

Annual Report 2010





BANK FRICK
LIECHTENSTEIN

Annual Report 2010





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Foreword by the Chairman of the Board of Directors on the Annual Report 2010



At the beginning of the 2010 financial year, our expectations were moderate and our outlook cautious due to new challenges arising in the financial markets and the overall economic situation. In previous years, we had remained largely unaffected by negative developments and had grown steadily. At the end of the 2010 financial year, we are pleased to announce that Bank Frick can look back on another successful year. This was only possible thanks to the commitment of our Management Board and the good work of our employees. They deserve our thanks.

The general market situation 2010 was similar to the 2009 financial year in many ways. Interest income remained at a moderate level, and the debt problem of many industrialized countries affected the stock markets repeatedly. Despite the demanding economic climate, we achieved a higher profit on commissions and service transactions, with financial operations showing a similar rise in profit. Our bank's earnings situation was therefore stable throughout 2010. In comparison with other banks, we have every reason to be pleased with this result.

Our bank's return on equity remained impressive. Concerning our distribution policy, we continue to give priority to building ample reserves instead of making generous dividend payouts. As well, over the next few months, we expect various projects to reach their implementation stage. This, too, will require some financing.

As in previous years, 2010 saw a moderate rise in client assets under management. The days are gone when major banks were considered infallible or at least "too big to fail". As a result, in their choice of banks clients look to diversify their risk, and they choose banks that distinguish themselves by their services rendered. Especially wealthy clients invest with us because they appreciate the benefits a family bank offers: confidentiality and privacy, a comprehensive service and a willingness to tackle any problem.

International tax cooperation remained an issue in 2010. We expect various Double Tax Agreements (DTA) to be concluded soon. Other issues are in need of clarification, for example concerning the nature of a withholding tax between Liechtenstein and Germany or Great Britain. The "Liechtenstein Disclosure Facility" (LDF), a scheme that allows clients liable to tax in the UK to take advantage of a tax amnesty, has enabled Bank Frick to intensify its ties with the British Isles. It has provided an excellent opportunity to expand the Bank's contacts with financial intermediaries and clients. However, such valuable contacts by themselves do not guarantee success. The Bank is well aware that further efforts are to be made to ensure that participation in the LDF scheme will be financially profitable.

Bank Frick underwent a systematic strategy process in 2010. The evaluation provided three sets of information: previous accomplishments were confirmed in their effectiveness, specific issues were highlighted, and some new findings were generated. Of particular interest was the affirmation of Bank Frick's character as a family-run enterprise, illustrated by the bank's special relationship with its employees as well as by the trust placed in our bank by our clients due to the advantages and care only a personalized service can provide. It was also clearly demonstrated by the bank's investment policy concerning its own funds. Bank Frick invests its own funds conservatively to guarantee the Bank's financial stability, and in that way protects its clients' funds. The sad fate of banks, whose willingness to take excessive risks with their own funds proved their undoing, shows ours to be the correct policy.

As in previous years, Bank Frick is expanding its services. One of our priorities is to advance our banking software. We are introducing new tools, for example to facilitate the declaration of taxes; and we are implementing a suitable form of internet banking, tailored to our clients' requirements.

Another priority is to establish new points of contact abroad. London has already been chosen as an ideal location with preparations well under way. Other destinations are being evaluated carefully. As part of the process, we establish our business contacts first, before we set up offices or invest in some other form of representation.

On this note, we would like to thank all our clients and partners for their trust and look forward to mastering the coming challenges. ☺



Mario Frick
Chairman of the Board of Directors



Waterfall in Lawena / Triesen





Climate and markets

Throughout the 2010 financial year, the general business climate was demanding. The repercussions of the financial market crisis continued to affect the markets. The challenges are set to change very little in the next few years. In Liechtenstein, financial intermediaries were also facing major changes. They found themselves confronted with a deluge of new regulations and were under pressure to relax banking secrecy. On top of that, the geopolitical uncertainties, caused by the political unrest in North Africa, are adding their share to the challenges the markets are facing.

Despite the challenging climate, the financial markets performed relatively well, with some extremely high price movements on the foreign exchange and the commodities markets worth noting. For example, the Swiss franc rose 16% against the euro, and commodity prices, particularly precious metals, saw significant increases in value.

The markets, on the lookout for favourable investment opportunities, are flush with cash due to the highly expansionist central bank policies worldwide. With the prospect of higher inflation looming ever larger in investors' minds and short-term interest rates practically at zero, tangible assets are increasingly sought-after.

Net profit and client assets under management

The Bank Frick can look back on a good 2010 financial year. A net profit of CHF 6.6 million (+ 20%) increased the Bank's equity (incl. provisions for general banking risks) to CHF 66.80 million (+ 8.26%).

