



BANK FRICK

Annual Report 2011





BANK FRICK

Annual Report 2011





Contents

Foreword of the Chairman of the Board of Directors...	7
Annual Report of the Management Board 2011.....	10
Balance sheet.....	18
Income statement.....	20
Off balance-sheet items.....	22
Profit distribution	23
Cash flow statement	24
Notes on business activities and staffing	28
Accounting and valuation principles for the financial statements.....	34
Information about the balance sheet	42
Overview of cover	42
Vulnerable debts.....	42
Securities and precious metals held as current assets (excl. trading portfolio)	43
Securities and precious metals held as non-current assets	44
Statement of asset additions and disposals.....	45
Participations and shares in affiliated companies	46
Reporting of premium and discount on securities valued according to the accrual method	47
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.....	47
Valuation allowances and provisions / provisions for general banking risks	48
Total company equity	49

Major shareholders and groups of shareholders with voting rights	50
Disclosure pursuant to Art. 27 ERV as of 31.12.2011	50
Equity capital statement	51
Maturity structure of the assets as well as liabilities and provisions.....	53
Statement of receivables and liabilities vis-à-vis qualified parties and affiliated companies as well as loans extended to related parties and entities	54
Foreign currency denominated assets and debts in CHF.....	54
Composition of the balance sheet items «Other assets» and «Other liabilities»	55
Structure of client assets.....	55
Information about off balance-sheet transactions ..	56
Contingent liabilities	56
Open derivative financial instruments.....	56
Fiduciary transactions	56
Information about the income statement.....	57
Report of the statutory auditors.....	60
Company bodies and staff	64
Organisation chart as of 1 January 2012.....	65
Imprint	68



Foreword to the 2011 Annual Report of the Chairman of the Board of Directors



In recent years the Liechtenstein Financial Centre has been faced with considerable uncertainties. Due to the worldwide policy changes concerning tax collection and tax matters, the general expectation has been that some clients will withdraw their funds or at least that the inflow of funds would be meagre. In 2011, fortunately, both assumptions proved to be wrong.

However, the financial crisis and the Euro crisis – the second prominent theme of the past few years – still affect all banks. Interest-rate levels are so unreasonably low that business on interest margins hardly contributes any added value to banks' balance sheets. This may appear as of little importance. However, according to the Banking Act, the interest margin business is a defining characteristic of a bank. Fortunately, despite currently evaluating the low interest rate levels as disappointing regarding their effect on the bank's added value, in two to three years, positive developments are sure to arise.

At the beginning of a new year, most people read the forecasts and projections of the economic experts and of those who consider themselves as such. Reviewing the prognoses for 2011 shows that reliable forecasts do not exist. Almost all asset managers betted on an extensive recovery of stocks and shares. However, apart from the US index, all share indices lost between 15 and 25 % in value. Nevertheless I would not consider it a mistake to have invested in real assets and shares within a long term investment horizon. Thus, it is important to form one's own opinion and follow it through. To remain open to questioning and to accept well-founded criticism does not mean one needs to change one's mind as soon as one finds oneself confronted with minor obstacles. Our strategic decisions reflect our ambition to place ourselves and our services closer to our clients. On the one hand, we are contemplating opening a string of branch offices, and on the other hand, we are working on various technical solutions to facilitate our clients' access to our bank and its services.

Concerning the implementation of our strategic decisions, 2011 was a crucial year for us all as it witnessed the opening of our Bank Frick UK Branch in Mayfair, London. Thanks to our London branch, we have been able to improve our services for our LDF clients considerably; and as well, our London branch enables our newly acquired UK clients to access all our services more readily and closer to their home. During the implementation process, our bank adhered as always to its precept of organic growth. First, we assemble a small and easy to manage team, then, restricting ourselves to an economical use of funds, we set off to generate revenue before we undertake substantial – and costly – investments. Over the next few years, we expect that between 10–20 % of our LDF clients will stay with our bank. The prospects are valid – especially since the pronounced assertion of the Liechtenstein Bankers Association that participation in the LDF must involve a relocation of assets to Liechtenstein.

