

22



23



Building Responsible Partnerships



**TO OUR CLIENTS,
COLLEAGUES, COMMUNITIES AND
COMPANIES WE INVEST IN**

Throughout our 218-year history, world events have frequently reminded us of the value of stability and security. Far-sightedness runs deep in Pictet's culture. Enduring excellence demands continuous investment in technology, products and people. Despite extraordinary geopolitical and macroeconomic conditions, the past year has been no exception. During challenging times it can be revealing to reflect. More than 20 years ago, we were among the earliest financial firms to act on climate change, launching a world-first water strategy. Soon after, we created the Prix Pictet photography award, raising awareness of environmental and sustainability issues. In 2023, the prize will be awarded for the tenth time and images from all previous biennial rounds feature throughout this Review. The world changes, but Pictet holds its course through market cycles and disorder. We never resort to short-term activism. Our dedication to stability and investment leadership remains secured by our independence and commitment to the long term. We believe this approach serves our clients best.

RENAUD DE PLANTA
On behalf of the Managing Partners

GROUP FINANCIAL SUMMARY

In this document the terms 'Pictet Group' or 'the Group' or 'Pictet' denote all entities in which the Partners collectively have a direct or indirect majority stake

¹ The latest Pictet Group financial report can be found on our website pictet.com

² For definitions, please refer to notes on *Financial ratios* on page 33

Year ended 31 December¹

	2022	2021	
CHF	3,191 m	3,251 m	Operating income
CHF	768 m	1,008 m	Consolidated profit
CHF	44.9 bn	48.9 bn	Total assets
CHF	4.15 bn	3.68 bn	Total equity
	27.1 %	22.5 %	Common Equity Tier 1 ratio
	27.4 %	22.7 %	Total capital ratio ²
	176 %	164 %	Liquidity coverage ratio ²
CHF	608 bn	698 bn	Assets under management or custody

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THE PRIX PICTET

In this Annual Review, we feature pictures from the nine previous winners to celebrate the tenth cycle of the Prix Pictet. Readers can explore the outstanding photography by clicking on the coloured icons throughout the publication



PARTNERSHIP

While Pictet has the legal form of a partnership, it is also a partnership in a wider sense. Partnership embodies respect, trust and interdependence over the long term. It also means embracing diversity and promoting inclusion.

THE PICTET GROUP

The Pictet Group comprises four business units: asset management, alternative advisors, wealth management and asset services. It is constituted as a *société en commandite par actions* (a corporate partnership), which is the managing entity of the Group.

The principal operating companies are the Swiss bank, Banque Pictet & Cie SA; Pictet & Cie (Europe) SA; Bank Pictet & Cie (Asia) Ltd; as well as the asset management and alternative investments subsidiaries grouped under Pictet Asset Management Holding SA and Pictet Alternative Advisors Holding SA respectively, both holding companies belonging to the Pictet Group.

Other than the head office in Geneva, Pictet has 29 offices in 19 countries around the world.

The Group is majority owned and managed by eight Managing Partners, and overseen by an independent supervisory board. Renaud de Planta, a Partner since 1998, has been Senior Managing Partner since 1 September 2019.

On 1 April 2023, a further 49 senior executives, known as Equity Partners, held equity in the Group. Each leads a strategically important function and plays a central role in the development of Pictet. Elections are made every second year.

In selecting new employees and promoting career advancement, Pictet aims for diversity of gender, background and education, which together contribute to diversity in thought, opinion and experience. But diversity also goes hand in hand with inclusion – that is, making each employee feel valued and giving each a voice in daily business.

3 The term 'assets under management or custody' excludes double counting. It represents the assets of private and institutional clients looked after by the Pictet Group. These assets may be managed through individual discretionary mandates, benefit from value-added services such as investment advice, or simply be under deposit.

Group full-time
equivalent employees

5307

CHF 608 BILLION
of assets under
management
or custody³

30 19
offices countries

-55%

SBTi-pledge
to cut CO₂ direct
emissions by
2030 from 2019
levels

commitment to
achieving net-zero
emissions by

2050

4 Steps down on 1 May 2023
5 Steps down on 30 June 2023
6 Designated 46th Managing Partner
7 Designated 47th Managing Partner

PARTNERS

Renaud de Planta *Senior Partner* • Rémy Best⁴ • Marc Pictet • Bertrand Demole⁵
Laurent Ramsey • Sébastien Eisinger • Elif Aktuğ • François Pictet

EQUITY PARTNERS

Victor Aerni • Maurizio Arrigo • Derick Bader • Xavier Barde • Mary-Therese Barton
Marc Briol • Yves Bruggisser • Nicolas Campiche • Andrea Delitala
Philippe de Weck • Luciano Diana • Elizabeth Dillon • Luca Di Patrizi • Christophe Donay
Armin Eiche • Jean-Claude Erne • Olivier Ginguené • Takuhide Hagino
Sven Holstenson⁶ • Zsolt Kohalmi • Hubertus Kuelps • Gaspare La Sala • Peter Lingen
Philippe Liniger • Alessandra Losito • Christopher Mouravieff-Apostol
Jean-Philippe Nerfin • Alex Ng • Epaminondas Pantazopoulos • Fabio Paolini • Paolo Paschetta
Claude-Joseph Pech • César Pérez Ruiz • Grégory Petit • Hans Peter Portner
Niall Quinn • Lorenz Reinhard • Gonzalo Rengifo Abbad • Raymond Sagayam⁷
Andres Sanchez Balcazar • Christian Schröder • Markus Signer
Hervé Thiard • Bernd Uhe • Alberto Valenzuela • Giovanni Viani • Junjie Watkins
Pierre-Alain Wavre • Peter Wintsch

BUSINESS UNITS

Asset Management	Alternative Advisors	Wealth Management	Asset Services
Specialist investment management for institutions and investment funds	Private Equity Real Estate Hedge Funds	Private Banking Wealth Solutions Family Office Services	Custody Fund Solutions Trading Services

This series of pictures showing our Managing Partners was taken by the Danish photographer Magnus Arrevad, at the 2022 Equity Partner meeting in Zurich.

