



ten years  
nineteenhundredninetyeight  
twothousandeight



**BANK FRICK**  
LIECHTENSTEIN

ten years 

**Annual Report 2008**



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## Foreword by the Chairman of the Board of Directors




The 2008 financial year is set to go down in the history of Bank Frick as a seminal year for a number of reasons. For one thing, Bank Frick was able to celebrate its tenth anniversary in December 2008. At a celebration to mark the anniversary, the workforce was thanked for their outstanding commitment with management proposing an optimistic toast to the decade to come.

From an economic perspective, 2008 can be described as encouragingly stable for Bank Frick considering the difficult situation facing the global banking sector due to the financial crisis. The financial centre Liechtenstein has been, and continues to be, confronted with calls to increase cooperation with tax authorities. Banking secrecy is being called into question by a number of countries that have a different or no tradition of banking confidentiality.

Especially in recent years, Bank Frick has done its homework with regard to organisation, IT and cost efficiency. The task now is to adapt and fine-tune these strategies to the regulatory framework and draw the necessary conclusions. We are currently looking into how Bank Frick might strengthen its future presence overseas, whether via branch offices, subsidiaries or partner enterprises. This task is not always easy, especially for a small private bank, but holds vast potential.

In the funds segment, the Bank has, for example, acquired vast expertise and it would seem that tension on the markets is set to ease again in the course of the year, after which there is likely to be considerable demand for structured, transparent and simple products. Bank Frick has never allowed itself to be taken in by multiple leveraged products. Products that were not transparent or comprehensible were not bought. This explains why the clients of Bank Frick have been able to weather the turbulent months of 2008 very well and largely unscathed. December 2008 also marked the end of an era in terms of personnel. The founding partner Kuno Frick sen. stepped down as chairman at the age of 70, while remaining a member of the Board of Directors. In this capacity, he will continue to place his vast expertise and experience at the Bank's disposal. The family-run character of the Bank is still guaranteed, in that the author of this report, his oldest son, will follow in his father's footsteps and will attempt to continue his successful work expanding the enterprise.

Bank Frick & Co. AG is optimistic that private banking, with all its services, will continue to be in demand in future. We are a service-oriented bank that aims to offer its clients the best possible support in all financial matters. We are well aware that clients also wish to protect their privacy. This is something that we will continue to guarantee in future.

On this note, we would like to thank all our clients and partners for the trust they have shown in us. 

  
Dr. Mario Frick · Chairman of the Board of Directors





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### **Robust business development in troubled times**

2008 represented another excellent year for Bank Frick. Following the formation of fiscally-recognised expenditure, the reported net profit was maintained at the relatively stable level of CHF 6.56 million. The balance sheet total on the balance sheet reporting date of 31 December 2008 amounted to CHF 587.52 million. Client assets under management totalled CHF 2.13 million. As of 31 December 2008, Bank Frick held own funds (incl. provisions for general banking risks) of CHF 56.2 million. The cost-earnings ratio was maintained at a reasonable 46.95 %.

The Management Board wishes to thank all employees most warmly for their work. For it is only thanks to their daily commitment to the interests of our highly esteemed clients that it has been possible to achieve the set objectives.

### **General reflections on the crisis year 2008**

The trading year 2008 is „set to go down in the history books“. This was how the Neue Zürcher Zeitung (NZZ) described the financial year just ended in its supplement of 6 January 2009. Indeed, you would have to go back quite some time to find a trading year that saw the (global) financial system destabilised to such an extent as in 2008. Swiss pension funds, which generally pursue conservative

investment strategies, posted record losses in 2008. Depending on the portfolio structure, reported losses ranged between 11.5 % and 31 %. This is the worst development since the introduction of the BVG requirements in 1985! This example shows just how severely affected the markets were in 2008.

Within the framework of strategic portfolio management, Bank Frick always focused on transparent and easily-comprehensible products. Complex structures (derivatives) and intransparent hedge funds were avoided per se. This consistent basic attitude in terms of the careful choice of investment products proved to be the right approach in the crisis year 2008. This is why our clients were spared total losses for individual investments.

The stock market crash of 1929, which led to the Great Depression, has been invoked repeatedly in recent weeks and months. Even though major events in the past had different reasons and consequences, we are often inclined to make decisions for the future based on past findings and doctrines. These experiences more or less serve as the basis for decisions. The current crisis in the financial markets – with all its negative consequences for the real economy – is of an entirely new nature and dimension; in fact it poses a global problem!

In recent months, many national economies have made a considerable effort to avert the total collapse of the (global) financial system. Several trillion US dollars (USD) have been pumped into the markets, and some banks have been practically nationalised. Many national economies are preparing economic rescue packages involving many billions of dollars to prop up their ailing domestic economies and particularly key industries. As a result, the debt-equity ratios of these nations are increasing noticeably. It was no doubt the right decision to come to the aid of economies so promptly and expansively and to continue to do so. The goal is to limit the negative consequences arising in connection with the crisis on the financial markets to the greatest possible extent. (This prompt and expansive action is probably one of the lessons learnt in overcoming



the 1929 Great Depression.) However, it still remains to be seen how the vast national debt of many countries will be redeemed in future, and who exactly will do so. Moreover, the fact that hardly any national economies were able to avoid a zero balance or avoid generating a net national debt even when the economic going was good or excellent is also rather alarming. In this respect, we are all likely to have to face further challenges in a few years: debt reduction and (possibly) inflation. The consequences of this necessary debt management policy adopted by many countries may include the global depreciation of many currencies and resulting inflation.

### **The financial market of Liechtenstein**

In addition to the crisis on the financial markets outlined above, players on the domestic financial market were forced to face further challenges: the „Liechtenstein tax affair“ accelerated the reform of the Liechtenstein financial market. The Liechtenstein financial sector is currently undergoing rapid change. While certain location advantages will have to be relinquished, Liechtenstein remains a reliable and stable place in which high-quality financial products and financial services will continue to be offered in future. Unlike in the past, Liechtenstein will have to be globally recognised by all countries as a financial centre in its own right.

