



Bank Syz Ltd —

Annual Report

2021





2021
in review

**“Preserve and grow your wealth
for the future with a private bank
that understands what matters
to you. Invest for the long-term,
for your family with ours.”**

We're here to help you to protect, grow, enjoy, transmit, and give purpose to your wealth. We founded Syz to offer an alternative to the traditions of Swiss Private Banking. Instead of secrecy and product pushing we're focused on asking the right questions, listening to what you tell us, delivering good performance, and providing great service. Put your wealth to work for the days, decades and generations ahead with Syz, for the future...



Understanding your financial goals, ambitions, families, businesses - we listen hard, take the time to truly understand you and only then thinking about how we can best serve you.

Onward and upward, for the future...

Global outlook

The second year of the pandemic saw billions of vaccines delivered, commodity shortages and an economic recovery that accelerated inflation to levels unseen for nearly 40 years. As job markets improved, monetary and fiscal policies prepared to tighten. The year's challenges underlined, again, the importance of access to the right investment expertise and a clear head. In this context, Bank Syz recorded a positive year marked by innovation in services, new talent and successful strategic repositioning.

The global recovery spurred consumer demand and created supply-chain bottlenecks that themselves were compounded by labour markets disrupted by Covid infections. While the economic outlook is dominated by geopolitical tensions, we anticipate growth to continue, though more slowly than in 2021, on the backdrop of inflationary risks and rising but still historically low interest rates. In the meantime, a combination of innovation and creative disruption continues to provide remarkable investment opportunities. In this challenging environment, our active and disciplined approach - using a systematic set of investment tools - is what we believe to be the best way for clients to achieve their risk-adjusted return targets for the future.

In the longer term, we expect the structural dynamics in place pre-Covid - slowing demographics, environmental concerns, and accelerating technological change - to remain the prevailing trends, while rising debt will colour the landscape of fiscal spending for years to come.

Bank Syz recorded a solid performance throughout 2021, positioning us well to continue delivering on our strategic roadmap. We made (including holdings and subsidiaries) a net profit of CHF 4.6m, up 9.7% versus 2020, while assets under management were up 9.4% from the previous reporting year to CHF 15.4bn. Our Tier 1 ratio of 22.2% remains well above the minimum requirement in Switzerland.

Delivering on our promise to innovate

The Bank's ongoing commitment to adding real value to client's experience is the prevailing principle that pushes us to innovate. Our mandates and fund performance have delivered solid returns, reflecting our robust market views and active investment approaches.

Bank Syz is now able to provide a multi-custody service, allowing clients to access our investment expertise while keeping their assets with their existing banks.

Recently developed, the Syz Symphony mandate is a systematic solution several years in the making. Its underlying algorithm based on 11 indicators has been tried and tested through several market corrections and offers clients the possibility to hold cash and equity portfolios, quickly adjusting their allocations based on the market environment. In combination, these indicators can deliver better performance and lower risk than any one indicator in isolation. Overall, this disciplined approach helps deliver strong performance and greater downside protection for discretionary portfolio management accounts.

It has proven effective at managing downturns, including the early phases of the pandemic in 2020, the sell-off in September / October 2021 and more recently through the volatility at the start of 2022. The disciplined approach has above all helped to provide strong risk-adjusted performance in our discretionary accounts, ahead of our peers.

When we look back on 2021 a few years from now, it will probably seem like a watershed year for cryptocurrencies. Despite their extraordinary volatility, they tripled in market capitalization to reach a high of almost USD 3 trillion over the year. Naturally, Bank Syz is preparing to expand its own cryptocurrency services and will be rolling out its latest innovations in the course of 2022.

The bank also joined WeCan Comply in the summer of 2021. Based on blockchain technology, WeCan, a Swiss fintech group, offers a highly secure means of simplifying data exchange between independent asset managers and their custodian banks through a smart digital vault.

Working closely with Syz Capital, we continue to provide private clients with unique alternative investment opportunities to complement our in-house expertise. Our clients have the opportunity to invest alongside the Group and the Syz family through direct investments in businesses that enjoy high growth prospects. These investments, decorrelated from traditional market cycles, are much sought-after for their ability to provide enhanced risk-adjusted returns, which in turn play a key diversification role in portfolios.

Looking to the future...

We are very pleased to have entered a partnership with Chinese wealth manager GeShang, in November 2021. This Hong-Kong-based firm will now provide its mainland clients with access to our discretionary investment expertise and custody services.

Indeed, Bank Syz invested in technology, but most importantly, it invested in talent. As such, we strengthened both the investment and private banking teams with key hires and an acquisition throughout 2021.

The Bank appointed Antoine Denis to head its advisory team, co-leading investments with Luc Filip who is head of discretionary portfolio management (DPM). Late in the year, Charles-Henry Monchau joined as Chief Investment Officer, charged with continuing to expand the successful discretionary portfolio management and advisory services, while offering greater visibility and thought leadership.

We have high expectations for our banking model in the Swiss market, where we are expanding the Bank's reach. To this end, a new head of Swiss private banking was drafted, Dominik Staffelbach. He will lead the expansion in our home market and further develop our presence in Zurich and other key Swiss locations.

We have high expectations for our banking model in the Swiss market, where we are expanding the Bank's reach.

Looking ahead, the Bank is now focusing on organic and external growth.

Looking ahead, the Bank is now focusing on organic and external growth. Right before the holiday season, we completed the acquisition of Zurich-based independent asset manager, BHA Partners AG, as part of our strategy to strengthen our Swiss presence. The deal brings around CHF 1 billion in client assets, as well as an experienced private wealth management team. This complex operation has also been valuable to confirm the quality and the strategic importance of our Syz Multi-custody service. It allows clients to benefit from our investment expertise while keeping their assets with their existing bank, removing many of the traditional hurdles at the onset of a banking relationship.

