



**LOMBARD ODIER**  
LOMBARD ODIER DARIER HENTSCH

# 2015 Financial Report Lombard Odier Group





**WELCOME**

# 2015 Financial Report

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## INTRODUCTION

**In a year of intense market volatility we continued to expand our franchise successfully across all three of our business lines, strengthened our services and enhanced our underlying infrastructure.**

In a challenging market environment, Lombard Odier saw strong revenues and transaction volumes, despite a less dynamic second half of the year. Over the year we kept a constant focus on improving efficiency and prudently managing our costs. The year ended with the firm finding a definitive resolution with the US authorities on tax matters, in a settlement which provides legal certainty.

Beyond these events and the markets, 2015 saw the sad loss of our Managing Partner, Bernard Droux, who passed away suddenly in January. As a Managing Partner for 15 years, Bernard had been instrumental in the development of many of the Lombard Odier Group's business and commercial initiatives. Throughout his career, Bernard remained steadfastly committed to serving his clients and the firm's interests. In addition, he was an unwavering supporter of Switzerland's financial centre. He was also Chairman of the Fondation Genève Place Financière from 2010 to 2013.

We also suffered the loss of Hugues Riché, Capital Partner, who passed away in September after battling a long illness with exemplary courage. Hugues made an outstanding contribution to the development of our Private Client activities and embodied the leadership and personal skills of a true private banker.

In uncertain times Lombard Odier has always, and will continue, to focus on developing high-quality, differentiated services across its various businesses for the benefit of its clients. The current uncertain environment reinforces our determination to continue this mission.

*Patrick Odier, Senior Managing Partner*





## AT A GLANCE

Our balance sheet remains highly liquid. Total client assets amounted to 224 billion Swiss francs as of 31 December 2015. The Group has no external debt and is one of the best-capitalised banks globally with a fully loaded Basel III Common Equity Tier 1 ratio of 25.7%.

As of 31 December 2015, the Lombard Odier Group had six Managing Partners, who both own and manage the business: Patrick Odier (Senior Partner), Anne-Marie de Weck, Christophe Hentsch, Hubert Keller, Frédéric Rochat and Hugo Bänziger.

### *Our business lines*

116bn

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Private Clients (CHF)  
(EUR 106 bn, USD 116 bn)

49bn

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Asset Management (CHF)  
(EUR 45 bn, USD 49 bn)

59bn

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Technology & Banking Services (CHF)  
(EUR 54 bn, USD 59 bn)

## Group performance

160bn

Assets under  
management (CHF)  
(EUR 147 bn, USD 160 bn)

224bn

Total client assets (CHF)  
(EUR 206 bn, USD 224 bn)

26

Offices

6

Managing  
Partners

2,180

Employees

144mn

Consolidated  
net profit (CHF)  
(EUR 132 mn, USD 144 mn)

25.7%

Common Equity  
Tier 1 ratio (CET1)

## Awards

Best Domestic Private Bank  
*Swiss WealthBriefing Awards*

Best HNW Swiss Domestic  
Clients Team  
*Swiss WealthBriefing Awards*

Best United Arab Emirates Private Bank  
(International)  
*WealthBriefing Awards GCC*

Best Private Bank, philanthropy services  
*PWM The Banker Global Private Banking Awards*

Philanthropy Offering – Editor’s Award  
*Swiss WealthBriefing Awards*

Best fund over 3 and 5 years  
Bond Swiss franc  
LO Funds – Swiss Franc  
Credit Bond (Foreign)  
*Lipper Fund Awards Europe, Austria,  
Germany*

Best fund over 5 years  
Bond Euro inflation linked  
LO Funds – Euro Inflation-  
Linked Fundamental  
*Lipper Fund Awards Netherlands*









## MARKET OVERVIEW

**2015 proved yet another peculiar vintage in this atypical, post-crisis era.**

The year was marked by high volatility across all key financial markets. Equity, bond, currency and commodity markets experienced significant variations.

In Europe, investors watched anxiously through an eleventh-hour deal with Greece to avoid a potential euro sovereign default. In emerging economies, a strengthening US dollar and falling commodity prices translated into reduced economic activity and a worsening balance of payments. In China, renewed scepticism about the strength of the economy triggered global growth fears that only receded once mainland authorities demonstrated their willingness to intervene. In the US, improved consumer purchasing power partially offset the industrial declines from falling energy prices and weaker trade with emerging economies.

Stocks rose in the first half of 2015 only to be dragged down in August by global growth worries and the commodity rout. In Europe, equities were among the world's top performers thanks to central bank stimulus while in the US, the S&P500 registered its worst year since the financial crisis.

Returns in both credit and sovereign bonds were limited. In the US, Treasuries returned a modest performance of 0.8%. The German bund yield entered uncharted territory, sliding below 0.3% but by year-end was mostly unchanged at 0.62%. Switzerland's 10-year bond yields dipped negative. Credit markets in the US were not immune to some commodity-related shocks and as a result, they had a bad year from a total-return standpoint.

In currency markets, US-dollar strength was the main theme for 2015, driven mostly by diverging monetary policies. The end to the Swiss National Bank's floor against the euro and the European Central Bank surprising with its quantitative easing made for an uncertain start to the year. Meanwhile, from the Brazilian real to the Indian rupee, emerging-market currencies slumped, amid sustained weakness in commodity prices and capital outflows.

Lastly, slowing Chinese demand and supply gluts hit the commodity complex hard in 2015 as oil prices tumbled by more than a third with supplies of crude weighing heavily on the market. Precious metals also experienced strong volatility.



## FOUNDING PRINCIPLES

We want our clients' wealth to last. At Lombard Odier, it's our guiding principle. And it has been for seven generations.



## *Eight principles define our business.*

### **Dedicated to Clients**

Since 1796, we've been solely dedicated to serving clients.

### **Scale**

We look after more than 200 billion Swiss francs of client assets.

### **Stability and Continuity**

Since our foundation we have grown through over 40 financial crises. Stability is the core of all we do: we only take risks for our clients that we fully understand and are prepared to take ourselves.

### **Focused Expertise**

We are focused on providing wealth and asset management services for private and institutional clients, and have developed a much sought-after technology platform to support them.

### **Tradition of Innovation**

We have been innovating for more than 200 years: from the advice we give our clients, to the investment strategies we manage and the technology we develop and use for them.

### **Independence**

We're wholly owned by our partners. This allows us to plot a steady, considered course and to take a long-term view.

### **International Approach**

Our heritage is Swiss, yet our outlook and approach is distinctly international.

### **Financial Strength**

We are one of the best capitalised banks in the world. Our balance sheet is highly liquid and conservatively invested.



## OUR KEY DEVELOPMENTS

The banking industry continues to evolve rapidly through the combined development of regulation and technology. In 2015 we initiated an ambitious digital innovation programme, called **My LO**, focused on strengthening the quality and user-friendliness of the reporting services that we offer to our clients. We also continued to work on enhancing many of the investment and risk management solutions we use in the process of constructing portfolios for our clients, with a view to generate returns and preserve those assets that clients have entrusted with us.









## OUR STRATEGY

**For 220 years we have remained solely dedicated to serving our clients. We maintain our focus on the development of three distinct, mutually enhancing business lines: Private Clients, Asset Management as well as Technology & Banking Services.**

Within our Private Clients activity, we are convinced that many entrepreneurs and their families continue to look for a banking partner that can offer them a highly bespoke level of service, that takes into account their very personal circumstances in terms of estate planning, portfolio construction, investment management, fiscal reporting or global custody. In Asset Management, we are a pioneer in the management of less-correlated strategies, adapted to the challenges faced by institutional investors. Our Technology & Banking Services activity constantly invests and innovates for the future development of our platform.

In uncertain markets we are true to our primary vocation of preserving and nurturing the assets entrusted to us for the benefit of present and future generations. With a Common Equity Tier 1 ratio of 25.7% and a Fitch rating of AA-, we are one of the best-capitalised banks globally.

We have developed innovative products and services to provide tailored wealth management solutions. This year, we integrated our European and Swiss investment platforms to provide improved portfolio management services, reinforced our wealth planning capabilities and launched **My LO**, a secure communications platform that allows clients to consult their portfolios via the web, smartphones and tablets.



## PRIVATE CLIENTS

**In a world of increasing standardisation and uniformity, we pride ourselves on remaining close to our clients and on providing them with innovative bespoke solutions.**

Over 2015 the business recorded net new money inflows, solid client activity and positive revenue growth, despite the volatile markets. We achieved this through close proximity with our clients, and through constant investments into the development of our wealth and investment offering.

We continue to expand across new markets in Europe and Switzerland. We have also strengthened our operational efficiency, reducing costs and investing in our client services.

Over the year, we have combined our European and Swiss investment management expertise into a single platform with enhanced capabilities. We have also pursued the development of our multi-asset franchise, across both traditional and risk-based portfolios. In the area of sustainable development, we have enlarged our offering with the launch of an important impact investment strategy.

116 bn

2014 Client assets  
(CHF)

116 bn

2015 Client assets  
(CHF)







## ASSET MANAGEMENT

**Lombard Odier Investment Managers is a multi-boutique solutions provider. Focused on our clients' investment needs we build portfolios around four investment pillars: Smart Beta, High Conviction, Absolute Return and Multi-Asset. This approach reflects our culture of innovation and long-standing heritage in generating performance while preserving clients' capital.**

In 2015, we asserted our position as a pioneer in smart beta fixed income with our range of fundamentally weighted strategies. We also launched these strategies in the fast-growing exchange traded fund (ETF) market.

We invested in our high conviction investment capabilities by adding an Insurance-Linked Strategies team and we expanded our offering in liquid alternatives with the appointment of a Global Macro team. Our investment platform performed strongly in 2015 and we highlight our convertibles franchise which posted top quartile performance.

With multi-asset investments continuing to attract strong client interest, we also strengthened this team whose risk-based approach, we believe, will be a key growth driver for investors.

49 bn

2014 Client assets  
(CHF)

49 bn

2015 Client assets  
(CHF)



## TECHNOLOGY & BANKING SERVICES

**Over the last 25 years Lombard Odier has developed its own banking infrastructure and technological solutions in hardware and software. The business now employs more than 600 staff.**

By offering private wealth and asset management expertise through up-to-date technology, we have provided infrastructure supporting all banking activities (from portfolio management, trading, to custody and reporting services) to third-party clients since 2001. In 2015, nine external partners depended on our offer with administered assets totalling more than 59 billion Swiss francs.

Private banks in Switzerland and Luxembourg face challenging conditions with pressure on business margins and profits as well as more complex regulatory burdens. As a result banks are now much more open to third-party solutions as they look to streamline their processes. The window of opportunity for the next three-to-five years is therefore sizeable.

50 bn

2014 Client assets  
(CHF)

59 bn

2015 Client assets  
(CHF)







## SOCIAL RESPONSIBILITY

Social responsibility is at the heart of our culture. In the mid-nineteenth century Alexandre Lombard helped Henry Dunant to create the International Committee of the Red Cross, where we're still actively involved. Today, our activities promote philanthropy and support social and economic innovations. In 2015, for example, we developed best-practice workshops at the interface between philanthropy and law.