As at the reporting date of 31 December 2010, client assets under management totalled CHF 3.58 billion (+ 10.18%). This growth is particularly satisfactory, given the weakness of the euro and strength of the Swiss franc.

Sources of income and cost-income ratio

The Bank Frick's earnings situation was stable despite a challenging 2010 year. The zero interest rate policy pursued by central banks (worldwide) depressed interest income as in 2009. Profit from interest-related activities totalled CHF 3.20 million (-12.67%). The Bank managed to increase income from commission transactions and services to CHF 6.62 million (+ 21.15%). The highly volatile foreign exchange markets boosted profit on financial operations by + 22.08% to CHF 5.96 million.

General and administrative expenses climbed to a total of CHF 9.05 million in the 2010 financial year, an increase of +11.73%. Around half of this rise is due to higher staff costs; the other half can be attributed to value-enhancing investments in the Bank Frick's infrastructure. The cost-income ratio was at a good level of 57.75%.

Balance sheet

The balance sheet total as at the reporting date of 31 December 2010 stood at CHF 602.69 million (+18.61%). The increase resulted mainly from the "due to clients" item, amounting to CHF 384.53 million (+ 71.0 million or + 22.63%).

The off-balance-sheet item "fiduciary transactions" saw a marked rise to CHF 424.33 million (+ CHF 343.72 million). A significant portion of this item will be used for other purposes in 2011, i.e. off-balance-sheet investments and financing.



Investment consulting and asset management

Investment consulting and asset management at Bank Frick is based on the principle of sustainability. Quality and innovative investment products are prerequisites for creating added value even in difficult periods.

Our "interactive portfolio management" (IAPM) combines traditional asset classes (time deposits, bonds and shares) and alternative asset classes (commodities, precious metals, real estate and renewable energy). Particularly in the areas of real estate and renewable energy, Bank Frick has successfully launched some interesting products in recent years. They are developed and managed jointly with respectable and reliable partners.

Bank Frick's "Green Power ECO Fund" (www.greenpowerecofund.li) is the first genuine "renewable energy fund" on the local market. We value this investment as an excellent opportunity to provide our clientele with an ethically and ecologically sound investment instrument. As well, the fund has proved ideal to anchor the image of sustainability for the Liechtenstein financial centre.

In recent years, Bank Frick made, on behalf of its clients, some very profitable real estate investments in the German-speaking countries of Europe. These highly advantageous investments focus on high-yield properties and real estate projects. A new investment fund for qualified investors, the "Eden Parc Real Estate Fund", was launched in the late summer 2010. The fund includes a very attractive project on the Lago di Lugano - right next to the city of Lugano (Switzerland).

Sponsorship and social commitment

In 2010, Bank Frick played again a very active role in promoting and supporting cultural events, charitable organisations (projects in Nicaragua, Brazil, and India) and various associations in Liechtenstein. Our sponsorship policy is set to remain in place in years to come.

Events after the balance sheet date

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

Outlook 2011

The general business climate will no doubt remain challenging. The Liechtenstein financial centre is confronted with a "new reality". A consolidation amongst financial intermediaries is expected, involving banks, fiduciaries and asset managers. The consolidation phase will probably continue over the next few years.

The repercussions of the financial market crisis will continue to be felt by the financial markets in 2011. The question of whether the highly expansionist monetary policy pursued by central banks, together with rising commodity prices, entail a potential risk of high inflation is being discussed widely. We definitely see some risks emerging.

The latest unrest in North Africa is one of an array of dynamic challenges. An escalation of conflict leading to war would have a far-reaching impact on the global economy.

Nevertheless, despite this vivid collection of challenges and uncertainties, we are very optimistic about 2011. The Management Board expects results to hold steady for the current financial year. ☺

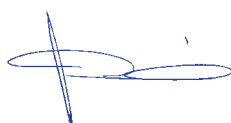
For the Management Board



Jürgen Frick
Chairman of the
Management
Board



Roland Frick
Director



Gabriel Tschui
Director



Edi Wögerer
Director



Gutenberg Castle and Parish Church in Balzers





Balance sheet

as of 31 December 2010 with figures for the previous year

	Previous column CHF	31.12.2010 CHF	Previous column CHF	31.12.2009 CHF
Assets				
Liquid assets		10,184,374		5,781,041
Due from banks		226,134,979		216,307,009
of which repayable upon demand	116,041,179		99,868,727	
of which other receivables	110,093,800		116,438,282	
Due from clients		290,896,656		227,325,166
of which mortgage-backed claims	55,119,264		52,634,900	
Bonds and other fixed-interest securities		6,665,710		4,715,770
of which bonds:				
issued by public bodies	623,500		744,500	
issued by other borrowers	6,042,210		3,971,270	
Shares and other non-fixed-interest securities		47,710,114		37,437,608
Participations		50,001		50,001
Shares in affiliated companies		1,000,000		1,000,000
Intangibles		1		1
Property, plant and equipment		10,836,986		11,671,708
Other assets		7,342,855		2,214,479
Accrued expenses and deferred income		1,866,124		1,614,645
Total assets		602,687,800		508,117,428

