-consolidated participations	2 194	1 841	2 094	1 996
Tangible fixed assets	305 465	31 921	227 397	30 053
Other assets	228 605	194 452	249 102	224 414
Total assets	19 290 442	20 769 880	19 978 719	24 902 589

Liabilities (CHF thousand)	31.12.2023		31.12.2022	
	Swiss	Foreign	Swiss	Foreign
Amounts due to banks	169 870	1 415 806	178 190	1 578 181
Liabilities from securities financing transactions	813 644	1 859 348	1 256 012	818 314
Amounts due in respect of customer deposits	8 348 820	17 760 687	9 751 680	21 278 664
Trading portfolio liabilities	277	9 347	2	812
Negative replacement values of derivative financial instruments	1 054 062	1 280 736	573 336	1 394 173
Liabilities from other financial instruments at fair value	1 094 029	41 142	1 421 949	147 444
Accrued expenses and deferred income	423 186	796 948	556 553	766 165
Other liabilities	477 946	84 691	598 956	89 515
Provisions	325 347	880	315 321	1 409
Total equity	3 802 642	300 914	3 775 813	378 819
Equity owners' contribution	674 819	-	691 137	-
Capital reserve	11 664	-	11 664	-
Retained earnings reserve	2 858 620	-	2 691 132	-
Currency translation reserve	(18 238)	-	(7 205)	-
Consolidated profit for the year	275 777	300 914	389 085	378 819
Total liabilities	16 509 823	23 550 499	18 427 812	26 453 496

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

Assets (CHF thousand)	31.12.2023		31.12.2022	
	Absolute	Share as %	Absolute	Share as %
Switzerland	19 290 442	48%	19 978 719	45%
Europe	11 250 373	28%	14 140 749	31%
The Americas	6 718 988	17%	8 120 616	18%
Asia	2 587 254	6%	2 364 686	5%
Africa and Oceania	213 265	1%	276 538	1%
Total assets	40 060 322	100%	44 881 308	100%

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

Rating according to FINMA mapping tables	Foreign exposure 31.12.2023		Foreign exposure 31.12.2022	
	CHF thousand	Share as %	CHF thousand	Share as %
1 & 2	18 595 589	92%	20 961 737	88%
3	476 333	2%	1 373 217	6%
4	621 465	3%	688 771	3%
5	30 722	0%	81 624	0%
6	111 761	1%	99 720	0%
7	14 041	0%	71 222	0%
Unrated	453 122	2%	511 790	2%
Total	20 303 033	100%	23 788 081	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 2023)

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Assets							
Liquid assets	4 979 868	139 710	847	320	10	3 177	5 123 932
Amounts due from banks	31 468	662 683	225 621	35 210	83 766	105 987	1 144 735
Due from securities financing transactions	8 795 000	-	-	-	-	-	8 795 000
Amounts due from customers	1 024 134	2 666 845	2 745 490	327 485	160 382	245 447	7 169 783
Trading portfolio assets	7 820	4 295	1 571	2 591	31	43	16 351
Positive replacement values of derivative financial instruments	1 618 552	279 540	387 621	55 781	400	33 304	2 375 198
Other financial instruments at fair value	166 501	109 213	605 015	41 961	7 413	107 401	1 037 504
Financial investments	2 993 609	3 947 838	4 150 315	339 142	-	1 462 629	12 893 533
Accrued income and prepaid expenses	225 980	355 849	109 762	13 134	32 283	2 800	739 808
Non-consolidated participations	2 921	720	4	-	-	390	4 035
Tangible fixed assets	316 765	5 779	312	5 949	6 083	2 498	337 386
Other assets	261 829	68 255	65 975	10 515	8 623	7 860	423 057
Total assets shown in the balance sheet	20 424 447	8 240 727	8 292 533	832 088	298 991	1 971 536	40 060 322
Delivery entitlements from spot exchange, forward forex and forex options transactions	290 116 837	120 664 770	206 446 317	34 663 095	9 108 847	15 649 912	676 649 778
Total assets	310 541 284	128 905 497	214 738 850	35 495 183	9 407 838	17 621 448	716 710 100

