



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

2020 Financial Report Lombard Odier Group

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Message from the Senior Managing Partner

Throughout this highly unusual year, we sought to remain close to our clients and to continue preserving and growing their assets. We strove to ensure the continuity of our operations in all circumstances, and to safeguard the health of our employees and their families. Against a challenging backdrop for economies and financial markets, we delivered a strong set of results for the Group. We generated significant net new money flows, with an additional CHF 12 billion of client assets added across the Group over the year. Total client assets ended the year at CHF 316 billion, up 6% from the end of 2019. Operating income rose 15% to CHF 1.4 billion, while consolidated net profit rose to CHF 208 million, up 19% compared to 2019's results, excluding exceptional items.

Our balance sheet remains very strong, liquid and conservatively invested. We remain well capitalised, with a CET1 ratio of 29.7% and a liquidity coverage ratio of 231%. Fitch reaffirmed our Group's credit rating in both March and July 2020 at AA- with a stable outlook, the highest rating possible for our size. Amid high trading volumes, and up to 80% of our staff working from home during the pandemic, operational risk continued to be very well managed.

Our financial performance reflects our strategy to build a Group focussed on our core expertise of wealth and investment management for private and institutional clients. We continue to invest in new talent across the Group, and to focus on organic growth, which helps maintain our unique culture and value proposition.

Sustainability, through the transition to a circular, lean, inclusive and clean (CLIC™) economic model, is at the heart of Lombard Odier's approach to its business and investment philosophy. We continued to expand our range of sustainability-driven core conviction investment strategies in 2020, including successful launches based around Climate Transition, Fintech and Natural Capital, the latter in collaboration with His Royal Highness the Prince of Wales' Sustainable Markets Initiative.

Within our Private Clients business, we developed our longstanding offering in private assets – including private equity, real estate and infrastructure – to benefit from opportunities for long-term sources of return in a low-rate environment. We adapted our strategic asset allocation framework to reflect a low-yield, post-Covid world: with the inclusion of Chinese assets, a dedicated gold exposure, and an increase in real estate allocation.

Assets under management at Lombard Odier Investment Managers (LOIM) reached an all-time high of CHF63 billion at year-end 2020, boosted by strong net new money. Overall, our strategies performed well throughout the crisis. Our alternative investment strategies performed extremely well in an environment where many hedge funds suffered. As of end-December 2020, 63% of LOIM funds were ranked in the first or second quartile over three years, and 70% over five years.

Our proprietary technology allowed us to stay close to our clients, and to provide seamless and highly secure service throughout the crisis. We launched new digital event formats, accelerated digital onboarding of new accounts, and saw a 30% year-on-year increase in connections to our My LO client interface. Our Business Process Outsourcing (BPO) clients expressed great satisfaction with the service they received. We continue to make substantial investments in our technology, including in the 'GX' project, to build a technology platform for a new era.

Throughout the year, we supported those affected by the pandemic via Fondation Lombard Odier's 'Covid-19 Relief Initiative', working with institutions helping the most vulnerable across four continents.

Our achievements in 2020 were recognised with a number of awards, including Swiss, European, Asian and MENA WealthBriefing Awards for 'Best Domestic Private Bank,' 'Best Pure Play Private Bank,' 'Best Private Bank – Client Service,' and 'Most Innovative Investment Proposition.' We were also proud to win two PAM (Private Asset Management) awards for sustainability: for sustainable investing and our positive impact.

As we move forward in 2021, we are cautiously optimistic in terms of market outlook. We maintain our emphasis on strong financials and the prudent management of our balance sheet. We strive to remain an employer of reference and to focus on our core mission of preserving and growing our clients' assets, while managing potential risks.



Patrick Odier – Senior Managing Partner

Corporate governance

1. Group structure and shareholding

Group structure

Compagnie Lombard Odier SCmA is the parent company of the Lombard Odier Group. It controls directly or indirectly all companies within the Lombard Odier Group.

A detailed list of firms of the Lombard Odier Group entities can be found in note 1.7: 'Disclosure of companies in which the Group holds a permanent direct or indirect significant participation' (page 33). None of the Group's entities are listed and there is no cross-shareholding.

Holders of qualified participations

The Managing Partners of Compagnie Lombard Odier SCmA directly or indirectly hold almost all of its capital stock.

At 31 December 2020, the seven Managing Partners of Compagnie Lombard Odier SCmA were Mr Patrick Odier, Mr Christophe Hentsch, Mr Hubert Keller, Mr Frédéric M. Rochat, Mr Denis Pittet, Mrs Annika Falkengren and Mr Alexandre Zeller.

2. Supervisory Board

Members

The Supervisory Board (SB) is made up of three members who are all independent in the sense of marginal number 17 ff of the FINMA Circular 17/1 'Corporate governance – banks'. Its members are elected for a renewable period of three years.

Jacques Rossier

Mr Jacques Rossier has chaired the Supervisory Board of the Lombard Odier Group since 2014.

He holds a law degree from the University of Zurich and an MBA from Harvard Business School. He began his career at McKinsey & Co in Zurich in 1967 before becoming a Partner in 1970.

In 1976, he joined Guyerzeller Bank in Zurich as Executive Vice-President.

From 1979 to 1988, he was Executive Vice-President at Société de Banque Suisse (Swiss Bank Corporation) in Basel and Geneva.

In 1989, Mr Rossier became Managing Partner of Hentsch & Cie and oversaw the merger with Darier & Cie in 1990.

In 2002, he led the merger between Lombard Odier & Cie and Darier Hentsch & Cie before he acted as a Partner of the Lombard Odier Darier Hentsch & Cie group from 2002 to 2006.

Later, from 2006 to 2009, he was Managing Partner of Holding Privé Lombard Odier.

He was Chairman of Geneva Financial Center Foundation from 1999 to 2002 and a member of the Committee and Board of Directors of the Swiss Bankers Association from 2005 to 2009.

Jean A. Bonna

Mr Jean Bonna has been the Vice Chairman of the Supervisory Board of the Lombard Odier Group since 2014.

He graduated from the University of Geneva with a law degree and began his career between 1968 and 1970 in New York, at Morgan Guaranty Trust (today JP Morgan Chase & Co) and at US Trust Co, and in London, at Baring Brothers.

In 1971, he joined the Lombard Odier Group and became a Managing Partner in 1983. Until 2007, he held positions of responsibility in wealth management and was the Partner in charge of Financial Services, the Tax, Compliance and Legal Department, and all issues relating the Lombard Odier Group structure.

Mr Bonna was a member of the Committee of the Swiss Private Bankers Association from 1987 to 1997, holding the position of Chairman from 1993 to 1996.

From 1988 to 2002, he was a member of the Committee of the Board of Directors of the Swiss Bankers Association.

He represented the Lombard Odier Group in the Groupement des Banquiers Privés Genevois from 1987 to 2004. During this period, he was Chairman of this organisation on several occasions.

Klaus Jenny

Mr Klaus Jenny has been a member of the Supervisory Board since 2014.

He holds an economics degree (specialising in Banking) and an economics PhD from the University of St. Gallen, as well as a lawyer's certificate (Canton of Glarus). He also completed the Program for Senior Executives from the Massachusetts Institute of Technology.

He began his career at Credit Suisse in 1972 and became a member of the Executive Board in 1987. He then successively held responsibilities as a member of the Committee of the Executive Board, then as a member of the Executive Board of the Credit Suisse Group and as Chief Executive Officer of Credit Suisse Private Banking.

Since 1999, he has carried out independent activities in finance.

Other activities and mandates

(situation at 31.12.2020)

Jean Bonna

- Chairman of the Association Internationale de Bibliophilie
- Honorary Trustee of the Metropolitan Museum of Art (New York).

Klaus Jenny

- Member of the Board of Directors of Maus Frères SA
- Member of the Board of Directors of Téléverbier SA
- Vice Chairman of the Board of Directors of Sportbahnen Elm AG
- Member of the Board of Stellaria SA
- Member of the Board of Schuhe Jenny AG

3. Internal organisation

Allocation of tasks within the Supervisory Board

The positions held by the members of the SB are stated in paragraph 2 of this section of the financial report. Moreover, the SB acts in corpore as the Lombard Odier Group's Audit Committee and Risk Committee. A member of the SB is appointed contact person for overseeing the Audit Committee function and another is appointed 'guarantor' for overseeing the Risk Committee function.

Working methods

The SB meets as often as required, but at least once every quarter. It makes decisions based on an absolute majority of votes cast by its members present. In the event of voting being equally split, the Chairman's vote takes precedence. For a decision to be valid, the majority of members of the SB must be present.

The Chairman of the SB prepares the agenda for the meetings or, if he is unavailable, the Vice-Chairman performs this task. He informs the members of the SB of the dates and agenda at least ten days before each meeting. Any member of the SB can ask the Chairman of the SB to organise an extraordinary meeting. Third parties may be invited for all or part of the meeting. All SB meetings are subject to minutes sent to all members of the board.

Powers of the Supervisory Board and the Administration (*Konzernleitung*) – the Managing Partners

The SB is responsible for checking whether management complies with the law, regulations and the articles of association (including the purpose of the company).