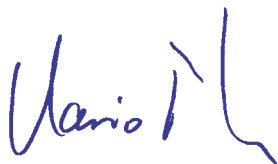
Bank Frick's remains internationally oriented. In future, our clients are to gain easy access to our bank's information flow and to their account data. In 2011, a process was initiated that leads to a substantial improvement of our banking software, enabling our clients to request their account information via the internet by 2013 .

Other projects are well underway. They will lead to Bank Frick diversifying its offers and services even further. We look forward to next year when we can present more information concerning their development and implementation.

We find ourselves confirmed in our fundamental strategic alignment: Our concept of a family-operated and family-controlled bank, built on a strong and solid foundation and in a position to flexibly and comprehensively fulfil the requests of our clients, is promisingly successful. As a bank we operate conservatively. When assisting and supporting our clients in devising and implementing projects of their own, we are able to rely on our wide-ranging network of solicitors, lawyers, fiduciaries, taxation and insurance specialists and provide a truly individual consulting service.

I would like to use this opportunity to thank the Board of Directors, the Management Board and the staff for their excellent work. As one of the smaller-sized banks, Bank Frick is particularly dependent on everybody's commitment and dedication if we are to fulfil the exacting demands we have set ourselves. The loyalty of our staff and employees is a cornerstone to our success. Fortunately, Bank Frick can rely copiously on such qualities in all of its employees.

With our willingness to address new challenges, we expect 2012 to bring exciting opportunities for our bank to grow and for us to set the future. ☘



Mario Frick
Chairman of the Board of Directors





Climate and Markets

The financial markets still are affected by the global financial crisis that began in summer 2007 with the outbreak of the "Sub Prime Crisis". Since then the debt crisis of the industrial countries has moved to the foreground. Especially the so-called "peripheral countries" of Europe – Greece in particular – have been unnerving the financial markets during 2011. The US as well was standing on the brink of national bankruptcy at times. It comes as no surprise that the national debt crisis was the leading topic in 2011. The price fluctuations accordingly were high for stocks at the financial markets.

The challenging market environment shows itself in an investment pattern followed by many clients. The Swiss franc was almost on par with the euro. Only due to the determined Intervention of the Swiss National Bank was the exchange rate virtually fixed at CHF 1,20. Compared to last year, the stock markets lost up to 25% in value depending on the market. The interest rate environment remains at a historic low. The continuous negative real interest rates are proof of financial markets still under stress. The return to a normal financial market environment will definitely require the recovery of national stability. This will take time.

Expressing our thanks to our staff

The Management Board thanks our entire staff for their commitment and for successfully achieving our shared purpose: customer satisfaction. The professional and social competence and the loyalty of every one of our staff are the everlasting keystones of Bank Frick's success.

To be able to set our future direction, preparation had to be meticulous, calling upon everybody's commitment and dedication. For our staff this meant an increased workload to deal with. The Management Board explicitly expresses its thanks for their effort.

Net income and assets under management

Thanks to a net profit of CHF 4.38 million, Bank Frick's equity capital (inclusive of provisions for general banking risks) rose to CHF 69.92 million (2010: CHF 66.80 million). The net profit, however, decreased by 33.68%. The decrease on the one hand was due to a heightened risk aversion of investors causing less trade activities, and on the other hand was due to the persistent strength of the Swiss franc as substantial profits are generated in foreign currencies. Because of the low level of interest rates, the profit generated by interest contributed only very lightly to the total profit. In view of the overall situation, the management was nevertheless able to rely on a comparatively stable sources of income, and all necessary investments were financed effortlessly by the bank itself.

On 31 December 2011, assets under management totalled CHF 3.26 billion (-8.78%). Taking into account the euro weakness (or respectively the strength of the Swiss franc) and the weak stock markets, assets under management remained stable. The CHF 226 million net outflow came from a position that in 2010 was already planned for 2011: client investments made outside the bank's balance sheets. Therefore, client loyalty is very strong.



Sources of revenue and cost-income ratio

The profit generated by interest amounted to CHF 4.64 million (+45.12%). The increase on interest profit was caused on the hand because of an increase in credit volume and on the other hand due to low refinancing costs. Our lending activities are operated as complementary business and our approach is therefore conservative. Bank Frick holds a well balanced credit portfolio, appropriate both in size and kind.