We plan to continue this acquisition strategy as we identify teams that match our values and our active, value-add investment approaches. To this end, we plan to open a new office in Latin America this year, which will enable us to more closely serve our clientele in the region.

Finally, in 2021 we launched a new brand logo and signature for the Syz Group. The logo offers a reminder of our forward-looking entrepreneurial purpose, and roots as a family-owned and managed business, while the 'For the Future' tagline symbolises our commitment to delivering excellent investment performance in an ever changing world based on our proven track record of investment expertise and high-value personal relationships.



Philippe Reiser
Chairman, Board of Directors



Yvan Gaillard
CEO, Bank Syz Ltd

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Balance sheet

as at 31 December

	2021	2020
	CHF	CHF
Assets		
Liquid assets	676 800 741	791 389 262
Amounts due from banks	114 361 778	148 363 627
Amounts due from customers	884 274 219	724 030 022
Mortgage loans	69 432 400	45 279 800
Trading portfolio assets	31 106 708	33 750 427
Positive replacement values of derivative financial instruments	11 849 982	23 363 851
Financial investments	159 680 670	147 176 455
Accrued income and prepaid expenses	12 113 204	18 930 306
Participations	10 820 472	4 000 000
Tangible fixed assets	23 450 767	27 861 987
Intangible assets	11 025 243	13 965 308
Other assets	2 449 944	1 417 396
Total assets	2 007 366 128	1 979 528 441
<i>of which: Total subordinated assets</i>	<i>1 059 889</i>	<i>-</i>
Liabilities		
Amounts due to banks	21 631 316	26 363 998
Amounts due in respect of customer deposits	1 712 560 020	1 671 815 611
Trading portfolio liabilities	-	467 048
Negative replacement values of derivative financial instruments	17 938 043	26 565 652
Accrued expenses and deferred income	23 484 607	25 331 654
Other liabilities	12 035 543	3 424 896
Provisions	4 549 054	7 706 557
Bank's capital	32 250 000	31 500 000
Statutory capital reserve	59 770 818	59 770 818
Statutory retained earnings reserve	2 669 000	2 669 000
Profit carried forward	115 913 207	119 753 257
Profit	4 564 520	4 159 950
Total liabilities	2 007 366 128	1 979 528 441
Total subordinated liabilities	-	-

Balance sheet as at 31 December

	2021	2020
	CHF	CHF
Off-balance sheet transactions		
Contingent liabilities	43 438 474	46 841 818
Irrevocable commitments	2 920 000	2 996 000
Obligations to pay up shares and make further contributions	100 475 398	93 055 664

Income statement

as at 31 December

	2021 CHF	2020 CHF
Result from interest operations		
Interest and discount income	5 477 390	6 967 262
Interests and dividend income from financial investments	1 956 583	4 068 679
Interest expenses	851 634	675 448
Gross result from interest operations	8 285 607	11 711 389
Changes in value adjustments for default risks and losses from interest operations	(286 220)	(6 303 965)
Subtotal net result from interest operations	7 999 387	5 407 424
Result from commission business and services		
Commission income from securities trading and investment activities	87 662 981	88 239 811
Commission income from lending activities	342 983	487 810
Commission income from other services	1 898 262	1 607 896
Commission expenses	(14 662 036)	(20 072 478)
Subtotal result from commission business and services	75 242 190	70 263 039
Result from trading activities and the fair value option	14 807 543	12 468 959
Other result from ordinary activities		
Result from the disposal of financial investments	–	4 396
Other ordinary income	1 969 787	7 554 568
Other ordinary expenses	(806 809)	(1 649 952)
Subtotal other result from ordinary activities	1 162 978	5 909 012
Operating expenses		
Personnel expenses	(53 811 936)	(53 480 070)
General and administrative expenses	(31 869 994)	(31 343 140)
Subtotal operating expenses	(85 681 930)	(84 823 210)

	2021 CHF	2020 CHF
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(9 353 755)	(10 594 834)
Changes to provisions and other value adjustments, and losses	60 850	4 961 390
Operating result	4 237 263	3 591 780
Extraordinary income	1 144 600	1 412 094
Extraordinary expenses	-	(19 866)
Taxes	(817 343)	(824 058)
Profit	4 564 520	4 159 950

Proposed appropriation of available earnings

	CHF
Profit	4 564 520
Profit carried forward	115 913 207
Distributable profit	120 477 727
Total at the disposal of the General Meeting	120 477 727
Allocation to statutory retained earnings reserve	-
Dividend payment	4 564 520
New amount carried forward	115 913 207



Linder

(b. 1954 in Liverpool, United Kingdom, is a British artist known for her photography)

Linder is a British artist known for her photography, radical feminist photomontage and confrontational performance art. She was also the former front-woman of Manchester based post-punk outfit 'Ludus'. Recent solo exhibitions include Nottingham Contemporary, Kestnergesellschaft, Musée d'Art Moderne de Paris, and Museum of Modern Art PS1. In 2017, Linder was awarded the Paul Hamlyn Foundation Award.

← Linder

Digital Print from original negative
on photographic paper

144.8×106.7 cm

Statement of changes in equity

	BANK'S CAPITAL CHF	CAPITAL RESERVE CHF	RETAINED EARNINGS RESERVE CHF	VOLUNTARY RETAINED EARNINGS RESERVES AND PROFIT CARRIED FORWARD CHF	RESULT OF THE PERIOD CHF	TOTAL CHF
Equity at start of current period	31 500 000	59 770 818	2 669 000	119 753 257	4 159 950	217 853 025
Appropriation of result 2020						
Net change in retained earnings brought forward	-	-	-	4 159 950	(4 159 950)	-
Dividend	-	-	-	(8 000 000)	-	(8 000 000)
Capital increase	750 000	-	-	-	-	750 000
Profit 2021	-	-	-	-	4 564 520	4 564 520
Equity at end of current period	32 250 000	59 770 818	2 669 000	115 913 207	4 564 520	215 167 545

Notes to the financial statements

Business name, legal form and domicile

Bank Syz Ltd, Geneva 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 2021, expressed in terms of full-time employments, amounted to 215.15 employees, compared to 219.45 employees at the end of the prior year.