Liabilities	Previous column CHF	31.12.2010 CHF	Previous column CHF	31.12.2009 CHF
Due to banks		1,200,019		1,791,400
of which repayable on demand	1,200,019		1,791,400	
with agreed terms or notice period	–		–	
Due to clients		384,533,783		313,576,467
of which savings deposits	–		–	
of which other liabilities				
repayable on demand	253,772,889		157,979,042	
with agreed terms or notice periods	130,760,894		155,597,425	
Certificated liabilities		138,803,406		125,400,900
of which medium-term notes	73,714,400		57,947,800	
of which other certificated liabilities	65,089,006		67,453,100	
Other liabilities		7,528,007		3,424,135
Accrued expenses and deferred income		3,114,468		1,633,556
Provisions		709,000		589,000
of which tax provisions	709,000		589,000	
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		27,201,000		23,197,000
of which statutory reserves	6,000,000		6,000,000	
of which other reserves	21,201,000		17,197,000	
Profit carried forward		970		636
Profit for the year from 01.01.10 to 31.12.10		6,597,147		5,504,334
Total liabilities		602,687,800		508,117,428



Income statement

from 01.01.2010 to 31.12.2010

Income statement

Items	Previous column CHF	2010 CHF	Previous column CHF	2009 CHF
Interest earned		9,732,581		11,086,736
of which income from fixed-interest securities	194,185		146,417	
Interest paid		-6,533,162		-7,423,182
Current income from securities		82,968		132,432
of which shares and other non-fixed-interest securities	82,968		132,432	
Income from commission and service transactions		10,613,101		9,755,362
of which commission income on loan transactions	9,463		25,410	
of which commission income from securities and investment transactions	10,159,757		8,818,159	
of which commission on other service activities	443,881		911,793	
Commission payable		-3,997,520		-4,294,606
Profit on financial operations		5,962,346		4,883,889
of which from commercial activities	5,858,646		4,662,889	
Other ordinary income		2,660,773		1,297,017
General administrative expenses		-9,052,085		-8,101,700
of which staff costs	-5,345,240		-4,847,965	
of which operating expenditure	-3,706,845		-3,253,735	
Depreciation on intangible assets as well as on property, plant and equipment		-834,722		-849,480
Other ordinary expenditure		-20,655		-42,920
Valuation allowances on claims and transfers to reserves for contingencies and credit risks		-876,000		-250,000
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 non-current assets		-507,060		-540,999
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets		–		124,999
Income from normal business activities		7,230,565		5,777,548
Extraordinary income		–		–
Extraordinary expenditure		–		–
Income tax		-524,418		-172,214
Other taxes		-109,000		-101,000
Allocations to provisions for general banking risks		–		–
Profit for the year from 01.01.2010 to 31.12.2010		6,597,147		5,504,334



Off balance-sheet items

as at 31.12.2010

Off balance-sheet items	31.12.2010 CHF	31.12.2009 CHF
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	2,163,230	4,185,550
Total contingent liabilities	2,163,230	4,185,550
Derivative financial instruments		
Contract volumes	816,010,975	429,404,822
Positive replacement values	5,742,522	1,158,367
Negative replacement values	5,343,907	801,187
Fiduciary transactions		
Fiduciary transactions	424,330,250	80,605,835
Fiduciary loans	–	–
Total fiduciary transactions	424,330,250	80,605,835

Profit distribution



The profit for the year 2010 is appropriated as follows:

	Financial year CHF	Previous year CHF
Profit for the year	6,597,147	5,504,334
Profit carried forward	970	636
Total	6,598,117	5,504,970
Profit distribution		
Allocation to the statutory reserves	–	–
Allocation to the free reserves	5,348,000	4,004,000
Dividend on company capital	1,250,000	1,500,000
Profit carried forward	117	970



Cash flow 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	6,597,147	–	5,504,334	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	297,060	–	–	–
Write-downs and write-ups on participations	210,000	–	540,999	124,999
Depreciation on intangible assets and property, plant and equipment	834,722	–	849,480	–
Valuation allowances and provisions	876,000	–	250,000	–
Tax provisions	120,000	–	–	311,045
Provisions for general banking risks	–	–	–	–
Accrued income and prepaid expenses	–	251,479	–	175,478
Accrued expenses and deferred income	1,480,912	–	–	14,682
Distribution of dividends previous year	–	1,500,000	–	–
Balance	8,664,362	–	6,518,609	–

