



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

2015 Annual Highlights



WELCOME

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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

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

49bn

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

59bn

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

Group performance

160bn

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

224bn

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

26

Offices

6

Managing
Partners

2,180

Employees

144mn

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

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.





FINANCIAL HIGHLIGHTS

Consolidated income statement

	2015	2014	Change
Operating income <i>in million CHF</i>	1,075	1,030	4%
Consolidated net profit <i>in million CHF</i>	144	120	20%
Return on equity (RoE)	13.8%	12.4%	

Consolidated balance sheet

	2015	2014	Change
Total assets <i>in million CHF</i>	16,253	18,511	-12%
Total equity <i>in million CHF</i>	1,094	979	12%
Common Equity Tier 1 ratio (CET1)	25.7%	22.6%	14%
Fitch rating	AA-	AA-	



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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This document is published in French, English and German. It is also available in PDF format for download from our website, www.lombardodier.com.

ACKNOWLEDGMENTS

Photography:

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Published March 2016.

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