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MEDIA RELEASE

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LOMBARD ODIER CO-SPONSORS LANDMARK INNOVATIVE FINANCING TRANSACTION IN THE HUMANITARIAN SPACE

Supports Physical Rehabilitation Services in Conflict Affected Countries

Lombard Odier is pleased to announce its support for a landmark transaction realized by a leading humanitarian agency, which has the potential to transform the way initiatives with a high social impact are financed.

The “Program for Humanitarian Impact Investment (PHII)” is the world’s first high-impact private debt transaction launched by the International Committee of the Red Cross (ICRC), with the help of Lombard Odier who acts as co-sponsor of this project. It involves a number of European parties, including governments and private investors, which have successfully collaborated to commit CHF 26 million to fund the construction and operation of three physical rehabilitation centres of the ICRC in Mali, Nigeria and the Democratic Republic of the Congo.

The transaction tangibly links a targeted social outcome to a financial return and has been structured as a private loan transaction rather than the more familiar Social Impact Bond structure. There are seven sophisticated investors, or ‘Social Investors’, including Fondation Lombard Odier and an institutional investor from the insurance industry, which will provide the capital investment to fund the ICRC’s five-year programme. Kois Invest acted as an advisor and Lenz & Staehelin served as legal advisor to Lombard Odier.

At the end of the period, ‘Outcome Funders’ – in this case the governments of Belgium, Italy, Switzerland and UK as well as ‘la Caixa’ Foundation – will pay the ICRC based on the results achieved. These funds will be used to pay back the social investors either in part, in full, or with additional return, depending on the level of efficiency reported from the three centres.

Supporting social and humanitarian causes has long been part of Lombard Odier’s DNA. The Bank is proud to be supporting the ICRC since its inception and this particular transaction reflects its commitment to the fast growing area of Impact Investing.

Patrick Odier, Senior Managing Partner of Lombard Odier, said: “Lombard Odier is proud to support the ICRC in its humanitarian efforts first and foremost, and in co-sponsoring the development of this pioneering transaction. As responsible bankers, it is our role to advise our clients on allocating capital for impact without compromising returns. We have long been at the forefront of the movement towards deeper and broader impact investing solutions on behalf of our clients. We have used this expertise to help construct

an innovative, effective, quality transaction that gives ICRC the long-term financing it needs to provide much needed humanitarian services to people in conflict affected countries.”

Peter Maurer, the ICRC’s president, said: “Today’s humanitarian challenges are immense, causing suffering for many millions of men, women and children around the world. This funding instrument is a radical, innovative but at the same time, logical step for the ICRC. It is an opportunity not only to modernise the existing model for humanitarian action, but to test a new economic model, designed to better support people in need.

“We hope that once the pilot project is proven, it will demonstrate that non-traditional financing models can work. There is great potential for investments that are built around improving the social, environmental and economic conditions so that humanitarian action advances in impact, effectiveness and scale in ways never seen before.”

Commenting on the technical side of the transaction, **Dr Maximilian Martin, Global Head of Philanthropy at Lombard Odier,** added: “The unique financing model brings the learnings from the past decade of experimentation with social impact bond models to the humanitarian sector for the first time. Its pay-for-outcomes approach transfers innovation risk from traditional public sector humanitarian donors to private investors and enables better development outcomes. Meanwhile, the ICRC’s local knowledge and expertise gained from decades of working in these regions allows for transparent data and performance measurement. We believe it is a structure that can be used by other humanitarian groups effectively to bridge the gap between the increasing complexity of humanitarian crises and the pressure on existing sources of funding.”

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About Lombard Odier

Lombard Odier is a leading global wealth and asset manager focused on providing solutions to private and institutional clients, as well as to other financial institutions.

For 221 years, the Group has been solely dedicated to serving clients and has forged a strong tradition of innovation, while staying true to its primary vocation of preserving and growing clients' wealth. It is one of the world's best-capitalised banks, with a highly liquid balance sheet.

Lombard Odier's independent business model, with sole ownership by its Managing Partners, fosters a long term-vision, full alignment of interest and mutual trust with clients.

With 242 billion Swiss francs of total client assets at end-June 2017, Lombard Odier provides a complete offering of wealth management services, including succession planning, discretionary and advisory portfolio management and custody services.

Lombard Odier Investment Managers (Lombard Odier IM), the asset management business of Lombard Odier, offers investment capabilities spanning Fixed Income, Convertible Bonds, Equities, Multi-Asset, Alternatives and Impact Investing. Lombard Odier has also developed cutting-edge banking infrastructure and technological solutions which it offers to other financial institutions.

Lombard Odier Group employs about 2,300 people. Headquartered in Geneva since 1796, the Group has 25 offices in 20 jurisdictions.

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