As part of our commitment, we offer our clients investments that have a sustainable impact on the environment, society and the wider world. As an original signatory to the UN Principles for Responsible Investment, our firm is committed to equality, sustainability and well-being, in both our practices and investment activities.

We offer philanthropy services to our private clients to help them simplify the process and increase the impact of their giving. Since its set up in 2008, Fondation Philanthropia has been entrusted with more than 100 million Swiss francs, of which more than 43 million francs has been disbursed.

Since 2011, the Fondation Lombard Odier has supported innovative start-ups. We have financed more than 350 projects with investments of 13 million Swiss francs, creating over 3,000 jobs. For each franc of start-up capital, these young firms have been able to raise an additional 43 francs in financial markets.





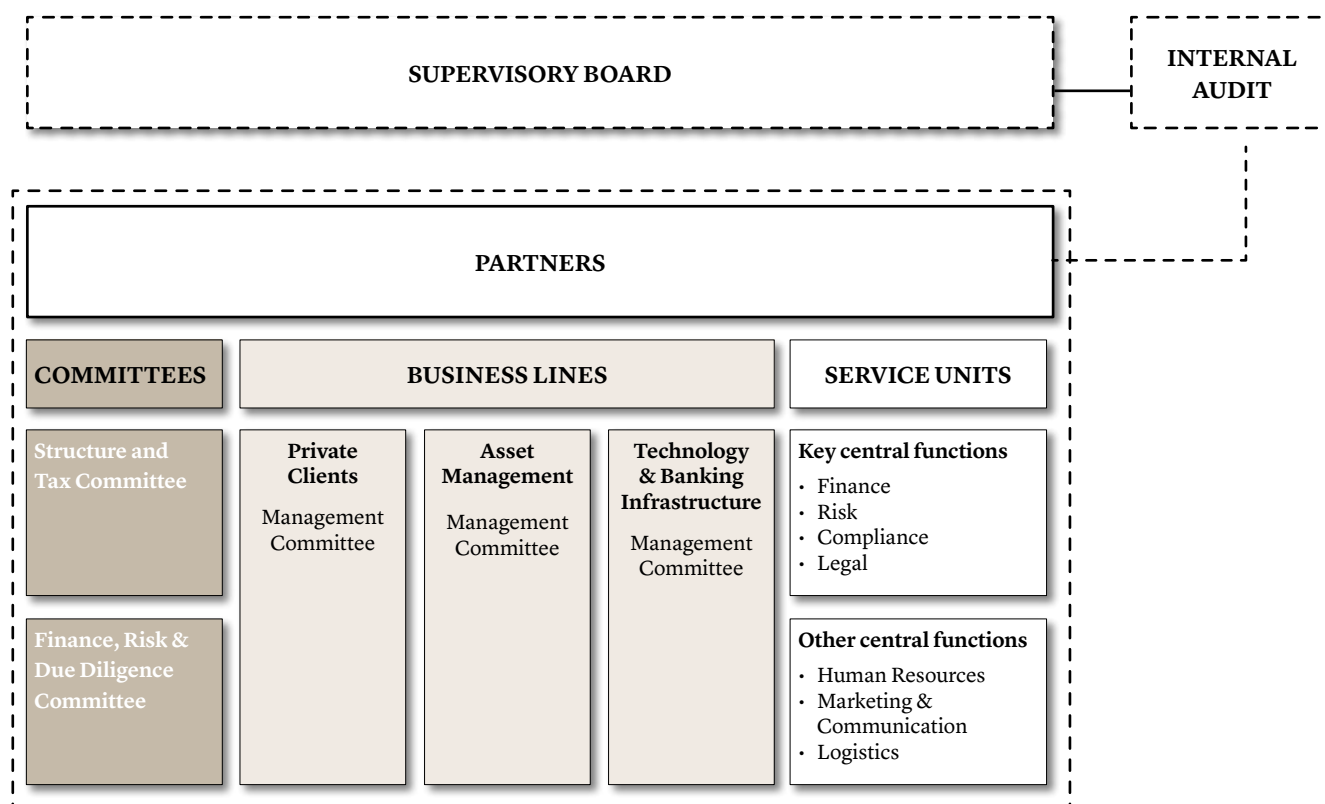


## GOVERNANCE

Lombard Odier Group's corporate governance has always been guided by best business practices, and ongoing efforts to bring the Group's interests more perfectly into line with those of its clients. This has been fundamental to its success for more than 200 years and also acts to ensure its long-term future.

The main aspects of the Group's organisation and governance are described in the sections that follow.

### Organisational structure of the Group (simplified)





## Supervisory Board

The Supervisory Board comprises at least three members, all of whom must be independent. The members are elected for a three-year term of office. This body is responsible for checking whether the management of the Group complies with the law, regulations and its articles of association. The Supervisory Board is principally in charge of checking that the Group's internal control system is working properly and of checking the Group's financial performance.

The Supervisory Board acts in corpore as the Lombard Odier Group's Audit Committee and Risk Committee.

### Chairman (and member) of the Supervisory Board as at 31 December 2015

Jacques Rossier

### Members of the Supervisory Board as at 31 December 2015

Jean Bonna

Klaus Jenny

## Group Internal Audit

The Group's Internal Audit reports directly to the Supervisory Board.

It acts entirely independently and in compliance with regulatory requirements. It coordinates its activities according to the annual audit schedule approved by the Supervisory Board.

The Group's Internal Audit is mainly responsible for i) reviewing the general conduct of business, ii) checking that legal and regulatory requirements are complied with, and iii) checking that the internal control system and corporate governance processes function properly.

It has full access to information across the Group.

## Group Executive Management (*Konzernleitung*) – the Partners

Lombard Odier is a financial group that is organised into business lines – which generate income – and service units, which are responsible for the internal control system and support activity.

The general management and supervision of the Group (*Konzernleitung*) is assured by the Partners (*Collège des Associés*).

The Partners define the Group's vision and strategy. They are also in charge of the consolidated supervision of the Group.

In particular, the Partners have the following duties and powers:

- i. Defining the Group's strategy and managing the Group's business
- ii. Determining the Group's organisational structure
- iii. Defining the accounting and financial control principles of the Group
- iv. Determining the Human Resources policy
- v. Defining the principles and architecture of the Group's internal control system
- vi. Determining the general framework of the Group's risk and compliance policies

### Partners as at 31 December 2015

Patrick Odier, Senior Partner

Anne-Marie de Weck

Christophe Hentsch

Hubert Keller

Frédéric M. Rochat

Hugo Bänziger





### **a. Committees**

The Partners delegate certain activities to strategic and operational committees. These committees have no fewer than three members, of whom at least one must be a Partner. As at 31 December 2015, the Partners rely on two committees:

- The Structure and Tax Committee, whose main duty is to submit proposals to the Board of Directors on the most suitable means of optimising and adapting the Group's structure in order to ensure that it develops in a harmonious, sustainable manner
- The Finance, Risk & Due Diligence Committee, which is principally responsible for monitoring the Group's risk profile and overseeing the good governance of its internal control system

### **b. Business lines**

The Lombard Odier Group generates income via three business lines:

- The Private Clients unit, which is responsible for the Group's private client activities
- The Asset Management unit, which covers the activities relating to institutional asset management and investment funds
- The Technology & Banking Infrastructure unit, which comprises technology, banking infrastructure and custodian bank activities

The Partners delegate the operational management of these business lines to Management Committees, which are responsible for implementing the strategies and financial plans approved by the Partners.

### **c. Service units**

The Lombard Odier Group's service units are composed of:

- Central functions that are responsible for controlling and supervising the income-generating business lines, namely:
  - Finance
  - Risk
  - Compliance
  - Legal
- Support functions that support the business lines and key central functions, namely:
  - Human Resources
  - Marketing & Communication
  - Logistics





## INFORMATION ON RISK MANAGEMENT

### Global risk management

By their very nature, the banking and financial industries involve direct and indirect risk-taking. The Lombard Odier Group is fully aware of this and makes every effort to take only risks that are in line with its business policy.

Risk management is an integral part of the Group's strategy; it contributes to preserve its financial interests and reputation, and to ensure the continuity and durability of its business.

The Group's global risk management is valued not just as a means of continually improving its activities and services, but also as a way of differentiating it from its competitors.

### Governance and main responsibilities with regard to risk management

- The Supervisory Board (OC) acts in corpore as the Risk Committee. The OC is notified by the Board of Directors of the risk profile of the Group and its entities, the state of the Group's equity capital, and of any major event that may alter the Group's risk profile, on a semi-annual basis.
- The Partners are responsible for defining the principles and architecture of the Group's internal control system (SCI), supervising its implementation and monitoring its efficiency. They define the general risk policy framework and regularly check its suitability. They approve the overall limits for liquidity, market risk, credit risk and counterparty risk on an individual and consolidated basis.
- The Group Risk Committee has decision-making powers and is responsible for establishing the Group's risk policy and proposing it to the Partners. It monitors the Group's risk profile to ensure that it is consistent with the defined policy and oversees the good governance of its internal control system. The Committee ensures that appropriate measures are taken and implemented when the risk profile deviates from the fixed framework. The Committee immediately informs the Partners and the Supervisory Board of any major event that could alter the Group's risk profile.
- The Chief Risk Officer (CRO) implements the Board of Directors' decisions on managing and controlling the risks. More specifically, the CRO establishes a suitable organisation for risk management. He or she proposes to the relevant governing bodies all measures necessary for consistent management of the Group's risks and monitors the changes in those risks. He or she sets up the management tools and methodologies necessary to manage the Group's risks. The CRO immediately informs the Partners of any event that might alter the Group's risk profile.

### Market risk

Market risk is the risk of loss in the value of positions resulting from a change in the factors that determine the price of these positions, such as exchange rates, interest rates, equity prices, etc. It impacts the Group's results mainly via the banking book and the trading book. The framework for risk management is defined in the market risk policy of the Lombard Odier Group.

Limits are defined for the banking book and the trading book. For the latter, in particular, limits are defined for each trading activity and each category of market risk, and reviewed at least once a year. Market risk associated with trading activities is managed and controlled by the bearer of the risk (trading desks), and then independently controlled by the Risk Management unit through daily and intraday checks. The Risk Management unit reports regularly to the managing bodies about the usage of the trading limits.

Currency risks are managed in a centralised manner for the entire Group (for the trading book and the banking book).

Within the banking book, interest rate risks (i.e. potential risks relating to net interest income and variations in the economic value of own capital due to interest rate fluctuations) are managed in a centralised manner for the entire Group, taking into account the banking book as a whole.



## Credit risk

Credit risk is the risk of loss arising from the failure by a client or counterparty to meet their contractual payment obligations. The framework for risk management is outlined in the Group's credit risk policy.

### Client credit risk

The Group's lending activity is essentially limited to loans and advances to clients secured by the pledging of first-rate negotiable securities (Lombard loans).