Its duties are as follows:

- Checking that the Administration's performance of its consolidated supervisory duties complies with the law, regulations and articles of association.
- Checking that the Group's internal control system is working properly, in particular:
 - Monitoring the Group's risk management policy.
 - Checking the appropriateness and effectiveness of the Group's compliance system.
 - Checking the appropriateness and effectiveness of the Group's Internal Audit.
 - Assessing the reports issued by the Group's Internal Audit and External Audit.
- Checking the Group's financial results.
- Appointing the head of the Group Internal Audit, generally based on the Administration's proposal.

The Managing Partners (*Collège des Associés*) act as the Group's executive management and supervisory body. They define the Group's vision and strategy. They are also in charge of the consolidated supervision of the Group.

The Managing Partners have the following responsibilities and powers in particular:

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

Information and control mechanisms

In particular, the SB and its members are provided with the following reports:

- Audit Reports (internal and external)
- Semi-annual Risk Reports
- Annual Risk Compliance Assessment Report
- Annual Budget of the Group and its main entities

Any member of the SB may request additional information from the Managing Partners via the Chairman of the SB.

Group's Internal Audit

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

It performs its duties independently and in compliance with regulatory requirements. It coordinates its activities according to the annual audit schedule approved by the Supervisory Board. It has meetings with the Supervisory Board every quarter, to discuss the internal audit reports issued since the previous period as well as the coordination with the external audit firm, and to provide a follow-up on points to note and priority recommendations.

Risk management

Additional information on the conduct, monitoring and risks management is available on page 13 of this financial report.

4. Administration (*Konzernleitung*) – the Managing Partners

Managing Partners

The Administration is the Lombard Odier Group's management body. It consists of seven Partners in Compagnie Lombard Odier SCmA, who together form the Managing Partners.

The Managing Partners are:

Patrick Odier (Senior Managing Partner)

Patrick Odier has been a Managing Partner of the Lombard Odier Group since 1986 and a Senior Managing Partner since 1 July 2008. He has been Chairman of the Board of Directors of Bank Lombard Odier & Co Ltd since 1 January 2014.

Mr Odier holds an economics degree from the University of Geneva and a MBA in finance from the University of Chicago.

He joined the Lombard Odier Group in 1982 and completed his training in Zurich, New York and Montreal before becoming a Managing Partner. Mr Odier has devoted most of his career to the strategic management of the Group and the development of business relationships with both private and institutional clients as well as external management companies.

Patrick Odier was Chairman of the Swiss Bankers Association from 2009 to 2016.

He is a member of the Board of *economiesuisse* (federation of Swiss business).

He chairs Fondation Lombard Odier and the Dr Henri Dubois-Ferrière Dinu Lipatti Foundation. He is also a board member of the Louis-Jeantet Foundation and the Brocher Foundation in addition to many other Swiss and international philanthropic organisations and academic institutions.

Christophe Hentsch

Christophe Hentsch has been a Managing Partner of the Lombard Odier Group since 2004.

He holds an economics degree from the University of St. Gallen (HSG).

He started his career with Hewlett-Packard in 1984. In 1985, he joined the Corporate Finance division at Kleinwort Benson in London and then Geneva.

In 1991, Mr Hentsch moved to the Société Générale d'Affichage, where he was CFO and a member of senior management.

He joined the Lombard Odier Group in 1999, where he managed several departments in the Private Clients Unit before assuming responsibility for activities connected with the Group's Technology & Operations Unit. He has overseen the Human Resources, Legal and Compliance Units up to 31 August 2020.

From 1996 to 1999, he was a member of the Board of Directors of the Swiss Electronic Stock Exchange.

Mr Hentsch is a member of the Boards of the Geneva Financial Centre Foundation and the Swiss Finance Institute.

Hubert Keller

Hubert Keller has been a Managing Partner of the Lombard Odier Group since 2006.

After graduating in business administration (HEC) from the University of Lausanne, Mr Keller started his career in derivatives trading at Compagnie Financière Tradition in Lausanne. He then joined the Corporate Finance division of the SG Warburg Group in London in 1991.

In 1995, he moved to Deutsche Bank in London, where he was involved in building up the convertible bonds sector and, subsequently, corporate finance activities in Europe. He then assumed global responsibility for Equity Capital Markets. In 2004, he became a member of the Executive Committee of the Global Banking division at Deutsche Bank.

On 1 January 2006, Hubert Keller joined the Lombard Odier Group as a Managing Partner. He has been primarily responsible for the development of the Group's Institutional Clients business line.

Hubert Keller heads Lombard Odier Investment Managers (LOIM).

Frédéric M. Rochat

Frédéric M. Rochat has been a Managing Partner of the Lombard Odier Group since 2012.

Mr Rochat, who holds an economics and business administration degree from the University of St. Gallen (HSG), spent the first part of his career working for the investment banking arm of Goldman Sachs Group in London and New York.

In this capacity, he advised a number of banks, insurers, asset managers and other financial services firms on topics relating to asset hedging, financing, equity recapitalisation, debt restructuring, and mergers and acquisitions.

Mr Rochat joined the Lombard Odier Group in October 2010 to head up its private client activities based in London.

He was appointed a Managing Partner of the Lombard Odier Group on 1 January 2012; he is co-head, together with Denis Pittet, of the Group's private clients activity.

Denis Pittet

Denis Pittet has been a Managing Partner of the Lombard Odier Group since 2017.

Mr Pittet, a qualified lawyer, holds a master's degree in law and a master's degree in economics from the University of Geneva. He has spent his entire career at the Lombard Odier Group. He joined the Group in 1993 as a lawyer, taking over responsibility for the Group's Legal, Tax & Wealth Advisory Unit in 1999.

In 2015, he joined the Private Clients Unit, which he co-manages with Frédéric M. Rochat. Within this Unit, he focuses on supervising the departments in charge of External Asset Managers, Global Assets+ and Wealth Planning.

Mr Pittet is Chairman of Fondation Philanthropia and board member of several philanthropic organisations. He is also a member of the committee of the Association of Swiss Private Banks.

Annika Falkengren

Annika Falkengren has been a Managing Partner of the Lombard Odier Group since August 2017.

Mrs Falkengren holds a Bachelor of Science in Business Administration and Economics from the University of Stockholm.

She was formerly President and CEO of Skandinaviska Enskilda Banken (SEB), one of the major financial groups in Scandinavia, where she spent her career from 1987 to 2017. She held several positions of responsibility, including Head of Global Trading & Capital Markets, Head of Merchant Banking and Deputy Group Chief Executive, before being appointed President and Chief Executive Officer in 2005.

Mrs Falkengren manages the Group's Finance & Corporate Tax, Risk Management, Logistics, Marketing and Communication Units. She is responsible for the One Roof Project, which will see Lombard Odier move to its new headquarters in Geneva in 2023, as well as the Group's Corporate Social Responsibility Committee.

Mrs Falkengren was a member of the Board of Directors and then Chairman of the Swedish Bankers' Association from 2010 to 2017. She has also been a member of the Boards of Directors of several large international companies.

She is a member of the Royal Swedish Academy of Engineering Sciences (IVA) and a member of the Foundation Board of the International Institute for Management Development (IMD).

Alexandre Zeller

Alexandre Zeller has been a Managing Partner of the Lombard Odier Group since March 2019. He was also a member of the Board of Directors of Bank Lombard Odier & Co Ltd from 2014 to 2016.

Mr. Zeller graduated from the University of Lausanne in Business Administration and holds an Executive MBA from Harvard Business School in Boston.

He began his career at Nestlé in 1984 in the field of international operational auditing. In 1987, he joined Credit Suisse, where he held various management positions until 2002, notably that of CEO of the Private Banking activity in Switzerland.

He then joined Banque Cantonale Vaudoise in 2002, of which he was CEO until 2008. From 2008 to 2012, he was President of the General Management of HSBC Private Bank (Switzerland) in Geneva.

Mr. Zeller was Chairman of the Board of Directors of Six Group in Zurich from 2013 to 2016. From 2016 to 2018, he was Chairman of the Board of Credit Suisse (Switzerland) AG and a member of the Board of Directors of Credit Suisse Group AG.

Mr. Zeller manages the Technology & Operations Unit at Lombard Odier Group level. As of 1 September 2020, he manages the Legal, Compliance and Human Resources Units.