Rémy Best



Renaud de Planta,
Senior Managing Partner



Marc Pictet



Elif Aktuğ

Sébastien Eisinger



Bertrand Demole



François Pictet



Laurent Ramsey



Sven Holstenson, designated
46th Managing Partner

ENTREPRENEURIAL SPIRIT

Independence, long-term thinking, partnership and responsibility count for little if we do not keep our entrepreneurial spirit alive.

Many businesses lose their boldness, adaptability and originality as they grow.

They become process-driven bureaucracies. Pictet is determined to stay true to its entrepreneurial origins.

Navigating a polarised world —

The deadliest European war since 1945. The highest rate of inflation since the early 1980s. The fallout from the most severe pandemic since the influenza of 1918.

It wasn't long ago that those of us in the West took geopolitical and economic stability for granted. A globalised *modus vivendi* had developed between the centres of power. Economies grew steadily in an environment of near-zero inflation. Only epidemiologists concerned themselves with the prospect of mass illness and death. It was easy to believe that the world would remain on a steady course and easy to forget that radical change is inherent to history.

2022 offered a harsh lesson against complacency. It's been nearly a century since portfolios equally weighted in equities and bonds performed so poorly. Inflation forced central banks to introduce aggressive tightening policies with perilous recent side effects for parts of the financial sector. Where global inter-

connectedness had been inevitable, policymakers and business leaders are now obliged to consider the implications of protectionism, unilateralism and nationalism.

But upheaval can also trigger breakthroughs. The pandemic inspired a collaborative response, leading to an unprecedented pace of vaccine innovation. This accomplishment illustrated that combined action is also possible to limit and mitigate perhaps the greatest challenge ahead for humankind — climate change. And Russia's aggression has caused the West to pull together in a united front to protect the values it upholds.

In the face of turmoil, Pictet showed clients the value of stability and a far-sighted approach to investing. We emerged prepared for extreme shifts in economic tides and as engaged as ever to advance the change to a more responsible economy.

Our investment beliefs

Investment leadership means excelling across three strategic dimensions: innovation, asset allocation and generating returns in excess of markets.

I

Investing within a disciplined investment framework

We believe in the value of a rigorous approach that exploits market inefficiencies. Investment success stems from a repeatable process of gathering and analysing information, taking decisions and executing them with discipline.

II

Risk premia

Generating returns generally requires taking risks. We believe term, credit and liquidity risks are systematic. They offer tangible premia, depending on the time horizon and with due regard for environmental, social and governance factors.

III

Asset allocation

Asset allocation, both tactical and strategic, is the most important driver of returns in the long run.

IV

Main sources of multi-asset returns

We believe assessing valuations – the best indicator of returns – requires a rigorous and independent research process that encompasses macro, industry and company-specific analyses and is based on fundamentals.

V

Active management, public and private markets

We refrain from the widespread use of passive investment, preferring an active approach. Private markets can offer return premia from illiquidity and the potential for asset transformation.

VI

Portfolio construction

We prefer to implement our investment views through a range of diverse, uncorrelated decisions rather than a few large ones.

VII

Building effective teams

The most effective investment teams prefer debate to consensus, dissent to harmony, and humility to complacency. Success in active management is achieved by small teams of diverse specialists with clear roles and full accountability for their performance.

VIII

Defending clients' interests

We manage assets on behalf of our clients and must never lose sight of the fact that their interests come ahead of our own.

IX

Engaging with purpose

We believe in responsible capitalism and the value of integrating Environmental, Social and Governance criteria into our investment decisions. As an investor, it is our responsibility to engage with corporate issuers to seek improvements to their practices and mitigate negative impacts on the environment and society.

Our investment beliefs are confirmed by academic theory and supported by empirical examination. The full investment belief document can be found at pictet.com/annualreview.

PICTET ASSET MANAGEMENT

Pictet Asset Management provides specialist investment management services across a range of strategic capabilities including multi-asset solutions, thematic equities, emerging markets and alternatives.

Our clients include financial institutions, pension funds, foundations and financial advisors. We aim to be the investment partner of choice, offering original strategies that outperform over the long term and irreproachable client service. As an active manager, we focus on strategies that cannot be easily replicated.

We incorporate environmental, social and governance (ESG) factors into all our investment decisions and responsibility is central to our approach. In that respect, we actively exercise our rights as investors and engage with companies and sovereign issuers directly wherever possible. Our clients' interests take precedence over growing our assets under management. We do not hesitate to close strategies to new investors to protect our ability to add value.

By having an investment philosophy that we implement rigorously through a disciplined and focused process, we allow our clients to be confident that their future objectives can be met. Our investment approach emphasises valuation across equities, credit, sovereign debt and currencies, while risk management is an integral part of the decision-making process.

