



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

2021 Financial Report Lombard Odier Group

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Message from the Senior Managing Partners

Throughout this extraordinary year, we did everything we could to stay close to our clients and continue to preserve and grow their wealth. In an environment that alternated between recovery phases and their opportunities, caution in the face of an uncertain health situation, and geopolitical threats, our Group generated solid results.

Significant net new money, a positive market impact and our management performance led to an increase of CHF 42 billion in client assets within the Group. Total client assets amounted to CHF 358 billion at the end of the year, up 13% from the end of 2020. Operating income was CHF 1.45 billion, a rise of 3%, while consolidated net profit reached CHF 270 million, up 30% on 2020.

Our balance sheet remains solid, liquid and conservatively invested. We are well capitalised, with a CET1 ratio of 28.5% and a liquidity coverage ratio of 201%. In December 2021, ratings agency Fitch confirmed the Group's AA- rating with a stable outlook. This is the best possible rating for a group of our size. Against a background of substantial transaction volumes, and with some of our employees working from home, operating risk was kept well under control.

Our financial performance reflects our strategy of building a Group focused on its core business, namely wealth and asset management for private and institutional clients. We continue to invest in recruiting new talent across the Group and to focus on organic growth, a strategy that helps sustain our identity and value proposition, which are particularly appreciated by our clients.

Sustainability remains at the heart of our approach, both in the way we do business and in our investment philosophy. This requires transitioning to a circular, lean, inclusive and clean economic model. Our role is to identify and analyse the investment opportunities created by these changes for the benefit of our clients, but also to manage the associated risks. Following the successful launch of two equities strategies on the themes of climate transition and natural capital, this year we focused on carbon neutrality.

In our private client business, we continued to develop our long-standing offering in private assets - including unlisted companies or 'private equity', real estate and infrastructure - to take advantage of opportunities for long-term sources of return in a low interest rate environment. We have adapted our strategic asset allocation framework to reflect a post-Covid world where returns are low.

Assets under management at Lombard Odier Investment Managers (LOIM) stood at an all-time high of CHF 71 billion at the end of the year. We launched several innovative investment strategies in 2021, in particular our TargetNetZero range across various asset classes, including equities, fixed income and convertible bonds. At the end of December 2021, 63% of LOIM funds were ranked in the first or second quartile over three years, and 73% over five years.

Our in-house banking platform enabled us to stay close to our clients and provide them with a transparent and secure service. Our Business Process Outsourcing (BPO) clients also praised the service they received. We continued with our digital events and developed our My LO client interface even further. The payment and transfer functionalities are now available for clients with accounts held in Switzerland, and will be gradually rolled out to the rest of the Group. We continue to invest heavily in our IT systems and associated security, including Project GX, to ensure that we maintain a cutting-edge technology platform.

We again supported people affected by the pandemic by renewing the Lombard Odier Foundation's Covid-19 Relief initiative. This enables us to partner with institutions we are close to and help the most vulnerable people across four continents, assisted by our local offices.

Our achievements were recognised by numerous awards, including the WealthBriefing awards in Switzerland, Europe, Asia and the MENA region, across several categories, including Best Domestic Private Bank, Best Ultra High Net Worth Team and Best Family Wealth Advisory Offering. We are also proud to have won the PWM/The Banker award for Best Private Bank for Impact and Sustainable Investing at the Global Private Banking Awards 2021.

As we move forward in 2022, we are closely monitoring the extraordinary geopolitical developments we are currently experiencing. We continue to focus on the prudent management of our balance sheet and finances. We are determined to remain a model employer and to focus on our core mission. In the face of the considerable uncertainties arising from the conflict between Russia and Ukraine, more than ever our mission is to guide our clients and protect the assets entrusted to us by closely managing the risks to their portfolios.



Patrick Odier – *Senior Managing Partner*



Hubert Keller – *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'. None of the Group's entities is 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 2021, the six Managing Partners of Compagnie Lombard Odier SCmA are Mr Patrick Odier, 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.

Jean A. Bonna

Mr Jean Bonna has been a member of the Supervisory Board of the Lombard Odier Group since 2014, first as Vice-Chairman and since 1 January 2021 as Chairman.

