BANK FRICK

Disclosure Report 2022

Disclosure for the Annual Report 2022 according to Article 431 et seqq. of the CRR and Article 29c of the Liechtenstein Banking Ordinance.

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1 Introduction

1.1 Legal basis

This Disclosure Report is produced in accordance with Part Eight of Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending 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 (CRR2) taking into consideration Implementing Regulation (EU) 2021/637 of 15 March 2021. Furthermore, this Disclosure Report is prepared in accordance with Article 29c of the Ordinance of 22 February 1994 on Banks and Investment Firms (Liechtenstein Banking Ordinance). According to Article 23 of the Act of 21 October 1992 on Banks and Investment Firms (Liechtenstein Banking Act), the Board of Directors is responsible for verifying compliance with the disclosure requirements.

Bank Frick was not subject to a regulatory obligation to consolidate until 1 May 2022, which is why no consolidated values were available in 2021. For that reason, a comparison with the previous year has been omitted from the 2022 Disclosure Report.

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. In accordance with Article 13(2), disclosure takes place on a consolidated basis since Bank Frick is wholly owned by a financial holding company.

Pursuant to Article 431(3) of the CRR, institutions shall stipulate in a formal procedure how disclosure obligations are to be met and how their appropriateness can be 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 (German: www.bankfrick.li/de/ueber-bank-frick/zahlen-und-fakten; English: www.bankfrick.li/en/about-bank-frick/facts-and-figures). All quantitative disclosures are made in Swiss francs.

2 Article 447 of the CRR: Key parameters

Bank Frick was not subject to a regulatory obligation to consolidate until 1 May 2022, which is why no consolidated values were available in 2021 (see Chapter 1.1).

Overview of key parameters			31 December 2022
Available own funds			
1	Common equity Tier 1 (CET1)		90,280,414.75
2	Tier 1 capital (T1)		90,280,414.75
3	Total capital		90,280,414.75
Risk-weighted position amounts			
4	Total risk amount		522,930,893.11
Capital ratios (in % of the risk-weighted position amount)			
5	Tangible common equity ratio (CET1 ratio) (%)		17.26
6	CET1 ratio (%)		17.26
7	Total equity ratio (%)		17.26
Additional own funds requirements for risks other than that of excessive debt (in % of the risk-weighted position amount)			
7a	Additional own funds requirements for risks other than that of excessive debt (%)		10.80
7b		of which to be held in the form of CET1 (%)	7.30
7c		of which to be held in the form of T1 (%)	8.80
7d	SREP overall capital requirement (%)		8.00
Combined capital buffer and overall capital requirements (in % of the risk-weighted position amount)			
8	Capital conservation buffer (%)		2.50
8a	Capital conservation buffer based on macroprudential risks or systemic risks at member state level (%)		–
9	Institute-specific anti-cyclical capital buffer (%)		0.27
9a	Systemic risk buffer (%)		0.04
10	Buffer for global systemically important institutions (%)		–
10a	Buffer for other systemically important institutions (%)		–
11	Combined capital buffer requirement (%)		10.80
11a	Overall capital requirements (%)		10.80
12	CET1 available after fulfilment of SREP overall capital requirement (%)		9.26
Leverage ratio			
13	Total risk position measure		2,491,304,688.28
14	Leverage ratio (%)		3.62

Additional own funds requirements for the risk of excessive debt (in % of the total risk position measure)		
14a	Additional own funds requirements for the risk of excessive debt (%)	–
14b	of which to be held in the form of CET1 (%)	–
14c	SREP overall leverage ratio (%)	–
Requirement for the buffer for the leverage ratio and overall leverage ratio (in % of the total risk position measure)		
14d	Buffer for the leverage ratio (%)	–
14e	Overall leverage ratio (%)	–
Liquidity coverage ratio		
15	Total high-quality liquid assets (HQLAs) (weighted value – average)	1,362,444,434.91
16a	Cash outflows – weighted total value	1,411,083,378.12
16b	Cash inflows – weighted total value	623,355,096.05
16	Total net cash outflows (adjusted value)	787,728,282.07
17	Liquidity coverage ratio (%)	172.96
Structural liquidity ratio		
18	Available stable refinancing, total	870,923,528.93
19	Required stable refinancing, total	457,868,489.27
20	Structural liquidity ratio (NSFR) (%)	190.22

