BANK FRICK

Disclosure Report 2019

Disclosure for the Annual Report 2019 according to Article 431 et seqq. of the CRR and Article 29c of the Liechtenstein Banking Ordinance.

BANK FRICK

Contents Page

BANK FRICK

BANK FRICK

1 Introduction

1.1 Legal basis

This Disclosure Report is produced in accordance with Part Eight, Articles 431 to 455 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 646/2012 (Capital Requirements Regulation, CRR).

1.2 Article 431 of the CRR: Scope of disclosure requirements

Pursuant to Article 431(1) of the CRR, institutions shall publicly disclose the information laid down in Part Eight, Title II, subject to the provisions of Article 432 of the CRR.

Pursuant to Article 431(3) of the CRR, institutions shall stipulate in a formal procedure how disclosure obligations are to be met and their appropriateness are assessed. Furthermore, another procedure is being introduced in order to evaluate the extent to which the disclosed information conveys the institution's risk profile comprehensively.

1.3 Article 432 of the CRR: Non-material, proprietary or confidential information

Article 432(1) of the CRR excludes non-material information from disclosure. Information in disclosures is regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The materiality of information is reviewed on a periodic basis.

Furthermore, pursuant to Article 432(2) of the CRR, information is not disclosed if it is regarded as proprietary or confidential.

1.4 Article 433 and Article 434 of the CRR: Frequency and means of disclosure

Disclosures are published annually by 31 May at the latest for the period ended 31 December of the previous year. The Disclosure Report is published on the Bank Frick website (www.bankfrick.li/en/downloads). All quantitative disclosures are made in Swiss francs.

2 Article 435(1) of the CRR: Risk management objectives and policies

2.1 Risk strategy (Article 435(1)(a) and (c) of the CRR)

Banking for us means managing risks. A key part of our business model is entering into a calculable and systematically monitored risk. This is done by pursuing a responsible risk policy, raising awareness of risk and thus implementing rigorous risk control. Our risk strategy also involves adhering to a fit and proper policy and constantly enhancing the management of risks as part of an evolving process.

The implementation of an effective risk management process is essential in order to secure the sustainable success and stability of Bank Frick. This includes systematic processes for the identification, assessment, management and monitoring of all relevant risks, as well as the management of capital and liquidity in order to ensure risk-bearing capacity at all times.

The risk policy provides the framework for the risk strategy, which forms an integral part of the annual strategic planning process in which the development of the future orientation of Bank Frick and its business models is defined. The goal of the planning process is to gain an overall impression of capital, liquidity, financing and aspects of risk and return. The risk policy is determined by the Board of Directors and monitored by means of limits, reports and regular meetings. Operational management is responsible for the continuous monitoring and measurement of risks, and is supported in this role by the Risk Management function. The Risk Management function, for its part, reports on a quarterly basis to the Board of Directors and informs the Management Board of the results on an ongoing basis. Risk reporting is carried out according to a set schedule as a rule, with ad hoc reports being prepared where necessary.

Risk appetite is operationalised with the aid of a comprehensive limit system. Where necessary, but at least once a year, limits are compared by Risk Management with risk-bearing potential and risk capital in order to determine whether any adjustments are required. Any limit changes must be approved by the Board of Directors.

Risk management at the Bank is based on the following risk policy:

Responsibility of the Board of Directors

Risk management, for which the Board of Directors has ultimate responsibility, is an essential mechanism of overall bank management at the Bank.

Conservatism principle and sustainable remuneration policy

A key quality indicator for business policy is the adoption of a conservative approach to business and operational risks, irrespective of whether the Bank's own risk or risk under management is involved. The required level of profitability must be taken into account. Where there is methodological uncertainty in relation to risk measurement, the principle of conservatism should be adopted. This principle is backed up by a remuneration policy aimed at achieving long-term business success.

Proportionality and materiality

In assessing the suitability of processes systems and methods, the Bank adheres to the principle of proportionality, which means that it adopts a best-practice approach to the management of material risks.

Any risks assumed, whether in the form of market, credit, liquidity or operational risks, are assessed in the context of this risk policy and to ensure they are consistent with one another. This also applies specifically to any risks presented by new business lines or products.

Clear powers and responsibilities

All authorities, organisational units and committees directly involved in the risk and capital management process have clearly defined duties, powers and responsibilities.

Prudent risk management

- The risk management process must be conducted on a forward-looking basis.
- The Bank only incurs risks in line with ethical and moral principles and within the framework of the law.
- Risks will only be incurred insofar as is necessary to realise the opportunities/rewards identified.
- The Bank must adopt a conservative, cautious approach to risks that do not hold out the prospect of sufficient reward.
- Operational risks must be kept to a minimum – insofar as is practicable and appropriate.
- The Bank will only engage in operations that provide the basis for controlling the associated risks, i.e. in terms of the structural, legal, human resources, technical and methodological requirements.

Separation of functions

Risk monitoring and risk reporting is performed by a unit that is independent of the bodies responsible for risk management.

Transparency

- The relevant individuals/departments/committees are responsible for making decisions affecting the Bank's risk positions in a clear, transparent and verifiable manner.
- A culture of open communication, a climate of trust and an active, risk-based approach, in relation to both the Bank and its clientele, must be actively promoted.
- The Management Board must be informed immediately of any unusual or unexpected developments.

All employees are required to follow the risk management policy and be guided by this in all decision-making.

2.2 Risk-bearing capacity (Article 435(1)(a) of the CRR)

For risk-bearing capacity to operate as a strategic success factor, it is essential to maintain an adequate capital base. The Internal Capital Adequacy Assessment Process (ICAAP) is the primary process used to ensure risk-bearing capacity in terms of capital, while the Internal Liquidity Adequacy Assessment Process (ILAAP) helps to ensure sufficient liquidity. ICAAP forms an integral part of management and decision-making processes. As Bank Frick has exclusively common equity (CET1), its risk coverage is of the highest quality.