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 to 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 and was appointed Vice-Chairman since 1 January 2021.

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.

Christophe Hentsch

Christophe Hentsch was appointed a member of the Supervisory Board on 1 January 2021.

Previously, Christophe Hentsch was a Managing Partner of the Lombard Odier Group from 2004 to 2020.

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.

Other activities and mandates

(situation at 31.12.2021)

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 Télévrier S.A.
- Vice-Chairman of the Board of Directors of Sportbahnen Elm AG
- Member of the Board of Stellaria Holding SA
- Member of the Board of Schuhe Jenny AG

Christophe Hentsch

- Member of the Board of Fondation Lombard Odier
- Managing Partner of PTIC Sàrl
- Committee member of Société Nautique de Genève

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 six 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.

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.

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

Mr Odier is Chairman of Swiss Sustainable Finance (SSF).

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

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

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

Hubert Keller (Senior Managing Partner)

Hubert Keller has been a Managing Partner of the Lombard Odier Group since 2006. He is currently transitioning into the role of Senior Managing Partner, which he will assume fully as of 1st January 2023.

Hubert Keller has been primarily involved with the Group's Asset Management business since 2009 and acted as the CEO of Lombard Odier Investment Managers until 3rd December 2020.

He leads the firm's work on sustainable investment, including aligning investment strategies and portfolios to the environmental transition and to a more inclusive economic framework.

Hubert started his career at Compagnie Financière Tradition and SG Warburg Group. He subsequently moved to Deutsche Bank, working in corporate finance and capital markets before assuming global responsibility for Equity Capital Markets and becoming a member of the Executive Committee of its Global Banking division.

Frédéric M. Rochat

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

Mr Rochat, who holds a master degree in economics and business administration 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 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 Philanthropia foundation and board member of several philanthropic organisations. He is also a member of the committee of the Association of Swiss Private Banks and of the Geneva Financial Center Foundation.

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 Chairman 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 Chairman and CEO in 2005.

Mrs Falkengren manages the Group's 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 2024, 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 (Suisse) SA in Geneva.

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

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 31.12.2021)

Patrick Odier

- Chairman of the Board of Directors of Bank Lombard Odier & Co Ltd
- 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 Philanthropia foundation
- Chairman of Swiss Sustainable Finance (SSF)
- Chairman of the Board of Fondation Dr Henri Dubois-Ferrière Dinu Lipatti for the fight against leukaemia and blood diseases
- Member of the Board of economiesuisse
- Member of the Board of Fondation Brocher and Fondation Louis-Jeantet

Hubert Keller

- 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
- Member of the Board of Directors of LO Holding SA
- 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 Bank Lombard Odier & Co Ltd
- Chairman of the Board of Directors of Lombard Odier (Europe) S.A.
- 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 Bank Lombard Odier & Co Ltd
- Member of the Board of Directors of Lombard Odier (Europe) S.A.
- 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 Lombard Odier & Cie (Bahamas) 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 Philanthropia foundation
- Member of the Board of Fondation Lombard Odier
- Member of the Committee of the Swiss Private Bankers Association
- Member of the Board of Geneva Financial Center Foundation
- Chairman of the Board of Fondation André & Cyprien
- Member of the Board of Fondation Pro Victimis, Fondation Franklinia and Fondation Saint-Michel

Annika Falkengren

- Member of the Board of Directors of LO Holding SA
- 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 Directors of Lombard Odier (Hong Kong) Limited
- Chairman of the Board of Directors of Lombard Odier (Singapore) Ltd.

- Chairman of the Board of Directors of Lombard Odier Trust (Japan) Limited
- Member of the Foundation Board of the International Institute for Management Development (IMD)
- Permanent Member of the Royal Swedish Academy of Engineering Sciences

Alexandre Zeller

- Member of the Executive Committee of Bank Lombard Odier & Co Ltd
- 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) S.A.
- Chairman of the Board of Directors of Lodati SA
- 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 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 15 April 2021 designated, for the financial period 2021, 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 2021 by the Lombard Odier Group amounted to CHF 2.3 million.

Additional fees

In 2021, the Lombard Odier Group paid fees for other services that amounted to CHF 1.1 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.