Overview of risk-weighted assets		
	RWAs	Own funds requirements
	31 December 2022	31 December 2022
Credit risk (without CCR)	391,926,843.03	31,354,147.44
of which: Standardised approach	391,926,843.03	31,354,147.44
Counterparty credit risk (CCR)	1,508,948.45	120,715.88
of which: CVA	1,508,948.45	120,715.88
Settlement risk	–	–
Market risk	13,864,102.40	1,109,128.19
of which: Standardised approach	13,864,102.40	1,109,128.19
Large loans	–	–
Operational risk	115,630,999.24	9,250,479.94
of which: Basic indicator approach	115,630,999.24	9,250,479.94
Amounts below the threshold for deductions (subject to a risk weighting of 250%)	–	–
Total	**522,930,893.11**	**41,834,471.45**

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

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

Banking for Bank Frick involves managing risks. An essential component of the Bank's business model is to take calculable and consistently monitored risks. That happens with a responsible risk policy involving stringent risk monitoring. Bank Frick's risk strategy comprises, among other things, continuously improving risk management within the framework of an ongoing development process.

The implementation of an effective risk management process is essential in order to safeguard the success and stability of Bank Frick on a lasting basis. 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 the responsibility of the Board of Directors and monitored, in particular, 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 department. The Risk Management department reports to the Board of Directors on a quarterly basis and informs the Management Board about new findings 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 tolerance (risk appetite) is operationalised with the aid of a comprehensive limit system for overall-risk categories, recovery and early warning thresholds, as well as target ratios in accordance with the risk strategy. 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. Limit adjustments require the approval of the Board of Directors.

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

Responsibility of the Board of Directors

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

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 profitability must also not be neglected in this context. 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 appropriateness of processes, systems and methods, Bank Frick adheres to the regulatory 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 constantly 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 management process have clearly defined duties, powers and responsibilities.

Prudent risk management

- The risk management process must be conducted on a forward-looking basis.
- Bank Frick only incurs risks within the framework of the law.
- Risks will only be incurred as far as is necessary to realise the opportunities and rewards identified.
- Bank Frick pursues a risk-averse strategy. To justify engagement, the opportunities that arise from a business decision must significantly outweigh the risks.
- Operational risks must be kept to a minimum – as far 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.
- The Risk Management department has the option of reporting directly to the Board of Directors independently of the Management Board if necessary (see Liechtenstein Banking Ordinance, Article 21d(3)).

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

Adequate capitalisation and liquidity boosts the Bank's risk-bearing capacity. 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.