Currencies (CHF thousand)	CHF	EUR	USD	GBP	JPY	OTHERS	TOTAL
Liabilities							
Amounts due to banks	373 397	539 824	610 722	42 598	4 194	14 941	1 585 676
Liabilities from securities financing transactions	-	2 152 322	467 023	53 647	-	-	2 672 992
Amounts due in respect of customer deposits	5 549 375	5 390 297	12 641 869	977 159	224 853	1 325 954	26 109 507
Trading portfolio liabilities	56	4 254	3 857	1 222	-	235	9 624
Negative replacement values of derivative financial instruments	2 025 651	88 258	170 626	25 017	348	24 898	2 334 798
Liabilities from other financial instruments at fair value	211 731	136 605	631 123	41 957	7 405	106 350	1 135 171
Accrued expenses and deferred income	497 477	506 320	44 639	89 437	28 557	53 704	1 220 134
Other liabilities	562 637	-	-	-	-	-	562 637
Provisions	325 347	880	-	-	-	-	326 227
Total equity	4 103 556	-	-	-	-	-	4 103 556
Equity owners' contribution	674 819	-	-	-	-	-	674 819
Capital reserve	11 664	-	-	-	-	-	11 664
Retained earnings reserve	2 858 620	-	-	-	-	-	2 858 620
Currency translation reserve	(18 238)	-	-	-	-	-	(18 238)
Consolidated profit for the year	576 691	-	-	-	-	-	576 691
Total liabilities shown in the balance sheet	13 649 227	8 818 760	14 569 859	1 231 037	265 357	1 526 082	40 060 322
Delivery obligations from spot exchange, forward forex and forex options transactions	296 473 835	120 603 494	200 024 791	34 300 729	9 110 233	16 136 696	676 649 778
Total liabilities	310 123 062	129 422 254	214 594 650	35 531 766	9 375 590	17 662 778	716 710 100
Net position per currency	418 222	(516 757)	144 200	(36 583)	32 248	(41 330)	-

Notes to off-balance sheet transactions

23. Breakdown and explanation of contingent assets and liabilities

CHF thousand	31.12.2023	31.12.2022
Guarantees to secure credits and similar	8 408 034	8 016 187
Total contingent liabilities	8 408 034	8 016 187
Contingent assets arising from tax losses carried forward	13 468	11 703
Total contingent assets	13 468	11 703

‘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	31.12.2023	31.12.2022
Fiduciary investments with third-party companies	19 062 742	21 044 170
Fiduciary transactions arising from securities lending and borrowing, which the bank conducts in its own name for the account of customers	483 814	604 355
Other fiduciary transactions	238 070	68 890
Total fiduciary transactions	19 784 626	21 717 415

25. Breakdown of assets under management or custody

Breakdown of assets under management or custody

CHF billion	31.12.2023	31.12.2022
Assets in collective investment schemes managed by the Group	202.8	194.1
Assets under discretionary asset management agreements	116.0	114.1
Other assets under custody	483.8	466.7
Total assets under management or custody (incl. double counting)	802.6	774.9
<i>of which, double counting</i>	169.3	166.9
Total managed assets excl. double counting	633.3	607.9

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

CHF billion	2023	2022
Total assets under management or custody - beginning of year	774.9	881.3
+/- Net new money inflow or net new money outflow	21.2	7.9
+/- Price gains/losses, interest, dividends and currency gains/losses	6.5	(114.3)
+/- Other effects	-	-
Total assets under management or custody - end of year	802.6	774.9

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 cash-flows 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	2023	2022
Trading for the account of the customers	118 237	131 376
Trading for own account	54 078	63 729
Trading activity total	172 315	195 105

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	2023	2022
Result from trading activities from:		
Equity securities (incl. funds)	14 926	22 586
Foreign currencies/precious metals/commodities	157 389	172 519
Total result from trading activities	172 315	195 105
<i>of which, from fair value option</i>	6 721	8 611
<i>of which, from fair value option on assets</i>	6 721	8 611

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 'Result from trading activities and the fair value option'.