2.3 Risk management and monitoring (Article 435(1)(d) of the CRR)

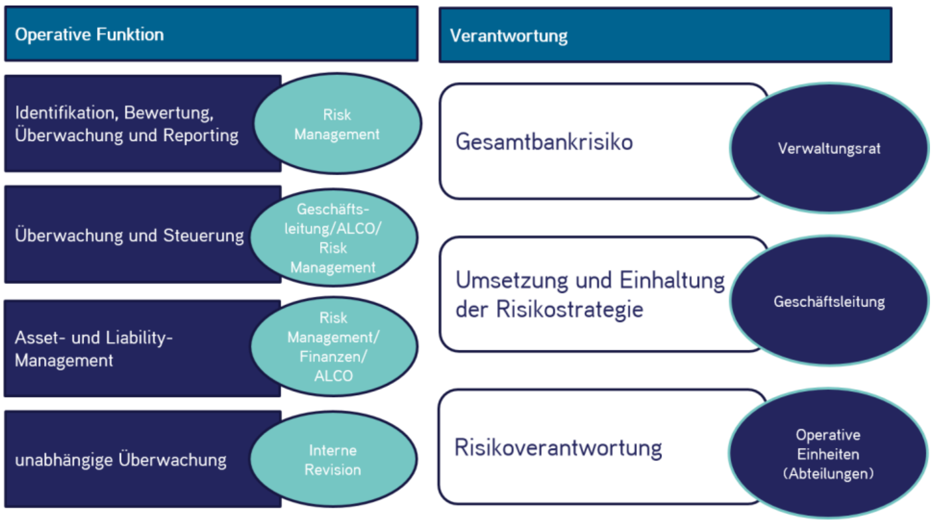
The risk management structure is geared to the unique situation of the Bank and ensures that the identification, capturing, assessment, quantification, control and monitoring of material risks are organised and implemented properly, pragmatically and effectively in the context of all business activities. It is of particular importance to the Bank that a practice-based approach to risk management is taken so as to ensure that this is understood and actively implemented at all levels within the organisation.

Internal directives set out the risk policy, basic structure, responsibilities and duties in relation to risk management at the Bank. Specific information on processes, calculations, models and report formats will be defined in separate working directives where necessary.

The limit system serves as a control instrument for risks that are deliberately taken.

2.4 Risk organisation (Article 435(1)(b) of the CRR)

The diagram below shows the duties and parties responsible within the risk management process:



Risk management at Bank Frick is based on the three lines of defence model (TLoD), which represents a systematic approach to risks and a functioning control and monitoring system within the Bank.

This model is particularly relevant in the context of the internal control system (ICS). It divides the various business functions into three distinct lines of defence, each of which has its own duties and responsibilities. Thanks to the coordination of business functions and the definition of responsibilities, the model integrates the essential roles and responsibilities of the ICS in the Bank, while also ensuring the effectiveness of the risk management process.

The first line of defence is formed by the revenue-generating business units, i.e. all front desks. These operational units are also the "risk owners". It is also the role of these business areas to control risks via the development and implementation of suitable controls, and to test their effectiveness. The second line of defence provides methodological guidance for this purpose.

Comprising the Risk Management, Credit Office, E-commerce, Compliance and Legal departments, it plays an essential role within the model and hence within the Bank's internal control system. The departments mentioned primarily have the role of monitoring and coordinating the control activities of the first line of defence. In addition to this, the second line of defence is responsible for ensuring uniform and regular reporting and compliance with the relevant statutory requirements within the Bank.

The Internal Audit is the third line of defence, and ensures the effectiveness of controls.

2.5 Declaration by the governing body on the appropriateness of the risk management process (Article 435(1)(e) of the CRR)

The Board of Directors of Bank Frick hereby confirms that the risk management process and systems are organised in such a way that they are appropriate to the profile and strategy of the Bank and ensure a comprehensive guarantee of risk-bearing capacity.

2.6 Declaration by the governing body, in which the general risk profile associated with the business strategy is described (Article 435(1)(f) of the CRR)

Bank Frick is a family-run Liechtenstein bank with headquarters in Balzers. It was founded in 1998 by Kuno Frick Sr (1938–2017), with the majority now controlled by the Kuno Frick Family Foundation. Minority shareholder Net 1 UEPS Technologies, Inc. (Net1), holds 35 per cent of Bank Frick's share capital. Net1 is a financial technology company listed on the Nasdaq stock exchange in New York.

Strategically, Bank Frick focuses on providing products and services for financial intermediaries such as fiduciaries, asset managers, payment service providers, fund promoters and fintechs. One of Bank Frick's unique selling points is its high level of expertise in the regulated blockchain banking sector. The Bank supports initial coin offerings (ICOs) and tokenisations of property and financial assets, provides custody of crypto assets and dealing services in leading cryptocurrencies for Bank Frick clientele, and makes crypto assets bankable. Bank Frick develops tailor-made funds for intermediaries and acts as a custodian bank. It is the only bank in Liechtenstein with acquiring licences from Visa and MasterCard.

The risk strategy is an integral part of the annual strategic planning process in which the development of the future orientation of Bank Frick and its business models is defined.

In view of the great interdependence or interplay between business strategy and risk strategy, it is vital that each aspect is taken into account in the definition. The result of this is that definition of business and risk strategies takes place in parallel as part of the annual strategic planning process, thereby ensuring consistency between the two strategies at all times.

The application of a limit system ensures compliance with risk tolerance or the risk appetite defined.

2.6.1 Risk development

Bank Frick is increasingly focusing on lower-risk business relationships by explicitly focusing on core markets and core clients in business with private clients. This has already enabled a significant reduction in risks. At the same time, however, the entrepreneurial risk was increased by new financing models and innovative e-business models.

During the reporting year, it was possible to expand the business with the trading and custody of crypto assets, meaning Bank Frick is increasingly exposed to risks in new, non-traditional markets. The key risks have been identified in the areas of trade and custody as well as compliance. These should be further limited through the advancing standardisation and optimisation of processes.

2.6.2 Strategy for equity capital

Bank Frick insists on having above-average, high-quality equity capital coverage to ensure the long-term security of the Bank. Its CET1 ratio of 19.8% is well above the lower limit of 10.5% required by the Financial Market Authority (FMA) Liechtenstein (including a capital preservation buffer of 2.5%). The leverage ratio was at 8.2% as of 31 December 2019.

As a result, Bank Frick's risk-bearing capacity can be rated as very good.

The Internal Capital Adequacy Assessment Process (ICAAP) ensures the risk-bearing capacity and associated equity capital base.

2.6.3 Financial risks

Calculable financial risks are accepted deliberately to take advantage of opportunities and achieve income. The conservative handling of risks is of central importance. Transactions are not executed unless Bank Frick has ensured the basis for controlling the associated risks.

Credit risks

Client receivables totalled around 406 million as of 31 December 2019. This includes Lombard loans of around CHF 193 million (47%) collateralised with safe custody account assets and bank deposits. Approximately CHF 119 million (29%) are receivables collateralised with mortgages. The remaining receivables, in turn, largely reflect working capital financing, which is secured by the assignment of receivables.

Bank Frick collateral in the Lombard and mortgage business is deposited with conservative, standard bank collateral values, and monitored on an ongoing basis. The main markets for mortgage-backed loans are Switzerland, Liechtenstein and the United Kingdom. In the United Kingdom, mortgage-backed loans mainly relate to real estate development financing. In this niche, Bank Frick has been able to build up good know-how in recent years.

The credit portfolio as a whole is distributed across many different clients, credits and collateral. The diversification also reflects Bank Frick's risk-conscious lending policy. Loans are always granted on the basis of national and international regulations and internal credit instructions. In order to adequately account for credit risks, provisions are also set up on a regular basis.

Bank Frick uses the standard approach in accordance with Article 111 CRR to calculate equity capital requirements for credit risks.