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

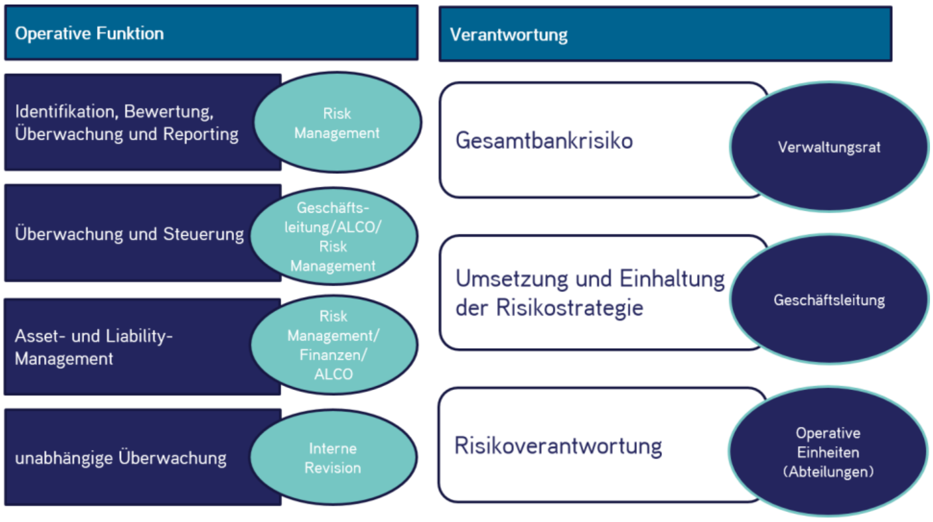
The risk management structure is geared to the unique situation of Bank Frick and ensures that the identification, capturing, assessment, quantification, control and monitoring of material risks are organised and implemented properly, pragmatically and effectively in the context of all business activities. This ensures that the Bank's risk management 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 Bank Frick. Specific information on processes, calculations, models and report formats will be defined in separate documents where necessary.

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

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

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



Risk management at Bank Frick is organised according to 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 with different duties and responsibilities. Thanks to the coordination of business functions and the definition of responsibilities, the ICS integrates the essential roles and responsibilities in the Bank, while also ensuring the effectiveness of the risk management process.

The various business units of the Bank form the first line of defence. The key emphasis here is on those divisions geared towards adding value. 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 methodical specifications for this.

Comprising the Risk Management, Compliance, Legal, E-Commerce and Credit Office departments, it plays an essential role within the model and hence within the Bank's ICS. 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.

3.5 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 in regard to the profile and strategy of the Bank and ensure a comprehensive guarantee of risk-bearing capacity.

3.6 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) and is now controlled by the Kuno Frick Family Foundation (KFS) in Liechtenstein. In 2021, the minority share of NET1 UEPS was acquired by KFS, so that Bank Frick has been fully owned by KFS again since the beginning of February 2021.

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 cryptocurrencies for Bank Frick clientele, and makes crypto assets bankable. Bank Frick develops tailor-made funds for intermediaries and acts as a custodian bank. In addition, Bank Frick holds 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.

Business and risk strategy are mutually dependent and combine as part of the annual strategic planning process to form the strategic direction of the Bank. The application of a limit system ensures compliance with risk tolerance or the risk appetite defined.

3.6.1 Risk development

Across the board, Bank Frick is focusing more on lower-risk business relationships by explicitly focusing on core markets and core clients in business with private clients.

New financing models and innovative e-business models mean continually and consciously taking new entrepreneurial risks, which are analysed in detail in advance.

Furthermore, in the year under review, business in the trading and custody of crypto assets remained on a par with the previous year, meaning Bank Frick is increasingly exposed to risks in new, non-traditional markets. In these areas as well as in client onboarding, particular attention is paid to the associated risks. These have been reduced on an ongoing basis, in particular through advancing standardisation and optimisation of processes.

3.6.2 Strategy for own funds

Bank Frick insists on having high-quality own funds coverage for existing risk positions to ensure the long-term security of the Bank. The consolidated CET1 ratio of roughly 17% on 31 December 2022 was well above the lower limit of 10.5% required by the Financial Market Authority (FMA) Liechtenstein (including a capital conservation buffer of 2.5%). The leverage ratio was 3.6% as of the reporting date and therefore also significantly above the regulatory limit of 3.0%.

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

3.6.3 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

As of 31 December 2022, receivables from clients amounted to around CHF 459 million. An overview of the cover can be found in the 2022 Annual Report (Balance sheet information).

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 expertise in recent years.

The credit portfolio as a whole is distributed across many different clients, credits and collateral. This portfolio diversification also illustrates Bank Frick's risk-conscious lending policy. Loans are always granted on the basis of national and international regulations and internal credit instructions. Valuation allowances are also made on an ongoing basis to adequately account for credit risks.

