



**LOMBARD ODIER**  
LOMBARD ODIER DARIER HENTSCH

**Lombard Odier Group  
Basel III Pillar 3 Disclosures  
at 30 June 2022**



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# Introduction

This document aims to provide our counterparties, external analysts, rating agencies, control bodies and our clients with detailed information relating to Lombard Odier Group's risk profile, including its regulatory capital, risk weighted assets (RWAs), liquidity and leverage exposures.

This report is produced and published twice a year in accordance with FINMA requirements and as prescribed in the circular 2016/1 'Disclosure – banks' which includes the implementation of the revised Pillar 3 disclosure requirements issued by the Basel Committee on Banking Supervisions (BCBS) in March 2017, the reporting frequency for each disclosure requirement is either annual or semi-annual. In accordance with the marginal number 14.2 of FINMA Circular 2016/1, Lombard Odier Group (the "Group") has limited the disclosures included in the report to the quantitative and qualitative information considered to be pertinent. More information regarding qualitative and quantitative Pillar 3 disclosures can be found in the document "Lombard Odier Group, Basel III Pillar 3 Disclosures at 31 December 2021" published in the media relations section of the Lombard Odier website.

It must be noted that the figures presented were individually rounded to the closest value depending on the scale chosen. They have not been adapted to match the totals, themselves also rounded to the closest value.

# KM1 – Key metrics

In thousands CHF		a	c	e
		30.06.2022	31.12.2021	30.06.2021
<b>Available capital</b>				
1	Common Equity Tier 1 (CET1)	1,482,101	1,467,612	1,441,735
2	Tier 1	1,499,169	1,484,680	1,455,508
3	Total capital	1,499,169	1,484,680	1,455,508
<b>Risk weighted assets (RWA)</b>				
4	Total RWA	5,030,534	5,145,264	4,948,558
4a	Minimal capital requirement	402,443	411,621	395,885
<b>Risk-based capital ratios as a percentage of RWA</b>				
5	Common Equity Tier 1 ratio (%)	29.5%	28.5%	29.1%
6	Tier 1 ratio (%)	29.8%	28.9%	29.4%
7	Total capital ratio (%)	29.8%	28.9%	29.4%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>				
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (i.e., after the CET1 allocated to cover minimum capital requirements and any TLAC requirements) (%)	21.8%	20.9%	21.4%
<b>FINMA capital ratio requirements as a percentage of RWA</b>				
12a	CET1 buffer (CAO, Annex 8)	4.0%	4.0%	4.0%
12b	Countercyclical buffer (CAO, Art. 44 and 44a) (%)	0.0%	0.0%	0.0%
12c	CET1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a) (%)	7.8%	7.8%	7.8%
12d	Tier 1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a) (%)	9.6%	9.6%	9.6%
12e	Total regulatory capital requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a) (%)	12.0%	12.0%	12.0%
<b>Basel III leverage ratio</b>				
13	Total Basel III leverage ratio exposure measure	25,540,694	23,330,227	21,793,889
14	Basel III leverage ratio (%)	5.9%	6.4%	6.7%
<b>Liquidity coverage ratio (3-month average)</b>				
15	Total high-quality liquid assets	13,849,714	13,179,717	13,013,645
16	Total net cash outflow	6,384,427	6,410,787	5,987,872
17	Short-term liquidity coverage ratio (LCR) (%)	217%	206%	217%
<b>Net stable funding ratio<sup>1</sup></b>				
18	Available stable funding	12,954,451	12,196,244	
19	Required stable funding	5,064,885	4,638,518	
20	Net stable funding ratio (NSFR)	256%	263%	

<sup>1</sup> NSFR became effective 1 July 2021 (no retrospective application).

## OV1 – Overview of risk-weighted assets

In thousands CHF

	Risk Weighted Assets 30.06.2022	Risk Weighted Assets 31.12.2021	Minimal Capital requirements 30.06.2022
<b>1 Credit risk (excluding CCR – counterparty credit risk)</b>	<b>2,116,375</b>	<b>2,239,893</b>	<b>169,310</b>
2 <i>of which standardised approach (SA)</i>	1,800,262	1,967,038	144,021
<i>of which non-counterparty related risk</i>	316,113	272,854	25,289
<b>6 Counterparty credit risk</b>	<b>178,722</b>	<b>188,876</b>	<b>14,298</b>
7 <i>of which standardised approach for counterparty credit risk (SA-CCR)</i>	178,722	188,876	14,298
<b>10 Credit valuation adjustment (CVA)</b>	<b>59,483</b>	<b>63,165</b>	<b>4,759</b>
<b>14 Equity investments in funds – fall-back approach</b>	<b>1,472</b>	<b>1,868</b>	<b>118</b>
<b>20 Market risk</b>	<b>71,043</b>	<b>106,423</b>	<b>5,683</b>
21 <i>of which standardised approach</i>	71,043	106,423	5,683
<b>24 Operational risk</b>	<b>2,602,756</b>	<b>2,544,468</b>	<b>208,221</b>
<i>of which basic indicator approach</i>	2,602,756	2,544,468	208,221
<b>25 Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>682</b>	<b>571</b>	<b>55</b>
<b>27 Total (1+6+10+12+14+15+20+24+25+26)</b>	<b>5,030,534</b>	<b>5,145,264</b>	<b>402,443</b>

The decrease of RWA for credit risk by CHF 123.5 million and the increases of RWA for operational risk by CHF 58.3 million compared to year-end 2021 are respectively linked to higher quality assets in collateral to lombard credits following a rebalancing of investments in clients' portfolio and to the growth of the Group revenues.

