



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

Lombard Odier Group Basel III Pillar 3 Disclosures at 30 June 2024

Contents

Introduction	04
Key metrics	05
Overview of risk-weighted assets	06
Liquidity risk	07

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 2023" 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
		30.06.2024	31.12.2023	30.06.2023
Available capital				
1	Common Equity Tier 1 (CET1)	1,529,524	1,510,699	1,511,528
2	Tier 1	1,553,443	1,534,618	1,532,720
3	Total capital	1,553,443	1,534,618	1,532,720
Risk weighted assets (RWA)				
4	Total RWA	4,830,302	4,702,496	5,027,236
4a	Minimal capital requirement	386,424	376,200	402,329
Risk-based capital ratios as a percentage of RWA				
5	Common Equity Tier 1 ratio (%)	31.7%	32.1%	30.1%
6	Tier 1 ratio (%)	32.2%	32.6%	30.5%
7	Total capital ratio (%)	32.2%	32.6%	30.5%
Additional CET1 buffer requirements as a percentage of RWA				
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 as per the Basel minimum standards (%)	24.2%	24.6%	22.5%
FINMA capital ratio requirements as a percentage of RWA				
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%
Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	14,132,825	15,702,625	16,650,852
14	Basel III leverage ratio (%)	11.0%	9.8%	9.2%
Liquidity coverage ratio (3-month average) Q2 2024		Q2 2024	Q4 2023	Q2 2023
15	Total high-quality liquid assets	4,779,504	5,840,144	6,667,070
16	Total net cash outflow	2,524,689	3,005,144	3,623,402
17	Short-term liquidity coverage ratio (LCR) (%)	189%	194%	184%
Net stable funding ratio		30.06.2024	31.12.2023	30.06.2023
18	Available stable funding	7,000,758	6,858,046	7,818,127
19	Required stable funding	4,416,876	4,205,925	4,453,318
20	Net stable funding ratio (NSFR)	159%	163%	176%

OV1 – Overview of risk-weighted assets

In thousands CHF

	Risk Weighted Assets 30.06.2024	Risk Weighted Assets 31.12.2023	Minimal Capital requirements 30.06.2024
1 Credit risk (excluding CCR – counterparty credit risk)	1,805,197	1,764,542	144,416
2 <i>of which standardised approach (SA)</i>	1,251,135	1,290,960	100,091
<i>of which non-counterparty related risk</i>	554,062	473,582	44,325
6 Counterparty credit risk	151,380	129,984	12,110
7 <i>of which standardised approach for counterparty credit risk (SA-CCR)</i>	151,380	129,984	12,110
10 Credit valuation adjustment (CVA)	48,733	49,177	3,899
14 Equity investments in funds – fallback approach	71,799	1,651	5,744
20 Market risk	147,953	111,862	11,836
21 <i>of which standardised approach</i>	147,953	111,862	11,836
24 Operational risk	2,605,240	2,645,163	208,419
<i>of which basic indicator approach</i>	2,605,240	2,645,163	208,419
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	116	-
27 Total (1+6+10+12+14+15+20+24+25+26)	4,830,302	4,702,496	386,424

Total RWAs increased by CHF 127.8 million between reporting periods 31.12.2023 and 30.06.2024 and this is mainly explained by the following:

- RWA for credit risk decreased by CHF 40.3 million and is linked to a better quality of the eligible collateral in the loan book.
- RWA for non-counterparty rose by CHF 80.5 million due to the investments made as part of the construction of the new headquarter in Geneva.
- RWA for counterparty credit risk increased by CHF 21.8 million.
- RWAs from equity investment in funds under the fallback approach increased by CHF 70.1 million.
- RWA for market risks increased by CHF 3.1 million mainly due to higher interest rate risk in the trading book.
- Decrease of RWA for operational risk by CHF 39.9 million, which is explained by lower average gross revenues calculated over the previous three years.

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) and its Net stable funding ratio (NSFR). 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. The NSFR shall ensure that banks have a guaranteed stable funding over a one-year time horizon.

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.

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 50% 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 2024		Q1 2024	
		3-month average		3-month average	
		unweighted values	weighted values	unweighted values	weighted values
High-quality liquid assets (HQLA)					
1	Total high-quality liquid assets (HQLA)		4,779,504		5,031,532
Cash outflows					
2	Retail deposits	4,133,774	563,196	4,186,845	566,372
4	<i>of which, less stable deposits</i>	4,133,774	563,196	4,186,845	566,372
5	Unsecured wholesale funding	5,206,320	3,700,686	5,137,343	3,519,185
7	<i>of which, non-operational deposits (all counterparties)</i>	4,777,808	3,700,686	4,716,545	3,519,185
9	Secured wholesale funding and collateral swaps	-	-	406,500	123
10	Other outflows	2,792,872	810,767	2,700,971	797,717
11	<i>of which, outflows related to derivative exposures and other transactions</i>	1,126,078	560,861	1,108,577	549,292
13	<i>of which, outflows related to committed credit and liquidity facilities</i>	1,666,794	249,906	1,592,394	248,425
14	Other contractual funding obligations	801	801	-	-
15	Other contingent funding obligations	5,097,626	19,314	4,791,803	18,899
16	Total cash outflows		5,093,962		4,902,296
Cash inflows					
18	Inflows from fully performing exposures	3,952,429	2,467,794	3,458,755	2,126,695
19	Other cash inflows	101,478	101,478	124,361	124,361
20	Total cash inflows	4,053,907	2,569,273	3,583,116	2,251,056
		Adjusted values		Adjusted values	
21	Total high-quality liquid assets (HQLA)		4,779,504		5,031,532
22	Total net cash outflows		2,524,689		2,651,241
23	Liquidity coverage ratio (in %)		189%		190%

Information on the net stable funding ratio (NSFR)

The NSFR requires banks to maintain a stable funding profile in relation to its on- and off-balance sheet activities. The ratio is defined as the amount of available stable funding (the portion of capital and liabilities expected to be stable source of funding), relative to the amount of required stable funding (a function of the liquidity characteristics of various assets held). The minimum requirement for the NSFR is 100%.