Other activities and mandates

(situation at 31.12.2020)

Patrick Odier

- Chairman of the Board of Directors of Banque Lombard Odier & Cie SA
- Chairman of the Board of Directors of LO Holding SA
- Chairman of the Board of Directors of LO IP SA
- Chairman of the Board of Fondation Lombard Odier
- Member of the Board of the patronage pension institution Fondation patronale du groupe Lombard Odier
- Member of the Board of Fondation Philanthropia
- Chairman of the Board of Fondation Dr Henri Dubois-Ferrière Dinu Lipatti for the fight against leukaemia and blood diseases
- Member of the Executive Board of economiesuisse
- Member of the Board of Fondation Brocher and Fondation Louis-Jeantet

Christophe Hentsch

- Chairman of the Board of Directors of Lombard Odier & Cie (Bahamas) Limited
- Member of the Board of Directors of LO Holding SA
- Member of the Board of Fondation Lombard Odier
- Managing Partner of PTIC Sàrl

Hubert Keller

- Member of the Board of Directors of Lombard Odier Asset Management (Switzerland) SA
- Member of the Board of Directors of Lombard Odier Asset Management (Europe) Limited
- Member of the Board of Directors of Lombard Odier Asset Management (USA) Corp
- Chairman of the Board of the employee pension institution Fondation de prévoyance du groupe Lombard Odier
- Chairman of the Board of the complementary employee pension institution Fondation complémentaire de prévoyance du groupe Lombard Odier

- Chairman of the Board of the patronage pension institution Fondation patronale du groupe Lombard Odier

Frédéric M. Rochat

- CEO of Banque Lombard Odier & Cie SA
- Chairman of the Board of Directors of Lombard Odier (Europe) SA
- Chairman of the Board of Directors of Lombard Odier Gestion (España) S.G.I.I.C. S.A.
- Member of the Board of the employee pension institution Fondation de prévoyance du groupe Lombard Odier
- Member of the Board of the complementary employee pension institution Fondation complémentaire de prévoyance du groupe Lombard Odier
- Member of the Board of the patronage pension institution Fondation patronale du groupe Lombard Odier

Denis Pittet

- Member of the Executive Committee of Banque Lombard Odier & Cie SA
- Member of the Board of Directors of Lombard Odier (Europe) SA
- Member of the Board of Directors of LO IP SA
- Chairman of the Board of Directors of Lombard Odier Trust (Bermuda) Limited
- Chairman of the Board of Directors of LO Patrimonia SA
- Chairman of the Board of Directors of Bershield Insurance Limited
- Chairman of the Board of Fondation Philanthropia
- Member of the Board of Fondation Lombard Odier
- Member of the Committee of the Swiss Private Bankers Association
- Member of the Board of Fondation Genève Place Financière
- Chairman of the Board of Fondation André & Cyprien
- Member of the Board of Fondation Pro Victimis

Annika Falkengren

- Member of the Board of Directors of LO Holding SA
- Chairman of the Board of Directors of Lombard Odier Asset Management (Switzerland) SA

- Chairman of the Board of Directors of Lombard Odier Asset Management (Europe) Limited
- Chairman of the Board of Directors of Lombard Odier Asset Management (USA) Corp
- Chairman of the Board of Directors of Lombard Odier (Singapore) Ltd
- Chairman of the Board of Directors of Lombard Odier (Hong Kong) Limited
- Chairman of the Board of Directors of Lombard Odier Trust (Japan) Limited
- Member of the International Institute of Management Development
- Permanent Member of the Royal Swedish Academy of Engineering Sciences

Alexandre Zeller

- Member of the Executive Committee of Banque Lombard Odier & Cie SA
- Member of the Board of Directors of LO Holding SA
- Member of the Board of Directors of Lombard Odier (Hong Kong) Limited
- Member of the Board of Directors of Lombard Odier (Singapore) Ltd.
- Member of the Board of Directors of Lombard Odier Trust (Japan) Limited
- Chairman of the Board of Directors of Lombard Odier T&O Services (Europe) SA
- Chairman of the Board of Directors of Lodati SA
- Member of the Corporation of Geneva Private Banks (Corporation des Banques Privées Genevoises)
- Member of the Board of Directors of Maus Frères SA
- Chairman of the Board of Directors of Central Swiss Classic Cars SA
- Chairman of the Board of Directors of Garage Carrosserie Central SA
- Member of the Board of Foundation of the Study Center Gerzensee, Foundation of Swiss National Bank
- Member of the Board of Schweizer Berghilfe (Swiss Mountain Aid)

5. Compensation and shareholding programs

Annual remuneration for members of the Supervisory Board and the Administration is fixed. They receive no variable remuneration nor take part in any participation program.

6. Auditors

Duration of audit mandate and duration of the position of head auditor

The ordinary general meeting of 16 April 2020 designated, for the financial period 2019, the company PricewaterhouseCoopers SA, which has held this position since 27 July 2001, as the external auditors. The mandate head is Mr Beresford Caloia, who has held this position since the 2015 financial period.

Audit fees

The audit fees paid in 2020 by the Lombard Odier Group amounted to CHF 2.7 million.

Additional fees

In 2020, the Lombard Odier Group paid fees for other services that amounted to CHF 1.0 million.

Supervision and control mechanisms relating to the auditors

The reports drawn up by the external audit entity, as well as the assessment of risks and the scheduling of audits that result from this, are dealt with by the Audit Committee and discussed with the head auditor.

The members of the external audit entity have access, at all times, to the members of the Supervisory Board, the Managing Partners (Collège des Associés) and the Internal Audit, with whom working sessions are regularly held.

Information on risk management

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 the preservation of its financial interests and reputation, and ensures the continuity and durability of its business.

The Group's 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 (SB) acts as the Risk Committee. The SB is notified by the Administration 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 quarterly basis.
- The Administration is responsible for defining the principles and architecture of the Group's internal control system (ICS), supervising its implementation and monitoring its efficiency. It defines the general risk framework and regularly checks its suitability. It approves the overall limits for liquidity, market risk, credit risk and counterparty risk.
- The Finance, Risk & Due Diligence Committee has decision-making powers and is responsible for establishing the Group's risk policy and proposing it to the Administration. 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 Administration and the Supervisory Board of any major event that could alter the Group's risk profile.
- The Chief Risk Officer (CRO) implements the Administrations' 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 Administration of any event that might alter the Group's risk profile.
- Risk Management unit, under the supervision of the CRO, reports regularly to management and to the governing bodies the level of risk compared to applicable limits.
- The Compliance Unit is tasked with ensuring that business is carried out in a manner that is compliant with our regulatory environment, is fair and equitable, and is in the overriding interests of clients and in compliance with market conduct rules. As a second line of defense function, the Compliance Unit helps to ensure that the Group has a proper internal control system in place which adequately measures and manages the risks of non-compliance that it faces. Under the supervision of the Group Chief Compliance Officer, the primary responsibilities of the Unit are: the supervision of financial crime risks (including Anti-Money Laundering, compliance with international financial sanctions, measures against internal and external frauds, etc.), compliance with the requirements of corporate governance, segregation of duties and the prevention of conflicts of interest, monitoring of trading activities and the adaptation of the internal organisation based on new requirements identified thanks to regulatory monitoring. The Group Chief Compliance Officer regularly reports to governing bodies in charge of management risk and compliance and draws their attention to any situation of non-compliance while proposing areas for improvement.

Market risk

Market risk is the risk of loss due to fluctuations in the value of a position resulting from a change in the factors that determine its price, such as exchange rates, interest rates, equity prices, etc. It impacts the Group's results mainly through the balance sheet positions derivative contracts. 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 at global level; they are reviewed at least annually. For the latter sub-limits are defined for each trading activity. Market risk associated with trading activities is managed and controlled by the first line of defense (e.g. trading desks), and then independently controlled by the second line of defense (Risk Management unit) through daily controls.

Currency risks are centralised in the Swiss bank entity of the Group where the FX positions are managed globally.

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.

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 and without cost that would affect the Group survival. 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 regulatory provisions, as well as internal requirements.

The Group has adopted a centralised approach to cash and balance sheet management, which falls within the remit of the Treasury/ALM Department. Accordingly, non-invested client assets are placed conservatively, in line with clearly established constraints. The liquidity consumption of the loan book is monitored against the stable funding capacity from clients' deposits. The Risk Management unit carries out independent analysis. The liquidity approach is outlined in the Group's liquidity investment policy.

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 client credit risk is generated through two forms of activity both secured by a pledge of listed and liquid securities of sufficient quality:

- 1) Lending, which is essentially limited to cash credit (loans and overdrafts) granted to clients (also known as "Lombard Credit").
- 2) Other credit exposure, which may include credit commitments (bank guarantees and subscriptions on behalf of clients to Private Equity or other investment vehicles employing capital calls) and trading positions that require a margin such as derivatives and any other financial instruments.

Pledged portfolios are analysed in depth by Risk Management, and a conservative lending value is assigned to each pledged position based on relevant indicators of credit risk, and market risk, as well as liquidity and country risk of the investment. Currency risk and concentration risk by issuer and by country are systematically taken into consideration with regard to each collateral portfolio.

The credit exposure amount, market value and lending value of the pledged assets are valued and monitored on a daily basis. Where coverage is insufficient or a limit is overrun, margin calls are made, and the Group may sell the pledged assets if needed to repay loans or cover other credit exposure.

It is not the Group's policy to grant mortgages or commercial loans.

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.

Over-the-counter (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, analysed and approved 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 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 by both the first line (traders and treasurers) and the second line of defense (Risk Management Unit).

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 in 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 risk tolerance statements regarding the key operational risks that enables it 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

support to the units with regard to the implementation of the Group's risk management framework and the management of specific types of risk. Legal risks associated with potential litigation are assessed individually by the Legal department and Partners, with the assistance of external expert lawyers if necessary.

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 certification based on ISAE 3402 (SSAE 16) type 2 and ISAE 3000 standards.

Operational incidents trigger notification, review, approval and escalation requirements. Such incidents are reported and analysed to ensure that suitable corrective and preventive measures can be taken to reduce the frequency and materiality 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. The Business Continuity Manager is responsible for the methodology and the setup of a Crisis Management team 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 and applies the self-regulation recognised as a minimum standard by FINMA (FINMA Circ. 08/10).