Accounting and valuation principles

General principles

The accounting and valuation principles are based on FINMA Accounting Ordinance, 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 2020/1.

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, where necessary, are adjusted to conform to any changes in presentation in the current year.

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.

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.

The disclosed balance sheet items are valued individually unless stated otherwise.

Liquid assets

Liquid assets are recognised at their nominal value.

Amounts due from banks and amounts due from customers

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.

Interest (including accrued interest) and related commissions due and unpaid for more than 90 days are not included in interest income.

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 activities and 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.

Derivative financial instruments are classified as trading operations, unless they have been contracted for hedging purpose.

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.

The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded under "Result from trading activities and the fair value option".

Hedging purposes

The Bank may also use 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 valuation result from trading activities is to be recognised in the income statement in the item "Result from trading activities and the fair value option". The valuation result of hedging instruments is to be reported in the compensation account unless a change in book value has been recorded in the hedged item. If a change in book value has been recorded in the hedged item, the change in book value of the hedging transaction is to be reported via the same income statement item.

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.

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 risks 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 risks 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 cost minus any value adjustments due to business reasons (i.e. economically necessary corrections).

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 participations and depreciation and amortisation of tangible fixed assets and 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.

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 depreciation 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. 5 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 depreciation 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 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 depreciation and amortisation of tangible fixed assets and intangible assets”. The estimated operating lives of specific categories of intangible assets are as follows:

- Goodwill 10 years
- Other intangible assets max. 5 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 depreciation 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 is 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 expenses” 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 expenses”.

Equity-based compensation schemes

Share plan

Under this plan, the Board of Directors determines each year the level of award, if any, of Bank Syz Ltd shares to the employees of the Group.

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

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 expenses”.

Off-balance sheet transactions

Off-balance sheet disclosures are at nominal value. Provisions are created, if necessary 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 daily rate of 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 activities and the fair value option”.

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

	2021	2020
Closing rate		
USD	0.9112	0.8839
EUR	1.0362	1.0816
GBP	1.2341	1.2083



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 5 October 2021, 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 24 November 2021 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.

In accordance with Art. 25 para. 1 let. c RelV-FINMA the Bank has determined an approach to apply value adjustments/provisions for non-impaired loans.

In the past years and despite the pandemic situation, the Bank has seen no material or significant increase in its provisions for impaired loans. Therefore, a calculation based on the historical values of the provisions made for impaired loans would probably not capture in full the latent default risks for non-impaired loans.

Instead the Bank shall use the credit stress tests on non-impaired loans in order to set a reference maximum value of latent default risk.

Based on the credit stress test results the Bank identified a reference amount for the value adjustment/provision on non-impaired loans.

The Bank shall review this reference amount on a yearly basis using/updating the credit stress tests.

On 31 December 2021, the need of value adjustment for default risks of non-impaired loans is fully covered.

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 Risk department. 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 department carries out stress tests. If the need arises, it 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 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 risks

The Compliance department 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 department keeps up to date with legal developments coming from the supervisory bodies, the government, the parliament and other organisms. It supervises as well over the updating of the internal directives to take into account new legislative and regulatory requirements.

Legal and reputational risks

The Management and the Due Diligence Committee check the respect for the regulatory prescriptions in force as well as the duties of due diligence applicable to the financial intermediaries. They follow current legislative developments with regulatory authorities or other supervisory bodies. The Due Diligence Committee is responsible for compliance to the statutory and prudential prescriptions and, in particular, those relating to the prevention of money laundering, together with the relevant internal directives. The Due Diligence Committee reviews all the newly opened accounts and the client profiles. It agrees or declines to enter into a business relationship, and produces the reports and minutes required for internal control purposes.

The Marketing and Communication department is responsible for effective image management of the Bank. It monitors articles published about the Bank and will contact the media as soon as the Bank's reputation might be at stake. Measures aimed at

limiting risk to the Bank's image and reputation include notably analyzing and pinpointing any areas of vulnerability, internal analysis and escalation procedures as well as rules of conduct applicable to staff. The Marketing and Communication department works closely together with the Risks, Compliance and Legal departments.

Methods used for identifying default risks and determining the need for value adjustments

Mortgage-based loans

In the context of large customer relationships, the Bank grants mortgage credits secured by properties in Switzerland. The Bank applies loan to values in line with market practice. The Bank mandates an independent expert to carry out a full assessment of the property on the premises on behalf of the Bank. The value retained is the market value of the property calculated by the expert in his report submitted on behalf of the Bank. Principle of lowest value: In the case of a discrepancy between the purchase price of the asset and the market value confirmed by the expert, the Bank retains the lowest value.

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.

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



Elizabeth Peyton

(b. 1965 is an American contemporary artist working primarily in painting, drawing, and printmaking)

Best known for figures from her own life and those beyond it, including close friends, historical personae, and icons of contemporary culture, Peyton's portraits have regularly featured artists, writers, musicians, and actors. Her portraits can be characterized by a coupling of understatement and intensity, depicting subjects from her own life and beyond with both startling immediacy and her signature richly modulated surfaces. Experimenting with different techniques, she also uses a variety of diverse and handmade papers as well as various colored and monochromatic inks.

← Elizabeth Peyton

Rob, 1999
Colored pencil on paper
22.3×25.3 cm

balance sheet date and the value adjustments are made, if necessary. Committees assess and approve all of the value adjustments made 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.

