

Regulatory
disclosure
requirements

2022



Regulatory disclosure Key Metrics (KM1)

Several regulatory disclosures (CR2, CRB, CCR3, CCR5) are not published due to the immateriality of its information value.

CHF in 1,000	2022	Previous year
Eligible capital		
Common Equity Tier 1 (CET1)	99,873	114,379
Tier 1 (T1)	92,873	114,379
Total capital	92,873	114,379
Risk-weighted assets (RWA)		
RWA	280,893	184,459
Minimum Capital *)	22,471	20,000
Minimum capital requirements	22,471	14,757
Risk based capital ratios (% of RWA)		
CET1 ratio (%)	33.06%	62.01%
Tier 1 ratio (%)	33.06%	62.01%
Total capital ratio (%)	33.06%	62.01%
Additional CET1 buffer requirements (% of RWA)		
Capital conservation buffer requirement according to Basel minimum requirements (2.5% from 2019) (%)	2.50%	2.50%
Countercyclical buffer requirement (Art. 44a ERV) according to Basel minimum requirements (%)	0.00%	0.00%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%	2.50%
CET1 available after meeting the Bank's minimum capital requirements (%)	25.06%	54.01%
Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)		
Capital conservation buffer according to CAO, Annex 8 (%)	2.50%	2.50%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.00%	0.00%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.00%	7.00%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	8.50%	8.50%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	10.50%	10.50%
Basel III Leverage Ratio		
Total Basel III leverage ratio exposure measure	822,509	547,025
Basel III Leverage Ratio	11.29%	20.91%

*) A minimum capital of CHF 20 million instead of the minimum capital requirement of 8% of RWA in accordance with Art 15 and Art 16 BO was disclosed for the previous year representing the absolute minimum requirement for the Bank.

	Ø 4th Quarter 2022	Ø 3rd Quarter 2022	Ø 2nd Quarter 2022	Ø 1st Quarter 2022	Ø 4th Quarter 2022
Liquidity Coverage Ratio (LCR)					
Numerator of LCR: Total high quality liquid assets	272,819	272,782	295,655	305,357	224,251
Denominator of LCR: Total net cash outflow	67,049	87,563	146,381	132,398	79,193
Liquidity Coverage Ratio, LCR	406.89%	311.53%	201.98%	230.64%	283.17%

Net Stable Funding Ratio (NSFR)	2022	Previous year
Numerator of NSFR: Total available stable funding (ASF)	515,588	347,593
Denominator of NSFR: Total required stable funding (RSF)	171,346	130,580
Net Stable Funding Ratio, NSFR	300.90%	266.19%

Overview of risk-weighted assets (RWA) (OV1)

CHF in 1,000	2022	Previous year (cumulative)	2022
	RWA	RWA	Minimum capital requirements
Credit risk	196,604	105,684	15,728
Market risk	1,388	853	111
Operational risk	29,955	23,664	2,396
Amounts below the thresholds for deduction (subject to 250% risk weight)	14,432	9,432	1,155
Other minimum capital requirements (crypto assets)	38,514	44,825	3,081
Total	280,893	184,459	22,471

Approaches used to determine the minimum capital requirements:

Credit risk: Standardised approach

Market risk: De-Minimis

Operational risk: Basic Indicator Approach

Liquidity: liquidity risk management (LIQA)

Sygnum tailors its liquidity risk management and required controlling processes to its liquidity management strategy.

This includes:

- An overview for different time horizons which compares expected cash inflows and outflows
- A liquidity reserve which consists of unencumbered, high-quality liquid assets which can be used to mitigate a short-term deterioration in the liquidity situation

The liquidity risk control encompasses the measurement, monitoring and reporting of established metrics, including Risk Appetite Metrics and Limits which are approved by the Group Board of Directors. The Executive Board is responsible for the management of risks in line with the defined Risk Appetite and may restrict risks further by setting additional Liquidity Risk Limits. The Risk Management Function monitors relevant liquidity metrics and reports on the management of liquidity risks to the Group Executive Board and the Audit and Risk Committee.

Sygnum has a sound Contingency Funding Plan, whose early warning indicators identifies stress conditions in a timely manner. Additionally, a robust escalation process has been established to allow immediate actions, minimizing adverse long-term implications for Sygnum.

Credit risk: credit quality of assets (CR1)

	Gross book values of		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
Loans (excl. Debt Securities)	0	36,172	0	36,172
Debt Securities	0	2,505	0	2,505
Off-balance sheet exposures	0	7,360	0	7,360
Total	0	46,037	0	46,037

Credit risk: credit risk migration techniques - overview (CR3)

	Exposures unsecured / book value	Exposures secured by collateral: secured amount	Exposures secured by financial guarantees or credit derivatives: secured amount
Loans (incl. Debt Securities)	38,177	0	500
Off-balance sheet exposures	260	7,100	0
Total	38,437	7,100	500
<i>- of which defaulted</i>	<i>0</i>	<i>0</i>	<i>0</i>

Credit risk: exposures by exposures category and risk weights under the standardised approach (CR5)