Faith in the financial services sector is a very valuable asset. It is every banker's duty to earn this trust. The long-standing tradition of private banking in the Principality of Liechtenstein, coupled with outstanding financial services and a stable economic framework, will form the basis for being able to confront international competition in the future.

## Earnings situation

Despite the extremely difficult economic environment in 2008, the Bank's management is able to look back on stable business performance. Compared to the previous year, the earnings items are as follows: interest income CHF 7.39 million (- 5.33 %), income from commission and service business CHF 7.84 million (- 30.91 %), income from trading activities CHF 2.96 million (+ 4.28 %). The profit contribution made by commission and service business consequently accounted for 43.10 % of the earnings items.

Business expenses totalled CHF 8.54 million. This represents a decrease of CHF 1.59 million or - 15.72 % relative to the previous year. The cost-earning ratio came to a very reasonable 46.95 %.

## Balance sheet

The balance sheet total fell to CHF 587.52 million (previous year: CHF 660.41 million). The decline is largely the result of the drop in the balance sheet item "Certificated liabilities" in connection with the item "Amounts due from clients". Amounts due to clients totalled CHF 366.87 million (+ 1.13 %). Amounts due from clients fell to CHF 219.94 million (-21.51 %). The off-balance-sheet item "Fiduciary transactions" declined to CHF 11.84 million (- 83.33 %). This reduction was attributable to regrouping from liquid assets to securities.

## Client assets under management

Owing to the in part extreme upheaval in the financial markets and the accompanying up-valuation of the Swiss franc compared to other major currencies – e.g. to the euro by up to 10 % (!) – the volume of client assets under management fell by 22.55 % to CHF 2.13 million. Despite the adversities experienced in 2008, net money inflows were recorded.



## **Sponsorship and social commitment**

In 2008, as in previous years, Bank Frick was once again able to provide financial support to a variety of associations, cultural events and charitable organisations.

Bank Frick regards actively aiding the positive development of underprivileged children and young people as a matter dear to its heart. Among other things, Bank Frick has, for many years, been supporting various charitable projects (special school, training projects, medical projects, mother-and-child facilities, etc.) in Nicaragua, Brazil and northern India, which are managed or monitored by persons of trust.

This sponsorship policy and social commitment are also set to remain in place in the years to come.

## **Events following the balance sheet reporting date**

No events occurred between the balance sheet reporting date and the printing of the Annual Report which have a significant influence on the asset, financial and earnings position of Bank Frick.

## **Outlook 2009**

2009 is likely to be a „transitional year“. On the one hand, national economies will continue to struggle with the effects of the financial market crisis. On the other hand, the domestic financial sector is undergoing radical changes. The expectations of market partici-

pants are correspondingly very modest. Bank Frick and its business partners are very well positioned. We also see excellent opportunities for the future for the Liechtenstein financial centre, which has proven very stable, despite current difficulties. Private banking – as we understand it – will continue to be in demand in the future. Reliable advice, a careful choice of financial products and the protection of privacy are key arguments in favour of the financial centre of Liechtenstein. These arguments will continue to apply, even following the completion of the reform of the Liechtenstein financial market. 

For the Management Board

Jürgen Frick · Chairman of the Management Board







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## Balance sheet

as at 31.12.2008 with figures for the previous year

	previous column CHF	31.12.2008 CHF	previous column CHF	31.12.2007 CHF
<b>Assets</b>				
Liquid assets		7.943.798		6.545.442
Due from banks		295.569.121		297.794.837
of which repayable upon demand	91.208.198		97.837.739	
of which other receivables	204.360.923		199.957.098	
Due from clients		219.936.157		280.195.311
of which mortgage-backed claims	52.492.900		55.108.120	
Bonds and other fixed-income securities		4.611.070		7.239.280
of which bonds:				
issued by public bodies	–		498.000	
issued by other borrowers	4.611.070		6.741.280	
Shares and other variable-yield securities		36.974.866		43.074.787
Participations		541.001		1
Shares in affiliated companies		1.000.000		1.000.000
Intangibles		1		1
Property, plant and equipment		12.521.187		12.858.179
Other assets		6.986.525		7.892.959
Accrued expenses and deferred income		1.439.167		3.813.759
<b>Total assets</b>		<b>587.522.893</b>		<b>660.414.556</b>

<b>Liabilities</b>	previous column CHF	31.12.2008 CHF	previous column CHF	31.12.2007 CHF
Due to banks		26.557.220		35.930.402
of which repayable on demand	20.417.220		2.846.802	
with agreed maturity or period of notice	6.140.000		33.083.600	
Due to clients		366.867.354		362.755.180
of which savings deposits	–		–	
of which other liabilities:				
repayable on demand	104.378.918		105.245.072	
with agreed maturity or period of notice	262.488.436		257.510.108	
Certificated liabilities		124.693.365		200.183.973
of which medium-term notes	53.085.229		22.546.260	
of which other certificated liabilities	71.608.136		177.637.713	
Other liabilities		10.659.036		3.940.757
Accrued expenses and deferred income		1.648.237		3.113.077
Provisions		900.045		1.100.000
of which tax provisions	900.045		1.100.000	
of which other provisions	–		–	
Provisions for general banking risks		7.000.000		7.000.000
Subscribed capital		25.000.000		25.000.000
Capital reserves		1.000.000		1.000.000
Retained profit		16.641.000		12.280.000
of which statutory reserves	6.000.000		6.000.000	
of which other reserves	10.641.000		6.280.000	
Profit carried forward		167		993
Profit for the year from 01.01.2008 to 31.12.2008		6.556.469		8.110.174
<b>Total liabilities</b>		<b>587.522.893</b>		<b>660.414.556</b>



