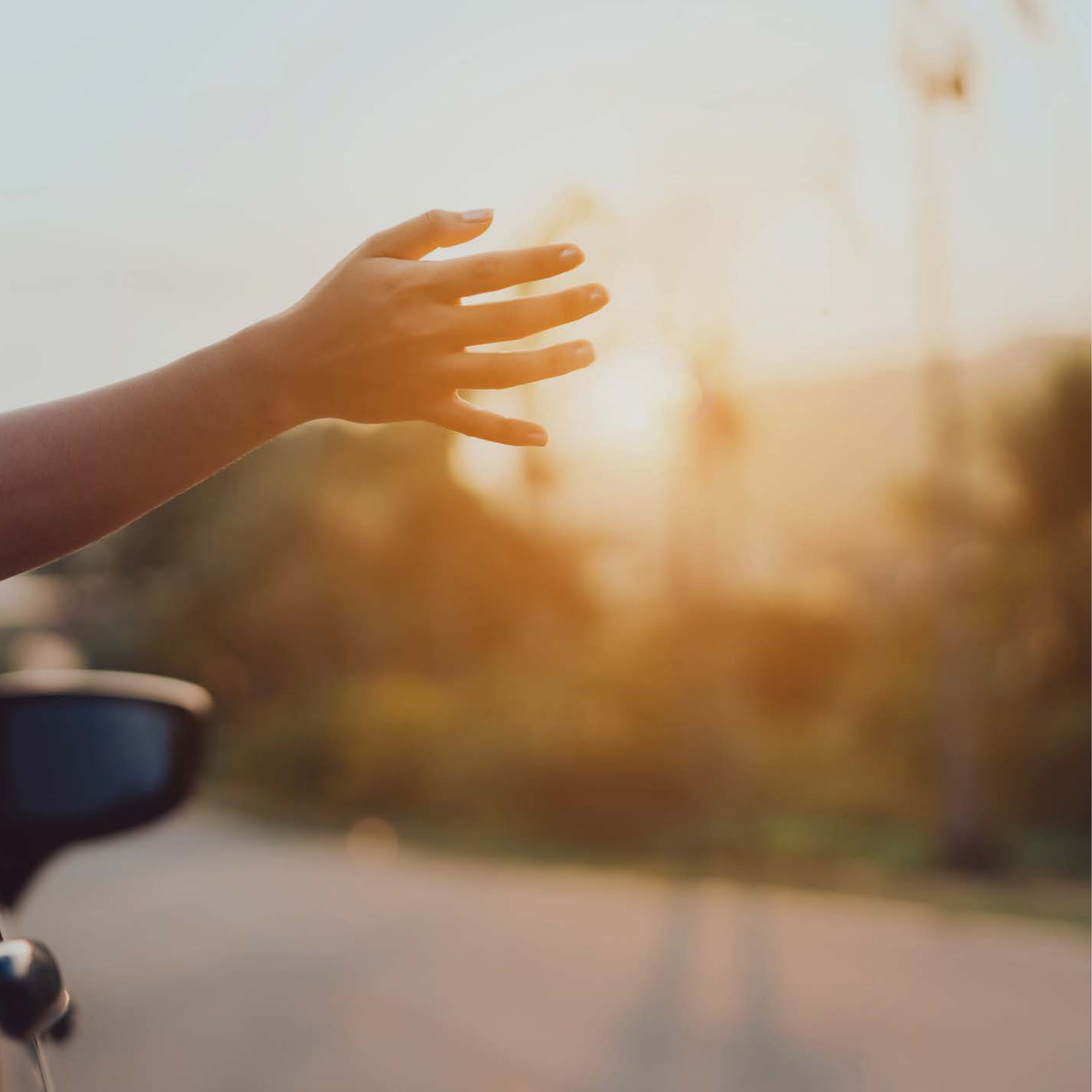
FINMA Circular 2016/01 —

Syz Group Regulatory Disclosures Duties 2020

“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...