Market risks

Market risk refers to all systemic risks where their common characteristic is that they result from price changes on the money, capital and commodity markets. Accordingly, we divide market risk into the following four categories:

- **Trading and banking book**
  In order to keep market risk positions low and limit them, trading and derivative transactions are not conducted for the Bank's own account and, if necessary, only to a very minor extent and only with first-class counterparties. As a result, market risk at Bank Frick consists largely of risk positions in the banking book.

- **Share price risk**
  The share price risk is massively limited since the Bank does not have its own trading book positions. The volume of non-interest-bearing securities in the banking book is just 5%.

- **Interest rate risk**
  In relation to refinancing, high priority is given to ensuring matching maturities within the credit portfolio. As a result, the interest rate risk can be kept correspondingly low. Periodic stress tests (six scenarios, including a parallel shift of the yield curve by +100 basis points) are carried out to determine the interest rate risk.

- **Exchange rate risk**
  Bank Frick's internal regulations stipulate that no open foreign exchange positions of > CHF 1 million or equivalent may be held overnight in any currency. The total of all open foreign currency positions must not exceed CHF 3 million. This essentially helps to minimise the exchange rate risk. However, the average currency exposure of approximately CHF 0.2 million is considerably lower. Bank Frick

uses the standard approach in accordance with Article 325 et seqq. of the CRR to calculate equity capital requirements for market risks.

Liquidity risk

Bank Frick's liquidity management ensures optimal monitoring and controlling of liquidity and ensures solvency and access to sources of refinancing.

Bank Frick had very good liquidity coverage in the past financial year. This is due to a very high level of high-quality liquid assets and cash and cash equivalents.

The liquidity coverage ratio (LCR) amounted to 230% as of 31 December 2019, which was well above the regulatory minimum of 100%.

In addition, very strict stress tests show that Bank Frick would still have sufficient liquidity even under extreme circumstances (e.g. default of an important counterparty).

In the course of the scenario analyses, alternative sources of financing were also defined to ensure sufficient liquidity in situations of extreme stress. The Internal Liquidity Adequacy Assessment Process (ILAAP) also ensures solvency and the associated refinancing capacity.

2.6.4 Operational risks

Bank Frick endeavours to reduce operational risk to a minimum by specifying clear powers and responsibilities, a complete limit system, appropriate controls and the resulting precautions. Furthermore, the new blockchain banking business area entails new technological and operational risks that are also being integrated in existing risk models and stress tests. The management is continuously informed about operational risks by means of reports.

In addition, business continuity management (BCM) ensures that critical business processes and functions can be maintained or restored as quickly as possible in the event of massive, incisive internal or external events (worst-case scenarios).

Bank Frick uses the basic indicator approach in accordance with Article 315 of the CRR to calculate equity capital requirements for operational risks.

2.6.5 Strategic risk

Strategic risks are identified and managed by the Management Board. Strategic risks may result from the following events:

- Resolutions adopted by management
- Insufficient decision-making process
- External events (unanticipated events)
- Economic and technological environment
- Poor implementation

The goal of securing the Bank's existence in the long run is a priority in the strategic orientation in order to minimise the strategic risk.

2.6.6 Regulatory risks

By entering new markets and pushing forward with innovative technologies, Bank Frick is also exposing itself to additional regulatory risk. New regulatory and legal developments as well as trends in the area of distributed ledger technology and crypto assets could thus have a significant impact on the future of Bank Frick's blockchain banking.

2.6.7 Reputational risks

Reputational risk for the Bank is characterised as the risk of negative economic implications which could result from damage to the Bank's reputation. The Bank's reputation is based on the trust of the public and the Bank's employees, clients and investors. Reputational risks are significantly reduced by the efficient design and implementation of risk management processes.

3 Article 435(2) of the CRR: Corporate governance

3.1 Number of directorships held by members of the governing body

Pursuant to Article 29a of the Liechtenstein Ordinance of 22 February 1994 on Banks and Investment Firms (Liechtenstein Banking Ordinance, *BankV*; compilation of Liechtenstein law No. 952.01), the mandate restriction is only of particular significance for banks and securities firms. As Bank Frick is excluded from this, there is no disclosure of the directorships held.

3.2 The principles of the strategy for selecting members of governing bodies and their actual knowledge, skills and experience

When selecting members of the Board of Directors and the Management Board, Bank Frick attaches importance to sufficient knowledge, skills and experience in relation to the activities to be carried out. In addition to technical competence, personal qualifications also have a determining influence. Irrespective of these attributes, members must maintain an excellent reputation at all times.

The actual knowledge, skills and experience of the individual members of the governing body pursuant to Article 435(2)(b) and (c) of the CRR are not disclosed, with reference to the "non-materiality" of the information pursuant to Article 432(1) of the CRR in conjunction with the European Banking Authority's EBA/GL/2014/14 Guidelines of 23 December 2014 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No. 575/2013 and Article 432(3) of the CRR.

Further information on the principles of the strategy concerning the selection of members of the governing bodies can be found in the chapter "Corporate governance" of the 2019 Annual Report.

3.3 Diversity strategy for the selection of members of the governing body, the objectives and respective targets of the strategy, and the target attainment

A balance of knowledge and skills, diversity and experience is taken into account and is an important prerequisite in the composition of the relevant body.

3.4 Risk committee

With reference to Article 22(2a) of the Liechtenstein Law of 21 October 1992 on Banks and Investment Firms, Banking Act (*Gesetz vom 21. Oktober 1992 über die Banken und Wertpapierfirmen – Bankengesetz, BankG*), Bank Frick has no legal obligation to establish a risk committee. The Bank has, however, made use of voluntary appointment.

3.5 Flow of information to the governing body in matters of risk

The Risk Management department ensures that the Management Board and the Board of Directors receive all risk-relevant data by means of periodic risk reporting. The most essential financial risk indicators are reported to the Management Board on a monthly basis, and a detailed risk report is submitted to the Management Board and the Board of Directors every quarter. The risk-bearing capacity analysis and the stress test results are reported annually to the Management Board and the Board of Directors.

4 Article 436 of the CRR: Scope of application

This Disclosure Report is produced for Bank Frick & Co. AG, Landstrasse 14, 9496 Balzers, Liechtenstein.

Article 436 of the CRR is not applicable, as no consolidation of affiliated companies is carried out.