Credit exposure may include cash credits (current account loans and advances), credit commitments (bank guarantees and subscriptions on behalf of clients to investment vehicles using calls for capital, such as private equity funds) and risks inherent to transactions involving forex derivatives, securities and other financial instrument transactions.

Pledged portfolios are analysed in depth by the Credit Risk Department, and a conservative lending rate is assigned to each pledged position based on the instrument type, rating (if available), and the liquidity and country risks of the investments. Currency risk and concentration risk by issuer and by country are systematically taken into consideration.

The credit exposure amount, market value and lending value of the pledged assets are revalued and monitored on a daily basis. Where cover is insufficient or a limit is overrun, margin calls are made, and the Group may sell the pledged assets.

It is not the Group's policy to grant mortgage loans or commercial loans without collateral.

### Counterparty credit risk

Counterparty risk is defined as the potential loss for the Group should its financial counterparties (banks or counterparties to transactions in its course of business) fail to meet their payment obligations.

The Group's risk policy restricts the choice of institutional counterparties in line with a cautionary approach, long-term vision and the objective of providing clients with a high-quality

service. Institutions that play a major – or even systemic – economic role in their country or internationally are preferred.

(OTC) derivatives are traded exclusively on a collateralised basis: reverse repos and repos are used for liquidity management purposes, and all derivatives transactions in which the Group is principal are governed by standard collateralisation agreements with strict parameters for margin calls and eligible collateral.

All new counterparties are investigated thoroughly and independently by the Risk Management Unit. The eligibility, financial health and limits of counterparties are reassessed at least once a year.

Counterparty risk is managed through a combination of limits that cover the various instrument types arising from the Group's activities.

Limits are set where the Group acts as principal towards counterparties (direct risk) but also where it acts as agent on its clients' behalf (indirect risk).

The Group applies a maximum financial risk for each counterparty, which limits the total amount of acceptable direct exposure across all of its activities. The limits per activity and the maximum total amount authorised vary according to the counterparty's creditworthiness.

The Risk Management unit monitors the change in the quality of service of counterparties, their financial soundness and the macroeconomic situation. It proposes changes to the limits wherever necessary. Counterparty limits are monitored daily.

### Settlement risk

Settlement risk is defined as the potential loss arising from the non-delivery of instruments following payment.

Settlements are generally executed on the basis of delivery versus payment (DvP). Limits are defined for each counterparty in order to manage the potential replacement risk should the instrument need to be purchased from another source. The limits are monitored on a daily basis.



## Operational risk

Operational risk is defined as the risk of loss arising from inadequacy or failure on the part of internal processes, people or systems, or following external events due to intentional, accidental or natural causes. It includes legal, fiscal, regulatory and compliance risks.

Operational risk is inherent to the business activities of the Group. Operational risk may take various forms and have many causes, ranging from unintentional human error to fraudulent acts and external events.

The Group is prepared to accept operational risks on the strict condition that they are in line with the implementation of its strategy and business policy, and that compliance with the regulations and laws of the markets in which it operates is ensured at all times. The Group has issued a statement regarding operational risk appetite that enables the Partners to supervise and manage the operational risk profile at any time.

The Group believes that operational risk management is the responsibility of all employees and that it requires the commitment of managers at all levels, as well as a strong operational risk prevention culture within the Group.

In practice, this means that each business unit must take ownership of its operational risks as a first line of defence with respect to the identification, evaluation and management of these risks, and the proactive implementation of improvement measures.

The second line of defence, represented in particular by Risk Management and Compliance, is responsible for the supervision and monitoring of operational risk. They also offer specialist training and support to the units with regard to the implementation of the Group's risk management framework and the management of specific types of risk.

The Group has defined principles and processes for the identification and evaluation of prevalent operational risks, their management and mitigation, the surveillance and reporting of operational risks within the Group, and the promotion of a strong operational risk culture.

The Group's operational risk management framework complies with the standards defined by the Basel Committee and adopted by FINMA.

An independent assessment of the internal control system for back-office and IT activities is conducted annually on the basis of an external audit in order to obtain a Type II assurance opinion based on ISAE 3402 (SSAE 16) and ISAE 3000 standards.

Operational incidents trigger notifications that undergo a validation and escalation process. Such incidents are reported and analysed to ensure that suitable corrective and preventive measures can be taken to reduce the frequency and gravity of potential risk events in the future.

With regard to its business continuity plan, the Group believes that, in the event of an accident or major disaster, its ability to maintain and rapidly recover its critical activities is crucial to minimising the impact of such events on its operations. To this end, it has appointed a Business Continuity Manager with a view to adopting a common methodology, as well as a Crisis Committee to handle matters if such an event were to occur.

The Group also tests its business continuity plan at least once a year to ensure that it is suitable, especially as regards its sensitive activities (technological infrastructure, information system, access to markets, and executing and booking of orders). The Group abides by the Swiss Bankers Association's Recommendations for Business Continuity Management (BCM) and applies the self-regulation recognised as a minimum standard by FINMA (FINMA Circ. 08/10).

## Legal risk

Risks associated with potential litigation are assessed individually by the Partners, if necessary with the assistance of external expert lawyers.

## Liquidity risk

Liquidity risk is defined as the risk of the Group not being able to meet its payment obligations at any time, for any of its entities and in any currency. Maintaining comfortable liquidity



levels is one of the Group's primary objectives. The framework for liquidity risk management is set out in the Group's liquidity risk policy.

In the event of conflict between liquidity objectives and other commercial objectives, particularly with regard to profitability, measures aimed at ensuring a healthy liquidity position take precedence. Liquidity risks are monitored in accordance with the applicable legal provisions, as well as internal requirements and measures.

The Group has adopted a centralised approach to cash and balance sheet management, which falls within the remit of the Cash Management/ALM Department. Accordingly, uninvested client assets are placed conservatively, in line with clearly established constraints. The Risk Management unit carries out independent inspections. The investment approach, outlined in the Group's liquidity investment policy, conforms to extremely strict limits in terms of concentration, credit quality and market liquidity.

### **Reputational risk**

Reputational risk refers to a negative perception of the Group's business practices or internal controls that could have a financial impact on its operations. The Group considers reputation to be one of its key pillars, which is why reputational risk forms a separate risk category. This approach attests to the Group's determination to define pro-active measures wherever possible to minimise that risk.





## FINANCIAL STATEMENTS

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# CONSOLIDATED BALANCE SHEET

		31.12.2015	31.12.2014
		In thousands	In thousands
	Notes	CHF	CHF
<b>Assets</b>			
Liquid assets		7,917,975	10,750,428
Amounts due from banks	1.10	395,022	627,754
Amounts due from securities financing activities		340,701	2,249,732
Amounts due from customers	1.2	2,870,841	2,183,434
Trading portfolio assets		0	0
Positive replacement values of derivative financial instruments	1.4	380,037	685,605
Other financial instruments at fair value	1.3	609,516	624,371
Financial investments	1.5, 1.10	3,253,879	953,221
Accrued income and prepaid expenses		146,230	65,513
Non consolidated participating interests	1.6, 1.7	5,892	8,462
Tangible fixed assets	1.8, 1.10	177,073	179,042
Other assets	1.9	155,969	183,399
<b>Total assets</b>		<b>16,253,135</b>	<b>18,510,961</b>
<b>Liabilities</b>			
Amounts due to banks		573,074	370,483
Amounts due to customers		12,921,453	15,155,256
Negative replacement values of derivative financial instruments	1.4	344,807	639,791
Liabilities from other financial instruments at fair value	1.3, 1.13	627,363	668,234
Accrued expenses and deferred income		444,669	261,335
Other liabilities	1.9	121,152	209,279
Provisions	1.14	126,449	227,970
<b>Total liabilities</b>		<b>15,158,967</b>	<b>17,532,348</b>
Reserves for general banking risks	1.14	233,206	204,706
Share capital	1.16	105,685	105,685
Retained earnings reserve		630,426	561,793
Foreign currency translation reserve		(18,655)	(13,469)
Consolidated profit		143,506	119,898
<b>Total equity</b>		<b>1,094,168</b>	<b>978,613</b>
<b>Total liabilities and equity</b>		<b>16,253,135</b>	<b>18,510,961</b>
Total subordinated liabilities		171,000	179,510
- of which with conversion obligation and/or debt waiver		0	0
<b>Off-balance sheet transactions</b>			
Contingent liabilities	1.2, 2.1	303,216	357,734
Irrevocable commitments	1.2	422,200	339,001
Obligation to pay up shares and make further contributions	1.2	7	7

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

		31.12.2015	31.12.2014
		In thousands	In thousands
	Notes	CHF	CHF
Interest and discount income	3.2	52,119	54,073
Interest and dividend income from financial investments		17,010	9,965
Interest expense	3.2	(5,421)	(16,083)
<b>Gross result from interest operations</b>		<b>63,708</b>	<b>47,955</b>
Changes in value adjustments and losses resulting from interest operations		0	0
<b>Net interest income</b>		<b>63,708</b>	<b>47,955</b>
Commission income on securities and investment services		974,747	978,324
Commission income on lending activities		1,963	2,125
Commission income on other services		77,478	71,348
Commission expense		(168,811)	(189,713)
<b>Results from commission income and investment services</b>		<b>885,377</b>	<b>862,084</b>
<b>Results from trading activities and investments at fair value</b>	3.1	<b>101,098</b>	<b>97,045</b>
Results from the disposal of financial investments		5,740	4,081
Income from participating interests		16,183	7,077
- of which from participating interests reported using the equity method		3,327	3,076
- of which from other non-consolidated participating interests		12,856	4,001
Real estate income		3,239	2,840
Other ordinary income		63	9,071
Other ordinary expense		(49)	(3)
<b>Other ordinary results</b>		<b>25,176</b>	<b>23,066</b>
<b>Total operating income</b>		<b>1,075,359</b>	<b>1,030,150</b>
Personnel expenses	3.3	(677,495)	(641,508)
Other operating expenses	3.4	(230,198)	(196,126)
<b>Total operating expenses</b>		<b>(907,693)</b>	<b>(837,634)</b>
Value adjustments on equity interests as well as depreciation on tangible fixed assets	1.6, 1.8	(12,184)	(7,252)
Variation of provisions and other value adjustments and losses	1.14	(8,671)	(14,743)
<b>Operating profit</b>		<b>146,811</b>	<b>170,521</b>
Extraordinary income	3.5	45,154	3,880
Extraordinary expenses		(533)	(2,099)
Change in reserves for general banking risks		(28,500)	(7,600)
Income taxes	3.7	(19,426)	(44,804)
<b>Consolidated profit</b>		<b>143,506</b>	<b>119,898</b>