	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Flow of funds from equity transactions				
Capital increase	–	–	–	–
Premium on capital increase	–	–	–	–
Balance	–	–	–	–
Flow of funds from investment transactions				
Shares in affiliated companies	–	–	–	–
Participations	–	210,000	75,000	–
Real estate	–	–	–	–
Other property, plant and equipment	–	–	–	–
Intangible assets	–	–	–	–
Securities and precious metals as non-current assets	–	2,247,000	3,394,300	3,499,000
Balance	–	2,457,000	–	29,700
Flow of funds from bank business				
Medium and long-term business (> 1 year)				
Medium-term notes	15,920,000	–	7,104,000	–
Other certificated liabilities	–	2,529,000	–	104,500
Due from clients	–	4,725,125	–	11,822,920
Mortgage claims	–	2,484,364	–	142,000
Short-term business				
Due to banks	–	591,381	–	24,765,820
Due to clients (other liabilities)	70,957,316	–	–	53,290,887
Medium-term notes	–	153,400	–	2,241,429
Other certificated liabilities	164,906	–	–	4,050,536
Other liabilities	4,103,872	–	–	7,234,901
Due from banks	–	9,827,970	79,262,112	–
Due from clients	–	57,238,001	4,325,911	–
Shares and other non-fixed-interest securities	–	10,272,506	–	462,742
Other assets	–	5,128,376	4,772,046	–
Balance	–	1,804,029	–	8,651,666
Liquidity				
Liquid assets	–	4,403,333	2,162,757	–
Balance	–	4,403,333	2,162,757	–



Winter scene in Malbun







Notes on business activities and staffing

Asset management / portfolio management

The Bank Frick & Co. AG is active in the investment consulting and asset management business. Since it started operating in December 1998, it has been constantly developing and honing its asset management activities.

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 incorporated into traditional asset management. By way of the implementation of its asset management activities, the management has introduced its "interactive portfolio management" (IAPM) concept. Ongoing analysis of risk and income as well as the systematic use of so-called market timing generate recognizable additional value for the 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 management 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

Its lending activities are operated to complement its main 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 investment 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 fund) 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 Malta.



Spring in Steg





Principal source of income


The main source of income, contributing 42,21 % of operating income, is via commission and service transactions. This is followed by profit from trading transactions (37,38 %) and interest-related activities (20,41 %).

Human resources

As at the end of the financial year 2010, the Bank employed 27 persons (previous year: 25). On a full-time equivalent basis, our Bank had a workforce of 24,3 persons in the 2010 financial year (previous year: 23,5).

Together with the subsidiary Crystal Fund Management AG, a total of 32 persons worked for the Group.

Outsourcing

Once again, no divisions of the Bank were outsourced in the 2010 reporting year. 



Rainbow over Planken







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 under the "interest income" item, dividend income under the "current revenues from securities" item. Participations are essentially shown under the "securities held as current assets" balance sheet item.

Securities held as non-current assets

In the case of fixed-interest securities which are to be held to maturity, the accrual method is used for valuation. In this connection, the premium or discount is amortised over the term to maturity. Interest-related realised profits or losses arising from the premature sale or repayment are amortised over the residual maturity, i.e. until the original maturity date. Interest income is shown under 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 non-current assets" item.

Shares in affiliated companies and participations

The wholly-owned subsidiary Crystal Fund Management AG, the 10% stake in the company Top Gold AG and the 22 % stake in Finops AG are valued in accordance with the 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.

Accruals and deferrals

Interest expenses and income, personnel and non-personnel expenses as well as credit 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 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 under 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 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 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 for the most part refinanced with congruent maturity dates.

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.



Fields in Schaan with the mountains in the background called "Drei Schwestern"





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 31.12.10:

CAD	0.93750
JPY	1.15000
ZAR	0.14150
GBP	1.44750
USD	0.94000
EUR	1.24700





Old wooden bridge across the Rhine in Vaduz (prior to renovation)







Information about the balance sheet

Overview of cover

	Type of cover			Total
	Mortgage-backed cover	Other cover	Without cover	
Lending				
Due from clients (excluding mortgage claims)	–	232,554,455	3,222,937	235,777,392
Mortgage claims				
residential properties	55,119,264	–	–	55,119,264
Office and commercial buildings	–	–	–	–
Trade and industry	–	–	–	–
Other	–	–	–	–
Total lending for the financial year	55,119,264	232,554,455	3,222,937	290,896,656
Previous year	52,634,900	173,461,575	1,228,691	227,325,166
Off balance-sheet				
Contingent liabilities	–	2,163,230	–	2,163,230
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off balance-sheet financial year	–	2,163,230	–	2,163,230
Previous year	–	4,185,550	–	4,185,550