The 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 banking book of the Group.

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 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.

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 & Data Privacy Office function oversees the risks within the 2nd line of defence.

Reputational risk

This risk translates into a negative perception (image, trust) of business practices or internal controls, which could ultimately have an impact on the Group's finances. Reputational risk includes the risk of disclosure of confidential / private information.

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Consolidated balance sheet

		31.12.2021	31.12.2020
	Notes	In thousands CHF	In thousands CHF
Assets			
Liquid assets		10,359,465	8,905,019
Amounts due from banks	1.10	1,075,293	851,860
Amounts due from customers	1.2, 1.10	5,533,399	4,697,504
Trading portfolio assets		0	0
Positive replacement values of derivative financial instruments	1.4	390,160	575,035
Other financial instruments at fair value	1.3	560,735	718,642
Financial investments	1.5, 1.10	3,763,567	3,672,772
Accrued income and prepaid expenses		165,884	216,429
Non-consolidated participations	1.6, 1.7	11,177	7,409
Tangible fixed assets	1.8	272,854	182,435
Other assets	1.9	56,429	88,018
Total assets		22,188,963	19,915,123
Liabilities			
Amounts due to banks		1,098,562	637,229
Amounts due in respect of customer deposits		17,855,351	15,829,516
Negative replacement values of derivative financial instruments	1.4	468,177	580,522
Liabilities from other financial instruments at fair value	1.3, 1.13	595,568	783,140
Accrued expenses and deferred income		488,670	451,931
Other liabilities	1.9	106,652	124,568
Provisions	1.14	103,825	105,348
Total liabilities		20,716,805	18,512,254
Reserves for general banking risks	1.14	477,878	423,668
Share capital	1.16	73,710	73,710
Retained earnings reserve		679,809	722,992
Foreign currency translation reserve		(29,347)	(25,502)
Consolidated profit		270,108	208,001
Total equity		1,472,158	1,402,869
Total liabilities and equity		22,188,963	19,915,123
Total subordinated liabilities		71,030	45,775
Off-balance sheet transactions			
Contingent liabilities	1.2, 2.1	330,875	327,823
Irrevocable commitments	1.2	1,268,248	1,119,111

Consolidated profit and loss account

		31.12.2021	31.12.2020
		In thousands	In thousands
	Notes	CHF	CHF
Interest and discount income	3.2	64,957	77,166
Interest and dividend income from financial investments		21,070	22,520
Interest expense	3.2	0	0
Gross result from interest operations		86,027	99,686
Changes in value adjustments for default risks and losses from interest operations		0	(91)
Net result from interest operations		86,027	99,595
Commission income from securities trading and investment activities		1,308,905	1,215,434
Commission income from lending activities		2,258	2,316
Commission income from other services		154,575	125,718
Commission expense		(207,354)	(186,663)
Result from commission business and services		1,258,384	1,156,805
Result from trading activities and the fair value option	3.1	102,576	144,726
Result from the disposal of financial investments		78	302
Income from participations		1,724	1,597
- of which from other non-consolidated participations		1,724	1,597
Result from real estate		1,524	1,790
Other ordinary income		0	36
Result from ordinary activities		3,326	3,725
Total operating income		1,450,313	1,404,851
Personnel expenses	3.3	(844,956)	(825,873)
General and administrative expenses	3.4	(223,173)	(207,261)
Total operating expenses		(1,068,129)	(1,033,134)
Value adjustments on participations and depreciation of tangible fixed assets	1.6, 1.8	(5,573)	(7,737)
Changes to provisions and other value adjustments, losses	1.14	(1,510)	(9,260)
Operating result		375,101	354,720
Extraordinary income		909	1,181
Extraordinary expenses		(64)	0
Change in reserves for general banking risks	1.14	(54,210)	(93,341)
Taxes	3.6	(51,628)	(54,559)
Consolidated profit		270,108	208,001