## Information on the liquidity coverage ratio (LCR)

Switzerland's Liquidity Ordinance and FINMA circular 2015/2 "Liquidity risks – banks" make it a regulatory requirement for the Group to calculate and monitor its liquidity coverage ratio (LCR). The LCR provides banks with a metric to assist them in ensuring that they hold a sufficient quantity of highly liquid assets to enable them to withstand a short-term (30-day) company-specific stress situation which coincides with a period of general market stress.

### Composition of High Quality Liquid Assets ("HQLA")

Lombard Odier Group holds a pool of unencumbered HQLA that are readily available to meet cash-flow obligations under stress scenarios, as defined in the LCR rules. The liquid assets mainly include Level 1 HQLA, which comprises cash deposited to the Swiss National Bank, highly rated bonds issued by governments and supranational entities, and mortgage bonds.

### Derivative exposure and potential collateral calls

Derivative exposures are mainly from, but not limited to foreign-exchange forwards and swaps and interest rate swaps. All derivative positions are marked-to-market daily, affecting the collateral amounts posted to and received from interbank counterparties and/or exchanges. Cash flows resulting from potential changes in collateral amounts posted/received are incorporated into LCR net cash outflows.

### Concentration of funding sources

In addition to capital, client deposits represent the main funding source. They are diversified across the clients base. More than 45% of deposits are held into accounts with cash balances below CHF 5 million which represent more than 95% of the client accounts.

# LIQ1 – Liquidity coverage ratio

In thousands CHF

	Q2 2022		Q1 2022	
	3-month average		3-month average	
	unweighted values	weighted values	unweighted values	weighted values
<b>High-quality liquid assets (HQLA)</b>				
<b>1 Total high-quality liquid assets (HQLA)</b>		<b>13,849,714</b>		<b>13,887,272</b>
<b>Cash outflows</b>				
2 Retail deposits	10,299,163	1,524,063	10,193,855	1,525,243
3 <i>of which, stable deposits</i>	-	-	-	-
4 <i>of which, less stable deposits</i>	10,299,163	1,523,928	10,193,855	1,525,243
5 Unsecured wholesale funding	10,334,361	7,255,775	9,679,307	6,634,706
6 <i>of which, operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7 <i>of which, non-operational deposits (all counterparties)</i>	10,334,361	7,255,775	9,679,307	6,634,706
8 <i>of which, unsecured debt</i>	-	-	-	-
9 Secured wholesale funding and collateral swaps	60,310	4,198	34,789	143
10 Other outflows	2,667,573	786,067	2,607,635	926,924
11 <i>of which, outflows related to derivative exposures and other transactions</i>	1,092,589	534,477	1,170,590	687,794
12 <i>of which, outflows related to loss of funding on asset-backed securities, covered bonds and other structured financing instruments, asset-backed commercial papers, conduits, securi- ties investment vehicles and other such financing facilities</i>	-	-	-	-
13 <i>of which, outflows related to committed credit and liquidity facilities</i>	1,574,983	251,590	1,437,045	239,130
14 Other contractual funding obligations	-	-	-	-
15 Other contingent funding obligations	4,776,916	16,934	4,710,660	17,112
<b>16 Total cash outflows</b>		<b>9,587,036</b>		<b>9,104,128</b>
<b>Cash inflows</b>				
17 Secured lending (e.g. reverse repos)	10,991	10,991	5,714	5,714
18 Inflows from fully performing exposures	4,239,898	3,069,435	3,740,703	2,514,731
19 Other cash inflows	122,183	122,183	54,167	54,167
<b>20 Total cash inflows</b>	<b>4,373,072</b>	<b>3,202,609</b>	<b>3,800,584</b>	<b>2,574,612</b>
		<b>Adjusted values</b>		<b>Adjusted values</b>
<b>21 Total high-quality liquid assets (HQLA)</b>		<b>13,849,714</b>		<b>13,887,272</b>
<b>22 Total net cash outflows</b>		<b>6,384,427</b>		<b>6,529,515</b>
<b>23 Liquidity coverage ratio (in %)</b>		<b>217%</b>		<b>213%</b>