5 Article 437 of the CRR: Equity capital

Bank Frick discloses its equity capital and the main features of its capital instruments in the following tables in accordance with Article 437 of the CRR:

CET1: Instruments and reserves		
Capital instruments and the related share premium accounts	26,897	Articles 26(1), 27, 28 and 29
Of which: voting shares	20,000	EBA list pursuant to Article 26(3)
Of which: participation certificates	5,299	EBA list pursuant to Article 26(3)
Retained earnings	3,671	Article 26(1)(c)
Accumulated other comprehensive income (and other reserves)	43,173	Articles 26(1)(d) et seq.
Fund(s) for general banking risks	16,400	Article 26(1)(f)
Amount of items within the meaning of Article 484(3) and the related share premium accounts subject to phase out from CET1	–	Article 486(2)
Minority stakes (authorised amount in consolidated CET1)	–	Article 84
Interim gains reviewed by an independent party, minus all foreseeable fees or dividends	–	Article 26(2)
CET1 before regulatory adjustments	**90,141**	
CET1: regulatory adjustments		
Additional valuation adjustments (negative amount)	–	Articles 34 and 105
Intangible assets minus the corresponding tax liabilities (negative amount)	–	Articles 36(1)(b) and 37
Deferred tax assets dependent on future profitability, excluding those resulting from temporary differences (minus the corresponding tax liabilities, if the conditions of Article 38(3) are met) (negative amount)	–	Articles 36(1)(c) and 38
Reserves from gains or losses from fair value transactions as a cash flow hedge	–	Article 33(1)(a)
Negative amounts from the calculation of anticipated loss amounts	–	Articles 36(1)(d), 40 and 159
Increase in capital base resulting from securitised assets (negative amount)	–	Article 32(1)

Gains or losses from own liabilities due to changes to own creditworthiness, and valued at fair value	–	Article 33(1)(b)
Assets from pension fund(s) with defined benefit (negative amount)	–	Articles 36(1)(e) and 41
Direct and indirect positions of an institution in own instruments of common equity (negative amount)	–	Articles 36(1)(f) and 42
Direct, indirect and synthetic positions of the institution in instruments of the common equity of companies in the financial industry, which have a reciprocal cross-holding with the institution with a view to artificially increasing its equity capital (negative amount)	–	Articles 36(1)(g) and 44
Direct, indirect and synthetic positions of the institution in instruments of the common equity of companies in the financial industry in which the institution does not hold a major shareholding (more than 10% and minus eligible short positions) (negative amount)	–	Articles 36(1)(h), 43, 45, 46, 49(2) and (3) and 79
Direct, indirect and synthetic positions of the institution in instruments of the common equity of companies in the financial industry in which the institution holds a major shareholding (more than 10% and minus eligible short positions) (negative amount)	–	Articles 36(1)(i), 43, 45, 47, 48(1)(b), 49(1) to (3) and 79
Exposure amount from the following items, in which a risk weighting of 1,250% is to be allocated, if the institution, as an alternative, deducts this exposure amount from the CET1 items amount	–	Article 36(1)(k)
Of which: qualified participations outside the financial sector (negative amount)	–	Articles 36(1)(k)(i) and 89 to 91
Of which: securitisation positions (negative amount)	–	Articles 36(1)(k)(ii), 243(1)(b), 244(1)(b) and 258
Of which: advance payments (negative amount)	–	Articles 36(1)(k)(iii) and 379(3)
Deferred tax assets dependent on future profitability, resulting from temporary differences (above the threshold of 10%, minus the corresponding tax liabilities, if the conditions of Article 38(3) are met) (negative amount)	–	Articles 36(1)(c), 38 and 48(1)(a)

Amount above the threshold of 15% (negative amount)	–	Article 48(1)
Of which: direct and indirect positions of the institution in instruments of the common equity of companies in the financial industry in which the institution holds a major shareholding	–	Articles 36(1)(i) and 48(1)(b)
Of which: deferred tax assets dependent on future profitability, resulting from temporary differences	–	Articles 36(1)(c), 38 and 48(1)(a)
Losses from the current financial year (negative amount)	–	Article 36(1)(a)
Foreseeable tax burden on CET1 items (negative amount)	–	Article 36(1)(l)
Amount of the items to be deducted from additional equity (AT1) items, which exceeds the institution's AT1 (negative amount)	–	Article 36(1)(j)
Total regulatory adjustments to common equity (CET1)	–	
CET1	90,141	
AT1: Instruments		
Capital instruments and the related share premium accounts	–	Articles 51 and 52
Of which: classified as capital base under applicable accounting standards	–	Articles 51 and 52
Of which: classified as liabilities under applicable accounting standards	–	Articles 51 and 52
Amount of items within the meaning of Article 484(4) and the related share premium accounts subject to phase out from AT1	–	Article 486(3)
Instruments of qualifying core capital counted as consolidated AT1 capital (and minority interests not included in row 5) issued by subsidiaries and held by third parties	–	Articles 85 and 86
Of which: instruments issued by subsidiaries subject to phase out	–	Article 486(3)
AT1 before regulatory adjustments	–	
AT1: regulatory adjustments		

Direct and indirect positions of an institution's investments in own AT1 instruments (negative amount)	–	Articles 52(1)(b), 56(a) and 57
Direct, indirect and synthetic positions of the institution in AT1 instruments of companies in the financial industry, which have a reciprocal cross-holding with the institution with a view to artificially increasing its equity capital (negative amount)	–	Articles 56(b) and 58
Direct, indirect and synthetic positions of the institution in AT1 instruments of companies in the financial industry in which the institution does not hold a major shareholding (more than 10% and minus eligible short positions) (negative amount)	–	Articles 56(c), 59, 60 and 79
Direct, indirect and synthetic positions of the institution in AT1 instruments of companies in the financial industry in which the institution holds a major shareholding (minus eligible short positions) (negative amount)	–	Articles 56(d), 59 and 79
Amount of the items to be deducted from supplementary capital (T2) items, which exceeds the institution's T2 (negative amount)	–	Article 56(e)
Total regulatory adjustments to AT1	–	
AT1	–	
T1 capital (T1 = CET1 + AT1)	90,141	
T2: Instruments and reserves		
Capital instruments and the related share premium accounts	–	Articles 62 and 63
Amount of items within the meaning of Article 484(5) and the related share premium accounts subject to phase out from T2	–	Article 486(4)
Qualified equity instruments counted as consolidated T2 (including minority interests and AT1 instruments not contained in rows 5 or 34) issued by subsidiaries and held by third parties	–	Articles 87 and 88
Of which: instruments issued by subsidiaries subject to phase out	–	Article 486(4)
Credit risk adjustments	–	Article 62(c) and (d)
T2 before regulatory adjustments	–	

T2: regulatory adjustments		
Direct and indirect positions of an institution in own T2 instruments and subordinated loans (negative amount)	–	Articles 63(b)(i), 66(a) and 67
Positions in T2 instruments and subordinated loans of companies in the financial industry with a reciprocal cross-holding with the institution with a view to artificially increasing its equity capital (negative amount)	–	Articles 66(b) and 68
Direct and indirect positions of the institution in T2 instruments and subordinated loans of companies in the financial industry in which the institution does not hold a significant interest (more than 10% and minus eligible short positions) (negative amount)	–	Articles 66(c), 69, 70 and 79
Direct and indirect positions of the institution in T2 instruments and subordinated loans of companies in the financial industry in which the institution holds a significant interest (minus eligible short positions) (negative amount)	–	Articles 66(d), 69 and 79
Total regulatory adjustments to T2	–	
T2	–	
Total capital base (TC = T1 + T2)	90,141	
Total risk-weighted assets (RWAs)	454,159	
Capital base ratios and buffers		
Common equity (as a percentage of risk-weighted assets)	19.8	Article 92(2)(a)
Common equity (as a percentage of risk-weighted assets)	19.8	Article 92(2)(b)
Total capital (as a percentage of risk-weighted assets)	19.8	Article 92(2)(c)