Our independence sustains our ability to innovate. We constantly explore opportunities to uncover new sources of return and commit substantial resources to building and maintaining our strategic capabilities.

We aim to create a collegiate atmosphere, allowing ideas to mature, experience to accumulate and our people to reach their full potential. In this respect, we consider it fundamental to cultivate a meritocratic environment that attracts people with unusual talent and a strong sense of team spirit.

⁸ See note 3 relating to Pictet Group figures

⁹ Investment professionals are defined as all staff whose principal activity is in the area of portfolio management, investment research, macro-economic analysis, investment risk, product and asset allocation advisory and trading

asset manager
since
1980

CHF **219** BILLION
of assets under
management⁸

18 432 investment
professionals⁹
offices worldwide

7 investment
centres

1087 full-time equivalent
employees

Strength through stability —

Pictet Asset Management's (PAM) clients hold us to the highest standards. But while their immediate priority is investment performance, they also expect business stability and close contact during turbulent times to understand portfolio returns. A defining feature of PAM's culture is that it never recoils from economic and geopolitical crises. Instead, it embraces the challenges (and opportunities) they bring. As a private company with a long-term approach, we are well equipped to handle the cyclical nature of the investment industry, which is challenged by consolidation, cost-cutting and unsuccessful mergers.

"Being free from shareholder pressure means we can invest in our business when many of our competitors are forced to retrench," explains Laurent Ramsey, Managing Partner and co-CEO of PAM. "Our ability to set long time horizons differentiates us from most listed companies in the asset management world. Time is on our side."

Fortifying an asset management business demands investment to develop new capabilities and, occasionally, the re-orientation of established franchises.

Over the last twelve months, PAM has expanded its strategies, offering investors new ways to benefit from the transformation of European fixed income markets through new private debt capabilities, while at the same time enhancing its emerging market bonds and developed credit teams.

Building on more than 20 years of ESG investing, PAM continues to invest in innovative equity and bond strategies. Equally important to directing capital to sustainable companies is our engagement as shareholders with entities to accelerate their transition to fully responsible business models.

"Whatever the environment, our priority is to continue to invest in our people, our capabilities and our technology," Laurent explains. "Strengthening the foundations of our firm is a long-term commitment to our clients. Our business model leaves us better placed than many to meet investors' needs — and that's something our clients recognise."

PICTET ALTERNATIVE ADVISORS

Pictet Alternative Advisors provides alternative investment services in private equity, real estate and hedge funds, both directly and through selected external managers. Our mission is to invest in, manage and advise on alternative investment portfolios for private and institutional clients of Pictet Asset Management and Pictet Wealth Management.

Our first private equity investments were made in 1989, and in hedge funds in 1991. Since 2004, we have also invested indirectly on behalf of clients in real estate. By building close, long-term relationships with managers in these fields, we are able to gain access to leading funds and to attractive co-investment opportunities. In 2018, we began to expand into direct capabilities, starting with the launch of a European real estate fund.

We collaborate with teams across the Group with distinctive expertise in alternative assets, including Pictet Asset Management—who have been advising clients since 1980 and have developed one of Europe’s leading hedge fund franchises.

The Pictet Group’s growing investment in alternative asset resources will make an important contribution to the investment opportunities available for our clients in the coming years.

¹⁰ Client assets invested in hedge funds, private equity and real estate funds. This figure is included in the assets under management of Pictet Wealth Management and Pictet Asset Management. See note 3 relating to Pictet Group figures

¹¹ Investment professionals are defined as all staff whose principal activity is in the area of investment research and analysis, portfolio management, trading, wealth planning, investment advisory, sales, marketing or client relationship management, or the management of such activities. Not included are those occupying, for example, pure operational, mid-office, compliance or risk management functions.

CHF **35** BILLION
of assets under
management¹⁰

more than **30** years of experience
in alternatives

full-time
equivalent employees

127 78 investment
professionals¹¹

first co-investment

1992

Building the foundations of a sustainable future

Reacting to near-term crises and volatile markets can distract investors from long-term thinking. As global economic uncertainty puts pressure on existing investments, it is important to maintain sight of opportunities that generate both returns and sustainable solutions.

“In this challenging environment, private-market investors are recalibrating portfolios and searching for new ways to create value and reduce risk,” says Elif Aktuğ, Managing Partner at Pictet Alternative Advisors (PAA). “One way they can achieve that is by turning to real assets – property, and sustainable real estate in particular.”

Real estate can act as a partial hedge against inflation, offering tangible assets that provide a steady income stream with the potential for long-term appreciation. This said, significant hurdles remain. As with many sectors, property – which accounts for nearly 40 per cent of global energy-related carbon emissions¹² – is under pressure to reduce its energy footprint. And this is where challenges can also present new possibilities.

“Sustainable buildings represent a long-term and growing investment opportunity,” says Zsolt Kohalmi, Global Head of Real Estate and Deputy CEO at PAA. Private capital, he argues, can offer a response to growing investor demand for solutions that make Environmental, Social and Governance (ESG) factors an inherent consideration.

Of a building’s total lifetime emissions, 45 per cent occur during construction. Redeveloping existing buildings into greener reincarnations should therefore be a priority. When new developments are the only way forward, investing in innovations such as modular construction and greater use of materials like mycelium or bamboo can make a real difference.

Zsolt emphasises that deploying capital towards environmentally friendly buildings also results in higher rents, protection against rising operational costs, and higher capital values. For Europe in particular, sustainable redevelopment has the added value of futureproofing against upcoming regulation and higher energy prices.

