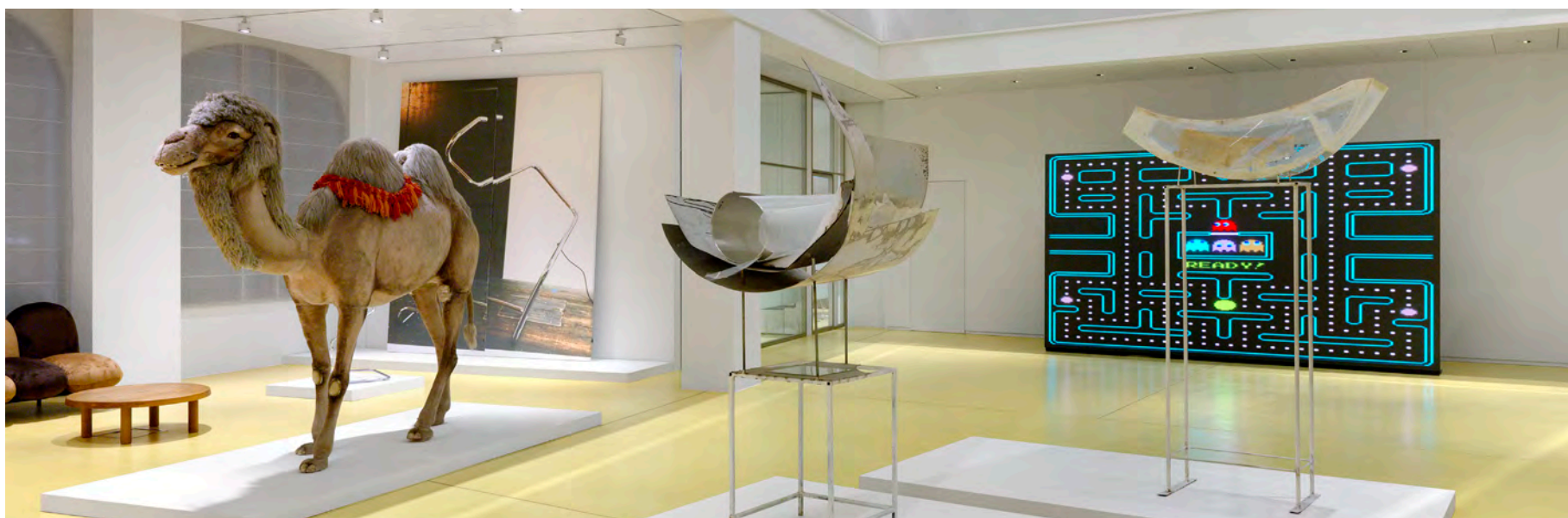


BANQUE SYZ SA

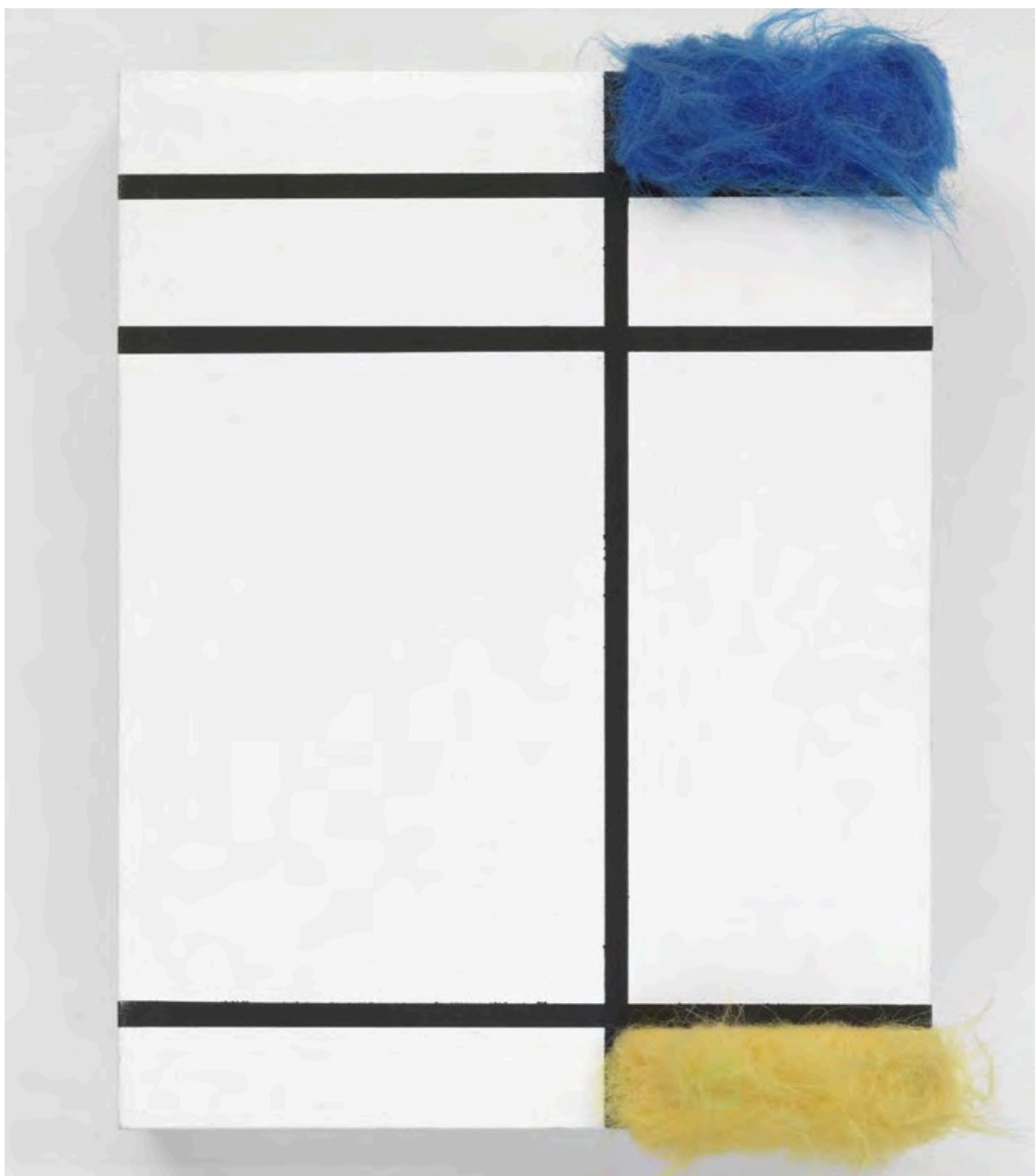
# ANNUAL REPORT 2019



**SYZ**

# ANNUAL REPORT | 2019

BANQUE SYZ SA



FROM THE SYZ COLLECTION:  
**SYLVIE FLEURY**\_COMPOSITION AVEC BLEU, JAUNE ET BLANC, 1992\_ ACRYLIC AND SYNTHETIC FUR ON WOOD,  
43 X 33 CM

Starting in 2016 we put in place a robust, systematic, institutional-style investment process for private clients that helped us throughout 2019, and continues to do so in 2020.



## 2019 AND THE YEAR AHEAD

An investor looking only at the start and finish of 2019 might be forgiven for thinking the year provided a simple, linear investment opportunity as markets recovered from 2018. In reality, 2019 was testing. The positive returns of the year-end demanded a disciplined risk-adjusted approach to navigate the many market downturns while benefitting from the upsides.

2019 started with uncertainties about trade and recession fears that never quite dispersed as manufacturing activity stagnated. Central banks responded by performing U-turns in monetary policy and consumer spending held up, supporting economic growth. This suggested to us that, despite the often persistently negative market sentiment, the underlying business cycle was sound. This was then proven with sound corporate earnings and our rigorous approach to stock selection paid off. For our discretionary clients, we then gradually locked-in those healthy returns, using options and convertible bonds. While this caution necessarily came at a small cost, it also offered our clients valuable peace of mind.

Overall, we were pleased to be able to report to our clients that our US dollar, Swiss franc and Euro portfolios all finished the year with meaningful gains. This top-quartile performance, as measured against our industry, was provided to our clients along with a much smoother investment experience over the year.

The year therefore reinforced our longstanding conviction that active management plays a key role in portfolio construction and management. We offered liquid and illiquid alternatives to diversify portfolios, including private equity, that are uncorrelated to more traditional markets.

### LOOKING AHEAD

Last year's uncertainties and the challenges year-to-date around the coronavirus remind us that what goes up may also come down. As we go to print, we are starting to see some early data regarding the impact that the pandemic is having on economies around the world.

Starting in 2016 we put in place a robust, systematic, institutional-style investment process for private clients that helped us throughout 2019, and continues to do so in 2020. In the current crisis, one of our roles is to help clients to achieve their long-term goals and to make sound decisions. Above all, we want to help avoid making emotional decisions that could lead to poor outcomes. We are making full use of all the tools available to manage a balance between performance and risk, because we believe in the value of being invested throughout the economic cycle.

In a downturn such as we are experiencing at the moment, some investors are already looking at buying beaten-down assets. Our suggestion is best summed up as a recommendation to identify quality, large-cap growth names trading at a discount by focusing on fundamentals, rather than buying bargain-basement stocks even more cheaply. Any disciplined investment also demands a systematic approach to deploying capital over a number of months.

Once the shock of the coronavirus crisis has passed, we believe that central banks will have created the conditions for a solid recovery. We are living through a period of turmoil, but a period that does not alter the underlying global dynamics. That means business cycles in the long term, we believe, will continue to be milder as nominal interest rates move even lower, and stay there.

Therefore, this volatility shock does not change our view that 'Japanification' is here to stay. Underlying economic growth remains low and inflation subdued. This low rate environment has created a situation in which commercial banks are not offering consumers, and the real economy, credit, feeding the cycle of low rates. There are exceptions. While European economies fit this Japanification model, the US economy on the other hand, does not. The US consumer over the long run still benefits from the two fundamental drivers of growth: strong demographics and innovation.

## STRATEGIC OUTLOOK

Last year was a period of evolution for the SYZ Group. We have made strategic and fundamental changes to our business as we focus on a model that responds to our changing clients' needs in the years ahead. One of these changes saw Eric Syz step down from his role as Chief Executive Officer of Banque SYZ to play a broader strategic role as CEO of the Group. Mr Syz was succeeded by Yvan Gaillard, previously the Group's Chief Operating Officer, in February 2019. In the interests of transparency, Mr Gaillard decided to present segregated figures for our private bank, starting this year.

Our strategic investment convictions are also behind the decision, years ago, to develop a successful asset management business, bringing a second and complementary pillar of expertise to our clients.

Today, we are folding much of our institutional asset management expertise into the private bank following this year's partnership with iM Global Partner. Asset management is an industry that demands scale and, after building a successful mutual fund brand, Oyster Funds, the time came to look for a platform able to distribute the products more widely. With this recent sale, we believe that we have found the right partner to take this brand to the next level. The decision also gives our clients additional access to an even broader pool of investment choices than ever before, once these products have passed the rigorous due diligence process applied to any funds that we consider adding to client portfolios.

## ALTERNATIVE, PERFORMANCE-DRIVEN APPROACH

The SYZ Group was founded on a number of principles, including the conviction that our clients should have access to alternative wealth management tools to provide their portfolios with returns uncorrelated to the wider market. Applying this thinking, in 2018 we added a third pillar to our business which is of direct interest and benefit to our private clients. SYZ Capital is the Group's alternative investment center of excellence, offering qualified investors the opportunity to invest alongside the Syz

family in alternative sources of return such as direct private equity, thematic and multi-manager funds. Our objective is to curate an investment experience in segments of private markets overlooked by most traditional investors because of size, complexity or inadequate duration.