SYZ Group Regulatory Disclosures Duties

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KM1 - Key Metrics

	2020	2019
AVAILABLE CAPITAL (AMOUNTS IN KCHF)		
Common Equity Tier 1 (CET1)	238 324	243 813
Fully loaded ECL accounting model	–	–
Tier 1	238 324	243 813
Fully loaded ECL accounting model Tier 1	–	–
Total capital	238 324	243 813
Fully loaded ECL accounting model total capital	–	–
RISK-WEIGHTED ASSETS (AMOUNTS)		
Total risk-weighted assets (RWA)	856 846	1 057 681
Minimum capital requirement	68 548	84 614
RISK-BASED CAPITAL RATIOS AS A PERCENTAGE OF RWA		
Common Equity Tier 1 ratio (%)	27.8	23,1
Fully loaded ECL accounting model Common Equity Tier 1 (%)	–	–
Tier 1 ratio (%)	27.8	23.1
Fully loaded ECL accounting model Tier 1 ratio (%)	–	–
Total capital ratio (%)	27.8	23.1
Fully loaded ECL accounting model total capital ratio (%)	–	–
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 (%)	19.8	15.1

	2020	2019
TARGET EQUITY RATIOS ACCORDING TO APPENDIX 8 OF THE OFR (IN % OF RWAS)		
Equity buffer according to Appendix 8 OFR (%)	3.2	3.2
Countercyclical equity buffer (Art. 44 and 44a OFR) (%)	–	–
Target ratio in CET1 (in %) according to Appendix 8 of the OFR, plus the countercyclical buffers according to Art. 44 and 44a OFR	7.4	7.4
Target ratio in Q1 (in %) according to Appendix 8 of the OFR, plus the countercyclical buffers according to Art. 44 and 44a OFR	9.0	9.0
Overall target ratio of equity (in %) according to Appendix 8 of the OFR, plus the counter-cyclical buffers according to Art. 44 and 44a OFR	11.2	11.2
BASEL III LEVERAGE RATIO*		
Total Basel III leverage ratio exposure measure	1 425 493	2 432 791
Basel III leverage ratio (%)	16.7	10.1
Fully loaded ECL accounting model Basel III leverage ratio (%)	–	–
LIQUIDITY COVERAGE RATIO		
Total HQLA	839 839	635 408
Total net cash outflow	399 348	268 558
LCR ratio (%)	210.3	236.6
NET STABLE FUNDING RATIO (2)		
Total available stable funding	1 356 825	1 344 616
Total required stable funding	615 927	728 161
NSFR ratio	220.2	185

* Sight deposits with central banks are excluded from the leverage ratio as at 31.12.2020 as per FINMA communication 02/2020 dated 31st March 2020. Without this regulatory easing, the leverage ratio would have stood at 10.8% as at 31.12.2020.

	2020-Q4 CHF	2020-Q3 CHF	2020-Q2 CHF	2020-Q1 CHF
LIQUIDITY COVERAGE RATIO				
Total stock of high quality liquid assets	880 951 038	840 259 664	882 196 774	706 516 546
Total net cash outflows	459 235 240	396 853 542	470 888 719	384 463 316
Liquidity coverage ratio (in %)	191.8	211.7	187.3	183.8

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

OV1 - Overview Of Risk-Weighted Assets

	2020 CHF	2019 CHF	2020 CHF
OVERVIEW OF RISK WEIGHTED ASSETS	**RWA**	**RWA**	**Minimum capital requirements**
Credit risk - standardised approach	555 667 499	610 281 343	44 453 400
Market risk - standardised approach	25 118 514	106 393 629	2 009 481
Operational risk - basic indicator approach	276 059 642	341 005 930	22 084 771
Total	**856 845 655**	**1 057 680 901**	**68 547 652**

LIQA – Liquidity Risk

GOVERNANCE AND ORGANIZATION

The liquidity risk capacity and risk appetite as well as the liquidity management strategy are defined at Group's level by the Board of Directors and are contained in the Group Wide Risk Management Framework which is reviewed annually. The Executive Committee is responsible for the implementation of this strategy. The monitoring and management of liquidity risks are defined in the internal Rules Governing Liquidity Risk. The Risk Management Committee is responsible for the compliance with the limits defined by the Board of Directors. The Assets & Liabilities Management Committee is responsible for the monitoring and the management of the balance sheet and takes any decision relating to the allocation of liquidity surplus.