# CASH FLOW STATEMENT

	31.12.2015		31.12.2014	
	Source of funds	Use of funds	Source of funds	Use of funds
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Profit for the year	143,506		119,898	
Change in reserves for general banking risks	28,500		7,600	
Value adjustments on equity interests as well as depreciation on tangible fixed assets	12,184		7,252	
Variation of provisions		101,521		17,845
Accrued income and prepaid expenses		80,717	63,993	
Accrued expenses and deferred income	183,334			74,104
Other assets	27,430		73,995	
Other liabilities		88,127	33,491	
<b>Cash flow from operating results</b>	<b>394,954</b>	<b>270,365</b>	<b>306,229</b>	<b>91,949</b>
Previous year's dividend		51,265		107,065
Foreign currency translation differences		5,186	2,239	
<b>Cash flow from changes equity capital transactions</b>	<b>0</b>	<b>56,451</b>	<b>2,239</b>	<b>107,065</b>
Non consolidated participating interests	2,567			1,762
Real estate		1,854		800
Tangible fixed assets		8,358		4,618
<b>Cash flow from investment activities</b>	<b>2,567</b>	<b>10,212</b>	<b>0</b>	<b>7,180</b>
<b>Cash flow from banking operations</b>				
Amounts due to customers		10,510		19,790
Amounts due from customers		131,058		60,338
Financial investments		1,954,235		498,895
<b>Medium to long-term operations (&gt; 1 year)</b>	<b>0</b>	<b>2,095,803</b>	<b>0</b>	<b>579,023</b>
Amounts due to banks	202,591			127,145
Amounts due to customers		2,223,293	991,897	
Negative replacement values of derivative financial instruments		294,984	342,543	
Liabilities from other financial instruments at fair value		40,871	166,094	
Amounts due from banks	232,732		375,944	
Amounts due from securities financing activities	1,909,031		831,872	
Amounts due from customers		556,349	112,913	
Positive replacement values of derivative financial instruments	305,568			416,999
Other financial instruments at fair value	14,855			183,723
Financial investments		346,423	146,537	
<b>Short-term operations</b>	<b>2,664,777</b>	<b>3,461,920</b>	<b>2,967,800</b>	<b>727,867</b>
<b>Liquidity</b>				
Liquid assets	2,832,453			1,763,184
<b>Balance</b>	<b>5,894,751</b>	<b>5,894,751</b>	<b>3,276,268</b>	<b>3,276,268</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings reserve	Reserves for general banking risks	Foreign currency translation reserve	Profit for the period	Total
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Shareholders' equity as at the beginning of the reporting period	105,685	561,793	204,706	(13,469)	119,898	<b>978,613</b>
Foreign currency translation differences				(5,186)		<b>(5,186)</b>
Appropriation of retained earnings 2014						
- Dividend					(51,265)	<b>(51,265)</b>
- Retained earnings		68,633			(68,633)	<b>0</b>
Appropriation to/release from the reserves for general banking risks			28,500			<b>28,500</b>
Net profit for the year					143,506	<b>143,506</b>
<b>Shareholders' equity at the end of the reporting period</b>	<b>105,685</b>	<b>630,426</b>	<b>233,206</b>	<b>(18,655)</b>	<b>143,506</b>	<b>1,094,168</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Name, legal form and registered office of the Group

The ultimate parent company of the Lombard Odier Group is Compagnie Odier SCA, a partnership limited by shares with its office in Geneva.

## Headcount

At the end of 2015, the Group employed 2,133 full-time equivalents (FTEs), compared with 2,106 at the end of 2014.

## Accounting principles for the preparation of the consolidated financial statements

### Basic principles

These financial statements are the consolidated financial statements of the Lombard Odier Group (hereinafter “the Group”) and give a true and fair view of the net assets, financial position and results of operations of the Group. They are presented in accordance with the Swiss Code of Obligations, the Swiss Banking Act, the Swiss Banking Ordinance and the Swiss Accounting rules for banks, securities dealers, financial groups and conglomerates (FINMA Circular 15/1).

### Basis of consolidation

#### General information

The Managing Partners of Compagnie Odier SCA hold all Lombard Odier Group companies either directly or through structures belonging to them. The total share capital held directly by the Managing Partners in the companies stipulated in Note 1.7 “Companies in which the Group permanently holds direct or indirect equity interest of significance” constitutes the share capital of Lombard Odier Group.

#### Scope and consolidation method

The Lombard Odier Group’s consolidated financial statements comprise the financial statements of companies which are directly or indirectly controlled by the Group, or over which it exercises a controlling influence. The consolidated Group companies and investments accounted for using the equity method are presented in Note 1.7 “Companies in which the Group permanently holds direct or indirect equity interest of significance”.

The companies directly or indirectly controlled by the Group or over which it exercises a controlling influence are fully consolidated. Capital is consolidated using the purchase method.

Non-controlling interests of 20% to 50% are accounted for in the consolidated financial statements using the equity method. Interests of less than 20% and those that are less significant in terms of capital and returns or which are not strategic in nature are not consolidated, but reported in the balance sheet at cost less depreciation over their useful economic lives.

Subsidiaries are consolidated with effect from the date on which the Group effectively obtains control and are no longer consolidated once control has ceased.

The period used for consolidation purposes corresponds to the calendar year.

### Accounting and valuation principles

#### Currency translation

The financial statements of consolidated companies prepared in foreign currencies have been translated into Swiss francs at the rate applicable on the reporting date, with the exception of capital, which is converted at historical rates. Income statements are converted at the average monthly exchange rates.

Currency translation differences resulting from consolidation are recognised in the “Foreign currency translation reserve”.

The exchange rates used to convert the main foreign currencies are as follows:

	31.12.2015	31.12.2014
USD	1.0010	0.9936
EUR	1.0874	1.2024
GBP	1.4754	1.5493

#### Liquidity, amounts due from banks, amounts due from customers and liabilities

These items are reported in the balance sheet at their nominal value. The receivables deemed to be doubtful are subject to value adjustments deducted directly from the assets side of the balance sheet.

#### Securities financing transactions

Securities that are purchased with an obligation to resell them in the future (reverse repurchase agreements) and borrowed securities are only reported in the balance sheet if the Group acquires beneficial ownership of the rights associated with the securities transferred. The cash exchanged to purchase these securities or provided as collateral in the case of securities borrowing are recognised in the balance sheet under “Amounts due from securities financing transactions”.

Securities that are sold with an obligation to repurchase them in the future (repurchase agreements) and securities lending are reported in the balance sheet for as long as the Group retains beneficial ownership of the rights associated with the securities transferred.

The cash received in return for the sale of securities or as collateral in the case of securities lending is recognised in the balance sheet under “Liabilities from securities financing transactions”.

The interest income and expenses resulting from the amounts receivable and payable are accrued over the transaction period.

The securities lending and borrowing activities largely relate to securities lending transactions entered into as an agent acting on behalf of clients. The resulting revenue and expenses are therefore recognised in net commission income.

#### **Trading portfolio assets and trading portfolio liabilities**

Securities and precious metals held for trading are measured and reported in the balance sheet at fair value. Gains and losses on portfolios held for trading are recognised in the income statement under “Results from trading activities and investments at fair value”.

The interest and dividend income from the portfolios held for trading is recognised under “Interest and dividend income from trading activities”.

#### **Derivative financial instruments**

##### ***Trading and cash management activities***

All derivative financial instruments are measured at fair value. Positive and negative replacement values are reported in the balance sheet. The fair value is either the market price (if the instrument is traded on an efficient and liquid market) or the price quoted by market makers.

Realised and unrealised income from derivative financial instruments used for trading purposes or for the account of customers is recognised under “Results from trading activities and investments at fair value”. Interest income from currency swaps included within cash management is reported under “Interest and discount income” and recognised using the accrual method.

##### ***Hedging transactions***

The Group uses derivative financial instruments to manage interest rate and foreign exchange risk.

Hedging transactions are measured on the same basis as the underlying hedged transactions.

Gains/losses from hedges are reported in the same income statement item as the corresponding gains/losses from the underlying transaction.

Changes in value are entered in the offset accounts if no value adjustment is recorded for the underlying transactions.

The Group uses hedge accounting if the hedging effects and the strategic aims of the hedging transactions with regard to interest rate and foreign exchange risk are documented when the transactions are entered into and the effectiveness of the hedges is periodically verified.

Hedges that fail to fulfil, no longer fulfil or only partially fulfil their hedging function are deemed to be trading transactions – either in full or in proportion to the excess portion – and treated as such.

#### **Other financial instruments at fair value**

Certificates issued by the Group which represent a fraction of a basket of underlyings are reported in the balance sheet under “Liabilities from other financial instruments at fair value”. Debt and equity instruments and investment funds held in connection with these certificates are reported under “Other financial instruments at fair value”.

Any changes in the value of the certificates and underlyings, as well as any interest accruals, are recognised under “Results from trading activities and investments at fair value”.

#### **Financial investments**

Debt securities to be held to maturity are recognised in the balance sheet on an amortised cost basis. Gains and losses resulting from an early sale or redemption are recorded proportionally up to the initial maturity date of the transaction under the items “Other assets” and “Other liabilities”. Value adjustments in connection with default risk are recorded immediately under “Changes in value adjustments for default risks and losses resulting from interest operations”.

Debt securities not to be held to maturity are measured according to the principle of the lower of cost or market. The remaining value adjustments are reported under “Other ordinary expense” or “Other ordinary income”.

Revaluation up to a maximum of the acquisition cost is recognised if the market price, which had fallen below the acquisition cost, subsequently rose again.

Value adjustments related to default risk are recorded under “Changes in value adjustments and losses resulting from interest operations”.



### Non-consolidated participating interests

Non-consolidated participating interests are individually measured at cost less any economically necessary value adjustments.

### Tangible fixed assets

Expenditure on new tangible fixed assets which are used for more than one accounting period and exceed the minimum value for capitalisation are recognised in the balance sheet at cost and depreciated on a straight-line basis. Depreciation is carried out on a scheduled basis over the expected useful life of the fixed asset. The accuracy of the valuations is reviewed on an annual basis. If this assessment reveals a change in the useful life or a reduction in the value of the fixed asset, the residual carrying amount is depreciated according to the new expected useful life or supplementary unscheduled depreciation is recognised. Scheduled as well as supplementary unscheduled depreciation is recognised in the income statement in "Value adjustments on equity interests as well as depreciation on tangible fixed assets".

The depreciation rates expected and applied to the acquisition cost of the different categories of tangible fixed assets are as follows:

- Buildings used for own use: 1% à 5%
- Other buildings: 2% à 5%
- Work to fit-out buildings: up to 20%
- Fixtures, machinery, large items of furniture: up to 20%
- Technological equipment (IT, telecommunications) and software: depreciated in full on acquisition.

Gains and losses from the disposal of tangible fixed assets are reported under "Extraordinary income" and "Extraordinary expenses", respectively.

### Accrued income and prepaid expenses/accrued expenses and deferred income

With the exception of services that have been received and invoiced but not yet paid for, which are reported in the balance sheet as other assets or other liabilities, all of the assets and liabilities resulting from the accrual of interest and other types of income and expenses on asset and liability items, and other accruals are disclosed in accrued income and prepaid expenses/accrued expenses and deferred income.

### Taxes

Taxes include taxes on the income and capital of Group companies and allocations to provisions for deferred taxes. Current income taxes are recognised on the liabilities side of the balance sheet under "Accrued expenses and deferred income".