“It not only improves the bottom line,” he says. “It’s the responsible thing to do for our planet.”

PICTET WEALTH MANAGEMENT

Pictet Wealth Management has over 200 years of experience as a trusted investment partner, providing comprehensive solutions to wealthy individuals and families worldwide.

Since 1805, we have been earning clients' trust. We accompany clients through economic and life cycles alike, helping ensure the safe passage of wealth down the generations. We nurture a culture focused on clients' long-term needs.

Our integrated approach is built on three pillars. Our Investment Solutions pillar combines in-house skills and carefully selected external resources. These range from asset allocation strategies to an investment toolkit designed for those who prefer to keep direct control of their investment decisions. Our expertise covers multi-asset managed strategies, solutions for ultra-high-net-worth individuals, equities, fixed income, currencies, and alternative investments.

We take a holistic approach to assessing clients' needs. Pictet's Wealth Solutions pillar provides family advisory, wealth planning, private funds, credit, and philanthropy services. Teams work closely to achieve a precisely tailored, integrated experience underpinned by Pictet's long tradition of wealth management excellence.

Our Banking Solutions pillar has been designed to simplify access to a wide range of private-banking services. It offers state-of-the-art custody and reporting services, credit facilities and first-class execution.

For Pictet, responsibility means a long-term partnership approach. It's not just about investing responsibly and showing integrity for the present generation. It's also about future generations, the real economy, and the wider world. Responsibility is a commitment and one we take seriously.

¹³ See note 3 relating to Pictet Group figures

¹⁴ See note 11 relating to Pictet Wealth Management figures

¹⁵ Private bankers are defined as all staff whose principal activity is to actively advise clients on wealth management solutions. They ensure the quality of the client experience while some are responsible for new client acquisition.

CHF **242** BILLION
of assets under
management¹³

22 680 investment
professionals¹⁴
offices worldwide

1192 full-time
equivalent
employees

of which **375** are private
bankers¹⁵

A responsibility to the next generation

Preparing for the transfer of family wealth means more than preserving and growing assets for the future. It also means mapping ways for the next generation to responsibly and effectively put that wealth to work.

“No *banquier* should presume to know their clients’ objectives in advance,” says Marc Pictet, Managing Partner for Pictet Wealth Management. “It’s our duty to ask, to listen and to understand clients’ views, experiences and environments – their individual subtleties. Only then do we have the perspective to help clients choose what’s appropriate from a governance and wealth structuring perspective.”

Family wealth is a privilege that comes with an obligation. The fortunes being handed down today are beyond the magnitudes seen historically, meaning discussions with the younger generations about the details are more important than ever. Time is among the most responsible investments wealth owners can make, to nurture a family culture that equips future generations with the skills and confidence to engage with the global economy.

Communicating with clients from one family ranging across up to three generations requires empathy and awareness of competing interests. The younger generation will often have different ideas and priorities. And their favoured communication channels can differ from those of their parents and advisors.

“Parents frequently struggle to engage children in family affairs. We need to adapt to their realities, not the other way around. The underlying emotional implications are often far more elaborate than any administrative ones,” says Marc. “We are there through all of these complexities, understanding that they are intricately related to future family governance and investment decisions.”

Ultimately, a responsible and well-managed wealth transfer should be in the interest of all generations. An understanding of family values with an approach that combines expertise with empathy is a good place to start.

PICTET ASSET SERVICES

Pictet Asset Services (PAS) is quality and performance focused, allowing clients to concentrate on their own priorities: generating portfolio performance and distributing their products.

Our clients include fund managers, independent asset managers and institutional investors. We act as an asset servicing boutique and offer standard and bespoke custody, fund and trading solutions, in addition to cash and securities settlements, corporate actions, valuations and reporting.

Pictet Connect, a dedicated online platform, provides simple and secure digital access to real-time information and reports regarding their portfolios. Additionally, our Portfolio Management Systems' (PMS) integration and other bespoke solutions enable seamless front-to-back integration.

Our fund administration services include all processes from NAV calculation and fund accounting to maintaining shareholder registers. We also have access to dedicated third-party management companies that are able to manage relationships with regulators. All our fund services are managed in-house, ensuring consistent standards and promotion of our risk-aware culture through the whole value chain.

Through a dedicated access to Pictet Trading and Sales (PTS), we also offer round-the-clock execution capabilities through a single entry point across asset classes – including equities, bonds, foreign exchange, derivatives and mutual funds.

As the Pictet Group does not have any investment banking activities, we can always act without conflicts of interest and to the best advantage of our clients.

¹⁶ This figure does not include assets held in custody for internal clients, that is, Pictet Wealth Management and Pictet Asset Management

¹⁷ This figure does not include the 1396 full-time equivalent employees of the division called Technology & Operations, or the 177 full-time equivalent employees of Pictet Trading & Sales

CHF **193** BILLION
of assets under
custody¹⁶

of which CHF **97** BILLION
fund services

223 full-time equivalent
employees¹⁷

6 offices
worldwide **1** global
platform

Mapping the ESG transition

The growing environmental challenges of recent years underline the urgent need to evolve into a more resilient and sustainable global economy. For investors, evaluating a portfolio's Environmental, Social and Governance (ESG) risk is one of the most significant obstacles in this transition.

In 2021, the first wave of regulation from the EU's Action Plan for Sustainable Finance came into force. In response, Pictet Asset Services (PAS) launched a reporting service to help its clients understand their portfolio composition in an ESG context. Reports allow clients to strengthen their governance, strategy and risk management and measure climate-related risks.