Vulnerable debts

	Gross indebtedness	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
Financial year	2,076,000	–	–	2,076,000
Previous year	1,800,000	–	–	1,800,000

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	–	–	–	–	–	–
Equity instruments*	47,710,114	37,437,608	49,183,462	38,321,290	48,454,212	37,928,489
of which equity instruments of at least 10 % of the capital or voting rights	–	–	–	–	–	–
Precious metals	–	–	–	–	–	–
Total	47,710,114	37,437,608	49,183,462	38,321,290	48,454,212	37,928,489
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	–	–	–	–	–	–

* Fund units, of which CHF 2,098,480,85 (at carrying amount) 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»	6,665,710	4,715,770	7,447,408	4,878,915	6,841,726	4,851,159
of which own bonds and medium-term notes	–	–	–	–	–	–
of which valued using the «accrual method»	6,665,710	4,715,770	7,447,408	4,878,915	6,841,726	4,851,159
of which valued according to lowest value	–	–	–	–	–	–
Fund unit certificates	–	–	–	–	–	–
Participation securities	1,050,001	1,050,001	3,360,000	3,150,000	1,050,001	1,050,001
of which qualified participations with at least 10 % of the capital or voting rights	1,050,001	1,050,001	3,360,000	3,150,000	1,050,001	1,050,001
Precious metals	–	–	–	–	–	–
Total	7,715,711	5,765,771	10,807,408	8,028,915	7,891,727	5,901,160
of which securities eligible for discount with the central bank	–	–	–	–	–	–

Statement of asset additions and disposals

	Financial year								
	Cost previous year	Deprecia- tion to date	Carrying amount end of previous year	Invest- ments	Divest- ments	Account transfers	Additions	Deprecia- tions	Carrying amount at end of financial year
Total shares in affiliated companies	1,000,000	–	1,000,000	–	–	–	–	–	1,000,000
Participations	2,150,000	2,099,999	50,001	210,000	–	–	–	210,000	50,001
Total securities and precious metal portfolios held as non-current assets	4,878,915	–	4,715,770	2,247,000	–	–	–	297,060	6,665,710
Other intangible assets	1	–	1	–	–	–	–	–	1
Total intangible assets	1	–	1	–	–	–	–	–	1
Real estate									
– Bank building	10,903,936	642,409	10,261,527	–	–	–	–	272,598	9,988,928
– Other real estate	–	–	–	–	–	–	–	–	–
Other property, plant and equipment	3,114,617	1,704,436	1,410,181	–	–	–	–	562,124	848,057
Total property, plant and equipment	14,018,553	2,346,845	11,671,708	–	–	–	–	834,722	10,836,986
Fire insurance value of property, plant and equipment (buildings) for the reporting period and the previous year									13,000,000
Fire insurance value of other property, plant and equipment for the reporting period									2,500,000
Fire insurance value of other property, plant and equipment for the previous year									2,500,000

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
Crystal Fund Management AG*, Balzers				
Share capital	1,000,000	1,000,000	100%	100%
Annual profit***	203,472	1,028,066		
Top-Gold AG m.v.K.*, Balzers				
Share capital	500,000	500,000	10%	10%
Annual profit**	–	112,338		
Finops AG*, Zurich				
Share capital	332,286	272,286	22%	22%
Annual profit**	–	-1,376,711		

On the basis of Art. 1104 (1) subsection 2 and 4 of the Liechtenstein Persons and Companies Act, this is not included in the scope of consolidation.

* not including market value

** The 2010 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	100,806	89,670
Discount	2,058	3,025

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

	31 December 2010		31 December 2009	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	4,925,982	–	2,161,873	–
Due from banks	25,277,038	–	26,835,186	–
Total	30,203,020	–	28,997,059	–