Finally, with respect to technology and cyber security, the Group has set up the technology, information security and cyber risk management framework according to FINMA's requirements. Processes and controls are implemented within the organization to ensure the confidentiality, the integrity and the availability of the Information Systems as well as the identification of potential threats, the protection of the technology infrastructure, the timely detection of security incidents based on systematic

monitoring and the reaction and quick recover of normal activities in case of events. The technology, information security and cyber risk management framework relies on the three lines of defence model. The operational security is managed by the Chief Information Security Officer within the 1st line of defence, an independent Information Risk function oversees the risks within the 2nd line of defence.

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, its liquidity or its franchise. 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. A sound risk culture is a primary tool to manage this risk.

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Consolidated balance sheet

		31.12.2020	31.12.2019
	Notes	In thousands CHF	In thousands CHF
Assets			
Liquid assets		8,905,019	7,581,098
Amounts due from banks	1.10	851,860	434,185
Amounts due from customers	1.2, 1.10	4,697,504	5,038,766
Trading portfolio assets		0	0
Positive replacement values of derivative financial instruments	1.4	575,035	348,668
Other financial instruments at fair value	1.3	718,642	611,243
Financial investments	1.5, 1.10	3,672,772	2,932,851
Accrued income and prepaid expenses		216,429	191,837
Non-consolidated participations	1.6, 1.7	7,409	5,907
Tangible fixed assets	1.8	182,435	139,654
Other assets	1.9	88,018	146,012
Total assets		19,915,123	17,430,221
Liabilities			
Amounts due to banks		637,229	748,304
Amounts due in respect of customer deposits		15,829,516	13,817,372
Negative replacement values of derivative financial instruments	1.4	580,522	339,479
Liabilities from other financial instruments at fair value	1.3, 1.13	783,140	654,701
Accrued expenses and deferred income		451,931	374,869
Other liabilities	1.9	124,568	94,186
Provisions	1.14	105,348	104,432
Total liabilities		18,512,254	16,133,343
Reserves for general banking risks	1.14	423,668	330,327
Share capital	1.16	73,710	73,710
Retained earnings reserve		722,992	710,813
Foreign currency translation reserve		(25,502)	(21,026)
Consolidated profit		208,001	203,054
Total equity		1,402,869	1,296,878
Total liabilities and equity		19,915,123	17,430,221
Total subordinated liabilities		28,283	30,943
- of which with conversion obligation and/or debt waiver		18,258	13,043
Off-balance sheet transactions			
Contingent liabilities	1.2, 2.1	327,823	343,785
Irrevocable commitments	1.2	1,119,111	1,004,981

Consolidated profit and loss account

		31.12.2020	31.12.2019
		In thousands	In thousands
	Notes	CHF	CHF
Interest and discount income	3.2	77,166	91,248
Interest and dividend income from financial investments		22,520	26,920
Interest expense	3.2	0	0
Gross result from interest operations		99,686	118,168
Changes in value adjustments for default risks and losses from interest operations		(91)	0
Net result from interest operations		99,595	118,168
Commission income from securities trading and investment activities		1,215,434	1,061,492
Commission income from lending activities		2,316	2,348
Commission income from other services		125,718	122,260
Commission expense		(186,663)	(184,982)
Result from commission business and services		1,156,805	1,001,118
Result from trading activities and the fair value option	3.1	144,726	86,768
Result from the disposal of financial investments		302	686
Income from participations		1,597	8,111
- of which from other non-consolidated participations		1,597	8,111
Result from real estate		1,790	2,147
Other ordinary income		36	0
Other ordinary expense		0	(63)
Result from ordinary activities		3,725	10,881
Total operating income		1,404,851	1,216,935
Personnel expenses	3.3	(825,873)	(727,639)
General and administrative expenses	3.4	(207,261)	(226,312)
Total operating expenses		(1,033,134)	(953,951)
Value adjustments on participations and depreciation of tangible fixed assets	1.6, 1.8	(7,737)	(5,832)
Changes to provisions and other value adjustments, losses	1.14	(9,260)	(4,676)
Operating result		354,720	252,476
Extraordinary income	3.5	1,181	26,853
Extraordinary expenses		0	(32)
Change in reserves for general banking risks	1.14	(93,341)	(75,635)
Taxes	3.7	(54,559)	(608)
Consolidated profit		208,001	203,054

Cash flow statement

	31.12.2020		31.12.2019	
	Source	Use	Source	Use
	In thousands	In thousands	In thousands	In thousands
	CHF	CHF	CHF	CHF
Profit of the period	208,001		203,054	
Change in reserves for general banking risks	93,341		75,634	
Value adjustments on participations and depreciation of tangible fixed assets	7,737		5,832	
Provisions and other value adjustments	11,370	10,454	7,772	62,947
Accrued income and prepaid expenses		24,592		23,389
Accrued expenses and deferred income	77,062		12,496	
Other assets	57,994		2,844	
Other liabilities	30,382			508
Dividend and others distributions		193,099		165,140
Cash flow from operating activities	485,887	228,145	307,632	251,984
Shareholder reimbursement				
Other contribution	2,224		6,315	
Foreign currency translation differences		4,476		2,622
Cash flow from shareholder's equity transactions	2,224	4,476	6,315	2,622
Non consolidated participations		1,760	134	
Real estate		46,695		33,046
Other tangible fixed assets		3,565		2,242
Cash flow from investment activities	0	52,020	134	35,288
Cash flow from banking operations				
Amounts due to banks				
Amounts due in respect of customer deposits		20,500	22,250	
Amounts due from customers		8,129	62,055	
Financial investments		894,195	372,217	
Medium to long-term operations (> 1 year)	0	922,824	456,522	0
Amounts due to banks		111,075	116,380	
Amounts due in respect of customer deposits	2,032,644			556,374
Negative replacement values of derivative financial instruments	241,043		41,486	
Liabilities from other financial instruments at fair value	128,439		186,027	
Amounts due from banks		417,675		75,980
Amounts due from customers	349,391			990,590
Trading portfolio assets				
Positive replacement values of derivative financial instruments		226,367		54,116
Other financial instruments at fair value		107,399		177,941
Financial investments	154,274			556,405
Short-term operations	2,905,791	862,516	343,893	2,411,406
Liquidity				
Liquid assets		1,323,921	1,586,804	
Balance	3,393,902	3,393,902	2,701,300	2,701,300

Statement of changes in equity

	Share capital	Retained earnings reserve	Reserves for general banking risks	Foreign currency translation reserve	Profit of 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	73,710	710,813	330,327	(21,026)	203,054	1,296,878
Other contributions		2,224				2,224
Foreign currency translation differences				(4,476)		(4,476)
Dividends and others distributions					(193,099)	(193,099)
Allocations to the retained earnings reserve		9,955			(9,955)	0
Allocations to the reserves for general banking risks			93,341			93,341
Profit of the period					208,001	208,001
Shareholders' equity at the end of the reporting period	73,710	722,992	423,668	(25,502)	208,001	1,402,869

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 Lombard Odier SCmA, a partnership limited by shares with its office in Geneva.

Headcount

At the end of 2020, the Group employed 2,506 full-time equivalents (FTEs), compared with 2,449 at the end of 2019.

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 Federal Act on Banks and its Ordinance, the Ordinance on Accounting of the Swiss Financial Market Supervisory Authority (FINMA) and the FINMA Circular 2020/1 “Accounting – Banks”.

Basis of consolidation

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:

	31.12.2020	31.12.2019	31.12.2018
USD	0.8839	0.9684	0.9858
EUR	1.0816	1.0870	1.1269
GBP	1.2083	1.2828	1.2555

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. Amounts due in respect of precious metal account deposits are valued at faire value.

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 the fair value option”.

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 the fair value option”. 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.

Client transactions

Client transactions in exchange traded derivatives are only accounted for in case the Group carries a risk of loss.

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”.

The difference between the amount of certificates issued, in liabilities, and the hedging positions, in assets, is mainly due to the replacement values of derivatives financial instruments acquired as part of the certificates investment strategy and has a ‘cash’ component included in the liquidities.

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

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 for default risks and losses resulting from interest operations”.

Equities and shares of funds intended to be held as long-term investments are valued at the lower of their acquisition cost or market value on the balance-sheet date.

Non-consolidated 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 participations and depreciation of tangible fixed assets”.

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

- Buildings used for own use: 1% to 5%
- Other buildings: 2% to 5%
- Work to fit-out buildings: up to 5 years
- Fixtures, machinery, large items of furniture: up to 5 years
- Technological equipment (IT, telecommunications) and software: up to 3 years

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 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 economic benefits (excess assets) or economic obligations (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.

An economic benefit can be recorded, if it is permissible and intended to use the surplus to lower future employer contributions, to reimburse them or to utilise it outside of the benefits as provided for in the scheme's rules. 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.

Changes in accounting and measurement policies

There have been no changes in the accounting and valuation principles since the prior year.

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, the market value and the loan to value ratio

of pledge assets are revalued and monitored on a daily basis. If it becomes unlikely that the borrower will be able to meet its 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.

If losses are to be expected due to events which have already occurred when the annual accounts are drawn up, but which cannot yet be attributed to individual loans, value adjustments for latent default risks are recorded. The Group does not constitute value adjustments for inherent default risks.