Institution specific buffer requirement (minimum CET1 requirement according to Article 92(1)(a) plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirements, expressed as a percentage of risk-weighted assets)	10.5	Articles 128 129, 130, 131 and 133 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EG (Capital Requirements Directive, CRD)
Of which: capital conservation buffer	2.5	
Of which: countercyclical capital buffer	–	
Of which: systemic risk buffer	–	
Of which: buffer for global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs)	–	
CET1 available to meet buffers (as a percentage of risk-weighted assets)	19.8	Article 128 of the CRD:
Amounts below the thresholds for deductions (before risk weighting)		
Direct and indirect positions of the institution in CET1 instruments of companies in the financial industry in which the institution does not hold a significant interest (less than 10% and minus eligible short positions)	–	Articles 36(1)(h), 46, 45, 56(c), 59, 60, 66(c), 69 and 70
Direct and indirect positions of the institution in CET1 instruments of companies in the financial industry in which the institution holds a significant interest (less than 10% and minus eligible short positions)	–	Articles 36(1)(i), 45 and 48

Deferred tax assets dependent on future profitability, resulting from temporary differences (under the threshold of 10%, minus the corresponding tax liabilities, if the conditions of Article 38(3) are met) (negative amount)	–	Articles 36(1)(c), 38 and 48
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the standardised approach (prior to application of cap)	–	Article 62
Cap on inclusion of provisions in Tier 2 under a standardised approach	–	Article 62
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (IRB approach) (prior to application of cap)	–	Article 62
Cap on inclusion of provisions in Tier 2 under the IRB approach	–	Article 62
Capital instruments subject to phase out arrangements (only applicable between 1 January 2014 and 1 January 2022)		
Current cap on CET1 instruments subject to phase out arrangements	–	Articles 484(3), 486(2) and (5)
Amount excluded from CET1 due to cap (excess over cap after settlements and maturities)	–	Articles 484(3), 486(2) and (5)
Current cap on AT1 instruments subject to phase out arrangements	–	Articles 484(4), 486(3) and (5)
Amount excluded from AT1 due to cap (excess over cap after settlements and maturities)	–	Articles 484(4), 486(3) and (5)
Current cap on T2 instruments subject to phase out arrangements	–	Articles 484(5), 486(4) and (5)
Amount excluded from AT1 due to cap (excess over cap after settlements and maturities)	–	Articles 484(5), 486(4) and (5)

The share capital consists of the following:

The main features of capital instruments
CET1

Designation	Equities	Participation certificates
	Nominal	Nominal
Issuer	Bank Frick & Co. AG	Bank Frick & Co. AG
Unique identifier	Not listed	Not listed
Governing laws of the instrument	Liechtenstein	Liechtenstein
CRR transitional rules	CET1	CET1
CRR rules after the transition phase	CET1	CET1
Eligible at solo/Group level	Solo	Solo
Instrument type	Shares Nominal CET1	Participation certificates Nominal CET1
Amount recognised in regulatory equity capital (currency in millions, as at reporting date)	20	5.3
Nominal value of instrument (currency in millions)	20	5.3
Issue price (currency in millions)	20	6.9
Redemption price	–	–
Accounting classification (information on balance sheet classification)	Share capital	Share capital
Original issue date	1998 Capital increase 2000	2000 Capital increase 2019
Indefinite or with cut-off time	Indefinite	Indefinite
Original due date	No due date	No due date
Can be terminated by issuer with prior of approval of the FMA	No	No
Optional termination date, contingent termination dates and redemption amount (information on whether a termination option is available from the issuer)	–	–
Later termination dates, where applicable	No	No
Coupons/dividends		
Fixed or variable dividend/coupon payments	Variable	Variable
Coupon rate and any related index	–	–
Existence of a “dividend stopper”	–	–

Information on whether the issuer can determine the payment of a dividend on a fully discretionary, partially discretionary or mandatory basis (in terms of timing)	Fully discretionary	Fully discretionary
Information on whether the amount of the dividend can be determined by the issuer on a fully discretionary, partly discretionary or mandatory basis (in terms of the amount)	Fully discretionary	Fully discretionary
Existence of step-up or other incentive to redeem	No	No
Non-cumulative or cumulative	–	–
Convertible or non-convertible	–	–
If convertible: conversion trigger	–	–
If convertible: fully or partly	–	–
If convertible: conversion rate	–	–
If convertible: conversion mandatory or optional	–	–
If convertible: type of instrument convertible into	–	–
If convertible: issuer of instrument convertible into	–	–
Write-down features	No	No
If write-down: write-down trigger	–	–
If write-down: full or partial	–	–
If write-down: permanent or temporary	–	–
If temporary write-down: description of write-up mechanism	–	–
Position in subordination hierarchy in liquidation (specify instrument immediately senior)	–	–
Non-compliant transitioned features	–	–
If yes, specify non-compliant features	–	–

6 Article 438 of the CRR: Equity capital requirements

The Bank uses the standardised approach for credit risk according to Part 3, Title II, Chapter 2 of the CRR for calculating equity capital coverage for credit risks. The basic indicator approach in accordance with Article 315 of the CRR is used to calculate equity capital coverage for operational risks. Bank Frick uses the standard approach in accordance with Article 325 et seqq. of the CRR to calculate equity capital requirements for market risks. Equity capital requirements for the credit value adjustment (CVA) risk are calculated using the standardised method in accordance with Article 384 of the CRR.

The following table provides an overview of the RWAs that form the denominator of risk-based equity capital requirements in accordance with Article 92 of the CRR.