Bank Frick uses the standardised approach in accordance with Article 111 of the CRR to calculate own funds 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 strongly limited since the Bank does not have its own trading book positions. The proportion of shares and other non-fixed-interest securities in relation to total securities according to the balance sheet is around 24%.

- **Interest rate risk**
  The most relevant market risk to which Bank Frick is exposed is interest rate risk. Interest rate risk in the banking book is evaluated on the basis of interest rate shocks. 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 (different scenarios, including a parallel shift of the yield curve) 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 more than CHF 1 million or equivalent may be held overnight in any currency with respect to trading. The total of all open foreign currency positions held overnight must not exceed CHF 3 million. This essentially helps to minimise the exchange rate risk. Bank Frick uses the standardised approach in accordance with Article 325 et seqq. of the CRR to calculate own funds 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 was due to a very high level of high-quality liquid assets and cash and cash equivalents.

The consolidated liquidity coverage ratio (Conso LCR) amounted to 173% as of 31 December 2022, which was well above the regulatory minimum of 100%.

In addition, stress tests show that Bank Frick would still have sufficient liquidity even under difficult 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 stress. The so-called Internal Liquidity Adequacy Assessment Process (ILAAP) also ensures solvency and the associated refinancing capacity.

3.6.4 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. The management of the Bank is continuously updated about operational risks in reports.

Bank Frick has its own Compliance department. There are clear guidelines concerning applicable due diligence obligations.

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

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

3.6.5 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

In order to minimise strategic risks, the goal of securing the Bank's existence in the long run is prioritised in the annual strategic orientation.

3.6.6 Regulatory risks

By systematically entering new markets and consistently pushing forward with innovative technologies, Bank Frick exposes itself to additional regulatory risk. New regulatory and legal developments, as well as trends in the area of distributed ledger technology (DLT) and crypto assets, could therefore have a significant impact on the future of Bank Frick's Blockchain banking.

For example, the Bank was the first company in Liechtenstein to be registered by the FMA as a token issuer, token creator, TT identity service provider and TT token custodian pursuant to Article 12(1) and (2) of the Law on Tokens and TT Service Providers of 3 October 2019 (TTTL).

The dynamics of regulatory developments in the European Union also have a significant impact on the risk landscape of Bank Frick. For instance, threshold values such as own funds composition must always be in line with the latest regulatory guidelines.

3.6.7 Reputational risks

Reputational risk for the Bank is 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.

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

4.1 Number of directorships held by members of the governing body

Pursuant to Article 29a of the Liechtenstein Banking Ordinance, the mandate restriction is only of particular significance for banks and investment firms. As Bank Frick is excluded from this, there is no disclosure of the directorships held.

4.2 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 (amended by EBA/GL/2016/11) 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 2022 Annual Report.

4.3 Diversity strategy for the selection of members of the governing bodies, the objectives and respective targets of the strategy, and the target attainment

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

4.4 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 essential 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. In addition, a detailed risk report is prepared for the Management Board and the Board of Directors on a quarterly basis. The risk-bearing capacity analysis and the stress test results are communicated annually to the Management Board and the Board of Directors. The Risk Management department has the option of reporting directly to the Board of Directors independently of the Management Board if necessary.

5 Article 436 of the CRR: Scope of application

This Disclosure Report has been issued on a consolidated basis for Bank Frick & Co. AG (see chapter 1.1).