Profit from commissions and services decreased to CHF 5.74 million (-13.30%). Profit from financial operations dropped to CHF 4.57 million (-23.41%). Both profit reductions are proof of the risk aversion of many investors, and as well, they point to declining margins due to the strength of the Swiss franc and weakening markets.

In the 2011 fiscal year, bank expenditure rose to a total of CHF 9.79 million (+8.17%). The rise in expenditure reflects Bank Frick's plans for expansion. Apart from our investments undertaken in London, far-reaching investments were made in our existing infrastructure (e-banking, release change, banking systems, etc.). The cost-income ratio reached 66.78% (2010: 55.75%).

Balance sheet

Balance sheet total amounted on the balance sheet date to CHF 766.78 million (+27.23%). The increase resulted predominately from the balance sheet item "liabilities due to clients" CHF 554.17 million (+CHF 169.64 million or +44.12%). Receivables due from customers amounted to CHF 403.57 million (+CHF 112.67 million or +38,73%).

Bank Frick UK Branch

In autumn 2011, Bank Frick opened its UK Branch at Upper Brook Street 25 in Mayfair, London. Bank Frick is now even better than before ideally positioned to offer the full range of services in connection with the Liechtenstein Disclosure Facility

(LDF). Our bank's long-term goal is to acquire UK private clients and as well to widen our institutional client base in the UK.

On 14 March 2012, leading Bank Frick representatives were delighted to welcome hundred and thirty of our UK clients to celebrate together the official opening of the Bank Frick UK Branch.



Stefan Rauti, Dr. Mario Frick, Lucia Kalberer-Hidber, Jürgen Frick, Hubert Büchel, Jack C. Storey

Investment consultancy and asset management

Bank Frick's investment consultancy and asset management are based on the principle of sustainability. A high quality standard and innovative investment products are essential if added value is to be created in a difficult market environment. Our bank's experts developed some very advantages investment products outside of traditional asset management concerning renewable energies and real estate. These products predominantly rely on attractive cash flows, and therefore correlation to the financial markets remains low.

Due to the difficulties currently prevalent on the financial markets, a growing number of investors find themselves remembering the value of "real assets". Our products "Eden Parc Real Estate Fund" and "Immoperformance Real Estate Fund" and our "Green Power ECO Fund" (renewable energies) enable qualified investors to invest readily in very attractive real value assets.



Sponsoring and social commitments

Since its formation in 1998, Bank Frick has entertained a large portfolio with various charity and sponsoring commitments ranging from sport and culture to social concerns. In accordance with our bank's general policy, our objectives are long-term. Especially where children and young people are concerned our intention is to work on building a sustainable future. With our focus on goal-oriented education and vocational training we seek to help children and young people develop into adults who are able to use their acquired knowledge to lead a self-determined and responsible life and, moreover, who are able to pass on what they learnt to others – and ultimately to society at large.

Events after the balance sheet date

Between the balance sheet date and the print of the annual report no significant events took place that have a substantial impact on the wealth or the financial and revenue situation of Bank Frick.

Outlook 2012

As in previous years we start the new business year again with healthy optimism. Although the financial markets so far have not regained their equilibrium and therefore market volatility will remain high, we perceive many fine indications that the general market conditions could well be stabilising. The changes to the legal framework concerning financial operations have been implemented and there has been progress in various taxation matters; for example Double Taxation Agreements were signed with various countries. Liechtenstein is on its way to become a recognized and respected part of the global finance system. It is of paramount importance that Liechtenstein enhances its international standing and reputation, and that the global interconnectedness of the Liechtenstein financial centre is strengthened.


At bank Frick we see vital opportunities to achieve respectable growth despite a difficult environment. As a small-sized private bank we are able to be close to our clients who can thereby profit from a level of service larger banks find difficult to provide.



