

PILLAR 3
*Disclosure
Report*



ODDO BHF

Pillar 3 disclosure report

31/12/2022

1. Regulatory framework

Since January 1st, 2014, the CRD4 Directive and Regulation (EU) no. 575/2013 of the European Parliament and Council of June 26, 2013 (CRR), amended by Regulation no. 876/2019, applicable with immediate effect, has introduced Basel III regulations in Europe. The CRD4 Directive was transposed into French law by the Ministerial Order of November 3, 2014.

The application of Part 8 of the CRR translates for the ODDO BHF group into the disclosure of information contingent to minimum requirements of own funds ("Pillar 1") and the supervisory review and evaluation process ("Pillar 2").

The ODDO BHF group was exempted by ACPR from the application of supervisory requirements on an individual basis, in the conditions laid out in article 7 of the CRR. The set of information disclosed in the following section is based exclusively on the prudential scope of consolidation. In application of article 19 of the CRR, as of December 31, 2022, the prudential scope of consolidation is the same as the accounting scope of consolidation.

2. Composition of regulatory capital

Regulatory capital, which is calculated based on shareholders' equity, comprises three categories, as described below. Each category comprises liability items (capital and debt instruments) extracted from the consolidated financial statements, to which regulatory adjustments have been made.

Since January 1st, 2018, the Group no longer applies transitional arrangements in the determination of the regulatory capital, previously allowed under the CRR.

Common Equity Tier 1 (CET1)

CET1 is calculated as follows:

- the Group's consolidated own funds,
- interim net profits for the Group, under the authorization granted by ACPR to allow the institution to anticipate its inclusion into regulatory capital,
- accumulated other comprehensive income, including gains and losses on available-for-sale financial assets,
- minority interests if any, which are partially derecognised.

Deductions from this calculation base include the following items:

- treasury shares held and valued at their net carrying value,
- intangible assets, including start-up costs and goodwill,
- deferred tax assets and investments in financial-sector entities related to this category (mainly CET 1 instruments),
- a correction to assets and liabilities stated at their fair value as part of the prudent valuation approach (Article 105 CRR).

Additional Tier 1 capital (AT1)

AT1 capital comprises perpetual debt instruments without any redemption incentive or obligation (in particular step-up features).

Investments in financial-sector entities related to this category are deducted from additional Tier 1 capital.

Tier 2 (T2) capital

Tier 2 capital comprises:

- subordinated debt instruments, which must have a minimum maturity of five years. They must not carry any early repayment incentives. These instruments are subject to a haircut during the five-year period prior to their maturity date.

Investments in financial-sector entities related to this category (predominantly subordinated debt instruments).

Table 1: Composition of regulatory capital

Common Equity Tier 1 (CET1) capital: instruments and reserves		31 Dec 2022
<i>in € thousand</i>		
1	Capital instruments and the related share premium accounts	266,324
3	Accumulated other comprehensive income (and other reserves)	783,791
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,050,115
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(3,146)
8	Intangible assets (net of related tax liability) (negative amount)	(115,462)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(3,500)
15	Defined-benefit pension fund assets (negative amount)	(1,816)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(10,191)
22	Amount exceeding the 17.65% threshold (negative amount)	0
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0
25	of which: deferred tax assets arising from temporary differences	0
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(140,685)
29	Common Equity Tier 1 (CET1) capital	909,430
Additional Tier 1 (AT1) capital: instruments		
Additional Tier 1 (AT1) capital: regulatory adjustments		
45	Tier 1 capital (T1 = CET1 + AT1)	909,430
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	5,991
51	Tier 2 (T2) capital before regulatory adjustments	5,991
Tier 2 (T2) capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 (T2) capital	0
58	Tier 2 (T2) capital	5,991
59	Total capital (TC = T1 + T2)	915,421
60	Total risk exposure amount	5,298,618

Table 1: Composition of regulatory capital

in € thousand		31 Dec 2022
Capital ratios and requirements including buffers		
61	Common Equity Tier 1	17.16 %
62	Tier 1	17.16 %
63	Total capital	17.28 %
64	Institution CET1 overall capital requirements	2.56 %
65	of which: capital conservation buffer requirement	2.50 %
66	of which: countercyclical capital buffer requirement	0.06 %
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	0.00 %
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	38,758
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	70,556
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	60,203

Table 2: Capital instruments' main features template

Capital instruments' main features template			
1	Issuer	ODDO BHF SCA	ODDO BHF SE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	FR0004267185	Schuldschein without unique identifier
3	Governing law(s) of the instrument	French	German
Regulatory treatment			
4	Transitional CRR rules	CET 1	Tier 2
5	Post-transitional CRR rules	CET 1	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share	Subordinated debt
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	72.6	6.0
9	Nominal amount of instrument	EUR 72.6m	EUR 12m
9a	Issue price	Diverse	100%
9b	Redemption price	Diverse	100% per cent of Nominal amount
10	Accounting classification	Share capital	Liability - amortised cost
11	Original date of issuance	Diverse	24/01/2005
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	24/01/2025
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates, and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	4.75% per year
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	CET 1	Tier 2
36	Non-compliant transitioned features	N/A	No
37	If yes, specify non-compliant features	N/A	N/A

"N/A" inserted if the question is not applicable

3. Capital adequacy

The ODDO BHF group defines risk appetite as the level of risk that the ODDO BHF group is prepared to incur given its strategic targets which are:

- Maintain its financial resilience and respect risk appetite limits,
- Protect its financial flexibility to allow for organic and external growths,
- Allocate in an appropriate manner the capital between different business lines,
- Maintain the Group's resilience in case of stress,
- Meet stakeholders' requests: supervisory authorities, debt investors, ratings agencies and shareholders

As a consequence, the ODDO BHF group defines a capital target which is built considering internal factors (target rating, risk profile and Group strategy) as well as external factors (minimum own funds requirements).