* Nominal values



Information about the balance sheet

Valuation allowances and provisions / provisions for general banking risks

	Position at end of previous year	Appro- priation according to intended purpose	Change of intended use (reposting)	Recoveries, vulnerable interest, 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	1,800,000	–	–	–	276,000	–	2,076,000
Lumped specific bad debt charges	–	–	–	–	–	–	–
Lump-sum valuation allowances	–	–	–	–	600,000	–	600,000
Only valuation allowances permissible under tax regulations	–	–	–	–	–	–	–
Provisions for contingent liabilities and credit risks	–	–	–	–	–	–	–
Provisions for other business risks	–	–	–	–	–	–	–
Provisions for taxes and deferred taxes	589,000	513,418	–	–	709,000	75,582	709,000
Other provisions	–	–	–	–	–	–	–
Total valuation allowances and provisions	2,389,000	513,418	–	–	1,585,000	75,582	3,385,000
Less valuation allowances directly set off against assets	1,800,000	–	–	–	–	–	2,676,000
Total provisions according to balance sheet	589,000	–	–	–	–	–	709,000
Provisions for general banking risks	7,000,000	–	–	–	–	–	7,000,000

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
Total company equity	25,000,000	2,500	25,000,000	25,000,000	2,500	25,000,000



Information about the balance sheet

Major shareholders and groups of shareholders with voting rights

	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
With voting rights:				
Combinvest Establishment, Balzers	20,000,000	100	20,000,000	100
Total	20,000,000	100	20,000,000	100
Without voting rights:				
Participation certificate capital	5,000,000	100	5,000,000	100
Total	5,000,000	100	5,000,000	100

Disclosure pursuant to ERV Art. 27 as of 31.12.2010

(in CHF 1.000)

	Financial year	Previous year
A: own equity capable of being offset:	52,152	48,148
B: equity required:	35,880	29,025
of which:		
credit risk	32,796	26,041
market risk	233	41
operational risk	2,851	2,943

C: Risks:

Refer to our Annual Report under the item "Accounting and valuation principles for the financial statements" for information concerning risks.

Equity capital statement

	2010
Equity capital at the start of the financial year	
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	17,197,000
Provisions for general banking risks	7,000,000
Profit for the year	5,504,970
Total equity at the start of the financial year (before appropriation of net income)	61,701,970
+ Capital increase	–
+ Premium	–
+ Allocation to provisions for general banking risks	–
- Dividends and other distributions from the net annual profit for the previous year	-1,500,000
+ Annual profit for the financial year	6,597,147
Total equity at the end of the financial year (before appropriation of net income)	66,799,117
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	21,201,000
Provisions for general banking risks	7,000,000
Profit for the year	6,598,117



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	After 3 months up to 12 months	After 12 months up to 5 years	After 5 years	Immobi- lised	Total
Assets								
Liquid assets	10,184	–	–	–	–	–	–	10,184
Due from banks	116,041	–	110,094	–	–	–	–	226,135
Due from clients	28,242	143,683	32,473	59,897	26,321	281	–	290,897
of which mortgage-backed claims	–	55,119	–	–	–	–	–	55,119
Securities and precious metals held as current assets (excl. trading positions)	47,710	–	–	–	–	–	–	47,710
Securities and precious metals held as non-current assets	–	–	287	1,624	4,755	–	–	6,666
Other assets	11,107	–	–	–	–	–	9,989	21,096
Total assets financial year	213,284	143,683	142,854	61,521	31,076	281	9,989	602,688
Previous year	180,167	62,570	149,615	78,911	25,793	800	10,261	508,117
Liabilities								
Due to banks	1,200	–	–	–	–	–	–	1,200
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	253,773	–	129,061	1,700	–	–	–	384,534
Certificated liabilities								
a) Issued bonds	–	–	6,235	1,615	58,380	7,484	–	73,714
of which medium-term notes	–	–	6,235	1,615	58,380	7,484	–	73,714
b) Other certificated liabilities	–	–	36,376	15,682	–	13,031	–	65,089
Provisions	709	–	–	–	–	–	–	709
Other liabilities	10,642	–	–	–	–	–	–	10,642
Total liabilities financial year	266,324	–	171,672	18,997	58,380	20,515	–	535,888
Previous year	165,417	–	183,139	32,356	40,568	24,936	–	446,415

Selected balance sheet items set to fall due in the 2011 financial year:

	Financial year	Previous year
Total asset items No. 5 "securities and precious metals held as non-current assets":	1,911	–
Total liability items No. 3a "issued debt securities"	7,850	8,004



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 directors

	Financial year	Previous year
Receivables from qualified parties		
Due from banks	–	–
Due from clients	1,743,761	1,770,000
Liabilities vis-à-vis qualified parties		
Due to banks	–	–
Due to clients	1,080,788	1,063,321
Liabilities vis-à-vis affiliated companies		
Due to legal entities	–	–
Receivables from loans to directors		
Board of Directors	–	–
Management Board	2,833,000	1,713,000