Cash flow statement

	31.12.2021		31.12.2020	
	Source	Use	Source	Use
	In thousands CHF	In thousands CHF	In thousands CHF	In thousands CHF
Profit of the period	270,108		208,001	
Change in reserves for general banking risks	54,210		93,341	
Value adjustments on participations and depreciation of tangible fixed assets	5,573		7,737	
Provisions and other value adjustments	7,096	8,619	11,370	10,454
Accrued income and prepaid expenses	50,545			24,592
Accrued expenses and deferred income	36,739		77,062	
Other assets	31,589		57,994	
Other liabilities		17,916	30,382	
Dividend and others distributions		255,131		193,099
Cash flow from operating activities	455,860	281,666	485,887	228,145
Shareholder reimbursement				
Other contribution	3,947		2,224	
Foreign currency translation differences		3,845		4,476
Cash flow from shareholder's equity transactions	3,947	3,845	2,224	4,476
Non consolidated participations		4,077		1,760
Real estate		91,591		46,695
Other tangible fixed assets		4,092		3,565
Cash flow from investment activities	0	99,760	0	52,020
Cash flow from banking operations				
Amounts due to banks				
Amounts due in respect of customer deposits	5,750			20,500
Amounts due from customers	10,138			8,129
Financial investments	19,670			894,195
Medium to long-term operations (> 1 year)	35,558	0	0	922,824
Amounts due to banks	461,333			111,075
Amounts due in respect of customer deposits	2,020,085		2,032,644	
Negative replacement values of derivative financial instruments		112,345	241,043	
Liabilities from other financial instruments at fair value		187,572	128,439	
Amounts due from banks		223,433		417,675
Amounts due from customers		846,033	349,391	
Trading portfolio assets				
Positive replacement values of derivative financial instruments	184,875			226,367
Other financial instruments at fair value	157,907			107,399
Financial investments		110,465	154,274	
Short-term operations	2,824,200	1,479,848	2,905,791	862,516
Liquidity				
Liquid assets		1,454,446		1,323,921
Balance	3,319,565	3,319,565	3,393,902	3,393,902

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	722,992	423,668	(25,502)	208,001	1,402,869
Other contributions		3,947				3,947
Foreign currency translation differences				(3,845)		(3,845)
Dividends and others distributions		(47,130)			(208,001)	(255,131)
Allocations to the reserves for general banking risks			54,210			54,210
Profit of the period					270,108	270,108
Shareholders' equity at the end of the reporting period	73,710	679,809	477,878	(29,347)	270,108	1,472,158

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 2021, the Group employed 2,616 full-time equivalents (FTEs), compared with 2,506 at the end of 2020.

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:

	31.12.2021	31.12.2020
USD	0.9112	0.8839
EUR	1.0362	1.0816
GBP	1.2341	1.2083

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”.

Derivative financial instruments

Trading and cash management activities

All derivative financial instruments are measured at fair value. 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. Positive and negative replacement values are reported in the balance sheet.

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.

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 dividends or 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.

Shares of funds held to cover market risks resulting from liabilities related to deferred payments of variable compensation are recorded at the 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 2021.

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 2021.

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	90	10,097
- of which with unrestricted right to resell or pledge	90	10,097
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	94	10,602
- 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		5,516,122	17,277	5,533,399
Total loans (before netting with value adjustments)	Current year	5,516,122	17,277	5,533,399
	Previous year	4,630,530	66,996	4,697,526
Total loans (after after netting value adjustments)	Current year	5,516,122	17,277	5,533,399
	Previous year	4,630,530	66,974	4,697,504
Off-balance sheet				
Contingent liabilities		261,662	69,213	330,875
Irrevocable commitments		1,246,883	21,365	1,268,248
Total off-balance sheet	Current year	1,508,545	90,578	1,599,123
	Previous year	1,332,708	114,226	1,446,934
Impaired loans				
	Current year	0	0	0
	Previous year	22	0	22