Scope of consolidation financial (for accounting purposes) and prudential						
			Consolidation prudential			
Company	Type of company/industry	Consolidation methods financial (for accounting purposes)	Full consolidation	Quota consolidation	Not consolidated, not deducted from own funds	Deducted from own funds
Kuno Frick Family Foundation	Financial holding company		X			
BF Receipts Ltd.	Support company for interest payments	Full consolidation			X	
MZ-Holding AG	Real estate	Full consolidation			X	
21. Finance AG	Fintech				X	
21. Funds SICAV	Fund company	Full consolidation			X	
Tradico AG i. L.	Fintech	Full consolidation			X	
Priller Immo AG	Real estate				X	
Cadeia GmbH	B2B Fintech				X	
DisrupTech AG	Fintech				X	

6 Article 437 of the CRR: Own funds

Bank Frick discloses its own funds in the following table in accordance with Article 437 of the CRR:

CET1: Instruments and reserves		
Capital instruments and the related share premium accounts	30,000.00	Articles 26(1), 27, 28 and 29
of which: Foundation capital shares	30,000.00	EBA list pursuant to Article 26(3)
Retained earnings	76,322,345.97	Article 26(1)(c)
Accumulated other comprehensive income (and other reserves)	–	Articles 26(1)(d) and (f)
Fund(s) for general banking risks	24,300,000.00	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)	4,947,725.84	Article 84
Interim gains reviewed by an independent party minus all foreseeable fees or dividends	–	Article 26(2)
CET1 before regulatory adjustments	**105,600,071.81**	
CET1: regulatory adjustments		
Additional valuation adjustments (negative amount)	-15,319,656.06	Articles 34 and 105
Intangible assets minus the corresponding tax liabilities (negative amount)	-1.00	Articles 36(1)(b) and 37
Total regulatory adjustments to common equity (CET1)	-15,319,657.06	
CET1	90,280,414.75	
AT1: Instruments		
Total capital base (TC = T1 + T2)	90,280,414.75	
Total risk-weighted assets (RWAs)	522,930,893.11	

Capital base ratios and buffers		
Common equity (as a percentage of risk-weighted assets)	17.26	Article 92(2)(a)
Common equity (as a percentage of risk-weighted assets)	17.26	Article 92(2)(b)
Total capital (as a percentage of risk-weighted assets)	17.26	Article 92(2)(c)
Institution-specific buffer requirement (minimum requirement on CET1 ratio according to Article 92(1)(a) plus capital conservation buffer and countercyclical capital buffer requirements, systemic risk buffer requirements and systemically important institution (SIIs) buffer requirements, expressed as a percentage of risk-weighted assets)	7.34	Article 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	2.50	
of which: countercyclical capital buffer	0.27	
of which: systemic risk buffer	0.04	
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)	17.26	Article 128 of the CRD:

7 Article 438 of the CRR: Own funds requirements

The Bank uses the standardised approach for credit risk according to Part 3, Title II, Chapter 2 of the CRR for calculating own funds coverage for credit risks. The basic indicator approach in accordance with Article 315 of the CRR is used to calculate own funds coverage for operational risks. Bank Frick uses the standardised approach in accordance with Article 325 et seqq. of the CRR to calculate own funds requirements for market risks. Own funds 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 own funds requirements in accordance with Article 92 of the CRR.

The FMA Liechtenstein has not imposed any additional institution-specific own funds requirements on Bank Frick to date.

		RWAs	Minimum own funds requirements
		31 December 2022	31 December 2022
	Credit risk (without counterparty default risk, CCR)	391,926,843.03	31,354,147.44
Article 438(c) and (d)	of which in a standard approach	391,926,843.03	31,354,147.44
Article 107, Articles 438(c) and (d)	**CCR**	1,508,948.45	120,715.88
	of which according to a standardised method	1,508,948.45	120,715.88
	of which CVA	1,508,948.45	120,715.88
Article 438(e)	**Settlement risk**	–	–
Article 438	**Market risk**	13,864,102.40	1,109,128.19
	of which in a standard approach	13,864,102.40	1,109,128.19
Article 438(e)	Large loans	–	–
Article 438(f)	**Operational risk**	115,630,999.24	9,250,479.94
	of which in the basic indicator approach	115,630,999.24	9,250,479.94
	Total	**522,930,893.11**	**41,834,471.45**

8 Article 450 of the CRR: Remuneration policy

Art. 450 par. 1 lit. h item (i) und (ii) CRR – Remuneration granted in the financial year