Our business model is not and has never been, about growth at any price. Nor is it about growth in a metric such as assets under management, or net new money. We do not measure our advisors and bankers using these criteria because we believe that they take their focus from the strategic ambition that makes most sense for our business and our clients.

We continue to offer our clients a choice of fee models, including a performance fee-driven approach with a management cost equivalent to half the industry norm. We continue to believe in our founding commitments; to be as transparent as possible while minimizing any potential conflicts of interest.

Last year, we were reminded of the value of making full use of active management. This year has only reinforced that conviction. Our constant portfolio reviews, macro overlays and other tools we have developed, enable us to protect our clients' portfolios. Thanks to our investment approach, we are able to mitigate significant downside risk in what some would consider unpredictable market environments, which can impede overall performance in the long term. In an era of low growth, uncorrelated returns are becoming increasingly elusive. Investors need to broaden their reach if they are to achieve strong long-term risk-adjusted returns. We look forward to working alongside our clients and partners as we continue to develop our services and provide the investment excellence they need and expect, throughout our business, in the months and years ahead.



**Yvan Gaillard**  
Chief Executive Officer  
Banque SYZ SA



**Nicolas Syz**  
Head of Private Banking  
Banque SYZ SA

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THE SYZ COLLECTION DISPLAYED  
2020, IN THE ATRIUM OF THE SYZ HEADQUARTERS, GENEVA

# GOVERNANCE

## BOARD OF DIRECTORS

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**PHILIPPE REISER**, *Chairman, since 2019*  
**JEAN-BLAISE CONNE**, *Vice-Chairman, since 2019*  
**ERIC SYZ**, *Group CEO*  
**CASPER KIRK JOHANSEN**, *Member, since 2015*

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**SUZANNE SYZ**, *Member, since 2019*  
**PHILIPPE MILLIET**, *Member, since 2019*  
**GIOVANNI VERGANI**, *Member, since 2019*

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### BIOGRAPHY

#### **PHILIPPE REISER**, *Chairman, since 2019*

Philippe Reiser is Managing Partner and founder of Compagnie Privée de Gestion Primatrust SA, an independent asset management company and family office based in Geneva. He has over 20 years of experience in international private banking at Swiss Bank Corporation (prior to its merger with UBS) and at Darier, Hentsch & Cie (which has merged with Lombard Odier & Cie).

#### **JEAN-BLAISE CONNE**, *Vice-Chairman, since 2019*

Jean-Blaise Conne, a Swiss national, is an independent director. He is a Board member and an Audit Committee member of Swiss banks and insurance companies. He spent 40 years with PwC in Switzerland, assuming client and management roles, until his retirement in 2015. He is a Swiss Audit Expert and was a FINMA licensed auditor for banks, securities dealers and investment funds. He was the lead auditor for several private banks, cantonal banks and funds registered in Switzerland.

#### **ERIC SYZ**, *GROUP CEO*

Eric Syz started off his financial career in London before moving to Wall Street in 1981. He worked for Lombard Odier in Geneva for ten years, where he focused on institutional asset management, mergers and acquisitions, the design and promotion of group products and the analysis of hedge funds. In 1996, he founded Groupe SYZ with Alfredo Piacentini and Paolo Luban. The latter both left the company in 2014, leaving Eric Syz's family in control of almost all of the company's shares.

#### **CASPER KIRK JOHANSEN**, *Member, since 2015*

Casper Kirk Johansen, a Danish national, is an entrepreneur. He serves as professional board member in a number of businesses. He has worked with private equity investments with small and mid-sized companies in Denmark since 2001. He previously worked for the LEGO Company.

## BIOGRAPHY

### **SUZANNE SYZ**, *Member, since 2019*

A Swiss entrepreneur in fine jewellery design, Suzanne Syz founded her eponymous boutique in 2002 in Geneva that received recognition for its humour, talent and for offering each season enjoyable and atypical pieces, by some of the most gifted craftsmen who are not afraid of her technical challenges or ideas. Prior to that, she worked in Zurich, Paris and New York in the fashion industry. Ever since her encounters with the art world's legendary stars like Andy Warhol, Jean-Michel Basquiat while living in New-York in the 1980s, her lifelong passion for contemporary art has guided her and her husband, Eric Syz, co-founder of SYZ Group, to build an inspiring private art collection of young talent emerging contemporary artists. Her passion for contemporary has led her to collaborate every year since 2016 with international artists such as John Armleder, Alex Israel, Sylvie Fleury and Kerstin Brätsch for her jewellery displays at leading art fairs around the world. She has two sons with her husband Eric Syz, who work within the SYZ Group, Marc Syz, managing partner of SYZ Capital, and Nicolas Syz, Head of SYZ Private Banking.

### **PHILIPPE MILLIET**, *Member, since 2019*

A Swiss national, Philippe Milliet is a member of the Bobst Group Executive Committee and head of the Sheet-Fed Business Unit. He is also a member of the Swiss Post Board of Directors, as well as the French-speaking board of Swissmem. Most notably, he has worked at McKinsey, primarily in pharmaceuticals and insurance, served as the CEO of Unicile, in the banking information technology sector, and been the head of the Health Division at Galenica, in charge of Distribution, OTC and Retail. A pharmacist by training, he received an MBA from the University of Lausanne.

### **GIOVANNI VERGANI**, *Member, since 2019*

A Swiss national, Giovanni Vergani founded ADDWISE in 2014 a consultancy firm that supports banking institutions, asset managers and life insurers in the activities of Private Banking and Wealth Management. Prior to that, Giovanni Vergani was Managing Director at Credit Suisse working in the Private Banking division for over 18 years. He witnessed various phases which radically shaped the industry, developing a strong insight into relevant dynamics of Wealth management. Giovanni Vergani holds a PhD from the Swiss Federal Institute of Technology in Zürich.

## MANAGEMENT COMMITTEE

**YVAN GAILLARD**, *CEO SYZ Private Banking*  
**NICOLAS SYZ**, *Head of Private Banking*  
**STEPHANE POULIN**, *Group Financial Controller*

### BIOGRAPHY

#### **YVAN GAILLARD**, *CEO SYZ Private Banking*

Yvan Gaillard is the CEO of Banque SYZ. Gaillard joined SYZ Group in 2016 as Chief Operating Officer and subsequently became Deputy CEO, taking on his current role in 2019. He previously held a range of managerial positions at Banque Pictet & Cie for 18 years.

#### **NICOLAS SYZ**, *Head of Private Banking*

Nicolas Syz joined the SYZ Group in 2017 as Head of Business Development for SYZ Private Banking, before becoming Head of SYZ Private Bank in 2019. Previously, he worked for UBS in Zurich and Firmenich in Paris and London.

#### **STEPHANE POULIN\***, *Group Financial Controller*

Stéphane Poulin joined SYZ Group in 2003 as Group Financial Controller and was appointed Chief Financial Officer in 2013. Prior to joining SYZ, he worked at Price Waterhouse (PW) and PricewaterhouseCoopers (PwC) in Canada and Switzerland, as part of the audit and business advisory group.

\* Up to March 2019.

**CARMEN HERBSTTRITT**, *Chief Financial Officer*  
**SYLVAIN MATTHEY**, *Group General Counsel*

#### **CARMEN HERBSTTRITT**, *Chief Financial Officer*

Carmen Herbstritt joined the SYZ Group as Group Chief Financial Officer in 2019. She built her career in the banking sector in Germany and Switzerland working successively for Dresdner Bank, then Credit Suisse (Securities) Europe and Credit Suisse, and finally Deutsche Bank Frankfurt and Deutsche Bank (Suisse) where she was the CFO. As part of her responsibilities, she has been a member of several supervisory boards throughout her career and a member of the Executive Board of Deutsche Bank (Suisse) as a Managing Director.

#### **SYLVAIN MATTHEY**, *Group General Counsel*

Sylvain Matthey joined SYZ Group in 2017 as Group General Counsel (Legal and Compliance). Before joining SYZ, he worked for over 3 decades in the banking sector within legal and compliance, first for Pictet & Cie and later for Lombard Odier et Cie SA, where he was Head of the Legal and Compliance departments.

## HEAD OF AGENCIES

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ZURICH

**NICOLAS SYZ**, *Head of Zurich Agency*

LOCARNO

**SIMONE CRIVELLI**, *Head of Locarno Agency*

LUGANO

**MARTINO MANZONI**, *Head of Lugano Agency*

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## INTERNAL AUDIT

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**LIONEL NOETZLIN**, *Head of Internal Audit*

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## HEAD OF REPRESENTATIVE OFFICES

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MIAMI

**JACQUELINE BALLATE**, *Head of Miami Representative Office*

JOHANNESBURG

**VIVIANA VAN AGTMAAL**, *Head of Johannesburg Representative Office*

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## EXTERNAL AUDITORS

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PRICEWATERHOUSECOOPERS SA, [pwc.ch](http://pwc.ch)

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## BALANCE SHEET AS AT 31 DECEMBER

	2019	2018
	CHF	CHF
<b>ASSETS</b>		
Liquid assets	561 534 045	1 016 284 523
Amounts due from banks	127 780 078	105 652 861
Amounts due from customers	784 183 626	724 876 997
Mortgage loans	17 004 900	3 000 000
Trading portfolio assets	108 160 443	103 996 976
Positive replacement values of derivative financial instruments	34 164 842	59 453 752
Financial investments	212 485 695	316 002 000
Accrued income and prepaid expenses	35 072 428	25 261 951
Tangible fixed assets	33 511 737	60 436 882
Intangible assets	16 905 373	19 845 437
Other assets	2 036 595	1 687 642
<b>Total assets</b>	<b>1 932 839 762</b>	<b>2 436 499 021</b>
<b>Total subordinated claims</b>	<b>–</b>	<b>–</b>
<b>LIABILITIES</b>		
Amounts due to banks	154 842 816	139 208 119
Amounts due in respect of customer deposits	1 481 417 578	1 984 552 449
Trading portfolio liabilities	134 534	–
Negative replacement values of derivative financial instruments	33 821 408	61 799 906
Accrued expenses and deferred income	33 040 919	23 740 426
Other liabilities	2 510 062	2 303 818
Provisions	13 379 370	18 818 127
Bank's capital	31 500 000	31 000 000
Statutory capital reserve	59 770 818	59 770 818
Statutory retained earnings reserve	2 669 000	2 669 000
Profit carried forward	112 636 358	118 580 281
Profit / (Loss)	7 116 899	(5 943 923)
<b>Total liabilities</b>	<b>1 932 839 762</b>	<b>2 436 499 021</b>
<b>Total subordinated liabilities</b>	<b>–</b>	<b>–</b>

## BALANCE SHEET AS AT 31 DECEMBER

OFF-BALANCE SHEET TRANSACTIONS	2019	2018
	CHF	CHF
Contingent liabilities	49 393 825	52 769 870
Irrevocable commitments	3 526 000	3 788 000
Obligations to pay up shares and make further contributions	61 256 817	33 439 123