Jürgen Frick
Chairman of the
Management
Board



Roland Frick
Director



Gabriel Tschui
Director



Edi Wögerer
Director







Balance sheet

as of 31 December 2011 with figures for the previous year

	Previous column CHF	31.12.2011 CHF	Previous column CHF	31.12.2010 CHF
Assets				
Liquid assets		34,204,051		10,184,374
Due from banks		239,134,837		226,134,979
of which repayable upon demand	158,068,250		116,041,179	
of which other receivables	81,066,587		110,093,800	
Due from clients		403,569,971		290,896,656
of which mortgage-backed claims	61,722,187		55,119,264	
Bonds and other fixed-interest securities		7,735,660		6,665,710
of which bonds:				
issued by public bodies	1,824,750		623,500	
issued by other borrowers	5,910,910		6,042,210	
Shares and other non-fixed-interest securities		59,626,356		47,710,114
Participations		50,002		50,001
Shares in affiliated companies		1,000,000		1,000,000
Intangibles		1		1
Property, plant and equipment		10,695,193		10,836,986
Other assets		7,654,345		7,342,855
Accrued expenses and deferred income		3,110,101		1,866,124
Total assets		766,780,517		602,687,800

Liabilities	Previous column CHF	31.12.2011 CHF	Previous column CHF	31.12.2010 CHF
Due to banks		1,074,483		1,200,019
of which repayable on demand	1,074,483		1,200,019	
with agreed terms or notice period	–		–	
Due to clients		554,173,179		384,533,783
of which savings deposits	–		–	
of which other liabilities				
repayable on demand	471,120,360		253,772,889	
with agreed terms or notice periods	83,052,819		130,760,894	
Certificated liabilities		128,319,011		138,803,406
of which medium-term notes	56,895,800		73,714,400	
of which other certificated liabilities	71,423,211		65,089,006	
Other liabilities		8,036,308		7,528,007
Accrued expenses and deferred income		4,503,302		3,114,468
Provisions		750,000		709,000
of which tax provisions	750,000		709,000	
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		32,549,000		27,201,000
of which statutory reserves	6,000,000		6,000,000	
of which other reserves	26,549,000		21,201,000	
Profit carried forward		116		970
Profit for the year from 01.01.11 to 31.12.11		4,375,118		6,597,147
Total liabilities		766,780,517		602,687,800



Income statement

from 01.01.2011 to 31.12.2011

Income statement

Items	Previous column CHF	2011 CHF	Previous column CHF	2010 CHF
Interest earned		11,044,535		9,732,581
of which income from fixed-interest securities	256,366		194,185	
Interest paid		-6,401,534		-6,533,162
Current income from securities		61,610		82,968
of which shares and other non-fixed-interest securities	61,610		82,968	
Income from commission and service transactions		9,893,846		10,613,101
of which commission income on loan transactions	6,316		9,463	
of which commission income from securities and investment transactions	8,938,286		10,159,757	
of which commission on other service activities	949,244		443,881	
Commission payable		-4,157,940		-3,997,520
Profit on financial operations		4,566,481		5,962,346
of which from commercial activities	4,284,664		5,858,646	
Other ordinary income		1,100,953		2,660,773
General administrative expenses		-9,792,075		-9,052,085
of which staff costs	-5,803,268		-5,345,240	
of which operating expenditure	-3,988,807		-3,706,845	
Depreciation on intangible assets as well as on property, plant and equipment		-521,726		-834,722
Other ordinary expenditure		-93,038		-20,655
Valuation allowances on claims and transfers to reserves for contingencies and credit risks		-525,600		-876,000
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		-155,989		-507,060
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets		–		–
Income from normal business activities		5,019,523		7,230,565
Extraordinary income		–		–
Extraordinary expenditure		–		–
Income tax		-644,405		-524,418
Other taxes		–		-109,000
Allocations to provisions for general banking risks		–		–
Profit for the year from 01.01.2011 to 31.12.2011		4,375,118		6,597,147



Off balance-sheet items

as at 31.12.2011

Off balance-sheet items	31.12.2011 CHF	31.12.2010 CHF
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	2,544,105	2,163,230
Total contingent liabilities	2,544,105	2,163,230
Derivative financial instruments		
Contract volumes	559,596,363	816,010,975
Positive replacement values	5,979,546	5,742,522
Negative replacement values	5,524,130	5,343,907
Fiduciary transactions		
Fiduciary transactions	29,133,134	424,330,250
Fiduciary loans	–	–
Total fiduciary transactions	29,133,134	424,330,250

Profit distribution



The profit for the year 2011 is appropriated as follows:

	Financial year CHF	Previous year CHF
Profit for the year	4,375,118	6,597,147
Profit carried forward	117	970
Total	4,375,235	6,598,117
Profit distribution		
Allocation to the statutory reserves	–	–
Allocation to the free reserves	3,125,000	5,348,000
Dividend on company capital	1,250,000	1,250,000
Profit carried forward	235	117