## Income statement

from 01.01.2008 to 31.12.2008

## Income statement

Items	previous column CHF	2008 CHF	previous column CHF	2007 CHF
Interest earned		21.963.034		26.520.653
of which income from fixed-interest securities	118.295		245.832	
Interest paid		-14.576.295		-18.718.298
Current income from securities		225.492		345.076
of which shares and other variable-yield securities	225.492		345.076	
Income from commission and service business		12.293.470		16.102.383
of which commission income on loan transactions	4.665		22.263	
of which commission on securities and investment operations	11.636.855		15.717.422	
of which commission on other service activities	651.950		362.698	
Commission payable		-4.452.110		-4.752.097
Profit on financial operations		2.596.349		2.816.190
of which from commercial activities	2.958.438		2.836.930	
Other ordinary income		794.824		274.600
General administrative expenses		-8.539.827		-10.132.399
of which staff costs	-4.714.245		-4.589.063	
of which operating expenditure	-3.825.582		-5.543.336	
Depreciation on intangible assets and property, plant and equipment		-759.137		-601.959
Other ordinary expenditure		-271.891		-2.307.279
Valuation allowances on claims and transfers to reserves for contingencies and credit risks		-35.500		-220.000
Income from the dissolution of valuation allowances in respect of loans and from the dissolution of provisions for contingent liabilities and credit risks		–		–
Depreciation on participations, shares in affiliated companies and securities treated as investment assets		-1.905.940		-161.584
Income from valuation allowances to participations, shares in affiliated companies and securities treated as investment assets		–		–
<b>Income from normal business activities</b>		<b>7.332.469</b>		<b>9.165.286</b>
Extraordinary income		–		–
Extraordinary expenditure		–		–
Income tax		-683.000		-978.112
Other taxes		-93.000		-77.000
Transfer to the reserves for general banking risks		–		–
<b>Profit for the year from 01.01.2008 to 31.12.2008</b>		<b>6.556.469</b>		<b>8.110.174</b>



## Off balance-sheet transactions

as at 31.12.2008

Off balance-sheet items	31.12.2008 CHF	31.12.2007 CHF
<b>Contingent liabilities</b>		
Liabilities arising out of sureties and guarantee contracts as well as liability arising out of the furnishing of securities	1.368.050	12.131.153
<b>Total contingent liabilities</b>	<b>1.368.050</b>	<b>12.131.153</b>
<b>Derivative financial instruments</b>		
Contract volumes	379.710.152	227.761.619
Positive replacement values	6.523.211	1.468.834
Negative replacement values	6.345.782	1.416.853
<b>Fiduciary transactions</b>		
Fiduciary transactions	11.839.175	71.020.455
Fiduciary loans	–	–
<b>Total fiduciary transactions</b>	<b>11.839.175</b>	<b>71.020.455</b>



## Profit distribution



The profit for the year 2008 is appropriated as follows:

	Financial year CHF	Previous year CHF
Annual profit	6.556.469	8.110.174
Profit carried forward	167	993
<b>Profit for the year</b>	<b>6.556.636</b>	<b>8.111.167</b>
<b>Profit distribution</b>		
Allocation to the statutory reserves	–	–
Allocation to the free reserves	4.056.000	4.361.000
Anniversary dividend on annual profit	2.500.000	–
Interim dividend on annual profit	–	2.500.000
Dividend on company capital	–	1.250.000
<b>Profit carried forward</b>	<b>636</b>	<b>167</b>



# Flow of funds statement

(all figures shown in CHF)

Flow of funds from operating result (internal financing)	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Annual profit	6.556.469	–	8.110.174	–
Depreciation on securities as current assets	289.068	–	20.836	–
Depreciation on securities as non-current assets	346.940	–	49.084	–
Depreciation on participations	1.559.000	–	112.500	–
Depreciation on intangible assets and property, plant and equipment	759.137	–	601.959	–
Valuation allowances and provisions	–	–	–	–
Tax provisions	–	199.955	–	19.000
Provisions for general banking risks	–	–	–	–
Inclusion of fiscally-permitted valuation allowances with provisions for general banking risks	–	–	–	–
Accrued income and prepaid expenses	2.374.592	–	–	2.775.290
Accrued expenses and deferred income	–	1.464.840	2.098.534	–
Distribution of dividend (previous year and anniversary dividend)	–	3.750.000	–	2.500.000
<b>Balance</b>	<b>6.470.411</b>	<b>–</b>	<b>5.698.797</b>	<b>–</b>
<b>Flow of funds from equity transactions</b>				
Capital increase	–	–	–	–
Premium on capital increase	–	–	–	–
<b>Balance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Flow of funds from investment transactions</b>				
Shares in affiliated companies	–	–	–	–
Participations	–	2.100.000	–	112.500
Real estate	–	152.202	–	4.269.837
Other property, plant and equipment	–	269.942	–	2.694.673
Intangible assets	–	–	–	–
Securities and precious metals as non-current assets	3.711.300	–	4.649.480	1.173.818
<b>Balance</b>	<b>1.189.156</b>	<b>–</b>	<b>–</b>	<b>3.601.348</b>
<b>Flow of funds from bank business</b>				
<b>Medium and long-term business (&gt; 1 year)</b>				
Medium-term notes	29.838.969	–	–	40.606.740
Other certificated liabilities	–	1.682.450	17.345.000	–
Mortgage claims	2.615.220	–	5.143.797	–
<b>Short-term business</b>				
Due to banks	–	9.373.182	–	10.717.163
Due to clients (other liabilities)	4.112.174	–	55.516.942	–
Medium-term notes	700.000	–	–	–
Other certificated liabilities	–	104.347.127	89.186.154	–
Other liabilities	6.718.279	–	–	2.347.072
Due from banks	2.225.716	–	–	52.555.528
Due from clients	57.643.934	–	–	44.945.771
Shares and other variable-yield securities	4.380.822	–	–	17.752.818
Other assets	906.434	–	–	2.399.367
<b>Balance</b>	<b>–</b>	<b>6.261.211</b>	<b>–</b>	<b>4.132.566</b>
<b>Liquidity</b>				
Liquid assets	–	1.398.356	2.035.117	–
<b>Balance</b>	<b>–</b>	<b>1.398.356</b>	<b>2.035.117</b>	<b>–</b>



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### **Asset management / portfolio management**

Bank Frick & Co. AG is active in the fields of investment consultancy and asset management. Since launching its operations in December 1998, it has steadily expanded and refined its asset management services.