Exposure categories / risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total of credit risk exposures after CCF and CRM
Central government and central banks	269,276	0	0	0	0	0	0	0	0	269,276
Banks and securities dealers	0	0	450,119	0	8,321	0	0	0	0	458,440
Other Institutions	175	0	1,489	0	0	0	0	0	0	1,664
Corporates	0	0	2,505	0	0	0	0	0	0	2,505
Retail	0	0	0	0	0	0	36,325	0	0	36,325
Equity Interest	0	0	0	0	0	0	0	814	0	814
Other exposures	0	0	0	0	0	0	11,954	0	0	11,954
Total	269,451	0	454,113	0	8,321	0	48,279	814	0	780,978

Operational risk: general information (ORA)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Sygnum identifies and assesses operational risk along with well-established methods, and addresses risks based on cost-benefit considerations and the defined risk appetite. Core components of the operational risk management framework are the institution-wide identification of risks and controls in processes and systems at an entity level. Furthermore, Sygnum conducts an annual assessment of risks by category.

As far as Sygnum's Internal Control System is concerned, an annual assessment of design of controls and effectiveness tests are performed. Particular attention is given to the following topics:

- Technology-related risks, especially information security risks
- Compliance-related risks, especially Know-Your-Client (KYC), Anti-Money Laundering (AML) and cross-border business conduct
- Business Continuity Management

Interest rate risk: objectives and policies concerning the risk management of the interest rate risk in the banking book (IRRBBA)

Interest rate risk arises in balance sheet management through differing fixed interest rate periods. Interest rate risks are managed in accordance with the approved risk management framework, in compliance with FINMA circular 2019/02 "Interest Rate Risk - Banks". Sygnum assesses and monitors its interest rate risk in the banking book by applying appropriate range of interest rate shock and stress scenarios, including an interest rate shock of a 100 basis point parallel shift and the six interest rate scenarios prescribed by FINMA circular 2019/02. The Board of Directors reviews and approves Sygnum's risk appetite including the adequacy of underlying metrics and the escalation and remediation processes in case of limit breaches. On a regular basis, Risk Management monitors interest rate exposures and reports risk appetite information to the Group Executive Board and the Audit and Risk Committee. Given Sygnum's balance as per 31 December 2022, the estimate effects of any given shock in interest rates are below 1% of CET1.

Interest rate risk: qualitative information to position structure and repricing (IRRBB A1)

	Volume in TCHF			Average repricing maturity (in years)		Longest repricing maturity (in years) for positions with a modeled (not deterministic) repricing date		
	Total	Of which CHF	Of which currencies that make up more than 10% of total assets or total liabilities	Total	Of which CHF	Total	Of which CHF	
Fixed repricing maturity	Amounts due from banks	332,503	0	332,503	0.04	-	0	0
	Amounts due from customers	9,479	3,099	6,380	2.63	2.57	0	0
	Money market mortgages	0	0	0	-	-	0	0
	Fixed-rate mortgages	0	0	0	-	-	0	0
	Financial investments	2,505	2,505	0	1.87	1.87	0	0
	Other assets	0	0	0	-	-	0	0
	Amounts due from interest derivatives	0	0	0	-	-	0	0
	Amounts due to banks	0	0	0	-	-	0	0
	Amounts due in respect of customer deposits	17,825	5,226	12,599	1.20	3.42	0	0
	Cash bonds	0	0	0	-	-	0	0
	Bond issues and central mortgage institution loans	0	0	0	-	-	0	0
	Other liabilities	0	0	0	-	-	0	0
	Amounts due to interest derivatives	0	0	0	-	-	0	0
Undefined repricing maturity	Amounts due from banks	124,391	15,467	99,036	0.08	0.08	0	0
	Amounts due from customers	26,693	2,810	23,883	0.08	0.08	0	0
	Variable-rate mortgages	0	0	0	-	-	0	0
	Other assets	0	0	0	-	-	0	0
	Amounts due in respect of customer deposits, on sight in private and current accounts	687,250	138,248	539,111	0.08	0.08	0	0
	Other liabilities	2,871	851	2,020	0.08	0.08	0	0
	Amounts due in respect of customer deposits, terminable but no transferable (savings deposit funds)	0	0	0	-	-	0	0
Total	1,203,517	168,206	1,015,532	0.11	0.26	0.08	0.08	

Interest rate risk: quantitative information to present value and interest income (IRRBB)

CHF in 1,000	ΔEVE (Change of present value)		ΔNII (Change of earnings value)	
	2022	Previous year	2022	Previous year
Period				
Parallel shock up	17	678	-2,106	-2,522
Parallel shock down	-3	-717	2,887	2,172
Steeper shock	-114	-201		
Flattener shock	97	328		
Short rates shock up	64	540		
Short rates shock down	-54	-554		
Maximum	-114	-717	-2,106	-2,522
Period	2022		Previous year	
Tier 1	92,873		114,379	

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Sygnum is future finance

Sygnum is the world's first digital asset bank, and a digital asset specialist with global reach. With Sygnum Bank AG's Swiss banking licence, as well as Sygnum Pte Ltd's capital markets services (CMS) licence in Singapore, Sygnum empowers institutional and private qualified investors, corporates, banks and other financial institutions to invest in the digital asset economy with complete trust. The company is founded on Swiss and Singapore heritage and operates globally.



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