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 (i) by the liquidators of the Fairfield Sentry Ltd and Fairfield Sigma Ltd (“Fairfield”) funds on the one hand and (ii) by the Trustee of Bernard L. Madoff Investments Securities LLC (BLMIS) on the other hand. These proceedings aim for the restitution of the amounts received from the funds Fairfield on behalf of certain clients. These proceedings are still ongoing.

From the outset, the Group has considered the risk resulting from these proceedings to be impossible to quantify. Consequently, no provisions were recognised as at 31 December 2020.

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 2020.

1. Information on the balance sheet

1.1 Breakdown of securities financing transactions (assets and liabilities)

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	0	0
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	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	10,097	22,308
- of which with unrestricted right to resell or pledge	10,097	22,308
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	10,602	21,626
- of which repledged securities	0	0
- of which resold securities	0	0

1.2 Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables

		Type of collateral		Total
		Secured by other collateral	Unsecured	
		In thousands CHF	In thousands CHF	
Loans (before netting with value adjustments)				
Amounts due from customers		4,630,530	66,996	4,697,526
Total loans (before netting with value adjustments)	Current year	4,630,530	66,996	4,697,526
	Previous year	5,018,197	20,569	5,038,766
Total loans (after after netting value adjustments)	Current year	4,630,530	66,974	4,697,504
	Previous year	5,018,197	20,569	5,038,766
Off-balance sheet				
Contingent liabilities		257,051	70,772	327,823
Irrevocable commitments		1,075,657	43,454	1,119,111
Total off-balance sheet	Current year	1,332,708	114,226	1,446,934
	Previous year	1,252,797	95,969	1,348,766
Impaired loans				
	Current year	22	0	22
	Previous year	0	0	0

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

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
ASSETS		
Other financial instruments at fair value		
Debt instruments	86,371	159,467
Equity securities	602,339	414,367
Structured products	29,932	37,409
Total other financial instruments at fair value	718,642	611,243
Total assets	718,642	611,243
- of which determined using a valuation model	0	0
- of which securities eligible for repo transactions in accordance with liquidity requirements	0	2,467
LIABILITIES		
Other financial instruments at fair value		
Certificates	783,140	654,701
Total liabilities	783,140	654,701
- of which determined using a valuation model	0	0

1.4 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments			Hedging instruments			
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume	
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	
Interest-rate related instruments							
Swaps	1,853	1,853	175,020	332	866	267,979	
Futures							
Options (OTC)	123	123	38,258				
Foreign exchange/Precious metals							
Forward contracts	453,967	438,663	47,982,657	13,348	2,380	394,202	
Combined interest rate/currency swaps	44,231	82,339	5,901,190				
Options (OTC)	61,087	55,781	3,304,297				
Equity securities/Indices							
Futures			23,502				
Options (OTC)	268	268	9,890				
Options (exchange traded)	1,679	102	40,627				
Credit derivatives							
Credit default swap							
	Current year	563,208	579,129	57,475,441	13,680	3,246	662,181
Total before netting agreements	<i>- of which, determined using a valuation model</i>	561,529	579,027	-	13,680	3,246	-
	Previous year	342,336	338,832	46,147,254	7,676	1,991	638,465
	<i>- of which, determined using a valuation model</i>	332,486	333,604	-	7,676	1,991	-
				Positive replacement values (accumulated)		Negative replacement values (accumulated)	
				In thousands CHF		In thousands CHF	
Total after netting agreements	Current year			154,152		154,254	
	Previous year			145,226		150,922	
				Breakdown by counterparty:			
				Central clearing houses	Banks and securities firms	Other customers	
				In thousands CHF	In thousands CHF	In thousands CHF	
Positive replacement values (after netting agreements)				1,582	49,083	103,487	

1.5 Breakdown of financial investments

	Current year		Previous year	
	Book value	Fair value	Book value	Fair value
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Debt instruments	3,666,753	3,725,521	2,929,271	2,959,117
- of which intended to be held to maturity	3,666,753	3,725,521	2,929,271	2,959,117
- of which available for sale	0	0	0	0
Equity securities	6,019	6,779	3,580	3,740
Total financial investments	3,672,772	3,732,300	2,932,851	2,962,857
- of which securities eligible for repo transactions in accordance with liquidity requirements	2 324 209	-	1 526 379	-

Breakdown of counterparties by rating

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Lower than B-	No rating
Debt instruments at book value	3,560,306	106,447	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 participations

	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value previous year end	Reclassification	Investments	Disposals (including foreign exchange differences)	Value adjustments	Changes in book value in the case of participations valued using the equity method / depreciation reversals	Book value as at end of current year	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	In thousands CHF
Non-consolidated participations										
Other participations										
- without market value	6,296	(389)	5,907	0	1,783	(23)	(258)	0	7,409	-
Total non-consolidated participations	6,296	(389)	5,907	0	1,783	(23)	(258)	0	7,409	0

1.7 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation (1/2)

Company name	Registered office	Business activity	Share capital	Proportion of holding/voting rights (in %)		Direct/indirect ownership		
				Current year	Previous year	Current year	Previous year	
Fully consolidated participating interests								
LO Holding SA	Geneva	Holding company	CHF	34,110,000	100	100	direct	direct
Banque Lombard Odier & Cie SA	Geneva	Bank	CHF	100,000,000	100	100	indirect	indirect
Laspère SA	Geneva	Fiduciary company	CHF	250,000	100	100	indirect	indirect
LO Patrimonia SA	Geneva	Fiduciary company	CHF	1,000,000	100	100	indirect	indirect
LO IP SA	Geneva	Service company	CHF	700,000	100	100	indirect	indirect
Lodati SA	Geneva	Service company	CHF	300,000	100	100	indirect	indirect
Lombard Odier Asset Management (Switzerland) SA	Geneva	Investment advisory comp.	CHF	26,000,000	100	100	indirect	indirect
Lombard Odier Asset Management (Europe) Limited	London	Investment advisory comp.	GBP	20,000,000	100	100	indirect	indirect
Lombard Odier (Europe) S.A.	Luxembourg	Bank	EUR	40,000,000	100	100	indirect	indirect
Lombard Odier Funds (Europe) S.A.	Luxembourg	Distributor of CIS	EUR	2,810,205	100	100	indirect	indirect
Lombard Odier Investment Managers Private Equity SARL	Luxembourg	Distributor of CIS	EUR	12,500	100	100	indirect	indirect
LOIM PE Capital	Luxembourg	Distributor of CIS	EUR	12,000	100	100	indirect	indirect
Lombard Odier T&O Services (Europe) SA	Luxembourg	Banking and IT services	EUR	5,000,000	100	100	indirect	indirect
Lombard Odier Gestión (España), SGIIC, S.A.	Madrid	Portfolio management	EUR	1,188,000	100	100	indirect	indirect
Lombard Odier & Cie (Gibraltar) Limited	Gibraltar	Bank	CHF	2,260,000	100	100	indirect	indirect
LO Delta Explorer GP Limited	Jersey	Distributor of CIS	CHF	100,000	100	100	indirect	indirect
Lombard Odier (Jersey) Limited	Jersey	Distributor of CIS	CHF	500,000	100	100	indirect	indirect
Lombard Odier Infrastructure fund GP Limited	Jersey	Distributor of CIS	CHF	100,000	100	100	indirect	indirect
Lombard Odier (Hong Kong) Limited	Hong Kong	Investment advisory comp.	HKD	805,000,000	100	100	indirect	indirect
Lombard Odier (Singapore) Ltd.	Singapore	Bank	CHF	42,647,000	100	100	indirect	indirect
Lombard Odier Trust (Japan) Limited	Tokyo	Portfolio management	JPY	300,000,000	100	100	indirect	indirect
Lombard Odier Asset Management (USA) Corp.	New York	Investment advisory comp.	USD	2,000	100	100	indirect	indirect
Lombard Odier (Panama), Inc.	Panama City	Investment advisory comp.	USD	500,000	100	100	indirect	indirect
Lombard Odier (Uruguay) S.A.	Montevideo	Investment advisory comp.	USD	103,986	100	100	indirect	indirect
Bershield Insurance Limited	Bermuda	Insurance company	CHF	216,000	100	100	indirect	indirect
Lombard Odier Trust (Bermuda) Limited	Bermuda	Trust company	CHF	1,350,000	100	100	indirect	indirect
Lombard Odier & Cie (Bahamas) Limited	Nassau	Bank	CHF	4,000,000	100	100	indirect	indirect
Lombard Odier (Brasil) Consultoria de Valores Mobiliários Ltda.	Sao Paulo	Investment advisory comp.	USD	789,477	100	0	indirect	-

1.7 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation (2/2)

Company name	Registered office	Business activity	Share capital	Proportion of holding/voting rights (in %)		Direct/indirect ownership		
				Current year	Previous year	Current year	Previous year	
Non-consolidated participating interests								
Lombard Odier Services Inc.	Montréal	Service company	CAD	5,749,244	100	100	indirect	indirect
Lombard Odier Valeurs Mobilières (Canada) Inc	Montréal	Broker dealer	CAD	2,400,000	100	100	indirect	indirect
Lombard Odier Transatlantic Limited	Montréal	Broker dealer	USD	719,969	100	100	indirect	indirect
Parkgest holding SA	Geneva	Holding company	CHF	4,750,000	7	7	indirect	indirect
SIX Group AG	Zurich	Financial services	CHF	19,521,905	2	2	indirect	indirect
Taurus Group SA	Geneva	Financial services	CHF	168,967	3	0	indirect	-

The Group does not have any significant position in equity securities of undertakings recognised under financial investments (2019: none).