The risk tolerance and risk appetite are expressed via the following indicators:

- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Ratio of liquid assets over the total size of the balance sheet
- Ratio of volatile liquidity resources over the total size of the balance sheet
- Ratio of liquid assets over volatile liquidity resources
- Total size of the clients' credit book over the cumulated amount of clients' deposits
- Ratio of High Quality Liquid Assets over the cumulated amount of clients' deposits

LIQUIDITY MANAGEMENT STRATEGY

The Group's activities are entirely financed by own funds and by cash deposited by clients on the balance sheet of the Group's banking entities. In principle, the Group does not refinance its activities in the market.

At short-term view, day-to-day management of liquidity surplus is under the responsibility of the Treasurer who places them with banking counterparties or with the Central Bank using Forex Swaps products in compliance with specific limits entailing the related risks (credit risk on banking counterparties and interest rate risk). In the medium and long-term, the Risk Management Department analyzes the evolution of the ratios used for the definition of the risk tolerance and risk appetite and formulates recommendations relative to the Group's strategy in terms of allocation of volatile resources to the Assets & Liabilities Management Committee.

Management Department analyzes the evolution of the ratios used for the definition of the risk tolerance and risk appetite and formulates recommendations relative to the Group's strategy in terms of allocation of volatile resources to the Assets & Liabilities Management Committee.

RISK MANAGEMENT AND REPORTING

The Risk Management Department performs daily and monthly controls over the compliance with limits entailing liquidity risks and reports figures on a monthly basis to the Risk Management Committee. A global report on liquidity risk is contained in the global risk report submitted to the Executive Management Committee and to the Audit & Risk Committee every quarter.

Stress tests are performed at least once every year using realistic scenarios which are based on potential events that are both internal and external to the Group. These scenarios are applied to actual figures and entail specific risks that lies with concentrations in sources of financing.

CONTINGENCY MEASURES

A contingency plan is activated in case of liquidity crisis which mainly relies on trigger ratios. An escalation process is followed and predefined measures are implemented in an orderly manner and include reallocation of volatile resources and the liquidation of assets.

CR1 - Credit Risk: Credit Quality of Assets

IN 1 000 CHF

CREDIT RISK: CREDIT QUALITY OF ASSETS	2020 GROSS CARRYING VALUES OF DEFAULTED EXPOSURES CHF	NON-DEFAULTED EXPOSURES CHF	ALLOWANCES/ IMPAIRMENTS CHF	NET VALUES CHF
Loans (excluding debt securities)	–	924 826	6 994	917 832
Debt securities	–	147 215	–	147 215
Off-balance sheet exposures	–	134 893	–	134 893
Total current year	**–**	**1 206 934**	**6 994**	**1 199 940**

CR3 - Credit Risk: Overview Of Credit Risk Mitigation Techniques

IN 1 000 CHF

	EXPOSURES UNSECURED:	EXPOSURES SECURED:			
	CARRYING AMOUNT CHF	CARRYING AMOUNT CHF	BY COLLATERAL CHF	BY FINANCIAL GUARANTEES CHF	BY CREDIT DERIVATIVES CHF
Loans	543 068	528 973	–	–	–
Off Balance sheet	47 545	87 348	–	–	–
Total of 31.12.2020	**590 613**	**616 321**	**–**	**–**	**–**
of which defaulted	–	–	–	–	–

IRRBBA – Interest Rate Risk in the Banking Book – Qualitative Disclosure

INTEREST RATE RISK IN THE BANKING BOOK

a) Interest rate risk in the banking book for the purpose of monitoring and managing the risk

The interest rate risk relates to the risk of losses or reduced income which is due to a mismatch in the potentially different sensibility of the Group's assets and liabilities to interest rates movements. It comprises the following types of risks:

The Repricing Risk which relates to the difference in the maturity and therefore repricing of the assets, liabilities and off-balance sheet positions.