The tax implications of temporary differences between the balance sheet value and tax value of the assets and liabilities are entered in the balance sheet under "Provisions", if the amounts are taxable, or under "Other assets", if the amounts are tax deductible.

Claims resulting from tax losses carried forward are only recorded if they are likely to be realised in the future through the existence of sufficient taxable profits. Deferred taxes are determined annually based on the actually expected tax rates or, if these are not yet known, on the tax rates in force at the time the balance sheet is prepared. Deferred tax income and expenditure are recognised in the income statement.

### Provisions and value adjustments

Provisions or value adjustments are recognised for all foreseeable risks and unrealised losses in accordance with the principle of prudence.

Individual value adjustments are charged directly to the corresponding line items on the assets side of the balance sheet. Provisions for other risks are recognised in the balance sheet under "Provisions".

### Reserves for general banking risks

The Group recognises "Reserves for general banking risks" as a preventive measure to cover the risks inherent in the banking business which are not covered by specific provisions. These reserves form part of equity and are subject to tax or deferred tax.

### Pension fund obligations

Pension fund obligations are all plans, institutions and arrangements that provide benefits for retirement, death or disability.

An annual review is carried out to determine whether an economic benefit (excess assets) or economic obligation (shortfall) other than the contribution benefits and related adjustments arises from each pension fund. In Switzerland, this review is conducted on the basis of contracts, the annual financial statements of the pension funds (prepared in accordance with Swiss GAAP RPC 26), and other calculations that give a true and fair view of each fund's financial situation, excess cover or underfunding.

Obligations are recognised in the balance sheet under “Provisions”, while economic benefits are reported under “Other assets”. The difference compared with the corresponding value in the prior period is recognised for each pension fund in “Personnel expenses”.

#### **Contingent liabilities, irrevocable commitments, liabilities for unpaid share capital and additional capital contributions**

These items are presented at their nominal value in off-balance sheet transactions. The Group recognises provisions on the liabilities side of the balance sheet for foreseeable risks.

#### **Notes to the annual financial statements**

Notes that are not required or which do not provide any information are not presented.

#### **Comparative figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

#### **Changes in accounting and measurement policies**

In 2015, the Group amended its valuation principle for certain debt securities held in the financial investments portfolio which are to be held to maturity. These securities were previously valued according to the principle of the lower of cost or market, but are now recognised at amortised cost.

In accordance with the applicable accounting principle in such circumstances, the relevant set of securities were revalued at fair value as of the date of the decision and, as a result, the Group registered a net gain of CHF 3.1 million, which was recognised in “Results from the disposal of financial investments”.

#### **Recording of transactions**

All transactions are recorded on a trade-date basis and valued as of that date for the purposes of determining the result. All spot transactions entered into but not yet settled are recognised in the balance sheet according to the trade-date principle.

#### **Explanations on the methods used for identifying default risk and determining the need for value adjustments**

Given the pledge rate required for Lombard loans to be granted, the risk of default for this lending category is low. The credit exposure amount, market value of the pledge assets are revalued and monitored on a daily basis. If it becomes unlikely that the borrower will be able to meet their obligations, the loan is considered doubtful. In such situations, the Partners and/or the Group Risk Committee decides whether a specific provision should be recognised on a case-by-case basis, taking into account detailed evaluation of any sureties.

#### **Explanations on the valuation of collateral, in particular key criteria for the calculation of current market value and lending value**

The lending business is essentially limited to Lombard loans. The collateral provided is accepted as pledged at a percentage of its market value. This pledge rate depends on the nature, solvency, currency and tradability of the securities.

#### **Policy on the use of derivative financial instruments**

The Group does not issue options or any other kind of derivative product for its own account. Most of the derivatives trading activity relates to foreign exchange transactions (forward transactions and options) and options on securities, stock market indices carried out on clients' behalf.

The use of derivatives in discretionary portfolio management is restricted to the transactions authorised by the Swiss Bankers' Association guidelines and in accordance with the Group's investment policy.

In certain cases, the Group uses derivative financial instruments as part of its activities, primarily to manage its exposure to interest rate and foreign currency risks. In this context, it mainly uses forward currency transactions or currency options and interest rate swaps. These transactions are mostly recognised as micro and macro hedges in accordance with hedge accounting principles (see “Accounting and valuation principles”).

## **Specific events and events after the end of the reporting period**

### **Specific events**

Like hundreds of other establishments, legal proceedings have been initiated against Bank Lombard Odier & Co Ltd (the Bank) in New York and the British Virgin Islands (BVI) by the liquidators of the Fairfield Sentry Ltd and Fairfield Sigma Ltd (“Fairfield”) funds and by Bernard L. Madoff Investments Securities LLC (BLMIS). These parties have taken action against the Bank to recover amounts received on behalf of certain clients when they redeemed units of the funds concerned. The proceedings brought in the BVI were definitively rejected by the Privy Council. From the outset, the Group has considered the risk resulting from these proceedings to be impossible to quantify. The development of the proceedings in the BVI and in New York has so far been favourable to the defendants (including the Bank), such that it can reasonably be assumed that the risk has declined since 2010. Consequently, no provisions were recognised as at 31 December 2015, apart from those required to meet the cost of the Bank’s legal defence.

### **Events after the end of the reporting period**

There were no events after the end of the reporting period capable of impacting the financial statements as at 31 December 2015.

# 1. INFORMATION ON THE BALANCE SHEET

## 1.1 Structure of securities financing transactions (assets and liabilities)

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
Book value of receivables from cash collateral related to securities borrowing or reverse repurchase agreements	340,701	2,249,732
Book value of payables from cash collateral posted for securities lending and repurchase agreements	0	0
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	39,254	29,398
- of which with unrestricted right to resell or pledge	39,254	29,398
Fair value of securities serving as collateral posted for securities lending or securities borrowed or securities received in connection with reverse-repurchase agreements with an unrestricted right to resell or repledge them	379,584	2,272,332
- of which repledged securities	0	0
- of which resold securities	0	0

## 1.2 Presentation of the collateral for loans and off-balance-sheet transactions, as well as doubtful receivables

		Type of collateral		Total
		Secured by other collateral	Unsecured	
		In thousands CHF	In thousands CHF	In thousands CHF
<b>Loans (before offsetting any value adjustments)</b>				
Amounts due from customers		2,639,075	231,766	2,870,841
<b>Total loans (before offsetting any value adjustments)</b>	<b>31.12.2015</b>	<b>2,639,075</b>	<b>231,766</b>	<b>2,870,841</b>
	31.12.2014	2,127,502	55,932	2,183,434
<b>Total loans (after offsetting any value adjustments)</b>	<b>31.12.2015</b>	<b>2,639,075</b>	<b>231,766</b>	<b>2,870,841</b>
	31.12.2014	2,127,502	55,932	2,183,434
<b>Off-balance sheet</b>				
Contingent liabilities		223,761	79,455	303,216
Irrevocable commitments		360,797	61,403	422,200
Obligation to pay up shares and make further contributions		0	7	7
<b>Total off-balance sheet</b>	<b>31.12.2015</b>	<b>584,558</b>	<b>140,865</b>	<b>725,423</b>
	31.12.2014	512,196	184,546	696,742

### Impaired loans/receivables

As at 31 December 2015, the Group has no impaired loan or receivables (2014: none).

### 1.3 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
<b>ASSETS</b>		
<b>Other financial instruments at fair value</b>		
Debt instruments	85,185	89,459
Equity securities	490,398	534,912
Structured products	33,933	0
<b>Total assets</b>	<b>609,516</b>	<b>624,371</b>
<b>LIABILITIES</b>		
<b>Other financial instruments at fair value</b>		
Certificates	627,363	668,234
<b>Total liabilities</b>	<b>627,363</b>	<b>668,234</b>

## 1.4 Presentation of derivative financial instruments (assets and liabilities)

		Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
		In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Interest-rate related instruments							
Swaps		1,404	439	27,986	467	4,872	119,574
Options (OTC)		0	0	5,080			
Foreign exchange/Precious metals							
Forward contracts		278,690	270,878	33,537,356	0	7,886	401,008
Combined interest rate/currency swaps		50,079	10,860	5,048,649			
Options (OTC)		29,724	30,199	2,836,021			
Equity securities/Indices							
Options (OTC)		19,580	19,580	447,914			
Credit derivatives							
Credit default swap		93	93	13,963			
Total before netting agreements	31.12.2015	379,570	332,049	41,916,969	467	12,758	520,582
	31.12.2014	684,951	632,111	48,419,167	654	7,680	143,037
		Positive replacement values (accumulated)			Negative replacement values (accumulated)		
		In thousands CHF			In thousands CHF		
Total after impact of netting agreements	31.12.2015	181,688			178,053		
	31.12.2014	479,804			434,948		
					Breakdown according to counterparties:		
					Central clearing houses	Banks and securities dealers	Other customers
					In thousands CHF	In thousands CHF	In thousands CHF
Positive replacement values (after impact of netting agreements)					0	19,800	161,888



## 1.5 Breakdown of financial investments

	31.12.2015		31.12.2014	
	Book value	Fair value	Book value	Fair value
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Debt instruments	3,244,214	3,214,933	933,752	938,637
- of which to be held until maturity	3,222,033	3,214,933	0	0
- of which not to be held until maturity	22,181	22,181	933,752	938,637
Equity securities	9,665	9,681	19,469	19,884
<b>Total financial investments</b>	<b>3,253,879</b>	<b>3,224,614</b>	<b>953,221</b>	<b>958,521</b>
- of which securities eligible for repo transactions in accordance with liquidity provisions	2,226,277	-	570,128	-

### Breakdown of the counterparties according to Standard & Poor's rating classes

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Lower than B-	No rating
Debt instruments at book value	2,881,961	362,253	0	0	0	0

The Group uses the ratings of the three rating agencies Standard & Poor's, Moody's and Fitch. If each of the external agencies issues an instrument with a rating, the median is used, and if only two ratings are issued, the Group uses the more conservative value. In the absence of a specific rating for the instrument, the Group uses the Standard & Poor's long-term issuer rating.