In addition, there are no commitments to purchase further shares or to dispose of shares (2019: none).

1.8 Presentation of tangible fixed assets

	Acquisition cost	Accumulated depreciation	Book value previous year end	Reclassification	Additions	Disposals (including foreign exchange differences)	Depreciation	Book value as at end of current year
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Bank buildings	146,488	(13,700)	132,788	0	46,817	(63)	(1,790)	177,752
Other real estate	15,796	(14,914)	882	0	0	(59)	(209)	614
Software	12,984	(11,482)	1,502	0	2,911	0	(3,710)	703
Other tangible fixed assets	74,564	(70,082)	4,482	0	713	(59)	(1,770)	3,366
Total tangible fixed assets	249,832	(110,178)	139,654	0	50,441	(181)	(7,479)	182,435

Operational leasing

Current year Previous year

	In thousands CHF	In thousands CHF
Off balance sheet leasing commitments		
within 12 months	32,523	31,767
between 12 months and 5 years	89,336	85,886
after 5 years	32,563	28,030
Total off balance sheet leasing commitments	154,422	145,683
- of which cancelable within 12 months	2,486	2,580

1.9 Breakdown of other assets and other liabilities

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Other assets		
Amount recognised as assets in respect of employer contribution reserves	54,540	102,546
Settlement accounts	8,841	9,073
Coupons	1,514	137
Indirect taxes	4,335	9,009
Compensation account	67	23
Other assets	18,721	25,224
Total other assets	88,018	146,012
Other liabilities		
Settlement accounts	65,125	47,762
Coupons	218	895
Indirect taxes	26,418	25,679
Compensation account	10,366	5,305
Other liabilities	22,441	14,545
Total other liabilities	124,568	94,186

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

	Current year		Previous year	
	Book value of pledge	Actual liabilities	Book value of pledge	Actual liabilities
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Pledged assets				
Amounts due from banks	59,089	59,089	3,478	3,478
Amounts due from customers	49,769	49,769	33,027	33,027
Financial investments	323,952	323,952	387,102	387,102

1.11 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

	Current year	Previous year
	In thousands CHF	In thousands CHF
	CHF	CHF
Amounts due in respect of customer deposits	48,990	56,161
Total liabilities to own pension funds	48,990	56,161

1.12 Disclosures on the economic situation of own pension schemes (1/2)

Employer contribution reserves (ECR)	Nominal value at current year end	Waiver of use at current year end	Net amount at current year end	Net amount at previous year end	Influence of the ECR on personnel expenses	
					Current year	Previous year
					In thousands CHF	In thousands CHF
Patronage pension institution:						
Fondation patronale du groupe Lombard Odier	54,540	0	54,540	102,546	0	0

Presentation of the economic benefit/obligation and the pension expenses	Overfunding / underfunding at end of current year	Economical interest of the Group	Change in economical interest (economic benefit / obligation) compared to previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
					Current year	Previous year
					In percentage	In thousands CHF
Pension plans with overfunding:						
Fondation de prévoyance du groupe Lombard Odier	12.0%	0	0	537	25,925	26,179
Fondation complémentaire de prévoyance du groupe Lombard Odier	-	0	0	192	14,338	9,779

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 2020, 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 2020, on the basis of the non-audited financial statements, to be 112.0% for the Pension Foundation. Since 1 January 2018, the Supplementary Pension Foundation offers several investment strategies whose performance is fully supported by the affiliated employees, without capital guarantee. As a result, the Foundation has no commitment towards the savings capital of affiliated employees, implying a systematic funding ratio of 100% in all future financial years.

1.12 Disclosures on the economic situation of own pension schemes (2/2)

Pension funds

Pension Foundation of Lombard Odier Group

All employees whose activity is based in Switzerland must be affiliated to the Pension Foundation of Lombard Odier Group (Art. 5 of the regulations), in extenso with a Swiss contract. The Foundation's objective is to protect all affiliated employees 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. Regulatory contributions vary between 7% and 32% divided between the affiliated employees and the employer, depending on the age and the level of contribution chosen (Art 51). Early retirement is possible for each affiliated employee between 58 and 65, according to legal and regulatory provisions.

Supplementary Pension Foundation of Lombard Odier Group

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 of Lombard Odier Group. Members are free to choose between two options for their contribution rate, without any impact on the employer contribution. These contributions apply to variable compensation only. Early retirement is possible for each affiliated employee between 58 and 65, according to legal and regulatory provisions. The benefit is only in the form of capital. This foundation does not offer a capital guarantee.

1.13 Presentation of issued structured products

Underlying risk of the embedded derivative	Book value				Total
	Valued as a whole		Valued separately		
	Booked in trading portfolio	Booked 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	-	697,998	0	0	697,998
Interest-rate instruments with own debenture component	-	85,142	0	0	85,142
Total	0	783,140	0	0	783,140

1.14 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

	Balance at previous year end	Use in conformity with designated purpose	Foreign exchange differences	Changes in the scope of consolidation	Past due interest, recoveries	New creations charged to income statement	Releases to income statement	Balance at current year end
	In thousands CHF	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	91,544	0	0	0	-	7,399	(6,716)	92,227
Provisions for other business risks	12,240	(2,269)	0	0	0	3,971	(972)	12,970
Other provisions	648	(316)	(3)	0	0	0	(178)	151
Total provisions	104,432	(2,585)	(3)	0	0	11,370	(7,866)	105,348
Reserves for general banking risk	330,327	-	0	0	-	93,341	0	423,668
Value adjustment for default risks from impaired loans	0	(69)	0	0	0	91	0	22
Value adjustments for default and country risks	0	(69)	0	0	0	91	0	22

“Provisions for other business risks” are intended to cover a variety of risks relating to litigation, including any associated legal expenses.

1.15 Disclosure of amounts due from / to related parties

	Current year		Previous year	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Holder of qualified participations	306	485,879	206	465,658
Transactions with members of governing bodies	2,255	9,837	2,266	12,097

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 own 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 the 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
Assets/financial instruments							
Liquid assets	8,905,019	-	-	-	-	-	8,905,019
Amounts due from banks	851,860	0	0	0	0	0	851,860
Amounts due from customers	269,622	229,355	2,554,803	1,492,782	150,942	0	4,697,504
Positive replacement values of derivatives financial instruments	575,035	-	-	-	-	-	575,035
Other financial instruments at fair value	718,642	-	-	-	-	-	718,642
Financial investments	6,019	0	343,634	330,093	2,526,177	466,849	3,672,772
Total current year	11,326,197	229,355	2,898,437	1,822,875	2,677,119	466,849	19,420,832
Total previous year	9,951,640	224,849	2,630,143	1,898,535	1,603,881	637,763	16,946,811
Liabilities/financial instruments							
Amounts due to banks	637,229	0	0	0	0	0	637,229
Amounts due in respect of customer deposits	15,349,646	224,520	221,100	27,000	7,250	0	15,829,516
Negative replacement values of derivatives financial instruments	580,522	-	-	-	-	-	580,522
Liabilities from other financial instruments at fair value	783,140	-	-	-	-	-	783,140
Total current year	17,350,537	224,520	221,100	27,000	7,250	0	17,830,407
Total previous year	15,054,189	186,390	270,127	21,400	27,750	0	15,559,856

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

	Current year		Previous year	
	Domestic	Foreign	Domestic	Foreign
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Assets				
Liquid assets	8,374,004	531,015	6,911,151	669,947
Amounts due from banks	96,698	755,162	144,153	290,032
Amounts due from customers	1,239,270	3,458,234	1,672,209	3,366,557
Trading portfolio assets			0	0
Positive replacement values of derivatives financial instruments	185,461	389,574	136,974	211,694
Other financial instruments at fair value	27,498	691,144	24,599	586,644
Financial investments	283,414	3,389,358	279,740	2,653,111
Accrued income and prepaid expenses	79,610	136,819	87,931	103,906
Non-consolidated participations	6,896	513	5,906	1
Tangible fixed assets	178,692	3,743	136,643	3,011
Other assets	69,206	18,812	119,562	26,450
Total assets	10,540,749	9,374,374	9,518,868	7,911,353
Liabilities				
Amounts due to banks	265,493	371,736	333,756	414,548
Amounts due in respect of customer deposits	4,416,865	11,412,651	4,996,115	8,821,257
Negative replacement values of derivatives financial instruments	228,893	351,629	197,625	141,854
Liabilities from other financial instruments at fair value	371,256	411,884	380,381	274,320
Accrued expenses and deferred income	258,809	193,122	242,999	131,870
Other liabilities	96,747	27,821	70,557	23,629
Provisions	102,042	3,306	100,205	4,227
Reserves for general banking risks	423,668	0	330,327	0
Share capital	73,710	0	73,710	0
Retained earnings reserve	722,992	0	710,813	0
Foreign currency translation reserve	(25,502)	0	(21,026)	0
Consolidated profit	126,328	81,673	152,001	51,053
Total liabilities	7,061,301	12,853,822	7,567,463	9,862,758