In the second quarter compared to the previous quarter of 2024, the NSFR increased 14 percentage point to 159%, remaining above the prudential requirement communicated by FINMA. This rise reflected a CHF 0.5 billion decrease in required stable funding, mainly due to lower margins paid for the OTC derivative business.

LIQ2 – Net Stable Funding Ratio (NSFR)

In thousands CHF

in thousands CHF

30.06.2024					
	a	b	c	d	e
Unweighted value by residual maturity					Weighted value
	No maturity	< 6 months	6 months to < 1 year	>= 1 year	
Available stable funding (ASF)					
1 Capital:	1,553,443	-			1,553,443
2 Regulatory capital	1,553,443	-			1,553,443
4 Retail deposits and deposits from small business customers:	3,381,897	1,350,653	120,993	-	4,368,189
6 Less stable deposits	3,381,897	1,350,653	120,993	-	4,368,189
7 Wholesale funding:	1,534,621	564,200	3,650	-	1,051,236
8 Operational deposits		-			0
9 Other wholesale funding	1,534,621	564,200	3,650	-	1,051,236
10 Liabilities with matching interdependent assets		0	0	0	0
11 Other liabilities:	3,902,547	173,713	50,407	278,069	27,891
12 NSFR derivative liabilities				278,069	
13 All other liabilities and equity not included in the above categories	3,902,547	173,713	50,407	-	27,891
14 Total ASF					7,000,758
Required stable funding (RSF)					
15 Total NSFR high-quality liquid assets (HQLA)	3,062,296	201,597	705,917	1,756,227	329,871
16 Deposits held at other financial institutions for operational purposes		0			0
17 Performing loans and securities:	923,828	4,151,372	273,106	590,492	2,979,475
19 Performing loans to financial institutions secured by non-Level 1 or 2a HQLA and unsecured performing loans to financial institutions	422,581	218,577	28,137	0	110,242
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	376,697	3,907,258	201,393	35,940	2,273,223
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	124,550	25,537	43,576	554,552	596,010
26 Other assets:	923,085	23,988	4,184	298,101	1,008,102
29 NSFR derivative assets				291,276	13,207
30 NSFR derivative liabilities before deduction of variation margin posted				306,939	61,388
31 All other assets not included in the above categories	923,085	23,988	4,184	6,825	933,507
32 Off-balance sheet items		5,698,489	33,437	971,576	99,427
33 Total RSF					4,416,876
34 Net Stable Funding Ratio (%)					159%

LIQ2 – Net Stable Funding Ratio (NSFR)

In thousands CHF

31.03.2024					
	a	b	c	d	e
Unweighted value by residual maturity					Weighted value
	No maturity	< 6 months	6 months to < 1 year	>= 1 year	
Available stable funding (ASF)					
1	Capital:	1,556,998	-		1,556,998
2	Regulatory capital	1,556,998	-		1,556,998
4	Retail deposits and deposits from small business customers:	3,603,629	1,260,287	70,404	4,504
6	Less stable deposits	3,603,629	1,260,287	70,404	4,504
7	Wholesale funding:	1,667,767	613,901	9,653	-
8	Operational deposits		-		0
9	Other wholesale funding	1,667,767	613,901	9,653	-
10	Liabilities with matching interdependent assets		0	0	0
11	Other liabilities:	3,630,588	231,292	280	293,800
12	NSFR derivative liabilities				293,800
13	All other liabilities and equity not included in the above categories	3,630,588	231,292	280	0
14	Total ASF				7,150,050
Required stable funding (RSF)					
15	Total NSFR high-quality liquid assets (HQLA)	2,477,320	65,190	476,559	2,176,743
16	Deposits held at other financial institutions for operational purposes		0		0
17	Performing loans and securities:	1,047,992	4,028,516	377,774	656,148
19	Performing loans to financial institutions secured by non-Level 1 or 2a HQLA and unsecured performing loans to financial institutions	636,793	229,047	3,790	0
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	298,807	3,749,507	333,275	33,624
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	112,392	49,961	40,708	622,524
26	Other assets:	831,247	26,773	4,887	773,956
29	NSFR derivative assets				765,346
30	NSFR derivative liabilities before deduction of variation margin posted				770,558
31	All other assets not included in the above categories	831,247	26,773	4,887	8,610
32	Off-balance sheet items		29,574	50,555	1,093,628
33	Total RSF				4,945,857
34	Net Stable Funding Ratio (%)				145%

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

IMPORTANT INFORMATION

This report concerns all entities of the Lombard Odier Group. It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful to address such a report.

This report may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Lombard Odier.

Data protection:

As a recipient of this communication please note that we process your personal data including possibly for direct marketing purposes. If you wish to object to this processing, please address your request to the Group's Data Protection Officer: Bank Lombard Odier & Co Ltd, Group Data Protection Officer, 11, Rue de la Corraterie, 1204 Geneva, Switzerland. E-Mail: group-dataprotection@lombardodier.com. If you wish to obtain additional information regarding Lombard Odier's data protection, please refer to www.lombardodier.com/privacy-policy.

Published August 2024.

© 2024 Lombard Odier – all rights reserved. Réf. LOG-FI-en-072024.



LOMBARD ODIER
LOMBARD ODIER DARIER HENTSCH

www.lombardodier.com