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	64,120	86,371
Equity securities	462,878	602,339
Structured products	33,737	29,932
Total other financial instruments at fair value	560,735	718,642
Total assets	560,735	718,642
- of which determined using a valuation model	0	0
- of which securities eligible for repo transactions in accordance with liquidity requirements	320	0
LIABILITIES		
Other financial instruments at fair value		
Certificates	595,568	783,140
Total liabilities	595,568	783,140
- 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	473	473	112,984	483	1,288	112,434	
Options (OTC)	60	60	26,934				
Foreign exchange/Precious metals							
Forward contracts	350,094	337,644	52,236,843	7,269	949	448,012	
Combined interest rate/currency swaps	26,900	122,958	6,072,430				
Options (OTC)	4,723	4,787	995,743				
Equity securities/Indices							
Futures			20,145				
Options (OTC)	476	476	7,191				
Options (exchange traded)	155	15	11,741				
Credit derivatives							
Credit default swap							
	Current year	382,881	466,413	59,484,011	7,752	2,237	560,446
Total before netting agreements	<i>- of which, determined using a valuation model</i>	382,726	466,398	-	7,752	2,237	-
	Previous year	563,208	579,129	57,475,441	13,680	3,246	662,181
	<i>- of which, determined using a valuation model</i>	561,529	579,027	-	13,680	3,246	-
			Positive replacement values (accumulated)		Negative replacement values (accumulated)		
			In thousands CHF		In thousands CHF		
Total after netting agreements	Current year		84,304		84,319		
	Previous year		154,152		154,254		
				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)				141	13,974	70,189	

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	3,732,727	3,733,677	3,666,753	3,725,521
- of which intended to be held to maturity	3,732,727	3,733,677	3,666,753	3,725,521
- of which available for sale	0	0	0	0
Equity securities	30,840	31,339	6,019	6,779
Total financial investments	3,763,567	3,765,016	3,672,772	3,732,300
- of which securities eligible for repo transactions in accordance with liquidity requirements	2 233 145	-	2 324 209	-

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	3,513,116	219,611	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	Reclassi- fication	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	8,056	(647)	7,409	0	4,079	(2)	(309)	0	11,177	-
Total non-consolidated participations	8,056	(647)	7,409	0	4,079	(2)	(309)	0	11,177	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 %)	Proportion of holding/voting rights (in %)	Direct/indirect ownership	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
Lasphère 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 Sàrl	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
LOIM Sustainable Private Credit GP S.à.r.l.	Luxembourg	Distributor of CIS	USD 20,000	100	0	indirect	-
Lombard Odier T&O Services (Europe) S.A.	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.	BRL 24,200,000	100	100	indirect	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 %)	Proportion of holding/ voting rights (in %)	Direct/ indirect ownership	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 SA	Geneva	Financial services	CHF	4,500,000	2	3	indirect	indirect
Elus SA	Lausanne	Financial services	CHF	1,500,000	23	0	indirect	-
SystemIQ Limited	London	Consulting company	GBP	1,037	6/7	0	indirect	-

The Group does not have any significant position in equity securities of undertakings recognised under financial investments (2020: none).

In addition, there are no commitments to purchase further shares or to dispose of shares (2020: 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	191,823	(14,071)	177,752	0	91,526	(1)	(1,942)	267,335
Other real estate	15,737	(15,123)	614	0	64	2	(178)	502
Software	15,122	(14,419)	703	0	1,128	0	(680)	1,151
Other tangible fixed assets	73,585	(70,219)	3,366	0	2,986	(22)	(2,464)	3,866
Total tangible fixed assets	296,267	(113,832)	182,435	0	95,704	(21)	(5,264)	272,854

Operational leasing

Current year Previous year

	In thousands CHF	In thousands CHF
Off balance sheet leasing commitments		
within 12 months	33,508	32,523
between 12 months and 5 years	95,060	89,336
after 5 years	22,829	32,563
Total off balance sheet leasing commitments	151,397	154,422
- of which cancelable within 12 months	3,918	2,486

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	13,400	54,540
Settlement accounts	19,087	8,841
Coupons	0	1,514
Indirect taxes	8,224	4,335
Compensation account	0	67
Other assets	15,718	18,721
Total other assets	56,429	88,018
Other liabilities		
Settlement accounts	55,530	65,125
Coupons	63	218
Indirect taxes	29,129	26,418
Compensation account	5,720	10,366
Other liabilities	16,210	22,441
Total other liabilities	106,652	124,568

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	68,112	68,112	59,089	59,089
Amounts due from customers	654	654	49,769	49,769
Financial investments	385,662	385,662	323,952	323,952