Without the proper support, gathering and analysing the data in relation to the five main supervisory requirements can be like climbing Everest alone¹⁸. "One of the biggest challenges our clients face is navigating the regulatory environment and its evolving complexities," says Bertrand Demole, Managing Partner responsible for PAS. "This reporting service is our answer to the question of how best to support them in this effort."

The system sources data from three independent providers, covering almost 20,000 financial instruments worldwide. "The requirements of each client will differ," says Bertrand. "But we cast a wide net and provide objective measurement within a global context."

"Listening to clients as a trusted business partner is elementary. But what makes the difference is the ability to act on what clients tell us. These reports provide them with tools to adjust their portfolios, manage regulation more effectively, and contribute to bringing about positive change."

For investors, as the importance of ESG integration increases, transparency becomes key. They need ways to examine vast amounts of data to understand both positive and negative ESG outcomes. PAS's reporting offers an overview that makes this possible, with reports that track evolving requirements. The tool, says Bertrand, should be "seen as an extension of our regulatory support services," drawing on the sustainability expertise of the Pictet Group.

LONG-TERM THINKING

To think long term means to resist the temptations of short-term fashion in favour of sustainable decision-making. Both our investments and our businesses have a long-term focus, to the lasting benefit of all stakeholders and thus of the Pictet Group.

THE ORIGINS OF THE PICTET GROUP

Throughout history, most working members of the Pictet family had been ministers of the Church, soldiers, councillors, scientists and academics. The first documented Pictet in finance appears in 1707 – the young André, who hoped, in vain, to profit from the Wars of the Spanish Succession.

The firm that was to become Pictet emerged from the ashes of the French Revolution. Louis XVI's government, desperately raising foreign loans in its final years, restructured and largely reneged on its debts, causing many Geneva partnerships to collapse. Family estates had to be sold, leaving heirs bereft.

But some families retained wealth. New banking partnerships began to form after France annexed the city state in 1798, giving Geneva a measure of stability and security. After Napoleon pulled out of Geneva in 1813, the so-called Restoration marked the beginning of several decades of peace and rising prosperity.

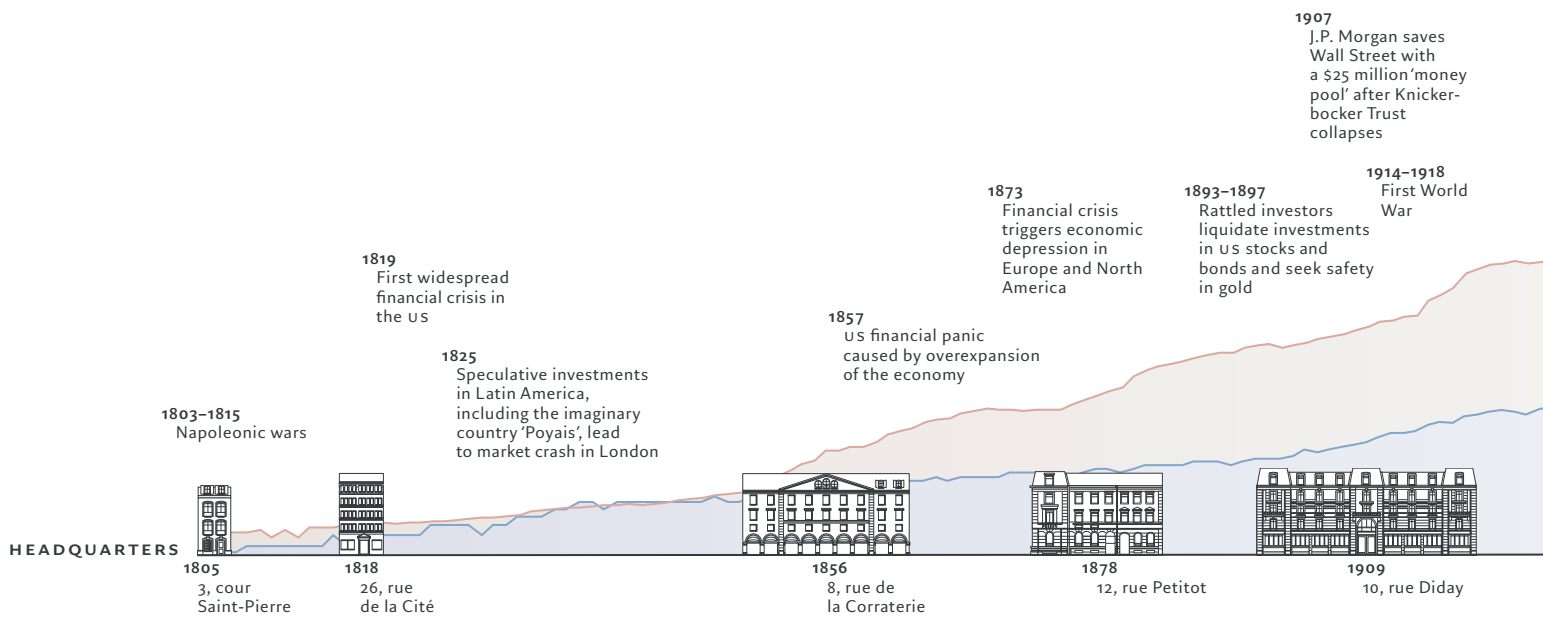
Two families with capital were the de Candolles and the Mallets, who in 1805 formed De Candolle, Mallet & Cie: the partnership that was to become Pictet. Jacob-Michel-François de Candolle, brother of the celebrated botanist, soon brought in a Turrettini, and then, in 1836, his wife's nephew, Edouard Pictet-Prevost, who became a Partner in 1841.