# INCOME STATEMENT AS AT 31 DECEMBER

	2019 CHF	2018 CHF
<b>RESULT FROM INTEREST OPERATIONS</b>		
Interest and discount income	12 862 490	12 732 116
Interest and dividend income from trading portfolios	–	185 915
Interests and dividend income from financial investments	7 138 936	5 966 042
Interest expenses	276 043	(76 534)
<b>Gross result from interest operations</b>	<b>20 277 469</b>	<b>18 807 539</b>
Changes in value adjustments for default risks and losses from interest operations	–	(9 173)
<b>Subtotal net result from interest operations</b>	<b>20 277 469</b>	<b>18 798 366</b>
<b>RESULT FROM COMMISSION BUSINESS AND SERVICES</b>		
Commission income from securities trading and investment activities	102 980 311	92 618 576
Commission income from lending activities	330 578	580 333
Commission income from other services	1 997 653	2 753 963
Commission expenses	(26 535 817)	(21 413 066)
<b>Subtotal result from commission business and services</b>	<b>78 772 725</b>	<b>74 539 806</b>
<b>Result from trading activities and the fair value option</b>	<b>15 710 043</b>	<b>23 879 409</b>
<b>OTHER RESULT FROM ORDINARY ACTIVITIES</b>		
Result from the disposal of financial investments	(102 904)	–
Income from participations	–	16 604
Other ordinary income	13 566 424	12 896 071
Other ordinary expenses	(1 371 089)	(1 795 686)
<b>Subtotal other result from ordinary activities</b>	<b>12 092 431</b>	<b>11 116 989</b>
<b>OPERATING EXPENSES</b>		
Personnel expenses	(65 599 293)	(64 842 178)
General and administrative expenses	(42 268 561)	(44 786 031)
<b>Subtotal operating expenses</b>	<b>(107 867 854)</b>	<b>(109 628 209)</b>

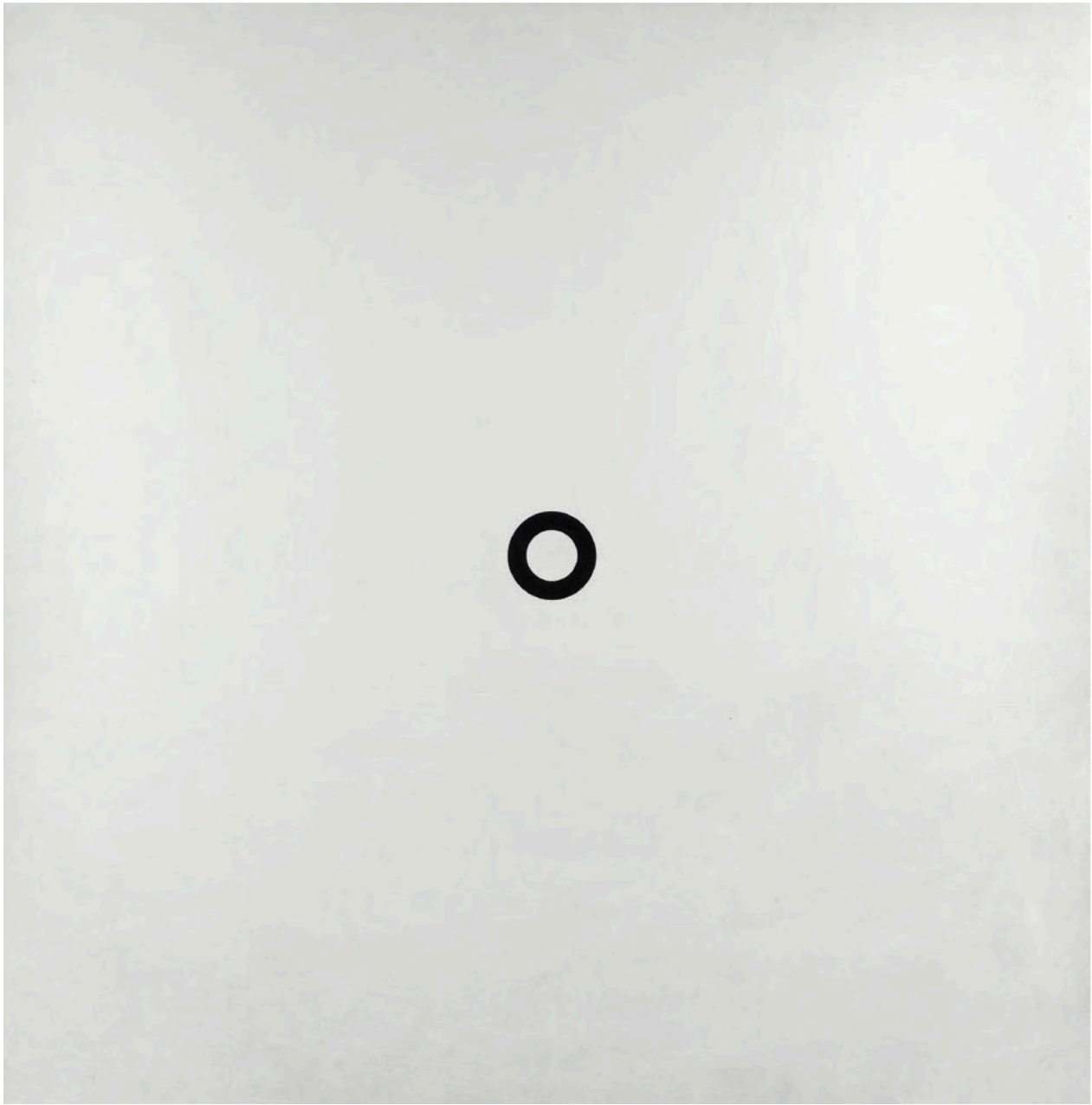


## INCOME STATEMENT AS AT 31 DECEMBER

	2019 CHF	2018 CHF
<b>OPERATING EXPENSES</b>		
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(11 265 101)	(21 846 296)
Changes to provisions and other value adjustments, and losses	(389 382)	(2 304 633)
<b>Operating result</b>	<b>7 330 331</b>	<b>(5 444 568)</b>
Extraordinary income	843 787	292 349
Extraordinary expenses	(8 620)	–
Taxes	(1 048 599)	(791 704)
<b>Profit/(Loss)</b>	<b>7 116 899</b>	<b>(5 943 923)</b>

# APPROPRIATION OF PROFIT

	CHF
Profit	7 116 899
Profit carried forward	112 636 358
<b>Distributable profit</b>	<b>119 753 257</b>
<b>Total at the disposal of the General Meeting</b>	<b>119 753 257</b>
Allocation to statutory retained earnings reserve	–
Dividend payment	–
<b>New amount carried forward</b>	<b>119 753 257</b>



FROM THE SYZ COLLECTION:  
**OLVIER MOSSET**\_UNTITLED, 1967\_ACRYLIC ON CANVAS, 200 X 200 CM

The year reinforced our longstanding conviction that active management plays a key role in portfolio construction and management.

# STATEMENT OF CHANGES IN EQUITY

	BANK'S CAPITAL CHF	CAPITAL RESERVE CHF	RETAINED EARNINGS RESERVE CHF	RESERVES FOR GENERAL BANKING RISKS CHF	VOLUNTARY RETAINED EARNINGS RESERVES AND PROFIT CARRIED FORWARD CHF	OWN SHARES CHF	RESULT OF THE PERIOD CHF	TOTAL CHF
Equity at start of current period	31 000 000	59 770 818	2 669 000	–	118 580 281	–	(5 943 923)	206 076 176
<b>APPROPRIATION OF RESULT 2018</b>								
Net change in retained earnings brought forward	–	–	–	–	(5 943 923)	–	(5 943 923)	–
Purchase of own shares (at acquisition cost)	–	–	–	–	–	–	–	–
Sale of own shares (at acquisition cost)	–	–	–	–	–	–	–	–
Profit / (loss) from the sale of own shares	–	–	–	–	–	–	–	–
Capital increase	500 000	–	–	–	–	–	–	500 000
Allocated to reserves for general banking risks	–	–	–	–	–	–	–	–
Profit 2019	–	–	–	–	–	–	7 116 899	7 116 899
Equity at end of current period	31 500 000	59 770 818	2 669 000	–	112 636 358	–	7 116 899	213 693 075

# NOTES TO THE FINANCIAL STATEMENTS

## BUSINESS NAME, LEGAL FORM AND DOMICILE

The Bank is specialised in wealth management for a private and corporate, Swiss and foreign clientele and is also granting secured loans.

The Bank's headcount as at 31 December 2019, expressed in terms of full-time employments, amounted to 247.15 employees, compared to 272.35 employees at the end of the prior year.

## ACCOUNTING AND VALUATION PRINCIPLES

### GENERAL PRINCIPLES

The accounting and valuation principles are based on the Code of Obligations, the Banking Act and its related Ordinance as well as the Accounting rules for banks, securities dealers, financial groups and conglomerates according to FINMA circular 15/1.

The accompanying reliable assessment statutory single-entity financial statements present the economic situation of the Bank such that a third party can form a reliable opinion. The financial statements are allowed to include hidden reserves.

Comparative figures are adjusted to conform to any change in presentation of the 2019 accounts.

### GENERAL VALUATION PRINCIPLES

The financial statements are prepared on the assumption of an ongoing concern. The accounting is therefore based on going-concern values.

Items are to be entered on the balance sheet as assets if, based on past events, they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent asset, which is commented on in the notes.

Items are entered on the balance sheet as liabilities if they have arisen due to past events, a cash outflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent liability, which is commented on in the notes.

The disclosed balance sheet items are valued individually. The transitional provision, which requires the individual valuation of equity participations, tangible fixed assets and intangible assets as of 1 January 2020, is not applied.

In principle, neither assets and liabilities nor expenses and income are offset. Accounts receivable and accounts payable are offset in the following cases:

- Accounts receivable and accounts payable are offset if they concern the same type of transaction with the same counterparty in the same currency and they have an identical or earlier due date and do not lead to any counterparty risk.
- Deduction of value adjustments from the corresponding asset item.
- Offsetting of positive and negative changes in book value with no income effect in the current period in the compensation account.
- Positive and negative replacement values of derivative financial instruments with the same counter-party are offset, if there are recognised and legally enforceable netting agreements in place, when applicable.

### LIQUID ASSETS

Liquid assets are recognised at their nominal value.

### AMOUNTS DUE FROM BANKS AND AMOUNTS DUE FROM CUSTOMERS

Amounts due from banks, amounts due from customers and mortgage loans are recognised at their nominal value less any necessary value adjustments.

Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Doubtful receivables, i.e. obligations entered into with clients for which the debtor is unlikely to meet its future obligations, are valued individually and depreciated by means of individual value adjustments. The depreciation of doubtful receivables is determined by the difference between the book value of the receivable and the anticipated recoverable amount.

The anticipated recoverable amount is the liquidation value (estimated net realisable value minus the costs of retention and liquidation). In doing so, the entire liability of the client or the economic entity has to be checked for any counterparty risk.

The individual valuation adjustments are deducted from the corresponding asset item in the balance sheet.

#### **AMOUNTS DUE TO BANKS AND AMOUNTS DUE IN RESPECT OF CUSTOMER DEPOSITS**

These items are to be recognised at their nominal value.

Amounts due in respect of precious metal account deposits must be valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

#### **TRADING PORTFOLIO ASSETS AND TRADING PORTFOLIO LIABILITIES**

The trading portfolio assets and liabilities relating to trading operations are valued and recognised at fair value in principle. Fair value is the price based on a price-efficient and liquid market or the price calculated using a valuation model.

