



BANK FRICK

Half-yearly results – H1 2016

Outstanding first half-year

In the first six months of 2016, we increased our income by 11.6% compared with the prior period, to CHF 2.2 million. Income from normal business activities was CHF 9.6 million, driven by one-off income from the Payment Services strategic business unit. We have allocated CHF 7.1 million of this amount to provisions. Our own equity capable of being offset now amounts to CHF 85.6 million (+9.7%).

The first half of 2016 saw us clearly exceed the targets we had set for ourselves. The strategic initiatives aimed at new client acquisition, at focusing on our newly orientated business fields and at reducing costs are delivering results.

Earnings from commission and service operations were CHF 8.7 million (-22.3%). Earnings from the credit (CHF 0.7 million) and the securities and investment (CHF 4.1 million) businesses grew considerably (+29%). Income from the remaining service business declined, however, to CHF 3.8 million (-49%). This decrease is primarily due to the consolidation of non-strategic business. As a result, we were able to reduce commission expenses to CHF 4.8 million (-20%).

High one-off earnings from strategic business

Income from trading operations amounted to CHF 1.6 million (+57.6%) in the first six months. The key factor behind this increase is the higher volume of currency transactions arising from exchange-rate fluctuations between a variety of currency pairings.

We were able to report one-off earnings of CHF 8.6 million in the first half of 2016. These extraordinary items are mainly the result of the sale of the Bank's own shares in Visa Europe to Visa Inc. We had received shares in Visa Europe when we entered the acquiring banking business.

Only Liechtenstein bank with licences for Visa and MasterCard

The credit card acquiring business continues to be part of our payment services strategy, which we are pursuing vigorously. Bank Frick is the only bank in Liechtenstein with acquiring licences from Visa and MasterCard.

In April 2016, we entered into a comprehensive cooperation agreement with Net1 UEPS Technologies, Inc. A South African company, Net1 is listed on the NASDAQ exchange and provides innovative payment systems on an international scale. Net1 is expanding its presence in Europe. As part of the cooperation agreement, Net1 acquired all shares in Masterpayment AG, and this made an important contribution to the positive extraordinary items.

Significant new business is expected in the second half

We are Net1's strategic banking partner and exclusive payment processor in Europe. Net1's plans for European expansion mean that we can expect substantial volumes of new business in the areas of payment processing and acquiring.

General administrative expenses rose over the reporting period to CHF 8.4 million (+42%). We make long-term investments in qualified employees, who are responsible for implementing our growth strategy in the areas of institutional clients and payment services (staff costs: CHF 4.9 million). We are also obliged to increase staff numbers as a result of continually growing regulatory requirements. Operating expenditure stood at CHF 3.5 million.

Income excluding extraordinary items around CHF 2.4 million

A part of the expenditure in the first half of 2016 is caused by the establishment of the Net1 cooperation, the sale of Masterpayment AG and various activities related to the sale of our Visa shares, and should therefore be considered as one-off expenditure.

If we were to exclude all the positive and negative extraordinary items from the first-half result, net income would be around CHF 2.4 million.

We are looking with a high degree of confidence towards the second half of the year and our expected result. We have a strengthened capital base, and the investments made in the business are already bearing fruit.

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Our investments in the business are already bearing fruit.



Edi Wögerer, CEO

Balance sheet as at 30 June 2016 (in CHF)

	30.6.2016	31.12.2015
Assets		
Liquid assets	69,551,423	92,229,011
Due from banks	567,191,102	534,967,555
→ of which repayable upon demand	200,830,670	201,706,401
→ of which other receivables	366,360,432	333,261,154
Due from clients	552,876,808	681,666,450
→ of which mortgage-backed claims	88,554,000	80,014,000
Bonds and other fixed-interest securities	3,330,650	3,900,450
→ of which bonds issued by public bodies	500,000	500,000
→ of which bonds issued by other borrowers	2,830,650	3,400,450
Shares and other non-fixed-interest securities	86,204,870	91,566,249
Participations	457,799	3
Shares in affiliated companies	-	-
Intangibles	33,596	1
Property, plant and equipment	10,642,601	10,890,136
Other assets	61,793,188	9,844,135
Accrued expenses and deferred income	5,679,900	4,963,455
Total assets	1,357,761,937	1,430,027,445