Outsourcing

The Bank use an external service provider to whom it has entrusted operation of its IT system.

Material events after the balance sheet date

The prevailing extraordinary market conditions as a result of the Russia and Ukraine conflict is closely monitored and followed by the Bank.

The Bank has determined that these events are non-adjusting subsequent events. Accordingly, there are no impact neither on balance sheet nor on income statement for the year ended 31 December 2021.

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
Loans (before netting with value adjustments)				
Amounts due from customers	–	804 730 595	86 061 576	890 792 171
Mortgage loans	69 432 400	–	–	69 432 400
<i>of which, residential property</i>	68 232 400	–	–	68 232 400
<i>of which, other</i>	1 200 000	–	–	1 200 000
Total loans current year (before netting with value adjustments)	69 432 400	804 730 595	86 061 576	960 224 571
Total loans previous year (before netting with value adjustments)	45 279 800	651 367 360	79 656 775	776 303 935
Total loans current year (after netting with value adjustments)	69 432 400	804 730 595	79 543 623	953 706 618
Total loans previous year (after netting with value adjustments)	45 279 800	651 367 360	72 662 662	769 309 822
Off-balance sheet				
Contingent liabilities	–	42 173 662	1 264 812	43 438 474
Irrevocable commitments	–	–	2 920 000	2 920 000
Obligations to pay up shares and make further contributions	–	100 475 398	–	100 475 398
Total off-balance-sheet current year	–	142 649 060	4 184 812	146 833 872
Total off-balance-sheet previous year	–	138 046 222	4 847 260	142 893 482

	GROSS DEBT AMOUNT CHF	ESTIMATED LIQUIDATION VALUE OF COLLATERAL CHF	NET DEBT AMOUNT CHF	INDIVIDUAL VALUE ADJUSTMENTS CHF
Impaired loans				
Current year	6 286 690	–	6 286 690	6 286 690
Previous year	6 994 113	–	6 994 113	6 994 113

Impaired loans represent 0.7% of the total loans granted to customers as of 31 December 2021 (0.9% as of 31 December 2020).

3. Trading portfolios

	31.12.2021 CHF	31.12.2020 CHF
Assets		
Trading portfolio assets		
Debt securities, money market securities / transactions	24 992 011	22 004 873
<i>of which, listed</i>	24 992 011	22 004 873
Equity securities	6 114 697	11 745 554
Total trading portfolio assets	31 106 708	33 750 427
Total assets	31 106 708	33 750 427
<i>of which, determined using a valuation model</i>	–	–
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	15 636 798	21 699 570

Liabilities

Trading portfolio liabilities		
Equity securities	–	467 048
Total trading portfolio liabilities	–	467 048
Total liabilities	–	467 048
<i>of which, determined using a valuation model</i>	–	–

4. Derivative financial instruments (assets and liabilities)

	Trading instruments			Hedging instruments		
	POSITIVE REPLACEMENT VALUES	NEGATIVE REPLACEMENT VALUES	CONTRACT VOLUMES	POSITIVE REPLACEMENT VALUES	NEGATIVE REPLACEMENT VALUES	CONTRACT VOLUMES
	CHF	CHF	CHF	CHF	CHF	CHF
Foreign exchange / precious metal						
Forward contracts	2 337 714	1 804 135	215 347 079	-	-	-
Combined interest rate currency swaps	8 635 479	15 201 759	1 709 180 503	-	-	-
Options (OTC)	570 561	625 921	107 816 098	-	-	-
Total foreign exchange / precious metal	11 543 754	17 631 815	2 032 343 680	-	-	-
Equity securities / indices						
Options (OTC)	306 228	306 228	15 097 788	-	-	-
Total equity securities / indices	306 228	306 228	15 097 788	-	-	-
Total before netting agreements	11 849 982	17 938 043	2 047 441 468	-	-	-
<i>of which, determined using a valuation model</i>	<i>11 849 982</i>	<i>17 938 043</i>	<i>2 047 441 468</i>	-	-	-
Total previous year	23 363 851	26 565 652	2 526 452 054	-	-	-
<i>of which, determined using a valuation model</i>	<i>23 363 851</i>	<i>26 565 652</i>	<i>2 526 452 054</i>	-	-	-
Total after netting agreements	11 849 982	17 938 043	2 047 441 468	-	-	-
Total previous year	23 363 851	26 565 652	2 526 452 054	-	-	-

	Breakdown by counterparty		
	CENTRAL CLEARING HOUSES	BANKS AND SECURITIES FIRMS	OTHER CUSTOMERS
	CHF	CHF	CHF
Positive replacement values after netting agreements	-	6 359 702	5 490 280

5. Financial investments

	Book value		Fair value	
	2021 CHF	2020 CHF	2021 CHF	2020 CHF
Debt securities	159 680 670	147 040 794	158 947 880	148 501 945
<i>of which, intended to be held to maturity</i>	<i>159 680 670</i>	<i>147 040 794</i>	<i>158 947 880</i>	<i>148 501 945</i>
<i>of which, not intended to be held to maturity (available for sale)</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
Equity securities	–	135 661	–	196 005
<i>of which, qualified participations (at least 10% of capital or votes)</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
Total	159 680 670	147 176 455	158 947 880	148 697 950
<i>of which, securities eligible for repo transactions in accordance with liquidity requirements</i>	<i>11 121 292</i>	<i>13 263 491</i>	<i>11 033 528</i>	<i>13 500 592</i>

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
Book values of debt securities	68 677 949	54 365 656	36 637 065	–	–	–

6. Participations

	ACQUISITION COST CHF	BOOK VALUE PREVIOUS YEAR CHF	ADDITIONS CHF	DISPOSALS CHF	BOOK VALUE CURRENT YEAR CHF	MARKET VALUE CHF
Participations without market value	4 000 000	4 000 000	10 820 472	-4 000 000	10 820 472	–
Total participations	4 000 000	4 000 000	10 820 472	-4 000 000	10 820 472	–

In December 2021, the Bank bought a new company BHA Partners AG, Zürich with a capital of CHF 100 000.