If a fair value cannot be determined, the valuation and recognition is based on the lower of cost or market principle.

The price gain or loss resulting from the valuation, and interest and dividend income from trading operations, are recorded via the item “Result from trading operations and use of the fair value option”. The refinancing costs for trading operations are not recorded in the “Interest and discount income”.

#### **POSITIVE AND NEGATIVE REPLACEMENT VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are used for trading and for hedging purposes.

##### *Trading purposes*

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement value is recorded in the corresponding

item. The fair value is based on market prices, dealers’ price quotations, discounted cash flow and option pricing models.

##### *Hedging purposes*

The Bank also uses derivative financial instruments to hedge against currency risks and risks of fluctuation of performance related commissions. Hedging operations are valued like the hedged underlying transaction. The result from hedging operations is recorded in the same item as the corresponding result from the hedged underlying transaction. The valuation result from hedging instruments is recorded under “Result from trading operations and use of the fair value option”.

Hedges and the goals and strategies of hedging operations are documented by the Bank at the conclusion of a derivative hedging transaction. The effectiveness of the hedge is regularly reviewed. In all case, hedging transactions are treated like trading operations.

##### *Netting*

The Bank offsets positive and negative replacement values with the same counterparty within the terms of the recognised and legally enforceable netting agreements.

#### **FINANCIAL INVESTMENTS**

Financial investments include debt instruments, equity securities and physical stocks of precious metals.

##### *Held-to-maturity debt instruments*

The valuation is based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the residual term to maturity (accrual method). Value adjustments for default risk are recorded immediately under “Changes in value adjustments for default risk and losses from interest operations”.

##### *Not held-to-maturity debt instruments*

The valuation is based on the lower of cost or market principle. The value adjustments arising from a subsequent valuation are recorded for each balance via the item “Other ordinary

expenses” or “Other ordinary income”. Value adjustments for default risk are made immediately via the items “Changes in value adjustments for default risk” and “Losses from interest operations”.

***Equity securities, physical stocks of precious metals as well as properties and goods acquired in relation to loan transactions and destined for sale***

The valuation is based on the lower of cost or market principle. Own physical stocks of precious metals that serve as collateral for liabilities from precious metals trading accounts are valued, as they are in such accounts, at fair value. The value adjustments arising from a subsequent valuation are recorded for each balance via the item “Other ordinary expenses” or “Other ordinary income”.

If the fair value of financial investments valued using the lower of cost or market principle increases again after declining below the historical cost, the value may be appreciated up to a maximum of the historical cost. The balance of the value adjustments is recorded via the item “Other ordinary expenses” or “Other ordinary income”.

## **PARTICIPATIONS**

Participations owned by the Bank include equity securities of companies that are held for long-term investment purposes, irrespective of any voting rights.

Participations are valued at historical costs minus any value adjustments due to business reasons.

Each participation is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets.

The recoverable amount is calculated for each individual asset. The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item “Value adjustments on

intangible assets”.

Realised gains from the sale of participations are recorded via the item “Extraordinary income” and realised losses are recorded via the item “Extraordinary expense”.

## **TANGIBLE FIXED ASSETS**

Investments in tangible fixed assets are capitalised as an asset if they are used for more than one accounting period and exceed the minimal value for recognition.

Tangible fixed assets are recognised at acquisition cost minus the scheduled accumulated amortisation over the estimated operating life.

Tangible fixed assets are amortised at a consistent rate (straight-line amortisation) over a prudent estimated operating life via the item “Value adjustments on participations and amortisation of tangible fixed assets and intangible assets”. The estimated operating lives of specific categories of tangible fixed assets are as follows:

- |                                |               |
|--------------------------------|---------------|
| • Building for use of the Bank | max. 40 years |
| • Other fixed assets           | max. 10 years |
| • Software and IT equipment    | max. 05 years |

Each tangible fixed asset is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets impaired. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. An asset is impaired if its carrying amount exceeds its recoverable amount.

If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item “Value adjustments on participations and amortisation of tangible fixed assets and intangible assets”.

If the impairment test shows that the operating life of an intangible asset has changed, the residual carrying amount

participations and amortisation of tangible fixed assets and

should be depreciated systematically over the newly estimated



useful life.

Realised gains from the sale of tangible fixed assets are recorded via the item “Extraordinary income” and realised losses are recorded via the item “Extraordinary expense”.

### INTANGIBLE ASSETS

Acquired intangible assets are recognised in the balance sheet if they yield measurable benefits for the Bank over several years. As a general rule, intangible assets generated internally are not recognised in the balance sheet. Intangible assets are recognised and valued according to the historical cost principle.

Intangible assets are amortised at a consistent rate (straight-line amortisation) over a prudent estimated operating life via the item “Value adjustments on participations and amortisation of tangible fixed assets and intangible assets”. The estimated operating lives of specific categories of intangible assets are as follows:

- Goodwill max. 10 years
- Other intangible assets max. 05 years

Each intangible asset is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets impaired. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. An asset is impaired if its carrying amount exceeds its recoverable amount.

If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item “Value adjustments on participations and amortisation of tangible fixed assets and intangible assets”.

If, as a result of the impairment review, the operating life of an intangible asset changes, the residual carrying amount should be depreciated systematically over the newly estimated operating life.

Realised gains from the sale of intangible assets are recorded via the item “Extraordinary income” and realised losses are recorded via the item “Extraordinary expense”.

### PROVISIONS

Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision must be created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released.

Provisions are released via the income statement if they are no longer needed on business grounds and cannot be used for other similar purposes at the same time. Otherwise, it is considered as hidden reserves.

### TAXES

Current income taxes are recurring, usually annual, taxes on profits and capital. Transaction-related taxes are not included in current taxes.

Liabilities from current income and capital tax are disclosed via the item “Accrued liabilities and deferred income”.

Expense due to income and capital tax is disclosed in the income statement via the item “Taxes”.

### PENSION BENEFIT OBLIGATIONS

The employees are insured through SYZ’s pension fund. In addition, there is an executive staff insurance scheme. The organisation, management and financing of the pension fund comply with the legal requirements, the deeds of foundation and the current pension fund regulations.

The Bank bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contribution arising from the pension fund are included in “Personnel expense” on an accrual basis.

The Bank assesses whether there is an economic benefit or economic obligation arising from the pension fund as of the balance sheet date. The assessment is based on the contracts and financial statements of the pension fund (established under Swiss GAAP FER 26 in Switzerland) and other calculations that

present a true and fair view of the financial situation as well as the actual over- or underfunding. The Bank refers to a pension fund expert to assess whether a benefit or an obligation exists.

The employer contribution reserves without a waiver of use are recorded in “Other assets”. If an economic obligation is identified, it is recorded in “Provisions”. The difference with the corresponding value of the prior period are recorded in the income statement in “Personnel expense”.

## EQUITY-BASED COMPENSATION SCHEMES

### *Share plan*

Under this plan, the Board of directors determine each year the level of award, if any, of Financière SYZ shares to the employees of the Group. The first and the second half of granted shares can only be exercised after 3 years and 5 years respectively. Employees having shares may on a voluntary basis sell these shares to Financière SYZ or to any other entity of the Group at a selling price based on a formula defined in the plan. At the end of their working contract, it is mandatory that employees sell their shares to Financière SYZ either at fair value or at cost depending on the situation. Financière SYZ owns a preemption right allowing it to purchase at any time in all or in part shares from a beneficiary.

As this is compensation using real equity instruments, there is no subsequent valuation. Any differences are recorded via the item “Personnel expense”.

### *Share options plan*

Share options are granted to managers and employees. The costs related to the various options plans are accounted for as an expense. The liability is recorded in “Accrued expenses and deferred income” and revalued as of each balance sheet date. The resulting change of the fair value is adjusted in the income statement via the item “Personnel expense”.

## OFF-BALANCE-SHEET TRANSACTIONS

Off-balance-sheet disclosures are at nominal value. Provisions are created in the liabilities in the balance sheet for foreseeable risks.

## CHANGE OF THE ACCOUNTING AND VALUATION PRINCIPLES

There have been no changes in the accounting and valuation principles since the prior year.

## RECORDING OF BUSINESS TRANSACTIONS

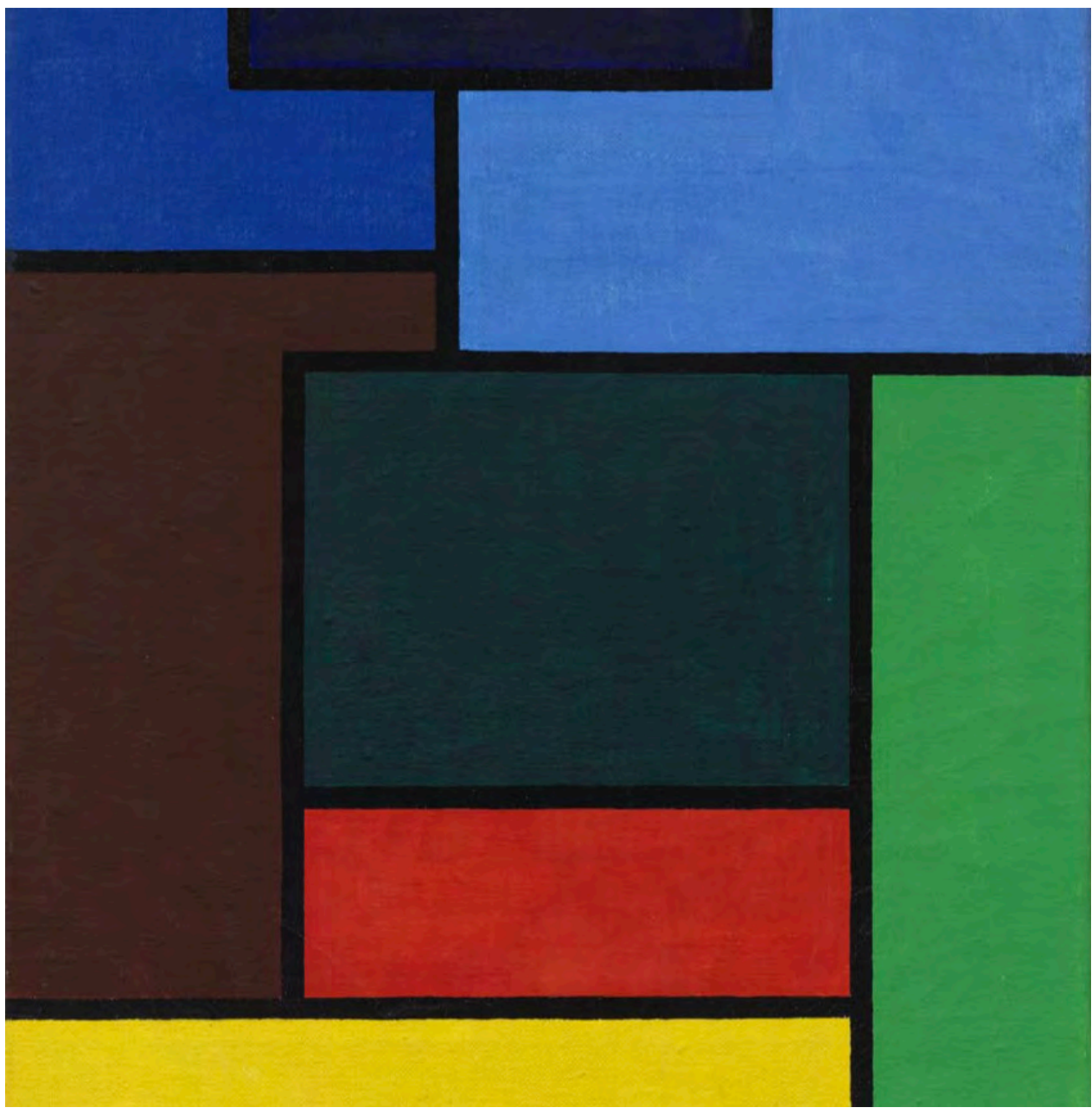
All business transactions concluded up to the balance sheet date are recorded as of their trade date (trade date accounting) and valued according to the above-mentioned principles.

## FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded at the respective daily exchange rate. Assets and liabilities are translated as of the balance sheet date using the average rate on the balance sheet date. Participations, tangible fixed assets and intangible assets are valued using the historical exchange rates. The price gain or loss resulting from the currency translation is recorded via the item “Result from trading operations and use of the fair value option”.

For the foreign currency translation, the following exchange rates were used:

	2019	2018
<b>CLOSING RATE</b>		
USD	0.9684	0.9855
EUR	1.0870	1.1269
HKD	0.1243	0.1259
GBP	1.2828	1.2553



FROM THE SYZ COLLECTION:  
**HEIMO ZOBERNIG**\_UNTITLED, 1985\_OIL ON CANVAS, 50 X 40 CM

## RISK MANAGEMENT

### RISK ASSESSMENT

Quarterly, the Board of Directors analysed the main risks the Bank is exposed to: essentially these concern financial risks, market risks, credit risks, operational risks and reputational risks. Regarding financial risks, the Board reviewed adequacy of capital with balance-sheet exposition and the level of liquidity. Regarding market risks, the Board reviewed compliance with various limits imposed on the trading units and the interest rate risk inherent in the maturity structure of the balance sheet. The Board also reviewed the effectiveness of hedging to protect the Bank against foreign exchange risk on future revenues and fluctuation of performance related commissions. Regarding counterparty risks, the Board reviewed the selection process of banking counterparties and the use of banking counterparty limits. Regarding client credit risks, the Board reviewed the quality and frequency of the monitoring process over the Lombard loan portfolio. Regarding operational risks, the Board familiarised itself with key risks indicators and with the measures that have been taken to reduce the IT Security risks. The Board reviewed the indicators which are used to detect possible problems with personnel and reputational risks. It also examined the results obtained from the internal control system and studied the existing level of insurance cover and anticipated extension.

During the meeting of 20 september 2018 and 11 april 2019, the Board has approved the Group-wide Risk Governance Framework and its appendices which define the global risk appetite and trading portfolio limits. In its meeting of 28 November 2019 it reviewed the Group's Global Risk Assessment and defined its risk appetite for each identified risk.

Following this overall evaluation the Board of Directors approved the risk policy.

### RISK POLICY IN GENERAL

Risk management is based on the Group-wide Risk Governance Framework whose adequacy is regularly monitored by the Risk Control function. At least once every year these regulations are

submitted to the Board of Directors' approval that may, at any time, require its modification. Its objective is to determine the Group's responsibilities and strategy with regard to risks incurred from its activities carried out for the account of the Group and for clients. It also sets measures taken by the Bank to manage these risks and describes the tools available for their monitoring. Detailed limits have been established for the different risks, whose respect is monitored on a permanent basis.

The Bank is mainly exposed to default risks and risks relating to asset management (reputation and legal risks). In addition, it is exposed to operational risks.

### DEFAULT RISKS

The default or credit risk represents the damage that the Bank supports in the case of the default of a counterparty. The credit policy comprises all commitments, which might lead to losses in the case counterparties are unable to reimburse their liabilities. The Bank is limiting credit risks through diversification, through being demanding regarding the quality of debtors and through keeping margins on collateral. The quality of debtors is assessed, based on standardised solvency criteria or according to the quality of the securities used as collateral. The scheme of competencies with regard to credit granting is focused on risks and is characterised by a short decision network.

A committee examines the loan applications and authorises operations according to the delegations and the defined policy. Credits are essentially granted in form of secured loans covered by securities. Credit facilities are mainly granted in form of advances or overdraft facilities. Credit limits are reviewed on a regular basis and are approved by the credit committee or the Executive Management Committee.

### MARKET RISKS

The market risks result from potential changes in the value of a financial instrument portfolio induced by fluctuations in interest rates, foreign exchange rates, and market prices or volatility. The Board of Directors approves market risk limits.

Market risk management requires the identification, measurement and control of open positions. The valuation of a trading portfolio and the monitoring of granted limits are carried out on a daily basis. The main risks to which the Bank is exposed are:

#### ***Currency risk***

The currency risk results from changes in the value of portfolios due to fluctuations in the currency market. The Bank's policy is to hedge, if necessary, the currency positions by means of different derivative financial instruments, within the defined limits.

#### ***Interest rate risk***

Interest rate risks relating to balance sheet and off-balance sheet operations are steered and monitored by the Bank's Risk Officer. The variation factors of these risks are mainly the size and maturities of clients' credits as well as the size and duration of financial investments. They are considered to be low because liabilities without maturities are not remunerated, clients' credits generally do not exceed one year, penalties equal to the interest gap are charged to client in case of early repayment of their credits. In principle, risks relating to clients' credits exceeding one year are hedged with interest rate swaps.

Various limits (formal fixed by the Board of Directors and operational fixed by the Risk Management Committee) define the risk tolerance. These limits apply to the estimated impact on equity of a 100bp linear variation of the interest rate curve.

The Risk Officer carries out stress tests. If the need arises, he may also call on external specialists.

#### ***Other market risks***

To limit other market risks, which are essentially risks on positions in equity securities, the Bank has established a limit system. Positions from trading operations are valued on a daily basis. The responsibilities for trading operations and for risk control are allocated to different persons.

#### ***Use of derivative financial instruments***

Derivative financial instruments used by the Bank comprise options and futures on equity, stock exchange indexes and currencies, swaps, warrants as well as forward contracts. These instruments are essentially used to cover existing positions. The risk on the instruments is valued in accordance with the circulars of the FINMA on a daily basis.

#### **LIQUIDITY RISKS**

Liquidity risks are controlled in accordance with the respective legal regulations and according to limits fixed by the Board of Directors and applicable to different balance-sheet components' ratios. The negotiability of positions for own account is monitored on a regular basis.

#### **OPERATIONAL RISKS**

Operational risks are due to the inadequacy of, or failure in procedures, controls, systems, people or result from external events. They can generate financial losses or trigger a discontinuity of the Group's entities operations or affect their operating conditions.

The operational risk is assessed and monitored with Key Risk Indicators for which thresholds have been defined which depict the Bank's risk tolerance. Those indicators are monitored by the Risk Management Committee and corrective measures are taken, when necessary.

Operational losses are systematically logged and analysed in order to find out whether modifications in processes and controls are necessary.

The Bank has implemented an internal control system where controls are both centralized and decentralized. Key processes and controls are documented. Performance of decentralized controls is supervised by the Internal Control Department.

The Bank applies the basic indicator approach (BIA) for the calculation of required capital.



**COMPLIANCE**

The Compliance Officer monitors that the Bank complies with the legal requirements in place as well as its obligations with regards to the exercise of due diligence applying to financial intermediaries. The Compliance Officer keeps up to date with legal developments coming from the supervisory bodies, the government, the parliament and other organisms. He supervises as well over the updating of the internal directives to take into account new legislative and regulatory requirements.

**METHODS USED FOR IDENTIFYING DEFAULT RISKS AND DETERMINING THE NEED FOR VALUE ADJUSTMENTS*****Securities-based loans***

The commitments and values of collateral for securities-based loans are monitored daily. If the collateral value of the securities falls below the amount of the credit line, the amount of the loan is reduced or additional securities are requested. If the coverage gap grows or in extraordinary market conditions, the securities are utilized and the credit position is closed out.

***Unsecured loans***

Unsecured loans are usually securities-based loans where the securities do not qualify as collateral, as well as unsecured account overdrafts, as well as liquidity deposits.

***Process for determining the value adjustments and provisions***

Any new value adjustments and provisions needed are identified by the process described above. Further, the known risk exposures already identified as at risk are reassessed at each balance sheet date and the value adjustments are adjusted, if necessary. Committees assess and approve all of the value adjustments created for the risk exposures. Then, approval is given by the executive management and the board of directors.

**COLLATERAL**

Primarily, transferable financial instruments (like loans, shares and collective investment schemes) that are liquid and actively traded are used for Lombard loans and other securities-based loans, as well as certain alternative investments.

The Bank applies haircuts to the market value of pledged

securities in order to cover the market risk and to calculate the value of the collateral.

**BUSINESS POLICY REGARDING THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are used for trading and for hedging purposes.

Derivative financial instruments are traded exclusively by specially trained traders. Standardised and OTC instruments are traded on own account and on behalf of clients.

Derivative financial instruments are used by the Bank for risk management purposes, mainly to hedge against foreign currency risks and fluctuation of performance related commissions.

**MATERIAL EVENTS AFTER THE BALANCE SHEET DATE**

No material events occurred after the balance sheet date that could have a material impact on the financial position of the Bank as of 31 December 2019. T

he COVID-19 outbreak has developed rapidly in 2020. At this stage the impact on the Bank's business and results is limited.

In this context, the Bank's top two priorities are to protect the health of the employees and to continue to deliver the kind of investment performance and executional excellence that clients have come to know and expect. Despite the turmoil, the Bank's investment teams are committed to protecting the clients' assets, thanks to a disciplined and defensive investment process focused first and foremost on preserving the investments. The Bank is able to remain fully operational with 100% of the staff working from home for an extended period should it be necessary. The Bank remains deeply committed to providing the clients with the same level of trust, accessibility and reliability that they should expect from SYZ and can deliver this wherever people are working. The Bank's crisis plans have been developed over many years and have been sharpened and refined over the past three months to address this specific and unprecedented challenge. The investments the Bank has made to make this possible are long standing and have been driven by the belief that working with best-in-class IT tools is the right thing to do for the Bank's employees, clients and communities. These investments are now proving to be invaluable.



THE SYZ COLLECTION DISPLAYED  
2019, IN THE ATRIUM OF THE SYZ HEADQUARTERS, GENEVA

## INFORMATION ON THE BALANCE SHEET

### 1. SECURITIES FINANCING TRANSACTIONS (ASSETS AND LIABILITIES)

The Bank has not undertaken any securities financing transactions.