No significant transactions were recorded with closely-associated persons during the year under review.
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	348,933,615	297,103,479
of which in EUR	191,304,687	191,364,318
of which in USD	94,664,169	38,910,761
of which in CAD	38,900,505	42,134,470
of which in SGD	18,325,133	–
of which in ZAR	–	16,218,683
Debts	350,507,893	296,745,935
of which in EUR	193,619,273	191,398,624
of which in USD	94,477,792	38,830,680
of which in CAD	38,804,834	42,034,844
of which in SGD	18,193,690	–
of which in ZAR	–	16,116,512

Comment: all foreign currency items worth more than CHF 10 million are listed in the table

Composition of the balance sheet items «Other assets» and «Other liabilities»

	Financial year	Previous year
Other assets	7,342,855	2,214,479
of which:		
Positive replacement costs of forward foreign exchange transactions	5,742,522	1,158,367
Settlement account balance replacement costs for forward foreign exchange transactions	–	–
Premium on financial investment bonds (accrual method)	100,806	89,670
Settlement accounts	1,499,527	966,442
Other liabilities	7,528,007	3,424,135
of which:		
Negative replacement costs of forward foreign exchange transactions	5,343,907	801,187
Settlement account balance replacement costs for forward foreign exchange transactions	398,616	357,180
Discount on financial investments bonds (accrual method)	2,058	3,025
Settlement accounts	1,783,426	2,262,743

Structure of client assets

Type of client assets (in CHF 1,000)	Financial year	Previous year
Assets in funds under own management (investment company)	178,383	264,319
Assets with management mandate	235,459	208,457
Other client assets	4,211,870	3,585,373
Total client assets (incl. duplication)	4,625,712	4,058,149
of which duplication	1,049,342	812,354
Net influx of new funds	328,574	735,699



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)
Collateralization guarantees and similar	1,963,230	1,963,230	–	3,985,550	3,985,550	–
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 volume*	Replacement values		Contract volume*
	positive*	negative*		positive*	negative*	
Forward foreign exchange contracts	5,742,522	5,343,907	816,010,975	1,158,367	801,187	429,404,822

* from trading activities

The replacement values correspond to the balance of the adjustment account.

Fiduciary transactions

	Financial year	Previous year
Fiduciary investments at third-party banks	424,330,250	80,605,835
Fiduciary investments at affiliated banks and finance companies	–	–
Fiduciary loans	–	–
Other fiduciary financial transactions	–	–

Information about the income statement



	Financial year	Previous year
Profits from trading activities	5,858,646	4,662,889
of which:		
Foreign exchange transactions	6,065,651	4,620,505
Cash transactions	-207,005	42,384
Securities trading	–	–
Precious metal transactions	–	–
Breakdown of staff costs	5,345,240	4,847,965
of which:		
Wages and salaries	4,610,897	3,842,687
Remuneration of the members of the Board of Directors	–	295,197
Social insurance contributions and support	396,494	351,653
Pension expenses	289,159	262,379
Other staff costs	48,690	96,049
Breakdown of operating expenditure	3,706,845	3,253,735
of which:		
Cost of business premises	462,781	457,587
IT expenditure	753,586	923,332
Furniture	8,934	15,124
Other equipment	186,036	123,371
Other operating expenditure	2,295,508	1,734,321

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.

Breakdown of the item «Other income from ordinary activities»:	2,660,773	1,297,017
of which:		
Income from property	554,400	554,400
Liquidation income from derecognised receivables *	1,858,878	–
Other income from ordinary activities	247,495	742,617

* income attributable to other periods



Parliament building in Vaduz







Report of the statutory auditors

Report of the statutory auditors to the general meeting of Bank Frick & Co. AG, Balzers

As statutory auditors, we have audited the accounting records, the financial statements (balance sheet, income statement, notes and cash flow statement; pages 16 to 55) and the annual report of Bank Frick & Co. AG for the year ended 31 December 2010.

These financial statements and the annual report are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the annual report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. 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 financial position, the results of operations and the cash flows in accordance with the Liechtenstein law. Furthermore, the accounting records, financial statements and the annual re-

port as well as the proposed appropriation of available earnings comply with the Liechtenstein law and the company's articles of incorporation.

The annual report is in conformity with the financial statements.

We recommend that the financial statements submitted to you be approved.