In October 2021, the Bank sold the company Syz Asset Management AG with a capital of CHF 4 million to the Holding company Financière Syz SA.

7. Companies in which the Bank holds a permanent direct or indirect significant participation

COMPANY NAME AND DOMICILE	BUSINESS ACTIVITY	CAPITAL (IN 1,000S) CHF	SHARE OF CAPITAL (IN %)	(1) SHARE OF VOTES (IN %)	HELD DIRECT	HELD INDIRECT
BHA Partners AG, Zürich	Investment management	100	100	100	100	-

8. Tangible fixed assets

				2021				
	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	BOOK VALUE CURRENT YEAR END CHF
Building renovation	13 033 176	(3 344 187)	9 688 988	-	120 000	-	(959 601)	8 849 387
Proprietary or separately acquired software	33 175 868	(19 065 594)	14 110 274	-	1 297 182	-	(4 192 620)	11 214 836
Other tangible fixed assets	9 509 988	(5 447 264)	4 062 725	-	591 288	-	(1 267 469)	3 386 544
Total tangible fixed assets	55 719 032	(27 857 045)	27 861 987	-	2 008 470	-	(6 419 690)	23 450 767

There are no off-balance leasing commitments as at 31 December 2021.

9. Intangible assets

	2021				
	COST VALUE	ACCUMULATED DEPRECIATION	BOOK VALUE PREVIOUS YEAR	RECLAS-SIFICATIONS	ADDITIONS (INCLUDING EXCHANGE DIFFERENCES)
	CHF	CHF	CHF	CHF	CHF
Goodwill	33 777 803	(19 812 495)	13 965 308	–	–
Total intangible assets	33 777 803	(19 812 495)	13 965 308	–	–

10. Other assets and other liabilities

	2021	2020
	CHF	CHF
Other assets		
Indirect taxes	895 450	670 078
Clearing account	750 000	–
Other assets	804 494	747 318
Total other assets	2 449 944	1 417 396
Other liabilities		
Indirect taxes	2 107 103	2 540 621
Clearing expenses	78 824	135 945
Other liabilities	9 849 616	748 330
Total other liabilities	12 035 543	3 424 896

As at 31 December 2021, other liabilities include the remaining consideration to be paid over 3 years related to the acquisition of BHA Partners SA for an amount of CHF 9 210 058, as per Share Purchase Agreement dated 24 June 2021.

11. Assets pledged or assigned to secure own commitments and assets under reservation of ownership

	2021		2020	
	BOOK VALUES CHF	EFFECTIVE COMMITMENTS CHF	BOOK VALUES CHF	EFFECTIVE COMMITMENTS CHF
Amounts due from banks	6 479 850	6 144 474	3 897 362	4 611 919
Financial investments	24 743 405	20 854 324	21 699 570	8 287 201
Total pledged / assigned assets	31 223 255	26 998 798	25 596 932	12 899 120

12. Liabilities relating to own pension schemes, and number and nature of equity held by own pension schemes

	2021 CHF	2020 CHF
Liabilities relating to own pension schemes		
Amounts due in respect of customers deposits	6 034 216	6 125 582
Total	6 034 216	6 125 582

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

13. Employer contribution reserves

	NOMINAL VALUE AT CURRENT YEAR END	WAIVER OF USE AT CURRENT 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	2021 CHF	2020 CHF
Fondation de prévoyance de Banque Syz SA et sociétés affiliées	4 000 000	–	4 000 000	4 000 000	–	–

	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	2021 CHF	2020 CHF	CHF	CHF	2021 CHF	2020 CHF
Economic benefit / economic obligation and the pension benefit expenses							
Fondation de prévoyance de Banque Syz SA et sociétés affiliées	23 150 000	–	–	–	4 298 694	4 298 694	5 183 389

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. Bank Syz Ltd's obligations are limited to the employer's contributions as defined by the regulations of the pension institutions.

The latest financial statements of Bank Syz Ltd's pension institution (established under Swiss GAAP FER 26) show coverage ratio of 110.2% as at 31 December 2020. The pension institution's governing body estimates, that the coverage ratio as at 31 December 2021 will be 116.0% (unaudited). The over funding 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.

14. Issued structured products

The Bank has not issued any structured products.

15. Bonds outstanding and mandatory convertible bonds

The Bank has not issued any debenture bonds.

16. Value adjustments and provisions, reserves for general banking risks

	2021							
	PREVIOUS YEAR END CHF	USE IN CONFORMITY WITH DESIGNATED PURPOSE CHF	RECLASSI- FICATIONS 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	6 561 975	(1 722 003)	–	135 650	–	762 722	(1 189 290)	4 549 054
Other provisions	1 144 582	–	–	–	–	–	(1 144 582)	–
Total provisions	7 706 557	(1 722 003)	–	135 650	–	762 722	(2 333 872)	4 549 054
Reserves for general banking risks	–	–	–	–	–	–	–	–
Value adjustments for default and country risks	6 994 113	(518 512)	–	(243 868)	–	286 220	–	6 517 953
<i>of which, value adjustments for default risks in respect of impaired loans / receivables</i>	6 994 113	(518 512)	–	(243 868)	–	54 957	–	6 286 690
<i>of which, value adjustments for latent risks</i>	–	–	–	–	–	231 263	–	231 263



17. Bank's capital

	2021			2020		
	TOTAL NOMINAL VALUE CHF	NUMBER OF SHARES	CAPITAL ELIGIBLE TO DIVIDEND CHF	TOTAL NOMINAL VALUE CHF	NUMBER OF SHARES	CAPITAL ELIGIBLE TO DIVIDEND CHF
Share capital	32 250 000	3 022 500	32 250 000	31 500 000	3 015 000	31 500 000
Registered "A" shares of CHF 10 each with preferred voting rights, issued and fully paid	30 000 000	3 000 000	30 000 000	30 000 000	3 000 000	30 000 000
Registered "B" shares of CHF 100 each, issued and fully paid	2 250 000	22 500	2 250 000	1 500 000	15 000	1 500 000
Total bank's capital	32 250 000	3 022 500	32 250 000	31 500 000	3 015 000	31 500 000

Voting rights are determined according to the number of shares owned by each shareholder irrespective of the par value. Each registered share of CHF 10 gives one voting right.