### 2. COLLATERAL FOR LOANS AND OFF-BALANCE-SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS

	TYPE OF COLLATERAL			
	SECURED BY MORTGAGE CHF	OTHER COLLATERAL CHF	UNSECURED CHF	TOTAL CHF
<b>LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)</b>				
Amounts due from customers	13 061 386	696 057 219	75 816 987	784 935 591
Mortgage loans	13 426 782	3 578 118		17 004 900
<b>Total loans current year (before netting with value adjustments)</b>	<b>26 488 167</b>	<b>699 635 337</b>	<b>75 816 987</b>	<b>801 940 491</b>
Total loans previous year (before netting with value adjustments)	3 000 000	652 292 318	73 352 036	728 644 354
<b>Total loans current year (after netting with value adjustments)</b>	<b>26 488 167</b>	<b>699 635 337</b>	<b>75 065 021</b>	<b>801 188 526</b>
Total loans previous year (after netting with value adjustments)	3 000 000	651 524 961	73 352 036	727 876 997
<b>OFF-BALANCE-SHEET</b>				
Contingent liabilities	–	30 530 357	18 863 468	49 393 825
Irrevocable commitments	–	–	3 526 000	3 526 000
Obligations to pay up shares and make further contributions	–	61 150 534	106 283	61 256 817
<b>Total off-balance-sheet current year</b>	<b>–</b>	<b>91 680 891</b>	<b>22 495 751</b>	<b>114 176 642</b>
Total off-balance sheet previous year	–	60 457 970	29 539 023	89 996 993

	GROSS DEBT AMOUNT CHF	ESTIMATED LIQUIDATION VALUE OF COLLATERAL CHF	NET DEBT AMOUNT CHF	INDIVIDUAL VALUE ADJUSTMENTS CHF
<b>IMPAIRED LOANS</b>				
<b>Current year</b>	<b>751 965</b>	<b>–</b>	<b>751 965</b>	<b>751 965</b>
Previous year	767 357	–	767 357	767 357



### 3. TRADING PORTFOLIOS AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE (ASSETS AND LIABILITIES)

	31.12.2019	31.12.2018
	CHF	CHF
<b>ASSETS</b>		
<b>Trading portfolio assets</b>		
Debt securities, money market securities / transactions	69 993 356	83 462 057
<i>of which, listed</i>	69 993 356	83 453 725
Equity securities	38 167 068	20 534 664
Other trading portfolio assets	19	255
<b>Total trading portfolio assets</b>	<b>108 160 443</b>	<b>103 996 976</b>
<b>Total assets</b>	<b>108 160 443</b>	<b>103 996 976</b>
<i>of which, determined using a valuation model</i>	108 160 443	103 996 976
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	60 076 134	53 776 233
<b>LIABILITIES</b>		
<b>Trading portfolio liabilities</b>		
Equity securities	134 534	–
<b>Total trading portfolio liabilities</b>	<b>134 534</b>	<b>–</b>
<b>Total liabilities</b>	<b>134 534</b>	<b>–</b>
<i>of which, determined using a valuation model</i>	134 534	–

#### 4. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	POSITIVE REPLACEMENT VALUES CHF	NEGATIVE REPLACEMENT VALUES CHF	CONTRACT VOLUMES CHF	POSITIVE REPLACEMENT VALUES CHF	NEGATIVE REPLACEMENT VALUES CHF	CONTRACT VOLUMES CHF
<b>INTEREST RATE INSTRUMENTS</b>						
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
<b>Total interest rate instruments</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>FOREIGN EXCHANGE/PRECIOUS METAL</b>						
Forward contracts	6 546 018	12 815 372	1 626 387 175	–	–	–
Combined interest rate currency swaps	13 216 561	4 974 640	1 512 772 902	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	14 273 397	15 902 530	2 016 287 000	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
<b>Total foreign exchange/precious metal</b>	<b>34 035 976</b>	<b>33 692 542</b>	<b>5 155 447 077</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>EQUITY SECURITIES/INDICES</b>						
Futures	–	–	–	–	–	–
Options (OTC)	128 866	128 866	8 142 106	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
<b>Total equity securities/indices</b>	<b>128 866</b>	<b>128 866</b>	<b>8 142 106</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>OTHER</b>						
Futures	–	–	–	–	–	–
<b>Total other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total before netting agreements</b>	<b>34 164 842</b>	<b>33 821 408</b>	<b>5 163 589 183</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>of which, determined using a valuation model</i>	34 164 842	33 821 408	5 163 589 183	–	–	–
<b>Total Previous year</b>	<b>59 453 752</b>	<b>61 799 906</b>	<b>6 788 387 801</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>of which, determined using a valuation model</i>	59 453 752	61 799 906	6 788 387 801	–	–	–
<b>Total after netting agreements</b>	<b>34 164 842</b>	<b>33 821 408</b>	<b>5 163 589 183</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Previous year</b>	<b>59 453 752</b>	<b>61 799 906</b>	<b>6 788 387 801</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### 4. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

	BREAKDOWN BY COUNTERPARTY		
	CENTRAL CLEARING HOUSES CHF	BANKS AND SECURITIES DEALERS CHF	OTHER CUSTOMERS CHF
Positive replacement values after netting agreements	–	22 542 687	11 622 155

#### 5. FINANCIAL INVESTMENTS

	BOOK VALUE		FAIR VALUE	
	2019 CHF	2018 CHF	2019 CHF	2018 CHF
<b>Debt securities</b>	<b>212 349 885</b>	<b>293 432 137</b>	<b>214 422 323</b>	<b>292 310 449</b>
<i>of which, intended to be held to maturity</i>	212 349 885	293 432 137	214 422 323	292 310 449
<i>of which, not intended to be held to maturity (available for sale)</i>	–	–	–	–
<b>Equity securities</b>	<b>135 810</b>	<b>22 569 863</b>	<b>214 729</b>	<b>22 650 177</b>
<i>of which, qualified participations (at least 10% of capital or votes)</i>	–	–	–	–
<b>Precious metals</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>212 485 695</b>	<b>316 002 000</b>	<b>214 637 052</b>	<b>314 960 626</b>
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	25 646 679	21 156 297	25 881 868	21 096 800

	BREAKDOWN OF COUNTERPARTIES BY S&P RATING					
	AAA TO AA- CHF	A+ TO A- CHF	BBB+ TO BBB- CHF	BB+ TO B- CHF	BELOW B- CHF	NONE RATED CHF
<b>Book values of debt securities</b>	153 328 370	59 021 515	–	–	–	–

## 6. TANGIBLE FIXED ASSETS

2019									
	COST VALUE CHF	ACCUMULATED DEPRECIATION CHF	BOOK VALUE PREVIOUS YEAR CHF	RECLASSI- FICATIONS CHF	ADDITIONS (INCLUDING EXCHANGE DIFFERENCES) CHF	DISPOSALS (INCLUDING EXCHANGE DIFFERENCES) CHF	DEPRECIATION CHF	REVERSAL CHF	BOOK VALUE CURRENT YEAR END CHF
Building for use of the Bank	27 886 500	(4 254 178)	23 632 322	–	–	(27 886 500)	(195 912)	4 450 090	–
Proprietary or separately acquired software	22 913 363	(7 620 183)	15 293 181	–	8 495 270	–	(5 162 913)	–	18 625 537
Other tangible fixed assets	29 982 531	(8 471 151)	21 511 380	–	216 475	(7 893 626)	(2 978 826)	4 030 798	14 886 200
<b>Total tangible fixed assets</b>	<b>80 782 394</b>	<b>(20 345 512)</b>	<b>60 436 882</b>	<b>–</b>	<b>8 711 744</b>	<b>(35 780 126)</b>	<b>(8 337 651)</b>	<b>8 480 888</b>	<b>33 511 737</b>

## 7. INTANGIBLE ASSETS

2019									
	COST VALUE CHF	ACCUMULATED DEPRECIATION CHF	BOOK VALUE PREVIOUS YEAR CHF	RECLAS- SIFICATIONS CHF	ADDITIONS (INCLUDING EXCHANGE DIFFERENCES) CHF	DISPOSALS (INCLUDING EXCHANGE DIFFERENCES) CHF	DEPRECIATION CHF	REVERSAL CHF	BOOK VALUE CURRENT YEAR END CHF
Goodwill	33 777 802	(13 932 365)	19 845 437	–	–	–	(2 940 065)	–	16 905 373
Other intangible assets	1 253 515	(1 253 515)	–	–	–	–	–	–	–
<b>Total intangible assets</b>	<b>35 031 317</b>	<b>(15 185 880)</b>	<b>19 845 437</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2 940 065)</b>	<b>–</b>	<b>16 905 373</b>

## 8. OTHER ASSETS AND OTHER LIABILITIES

	2019 CHF	2018 CHF
<b>OTHER ASSETS</b>		
Indirect taxes	562 098	1 530 394
Other assets	1 474 497	157 248
<b>Total other assets</b>	<b>2 036 595</b>	<b>1 687 642</b>
<b>OTHER LIABILITIES</b>		
Indirect taxes	1 955 201	1 863 925
Clearing expenses	27 326	242 676
Other liabilities	527 535	197 217
<b>Total other liabilities</b>	<b>2 510 062</b>	<b>2 303 818</b>

## 9. ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS AND ASSETS UNDER RESERVATION OF OWNERSHIP

	2019		2018	
	BOOK VALUES CHF	EFFECTIVE COMMITMENTS CHF	BOOK VALUES CHF	EFFECTIVE COMMITMENTS CHF
Pledged / assigned assets	69 725 922	-	83 212 504	-
<b>Total pledged / assigned assets</b>	<b>69 725 922</b>	<b>-</b>	<b>83 212 504</b>	<b>-</b>
Assets under reservation of ownership	-	-	-	-

## 10. LIABILITIES RELATING TO OWN PENSION SCHEMES, AND NUMBER AND NATURE OF EQUITY HELD BY OWN PENSION SCHEMES

	2019 CHF	2018 CHF
<b>LIABILITIES RELATING TO OWN PENSION SCHEMES</b>		
Amounts due in respect of customers deposits	4 075 092	18 250 120
<b>Total</b>	<b>4 075 092</b>	<b>18 250 120</b>

The pension funds do not hold any shares of the Bank.

## 11. ECONOMIC SITUATION OF OWN PENSION SCHEMES

	NOMINAL VALUE AT CURRENT YEAR END	WAIVER OF USE AT CUR-RENT YEAR END	NET AMOUNT AT CURRENT YEAR END	NET AMOUNT AT PREVIOUS YEAR END	INFLUENCE OF EMPLOYER CONTRIBUTION RESERVES ON PERSONNEL EXPENSES	
	CHF	CHF	CHF	CHF	2019 CHF	2018 CHF
Fondation de prévoyance de Banque SYZ SA et sociétés affiliées	4 000 000	–	4 000 000	4 000 000	–	–



THE SYZ COLLECTION DISPLAYED  
2018, IN THE ATRIUM OF THE SYZ HEADQUARTERS, GENEVA

	OVERFUNDING/ UNDER-FUNDING AT END OF CURRENT YEAR	ECONOMIC INTEREST OF THE BANK / FINANCIAL GROUP		CHANGE IN ECONOMIC INTEREST VERSUS PREVIOUS YEAR	CONTRIBUTIONS PAID FOR THE CURRENT PERIOD	PENSION EXPENSES IN PERSONNEL EXPENSES	
	CHF	2019 CHF	2018 CHF	CHF	CHF	2019 CHF	2018 CHF
Fondation de prévoyance de Banque SYZ SA et sociétés affiliées	11 500 000	–	–	–	9 248 458	5 431 393	12 493 111

The employees are affiliated to a pension fund which covers the economical consequences of retirement, death and disability by providing benefits which are, at minimum, in line with the legally established minimum amounts.

Retirement age is 65 for men and 64 for women. However, by accepting a reduction to their benefits, employees can retire earlier, starting at 58 for men and for women. Banque SYZ SA's obligations are limited to the employer's contributions as defined by the regulations of the pension institutions.

The latest financial statements of Banque SYZ's pension institution (established under Swiss GAAP FER 26) show coverage ratio of 103.3% as at 31 December 2018. The pension institution's governing body estimates, that the coverage ratio as at 31 December 2019 will be 107.5%. The overfunding is used exclusively for the benefit of the insured members, thus there is no economic benefit to the Bank to be recorded in the balance sheet and in the income statement.