		RWAs		Minimum equity capital requirements
		31.12.2019	31.12.2018	31.12.2019
	Credit risk (without counterparty credit risk, CCR)	385,425,555.82	364,565,531.24	30,834,044.47
Article 438(c) and (d)	Of which in a standard approach	385,425,555.82	364,565,531.24	30,834,044.47
Article 438(c) and (d)	Of which in basic IRB approach (FIRB)	–	–	–
Article 438(c) and (d)	Of which in advanced IRB approach (AIRB)	–	–	–
Article 438(d)	Of which interests in the IRB approach according to the simple risk weight approach or the internal models approach (IMA)	–	–	–
Article 107 Articles 438(c) and (d)	CCR	1,072,255.90	801,622.42	85,780.47

Article 438(c) and (d)	Of which according to market calculation method	–	–	–
Article 438(c) and (d)	Of which according to original risk method	–	–	–
	Of which according to a standardised method	–	–	–
	Of which according to the internal model method (IMM)	–	–	–
Article 438(c) and (d)	Of which risk-weighted exposure amount for contributions to the default fund of a central counterparty (CCP)	–	–	–
Article 438(c) and (d)	Of which CVA	1,072,255.90	801,622.42	85,780.47
Article 438(e)	**Settlement risk**	–	–	–
Article 449(o)(i)	Securitisation positions banking book (following application of upper limit)	–	–	–
	Of which in an IRB approach	–	–	–
	Of which in a supervisory formula approach (SFA) to the IRB	–	–	–
	Of which in an internal	–	–	–

	assessment approach (IAA)			
	Of which in a standard approach	–	–	–
Article 438(e)	**Market risk**	9,388,027.66	14,310,055.45	751,042.21
	Of which in a standard approach	9,388,027.66	14,310,055.45	751,042.21
	Of which in an IMA	–	–	–
Article 438(e)	Large loans	–	–	–
Article 438(f)	**Operational risk**	58,273,586.87	50,599,553.48	4,661,886.95
	Of which in a basic indicator approach	58,273,586.87	50,599,553.48	4,661,886.95
	Of which in a standard approach	–	–	–
	Of which in an advanced measurement approach	–	–	–
Article 437(2),(48) and (60)	Amounts below the threshold for deductions (subject to a risk weighting of 250%)	–	–	–
Article 500	Adjustment of lower limit	–	–	–
	Total	**454,159,426.26**	**430,276,762.58**	**36,332,754.10**

The Liechtenstein Financial Market Authority (FMA) has not imposed any additional institution-specific equity capital requirements on Bank Frick to date.

7 Article 439 of the CRR: Default counterparty credit risk

Counterparty risk refers to the risk of loss due to the other party defaulting on its contractual obligations. There is also the risk that a counterparty will default completely. The counterparty risk arises primarily in unsecured money market investments, current account balances as well as spot and forward transactions.

Bank Frick uses derivative financial instruments exclusively within the framework of client business or as hedging transactions, and selects large, well-established and first-class banking institutions as counterparties for this purpose. The associated counterparty credit risk is therefore considered non-material in accordance with Article 432 of the CRR, which is why no further information is provided.

New counterparties are subject to review using a standardised process and undergo a multi-stage approval process involving the Board of Directors.

Counterparties in the fields of DLT and crypto assets pose an increased default risk due to the new business model, the as of yet largely unregulated market and the lack of any independent ratings. This risk is countered by means of systematic checks during onboarding as well as low limits.

8 Article 440 of the CRR: Capital buffers

Pursuant to Article 4 of the Liechtenstein Banking Ordinance, the capital conservation buffer is 2.5% of the total risk amount calculated according to Articles 6 to 24 of the CRR on a solo or consolidated basis in accordance with Article 92(3) of the CRR. Banks and securities firms must not use CET1 for the creation of a capital conservation buffer that is obliged to meet the requirements of Article 35c(1)(a) of the Liechtenstein Banking Act.

The value of the institution-specific countercyclical capital buffer was CHF 0.00 as of 31 December 2019.

9 Article 441 of the CRR: Indicators of global systemic importance

Bank Frick is rated neither as a G-SII nor as an O-SII. This article is therefore not applicable.

10 Article 442 of the CRR: Credit risk adjustments

The definitions of overdue and impaired receivables are based on Article 178 of the CRR.

The Bank evaluates the requirement for individual valuation allowance on the basis of the collateral available. Individual valuation allowances and provisions are formed for all risks that can be identified on the balance sheet date, in accordance with the principle of prudence. The calculation of the respective individual valuation allowance is based on the difference between the carrying amount of the receivable and the estimated recoverable amount under consideration of the counterparty risk and the net proceeds from the liquidation of any collateral. Valuation allowances are set off against the corresponding assets.

The level of valuation allowances on the balance sheet date can be found in the Bank's Annual Report. Pursuant to Article 432 of the CRR, no breakdown of risk positions in accordance with Article 442(e) to (i) of the CRR is provided.

The following table shows the net value and averages of the net risk positions in accordance with Article 442(c) of the CRR:

		Net value of risk positions as of 31.12.2019	Average of net risk positions in 2019
Central states or central banks		–	–
Institutions		–	–
Companies		–	–
	Of which: special financing	–	–
	Of which: SMEs	–	–
Retail business		–	–
Claims secured by real estate		–	–
SMEs		–	–
Non-SMEs		–	–
Qualified revolving		–	–
Other retail business		–	–
SMEs		–	–

Non-SMEs	–	–
Investment risk positions	–	–
Total amount in an IRB approach	–	–
Central states or central banks	156,045,882	131,340,785
Regional or local authorities	–	–
Public bodies	–	–
Multilateral development banks	–	4,751,531
International organisations	–	–
Institutions	277,373,867	260,913,105
Companies	313,312,471	297,236,457
Of which: SMEs	–	–
Retail business	48,716,413	53,131,063
Of which: SMEs	–	–
Secured by real estate	116,494,839	114,305,234
Of which: SMEs	–	–
Risk positions in default	–	–
Positions associated with particularly high risk	–	–
Covered debt securities	–	–
Risk positions to institutions and companies with short-term credit-rating	–	–
Undertakings for collective investments	52,293,842	51,513,048
Investment risk positions	34,471,945	35,745,629

Other items	102,734,652	94,208,936
Total amount in a standard approach	**1,101,443,908**	**1,043,145,790**
Total	**1,101,443,908**	**1,043,145,790**

The following table provides a geographical breakdown of the risk positions in accordance with Article 442(d) of the CRR:

	Net value (in CHF million)																
	Liechtenstein	Switzerland	United Kingdom	Germany	Austria	United States of America	Cook Islands	British Virgin Islands	Malta	Rest of Europe	Asia	Africa	North America	Central and South America	The Caribbean	Oceania	Total
Central states or central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Retail business	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment risk positions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total amount in an IRB approach	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Central states or central banks		101.2		21.7	2.8	27				3.4							156
Regional or local authorities																	
Public bodies																	
Multilateral development banks																	