18. 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 SA are granted to managers and employees. The schemes are described in note 18 of the notes to the annual report of Financière SYZ SA.

19. Related parties

	Amounts due from		Amounts due to	
	2021 CHF	2020 CHF	2021 CHF	2020 CHF
Holders of qualified participations	69 292 800	67 933 961	6 790 745	7 200 441
Linked companies	–	4 846	43 445 133	56 623 883
Transactions with members of governing bodies	1 124 371	1 196 954	271 413	59 130
Other related parties	–	–	–	6 337 546

Balance sheet transactions were granted under market conditions.

The Bank has off-balance sheet commitment of CHF 12 300 623 (CHF 8 493 765 as at 31 December 2020) with linked companies.

20. 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 :

	2021		2020	
	NOMINAL CHF	VOTING RIGHTS %	NOMINAL CHF	VOTING RIGHTS %
Direct participation				
With voting rights				
Financière Syz SA	30 750 000	99.50	30 000 000	99.50
Indirect participation				
Eric & Suzanne Syz	16 658 540	86.37	16 658 540	86.37
Stiftung für Mitarbeiter-Beiteiligungsmodelle der Financière Syz SA	3 084 650	7.12	3 084 650	7.12
Selmont A/S (Casper Kirk Johansen)	2 753 620	6.35	2 753 620	6.35

21. Own shares and composition of equity capital

The Bank does not hold any own shares.

	2021 CHF	2020 CHF
Non-distributable legal reserves	16 125 000	15 750 000
Total non-distributable legal reserves	16 125 000	15 750 000

To the extent it does not exceed one-half of the share capital, the statutory retained earnings reserve may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.

There are no statutory limitations that apply to the distribution of the voluntary retained earnings reserve.

22. 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.

23. Assets by credit rating of country groups (risk domicile view)

Net foreign exposure RATING CLASS	2021		2020	
	CHF	%	CHF	%
AAA	371 194 317	71.30	341 722 852	75.79
AA+ to AA-	225 930	0.04	127 806	0.03
A+ to A-	14 083 767	2.71	9 440 839	2.09
BBB+ to BBB-	9 892 800	1.90	8 824 449	1.96
BB+ to BB-	22 724 421	4.37	6 203 615	1.38
B+ to B-	22 409 695	4.31	10 433 421	2.31
CCC+ to D	8 374 114	1.61	9 204 946	2.04
Without rating	71 622 309	13.76	64 931 210	14.40
Total	520 527 353	100.00	450 889 138	100.00

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

24. Fiduciary transactions

	2021 CHF	2020 CHF
Fiduciary investments with third-party companies	284 507 749	395 562 215
Total fiduciary transactions	284 507 749	395 562 215

25. Managed assets

Breakdown of managed assets	2021 CHF	2020 CHF
TYPE OF MANAGED ASSETS		
Assets in collective investment schemes managed by the Bank	443 177 113	421 767 012
Assets under discretionary asset management agreements	5 537 021 462	4 802 010 636
Other managed assets	9 458 785 984	8 886 883 878
Total managed assets (including double counting)	15 438 984 559	14 110 661 526
<i>Of which double counted items</i>	<i>254 277 093</i>	<i>245 711 123</i>

Development of managed assets (including double counting)	2021 CHF	2020 CHF
TOTAL MANAGED ASSETS AT BEGINNING	14 110 661 526	14 329 986 805
+/- Net new money inflow or net new money outflow	(162 067 054)	(354 145 021)
+/- Price gains / losses, interest, dividends and currency gains / losses	1 490 390 087	224 253 412
+/- Other effects	–	(89 433 670)
Total managed assets at end	15 438 984 559	14 110 661 526

The managed assets disclosed include all client assets deposited at the Bank with an investment character as well as client assets managed by the Bank. It does not include assets kept by the Bank but managed by a third party (custody only).

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 2021 and 2020.

Assets under discretionary asset management agreements comprise clients' deposits for which the Bank makes the investment decisions. Other managed assets include those for which the client makes the investment decisions.

Net new money is calculated monthly by totaling the incoming and outgoing client transfers of cash and securities. It does not include currency fluctuations, security price variations as well as internal transfers between the accounts and interest credited to the client deposits. The interest and dividends resulting from the customer's assets as well as the interests, the commissions and fees debited from the client assets are not included either in the net new money calculation.

In 2020, other effects reflect transferred managed assets resulting from the reorganization within the Group which led to the discontinuation of certain asset management activities.



Being an entrepreneurial, founder-led boutique business means we're always looking for better ways to deliver great performance and service. Innovation is key to us, but we're always mindful of risks and focused on protecting as well as growing our clients' wealth.