Between 1848 and 1926, the bank was continuously headed by a Pictet, first Edouard, then Ernest, and third, Guillaume – each drawing their last breath while still occupying the senior partner's chair.

Their persistence had the great merit of stabilising the bank's *raison sociale* – the only one of the partnerships existing before Geneva's 1846 Radical Revolution to do so in the second half of the 19th century.

This is the era in which Pictet established itself as the most solid and respectable bank in Geneva.

Since 1805



MANAGING PARTNERS

Jacob-Michel-François de Candolle

Ernest Pictet

Jacques-Henry Mallet François Girard

Emile Pictet

Charles Turrettini-Necker

Guillaume Pictet

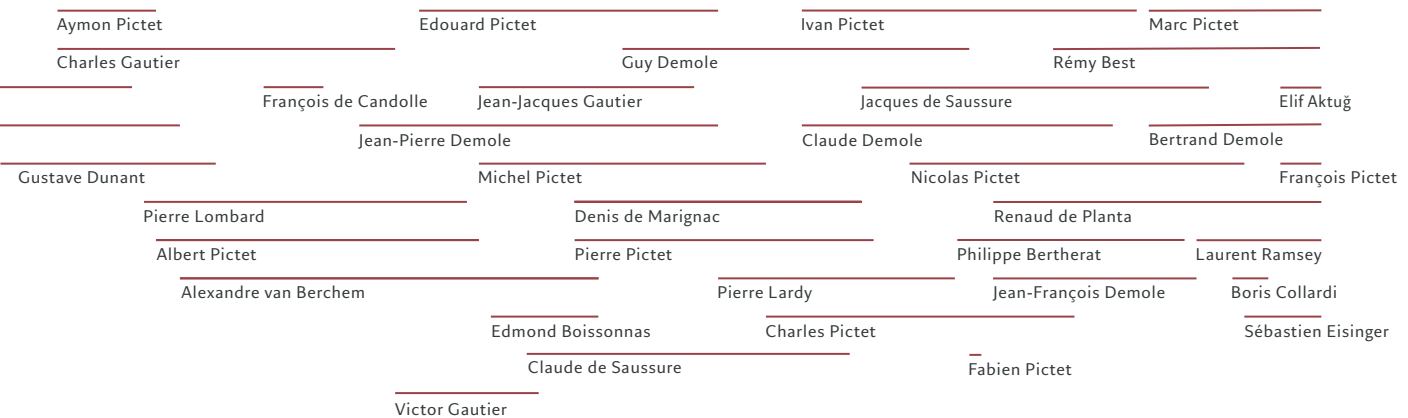
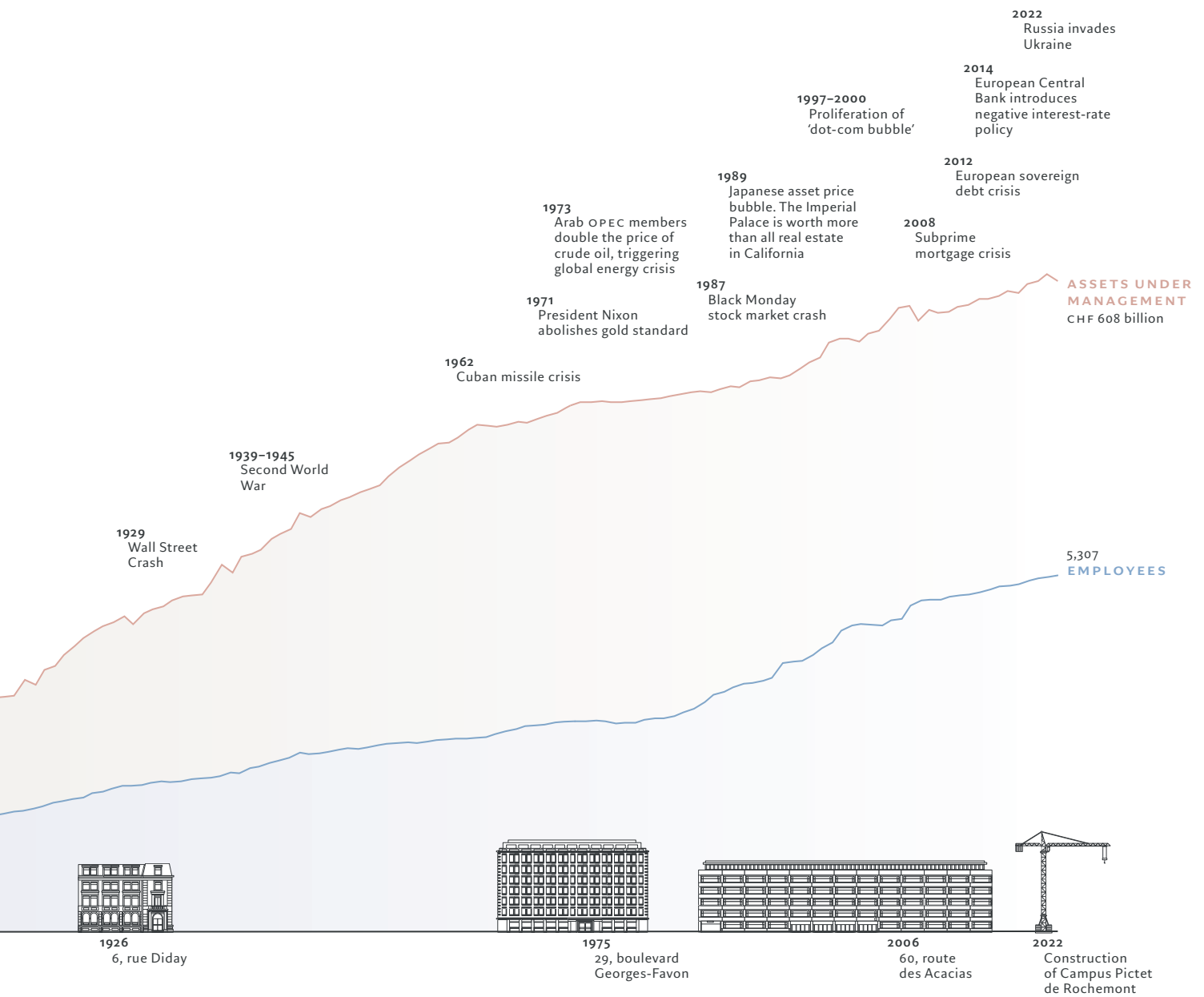
Edouard Pictet-Prevost