International organisations																	
Institutions	6	214.2	7.1	33.7	5.4	5.3				2.7	3						**277.4**
Companies	19.4	24.4	31.6	59.1	31		48.7	43.8	8.2	7.2	6.5		16.5	0.2	14.8	2.1	**313.3**
Retail business	15.6	16.5	6.5	0.7	2.2	0.3				5.7	0.4			0.8			**48.7**
Secured by real estate	44.5	22.7	44.8	2.1	2.3												**116.5**
Risk positions in default																	
Risk positions associated with particularly high risk																	
Covered debt securities																	
Risk positions to institutions and companies with short-term credit-rating																	
Undertakings for collective investments	26.4	0.6		5.8	6.5	2.5			9.6	0.9	0.1						**52.3**
Investment risk positions	28.8	0.2			0.3	0.1			3.8	0.9					0.5		**34.4**
Other items	102.7	0.1															**103**
Total amount in a standard approach	**243.4**	**379.7**	**89.9**	**123.1**	**50.5**	**35.1**	**48.7**	**43.8**	**21.5**	**20.8**	**10.1**		**16.5**	**1**	**15.3**	**2.1**	**1,101.4**
Total	**243.4**	**379.7**	**89.9**	**123.1**	**50.5**	**35.1**	**48.7**	**43.8**		**20.8**	**10.1**		**16.5**	**1**	**15.3**	**2.1**	**1,101.4**

Threshold for importance of countries and regions: 2% of the total amount

BANK FRICK

11 Article 443 of the CRR: Unencumbered assets

An overview of encumbered and unencumbered assets as of 31 December 2019 is shown in the following table:

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Loans on demand	11,519,704	–	130,891,004	–
Equity capital instruments	–	–	–	–
Debt securities	42,725,040	43,103,982	58,734,053	59,434,272
Loans and advances other than loans on demand	–	–	509,221,275,75	–
Other assets	61,037,776	–	248,068,124	–
Assets of the reporting institution	**96,392,442**	–	**965,204,637**	–

	Fair value of encumbered collateral received or own debt securities issued	Unencumbered
		Fair value of collateral received or debt securities available for encumbrance issued
Collateral received from reporting institution	–	61,869,134
Debt securities	–	61,869,134
Loans and advances other than loans on demand	–	–
Other collateral received	–	–
Own debt securities issued, excluding own covered bonds (CBs) or asset-backed securities (ABSs)	–	–
Collateral received from reporting institution	–	**61,869,134**

12 Article 444 of the CRR: Use of ECAIs

The following is disclosed below for all creditworthiness assessments according to Article 112 of the CRR for which the risk-weighted exposure amounts are calculated in accordance with Part 3, Title II, Chapter 2 of the CRR:

Article 444(a)	**the names of the nominated external credit assessment institutions (ECAIs) and export credit agencies (ECAs) and the reasons for any changes;**
	Standard & Poor's, Moody's
Article 444(b)	**the exposure classes for which each ECAI or ECA is used;**
	Institutions
Article 444(c)	**a description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;**
	procedure in accordance with Article 139
Article 444(d)	**the association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in Part Three, Title II, Chapter 2 of the CRR taking into account that this information needs not be disclosed if the institution complies with the standard association published by EBA.**
	Standard association in accordance with Article 136 of the CRR

The breakdown of exposure values by risk weight as at 31 December 2019 is shown in the following table:

Exposure class	Risk weight	Position	Covered part	Risk position
Central states/banks	0%	156,045,881.63	0.00	0.00
Collective investment schemes	100.00%	52,293,841.80	0.00	52,293,841.80
Mortgage-backed claims	35%	85,866,234.71	578,657.10	29,850,652.16
	50%	17,849,767.47	1,769,527.98	8,040,119.75
	100.00%	12,778,836.35	0.00	12,778,836.35

Banks	20%	274,679,198.00	59,313,995.37	43,073,040.53
	50%	2,694,668.57	–	1,347,334.29
Companies	20%	6,227,256.30	0.00	1,245,451.26
	100.00%	307,083,261.41	151,914,201.76	155,169,059.65
	150%	1,953.27	0.00	2,929.91
Retail	75%	14,962,263.47	2,658,856.56	9,227,555.18
	100.00%	33,754,149.40	20,641,465.99	13,112,683.41
Other items	0%	2,710,337.83	0.00	0.00
	20%	89,946,686.05	0.00	17,989,337.21
	100.00%	10,077,627.65	0.00	10,077,627.65
Equities	100.00%	34,471,944.58	0.00	34,471,944.58
	Total	**1,101,443,908.50**	**236,876,704.76**	**241,296,588.85**

13 Article 445 of the CRR: Market risk

Market risk refers to all systemic risks that result from price changes on the money, capital and commodity markets. Accordingly, we divide market risk into the following four categories:

- **Trading and banking book**
  In order to keep market risk positions low and limit them, trading and derivative transactions are not conducted for the Bank's own account and, if necessary, only to a very minor extent and only with first-class counterparties. As a result, market risk at Bank Frick consists largely of risk positions in the banking book.

- **Share price risk**
  The share price risk is massively limited since the Bank does not have its own trading book positions. The volume of non-interest-bearing securities in the banking book is just 5%.

- **Interest rate risk**
  In relation to refinancing, high priority is given to ensure matching maturities within the credit portfolio. As a result, the interest rate risk can be kept correspondingly low. Periodic stress tests (six scenarios, including a parallel shift of the yield curve by 100 or 200 basis points, etc.) are carried out to determine the interest rate risk.

- **Exchange rate risk**
  Bank Frick's internal regulations stipulate that no open foreign exchange positions of > CHF 1 million or equivalent may be held overnight in any currency. The total of all open foreign currency positions must not exceed CHF 3 million. This essentially helps to minimise the exchange rate risk. However, the average currency exposure of approximately CHF 0.2 million is considerably lower.

Bank Frick uses the standard approach in accordance with Article 325 et seqq. of the CRR to calculate equity capital requirements for market risks.

The quantified market risk can be stated as follows:

	RWAs	Equity capital requirements
Simple products	9,388,027.66	751,042.21
Interest rate risk (general and specific)	–	–
Share price risk (general and specific)	–	–
Exchange rate risk	5,054,006.89	404,320.55
Commodity risk	4,334,020.77	346,721.66
Options	–	–
Simplified approach	–	–
Delta plus method	–	–
Scenario approach	–	–
Securitisation (specific risk)	–	–
Total	**9,388,027.66**	**751,042.21**

14 Article 446 of the CRR: Operational risk

Bank Frick endeavours to reduce operational risk to a minimum by specifying clear powers and responsibilities, a complete limit system, appropriate controls and the resulting precautions. Furthermore, the new blockchain banking business area entails new technological and operational risks that are also being integrated in existing risk models and stress tests. The management is continuously informed about operational risks by means of reports.

In addition, business continuity management (BCM) ensures that critical business processes and functions can be maintained or restored as quickly as possible in the event of massive, incisive internal or external events (worst-case scenarios).

Bank Frick uses the basic indicator approach in accordance with Article 315 of the CRR to calculate equity capital requirements for operational risks.

15 Article 447 of the CRR: Risk in holdings not included in the trading book

All relevant information can be found in the chapter "Participations and shares in affiliated companies" of the 2019 Annual Report.

16 Article 448 of the CRR: Interest rate risk on positions not included in the trading book

All relevant information can be found in the chapter on Article 445 of the CRR.