1.19 Breakdown of total assets by country or group of countries (domicile principle)

	Current year		Previous year	
	Amount	Share	Amount	Share
	In thousands CHF	In percentage	In thousands CHF	In percentage
Switzerland	10,540,749	53	9,518,868	55
Other European countries	5,802,221	29	4,352,488	25
North America	1,579,353	8	1,730,031	10
The Caribbean and South America	740,076	4	804,488	5
Asia and Middle East	1,063,576	5	853,664	5
Australia/Oceania	70,448	0	78,494	0
Africa	118,699	1	92,188	0
Total assets	19,915,123	100	17,430,221	100

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

	Net foreign exposure / current year end		Net foreign exposure / previous year end	
	Amount	Share	Amount	Share
	In thousands CHF	In percentage	In thousands CHF	In percentage
S&P				
AAA	3,613,486	48	2,477,757	39
AA+ – AA-	3,168,591	42	3,051,526	48
A+ – A-	329,196	4	436,873	7
BBB+ – BBB-	211,345	3	87,950	1
BB+ – BB-	25,761	0	51,023	1
B+ – B-	8,641	0	69,511	1
CCC+ – D	36,159	0	1,518	0
No rating	201,163	3	201,457	3
Total	7,594,342	100	6,377,615	100

1.21 Presentation of assets and liabilities broken down by the most significant currencies for the Group

	CHF	EUR	USD	Other
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Assets				
Liquid assets	8,371,383	533,058	340	238
Amounts due from banks	104,957	82,888	608,948	55,067
Amounts due from customers	1,133,744	1,651,596	1,300,233	611,931
Trading portfolio assets	0	0	0	0
Positive replacement values of derivatives financial instruments	329,394	25,489	191,018	29,134
Other financial instruments at fair value	47,236	14,217	579,966	77,223
Financial investments	275,929	1,446,444	1,923,522	26,877
Accrued income and prepaid expenses	80,449	30,988	97,117	7,875
Non consolidated participations	6,896	1	195	317
Tangible fixed assets	179,925	1,166	526	818
Other assets	64,197	9,248	5,709	8,864
Total balance sheet assets	10,594,110	3,795,095	4,707,574	818,344
Delivery entitlements from spot exchange transactions, foreign exchange forwards and foreign exchange options	17,475,190	11,714,106	21,329,489	5,709,578
Total assets	28,069,300	15,509,201	26,037,063	6,527,922
Liabilities				
Amounts due to banks	122,803	252,381	185,711	76,334
Amounts due in respect of customer deposits	3,758,017	5,335,443	5,617,926	1,118,130
Negative replacement values of derivatives financial instruments	350,260	63,423	134,030	32,809
Liabilities from other financial instruments at fair value	48,070	16,826	639,715	78,529
Accrued expenses and deferred income	274,009	33,422	58,797	85,703
Other liabilities	63,475	23,410	26,592	11,091
Provisions	105,002	346	0	0
Reserves for general banking risks	423,668	0	0	0
Share capital	73,710	0	0	0
Retained earnings reserve	722,992	0	0	0
Foreign currency translation reserve	(25,502)	0	0	0
Consolidated profit	208,001	0	0	0
Total balance sheet liabilities	6,124,505	5,725,251	6,662,771	1,402,596
Delivery obligations from spot exchange transactions, foreign exchange forwards and foreign exchange options	22,195,819	9,695,942	19,232,878	5,103,724
Total liabilities	28,320,324	15,421,193	25,895,649	6,506,320
Net position by currency	(251,024)	88,008	141,414	21,602

2. Information on off-balance sheet transactions

2.1 Breakdown and explanation of contingent assets and liabilities

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Irrevocable guarantees	327,823	343,785
Total contingent liabilities	327,823	343,785

2.2 Breakdown of fiduciary transactions

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Fiduciary investments with third-party companies	7,177,289	9,698,063
Fiduciary transactions arising from securities lending and borrowing, which the Group conducts in its own name for the account of customers	1,078,527	1,001,702
Total	8,255,816	10,699,765

2.3 Breakdown of managed assets and presentation of their development

	Current year	Previous year
	In millions	In millions
	CHF	CHF
Breakdown of managed assets		
Assets in collective investment schemes managed by the Group	59,726	53,455
Assets under discretionary management agreements	60,083	54,147
Assets under advisory agreements	23,087	17,924
Other managed assets	51,084	52,101
Total managed assets (including double-counting)	193,980	177,627
<i>- of which double-counted</i>	<i>39,800</i>	<i>36,001</i>
Presentation of the development of managed assets		
Total managed assets (including double-counting) at the beginning of the year	177,627	162,041
+/- Net new money inflow/outflow	13,614	12,051
+/- Market price impact, interest, dividends and currency development	3,471	15,437
+/- Other impacts	(732)	(11,902)
Total managed assets (including double-counting) at the end of the year	193,980	177,627

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.

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

The other impacts include reclassifications of accounts as well as divestments linked to the disposal of wealth management activities.

3. Information on the income statement

3.1 Breakdown of the result from trading activities and the fair value option

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Breakdown by business area		
Trading for own account	49,387	9,297
Trading for the account of the customers	95,339	77,471
Total trading results	144,726	86,768

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Breakdown by underlying risks and based on the use of the fair value option		
Trading results from:		
- foreign exchange	105,027	82,040
- equity securities	33,682	1,425
- precious metals	6,017	3,303
Total trading results	144,726	86,768
- of which from the fair value option	1,325	583
- of which from the fair value option on assets	1,325	583

3.2 Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Negative interest on lending business		
Negative interest on lending business (decrease in interest and discount income)	(48,631)	(45,801)
Negative interest on deposits		
Interest expense paid	(8,289)	(16,494)
Negative interest on deposits (decrease in interest expense)	31,758	24,181
Positive balance reported in interest and discount income	(23,469)	(7,687)
<i>Interest expenses</i>	<i>0</i>	<i>0</i>

3.3 Breakdown of personnel expenses

	Current year	Previous year
	In thousands CHF	In thousands CHF
Salaries	691,044	600,052
Social insurance obligations	118,873	109,319
Other personnel expenses	15,956	18,268
Total	825,873	727,639

The compensation system includes programs for deferred payment of variable compensation for a period of up to five years, based on the amount of the variable portion of the salary, in a move to retain employees. For 2020, the amount of deferred payments amounted to CHF 75.7 million (2019: CHF 31.6 million).

3.4 Breakdown of general and administrative expenses

	Current year	Previous year
	In thousands CHF	In thousands CHF
Expenses relating to premises	44,861	47,199
Expenses relating to information and communication technologies	42,753	35,723
Expenses relating to financial information	28,002	28,493
Travel and entertainment expenses	6,978	22,285
Professional services	20,825	25,169
Fees of audit firm	3,742	3,987
- of which for financial and regulatory audits	2,724	2,865
- of which for other services	1,018	1,122
Taxes and indirect taxes	12,970	13,432
Office, telecommunications and insurance premium costs	17,944	18,054
Communications and sponsorship expenses	25,169	28,526
Other operating expenses	4,017	3,444
Total	207,261	226,312

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 2019, extraordinary income essentially consists of gains on disposals of wealth management activities.

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

	Current year		Previous year	
	Domestic	Foreign	Domestic	Foreign
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Net result fom interest operations	87,901	11,694	105,429	12,739
Result from commission business and services	741,897	414,908	688,604	312,514
Result from trading activities and the fair value option	133,074	11,652	77,141	9,627
Result from ordinary activities	2,843	882	10,004	877
Total income	965,715	439,136	881,178	335,757
Personnel expenses	(532,705)	(293,168)	(497,307)	(230,332)
General and administrative expenses	(156,670)	(50,591)	(161,503)	(64,809)
Total expenses	(689,375)	(343,759)	(658,810)	(295,141)
Value adjustments on participations and depreciation of tangible fixed assets	(6,111)	(1,626)	(4,169)	(1,663)
Changes to provisions and other value adjustments, losses	(8,388)	(872)	(2,785)	(1,891)
Operating result	261,841	92,879	215,414	37,062

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

	Current year	Previous year
	In thousands CHF	In thousands CHF
Creation of provisions for deferred taxes	7,399	6,846
Release of provisions for deferred taxes	(6,716)	(60,602)
Current year tax expense	53,876	54,364
Total income tax expense	54,559	608

Average tax rate on the basis of consolidated profit before tax and TRAF (see note 1.14) 20.8% 25.8%

The impact on deferred tax provisions resulting from the corporate tax reform (RFFA) accepted in the canton of Geneva on May 19, 2019 has been corrected in the tax rate presented for the 2019 financial year.

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 7.2 million (2019: CHF 2.4 million).

Report of the statutory auditor

to the General Meeting of Compagnie Lombard Odier SCmA, Geneva

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Compagnie Lombard Odier SCmA, which comprise the consolidated balance sheet, consolidated profit and loss account, cash flow statement, statement of changes in equity and notes (pages 18 to 50), for the year ended 31 December 2020.

Administration's responsibility

The Administration 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 Administration 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 2020 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.

*PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch*

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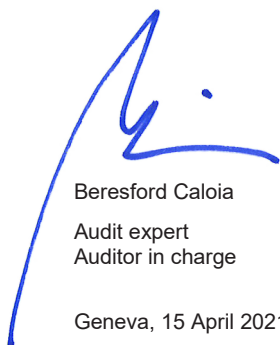
Report on other legal requirements

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 Administration.

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

PricewaterhouseCoopers SA



Beresford Caloia
Audit expert
Auditor in charge

Geneva, 15 April 2021



Marie-Eve Fortier
Audit expert

International presence

Switzerland

Geneva

Bank Lombard Odier & Co Ltd¹

T +41 (0)22 709 21 11 · geneva@lombardodier.com

Lombard Odier Asset Management (Switzerland) SA

T +41 (0)22 793 06 87

loim-client-servicing@lombardodier.com

Management Company regulated by the FINMA.

LO Patrimonia SA

T +41 (0)22 320 42 74 · lopatrimonia@lombardodier.com

Company subject to the regulations and supervision of the FINMA.

Fribourg

Banque Lombard Odier & Cie SA · Bureau de Fribourg¹

T +41 (0)26 347 55 55 · fribourg@lombardodier.com

Lausanne

Bank Lombard Odier & Co Ltd¹

T +41 (0)21 321 18 18 · lausanne@lombardodier.com

Lombard Odier Asset Management (Switzerland) SA

T +41 (0)21 321 17 60

loim-client-servicing@lombardodier.com

Vevey

Banque Lombard Odier & Cie SA · Agence de Vevey¹

T +41 (0)21 923 30 11 · vevey@lombardodier.com

Zurich

Bank Lombard Odier & Co Ltd¹

T +41 (0)44 214 11 11 · zurich@lombardodier.com

Lombard Odier Asset Management (Switzerland) SA

T +41 (0)44 214 13 13

loim-client-servicing@lombardodier.com

¹ Private bank and securities firm authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

² Branch of Lombard Odier Funds (Europe) S.A., (registered office: 291, route d'Arlon, L-1150 Luxembourg), a management company supervised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

³ Branch of Lombard Odier (Europe) S.A., a credit institution based in Luxembourg, authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

Europe

Luxembourg

Lombard Odier (Europe) S.A.

T +352 2778 50 00 · luxembourg@lombardodier.com

Credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

Lombard Odier Funds (Europe) S.A.

T +352 2778 10 00 · luxembourg-funds@lombardodier.com

Management company supervised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

Lombard Odier T&O Services (Europe) S.A.

T +352 2778 20 00

An institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

Belgium

Lombard Odier (Europe) S.A. Luxembourg ·

Belgium branch³

T +32 (0)2 543 08 30 · brussels@lombardodier.com

Credit institution supervised in Belgium by the Banque nationale de Belgique (BNB) and the Financial Services and Markets Authority (FSMA).

France

Lombard Odier (Europe) S.A. · Succursale en France³

T +33 (0)1 4926 46 00 · paris@lombardodier.com

Credit institution supervised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des Marchés Financiers (AMF) in respect of its investment services activities.

Business permit No. 23/12. Registered in Luxembourg No. B169 907.

Insurance intermediary authorised by the Commissariat aux Assurances (CAA) No.2014 CM002. The registration with the CAA can be verified at www.orias.fr.

Lombard Odier Funds (Europe) S.A. - French Branch²

T +33 (0)1 4926 46 00

distribution.loim.fr@lombardodier.com

Entered in the Commercial Register of Paris, No. 844 250 563.

Germany

Lombard Odier Funds (Europe) S.A. - German Branch²

T +49 (0)69 71048 8400 · frankfurt@lombardodier.com

Entered in the Commercial Register of Frankfurt, HRB 114261.

Italy

Lombard Odier (Europe) S.A. · Succursale in Italia³

T +39 02 0069 77 00 · milano-cp@lombardodier.com

Credit institution supervised in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and la Banca d'Italia.

Lombard Odier Funds (Europe) S.A. - Italian Branch²

T +39 02 3031 46 00 · milano-loim@lombardodier.com

Enrolled in the Milan Companies Register No. 10576650963, R.E.A.

No. MI - 2542516. Registered with the Bank of Italy with registration No. 23951.

Netherlands

Lombard Odier Funds (Europe) S.A. - Dutch Branch²

T +31 10 79 99 600 · rotterdam@lombardodier.com

Registered with the Autoriteit Financiële Markten.

Russia

Bank Lombard Odier & Co Ltd

Representative Office Moscow

T +7 495 225 93 13 · moscow@lombardodier.com

Under the supervisory authority of the Central Bank of the Russian Federation.

Spain

Lombard Odier (Europe) S.A. · Sucursal en España²
T +34 91 790 29 00 · madrid@lombardodier.com
Credit institution supervised in Spain by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV). Entered in the Commercial Register of Madrid, volume 31152, book 0, folio 1, section 8, page M560642. CIF W0183168D. CNMV registration Banco de España 1547.

Lombard Odier Gestión (España), S.G.I.I.C., S.A.U.
T +34 91 790 29 43 · madrid@lombardodier.com
Management Company supervised by the Comisión Nacional del Mercado de Valores (CNMV). Entered in the Commercial Register of Madrid, volume 27475, folio 183, section 4, page M49535. CIF A85921898. CNMV registration 231.

United Kingdom

Lombard Odier (Europe) S.A. UK Branch³
T +44 (0)20 3206 60 00
*The Bank is deemed authorised in the UK by the Prudential Regulation Authority ('PRA'). Subject to regulation by the Financial Conduct Authority ('FCA') and limited regulation by the Prudential Regulation Authority. Financial Services Firm Reference Number 597896.
Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request.*

Lombard Odier Asset Management (Europe) Limited
T +44 (0)20 3206 60 00 · london@lombardodier.com
Investment firm authorised and regulated by the Financial Conduct Authority (FCA register No.515393).

Africa

Johannesburg

South Africa Representative Office ·
Bank Lombard Odier & Co Ltd
T + +27 11 775 63 59 · johannesburg@lombardodier.com
Authorised financial services provider Registration number 48505.

Americas

Bahamas

Lombard Odier & Cie (Bahamas) Limited
T +1 242 302 21 00 · nassau@lombardodier.com
Supervised by the Central Bank of the Bahamas and the Securities Commission of the Bahamas.

Bermuda

Lombard Odier Trust (Bermuda) Limited
T +1 441 292 78 17 · bermuda@lombardodier.com
Licensed to conduct Trust, Investment and Corporate Service Provider Business by the Bermuda Monetary Authority.

Brazil

Lombard Odier (Brasil) Consultoria de Valores Mobiliários Ltda.
T +55 11 3050 4300 · sao.paulo.office@lombardodier.com
Licensed to conduct Trust, Investment and Corporate Service Supervised by the Comissão de Valores Mobiliários of Brazil.

Panama

Lombard Odier & Cie (Bahamas) Limited ·
Representative Office in Panama
T +507 282 85 00
Supervised by the Central Bank of the Bahamas and the Superintendencia de Bancos de Panamá.
Lombard Odier (Panama) Inc.
T +507 282 85 40
Supervised by the Superintendencia del Mercado de valores de Panamá. Licensed to operate as an Investment Advisor. Res. SMV No.528-2013.

Uruguay

Lombard Odier (Uruguay) SA
T +598 26 23 77 50 · montevideo@lombardodier.com
Supervised by Banco Central del Uruguay.

United States

Lombard Odier Asset Management (USA) Corp.
Institutional and Investment Funds – Investment Advisory Only
T +1 212 295 62 00
Authorised and regulated by the Securities and Exchange Commission SEC, No. LOAM USA 801-72554.

Asia-Pacific

Hong Kong

Lombard Odier (Hong Kong) Limited
T +852 2501 85 00 · hongkong@lombardodier.com
A licensed entity regulated and supervised by the Securities and Futures Commission in Hong Kong.

Japan

Lombard Odier Trust (Japan) Limited
T +81 (0)3 5114 17 96 · tokyo@lombardodier.com
Regulated and supervised by the Financial Services Agency (FSA) in Japan. It holds a trust business license (FSA No. 208) and is registered with Kanto Local Finance Bureau for Financial Instruments Business Operator (No. 470).

Singapore

Lombard Odier (Singapore) Ltd.
T +65 6305 77 88 · singapore@lombardodier.com
A merchant bank regulated and supervised by the Monetary Authority of Singapore.

Middle East

Israel

Israel Representative Office · Bank Lombard Odier & Co Ltd
T +972 73 380 1830 · telaviv@lombardodier.com
Not supervised by the Supervisor of Banks in the Bank of Israel, but by Swiss Financial Market Supervisory Authority which supervises the activities of Bank Lombard Odier & Co Ltd.

United Arab Emirates

Bank Lombard Odier & Co Ltd · Abu Dhabi Global Market Branch
T +9712 201 31 00 · abudhabi@lombardodier.com
Arranging Deals in Investments · Advising on Investment or Credit · Arranging Credit. Regulated by the ADGM Financial Services Regulatory Authority.

Bank Lombard Odier & Co Ltd
Representative Office Dubai
T +9714 509 01 11 · dubai@lombardodier.com
Under the supervisory authority of the Central Bank of the UAE.

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