## LIQ2 – Net Stable Funding Ratio (NSFR)

In thousands CHF

	30.06.2022				
	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
No maturity	< 6 months	6 months to < 1 year	>= 1 year		
<b>Available stable funding (ASF)</b>					
1 Capital:	1,499,169	-	-	-	1,499,169
2 <i>Regulatory capital</i>	1,499,169	-	-	-	1,499,169
4 Retail deposits and deposits from small business customers:	9,817,394	232,091	-	-	9,044,537
6 <i>Less stable deposits</i>	10,049,485	232,091	-	-	9,044,537
7 Wholesale funding:	4,622,955	141,996	-	-	2,382,475
9 <i>Other wholesale funding</i>	4,622,955	141,996	-	-	2,382,475
11 Other liabilities:	7,398,013	578,688	76,473	183,742	28,270
12 <i>NSFR derivative liabilities</i>	-	554,169	76,473	6,431	-
13 <i>All other liabilities and equity not included in the above categories</i>	7,398,013	24,519	-	177,311	28,270
<b>14 Total ASF</b>					<b>12,954,451</b>
<b>Required stable funding (RSF)</b>					
15 Total NSFR high-quality liquid assets (HQLA)	10,580,723	303,027	559,901	2,967,455	441,575
17 Performing loans and securities:	2,974,025	3,836,966	1,055,885	969,909	3,761,832
18 <i>Performing loans to financial institutions secured by Level 1 and 2a HQLA</i>	-	-	-	-	-
19 <i>Performing loans to financial institutions secured by non-Level 1 or 2a HQLA and unsecured performing loans to financial institutions</i>	2,507,522	369,652	106,207	22,143	506,823
20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>	343,904	3,436,779	926,455	140,228	2,472,763
21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
24 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	122,599	30,536	23,222	807,538	782,246
26 Other assets:	576,401	11,420	5,742	1,090,229	767,114
29 <i>NSFR derivative assets</i>	-	-	-	910,702	-
31 <i>All other assets not included in the above categories</i>	576,401	11,420	5,742	179,527	767,114
32 Off-balance sheet items		45,171	73,613	1,768,504	94,364
<b>33 Total RSF</b>					<b>5,064,885</b>
<b>34 Net Stable Funding Ratio (%)</b>					<b>256%</b>

## LIQ2 – Net Stable Funding Ratio (NSFR)

In thousands CHF

	31.03.2022				
	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
No maturity	< 6 months	6 months to < 1 year	>= 1 year		
<b>Available stable funding (ASF)</b>					
1 Capital:	1,482,167	-	-	-	1,482,167
2 <i>Regulatory capital</i>	1,482,167	-	-	-	1,482,167
4 Retail deposits and deposits from small business customers:	10,115,736	175,174	-	2,500	9,264,319
6 <i>Less stable deposits</i>	10,115,736	175,174	-	2,500	9,264,319
7 Wholesale funding:	4,968,136	186,897	-	-	2,577,517
9 <i>Other wholesale funding</i>	4,968,136	186,897	-	-	2,577,517
11 Other liabilities:	5,187,417	277,057	66,373	115,681	28,080
12 <i>NSFR derivative liabilities</i>	-	250,843	66,373	5,382	-
13 <i>All other liabilities and equity not included in the above categories</i>	5,187,417	26,214	-	110,298	28,080
<b>14 Total ASF</b>					<b>13,352,083</b>
<b>Required stable funding (RSF)</b>					
15 Total NSFR high-quality liquid assets (HQLA)	10,330,161	560,118	286,908	3,229,900	439,809
17 Performing loans and securities:	1,277,951	3,907,766	934,338	1,044,396	3,595,731
18 <i>Performing loans to financial institutions secured by Level 1 and 2a HQLA</i>	-	-	-	-	-
19 <i>Performing loans to financial institutions secured by non-Level 1 or 2a HQLA and unsecured performing loans to financial institutions</i>	796,357	258,725	138,439	83,177	310,659
20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>	330,869	3,617,514	776,812	169,298	2,506,501
21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
24 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	150,724	31,527	19,087	791,922	778,572
26 Other assets:	564,020	9,669	3,250	560,993	688,830
29 <i>NSFR derivative assets</i>	-	-	-	447,307	1,765
31 <i>All other assets not included in the above categories</i>	556,650	9,669	3,250	113,686	687,065
32 Off-balance sheet items	-	34,584	72,855	1,725,063	91,625
<b>33 Total RSF</b>					<b>4,815,995</b>
<b>34 Net Stable Funding Ratio (%)</b>					<b>277%</b>

In the second quarter of 2022, the NSFR decreased 21 percentage point to 256%, remaining above the prudential requirement communicated by FINMA. This reflected a CHF 397.6 million decrease in available stable funding, mainly driven by lower retail deposits and deposits from small business customers and, other wholesale funding, combined with a CHF 248.9 million increase in required stable funding, mainly in performing loans and securities.

This report is published in English.  
It is also available in PDF format for download from our website, [www.lombardodier.com](http://www.lombardodier.com).

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Published August 2022.

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