Jacques Marion

Alphonse Turrettini

GENEVA

OFFICES



- MONTREAL
- NASSAU
- LONDON
- TOKYO
- ZURICH
- HONG KONG
- LUXEMBOURG
- SINGAPORE
- LAUSANNE
- FRANKFURT
- TUNIS
- MADRID
- PARIS
- ROME
- BARCELONA
- DUBAI
- BASEL
- OSAKA, TAIPEI
- AMSTERDAM
- BRUSSELS
- ELAVIV
- MELBORNE
- VERONA
- STUTTGART
- MONACO
- NEW YORK
- SHANGHAI

INDEPENDENCE

Rooted in Swiss tradition,
our independence is
protected by the absence of
external shareholders.

It frees us to concentrate on
the interests of our clients,
colleagues, communities
and companies we invest in.

And it underpins
the independence of mind
that lies at the heart
of successful investment
performance.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER

	2022	2021
	CHF 000	CHF 000
Net interest income	391,480	163,846
Net fee and commission income	2,596,995	2,886,258
Fees from securities trading and investment activities	3,550,953 ^A	3,984,884 ^A
Fees from lending activities	4,321	4,890
Fees from other services	11,918	9,814
Commission expenses	(970,197) ^B	(1,113,330) ^B
Income from trading activities and the fair value option	195,105 ^C	192,992 ^C
Other ordinary income	7,630	8,161
Operating expenses	(2,203,935)	(2,205,456)
Personnel expenses	(1,541,006)	(1,607,961)
General and administrative expenses	(662,929) ^D	(597,495) ^D
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(44,973)	(51,731)
Changes to provisions and other value adjustments, losses	(12,758)	(70,490)
Operating result	929,544	923,580
Extraordinary income	71,368	306,004
Extraordinary expenses	(40,006)	(108)
Taxes	(193,002)	(221,593)
Consolidated profit	767,904	1,007,883

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

	2022	2021
ASSETS	CHF 000	CHF 000
Cash and balances with central banks	5,013,412 ^E	11,668,513 ^E
Due from banks	1,748,151 ^F	2,003,865 ^F
Due from securities financing transactions	5,582,520	5,913,000
Due from clients	8,714,108 ^G	9,819,087 ^G
Trading portfolio assets	13,637	37,074
Positive replacement values of derivative financial instruments	2,557,556	1,108,905
Other financial instruments at fair value	1,419,385 ^H	1,800,725 ^H
Financial investments	18,435,937 ^I	15,379,876 ^I
Accrued income and prepaid expenses	661,546	688,695
Non-consolidated participations	4,090	6,904
Fixed assets	257,450	174,916
Other assets	473,516	322,184
Total assets	44,881,308	48,923,744
LIABILITIES AND EQUITY	CHF 000	CHF 000
Due to banks	1,756,371 ^J	1,215,145 ^J
Liabilities from securities financing transactions	2,074,326	1,501,727
Amounts due in respect of client deposits	31,030,344 ^K	37,358,724 ^K
Trading portfolio liabilities	814	7,553
Negative replacement values of derivative financial instruments	1,967,509	1,169,539
Liabilities from other financial instruments at fair value	1,569,393	1,996,105
Accrued expenses and deferred income	1,322,718	1,368,326
Other liabilities	688,471	301,952
Provisions	316,730 ^L	324,728 ^L
Total equity	4,154,632^M	3,679,945^M
Equity owners' contribution	691,137	691,063
Capital reserve	11,664	11,664
Retained earnings reserve	2,691,132	1,988,736
Currency translation reserve	(7,205)	(19,401)
Consolidated profit	767,904	1,007,883
Total liabilities and equity	44,881,308	48,923,744