Information on income statement

26. Result from trading activities and the fair value option

	2021 CHF	2020 CHF
Breakdown by business area		
Private Banking (trading operations with clients)	13 778 181	11 667 977
Proprietary trading	1 029 362	800 982
Total	14 807 543	12 468 959
Breakdown by underlying risk and based on the use of the fair value option		
Equity securities	136 363	(755 107)
Foreign currencies	14 575 611	13 053 771
Commodities / precious metals	95 569	170 295
Total	14 807 543	12 468 959

27. Refinancing income and income from negative interest

	2021 CHF	2020 CHF
Negative interest on lending business (reduction in interests and discount income)	4 569 216	3 938 533
Negative interest on customer deposit (reduction in interest expenses)	(974 924)	(669 233)

28. Personnel expenses

	2021 CHF	2020 CHF
Attendance fees / retainers paid to governing bodies and salaries	44 854 105	42 375 745
Social insurance benefits	7 734 940	9 623 167
Other personnel expenses	1 222 891	1 481 158
Total	53 811 936	53 480 070

29. Other operating expenses

	2021 CHF	2020 CHF
Office space expenses	5 609 802	6 439 495
Expenses for information and communications technology	9 148 453	9 491 349
Fees of audit firm	526 600	537 456
<i>of which, for financial and regulatory audits</i>	462 200	528 571
<i>of which, for other services</i>	64 400	8 685
Professional fees	3 620 888	2 614 528
Outsourcing	9 451 809	9 019 387
Other operating expenses	3 512 441	3 240 925
Total	31 869 994	31 343 140

30. Material losses, extraordinary income and expenses, material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

	2021 CHF	2020 CHF
Extraordinary income		
Extraordinary income resulting from the dissolution of a hidden reserve	1 144 582	
Building and other fixed assets sale	–	13 130
Extraordinary income resulting from the recharging to the ex-asset management group's entities of the additional amortization and write down of the fixed assets used for the asset management activities	–	1 364 903
Other income	18	34 061
Total	1 144 600	1 412 094

31. Indications and motivation for re-evaluations of participation and fixed assets up to the book value

The Bank has not re-evaluated any position.

32. Presentation of current taxes, deferred taxes and disclosure of tax rate

	2021 CHF	2020 CHF
Current tax expenses	817 343	824 058
Total of taxes	817 343	824 058

Average tax rate weighted on pre-tax operating result is 19.3% for 2021 compared to 22.9% for 2020.

Due to the negative results recorded during the previous years, no income tax is due.

In 2021 and 2020, the tax expenses are composed of the annual equity tax.

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

2014	10 204 196
2015	55 480 672
2016	–
2017	2 734 887
2018	5 943 923
2019	–
2020	–
Total	74 363 678



Elad Lassry

(b. 1977 is an Israeli-American artist who lives and works in Los Angeles)

Lassry defines his practice as consumed with “pictures” — generic images culled from vintage picture magazines and film archives, redeploying them in a variety of media, including photography, film, drawing and sculpture. Leaving little distance between the commercial and the analytical, he is sometimes described as a post-Pictures Generation artist.

In 2011, art critic Sarah Schmerler wrote in *Art in America*: “[if] Elad Lassry hadn’t come along at this particular moment in photography’s history, theorists would probably have had to invent him.”

← Elad Lassry

Angela Waves, 2010
C-print
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Information on regulatory capital, leverage ratio and liquidity ratio (LCR)

as at 31 December

	2021 K CHF	2020 K CHF
Eligible capital		
Common Equity Tier 1 (CET1)	177 319	169 849
Tier 1	177 319	169 849
Total capital	177 319	169 849
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	799 277	731 985
Minimum capital requirement	63 942	58 559
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 ratio (%)	22.2	23.2
Tier 1 ratio (%)	22.2	23.2
Total capital ratio (%)	22.2	23.2
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5
Countercyclical buffer requirement (%)	–	–
Bank G-SIB and/or D-SIB additional requirements (%)	–	–
Total of bank CET1 specific buffer requirements (%)	2.5	2.5
CET1 available after meeting the bank's minimum capital requirements (%)	14.2	15.2
Targeted capital ratio in accordance with Annex 8 CAO (in % of RWA)		
Capital buffer in accordance with Annex 8 CAO (%)	3.2	3.2
Countercyclical buffer (Articles 44 and 44a CAO) (%)	–	–
CET1 target ratio (in %) in accordance with Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	7.4	7.4
T1 target ratio (in %) in accordance with Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	9	9
Total capital target ratio (in %) in accordance with Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	11.2	11.2

Information on regulatory capital, leverage ratio and liquidity ratio (LCR)

	2021 K CHF	2020 K CHF
BASEL III Leverage ratio		
Total Basel III leverage ratio exposure measure	2 192 735	1 366 638
Basel III leverage ratio (%)	8.1	12.4
Liquidity Coverage Ratio		
Total HQLA	713 592	839 835
Total net cash outflow	440 238	433 366
LCR (%)	162.1	193.8
Net Stable Funding Ratio		
Total available stable funding	1 351 316	1 334 222
Total required stable funding	691 697	567 273
NSFR (%)	195.4	235.2

	2021-Q4 CHF	2021-Q3 CHF	2021-Q2 CHF	2021-Q1 CHF
Liquidity coverage ratio				
Total stock of high quality liquid assets	722 968 295	763 268 733	866 971 861	958 209 546
Total net cash outflows	432 916 123	429 690 135	453 213 992	474 201 551
Liquidity coverage ratio (in %)	167.0	177.6	191.3	202.1

2020-Q4	2020-Q3	2020-Q2	2020-Q1
191.8	211.7	187.3	183.8

Report of the statutory auditor

to the General Meeting of Bank Syz Ltd, Geneva

Report on the financial statements

As statutory auditor, we have audited the financial statements of Bank Syz Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 13 to 51), for the year ended 31 December 2021.

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 2021 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



Christophe Kratzer
Audit expert
Auditor in charge

Jérémy Casarico
Audit expert

Geneva, 12 April 2022

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Like all family owned and managed businesses we can take a genuinely long-term view. Because we don't have multiple shareholders we're never hostage to the need to deliver short-term quarterly returns.