Its asset management strategy is based upon traditional asset management. Alternative investment strategies have been developed by the Bank's investment experts, and these have been integrated into traditional asset management. Within the framework of the implementation of asset management activities, the Management Board has introduced the concept of „interactive portfolio management“ (IAPM). Ongoing analysis of risk and yield parameters and the systematic use of so-called market timing produce tangible added value for clients. In the field of alternative asset management, the Bank's executives have developed and successfully introduced a variety of products, including, for example, in the field of renewable energies, real estate and long-term capital-protected products.

### **Fund services / depositary functions**

In addition to asset management, Bank Frick & Co. AG also acts as a depositary bank for a large number of investment companies (investment funds). With the Bank's own investment fund man-

agement company, Crystal Fund Management AG, Bank Frick Co. AG is also in a position to offer comprehensive investment fund services to third parties and to do so on competitive terms. Crystal Fund Management AG has in-depth experience with the customs and practices of the financial markets in Liechtenstein and Malta.

## **Trading activities**

In securities and foreign exchange trading, Bank Frick & Co. AG focuses exclusively on private client business. This consequently means it does not in general engage in any securities transactions on its own account.

## **Lending activities**

Lending activities are operated to complement the principal areas of business “private banking” and “fund services”. Virtually all loans are extended against collateral. They are provided in conjunction with financial and financing transactions such as are usual in the banking sector. Given the natural boundaries combined with the available equity (loans must be backed by capital and reserves), the Bank’s management is expecting only moderate growth in this field of business in the coming years. As a consequence, the Bank is pursuing a moderate expansion of its lending activities.

## **Fund services**

The fund management company, Crystal Fund Management AG, is a wholly-owned subsidiary of Bank Frick & Co. AG. Bank Frick & Co. AG has assigned the administration of its investment funds and in-house funds (special assets) to Crystal Fund Management





AG. In recent years, this has developed into one of the Principality of Liechtenstein's recognised and established fund management companies.

Crystal Fund Management AG manages investment funds domiciled in the Principality of Liechtenstein or on Malt.

### **Principal source of income**

The main source of income, contributing 43.10 % of operating income, is commission transactions and services. This is followed by interest-related activities (40.63 %) and profits from trading transactions (16.27 %).

### **Human resources**

As at the end of the 2008 financial year, the Bank employed 26 persons. On a full-time equivalent basis, our Bank had a workforce of 23.8 persons in the 2008 financial year.

Together with the subsidiary Crystal Fund Management AG, a total of 31 persons worked for the Group.

### **Outsourcing**

Once again, no divisions of the Bank were outsourced in the 2008 reporting year. ☹





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## Accounting and valuation principles for the financial statements

### Basic principles

Accounting, balancing and valuation are conducted in accordance with the regulations established under the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht – PGR), the Liechtenstein Banking Act (Bankengesetz), together with the associated Ordinance and any possible directives issued by the Liechtenstein Financial Market Authority on accounting standards.

### Recording and balancing

All business transactions are recorded in the accounts of Bank Frick on the closing date and are valued as of that point in time, in accordance with the principles specified below.

### General valuation principles

The most important valuation principles can be summarised as follows:

#### Foreign currencies

Receivables and liabilities denominated in foreign currencies are valued in accordance with the mean foreign exchange rates valid on the balance sheet date.

#### Liquid assets, receivables from banks and clients, mortgage claims, liabilities

These are entered in the balance sheet at nominal value. Recognisable risks are adjusted in accordance with the principle of caution. If a debtor is in default with his interest payments by more than 90 days, the outstanding interest is then allocated directly to valuation allowances and is booked as income only after the interest has actually been paid.

#### Securities held as current assets

Securities held as current assets are valued according to the lowest value principle. Interest income is shown in the „interest income“ item, dividend income in the „current revenues from securities“ item. Participations are essentially shown under the „securities held as current assets“ balance sheet item.

#### Securities held as fixed assets

In the case of fixed-interest securities which are to be held until expiry, the accrual method is used for valuation. In this conjunction, the premium or discount is amortised over the maturity to expiry. Interest-related realised profits or losses arising out of premature alienation or redemption are amortised over the residual maturity, i.e. until the original expiry date. Interest income is shown in the „interest income“ item. Securities without fixed interest are valued according to the lowest-value principle. Dividend income is included under the „current revenues from securities“ item. Debt securities are essentially included under the „securities held as fixed assets“ item.

#### Shares in affiliated companies and participations

The wholly-owned subsidiary Crystal Fund Management AG, and the 25% stake in the company Top Gold AG, are valued in accordance with the acquisition historical cost principle less any necessary deductions for valuation allowances.



#### Property, plant and equipment

Property, plant and equipment is essentially capitalised at cost of purchase and depreciated linearly over the conservatively estimated useful life of the objects.

#### Amortisation

Interest charges and income, personnel and general office expenses as well as loan commission, deposit and asset management fees are amortised over time.

#### Valuation allowances and provisions

Individual valuation allowances and provisions are formed for all risks that can be identified on the balance sheet reporting date, in accordance with the principle of caution. Valuation allowances are set off against the corresponding assets.

Taxes are calculated on the basis of the operating result and are shown in the „provisions for tax" item.

#### Precious metal accounts

Precious metal accounts are entered in the balance sheet at the prices applicable on the balance sheet reporting date.

#### Contingent liabilities

These are entered under off-balance-sheet transactions at nominal value.



### **Derivative financial instruments**

The positive and negative replacement values as well as the contract values of the derivative financial instruments open on the balance sheet are shown under off-balance-sheet transactions. Fully-traded foreign exchange transactions are valued at market prices on the balance sheet reporting date. If there is no representative market, then valuation is performed using the lowest-value principle.

### **Risk management**

Credit and market risks are subject to limits. Compliance with these limits is continuously monitored. The objective is to keep the overall risk profile low. In addition, trading or derivatives transactions are only performed on the Bank's own account in exceptional cases and only on a very small scale if at all.