		A Governing body – supervisory role	B Governing body – management role
Fixed remuneration			
1	Number of employees identified	4	3
2	Total fixed remuneration	980,600.00	1,780,499.00
3	of which: monetary remuneration	980,600.00	1,780,499.00
Variable remuneration			
9	Number of employees identified	4	3
10	Total variable remuneration	630,600.00	1,756,500.00
11	of which: monetary remuneration	554,460.00	1,756,500.00
12	of which: retained	–	–
EU-13a	of which: monetary remuneration	76,140.00	–
EU-14a	of which: retained	76,140.00	–
17	Total remuneration (2 + 10)	1,611,200.00	3,536,999.00

Art. 450 par. 1 lit. h item (iii) und (iv) CRR – Retained remuneration

	Retained remuneration	A Total retained remuneration granted for earlier performance periods	B Of which: to be drawn in the financial year	C Of which: to be drawn in subsequent financial years	EU – G Total retained remuneration granted prior to the financial year actually paid in the financial year	EU – H Total retained remuneration granted for earlier performance periods earned but subject to vesting periods
1	Governing body – supervisory role	441,000.00	171,000.00	270,000.00	171,000.00	270,000.00
2	Monetary remuneration	–	–	–	–	–
3	Shares or holdings of equivalent value	441,000.00	171,000.00	270,000.00	171,000.00	270,000.00
7	Governing body – management role	747,000.00	232,500.00	514,500.00	232,500.00	514,500.00
8	Monetary remuneration	–	–	–	–	–
9	Shares or holdings of equivalent value	747,000.00	232,500.00	514,500.00	232,500.00	514,500.00
25	Total amount	1,188,000.00	403,500.00	784,500.00	403,500.00	784,500.00

Art. 450 par. 1 lit. i CRR – Number of people whose remuneration totalled EUR 1 M or more per financial year:

		Identified employees drawing a high income as defined under Article 450(1) lit. i. CRR
1	EUR 1 M to EUR 1.5 M	2

The remuneration policy was defined by the Board of Directors. The Board of Directors reviews it annually to ensure it is adequate and complies with all legal requirements. This is outlined in a dedicated directive ("Remuneration Policy"). The duties associated with remuneration are performed by the Board of Directors. A remuneration committee has not been set up. The Board of Directors met twelve times in the 2022 financial year (ten ordinary meetings and two extraordinary meetings).

The fixed component of the salary generally covers the work carried out for the Bank. The salary system takes into consideration the service performed, training, role and experience.

The bonus constitutes special remuneration in addition to the fixed salary component. The bonus has the character of a voluntary, one-time payment. It is redefined annually depending on the overall success of the Bank on the one hand and individual performance on the other. There is no entitlement to the payment of a bonus. Since the variable remuneration components are additional and voluntary benefits, it is ensured that there is no significant dependence on variable remuneration and that there is an appropriate ratio of variable to fixed remuneration. The variable component does not exceed 100% of the fixed component.

In accordance with the Bank's internal guidelines, around 50% of the variable remuneration of the Board of Directors, the Management Board and the heads of department are generally paid out in the form of employee participation certificates, whereby the participation certificates are subject to a three-year freeze.

The EU-REM2 table will not be disclosed, as no guaranteed variable remuneration and no severance payments to risk bearers were granted for the financial year.

Bank Frick is not a major institution in the sense of Article 4(1) number 146 of Regulation (EU) No. 575/2013 and its balance sheet total equalled an average of less than EUR 5 billion over the last four years.

Accordingly, Bank Frick applies the exception under Article 94(3) letter a. of Directive 2013/36/EU for the specifications outlined in Article 94(1) letter l. and m. and in letter o. (2) and for all employees.

9 Information in connection with the coronavirus pandemic

Bank Frick did not issue any "COVID loans". There is therefore no duty to disclose in detail as defined under EBA/GL/2020/07.

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