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	4,375,118	–	6,597,147	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	83,255	–	297,060	–
Write-downs and write-ups on participations	72,734	–	210,000	–
Depreciation on intangible assets and property, plant and equipment	521,726	–	834,722	–
Valuation allowances and provisions	566,000	–	876,000	–
Tax provisions	41,000	–	120,000	–
Provisions for general banking risks	–	–	–	–
Accrued income and prepaid expenses	–	1,243,977	–	251,479
Accrued expenses and deferred income	1,388,834	–	1,480,912	–
Distribution of dividends previous year	–	1,250,000	–	1,500,000
Balance	4,554,690	–	8,664,362	–

	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	–	72,735	–	210,000
Real estate	–	–	–	–
Other property, plant and equipment	45,370	425,304	–	–
Intangible assets	–	–	–	–
Securities and precious metals as non-current assets	1,888,045	3,041,250	–	2,247,000
Balance	–	1,605,874	–	2,457,000
Flow of funds from bank business				
Medium and long-term business (> 1 year)				
Medium-term notes	–	8,968,600	15,920,000	–
Other certificated liabilities	12,658,481	–	–	2,529,000
Due from clients	–	3,561,888	–	4,725,125
Mortgage claims	–	6,602,923	–	2,484,364
Short-term business				
Due to banks	–	125,536	–	591,381
Due to clients (other liabilities)	169,639,396	–	70,957,316	–
Medium-term notes	–	7,850,000	–	153,400
Other certificated liabilities	–	6,324,276	164,906	–
Other liabilities	508,301	–	4,103,872	–
Due from banks	–	12,999,858	–	9,827,970
Due from clients	–	103,074,504	–	57,238,001
Shares and other non-fixed-interest securities	–	11,916,242	–	10,272,506
Other assets	–	311,490	–	5,128,376
Balance	21,070,861	–	–	1,804,029
Liquidity				
Liquid assets	24,019,677	–	4,403,333	–
Balance	24,019,677	–	4,403,333	–







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.





Principal source of income

The main source of income, contributing 39,12 % of operating income, is via commission and service transactions. This is followed by interest-related activities (31,66 %) and profit from trading transactions (29,22 %).

Human resources

As at the end of the financial year 2011, the Bank employed 28 persons (previous year: 27). On a full-time equivalent basis, our Bank had a workforce of 25,8 persons in the 2011 financial year (previous year: 24,3).

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 2011 reporting year. ⚡







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, the 21% stake in Finops AG and the 25% stake in Bluestone Asset Management Ltd. 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.





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 31.12.11:

CAD	0.92170
JPY	1.21460
ZAR	0.11610
GBP	1.45470
USD	0.93980
EUR	1.21650









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)	–	336,888,274	4,959,510	341,847,784
Mortgage claims				
residential properties	61,722,187	–	–	61,722,187
Office and commercial buildings	–	–	–	–
Trade and industry	–	–	–	–
Other	–	–	–	–
Total lending for the financial year	61,722,187	336,888,274	4,959,510	403,569,971
Previous year	55,119,264	232,554,455	3,222,937	290,896,656
Off balance-sheet				
Contingent liabilities	–	2,544,105	–	2,544,105
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off balance-sheet financial year	–	2,544,105	–	2,544,105
Previous year	–	2,163,230	–	2,163,230

Vulnerable debts

	Gross indebtedness	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
Financial year	2,442,000	–	–	2,442,000
Previous year	2,076,000	–	–	2,076,000

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*	59,626,356	47,710,114	60,622,463	49,183,462	60,135,548	48,454,212
of which equity instruments of at least 10 % of the capital or voting rights	–	–	–	–	–	–
Precious metals	–	–	–	–	–	–
Total	59,626,356	47,710,114	60,622,463	49,183,462	60,135,548	48,454,212
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	–	–	–	–	–	–