### **Default and country risks**

Loans are preferably extended to clients within the framework of securities activities and asset management. Furthermore, in-house refinancing instruments (e.g. deposit certificates, medium-term bonds) can be used to secure loans. The resulting risk items can be assessed as being minor. Europe accounts for the majority of liabilities.

### **Trading and derivative activities**

Trading and derivative activities are conducted with first-class addresses. Transactions are only performed on the Bank's own account in exceptional cases and, if at all, only on a very small scale.



## Change of interest risk

In general terms, the change of interest risk can be characterised as being very low to non-existent. This is because loans are refinanced with congruent maturity dates. Around 95 % of all loans were refinanced in accordance with time limits.

## Other market risks

The Bank holds only a very small quantity of foreign exchange items. These are used mainly to cover the daily foreign exchange requirements of our clients.

## Liquidity risks

Liquidity risks are monitored and controlled in accordance with statutory banking requirements.

## Remarks

All figures contained in the notes are shown in CHF.

## Selected foreign exchange rates (mean balance sheet rates) as at 31. 12. 2008

CAD	0.86000
JPY	1.17250
ZAR	0.11150
GBP	1.53500
USD	1.05750
EUR	1.49900







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## Information about the balance sheet

### Overview of cover

	Type of cover			Total
	Mortgage-backed cover	Other cover	Without cover	
<b>Lending</b>				
Due from clients (excluding mortgage claims)	–	165.800.131	1.643.126	167.443.257
<b>Mortgage claims</b>				
Residential properties	52.492.900	–	–	52.492.900
Office and commercial buildings	–	–	–	–
Trade and industry	–	–	–	–
Other	–	–	–	–
<b>Total lending for the financial year</b>	<b>52.492.900</b>	<b>165.800.131</b>	<b>1.643.126</b>	<b>219.936.157</b>
Previous year	55.108.120	223.252.147	1.835.044	280.195.311
<b>Off balance-sheet</b>				
Contingent liabilities	–	1.368.050	–	1.368.050
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
<b>Total off balance-sheet financial year</b>	<b>–</b>	<b>1.368.050</b>	<b>–</b>	<b>1.368.050</b>
Previous year	–	12.131.153	–	12.131.153

### Vulnerable debts

	Gross indebtedness	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
<b>Financial year</b>	<b>1.585.500</b>	<b>–</b>	<b>–</b>	<b>1.585.500</b>
Previous year	1.550.000	–	–	1.550.000

## Securities and precious metals held as current assets (excl. trading portfolio)

	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument	–	–	–	–	–	–
of which own bonds and medium-term notes	–	–	–	–	–	–
Participation securities*	36.974.866	41.597.257	38.057.140	41.819.292	37.482.184	41.876.985
of which qualified participations at least 10 % of the capital or voting rights	–	–	–	–	–	–
Precious metals	–	–	–	–	–	–
<b>Total</b>	<b>36.974.866</b>	<b>41.597.257</b>	<b>38.057.140</b>	<b>41.819.292</b>	<b>37.482.184</b>	<b>41.876.985</b>
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	–	–	–	–	–	–

\* Fund units, of which CHF 2,489,554.28 not stock market listed



## Information about the balance sheet

### Securities and precious metals held as non-current assets

	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument «accrual method»	4.611.070	7.239.280	4.768.586	7.179.157	4.634.352	7.163.388
of which own bonds and medium-term notes	–	–	–	–	–	–
of which valued using the «accrual method»	4.611.070	7.239.280	4.768.586	7.179.157	4.634.352	7.163.388
of which valued according to lowest value	–	–	–	–	–	–
Fund unit certificates	–	–	–	–	–	–
Participation securities	1.541.001	2.477.530	3.225.000	2.905.030	1.541.001	2.477.530
of which qualified participations at least 10 % of the capital or voting rights	1.541.001	1.000.001	3.225.000	1.125.000	1.541.001	1.000.001
Precious metals	–	–	–	–	–	–
<b>Total</b>	<b>6.152.071</b>	<b>9.716.810</b>	<b>7.993.586</b>	<b>10.084.187</b>	<b>6.175.353</b>	<b>9.640.918</b>
of which securities eligible for discount with the central bank	–	–	–	–	–	–



## Statement of asset additions and disposals

	Financial year								
	Cost previous year	Depreciations to date	Carrying amount end of previous year	Investments	Divestments	Account transfers	Additions	Depreciations	Carrying amount at end of financial year
Total shares in affiliated companies	1.000.000	–	1.000.000	–	–	–	–	–	1.000.000
Participations	125.000	124.999	1	2.100.000	–	–	–	1.559.000	541.001
Total securities and precious metals in fixed assets	8.959.187	–	8.716.809	–	3.711.300	47.499	–	346.940	4.611.070
Other intangible assets	1	–	1	–	–	–	–	–	1
<b>Total intangible assets</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>
Real estate									
– Bank building	10.751.734	152.210	10.599.524	152.202	–	–	–	217.600	10.534.126
– Other real estate	–	–	–	–	–	–	–	–	–
Other property, plant and equipment	2.844.674	586.018	2.258.656	269.942	–	–	–	541.537	1.987.061
<b>Total property, plant and equipment</b>	<b>13.596.408</b>	<b>738.228</b>	<b>12.858.180</b>	<b>422.144</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>759.137</b>	<b>12.521.187</b>
Fire insurance value of property, plant and equipment for the reporting period and the previous year									13.000.000
Fire insurance value of other property, plant and equipment for the reporting period									1.500.000
Fire insurance value of other property, plant and equipment for the previous year									250.000

Depreciation took place on the basis of operating results.



## Information about the balance sheet

### Participations and shares in affiliated companies

	Equity capital		Holding	
	Financial year	Previous year	Financial year	Previous year
<b>Crystal Fund Management AG*, Balzers</b>				
Share capital	1.000.000	1.000.000	100%	100%
Annual profit ***	743.257	1.080.371		
<b>Top-Gold AG m.v.K. *, Triesen</b>				
Share capital	125.000	125.000	25%	25%
Annual profit ***	1.218	67.031		
<b>Finops AG*, Zürich</b>				
Share capital	60.000		22%	
Annual profit**				

On the basis of Art. 1104 (1) subsection 4 of the Liechtenstein Persons and Companies Act, this is not included in the scope of consolidation.