Negative interest

CHF thousand	2023	2022
Negative interest on lending business (decrease in interest and discount income)	-	13 383
Negative interest on borrowing business (decrease in interest expense)	538	30 919

28. Breakdown of personnel expenses

CHF thousand	2023	2022
Salaries	1 231 586	1 245 050
<i>of which</i> , expenses relating to alternative forms of variable compensation	185 804	228 973
Social insurance benefits	254 965	252 573
Other personnel expenses	43 368	43 383
Total	1 529 919	1 541 006

29. Breakdown of general and administrative expenses

CHF thousand	2023	2022
Office space expenses	119 492	117 345
Expenses for information and communications technology	316 825	282 447
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	14 034	12 320
Professional services	65 131	62 383
Fees of audit firms	4 890	6 635
<i>of which</i> , for financial and regulatory audits	3 507	5 201
<i>of which</i> , for other services	1 383	1 434
Public relations	46 758	40 698
Travel	42 302	34 738
Taxes	32 774	30 191
Other operating expenses	74 834	76 172
Total	717 040	662 929

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	2023	2022
Changes to provisions and other value adjustments, losses	(136 796)	(12 758)
Extraordinary income	610	71 368
Extraordinary expenses	-	(40 006)

In December 2023, Bank Pictet & Cie SA reached a final settlement agreement with the US Department of Justice (DOJ) to resolve a legacy investigation relating to services provided by its private banking business to US taxpayer clients. The settlement resulted in a payment of CHF 108 million recorded in “Changes to provisions and other value adjustments, losses”.

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)	2023		2022	
	Swiss	Foreign	Swiss	Foreign
Interest and discount income	504 100	312 662	193 271	106 572
Interest and dividend income from financial investments	200 561	145 565	110 534	35 901
Interest expense	(374 481)	(206 722)	(42 499)	(12 564)
Gross result from interest operations	330 180	251 505	261 306	129 909
Changes in value adjustments for default risks and losses from interest operations	1 243	(123)	293	(28)
Subtotal net result from interest operations	331 423	251 382	261 599	129 881
Commission income from securities trading and investment activities	1 497 383	1 779 857	1 676 634	1 874 319
Commission income from lending activities	2 620	835	1 328	2 993
Commission income from other services	71 979	(60 587)	9 141	2 777
Commission expenses	(160 542)	(727 400)	(178 718)	(791 479)
Subtotal result from commission business and services	1 411 440	992 705	1 508 385	1 088 610
Result from trading activities and the fair value option	130 781	41 534	137 938	57 167
Result from the disposal of financial investments	-	-	3	-
Income from other non-consolidated participations	1 658	-	3 178	1 091
Result from real estate	2 433	427	1 165	400
Other ordinary income	800	378	1 725	68
Other ordinary expenses	(3 415)	-	-	-
Subtotal other result from ordinary activities	1 476	805	6 071	1 559
Personnel expenses	(1 005 705)	(524 214)	(998 461)	(542 545)
General and administrative expenses	(384 112)	(332 928)	(438 753)	(224 176)
Subtotal operating expenses	(1389 817)	(857 142)	(1437 214)	(766 721)
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	(26 784)	(13 886)	(31 802)	(13 171)
Changes to provisions and other value adjustments and losses	(124 922)	(11 874)	(19 343)	6 585
Operating result	333 597	403 524	425 634	503 910
Extraordinary income	610	-	70 386	982
Extraordinary expenses	-	-	(40 000)	(6)
Taxes	(58 430)	(102 610)	(66 935)	(126 067)
Consolidated profit for the year	275 777	300 914	389 085	378 819

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

CHF thousand	2023	2022
Creation/(release) of provisions for deferred taxes	8 026	7 553
Current tax expenses	153 014	185 449
Total taxes	161 040	193 002
Average tax rate	21.8%	20.8%
Average tax rate (current tax expenses)	20.8%	20.1%

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 2023, 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, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 6 to 10 and 27 to 74) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 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 consolidated 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 consolidated financial statements that 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that 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



Beresford Caloia
Licensed audit expert
Auditor in charge



Adrien Meyrat
Licensed audit expert

Geneva, 29 April 2024

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