The Basis Risk which relates to the non-correlation in the adjustment of the rates received and paid on different instruments with otherwise similar repricing characteristics.

The Option Risk embedded in the Group's banking entities' products when customers can exercise optional rights of terminating loans or deposits prior to their initial maturity.

The interest rate risk for the Group merely lies with fluctuations in the main currencies yield curves impacting revenues and the present value of balance sheet and off-balance sheet positions.

b) Group IRRBB management and risk mitigation strategies

The interest rate risk capacity and risk appetite as well as the interest rate management strategy are defined at Group's level by the Board of Directors and are contained in the Group Wide Risk Management Framework which is reviewed annually. The Executive Committee is responsible for the implementation of this strategy. The monitoring and management of the interest rate risk are defined in the internal Rules Governing Interest Rate Risk. The Risk Management Committee is responsible for the compliance with the limits defined by the Board of Directors. The Assets & Liabilities Management Committee is responsible for the monitoring and the management of the balance-sheet and takes any decision relating to maturities gaps.

The risk tolerance and risk appetite are expressed via the following indicators:

- Limit for cumulated negative estimated impact on Revenues of a parallel shift of 100bp of the main currencies yield curve
- Limit for cumulated negative estimated impact on Equity of a parallel shift of 100bp of the main currencies yield curve

The IRRBB is monitored by the Risk Management Department in accordance with the maximum limits defined by the Board of Directors.

c) Risk assessment frequency and key indicators

The IRRBB monitoring is performed on a monthly basis based on the following indicators:

Economic Value of Equity (EVE) measures the difference in the present value of the assets and liabilities excluding equity. The EVE sensitivity (ΔEVE) measures the change in EVE resulting from an interest rate shock. EVE sensitivity is calculated assuming that the maturing positions are not replaced by any new contract.

Net Interest Income sensitivity (ΔNII) is defined by the impact of changes in interest rate on earnings. The (ΔNII) is measured by the changes in the net interest income assuming a constant balance sheet, where maturing or repricing cash flows are replaced by new contracts with identical features (amount, repricing period and spread components).

d) Interest rate shocks and stress scenarios

Stress tests are performed at least annually by the Risk Management Department. They use the six shock scenarios prescribed by the Basel Committee and described in FINMA's Circular 2019/02 (i.e. parallel up, parallel down, short rate up, short rate down, flattener and steepener) and apply them to the estimation of the Economic Value of Equity (EVE).

e) Model assumptions deviations

The Group does not use any additional internal model for the monitoring and management of IRRBB. The Group internal risk indicators are based on the same assumptions than the one used to calculate indicators given in table IRRBB1.