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
Amounts due in respect of customer deposits	56,683	48,990
Total liabilities to own pension funds	56,683	48,990

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	13,400	0	13,400	54,540	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	16.7%	0	0	551	27,341	25,925
Fondation complémentaire de prévoyance du groupe Lombard Odier	-	0	0	204	14,709	14,338

Any surplus in the schemes belong to the pension institution and will be used for the benefit of the employees. The Group's governing bodies therefore consider that, as a result, there will be no economic benefit for the Group. At 31 December 2021, 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 2021, on the basis of the non-audited financial statements, to be 116.7% 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 Supplementary Pension 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 27% 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	-	520,068	0	0	520,068
Interest-rate instruments with own debenture component	-	75,500	0	0	75,500
Total	0	595,568	0	0	595,568

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	92,227	0	0	0	-	5,925	(5,755)	92,397
Provisions for other business risks	12,970	(1,221)	(10)	0	0	1,033	(1,482)	11,290
Other provisions	151	(151)	0	0	0	138	0	138
Total provisions	105,348	(1,372)	(10)	0	0	7,096	(7,237)	103,825
Reserves for general banking risk	423,668	-	0	0	-	54,210	0	477,878
Value adjustment for default risks from impaired loans	22	(22)	0	0	0	0	0	0
Value adjustments for default and country risks	22	(22)	0	0	0	0	0	0

“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
Holders of qualified participations	595	485,507	306	485,879
Transactions with members of governing bodies	2,172	2,584	2,255	9,837

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	10,359,465	-	-	-	-	-	10,359,465
Amounts due from banks	1,075,293	0	0	0	0	0	1,075,293
Amounts due from customers	85,076	349,831	3,357,625	1,600,063	140,804	0	5,533,399
Positive replacement values of derivatives financial instruments	390,160	-	-	-	-	-	390,160
Other financial instruments at fair value	560,735	-	-	-	-	-	560,735
Financial investments	30,840	0	129,355	630,016	2,684,250	289,106	3,763,567
Total current year	12,501,569	349,831	3,486,980	2,230,079	2,825,054	289,106	21,682,619
Total previous year	11,326,197	229,355	2,898,437	1,822,875	2,677,119	466,849	19,420,832
Liabilities/financial instruments							
Amounts due to banks	1,098,562	0	0	0	0	0	1,098,562
Amounts due in respect of customer deposits	17,409,201	205,350	227,550	250	13,000	0	17,855,351
Negative replacement values of derivatives financial instruments	468,177	-	-	-	-	-	468,177
Liabilities from other financial instruments at fair value	595,568	-	-	-	-	-	595,568
Total current year	19,571,508	205,350	227,550	250	13,000	0	20,017,658
Total previous year	17,350,537	224,520	221,100	27,000	7,250	0	17,830,407

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	9,431,316	928,149	8,374,004	531,015
Amounts due from banks	550,385	524,908	96,698	755,162
Amounts due from customers	1,400,588	4,132,811	1,239,270	3,458,234
Positive replacement values of derivatives financial instruments	123,164	266,996	185,461	389,574
Other financial instruments at fair value	20,417	540,318	27,498	691,144
Financial investments	125,182	3,638,385	283,414	3,389,358
Accrued income and prepaid expenses	61,252	104,632	79,610	136,819
Non-consolidated participations	7,197	3,980	6,896	513
Tangible fixed assets	268,588	4,266	178,692	3,743
Other assets	24,824	31,605	69,206	18,812
Total assets	12,012,913	10,176,050	10,540,749	9,374,374
Liabilities				
Amounts due to banks	643,796	454,766	265,493	371,736
Amounts due in respect of customer deposits	5,080,071	12,775,280	4,416,865	11,412,651
Negative replacement values of derivatives financial instruments	274,117	194,060	228,893	351,629
Liabilities from other financial instruments at fair value	297,108	298,460	371,256	411,884
Accrued expenses and deferred income	293,692	194,978	258,809	193,122
Other liabilities	84,638	22,014	96,747	27,821
Provisions	100,377	3,448	102,042	3,306
Reserves for general banking risks	477,878	0	423,668	0
Share capital	73,710	0	73,710	0
Retained earnings reserve	679,809	0	722,992	0
Foreign currency translation reserve	(29,347)	0	(25,502)	0
Consolidated profit	168,404	101,704	126,328	81,673
Total liabilities	8,144,253	14,044,710	7,061,301	12,853,822