ReviTrust Revision AG



Egon Hutter
(Certified Public Accountant / Lead Auditor)



Rainer Marxer
(Certified Public Accountant)

Schaan, 23 March 2011



View of the Rhine valley from Triesenberg







Company bodies and staff

Board of Directors

Dr. Mario Frick, Chairman of the Board of Directors, Balzers

Dr. Kuno Frick jun., Deputy Chairman of the Board of Directors, Balzers

Kuno Frick sen., member of the Board of Directors, Balzers

Yvonne Nägele, member of the Board of Directors, Schaan

Mag. Johann Fahrnberger, member of the Board of Directors, Schaan

Management Board

Jürgen Frick, Chairman of the Management Board

Roland Frick, member of the Management Board

Gabriel Tschui, member of the Management Board

Edi Wögerer, member of the Management Board

External Auditors

ReviTrust Revision AG, Schaan

Internal Auditors

Manfred Kaufmann

Staff

Jacqueline Banzer

Emanuel Bargetze

Ivo Beck

Alexandra Baumann

Hubert Büchel

Hans-Peter Dietrich

Claudia Düringer

Hans Peter Dürr

Franziska Frick

Melanie Gstöhl

Elisabeth Hasler

Karlheinz Hasler

Lucia Hidber

Erwin Keller

Christoph Lingg

Gaby Morger

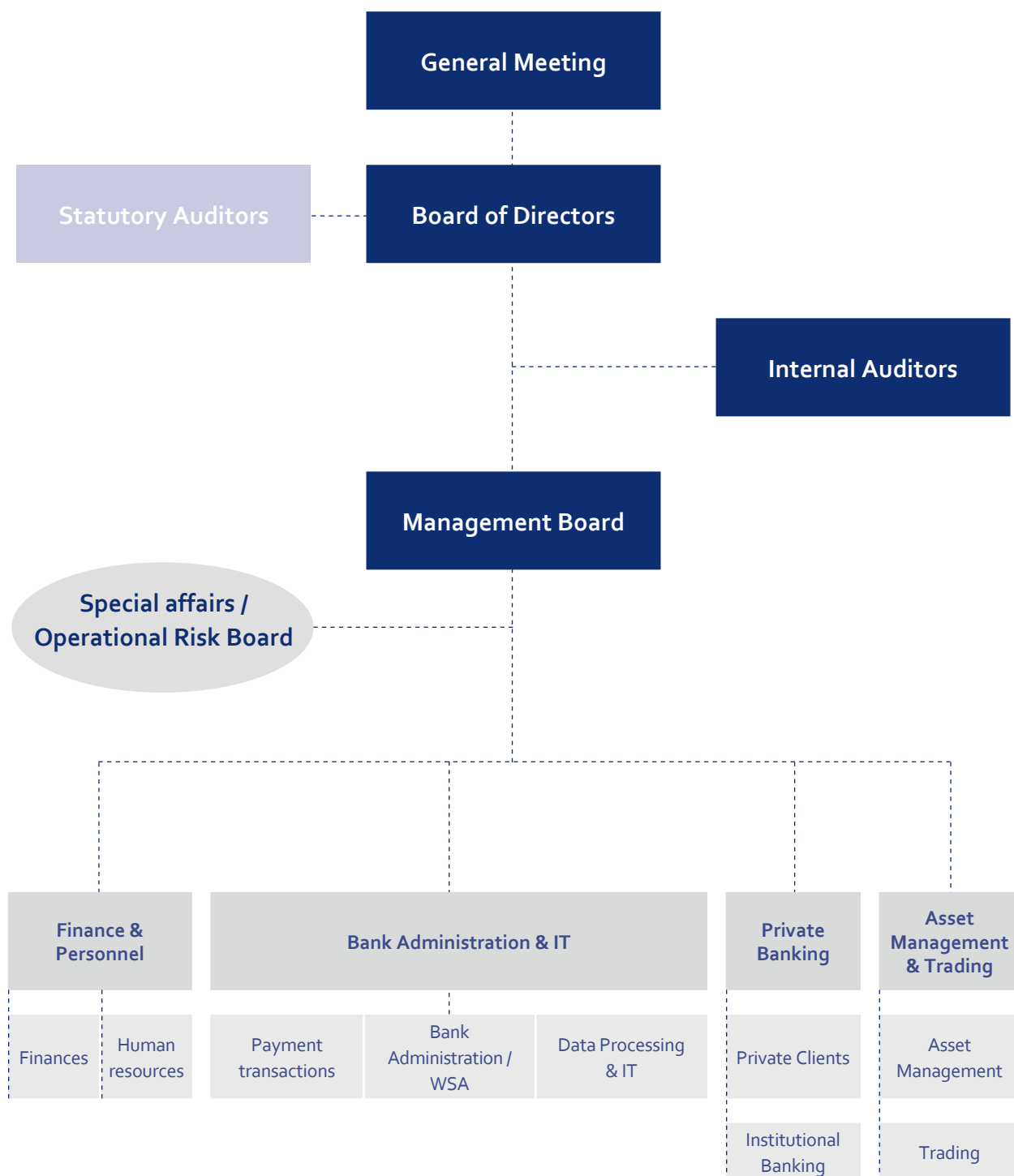
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Welcome home







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