\* not including market value

\*\* The 2008 financial statements had not yet become available at the time of the compilation of the table.

\*\*\* The reported figures have not yet been revised.

**Reporting of premium and discount on securities  
valued according to the accrual method**

	Financial year	Previous year
Premium	33.673	58.313
Discount	1.278	4.933

**List of assets pledged to secure own liabilities and  
third-party liabilities (including contingent liabilities)  
as well as assets subject to reservation of title**

	31 December 2008		31 December 2007	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	3.399.400	–	6.000.000	–
Total	3.399.400	–	6.000.000	–

\* Nominal values



## Information about the balance sheet

### Valuation allowances and provisions / provisions for general banking risks

	Position at end of previous year	Appropriation according to intended purpose	Change of intended use (reposting)	Recoveries, interest at risk, currency differences	Reorgani- sation at expense of income statement	Dissolution in favour of income statement	Position at end of financial year
Valuation allowances for default risks:							
Individual bad debt charges	1.550.000	–	–	–	35.500	–	1.585.500
Lumped specific bad debt charges	–	–	–	–	–	–	–
Lumped bad debt charges	–	–	–	–	–	–	–
Only valuation allowances permissible under tax regulations	–	–	–	–	–	–	–
Provisions for contingent liabilities and credit risks	–	–	–	–	–	–	–
Provisions for other business risks	–	–	–	–	–	–	–
Provisions for taxes and latent taxes	1.100.000	975.955	–	–	776.000	–	900.045
Other provisions	–	–	–	–	–	–	–
<b>Total valuation allowances and provisions</b>	<b>2.650.000</b>	<b>975.955</b>	<b>–</b>	<b>–</b>	<b>811.500</b>	<b>–</b>	<b>2.485.545</b>
Less valuation allowances directly set off against assets	1.550.000	–	–	–	–	–	1.585.500
<b>Total provisions according to balance sheet</b>	<b>1.100.000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>900.045</b>
<b>Provisions for general banking risks</b>	<b>7.000.000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7.000.000</b>

## Total company equity

	Financial year			Previous year		
	Total nominal value	Quantity	Dividend-bearing capital	Total nominal value	Quantity	Dividend-bearing capital
Share capital	20.000.000	2.000	20.000.000	20.000.000	2.000	20.000.000
Participation capital	5.000.000	500	5.000.000	5.000.000	500	5.000.000
<b>Total company equity</b>	<b>25.000.000</b>	<b>2.500</b>	<b>25.000.000</b>	<b>25.000.000</b>	<b>2.500</b>	<b>25.000.000</b>



## Information about the balance sheet

### Major shareholders and groups of shareholders with voting rights

	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
<b>With voting rights:</b>				
Combinvest Establishment, Balzers	10.600.000	53	10.600.000	53
Vienna Life Lebensversicherung AG, Benden	5.000.000	25	5.000.000	25
Covy Foundation, Balzers	4.000.000	20	4.000.000	20
Remaining minority stake	400.000	2	400.000	2
<b>Total</b>	<b>20.000.000</b>	<b>100</b>	<b>20.000.000</b>	<b>100</b>
<b>Without voting rights:</b>				
Participation certificate capital	5.000.000	100	5.000.000	100
<b>Total</b>	<b>5.000.000</b>	<b>100</b>	<b>5.000.000</b>	<b>100</b>

## Equity capital statement

2008

<b>Equity capital at the start of the financial year</b>	
Subscribed capital	25.000.000
<b>Subtotal paid-up subscribed capital</b>	<b>25.000.000</b>
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	—
Other reserves	6.280.000
Provisions for general banking risks	7.000.000
Profit for the year	8.111.167
<b>Total equity at the start of the financial year (before appropriation of net income)</b>	<b>53.391.167</b>
+ Capital increase	—
+ Premium	—
+ Allocation to provisions for general banking risks	—
- Dividends and other distributions from the net annual profit for the previous year	-1.250.000
- Interim dividend on annual profit for the financial year	-2.500.000
+ Annual profit for the financial year	6.556.469
<b>Total equity at the end of the financial year (before appropriation of net income)</b>	<b>56.197.636</b>
of which:	
Subscribed capital	25.000.000
Subtotal paid-up subscribed capital	25.000.000
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	—
Other reserves	10.641.000
Provisions for general banking risks	7.000.000
Profit for the year	6.556.636



## Information about the balance sheet



## Maturity structure of the assets as well as liabilities and provisions

(in CHF 1'000)

			due					TCHF
	On demand	Subject to notice	Within 3 months	Between 3 and 12 months	Between 12 months and 5 years	After 5 years	Property-based	Total
<b>Assets</b>								
Liquid assets	7.944	–	–	–	–	–	–	7.944
Due from banks	91.208	–	203.387	974	–	–	–	295.569
Due from clients	29.988	87.457	50.114	42.322	10.054	–	–	219.935
of which mortgage-backed claims	–	52.493	–	–	–	–	–	52.493
Securities and precious metals held as current assets (excl. trading positions)	36.975	–	–	–	–	–	–	36.975
Securities and precious metals held as non-current assets	–	–	1.500	1.899	412	800	–	4.611
Other assets	11.954	–	–	–	–	–	10.534	22.488
<b>Total assets financial year</b>	<b>178.069</b>	<b>87.457</b>	<b>255.001</b>	<b>45.195</b>	<b>10.466</b>	<b>800</b>	<b>10.534</b>	<b>587.522</b>
Previous year	162.915	280.299	164.541	37.503	3.878	899	13.078	663.113
<b>Liabilities</b>								
Due to banks	20.417	–	6.140	–	–	–	–	26.557
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	104.379		260.544	1.944	–	–	–	366.867
Certificated liabilities								
a) Issued bonds	–	–	210	690	11.807	40.378	–	53.085
of which medium-term notes	–	–	210	690	11.807	40.378	–	53.085
b) Other certificated liabilities	–	–	33.219	22.725	–	15.665	–	71.609
Provisions	900	–	–	–	–	–	–	900
Other liabilities	12.307	–	–	–	–	–	–	12.307
<b>Total liabilities financial year</b>	<b>138.003</b>	<b>–</b>	<b>300.113</b>	<b>25.359</b>	<b>11.807</b>	<b>56.043</b>	<b>–</b>	<b>531.325</b>
Previous year	118.946	238.907	183.127	29.050	5.926	33.767	–	609.723