## 12. ISSUED STRUCTURED PRODUCTS

The Bank has not issued any structured products.

## 13. BONDS OUTSTANDING AND MANDATORY CONVERTIBLE BONDS

The Bank has not issued any debenture bonds.



#### 14. VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS

		2019						
	PREVIOUS YEAR END CHF	USE IN CONFORMITY WITH DESIGNATED PURPOSE CHF	RECLAS- SIFICATIONS CHF	CURRENCY DIFFERENCES CHF	PAST DUE INTEREST, RECOVERIES CHF	NEW CREATIONS CHARGED TO INCOME CHF	RELEASES TO INCOME CHF	BALANCE AT CURRENT YEAR END CHF
Provisions for other business risks	18 818 127	(5 363 556)	–	(75 201)	–	–	–	13 379 370
<b>Total provisions</b>	<b>18 818 127</b>	<b>(5 363 556)</b>	<b>–</b>	<b>(75 201)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13 379 370</b>
<b>Reserves for general banking risks</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Value adjustments for default and country risks</b>	<b>767 357</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>751 965</b>	<b>(767 357)</b>	<b>751 965</b>
<i>of which, value adjustments for default risks in respect of impaired loans / receivables</i>	<i>767 357</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>751 965</i>	<i>(767 357)</i>	<i>751 965</i>
<i>of which, value adjustments for latent risks</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>

#### 15. BANK'S CAPITAL

		2019			2018		
		TOTAL NOMINAL VALUE CHF	NUMBER OF SHARES CHF	CAPITAL ELIGIBLE TO DIVIDEND CHF	TOTAL NOMINAL VALUE CHF	NUMBER OF SHARES CHF	CAPITAL ELIGIBLE TO DIVIDEND CHF
<b>Share capital</b>		<b>30 000 000</b>	<b>3 000 000</b>	<b>30 000 000</b>	<b>30 000 000</b>	<b>30 000</b>	<b>30 000 000</b>
Registered shares issued and fully paid		30 000 000	3 000 000	30 000 000	30 000 000	30 000	30 000 000
<b>Participation capital</b>		<b>1 500 000</b>	<b>15 000</b>	<b>1 500 000</b>	<b>1 000 000</b>	<b>40 000</b>	<b>1 000 000</b>
Participation certificates issued and fully paid		1 500 000	15 000	1 500 000	1 000 000	40 000	1 000 000
<b>Total bank's capital</b>		<b>31 500 000</b>	<b>3 015 000</b>	<b>31 500 000</b>	<b>31 000 000</b>	<b>70 000</b>	<b>31 000 000</b>

Voting right is determined according to the number of shares owned by each shareholder irrespective of the par value. Each registered share of CHF 10 give one voting right. As at 31.12.2019 the bank counting 3 000 000 registered shares of 10 CHF each and 15 000 participation certificates for 100 CHF each.

## 16. EQUITY SECURITIES OR OPTIONS ON EQUITY SECURITIES HELD BY ALL EXECUTIVES AND DIRECTORS AND BY EMPLOYEES

Under equity-based compensation schemes, share options and share equity of Financière SYZ are granted to managers and employees. The schemes are described in appendix 18 of the annual report of Financière SYZ.

## 17. RELATED PARTIES

	AMOUNTS DUE FROM		AMOUNTS DUE TO	
	2019 CHF	2018 CHF	2019 CHF	2018 CHF
Holders of qualified participations	69 206 854	48 026 700	1 961 972	10 784 159
Group companies	–	–	–	–
Linked companies	549 152	12 107 796	129 933 635	147 813 786
Transactions with members of governing bodies	3 600 302	2 649 438	106 570	4 233 552
Other related parties	–	–	–	–

There are no significant off-balance-sheet transactions with related parties. Balance sheet transactions were granted to under market conditions.

## 18. HOLDERS OF SIGNIFICANT PARTICIPATIONS AND GROUPS OF HOLDERS OF PARTICIPATIONS WITH POOLED VOTING RIGHTS

The following hold participations with more than 5% of voting rights:

	2019		2018	
	NOMINAL CHF	PART IN % CHF	NOMINAL CHF	PART IN % CHF
<b>DIRECT PARTICIPATION</b>				
<b>With voting rights</b>				
Financière SYZ SA	30 000 000	95,24%	31 000 000	100,00%
<b>INDIRECT PARTICIPATION</b>				
Family E. Syz	14 872 000	65,91%	14 872 000	65,91%
Stiftung für Mitarbeiter-Beiteiligungsmodelle der Financière SYZ SA	2 957 000	13,10%	2 919 720	12,94%
Selmont A/S (Casper Kirk Johansen)	2 256 400	10,00%	2 256 400	10,00%

## 19. OWN SHARES AND COMPOSITION OF EQUITY CAPITAL

The Bank does not hold any own shares.

## 20. EQUITY PARTICIPATIONS HELD BY THE GOVERNING BODY AND COMPENSATION REPORT

Equity securities of the Bank are not listed on a stock exchange or similar institution.

## 21. ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)

NET FOREIGN EXPOSURE Rating class	2019		2018	
	CHF	%	CHF	%
AAA	368 389 462	67,58%	771 661 605	86,20%
AA+ to AA-	–	0,00%	90 937	0,01%
A+ to A-	8 960 223	1,64%	3 624 122	0,41%
BBB+ to BBB-	18 039 277	3,31%	18 650 307	2,08%
BB+ to BB-	7 744 477	1,42%	1 251 363	0,14%
B+ to B-	12 093 318	2,22%	8 712 719	0,97%
CCC+ to D	21 391 151	3,92%	1 058 263	0,12%
Without rating	108 518 114	19,91%	90 121 603	10,07%
<b>Total</b>	<b>545 136 022</b>	<b>100,00%</b>	<b>895 170 919</b>	<b>100,00%</b>

The Bank uses the ratings of the Swiss Export Risk Insurance SERV.

## 22. FIDUCIARY TRANSACTIONS

	2019 CHF	2018 CHF
Fiduciary investments with third-party companies	957 720 867	781 624 719
<b>Total fiduciary transactions</b>	<b>957 720 867</b>	<b>735 622 842</b>

## 23. MANAGED ASSETS

### BREAKDOWN OF MANAGED ASSETS

	2019 CHF	2018 CHF
<b>TYPE OF MANAGED ASSETS</b>		
Assets in collective investment schemes managed by the Bank	–	–
Assets under discretionary asset management agreements	3 411 585 383	3 219 615 758
Other managed assets	10 918 401 422	10 683 493 741
<b>Total managed assets (including double-counting)</b>	<b>14 329 986 805</b>	<b>13 903 109 499</b>
<i>Of which double-counted items</i>	–	–

### DEVELOPMENT OF MANAGED ASSETS (INCLUDING DOUBLE COUNTING)

	2019 CHF	2018 CHF
<b>TOTAL MANAGED ASSETS AT BEGINNING</b>	<b>13 903 109 499</b>	<b>15 394 528 642</b>
+/- Net new money inflow or net new money outflow	(594 341 737)	(613 592 885)
+/- Price gains / losses, interest, dividends and currency gains / losses	1 021 219 043	(877 826 258)
+/- Other effects	–	–
<b>Total managed assets at end</b>	<b>14 329 986 805</b>	<b>13 903 109 499</b>

Other assets qualify as custody-only if the services rendered by the Bank are limited to those of custody and cash management. The Bank had no such assets as at 31 December 2019 and 2018. Net new money inflow and outflow do not take into account interest, commissions and expenses.

## INFORMATION ON INCOME STATEMENT

### 24. RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION

	2019 CHF	2018 CHF
<b>BREAKDOWN BY BUSINESS AREA</b>		
Foreign exchange and precious metals	17 024 324	22 038 392
Proprietary trading	(1 314 281)	1 841 017
<b>Total</b>	<b>15 710 043</b>	<b>23 879 409</b>

### 25. REFINANCING INCOME AND INCOME FROM NEGATIVE INTEREST

	2019 CHF	2018 CHF
<b>Negative interest on credit operations</b>	<b>5 164 285</b>	<b>4 764 314</b>
(reduction in interests and discount income)		

### 26. PERSONNEL EXPENSES

	2019 CHF	2018 CHF
Attendance fees/retainers paid to governing bodies and salaries	54 655 123	51 584 439
Social insurance benefits	9 161 119	10 435 982
Other personnel expenses	1 783 051	2 821 757
<b>Total</b>	<b>65 599 293</b>	<b>64 842 178</b>

## 27. OTHER OPERATING EXPENSES

	2019 CHF	2018 CHF
Office space expenses	6 897 945	7 604 775
Expenses for information and communications technology	11 928 054	5 723 916
Fees of audit firm	536 100	540 400
<i>of which, for financial and regulatory audits</i>	406 100	355 200
<i>of which, for other services</i>	130 000	185 200
Professional fees	5 459 760	4 996 711
Outsourcing	10 727 943	11 325 429
Other operating expenses	6 718 759	14 494 800
<b>Total</b>	<b>42 268 561</b>	<b>44 686 031</b>

## 28. MATERIAL LOSSES, EXTRAORDINARY INCOME AND EXPENSES, MATERIAL RELEASES OF HIDDEN RESERVES, RESERVES FOR GENERAL BANKING RISKS, AND VALUE ADJUSTMENTS AND PROVISIONS NO LONGER REQUIRED

Extraordinary income of CHF 843 787 result in a building sale.