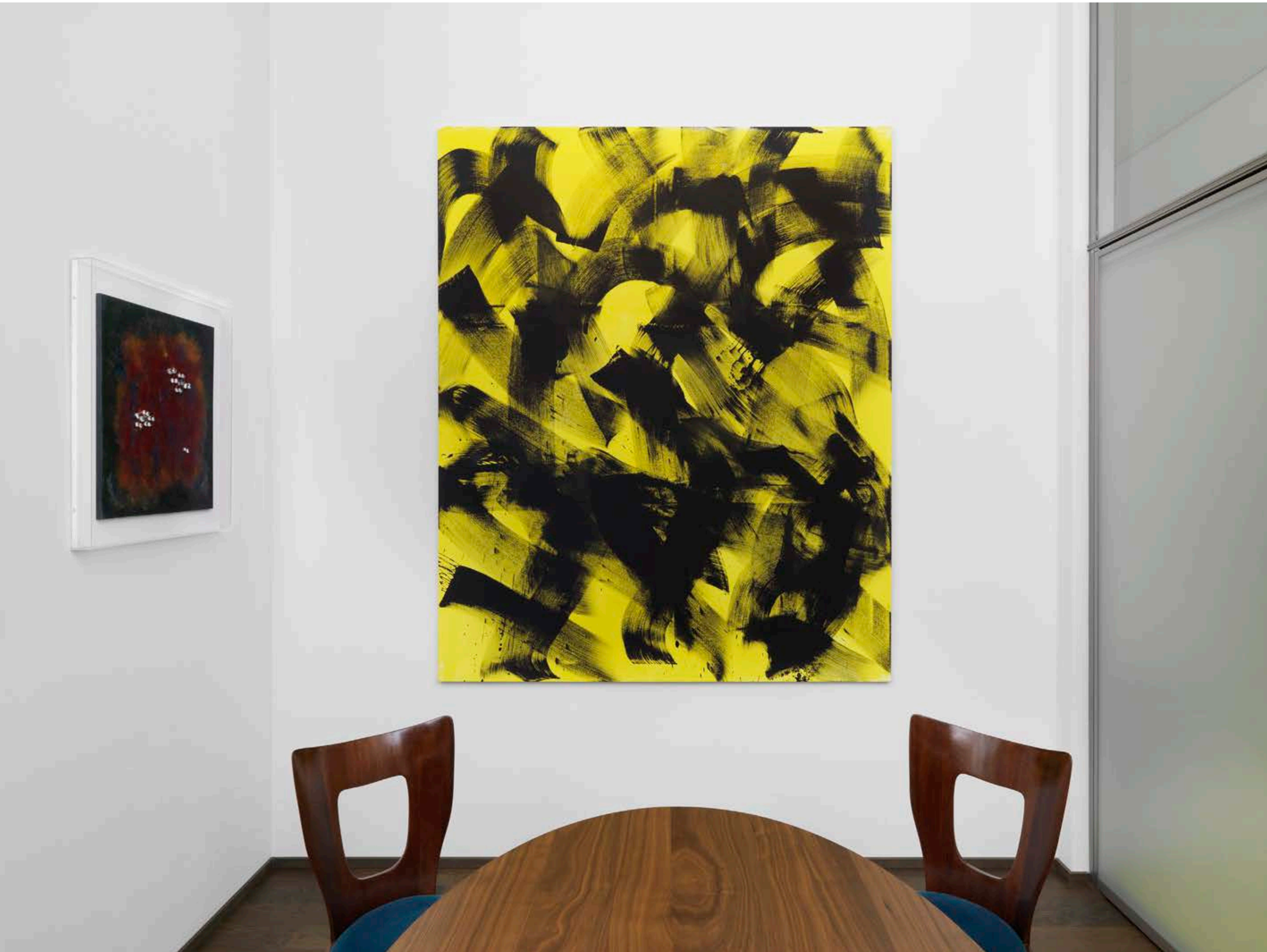
f) Hedging strategies and accounting treatment

The Group exposition to IRRBB is limited as external sources of liquidities are not remunerated. The strategy merely lies in the maintenance of positions within the defined limit and by generally hedging the interest rate risk generated by fixed term loans granted to clients with a maturity exceeding one year via the conclusion of Interest Rate Swaps.

g) Modelling and parameter assumptions used when calculating delta EVE and delta NII in table IRRBB1

Changes in the present value of capital (delta EVE)	The cashflows are presented without accounting for rate margins and other components.
	The cashflows are determined based on the dates of repayment of the principal, the revision of the interest rate and the payment of interest.
	The cashflows are updated based on linear interpolated forward rates using the interest market rates and assuming continuous compounding.
Changes in the expected income (delta NII)	Delta NII is calculated under the assumption of a constant balance sheet.
Variable exposures	Replication keys based on statistical approach are used.
Exposures with pay-back options	Early pay-back options depending on behaviours are not taken into account.
Term deposits	Early withdrawal depending on behaviours are not taken into account.
Automatic interest rate options	N/A.
Derivative exposures	Hedging instruments on the banking book mainly consist of interest rate swaps.
Other assumptions	N/A.