### Selected balance sheet items set to fall due in the 2009 financial year:

	Financial year	Previous year
Total asset items No. 5 «securities and precious metals held as current assets»:	3.399	2.462
Total liability items No. 3a «issued debt securities»	900	200



## Information about the balance sheet

### Statement of receivables and liabilities vis-à-vis qualified parties and affiliated companies as well as loans extended to related parties and entities

	Financial year	Previous year
<b>Receivables from qualified parties</b>		
Due from banks	–	–
Due from clients	2.513.886	1.625.012
<b>Liabilities due to qualified parties</b>		
Due to banks	–	–
Due to clients	3.859.472	5.491.936
<b>Liabilities vis-à-vis affiliated companies</b>		
Due to legal entities	–	–
<b>Receivables from intra-entity loans</b>		
Board of Directors	–	–
Management Board	1.713.000	2.048.955

No significant transactions were recorded with closely-associated persons during the year under report.  
All transactions with closely-associated persons are concluded in accordance with standard market conditions.

### Foreign currency denominated assets and debts in CHF

	Financial year	Previous year
Assets	400.426.800	479.888.879
Debts	406.063.519	476.702.498

## Composition of the balance sheet items „Other assets“ and „Other liabilities“

	Financial year	Previous year
<b>Other assets</b>	<b>6.986.525</b>	<b>7.892.959</b>
of which:		
Positive replacement values forward foreign exchange transactions	6.523.211	1.468.834
Settlement account balance replacement values for forward foreign exchange transactions	–	–
Premium on financial investment bonds (accrual method)	33.673	58.313
Settlement accounts	429.641	6.365.812
<b>Other liabilities</b>	<b>10.659.036</b>	<b>3.940.757</b>
of which:		
Negative replacement values forward foreign exchange transactions	6.345.782	1.416.853
Settlement account balance replacement values for forward foreign exchange transactions	177.428	51.981
Discount on financial investments bonds (accrual method)	1.278	4.933
Settlement accounts	4.134.548	2.466.990

## Structure of the client assets

Type of client assets (in CHF million)	Financial year	Previous year
Assets in funds managed in-house (investment company)	59.488	187.179
Assets with management mandate	197.576	88.996
Other client assets	2.440.970	3.050.603
<b>Total client assets (incl. duplication)</b>	<b>2.698.034</b>	<b>3.326.778</b>
of which duplication	570.834	575.273
Net inflow/outflow of new money	62.000	226.629

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## Information about off balance-sheet transactions

### Contingent liabilities

	Financial year			Previous year		
	Total	Of which secured with Lombard collateral	Of which without collateral (unsecured)	Total	Of which secured with Lombard collateral	Of which without collateral (unsecured)
Credit backup guarantees and similar	1.168.050	1.168.050	–	11.931.153	11.931.153	–
Warranties and similar	200.000	200.000	–	200.000	200.000	–
Irrevocable liabilities	–	–	–	–	–	–
Other contingent liabilities	–	–	–	–	–	–

### Open derivative financial instruments

	Financial year			Previous year		
	Replacement values		Contract volumes*	Replacement values		Contract volumes*
	positive*	negative*		positive*	negative*	
Forward foreign exchange contracts	6.523.211	6.345.782	379.710.152	1.468.834	1.416.853	227.761.619

\* from trading activities

Replacement values correspond to the balance of the adjustment account.

### Fiduciary transactions

	Financial year	Previous year
Fiduciary investments at third-party banks	11.839.175	71.020.455
Fiduciary investments at affiliated banks and finance companies	–	–
Fiduciary loans	–	–
Other fiduciary financial transactions	–	–

## Information about the income statement



	Financial year	Previous year
<b>Profits from trading activities</b>	<b>2.958.438</b>	<b>2.836.930</b>
of which:		
Foreign exchange transactions	3.103.135	2.765.969
Cash transactions	-144.697	70.961
Securities trading	–	–
Precious metal transactions	–	–
<b>Breakdown of staff costs</b>	<b>4.714.245</b>	<b>4.589.063</b>
of which:		
Wages and salaries	3.712.102	3.710.562
Remuneration of the members of the Board of Directors	272.250	165.261
Social insurance contributions and support	338.021	319.873
Pension charges	252.377	214.702
Other staff costs	139.495	178.664
<b>Breakdown of operating expenditure</b>	<b>3.825.582</b>	<b>5.543.336</b>
of which:		
Cost of business premises	494.035	403.598
IT expenditure	714.214	1.176.504
Furniture	3.030	95.524
Other equipment	325.779	412.895
Other operating expenditure	2.288.524	3.454.816

In accordance with Art. 1092 subsection 9 lit. d of the Liechtenstein Persons and Companies Act, the salaries of the members of the Management Board are not disclosed.

<b>Breakdown of the item «Other income from ordinary activities»:</b>	<b>794.824</b>	<b>274.600</b>
of which:		
Income from property	554.400	220.600
Other income from ordinary activities	240.424	54.000





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## Report by the Auditors

### **Report by the Auditors to the General Meeting of Bank Frick & Co. AG, Balzers**

As auditors, we have audited the accounting records, the annual financial statements (balance sheet, income statement, notes and cash flow statement; pages 18 to 59) as well as the Annual Report of Bank Frick & Co. Aktiengesellschaft for the financial year ending 31 December 2008.