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	12,012,913	54	10,540,749	53
Other European countries	6,783,460	31	5,802,221	29
North America	1,105,989	5	1,579,353	8
The Caribbean and South America	968,507	4	740,076	4
Asia and Middle East	1,110,374	5	1,063,576	5
Australia/Oceania	75,536	0	70,449	0
Africa	132,184	1	118,699	1
Total assets	22,188,963	100	19,915,124	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	3,644,985	43	3,613,486	48
AA+ – AA-	3,581,518	42	3,168,591	42
A+ – A-	417,580	5	329,196	4
BBB+ – BBB-	268,136	3	211,345	3
BB+ – BB-	45,357	1	25,761	0
B+ – B-	108,952	1	8,641	0
CCC+ – D	960	0	36,159	0
No rating	381,740	5	201,163	3
Total	8,449,228	100	7,594,342	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	9,428,585	930,203	460	217
Amounts due from banks	493,199	72,639	474,563	34,892
Amounts due from customers	1,111,644	1,886,646	1,504,844	1,030,265
Positive replacement values of derivatives financial instruments	271,861	38,626	49,837	29,836
Other financial instruments at fair value	52,483	38,980	341,698	127,574
Financial investments	113,867	1,329,545	2,269,116	51,039
Accrued income and prepaid expenses	60,615	32,309	63,980	8,980
Non consolidated participations	11,176	1	0	0
Tangible fixed assets	269,736	850	441	1,827
Other assets	22,451	6,200	15,061	12,717
Total balance sheet assets	11,835,617	4,335,999	4,720,000	1,297,347
Delivery entitlements from spot exchange transactions, foreign exchange forwards and foreign exchange options	18,488,040	10,979,536	23,219,575	6,189,957
Total assets	30,323,657	15,315,535	27,939,575	7,487,304
Liabilities				
Amounts due to banks	74,987	175,585	541,243	306,747
Amounts due in respect of customer deposits	4,005,887	5,528,529	6,946,222	1,374,713
Negative replacement values of derivatives financial instruments	359,201	20,215	57,108	31,653
Liabilities from other financial instruments at fair value	53,088	39,677	371,406	131,397
Accrued expenses and deferred income	295,058	41,828	52,422	99,362
Other liabilities	65,459	16,336	19,728	5,129
Provisions	103,146	679	0	0
Reserves for general banking risks	477,878	0	0	0
Share capital	73,710	0	0	0
Retained earnings reserve	679,809	0	0	0
Foreign currency translation reserve	(29,347)	0	0	0
Consolidated profit	270,108	0	0	0
Total balance sheet liabilities	6,428,984	5,822,849	7,988,129	1,949,001
Delivery obligations from spot exchange transactions, foreign exchange forwards and foreign exchange options	24,231,704	9,318,598	19,905,449	5,487,254
Total liabilities	30,660,688	15,141,447	27,893,578	7,436,255
Net position by currency	(337,031)	174,089	45,997	51,050

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	330,875	327,823
Total contingent liabilities	330,875	327,823

2.2 Breakdown of fiduciary transactions

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Fiduciary investments with third-party companies	7,192,881	7,177,289
Fiduciary transactions arising from securities lending and borrowing, which the Group conducts in its own name for the account of customers	1,388,181	1,078,527
Total	8,581,062	8,255,816

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	66,625	59,726
Assets under discretionary management agreements	69,292	60,083
Assets under advisory agreements	28,567	23,087
Other managed assets	52,868	51,084
Total managed assets (including double-counting)	217,352	193,980
<i>- of which double-counted</i>	<i>45,205</i>	<i>39,800</i>
Presentation of the development of managed assets		
Total managed assets (including double-counting) at the beginning of the year	193,980	177,627
+/- Net new money inflow/outflow	11,764	13,614
+/- Market price impact, interest, dividends and currency development	12,792	3,471
+/- Other impacts	(1,184)	(732)
Total managed assets (including double-counting) at the end of the year	217,352	193,980