## 1.6 Presentation of non consolidated participating interests

	Acquisition cost	Accumulated depreciation and value adjustment (equity method)	Book value as at 01.01.2015	Investments	Disposals (including foreign exchange differences)	Amortiza- tions	Value adjustments based on equity method	Book value as at 31.12.2015	Market value
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
<b>Non consolidated participating interests</b>									
Equity interest valued according to the equity method									
- with no market value	4,000	2,551	6,551	0	0	0	(2,551)	4,000	-
Other equity interests									
- with no market value	2,126	(215)	1,911	0	(16)	(3)	0	1,892	-
<b>Total equity interest</b>	<b>6,126</b>	<b>2,336</b>	<b>8,462</b>	<b>0</b>	<b>(16)</b>	<b>(3)</b>	<b>(2,551)</b>	<b>5,892</b>	<b>0</b>

## 1.7 Companies in which the group permanently holds direct or indirect equity interest of significance (1/2)

Company name	Registered office	Business activity		Share capital	Proportion of holding/ voting rights (in %)	Proportion of holding/ voting rights (in %)	Direct/ indirect ownership
					31.12.2015	31.12.2014	
<b>Fully consolidated participating interests</b>							
Compagnie Odier SCA	Geneva	Holding company	CHF	73,700,100	100	100	direct
Banque Lombard Odier & Cie SA	Geneva	Bank	CHF	100,000,000	100	100	indirect
Cité Gestion SA	Geneva	Portfolio management	CHF	11,000,000	100	100	indirect
Compagnie Immobilière Odier	Geneva	Real estate company	CHF	2,700,000	10/53	10/53	indirect
			CHF	24,300,000	90/47	90/47	direct
Favona SA, en liquidation	Geneva	Fiduciary company	CHF	150,000	100	100	indirect
Germinal IV SA	Geneva	Fiduciary company	CHF	200,000	100	100	indirect
Lasphère SA	Geneva	Fiduciary company	CHF	250,000	100	100	indirect
LO Patrimonia SA	Geneva	Fiduciary company	CHF	1,000,000	100	100	indirect
LO Holding SA	Geneva	Holding company	CHF	34,100,000	100	100	indirect
LO IP SA	Geneva	Service company	CHF	700,000	100	100	indirect
LO Participations SA	Geneva	Holding company	CHF	12,000,000	100	100	indirect
LOIM Holding SA	Geneva	Holding company	CHF	1,000,000	100	100	indirect
Lombard Odier Asset Management (Switzerland) SA	Geneva	Investment advisory company	CHF	26,000,000	100	100	indirect
Lombard Odier Asset Management (Europe) Limited	London	Investment advisory company	GBP	59,000,000	100	100	indirect
Lombard Odier (Europe) S.A.	Luxembourg	Bank	EUR	40,000,000	100	100	indirect
Lombard Odier Funds (Europe) S.A.	Luxembourg	Distributor of CIS	CHF	3,000,000	100	100	indirect
Lombard Odier Investment Managers Private Equity	Luxembourg	Distributor of CIS	EUR	12,500	100	100	indirect
TBI (Europe) SA	Luxembourg	Banking and IT services	EUR	4,000,000	100	0	indirect
Lombard Odier Gestión (España), SGIIC, S.A.	Madrid	Portfolio management	EUR	1,188,000	100	100	indirect
Lombard Odier Gestion (France)	Paris	Portfolio management	EUR	4,250,000	0	100	indirect
Codati Limited	Gibraltar	Service company	GBP	100,000	100	100	indirect
Lombard Odier & Cie (Gibraltar) Limited	Gibraltar	Bank	CHF	2,260,000	100	100	indirect
LO Delta explorer GP Limited	Jersey	Distributor of CIS	CHF	100,000	100	100	indirect
LO Holding (Jersey) Limited	Jersey	Holding company	CHF	60,000	0	100	indirect
Lombard Odier (Jersey) Limited	Jersey	Distributor of CIS	CHF	500,000	100	100	indirect
Lombard Odier Infrastructure fund GP Limited	Jersey	Distributor of CIS	CHF	100,000	100	100	indirect
Lombard Odier (Hong Kong) Limited	Hong Kong	Investment advisory company	HKD	695,000,000	100	100	indirect
Lombard Odier (Singapore) Ltd.	Singapore	Bank	CHF	29,255,000	100	100	indirect
Lombard Odier Trust (Japan) Limited	Tokyo	Portfolio management	JPY	300,000,000	100	100	indirect
LO Holding (Canada) Inc	Montreal	Holding company	CAD	210,000	100	100	direct
Lombard Odier & Cie (Canada), Société en commandite	Montreal	Investment advisory company	CAD	8,240,000	100	100	direct
Lombard Odier Gestion (Canada) Inc.	Montreal	Investment advisory company	CAD	239,858	100	100	indirect
Lombard Odier Services Inc.	Montreal	Service company	CAD	1,827,847	100	100	indirect
Lombard Odier Valeurs mobilières (Canada) Inc.	Montreal	Broker dealer	CAD	2,500,000	100	100	indirect
Lombard Odier Transatlantic, L.P.	Montreal	Broker dealer	USD	7,200,000	100	100	indirect
Lombard Odier Transatlantic Limited	Montreal	Broker dealer	CAD	60,000	100	100	indirect
Lombard Odier Asset Management (USA) Corp.	New York	Investment advisory company	USD	2,000	100	100	indirect
Lombard Odier (Panama), Inc.	Panama City	Investment advisory company	USD	500,000	100	100	indirect
Bershiel Insurance Limited	Bermuda	Insurance company	CHF	216,000	100	100	indirect
LO Holdings (Bermuda) Limited	Bermuda	Holding company	USD	12,000	100	100	indirect
Lombard Odier (Bermuda) Limited	Bermuda	Administration services	USD	25,000	100	100	indirect
Lombard Odier Darier Hentsch Management (Bermuda) Limited	Bermuda	Portfolio management	CHF	16,098	100	100	indirect
Lombard Odier Trust (Bermuda) Limited	Bermuda	Trust company	CHF	1,350,000	100	100	indirect

## 1.7 Companies in which the group permanently holds direct or indirect equity interest of significance (2/2)

Company name	Registered office	Business activity		Share capital	Proportion of holding/ voting rights (in %) 31.12.2015	Proportion of holding/ voting rights (in %) 31.12.2014	Direct/ indirect ownership
<b>Fully consolidated participating interests</b>							
1798 Global Partners (Cayman Island) Ltd	Cayman	Management company	USD	10,001	100	100	indirect
1798 Global Partners Founders Ltd	Cayman	Financial company	USD	10,000	100	100	indirect
1798 Global Partners LLC	Delaware	Distributor of CIS	USD	500,000	100	100	indirect
Lombard Odier & Cie (Bahamas) Limited	Nassau	Bank	CHF	4,000,000	100	100	indirect

Company name	Registered office	Business activity		Share capital	Proportion of holding/ voting rights (in %) 31.12.2015	Proportion of holding/ voting rights (in %) 31.12.2014	Direct/ indirect ownership
<b>Consolidated holdings using the equity method</b>							
Nahmani Partners & Cie	Geneva	Portfolio management	CHF	10,000,000	40	40	indirect

Company name	Registered office	Business activity		Share capital	Proportion of holding/ voting rights (in %) 31.12.2015	Proportion of holding/ voting rights (in %) 31.12.2014	Direct/ indirect ownership
<b>Non-consolidated participating interests</b>							
Euroclear plc	London	Financial services	EUR	3,369,010	0	1	indirect
SIX Group AG	Zurich	Financial services	CHF	19,521,905	2	2	indirect

The Group does not have any significant position in equity securities of undertakings recognised under financial investments (2014: none).

In addition, there are no commitments to purchase further shares or to dispose of shares (2014: none).

## 1.8 Presentation of tangible fixed assets

	Acquisition value	Accumulated depreciation	Book value as at 01.01.2015	Reclassifi- cation	Investments	Disposals (including foreign exchange differences)	Depreciation	Book value as at 31.12.2015
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Buildings for own use	307,217	(131,817)	175,400	105	1,888	(61)	(3,599)	173,733
Other buildings	15,624	(14,564)	1,060	(74)	0	(4)	(19)	963
Software	1,561	(1,561)	0	0	7,690	0	(7,690)	0
Other tangible fixed assets	68,385	(65,803)	2,582	(31)	853	(154)	(873)	2,377
<b>Total tangible fixed assets</b>	<b>392,787</b>	<b>(213,745)</b>	<b>179,042</b>	<b>0</b>	<b>10,431</b>	<b>(219)</b>	<b>(12,181)</b>	<b>177,073</b>

## 1.9 Breakdown of other assets and other liabilities

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
<b>Other assets</b>		
Capitalized contributions made to employer contribution reserve	102,546	111,946
Settlement accounts	18,797	34,376
Indirect taxes	2,096	8,332
Offset accounts	13,108	5,342
Other assets	19,422	23,403
<b>Total other assets</b>	<b>155,969</b>	<b>183,399</b>
<b>Other liabilities</b>		
Settlement accounts	48,309	88,098
Coupons	20,318	37,542
Indirect taxes	16,961	34,294
Compensation account	946	701
Other liabilities	34,618	48,644
<b>Total other liabilities</b>	<b>121,152</b>	<b>209,279</b>

## 1.10 Information on assets pledged, ceded or put under ownership reservation to secure

	31.12.2015		31.12.2014	
	Amount or book value of pledge	Actual liabilities	Amount or book value of pledge	Actual liabilities
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
<b>Assets pledged</b>				
Amounts due from banks	31,444	51,988	168,561	170,533
Financial investments	275,784	98,495	216,852	10,186
Real estate	93,042	44,300	94,154	44,300

## 1.11 Information on payables to own employee benefit funds as well as the quantity and type of the group's equity instruments that are held by its own employee benefit funds

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
Amounts due to customers	52,349	82,742
<b>Total liabilities to own pension funds</b>	<b>52,349</b>	<b>82,742</b>

## 1.12 Information on the economic situation of the bank's own employee benefit funds (1/2)

Employer contribution reserves (ECR)	Nominal value at 31.12.2015	Renounced use at 31.12.2015	Net amount at 31.12.2015	Net amount at 31.12.2014	Influence of the ECR on the personnel expenses	
					31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Patronage pension institution:						
Fondation patronale Lombard Odier & Cie	102,546	0	102,546	111,946	9,400	8,000

Presentation of the economic benefit/obligation and the pension expenses	Surplus/deficit at 31.12.2015	Economical part of the Group	Change of the economical part compared to 31.12.2014 (financial benefits/ commitments)	Contributions adjusted for the period	Pension plan expenses in personnel expenses	
					31.12.2015	31.12.2014
	In percentage	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Pensions funds with financial benefits or commitments:						
Pension Foundation Lombard Odier & Cie	106.3%	0	0	20,321	20,321	24,418
Supplementary Pension Foundation Lombard Odier & Cie	105.9%	0	0	12,095	12,095	11,672

The Group's governing bodies consider that any surplus in pension institutions will be used for the benefit of the employees and that, as a result, there will be no economic benefit for the Group. At 31 December 2015, there was no economic benefit or economic obligation to be recognised in the Group's balance sheet or income statement.

The governing bodies of the pension funds evaluated the funding ratio at 31 December 2015, on the basis of the non-audited financial statements, to be 106,3% for the Pension Foundation and 105,9% for the Supplementary Pension Foundation.



## 1.12 Information on the economic situation of the bank's own employee benefit funds (2/2)

### Pension funds

#### Pension Foundation Lombard Odier & Cie

All employees whose activity is based in Switzerland must be affiliated to the Pension Foundation Lombard Odier & Cie (Art. 2 and 3 of the regulations). The Foundation's objective is to protect the employees of Bank Lombard Odier & Co Ltd and its affiliates from the economic consequences of old age, disability and death; it is entered in the Register of Occupational Pensions Plan kept by the Supervisory Authority of the Canton of Geneva, pursuant to Article 48 LPP. Through this registration, the Foundation undertakes to satisfy the requirements of the LPP. The regulatory contributions to be paid by the employees vary between 38% and 50%, the remainder being borne by the Swiss affiliates based on the employee's age and chosen level of contribution (Art. 51). Employees are free to choose their retirement age between 58 and 65 years.