FROM THE SYZ COLLECTION:
David Hominal, Untitled, 2015_Oil on canvas, 220 × 180 cm



David Hominal

(1976 in Evian, lives and works in Berlin)

Since graduating from the Lausanne University of Art and Design (ECAL) in 2000, David Hominal has expressed himself primarily through painting, as well as via screen printing, photography, video and even performance. Despite this multiplicity of mediums, painting remains central to his artistic approach. In his work, David Hominal examines the issues and place of painting today, while at the same time considering the legacy of modern and abstract art. This is how abstract, geometric and even figurative compositions can coexist in his pictorial work. David Hominal's painting is not defined by a visually recognizable style, but more by the constantly-renewed search for a new pictorial language.

In this piece (Untitled, 2015), the painterly gesture is made explicit through the use of particularly wide and dynamic brush strokes, and by the opposition between their black colour and the intense yellow of the background, creating a composition from this contrast that is simultaneously violent and balanced, and which concerns the very action of painting itself.

IRRBBA1 - 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	OF WHICH	OF WHICH IN OTHER SIGNIFI-CANT CURRENCY	TOTAL	OF WHICH
DEFINED RATE RESET DATE					
Amounts due from banks	89	–	89	0.22	–
Amounts due from clients	446	101	329	0.59	0.99
Amounts due from clients fix rate	47	47	–	3.82	3.82
Financial investments	151	–	151	1.34	–
Amounts due to banks	0	–	0	0.08	–
UNDEFINED INTEREST RATE RESET DATE					
Amounts due from banks	40	11	19	0.08	0.08
Amounts due from clients	263	73	179	0.22	0.22
Amounts payable on demand in the form of personal accounts and current accounts	1 609	221	1 245	0.08	0.08
Other receivables on demand	26	8	18	1.04	1.04
Total	**2 671**	**460**	**2 029**	–	–

IRRBB1 - Quantitative Information on the Economic Value of Equity and Net Interest Income

	DELTA EVE		DELTA NII	
	2020 1'000 CHF	2019 1'000 CHF	2020 1'000 CHF	2019 1'000 CHF
Parallel up	(10 064)	(6 420)	(13 287)	(12 195)
Parallel down	10 870	6 933	13 033	11 951
Steepner	1 366	936	–	–
Flattener	(3 401)	(2 269)	–	–
Short rate up	(6 875)	(4 571)	–	–
Short rate down	7 242	4 860	–	–
Maximum	(10 870)	(6 933)	13 287	12 195

	2020	2019
Tier 1 capital	**238 324**	**243 813**

One of our roles is to help clients to achieve their long-term goals through sound decisions.

ORA - 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.

Operational risks lies with all its activities and the Group is prepared to accept a level of risk which takes account of the measures and controls defined to mitigate it (residual risk). The tolerance and appetite for operational risk is defined in the Group Wide Risk Management Framework and in the Group's Global Risk Assessment which are both reviewed annually.

The Group expects of all its employees, at all levels of responsibility, a high degree of risk awareness. In addition to considerations of cost/benefit, the risk aspects shall be integrated into the decision-making processes in a deliberate manner. The risk culture also encompasses a remuneration system which does not set wrong incentives.

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

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

The Group has implemented an internal control system where controls are both centralized and decentralized and are performed at both the 1st and 2nd lines of defense. Key processes and controls are documented. Performance of decentralized controls is supervised by the Internal Control Department.

An independent assessment of the internal control system for operations and IT activities is conducted annually on the basis of an external audit in order to obtain a certification based on ISAE 3402 standards for Banque Syz SA.

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

Find the right expertise

Tell us about you 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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Art Pieces from the Syz Collection

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