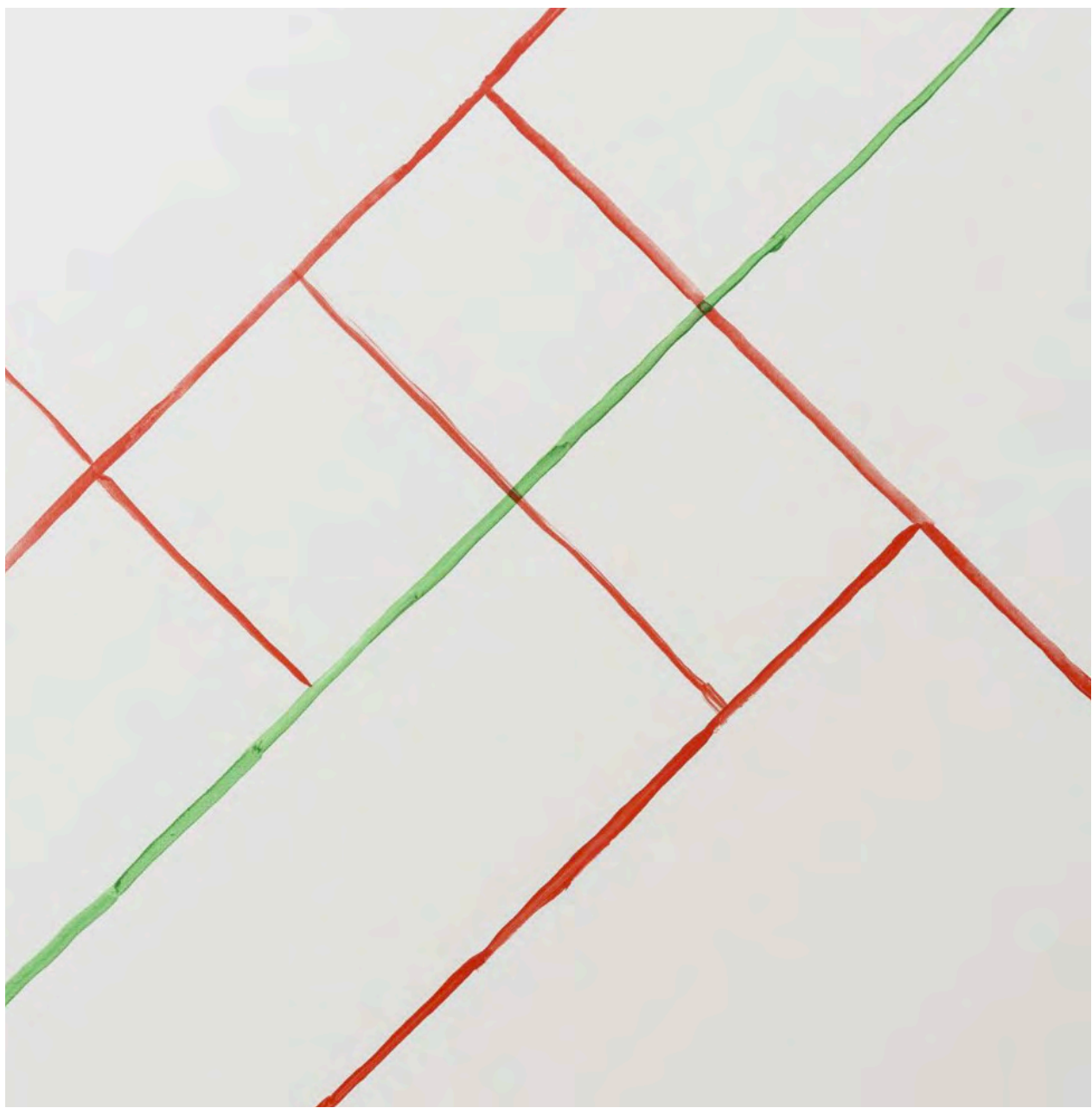
## 29. TAXES

	2019 CHF	2018 CHF
Decrease of tax provision	–	–
Current tax expenses	1 048 599	791 704
<b>Total of taxes</b>	<b>1 048 599</b>	<b>791 704</b>

The calculation of an average tax rate based on a negative operating result is not relevant for 2019 and 2018.

Losses brought forward that affect the income tax (CHF):

2012	18 152 011	2016	–
2013	15 812 123	2017	2 734 887
2014	10 204 196	2018	5 943 923
2015	55 480 672	<b>Total</b>	<b>108 327 812</b>



FROM THE SYZ COLLECTION:

**MICHAEL KREBBER**\_CARTOUCHE PAINTING NO 8, 2017\_ACRYLIC ON CANVAS, 120 X 100 CM

Overall, we were pleased to be able to report to our clients that our US dollar, Swiss franc and Euro portfolios all finished the year with meaningful gains.



# INFORMATION ON REGULATORY CAPITAL, LEVERAGE RATIO AND LIQUIDITY RATIO (LCR) AS AT 31 DECEMBER

	2019 CHF	2018 CHF
<b>ELIGIBLE CAPITAL</b>		
Common Equity Tier 1 capital (CET1)	165 078 257	164 258 821
Additional Tier 1 capital (AT1)	–	–
Tier 2 capital (T2)	–	–
<b>Total</b>	<b>165 078 257</b>	<b>164 258 821</b>
<b>MINIMUM CAPITAL REQUIREMENTS</b>		
Credit risk	39 694 938	40 281 725
Risk without counterparty	2 680 939	4 834 951
Market risk	1 809 220	4 739 265
Operational risk	17 862 826	18 562 300
<b>Total</b>	<b>62 047 922</b>	<b>68 418 240</b>
<b>RISK-WEIGHTED ASSETS</b>	<b>775 599 025</b>	<b>855 228 006</b>
Common Equity Tier 1 ratio	21,3%	19,2%
	2019 CHF	2018 CHF
<b>CAPITAL RATIOS</b>		
Common Equity Tier 1 (as a percentage of risk weighted assets)	21,3%	19,2%
Tier 1 (as a percentage of risk weighted assets)	21,3%	19,2%
Total regulatory capital (as a percentage of risk weighted assets)	21,3%	19,2%
Common Equity Tier 1 available to meet buffers after deducting AT1 and T2 requirements which are fulfilled with CET1 (as a percentage of risk weighted assets)	21,3%	19,2%
Common Equity Tier 1 according to FINMA circ. 11/2 plus countercyclical buffer (in % of risk weighted positions)	7,4%	7,4%
Available Common Equity Tier 1 (CET1) (in % of risk weighted positions)	21,3%	19,2%
Tier 1 minimum ratio according to FINMA circ. 11/2 plus countercyclical buffer (in % of risk weighted positions)	9,0%	9,0%

INFORMATION ON REGULATORY CAPITAL, LEVERAGE RATIO AND LIQUIDITY RATIO (LCR) AS AT 31 DECEMBER

	2019 CHF	2018 CHF
Available Tier 1 (in % of risk weighted positions)	21,3%	19,2%
Target for the regulatory capital according to FINMA circ. 11/2 plus countercyclical buffer (in % of risk weighted positions)	11,2%	11,2%
Available regulatory capital (in % of risk weighted positions)	21,3%	19,2%
<b>LEVERAGE RATIO</b>		
Tier 1 capital	165 078 257	164 258 821
Total exposures	2 206 596 970	2 640 215 180
Leverage ratio	7,5%	6,2%

	2019-Q4 CHF	2019-Q3 CHF	2019-Q2 CHF	2019-Q1 CHF
<b>LIQUIDITY COVERAGE RATIO</b>				
Total stock of high quality liquid assets	704 030 645	866 802 853	1 007 329 726	1 003 195 333
Total net cash outflows	477 260 839	529 168 710	586 276 241	581 178 333
Liquidity coverage ratio (in %)	147,5%	163,8%	171,8%	172,6%

Data related to prior years can be found in the last annual reports available upon request from the Bank's head office.

## INFORMATION ON CREDIT RISKS, OPERATIONAL RISKS AND INTEREST RATE RISKS AS AT 31 DECEMBER

	2019 CHF	2018 CHF	2019 CHF
<b>OVERVIEW OF RISK WEIGHTED ASSETS</b>	<b>RWA</b>	<b>RWA</b>	<b>Minimum capital requirements</b>
Credit risk - standardised approach	529 698 459	563 958 438	42 375 877
Market risk - standardised approach	22 615 247	59 240 813	1 809 220
Operational risk - basic indicator approach	223 285 324	232 028 755	17 862 826
Amounts below the thresholds for deduction	–	–	–
<b>Total</b>	<b>775 599 030</b>	<b>855 228 006</b>	<b>62 047 922</b>

	2019			
	GROSS CARRYING VALUES OF			
CREDIT RISK: CREDIT QUALITY OF ASSETS	DEFAULTED EXPOSURES CHF	NON-DEFAULTED EXPOSURES CHF	ALLOWANCES/ IMPAIRMENTS CHF	NET VALUES CHF
Loans (excluding debt securities)	748 035	784 183 626	748 035	784 183 626
Debt securities	–	282 343 241	–	282 343 241
Off-balance sheet exposures	–	128 845 323	–	128 845 323
<b>Total current year</b>	<b>748 035</b>	<b>1 195 372 191</b>	<b>748 035</b>	<b>1 195 372 191</b>
Total previous year	767 357	1 191 768 184	767 357	1 191 768 184

INFORMATION ON CREDIT RISKS, OPERATIONAL RISKS AND INTEREST RATE RISKS AS AT 31 DECEMBER

CREDIT RISK : CREDIT RISK MITIGATION TECHNIQUES - OVERVIEW	2019		
	EXPOSURES UNSECURED/ CARRYING AMOUNT CHF	EXPOSURES SECURED BY COLLATERAL, OF WHICH: SECURED AMOUNT CHF	EXPOSURES SECURED BY FINANCIAL GUARANTEES OR CREDIT DERIVATIVES, OF WHICH: SECURED AMOUNT CHF
Loans (including debt securities)	332 473 869	724 569 731	–
Off-balance sheet	22 495 751	106 349 572	–
<b>Total current year</b>	<b>354 969 620</b>	<b>830 919 303</b>	–
<i>Of which, defaulted</i>	748 035	–	–
Total previous year	481 110 133	710 658 052	–

QUANTITATIVE INFORMATION ON IRRBB [QC / FIXED]

	DELTA EVE		DELTA NII	
	2019 1'000 CHF	2018 1'000 CHF	2019 1'000 CHF	2018 1'000 CHF
Parallel up	-6 420	–	-12 195	–
Parallel down	6 933	–	11 951	–
Steepner (1)	936	–	–	–
Flattener (2)	-2 269	–	–	–
Short rate up	-4 571	–	–	–
Short rate down	4 860	–	–	–
Maximum	-6 933	–	12 195	–
	2019		2018	
<b>Tier 1 capital</b>	<b>165 078</b>		<b>164 258</b>	

INTEREST RATE RISK : QUANTITATIVE INFORMATION ON THE STRUCTURE OF EXPOSURES AND THE RESETTING OF INTEREST RATES

	AMOUNT IN CHF MILLIONS			AVERAGE INTEREST RATE RESET PERIOD (IN YEARS)		
	TOTAL 1'000 CHF	OF WHICH 1'000 CHF	OF WHICH IN OTHER SIGNIFICANT CURRENCY 1'000 CHF	TOTAL 1'000 CHF	OF WHICH 1'000 CHF	TOTAL 1'000 CHF
<b>Defined rate reset date</b>	<b>692 849</b>	<b>692 849</b>	<b>692 849</b>	–	–	–
Amounts due from banks	16 113	16 113	16 113	0,02	–	–
Amounts due from clients	447 380	447 380	447 380	0,61	1,45	–
Amounts due from clients fix rate	17 005	17 005	17 005	3,47	3,47	–
Financial investments	212 350	212 350	212 350	1,09	–	–
Amounts due to banks	1	1	1	0,08	–	–
<b>Undefined interest rate reset date</b>	<b>1 997 312</b>	<b>1 997 312</b>	<b>1 997 312</b>	–	–	–
Amounts due from banks	96 078	96 078	96 078	0,08	0,08	–
Amounts due from clients	318 716	318 716	318 716	0,22	0,22	–
Amounts payable on demand in the form of personal accounts and current accounts	1 427 978	1 427 978	1 427 978	0,08	0,08	–
Other receivables on demand	154 540	154 540	154 540	1,04	1,04	–
<b>Total</b>	<b>2 690 161</b>	<b>2 690 161</b>	<b>2 690 161</b>			–

# REPORT OF THE STATUTORY AUDITOR

## REPORT ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Banque SYZ SA, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 13 to 45), for the year ended 31 December 2019.

### BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements for the year ended 31 December 2019 comply with Swiss law and the articles of incorporation.

## 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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA,

Geneva, 22 April 2020



**Beresford Caloia**  
Audit expert  
Auditor in charge



**Guillaume Fahrni**  
Audit expert  
Auditor in charge





# ADDRESSES

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## **Impressum**

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Photos credits: Annik Wetter

Art Pieces from the SYZ Collection: Sylvie fleury, Olivier Mosset,  
Heimo Zobernig, Michael Krebber

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available in PDF format for download from our website, [www.syzbank.com](http://www.syzbank.com).