#### Supplementary Pension Foundation Lombard Odier & Cie

The Supplementary Pension Foundation's objective is to protect affiliated executives and employees from the economic consequences of old age, disability and death, supplementing the benefits they receive from the Pension Foundation Lombard Odier & Cie. Members are free to choose between two options for their contribution rate, without any impact on the employer contribution. Employees can freely choose when their retirement benefits become due, between their 58<sup>th</sup> and 65<sup>th</sup> year.

## 1.13 Issued structured products

Underlying risk of the embedded derivative		Book value				Total
		Valued as a whole		Valued separately		
		Recognised in trading portfolio	Recognised in other financial instruments at fair value	Value of the host instrument	Value of the derivative	
		In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Equity securities	with own debenture component	-	507,233	0	0	507,233
	without own debenture component	0	0	0	0	0
Interest-rate instruments	with own debenture component	-	120,130	0	0	120,130
	without own debenture component	0	0	0	0	0

## 1.14 Presentation of value adjustments and provisions, as well as reserves for general banking risks and their developments in the course of the reporting year

	Balance at 31.12.2014	Use in conformity with des- ignated purpose	Foreign exchange differences	Overdue interest, recoveries	New pro- visions charged to income statement	Releases to income statement	Balance at 31.12.2015
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Provisions for deferred taxes	97,588	0	0	0	9,072	(2,256)	104,404
Provisions for other business risks	119,891	(109,932)	5	1	3,298	(521)	12,742
Other provisions	10,491	(1,353)	(53)	0	340	(122)	9,303
<b>Total provisions</b>	<b>227,970</b>	<b>(111,285)</b>	<b>(48)</b>	<b>1</b>	<b>12,710</b>	<b>(2,899)</b>	<b>126,449</b>
<b>Reserves for general banking risks</b>	<b>204,706</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,500</b>	<b>0</b>	<b>233,206</b>
<b>Value adjustments for default and country risks</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

In 2014, the provisions given above notably included the amount payable under the tax agreement between Switzerland and the United Kingdom, as well as provisions for Bank Lombard Odier & Co Ltd's participation in the programme conducted by the United States Department of Justice to settle the tax dispute with this country, in keeping with the recommendations of the Swiss Financial Market Supervisory Authority (FINMA).

## 1.15 Information on receivables and payables to related parties

	31.12.2015		31.12.2014	
	Receivables	Payables	Receivables	Payables
	In thousands	In thousands	In thousands	In thousands
	CHF	CHF	CHF	CHF
Holders of qualified participations	4,717	315,999	3,134	498,004
Transactions with members of governing bodies	1,158	417	1,187	47,731

The balance-sheet and off-balance sheet transactions with related parties were concluded at arm's length.

## 1.16 Information on own equity shares and composition of equity capital

The Group and its subsidiaries did not hold own equity securities during the reporting period and had no contingent liabilities for the sale or purchase of own equity securities.

### Information on transactions with holders of participations in their capacity as holders of participations

The Group carries out transactions with holders of participations in its normal course of business. They notably include advance payments, deposits and transactions in financial instruments (currency transactions, security transactions, etc.). All transactions are carried out at the conditions prevailing on the market at the time they are initiated.

## 1.17 Presentation of maturity structure of financial instruments

	At sight	Callable	Residual term				Total
			within 3 months	between 3 and 12 months	between 12 months and 5 years	after 5 years	
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
<b>Assets/financial instruments</b>							
Liquid assets	7,917,975	-	-	-	-	-	7,917,975
Amounts due from banks	394,071	0	951	0	0	0	395,022
Amounts due from securities financing activities	0	0	340,701	0	0	0	340,701
Amounts due from customers	357,294	34,076	1,544,146	562,977	359,300	13,048	2,870,841
Trading portfolio assets	0	-	-	-	-	-	0
Positive replacement values of derivatives financial instruments	380,037	-	-	-	-	-	380,037
Other financial instruments at fair value	609,516	-	-	-	-	-	609,516
Financial investments	3,817	0	32,882	334,658	2,179,770	702,752	3,253,879
<b>Total 31.12.2015</b>	<b>9,662,710</b>	<b>34,076</b>	<b>1,918,680</b>	<b>897,635</b>	<b>2,539,070</b>	<b>715,800</b>	<b>15,767,971</b>
Total 31.12.2014	12,699,132	331,856	3,464,047	409,933	1,087,583	81,994	18,074,545
<b>Liabilities/financial instruments</b>							
Amounts due to banks	553,074	0	0	0	20,000	0	573,074
Amounts due to customers	12,465,458	113,283	280,712	0	0	62,000	12,921,453
Negative replacement values of derivatives financial instruments	344,807	-	-	-	-	-	344,807
Liabilities from other financial instruments at fair value	627,363	-	-	-	-	-	627,363
<b>Total 31.12.2015</b>	<b>13,990,702</b>	<b>113,283</b>	<b>280,712</b>	<b>0</b>	<b>20,000</b>	<b>62,000</b>	<b>14,466,697</b>
Total 31.12.2014	15,980,830	0	657,424	0	0	195,510	16,833,764

## 1.18 Presentation of assets and liabilities according to domestic and non-domestic positions, broken down by domicile

	31.12.2015		31.12.2014	
	Domestic	Foreign	Domestic	Foreign
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
<b>Assets</b>				
Liquid assets	7,909,581	8,394	10,743,475	6,953
Amounts due from banks	90,466	304,556	148,672	479,082
Amounts due from securities financing activities	251,134	89,567	948,878	1,300,854
Amounts due from customers	765,874	2,104,967	394,703	1,788,731
Trading portfolio assets	0	0	0	0
Positive replacement values of derivatives financial instruments	153,315	226,722	381,675	303,930
Other financial instruments at fair value	21,252	588,264	12,984	611,387
Financial investments	40,071	3,213,808	111,617	841,604
Accrued income and prepaid expenses	92,326	53,904	24,908	40,605
Non consolidated participating interests	5,891	1	8,444	18
Tangible fixed assets	173,484	3,589	175,700	3,342
Other assets	126,080	29,889	152,167	31,232
<b>Total assets</b>	<b>9,629,474</b>	<b>6,623,661</b>	<b>13,103,223</b>	<b>5,407,738</b>
<b>Liabilities</b>				
Amounts due to banks	269,909	303,165	105,548	264,935
Amounts due to customers	3,798,263	9,123,190	4,870,201	10,285,055
Negative replacement values of derivatives financial instruments	142,649	202,158	267,543	372,248
Liabilities from other financial instruments at fair value	627,363	0	668,234	0
Accrued expenses and deferred income	298,918	145,751	142,731	118,604
Other liabilities	99,384	21,768	151,853	57,426
Provisions	123,586	2,863	150,416	77,554
Reserves for general banking risks	233,206	0	204,706	0
Share capital	105,685	0	105,685	0
Retained earnings reserve	630,426	0	561,793	0
Foreign currency translation reserve	(18,655)	0	(13,469)	0
Consolidated profit	110,905	32,601	91,700	28,198
<b>Total liabilities</b>	<b>6,421,639</b>	<b>9,831,496</b>	<b>7,306,941</b>	<b>11,204,020</b>

## 1.19 Breakdown of all assets by countries or country groups (domicile principle)

	31.12.2015		31.12.2014	
	Amount	Share	Amount	Share
	In thousands CHF	In percentage	In thousands CHF	In percentage
Switzerland	9,629,474	59	13,103,223	71
Other European countries	2,716,824	17	3,620,165	20
North America	2,589,593	16	550,729	3
The Caribbean and South America	757,012	5	704,653	4
Asia and Middle East	459,979	3	487,888	2
Australia/Oceania	61,291	0	15,153	0
Africa	38,962	0	29,149	0
<b>Total assets</b>	<b>16,253,135</b>	<b>100</b>	<b>18,510,961</b>	<b>100</b>

## 1.20 Breakdown of assets according to the credit rating of country groups (risk domicile view)

	31.12.2015		31.12.2014	
	Amount	Share	Amount	Share
	In thousands CHF	In percentage	In thousands CHF	In percentage
<b>S&amp;P</b>				
AAA	12,074,829	74	16,434,824	89
AA+ – AA-	3,520,452	22	1,681,966	9
A+ – A-	144,581	1	85,709	0
BBB+ – BBB-	171,816	1	158,744	1
BB+ – BB-	23,857	0	4,882	0
B+ – B-	55,028	0	11,307	0
CCC+ – D	1,197	0	1,516	0
No rating	261,375	2	132,013	1
<b>Total assets</b>	<b>16,253,135</b>	<b>100</b>	<b>18,510,961</b>	<b>100</b>

The Group does not use an internal rating system to manage country risk.

## 1.21 Presentation of assets and liabilities according to the group's most important currencies

	CHF	EUR	USD	Other
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
<b>Assets</b>				
Liquid assets	7,903,924	12,975	546	530
Amounts due from banks	53,172	67,835	157,609	116,406
Amounts due from securities financing activities	0	48,932	262,262	29,507
Amounts due from customers	764,582	891,071	850,740	364,448
Trading portfolio assets	0	0	0	0
Positive replacement values of derivatives financial instruments	187,476	22,626	103,093	66,842
Other financial instruments at fair value	34,133	122,250	392,297	60,836
Financial investments	39,915	653,044	2,520,827	40,093
Accrued income and prepaid expenses	80,459	36,859	25,511	3,401
Non consolidated participating interests	5,827	65	0	0
Tangible fixed assets	173,580	898	1,016	1,579
Other assets	120,408	8,755	17,945	8,861
<b>Total balance sheet assets</b>	<b>9,363,476</b>	<b>1,865,310</b>	<b>4,331,846</b>	<b>692,503</b>
Delivery entitlements from spot exchange transactions, foreign exchange forwards and foreign exchange options	10,662,664	10,414,801	14,827,696	5,977,622
<b>Total assets</b>	<b>20,026,140</b>	<b>12,280,111</b>	<b>19,159,542</b>	<b>6,670,125</b>
<b>Liabilities</b>				
Amounts due to banks	230,592	79,425	155,984	107,073
Amounts due to customers	3,387,233	3,230,293	5,348,325	955,602
Negative replacement values of derivatives financial instruments	147,331	24,378	115,615	57,483
Liabilities from other financial instruments at fair value	38,094	130,686	397,833	60,750
Accrued expenses and deferred income	209,115	25,498	147,571	62,485
Other liabilities	73,754	18,813	20,614	7,971
Provisions	124,662	1,516	271	0
Reserves for general banking risks	233,206	0	0	0
Share capital	105,685	0	0	0
Retained earnings reserve	630,426	0	0	0
Foreign currency translation reserve	(18,655)	0	0	0
Consolidated profit	143,506	0	0	0
<b>Total balance sheet liabilities</b>	<b>5,304,949</b>	<b>3,510,609</b>	<b>6,186,213</b>	<b>1,251,364</b>
Delivery obligations from spot exchange transactions, foreign exchange forwards and foreign exchange options	14,402,550	8,930,750	13,188,054	5,361,429
<b>Total liabilities</b>	<b>19,707,499</b>	<b>12,441,359</b>	<b>19,374,267</b>	<b>6,612,793</b>
<b>Net position by currency</b>	<b>318,641</b>	<b>(161,248)</b>	<b>(214,725)</b>	<b>57,332</b>

Net exposure by currency arising from this note is due essentially to cash flow hedges (see note 1.4).