17 Article 449 of the CRR: Exposure to securitisation positions

No disclosure is required, as this article is not applicable.

18 Article 450 of the CRR: Remuneration policy

All relevant information can be found in the chapters "Corporate governance" and "Information about the income statement" of the 2019 Annual Report. No individuals are employed by Bank Frick in accordance with Article 450(1)(i) of the CRR.

19 Article 451 of the CRR: Leverage

Excessive debt is monitored continuously by operational management by means of limits, reports and regular meetings. The Risk Management function reports the leverage ratio to the Management Board and the Board of Directors on a periodic basis, with ad hoc reports being prepared where necessary.

The decrease in receivables from banks and central banks in particular led to a slight increase in the leverage ratio to 8.18% during the reporting period. All in all, the balance sheet total remained almost unchanged in comparison to the previous year.

Calculation of the leverage ratio is shown in the following tables:

Summary reconciliation of accounting assets and leveraged ratio risk positions	
	Assessment value
Total assets as per published financial statements	1,062,196,976.70
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	–
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of the CRR)	–
Adjustments for derivative financial instruments	7,655,284.62
Adjustment for securities financing transactions (SFTs)	–
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	–
(Adjustment for intra-Group exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of the CRR)	–
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of the CRR)	–
Other adjustments	11,615,897.84
Leverage ratio total exposure measure	**1,081,468,159.16**

Leverage ratio common disclosure

Risk positions for the CRR leverage ratio	1,081,468,159.16
On-balance sheet items (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,081,468,159.16
(Asset amounts deducted in determining Tier 1 capital)	–
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	1,081,468,159.16
Derivative risk positions	
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margins)	3,654,327.84
Add-on amounts for potential replacement value associated with all derivatives transactions (mark-to-market method)	7,655,284.62
Risk position determined under original exposure method	–
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
(Exempted CCP part of client-cleared trade risk positions)	–
Adjusted effective notional amount of written credit derivatives	–
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–
Total derivatives exposures	11,309,612.46
Securities financing transaction (SFT) exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–
(Netted amounts of cash payables and cash receivables of gross SFT assets)	–

BANK FRICK

Counterparty credit risk position for SFT assets	–
Derogation for SFTs: Counterparty credit risk position in accordance with Article 429(4) and 222 of the CRR	–
Agent transaction risk positions	–
(Exempted CCP leg of client-cleared SFT exposure)	–
Total SFT exposures	–
Other off-balance sheet risk positions	
Off-balance sheet risk positions at gross notional amount	–
(Adjustments for conversion to credit equivalent amounts)	–
Other off-balance sheet risk positions	–
(On and off balance sheet) exposures which may be exempted in accordance with Article 429(14) of the CRR	
(Intra-Group exposures (solo basis) exempted in accordance with Article 429(7) of the CRR (on and off balance sheet))	7,961,570.00
(On and off balance sheet) exposures which may be exempted in accordance with Article 429(14) of the CRR	–
Capital and total risk position measure	
Tier 1 capital	90,141,091.71
Leverage ratio total risk position measure (sum of rows 3, 11, 16, 19, EU-19a and EU-19b)	1,101,894,401.72
Leverage ratio	
Leverage ratio	8.18%
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	Transitional arrangement: Article 499(1)(b) of the CRR
Amount of derecognised fiduciary assets in accordance with Article 429(11) of the CRR	–

Split-up of on balance sheet risk positions (excluding derivatives, SFTs and exempted risk positions)		
		Risk positions for the CRR leverage ratio
Split-up of on balance sheet risk positions (excluding derivatives, SFTs and exempted risk positions), of which:		1,081,468,159.16
	Trading book risk positions	-1.00
Banking book risk positions, of which:		1,081,468,158.16
	Covered debt securities	–
	Risk positions treated as sovereigns	156,045,881.63
	Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	–
	Institutions	284,189,181.44
	Secured by mortgages of immovable properties	58,570,983.47
	Retail business	74,599,204.90
	Companies	316,831,717.91
Positions in default		–
Other risk positions (e.g. equity, securitisations, and other non-credit obligation assets)		192,386,250.91

20 Article 452 of the CRR: Use of the IRB approach to credit risk

No disclosure according to Article 452 of the CRR, as no IRB approach is applied.

21 Article 453 of the CRR: Use of credit risk mitigation techniques

Netting in accordance with Article 453(a) of the CRR is not applied at Bank Frick.

Covered loans with physical collateral are valued according to internal and external specifications (Article 453(b) of the CRR). In the case of pledge credit, Bank Frick uses internal defined loan-to-value ratios that take into account a credit risk discount for default, title and market risks. In the valuation and pledging of mortgage loans, internal property valuations are prepared or external ones obtained from a recognised appraiser in accordance with guidelines for defined regions. Depending on the type of property, the real value, capitalised value or market value can be used. Real estate collateral which meets the requirements under Article 208 of the CRR is taken into account accordingly. Covered loans with personal collateral, sureties or guarantees were also granted in which the pledged person is assessed on the basis of various criteria. In the case of unsecured loans to companies, the credit assessment is carried out by means of the regular analysis of balance sheets and income statements.

Bank Frick accepts the following collateral for the securing of loans (Article 453(c) of the CRR):

Physical collateral: property, bank deposits, money market investments, precious metals, capital market investments, investment fund share certificates, claims on life insurance policies and structured investment products

Personal collateral: sureties and guarantees

This list is not exhaustive. Other or additional forms of collateral may be used following a risk assessment.

In rare cases, personal guarantees or sureties are used at Bank Frick as additional collateral for lending commitments. In the credit application, the secondary liability is added to the authority-relevant total exposure of the warrantor and approved in accordance with authority arrangements.

Credit derivatives (Article 453(d) of the CRR) are not used at Bank Frick to reduce equity capital requirements.

Concentrations of market or credit risk (Article 453(e) of the CRR) involve material concentrations in individual clients or client groups, sectors or types of collateral, as well as regions and countries. These concentrations are managed by means of various risk-mitigation measures in the form of clear limits and targeted monitoring measures.

Further information about the risk-weighted exposure amounts (Article 453(f) and (g) of the CRR) can be found in the tables relating to Article 442 of the CRR.

22 Article 454 of the CRR: Use of the advanced measurement approaches to operational risk

No disclosure according to Article 454 of the CRR, as no advanced measurement approaches are applied.

23 Article 455 of the CRR: Use of internal market risk models

No disclosure according to Article 455 of the CRR, as no internal models for the calculation of market risk are applied.

BANK FRICK

Bank Frick & Co. AG
Landstrasse 14
9496 Balzers
Liechtenstein

+423 388 21 21
bank@bankfrick.li

www.bankfrick.li

Bank Frick UK Branch
25 Bedford Square
London WC1B 3HH
United Kingdom

+44 20 3582 3060
info@bankfrick.co.uk

www.bankfrick.co.uk

blog.bankfrick.li
twitter.com/bankfrick