These financial statements and the Annual Report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these based on our audit. We confirm that we meet the legal requirements concerning professional qualifications and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Liechtenstein, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the Annual Report are free of material misstatement. We have examined the items and disclosures in the annual financial statement on the basis of analyses and data collected by means of random sampling. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position, the results of operations and cash flows in accordance with Liechtenstein law. Furthermore, the accounting records, the financial statements and the Annual Report, as well as the proposed appropriation of the net income for the year, comply with Liechtenstein law and the company's articles of association.

The Annual Report is in accordance with the financial statements.

We recommend that the present financial statements be approved.

ReviTrust Revision AG

Egon Hutter  
(Certified Public Accountant / Lead Auditor)

Rainer Marxer  
(Certified Public Accountant)

Schaan, 27 March 2009









## Company bodies and staff

### Board of Directors

Kuno Frick sen., Chairman of the Board of Directors, Balzers  
(until 19.12.2008)

Dr. Mario Frick · Chairman of the Board of Directors, Balzers  
(from 19.12.2008)

Dr. Kuno Frick jun., Deputy Chairman of the Board of Directors, Balzers  
(from 19.12.2008)

Kuno Frick sen., member of the Board of Directors, Balzers (from 19.12.2008)

Yvonne Nägele, member of the Board of Directors, Schaan

Mag. Johann Fahrnberger, member of the Board of Directors, Vaduz/Vienna

Anton Mattli, member of the Board of Directors, Fairview

### Management Board

Jürgen Frick, Chairman of the Management Board

Roland Frick, member of the Management Board

Gabriel Tschui, member of the Management Board

### External Auditors

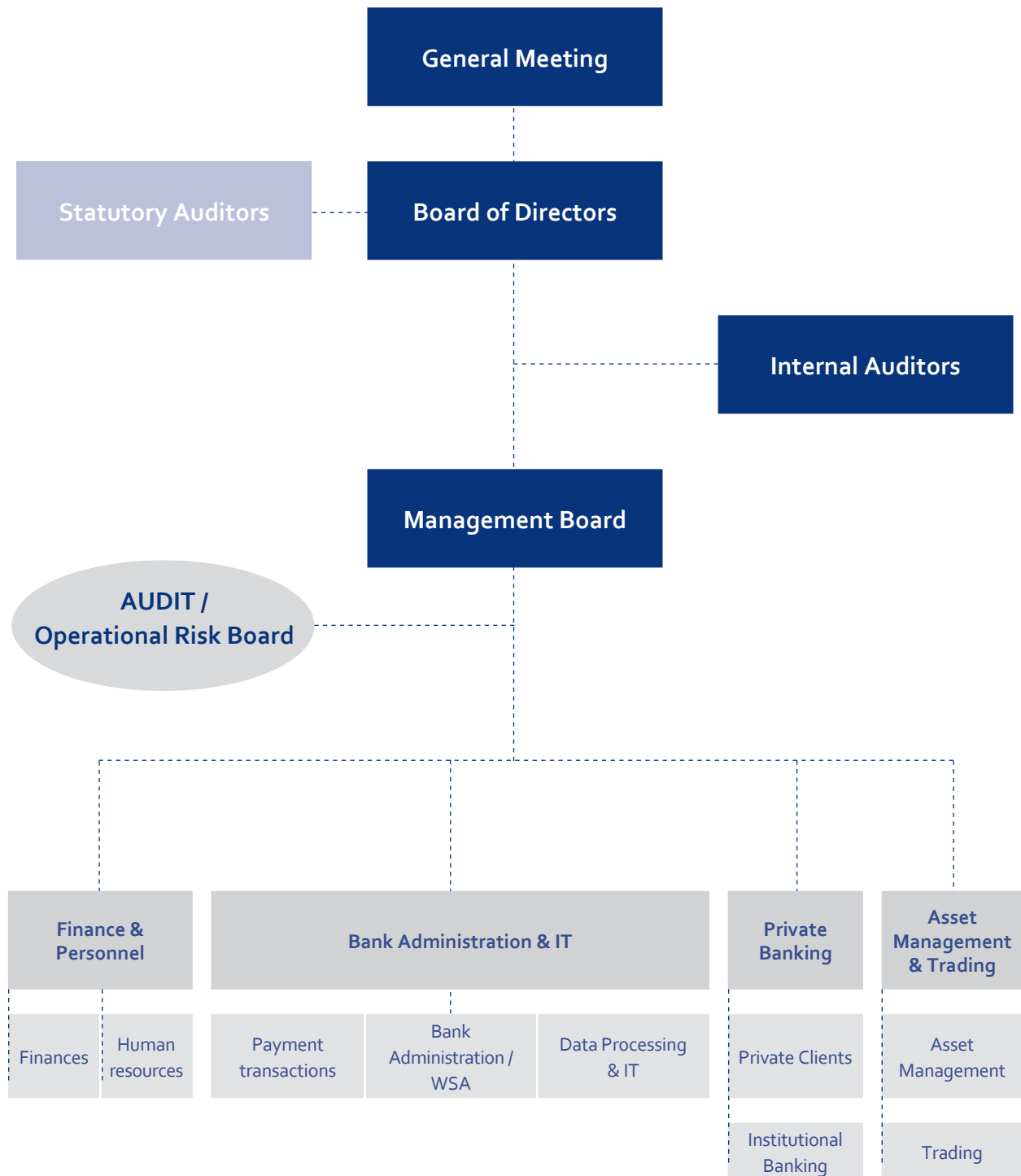
ReviTrust Revision AG, Schaan

### Internal Auditors

Bankrevisions- und Treuhand AG, Zürich

### Staff

Jacqueline Banzer	Christa Garhammer	Gaby Morger
Emanuel Bargetze	Melanie Gstöhl	Michael Nasahl
Alexandra Baumann	Elisabeth Hasler	Sara Risch
Rainer Caseli	Karlheinz Hasler	Marc Rosenberg
Hans-Peter Dietrich	Lucia Hidber	Fabio Tschui
Claudia Düringer	Manfred Kaufmann	Caroline Vogt
Hans Peter Dür	Erwin Keller	Edi Wögerer
Franziska Frick	Christoph Lingg	







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**BANK FRICK**  
LIECHTENSTEIN







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