Governance

BANK SYZ LTD

Board of Directors

Philippe Reiser², Chairman
Since April 2019

Jean-Blaise Conne^{1,2}, Vice-chairman
Since April 2019

Eric Syz, Member
Since April 2019

Suzanne Syz, Member
Since April 2019

Philippe Milliet², Member
Since April 2019

Giovanni Vergani^{1,2}, Member
Since June 2019

Marlene Nørgaard Carolus, Member
Since April 2020

Sylvain Matthey, Member
Until June 2021

1. Audit, risk and regulatory committee
2. Independent board member

BIOGRAPHIES



Philippe Reiser
Chairman

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

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
Member

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 the Syz Group with Alfredo Piacentini and Paolo Luban. The latter both left the company in 2014, leaving the Syz family in control of almost all of the company's shares.



Philippe Milliet
Member

A Swiss national, Philippe Milliet is Board member by the Swiss Post (Vice-chairman), by Cendres + Métaux Holding SA (Chairman), by Banque Cantonale du Jura and Perrin Holding SA. Most notably, he has worked at McKinsey, primarily in pharmaceuticals and insurance, served as the CEO of Unicile, in the banking information technology sector, been the head of the Health Division at Galenica, in charge of Distribution, OTC and Retail and acted as Head of the Sheet-Feed Business Unit in the Executive Committee of the Bobst Group. A pharmacist by training, he received an MBA from the University of Lausanne.



Suzanne Syz
Member

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 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 Eric Syz, who work within the Syz Group, Marc Syz, managing partner of Syz Capital, and Nicolas Syz, Head of Private Banking at Bank Syz.



Giovanni Vergani

Member

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.



Sylvain Matthey

Member

Sylvain Matthey was Group General Counsel (Legal and Compliance) of the Syz Group from 2017 to 2020. 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. He holds a law degree from the University of Neuchâtel and is a Swiss qualified lawyer (Bar admission in Neuchâtel).



Marlene Nørgaard Carolus

Member

Ms. Marlene Nørgaard Carolus is an innovative multi-family officer with a strong digital pedigree. Listed as one of the top 100 most influential women in Denmark, she has been appointed to multiple boards of financial companies since 2004, including the executive board of Danske Bank International. Currently, Ms. Nørgaard Carolus is CEO of Danish fintech company, Mybanker, and serves as a non-executive member on the boards of various businesses and non-profit organisations, including ART 2030 and Bruun Rasmussen Auctioneers. Marlene Nørgaard Carolus graduated from Copenhagen Business School with an EMBA degree and earned board certificates from CBS, Harvard University, as well as a certificate in Exponential Technologies from Singularity University, California.



We want to be the most trusted Swiss
family-owned and managed boutique
Private Bank.

Executive Committee

Yvan Gaillard, Chief executive officer

Nicolas Syz, Head of Private Banking

Alexandre de Montbas, Chief financial officer
Since September 2021

Alfonso Devecchi Mas, Ad-Interim chief financial officer
Until August 2021

Catherine Motamedi, Group general counsel

BIOGRAPHIES



Yvan Gaillard
CEO

Yvan Gaillard is the CEO of Bank Syz. He 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. He holds a Master of Science (M. Sc.) degree, Information Technology from the Swiss Federal Institute of Technology (EPFL).



Nicolas Syz
Head of Private Banking

Nicolas Syz joined the Syz Group in 2017 as Head of Business Development for Bank Syz, before becoming Head of Private Banking in 2019. Previously, he worked for UBS in Zurich and Firmenich in Paris, London and Singapore. He holds a Master of Science in Management; Marketing Specialization from the University of Lausanne and also a Master in Finance and Strategy from Sciences Po, University of Paris.



Alexandre de Montbas

Chief financial officer

Alexandre de Montbas joined as Chief Financial Officer on 1 September 2021. He began his career with PwC in Paris before joining the French Ministry of Foreign Affairs and then the United Nations. Before joining the Syz Group he had worked for the Pictet Group since 2012, initially as a Project Manager, then for 6 years as Chief Financial Officer and a member of the Executive Committee for Pictet Wealth Management. He holds an MBA from INSEAD.



Catherine Motamedi

Group general counsel

Catherine Motamedi joined SYZ Group in 2019 as General Counsel (Legal and Compliance). She is a Swiss qualified lawyer who left private practice in 2011 to join the Edmond de Rothschild Group where she held several senior management positions in relation with legal, regulatory & tax issues and projects. She holds a law degree from the University of Geneva and is a Swiss qualified lawyer (Bar admission in Geneva).



Alfonso Devecchi Mas

Ad-Interim chief financial officer

Alfonso Devecchi joined in 2020 as interim Chief Financial Officer. He started his career in banking audit and then consulting for KPMG, before holding a number of CFO positions in both banking and industry. Amongst others, he led a start up in telecommunications to profitability as CFO and shareholder. He holds a Bachelor's degree from the Université de Fribourg and MBA from the California Coast University.

Head of Agencies

ZURICH

Dominik Staffelbach, Head of Private Banking Switzerland

LOCARNO

Simone Crivelli, Head of Locarno Agency

LUGANO

Martino Manzoni, Head of Lugano Agency

Head of Representative Offices

ISTANBUL

Idil Parman, Head of Istanbul Representative Office

JOHANNESBURG

Viviana Van Agtmaal, Head of Johannesburg Representative Office

Internal Audit

Lionel Noetzlin, Head of Internal Audit

External Auditors

PriceWaterhouseCoopers SA, [pwc.ch](https://www.pwc.ch)



Our Presence

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Find the right expertise

Tell us about yourself and we'll get back to you with a team that understands your challenges, speaks your language, and is fluent in your region.

Impressum

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Photos credits: Annik Wetter

Art Pieces from the Syz Collection

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