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	12,366	49,387
Trading for the account of the customers	90,210	95,339
Total trading results	102,576	144,726

	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	96,533	105,027
- equity securities	1,526	33,682
- precious metals	4,517	6,017
Total trading results	102,576	144,726
- of which from the fair value option	1,469	1,325
- of which from the fair value option on assets	1,469	1,325

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)	(53,057)	(48,631)
Negative interest on deposits		
Interest expense payed	(8,679)	(8,289)
Negative interest on deposits (decrease in interest expense)	32,042	31,758
Positive balance reported in interest and discount income	(23,363)	(23,469)
<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	700,513	691,044
Social insurance obligations	126,268	118,873
Other personnel expenses	18,175	15,956
Total	844,956	825,873

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 2021, the amount of deferred payments amounted to CHF 48.8 million (2020: CHF 75.7 million).

3.4 Breakdown of general and administrative expenses

	Current year	Previous year
	In thousands CHF	In thousands CHF
Expenses relating to premises	47,495	44,861
Expenses relating to information and communication technologies	49,050	42,753
Expenses relating to financial information	29,819	28,002
Travel and entertainment expenses	7,289	6,978
Professional services	25,097	20,825
Fees of audit firm	3,476	3,742
- of which for financial and regulatory audits	2,330	2,724
- of which for other services	1,146	1,018
Taxes and indirect taxes	13,089	12,970
Office, telecommunications and insurance premium costs	17,225	17,944
Communications and sponsorship expenses	27,494	25,169
Other operating expenses	3,139	4,017
Total	223,173	207,261

3.5 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	In thousands	In thousands	In thousands
	CHF	CHF	CHF	CHF
Net result from interest operations	73,991	12,036	87,901	11,694
Result from commission business and services	815,261	443,123	741,897	414,908
Result from trading activities and the fair value option	91,252	11,324	133,074	11,652
Result from ordinary activities	4,688	(1,362)	2,843	882
Total income	985,192	465,121	965,715	439,136
Personnel expenses	(565,966)	(278,990)	(532,705)	(293,168)
General and administrative expenses	(164,403)	(58,770)	(156,670)	(50,591)
Total expenses	(730,369)	(337,760)	(689,375)	(343,759)
Value adjustments on participations and depreciation of tangible fixed assets	(3,800)	(1,773)	(6,111)	(1,626)
Changes to provisions and other value adjustments, losses	66	(1,576)	(8,388)	(872)
Operating result	251,089	124,012	261,841	92,879

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

	Current year	Previous year
	In thousands	In thousands
	CHF	CHF
Creation of provisions for deferred taxes	5,925	7,399
Release of provisions for deferred taxes	(5,755)	(6,716)
Current year tax expense	51,458	53,876
Total income tax expense	51,628	54,559

Average tax rate on the basis of consolidated profit before tax 16.0% 20.8%

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 4.3 million (2020: 7.2 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 13 to 49), for the year ended 31 December 2021.

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 2021 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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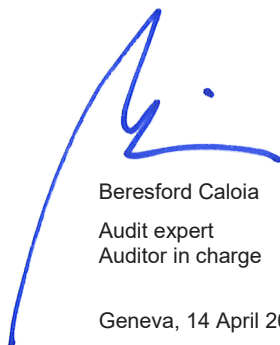
Report on other legal requirements

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, 14 April 2022



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 licensed as Trustee by the FINMA and supervised by a supervisory organisation approved by 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 National Bank of Belgium (NBB) 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.

Spain

Lombard Odier (Europe) S.A. · Sucursal en España³
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 M495135. CIF A85921898. CNMV registration 231.

United Kingdom

Lombard Odier (Europe) S.A. UK Branch³
T +44 (0)20 3206 60 00 · london@lombardodier.com
The Bank is 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

South Africa

South Africa Representative Office ·
Bank Lombard Odier & Co Ltd
T +27 (0) 10 015 58 07 · 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.

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 ("SFC") to carry on Type 1, Type 4 and Type 9 regulated activities under the Securities and Futures Ordinance ("SFO") 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
An exempt financial adviser under the Financial Advisers Act (Chapter 110) and 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 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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