* Fund units, of which CHF 1,552,578,76 (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»	7,735,660	6,665,710	8,631,444	7,447,408	7,933,336	6,841,726
of which own bonds and medium-term notes	–	–	–	–	–	–
of which valued using the «accrual method»	7,735,660	6,665,710	8,631,444	7,447,408	7,933,336	6,841,726
of which valued according to lowest value	–	–	–	–	–	–
Fund unit certificates	–	–	–	–	–	–
Participation securities	1,050,002	1,050,001	3,432,735	3,360,000	1,050,002	1,050,001
of which qualified participations with at least 10 % of the capital or voting rights	1,050,002	1,050,001	3,432,735	3,360,000	1,050,002	1,050,001
Precious metals	–	–	–	–	–	–
Total	8,785,662	7,715,711	12,064,179	10,807,408	8,983,338	7,891,727
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	2,360,000	2,309,999	50,001	72,735	–	–	–	72,734	50,002
Total securities and precious metal portfolios held as non-current assets	7,447,408	–	6,665,710	3,041,250	1,888,045	–	–	83,255	7,735,660
Other intangible assets	1	–	1	–	–	–	–	–	1
Total intangible assets	1	–	1	–	–	–	–	–	1
Real estate									
– Bank building	10,903,936	915,008	9,988,928	–	–	–	–	272,598	9,716,330
– Other real estate	–	–	–	–	–	–	–	–	–
Other property, plant and equipment	3,114,617	2,266,560	848,057	425,304	45,370	–	–	249,128	978,863
Total property, plant and equipment	14,018,553	3,181,568	10,836,985	425,304	45,370	–	–	521,726	10,695,193
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	937,720	203,472		
Top-Gold AG m.v.K.*, Balzers				
Share capital	500,000	500,000	10 %	10 %
Annual profit***	57,823	151,350		
Finops AG*, Zurich				
Share capital	321,710	321,710	21 %	21 %
Annual profit**	–	-70,149		
Bluestone Asset Manag. Ltd.*, London				
Share capital (in GBP)	10,000	–	25 %	–
Annual profit** (in GBP)	–	–		

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 2011 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	109,040	100,806
Discount	1,029	2,058

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

	31.12.2011		31.12.2010	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	6,379,535	–	4,925,982	–
Due from banks	25,106,551	–	25,277,038	–
Total	31,486,086	–	30,203,020	–

* 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	2,076,000	–	–	–	366,000	–	2,442,000
Lumped specific bad debt charges	–	–	–	–	–	–	–
Lump-sum valuation allowances	600,000	–	–	–	200,000	–	800,000
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	709,000	603,405	–	–	750,000	105,595	750,000
Other provisions	–	–	–	–	–	–	–
Total valuation allowances and provisions	3,385,000	603,405	–	–	1,316,000	105,595	3,992,000
Less valuation allowances directly set off against assets	2,676,000	–	–	–	–	–	3,242,000
Total provisions according to balance sheet	709,000	–	–	–	–	–	750,000
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 Art. 27 ERV as of 31.12.2011

(in CHF 1.000)

	Financial year	Previous year
A: own equity capable of being offset:	57,499	52,152
B: equity required:	46,038	35,880
of which:		
credit risk	42,462	31,929
market risk	172	233
operational risk	2,549	2,851

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

	2011
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	21,201,000
Provisions for general banking risks	7,000,000
Profit for the year	6,598,117
Total equity at the start of the financial year (before appropriation of net income)	66,799,117
+ 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
+ Annual profit for the financial year	4,375,118
Total equity at the end of the financial year (before appropriation of net income)	69,924,235
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	26,549,000
Provisions for general banking risks	7,000,000
Profit for the year	4,375,234



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	34,204	–	–	–	–	–	–	34,204
Due from banks	158,068	–	80,127	940	–	–	–	239,135
Due from clients	29,860	252,807	36,309	54,430	30,164	–	–	403,570
of which mortgage-backed claims	–	61,722	–	–	–	–	–	61,722
Securities and precious metals held as current assets (excl. trading positions)	59,626	–	–	–	–	–	–	59,626
Securities and precious metals held as non-current assets	–	–	2,325	1,500	3,911	–	–	7,736
Other assets	12,794	–	–	–	–	–	9,716	22,509
Total assets financial year	294,552	252,807	118,761	56,870	34,075	–	9,716	766,781
Previous year	213,284	143,683	142,854	61,521	31,076	281	9,989	602,688
Liabilities								
Due to banks	1,074	–	–	–	–	–	–	1,074
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	471,120	–	80,551	2,502	–	–	–	554,173
Certificated liabilities								
a) Issued bonds	–	–	–	–	50,570	6,326	–	56,896
of which medium-term notes	–	–	–	–	50,570	6,326	–	56,896
b) Other certificated liabilities	–	–	27,125	18,609	12,977	12,712	–	71,423
Provisions	750	–	–	–	–	–	–	750
Other liabilities	12,540	–	–	–	–	–	–	12,540
Total liabilities financial year	485,484	–	107,676	21,111	63,547	19,038	–	696,856
Previous year	266,324	–	171,672	18,997	58,380	20,515	–	535,888