- A Fees from securities trading and investment activities** includes fees earned from the management, administration and custody of client investments, as well as related brokerage services.
- B Commission expenses** includes custody and brokerage fees paid to third parties.
- C Income from trading activities and the fair value option** mainly includes earnings from foreign exchange operations on behalf of clients and from sales of certificates to clients (see note H, *Other financial instruments at fair value*).
- D General and administrative expenses** includes all operating costs other than those related to personnel. The two main items are information technology such as banking platform maintenance and upgrade, and physical infrastructure such as rents.
- E Cash and balances with central banks** are effectively on call and held in order to carry out ordinary payment operations on behalf of clients and to meet their cash withdrawals.
- F Due from banks** includes cash deposits with bank counterparties, typically arising from securities transactions by clients or from client deposits made in currencies other than the Swiss franc. The counterparty risk of such banks is managed by Pictet's Treasury Committee, which decides on limits for each counterparty.
- G Due from clients** includes securities-backed, so-called Lombard loans made to clients. The risk arising from these loans is generally limited, as Pictet adopts a conservative approach to loan collateralisation.
- H Other financial instruments at fair value** represents the value of financial assets bought as underlying assets for certificates sold to clients. The value of these underlying assets is also shown on the liabilities side of the balance sheet under *Liabilities from other financial instruments at fair value*. The risk of such certificates is borne entirely by clients.
- I Financial investments** includes investments into money market instruments and straight bonds issued by corporations, governments or supranational institutions. The credit risk of such bond issuers is managed by Pictet's Treasury Committee, which decides on limits by credit rating and geography. As a rule Pictet does not invest in structured financial products.
- J Due to banks** includes liabilities vis-à-vis bank counterparties, generally arising from client transactions. As a rule Pictet does not rely on short-term capital market funding.
- K Amounts due in respect of client deposits** represents cash deposits of clients.
- L Provisions** covers risks, including legal expenses, arising from an identifiable cause and for which a potential cost and likely time frame for payment can be estimated.
- M Total equity** is the capital that the equity owners have entrusted to the Pictet Group. It also corresponds to the net value of the Pictet Group from an accounting point of view.
- The total capital ratio (27.4%)** measures total regulatory capital against risk-weighted assets. This ratio is commonly used to gauge the strength of a financial institution by weighing its loss-absorbing capacity against the riskiness of its assets and operations.
- Liquidity coverage ratio (176%)**
The liquidity coverage ratio is the ratio of highly liquid assets to expected short-term liabilities. This measure aims to reflect the ability of a financial institution to withstand short-term liquidity disruptions such as sudden cash withdrawals from clients. The Pictet Group's high ratio is explained by its large cash deposits with central banks and investments in highly liquid bonds.



RESPONSIBILITY

Responsibility goes hand
in hand with a long-
term, partnership approach.
It ensures a sense of
responsibility and integrity
towards not only the
present generation but also
to future generations —
and towards the real economy
and the wider world.
This is the true meaning of
sustainable thinking.

THINKING AND ACTING RESPONSIBLY

The transition to a resilient and sustainable global economy is a collective responsibility. It requires taking the long view. The nature of Pictet's governance structure has enabled us to do exactly that for more than two centuries. In addition, the investment leadership at the heart of Pictet's founding principles aligns our decision-making with this economic evolution.

As a responsible firm, Pictet has three ambitions to achieve by 2025: to significantly reduce the environmental impact of our activities and investments; to fully integrate ESG factors and active ownership across all our investment processes; and to become a leading European responsible-investing firm.

Pictet believes in its responsibility to accelerate the global economic transition towards net-zero emissions, in line with climate science. As a global financial firm, this means leveraging all the tools at our disposal to protect clients' assets and effect positive change. Those tools include our own assets and operations, how we manage our clients' assets, and how we use our influence.

In 2022 we published our Climate Action Plan, outlining our path towards achieving net-zero emissions by 2050. These long-term and interim targets are validated by the Science Based Targets initiative.

We understand that collaboration is necessary to achieve a sustainable economy. There can be no losers in a race where the planet needs us all to share first place. It is in our collective interest to work together for a better future.

THE PICTET GROUP FOUNDATION

The Pictet Group Foundation was established to provide a strategic framework for a philanthropic tradition maintained since the firm was established in 1805. It funds sustainable solutions to social and environmental challenges in support of the shift to a responsible global economy. Since inception, the Foundation has championed initiatives across 35 countries and three continents. In the past three years it has positively affected the lives of more than 700,000 people.

The Foundation works in three ways. It awards strategic grants to not-for-profit organisations worldwide. Where Pictet has offices, it supports local non-profits, employee volunteering, and community engagement. And it responds to emergencies, providing humanitarian relief.

The main thematic focus areas of the Foundation are water and nutrition – two basic human needs vital to developing sustainable societies and two topics where Pictet has substantial investment expertise.

Two billion people lack access to clean water. The Foundation funds programmes that enable sustainable access to water, improved sanitation and hygiene. The Foundation also finances initiatives that foster healthy ecosystems and help investors address their water footprint.

Malnutrition can irreversibly impair a child's development and health. The Foundation backs projects aimed at improving food security, healthy nutrition and education for the most vulnerable. It maintains a special focus on mothers and young children.

The Pictet Group Foundation is committed to making a lasting and measurable impact, fostering a more resilient and sustainable future.



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The listings on this page show the Pictet Group's active subsidiaries, branches and representative offices at 1 April 2023

* Pictet Alternative Advisors SA has real-estate professionals based in Berlin, Geneva, London, Luxembourg, Madrid and Stockholm at 1 April 2023

ABOUT THIS REVIEW

This Review is published in English, German and French, as well as traditional and simplified Chinese. It is also available as a PDF from our website, pictet.com, where a regulatory Annual Report with more detailed financial information may also be found.

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