Balance sheet as at 30 June 2016 (in CHF)

	30.6.2016	31.12.2015
Liabilities		
Due to banks	8,648,051	1,228,733
→ of which repayable on demand	8,648,051	1,228,733
→ of which with agreed terms or notice periods	-	-
Due to clients	1,098,783,395	1,196,926,573
→ of which savings deposits	-	-
→ of which other liabilities:	1,098,783,395	1,196,926,573
→ repayable on demand	1,006,302,047	1,062,839,094
→ with agreed terms or notice periods	92,481,348	134,087,479
Certificated liabilities	131,388,480	135,392,592
→ of which medium-term notes	16,624,400	16,596,200
→ of which other certificated liabilities	114,764,080	118,796,392
Other liabilities	22,679,260	11,563,850
Accrued expenses and deferred income	7,152,637	4,134,815
Provisions	1,340,838	978,838
→ of which tax provisions	1,340,838	978,838
→ of which other provisions	-	-
Provisions for general banking risks	17,000,000	9,940,000
Subscribed capital	25,000,000	25,000,000
Capital reserves	1,000,000	1,000,000
Retained profit	42,612,000	42,060,000
→ of which statutory reserves	6,000,000	6,000,000
→ of which other reserves	36,612,000	36,060,000
Profit carried forward	44	150
Profit	2,157,232	1,801,894
Total liabilities	1,357,761,937	1,430,027,445

Income statement from 1 January to 30 June 2016 (in CHF)

	30.6.2016	30.6.2015
Items		
Interest earned	7,643,340	10,340,561
→ of which income from fixed-interest securities	34,279	42,855
Interest paid	-2,362,817	-5,248,862
Current income from securities	-	-
→ of which shares and other non-fixed-interest securities	-	-
Income from commission and service transactions	8,661,907	11,153,283
→ of which commission income on loan transactions	741,802	4,414
→ of which commission income on securities and investment operations	4,129,558	3,765,021
→ of which commission income on other service transactions	3,790,547	7,383,848
Commission payable	-4,827,211	-6,034,353
Profit on financial operations	1,581,705	179,214
→ of which from commercial activities	1,573,048	998,259
Other ordinary income	8,879,802	249,763
General and administrative expenses	-8,432,198	-5,938,768
→ of which staff costs	-4,939,812	-3,485,961
→ of which operating expenditure	-3,492,386	-2,452,807
Depreciation on intangible assets and property, plant and equipment	-251,441	-305,260
Other ordinary expenditure	-11,225	74,426
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-1,302,630	-1,011,306
Income from the dissolution of valuation allowances in respect of loans and from the dissolution of provisions for contingent liabilities and credit risks	-	-
Depreciation on participations, shares in affiliated companies and securities treated as non-current assets	-	-
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	-
Income from normal business activities	9,579,232	3,458,698
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income tax	-362,000	-205,774
Other taxes	-	-
Allocations to provisions for general banking risks	-7,060,000	-1,320,000
Profit for the period from 1 January to 30 June 2016	2,157,232	1,932,924

Off-balance-sheet items as at 30 June 2016 (in CHF)

	30.6.2016	31.12.2015
Off-balance-sheet items		
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	15,999,933	15,683,500
Total contingent liabilities	15,999,933	15,683,500
Derivative financial instruments		
Contract volumes	393,650,473	400,719,971
Positive replacement values	2,108,947	3,029,922
Negative replacement values	1,918,272	2,791,113
Fiduciary transactions		
Fiduciary transactions	145,887,853	170,993,568
Fiduciary loans	-	-
Total fiduciary transactions	145,887,853	170,993,568

Crossover Finance