Meeting this target is ensured by sound financial planning: which aims at matching resources with the Group's capital requirements and at simulating the impact on regulatory capital of operations identified in the budgeting process and in strategic Group planning.

Table 3: Composition of global capital requirements

Composition of capital requirements - 31/12/2022	CET 1	Tier 1	Total capital
Minimum own funds requirement - Pillar 1	4.50%	6.00%	8.00%
Minimum own funds requirement - Pillar 2	1.12%	1.50%	2.00%
Minimum own funds requirement for capital conservation buffer	2.50%	2.50%	2.50%
Minimum own funds requirement for countercyclical capital buffer	0.00%	0.00%	0.00%
Global Capital requirements	8.12%	10.00%	12.50%

Table 4: Risk weighted assets ("RWA")

Exposure to credit risk (standardised approach)	31/12/2022
<i>In €m</i>	
Central governments or central banks	8
Regional governments or local authorities	1
Public sector entities	2
Institutions	280
Corporates	1,955
Retail	5
Secured by mortgages on immovable property	13
Exposures in default	10
Items associated with particular high risk	25
Covered bonds	47
Claims on institutions and corporates with a short-term credit assessment	115
Collective investments undertakings (CIU)	702
Equity	225
Other items	258
Securitisation positions SA	0
Risk exposure amount for contributions to the default fund of a CCP	0
Total credit risk exposure amount	3,645

Table 4: Risk weighted assets ("RWA")

Exposure to settlement / delivery risk	31/12/2022
<i>In €m</i>	
Settlement/delivery risk in the non-Trading book	3
Settlement/delivery risk in the Trading book	0
Total settlement/delivery risk exposure amount	3
Exposure to market risk	
Risk exposure amount under standardised approaches	347
Traded debt instruments	162
Equity	15
Particular approach for position risk in CIUs	1
Foreign Exchange	80
Commodities	89
Risk exposure amount under internal models	0
Total market risk exposure amount	347
Exposure to operational risk	
Basic indicator approach	0
Standardised approach	1,280
Total operational risk exposure amount	1,280
OpR Advanced measurement approaches (AMA)	0
Additional risk exposure amount due to fixed overheads	0
Total risk exposure amount for credit valuation adjustment	24
Total amount of risk weighted assets ("RWA")	5,299

4. Leverage ratio

The ODDO BHF group steers its leverage according to the leverage ratio framework modified by the Delegated Act published October 10, 2014.

Table 5: Summary reconciliation of accounting assets and leverage ratio exposures (LRSum)

<i>In €m</i>	31/12/2022
1 Total assets as per published financial statements	12,742
8 Adjustments for derivative financial instruments	20
9 Adjustment for securities financing transactions (SFTs)	526
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	677
12 Other adjustments	(911)
13 Total exposure measure	13,054

Table 6: Leverage ratio common disclosure (LRCom)

In €m		31/12/2022
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	12,125
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(92)
6	(Asset amounts deducted in determining Tier 1 capital)	(141)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	11,892
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	65
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	126
13	Total derivatives exposures	191
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	699
16	Counterparty credit risk exposure for SFT assets	5
18	Total securities financing transaction exposures	704
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	2,726
20	(Adjustments for conversion to credit equivalent amounts)	(2,049)
22	Off-balance sheet exposures	677
Excluded exposures		
EU-22f (Excluded guaranteed parts of exposures arising from export credits)		(410)
EU-22k (Total exempted exposures)		(410)
Capital and total exposure measure		
23	Tier 1 capital	909
24	Total exposure measure	13,054
Leverage ratio		
25	Leverage ratio	6.96%
26	Regulatory minimum leverage ratio requirement (%)	3.00%
EU-27a Overall leverage ratio requirement (%)		3.00%

Table 7: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LRSpl)

In €m		31/12/2022
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	11,592
EU-2	Trading book exposures	445
EU-3	Banking book exposures, of which:	11,147
EU-4	Covered bonds	363
EU-5	Exposures treated as sovereigns	5,627
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	12
EU-7	Institutions	868
EU-8	Secured by mortgages of immovable properties	0
EU-9	Retail exposures	118
EU-10	Corporate	2,916
EU-11	Exposures in default	13
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,230

5. Asset encumbrance

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn.

Table 8: Assets

In €m		Carrying amount of encumbered assets 010	Fair value of encumbered assets 040	Carrying amount of unencumbered assets 060	Fair value of unencumbered assets 090
010	Assets of the reporting institution	1,158	-	11,586	-
020	Loans on demand	0	-	529	-
030	Equity instruments	0	0	240	240
040	Debt securities	403	403	1,763	1,763
100	Loans and advances other than loans on demand	526	-	7,545	-
120	Other assets	229	-	1,509	-

Table 9: Collateral received

In €m		Fair value of encumbered collateral received or own debt securities issued 010	Fair value of collateral received or own debt securities issued available for encumbrance 040
130	Collateral received by the reporting institution	266	846
150	Equity instruments	0	846
160	Debt securities	266	0
230	Other collateral received	0	0
240	Own debt securities issued other than own covered bonds or asset-backed securities	0	0

Table 10: Encumbered assets/ collateral received and associated liabilities

In €m		Matching liabilities, contingent liabilities or securities lent 010	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered 030
010	Carrying amount of selected financial liabilities	1,039	1,146



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