## 2. INFORMATIONS ON OFF-BALANCE SHEET TRANSACTIONS

### 2.1 Breakdown and explanations on contingent assets and liabilities

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
Irrevocable guarantees	303,216	357,734
<b>Total contingent liabilities</b>	<b>303,216</b>	<b>357,734</b>
Contingent assets from tax losses carried forward	18,942	21,476
<b>Total contingent assets</b>	<b>18,942</b>	<b>21,476</b>

### 2.2 Breakdown of fiduciary transactions

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
Fiduciary deposits with a third-party banks	5,983,413	7,716,775
Fiduciary transactions arising from securities lending and borrowing which are carried out by the Group that acts under its own name but on behalf of customers	2,171,962	1,429,592
<b>Total</b>	<b>8,155,375</b>	<b>9,146,367</b>

## 2.3 Breakdown of assets under management and presentation of their development

	31.12.2015	31.12.2014
	In millions CHF	In millions CHF
<b>Breakdown of assets under management</b>		
Assets in collective investment schemes managed by the Group	40,008	38,315
Assets under discretionary management agreements	58,329	57,912
Other assets under management	61,768	64,767
<b>Total assets under management (including double-counting)</b>	<b>160,105</b>	<b>160,994</b>
- of which double-counted	27,746	26,502
<b>Presentation of the development of assets under management</b>		
Total assets under management (including double-counting) at the beginning of the year	160,994	152,366
+/- Net new money inflows/outflows	2,839	(2,512)
+/- Market price impact, interest, dividends and currency development	(4,154)	10,944
+/- Other impacts	426	196
<b>Total assets under management (including double-counting) at the end of the year</b>	<b>160,105</b>	<b>160,994</b>

Managed assets comprise all assets held or managed for investment purposes. As a result, assets held by the Group as part of its services as a global custodian are not shown in the figures above.

Assets with a portfolio management mandate also comprise assets with an advisory mandate.

Interest, fees and expenses debited from managed assets and investment performance are not included in the inflows/outflows.

### 3. INCOME STATEMENT INFORMATION

#### 3.1 Breakdown of results from trading activities

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
<b>Breakdown by business segment</b>		
Trading for own account	26,818	21,372
Trading for the account of the customers	74,280	75,673
<b>Total trading results</b>	<b>101,098</b>	<b>97,045</b>

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
<b>Breakdown by underlying risks and based on the application of the fair value option</b>		
Trading results from:		
- foreign exchange	94,446	87,722
- equity securities	5,137	6,573
- precious metals	1,515	2,750
<b>Total trading results</b>	<b>101,098</b>	<b>97,045</b>
<i>- of which from the fair value option</i>	<i>2,487</i>	<i>3,583</i>

#### 3.2 Refinancing income and income from negative interest

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
<b>Negative interest</b>		
Negative interest on credit operations (decrease in interest and discount income)	(48,146)	0
Negative interest on deposits (decrease in interest expense)	11,874	0

### 3.3 Breakdown of personnel expenses

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
Salaries	557,288	520,145
Social insurance obligations	99,355	99,997
Other personnel expenses	20,852	21,366
<b>Total</b>	<b>677,495</b>	<b>641,508</b>

The compensation system includes a programme for the deferred payment of variable compensation over a three-year period based on the amount of the variable portion of the salary, in a move to retain employees. At 31 December 2015, the amount of the deferred payments amounted to CHF 33.8 million (2014: CHF 12.8 million).

### 3.4 Breakdown of other operating expenses

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
Expenses relating to premises	30,595	31,853
Expenses relating to information and communication technologies	30,993	29,420
Expenses relating to financial information	24,605	23,013
Travel and entertainment expenses	20,766	22,233
Professional services	34,810	22,097
Audit fees	3,745	4,116
- of which for financial and regulatory audits	3,027	2,808
- of which for other services	718	1,308
Taxes and indirect taxes	14,481	18,014
Office, telecommunications and insurance premium costs	14,440	14,805
Communications and sponsorship expenses	19,150	18,157
Other operating expenses	36,613	12,418
<b>Total</b>	<b>230,198</b>	<b>196,126</b>

### 3.5 Explanations regarding material losses, extraordinary income and expenses, material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

In 2015, extraordinary income essentially consisted of a gain on the sale of a participation in the amount of CHF 37.5 million.

### 3.6 Presentation of business results, broken down according to domestic and foreign origin, according to the principle of permanent establishment

	31.12.2015		31.12.2014	
	Domestic	Foreign	Domestic	Foreign
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Net interest income	54,563	9,145	43,036	4,919
Results from commission income and investment services	608,422	276,955	607,020	255,064
Results from trading activities and investments at fair value	86,712	14,386	81,598	15,447
Other ordinary income	22,376	2,800	18,859	4,207
<b>Total income</b>	<b>772,073</b>	<b>303,286</b>	<b>750,513</b>	<b>279,637</b>
Personnel expenses	(470,000)	(207,495)	(458,465)	(183,043)
Other operating expenses	(174,361)	(55,837)	(137,685)	(58,441)
<b>Total expenses</b>	<b>(644,361)</b>	<b>(263,332)</b>	<b>(596,150)</b>	<b>(241,484)</b>
Value adjustments on equity interests as well as depreciation on tangible fixed assets	(10,976)	(1,208)	(5,962)	(1,290)
Variation of provisions and other value adjustments and losses	(7,135)	(1,536)	(12,764)	(1,979)
<b>Operating profit</b>	<b>109,601</b>	<b>37,210</b>	<b>135,637</b>	<b>34,884</b>

### 3.7 Presentation of current and deferred taxes with indication of the tax rate

	31.12.2015	31.12.2014
	In thousands	In thousands
	CHF	CHF
Creation of provisions for deferred taxes	9,072	2,424
Release of provisions for deferred taxes	(2,256)	(1,920)
Current year tax expense	12,610	44,300
<b>Total income tax expense</b>	<b>19,426</b>	<b>44,804</b>

Average tax rate on the basis of the operating result	11.9%	27.2%
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The effect of the use of losses carried forward that were not previously used on the total amount of taxes for the current year amounts to CHF 1.95 millions (2014: 1.3 millions).

## 4. PUBLICATION REQUIREMENTS RELATED TO CAPITAL ADEQUACY AND LIQUIDITY IN ACCORDANCE WITH FINMA CIRCULAR 2008/22

### 4.1 Eligible equity

	31.12.2015	31.12.2014
	In thousands CHF	In thousands CHF
<b>Common Equity Tier 1 (CET1)</b>	<b>1,000,712</b>	<b>971,953</b>
Instruments and reserves		
- of which share capital	105,685	105,685
- of which disclosed reserves	895,027	872,928
Regulatory adjustments		
- of which non-qualifying holdings in financial sector	0	(6,660)
<b>Additional Tier 1 Capital (AT1)</b>	<b>0</b>	<b>0</b>
<b>Tier 2 Capital (T2)</b>	<b>0</b>	<b>0</b>
<b>Total eligible capital</b>	<b>1,000,712</b>	<b>971,953</b>

### 4.2 Minimum capital requirements

		31.12.2015	31.12.2014
	Approach applied	In thousands CHF	In thousands CHF
<b>Minimum capital requirements for credit risks</b>	AS-BRI	<b>126,611</b>	<b>130,209</b>
- of which price risk for equity interest in the banking book		3,800	8,544
<b>Minimum capital requirements for non counterparty related risks</b>	AS-BRI	<b>14,166</b>	<b>14,323</b>
<b>Minimum capital requirements for market risks</b>	Standard	<b>9,385</b>	<b>40,391</b>
- of which interest-rate instruments		3,270	15,083
- of which equity securities		275	36
- of which currency and precious metals		5,336	24,953
- of which commodities		199	319
- of which options		305	0
<b>Minimum capital requirements for operational risks</b>	Basis indicator	<b>160,835</b>	<b>158,817</b>
<b>Total minimum capital requirements</b>		<b>310,997</b>	<b>343,740</b>

## 4.3 Capital ratios

	31.12.2015	31.12.2014
	In percentage	In percentage
<b>Ratios</b>		
CET1 ratio	25.7%	22.6%
T1 ratio	25.7%	22.6%
Total capital ratio	25.7%	22.6%
FINMA defined minimum CET1 ratio	7.8%	7.8%
FINMA defined minimum T1 ratio	9.6%	9.6%
FINMA defined minimum total equity ratio	12.0%	12.0%

## 4.4 Leverage ratio

		31.12.2015
T1 capital	In thousands CHF	1,000,712
Total exposure	In thousands CHF	16,747,044
Leverage ratio	In %	6.0%

In accordance with FINMA Circular 2008/22, the leverage ratio was published for the first time as at 31 December 2015.



## 4.5 Information on the liquidity coverage ratio (LCR)

31.12.2015

Three-month average for the last quarter for high-quality liquid assets	In thousands CHF	11,023,361
Three-month average for the last quarter for net cash outflow	In thousands CHF	4,771,845
<hr/>		
Short-term liquidity coverage ratio (LCR) for the 1 <sup>st</sup> quarter	In %	266.4%
Short-term liquidity coverage ratio (LCR) for the 2 <sup>nd</sup> quarter	In %	268.9%
Short-term liquidity coverage ratio (LCR) for the 3 <sup>rd</sup> quarter	In %	272.5%
Short-term liquidity coverage ratio (LCR) for the 4 <sup>th</sup> quarter	In %	231.0%

In accordance with FINMA Circular 2008/22, the publication requirements for the LCR had to be met for the first time as at 31 December 2015.



Report of the statutory auditor  
to the General Meeting of  
Compagnie Odier SCA  
Geneva

### **Report of the statutory auditor on the consolidated financial statements**

As statutory auditor, we have audited the consolidated financial statements of Compagnie Odier SCA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 27 to 64), for the year ended 31 December 2015.

#### *Group Executive Management's responsibility*

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

#### *Auditor's responsibility*

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

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

#### *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

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### **Report on other legal requirements**

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

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

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

PricewaterhouseCoopers SA

A blue ink signature, appearing to be 'B. Caloia', written in a cursive style.

Beresford Caloia  
Audit expert  
Auditor in charge

A blue ink signature, appearing to be 'M. Steiner', written in a cursive style.

Martin Steiner  
Audit expert

Geneva, 28 April 2016



## CONTACT US

**We've been welcoming clients to our Geneva offices since 1796.  
Today we receive them in all of our 26 offices around the world.**

We've always been an independent, privately owned business with strong ties to its founding families. As such, we share the values of all those who want to pass on their legacy to future generations: responsibility, long-term commitment and the pursuit of excellence.

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