Selected balance sheet items set to fall due in the 2012 financial year:

	Financial year	Previous year
Total asset items No. 5 "securities and precious metals held as non-current assets":	3,825	1,911
Total liability items No. 3a "issued debt securities"	–	7,850



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	1,743,761
Liabilities vis-à-vis qualified parties		
Due to banks	–	–
Due to clients	550,133	1,080,788
Liabilities vis-à-vis affiliated companies		
Due to legal entities	–	–
Receivables from loans to directors		
Board of Directors	–	–
Management Board	3,572,280	2,833,000

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	487,212,128	348,933,615
of which in EUR	162,518,010	191,304,687
of which in USD	203,228,170	94,664,169
of which in CAD	27,960,115	38,900,505
of which in SGD	15,748,150	18,325,133
of which in GBP	73,244,215	–
Debts	488,490,939	350,507,893
of which in EUR	164,238,058	193,619,273
of which in USD	203,130,686	94,477,792
of which in CAD	27,956,476	38,804,834
of which in SGD	15,598,259	18,193,690
of which in GBP	73,226,667	–

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	7,654,345	7,342,855
of which:		
Positive replacement costs of forward foreign exchange transactions	5,979,546	5,742,522
Settlement account balance replacement costs for forward foreign exchange transactions	–	–
Premium on financial investment bonds (accrual method)	109,040	100,806
Settlement accounts	1,565,760	1,499,527
Other liabilities	8,036,308	7,528,007
of which:		
Negative replacement costs of forward foreign exchange transactions	5,524,130	5,343,907
Settlement account balance replacement costs for forward foreign exchange transactions	455,416	398,616
Discount on financial investments bonds (accrual method)	1,029	2,058
Settlement accounts	2,055,733	1,783,426

Structure of client assets

Type of client assets (in CHF 1,000)	Financial year	Previous year
Assets in funds under own management (investment company)	197,639	178,383
Assets with management mandate	195,675	235,459
Other client assets	3,847,758	4,211,870
Total client assets (incl. duplication)	4,241,072	4,625,712
of which duplication	978,733	1,049,342
Net influx of new funds	-225,824	328,574



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	2,344,105	2,344,105	–	1,963,230	1,963,230	–
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	5,979,546	5,524,130	559,596,363	5,742,522	5,343,907	816,010,975

* 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	29,133,134	424,330,250
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	4,284,664	5,858,646
of which:		
Foreign exchange transactions	4,153,339	6,065,651
Cash transactions	40,225	-207,005
Securities trading	91,100	–
Precious metal transactions	–	–
Breakdown of staff costs	5,803,268	5,345,240
of which:		
Wages and salaries	4,917,223	4,610,897
Remuneration of the members of the Board of Directors	–	–
Social insurance contributions and support	426,575	396,494
Pension expenses	287,073	289,159
Other staff costs	172,397	48,690
Breakdown of operating expenditure	3,988,807	3,706,845
of which:		
Cost of business premises	441,076	462,781
IT expenditure	1,002,397	753,586
Furniture	3,647	8,934
Other equipment	100,333	186,036
Other operating expenditure	2,441,354	2,295,508

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»:	1,100,953	2,660,773
of which:		
Income from property	554,400	554,400
Liquidation income from derecognised receivables *	404,607	1,858,878
Other income from ordinary activities	141,946	247,495

* income attributable to other periods







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 18 to 57) and the annual report of Bank Frick & Co. AG for the year ended 31 December 2011.

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, 22 March 2012







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, MAS iCF CFO, member of the Management Board

Gabriel Tschui, member of the Management Board

Edi Wögerer, member of the Management Board

External Auditors

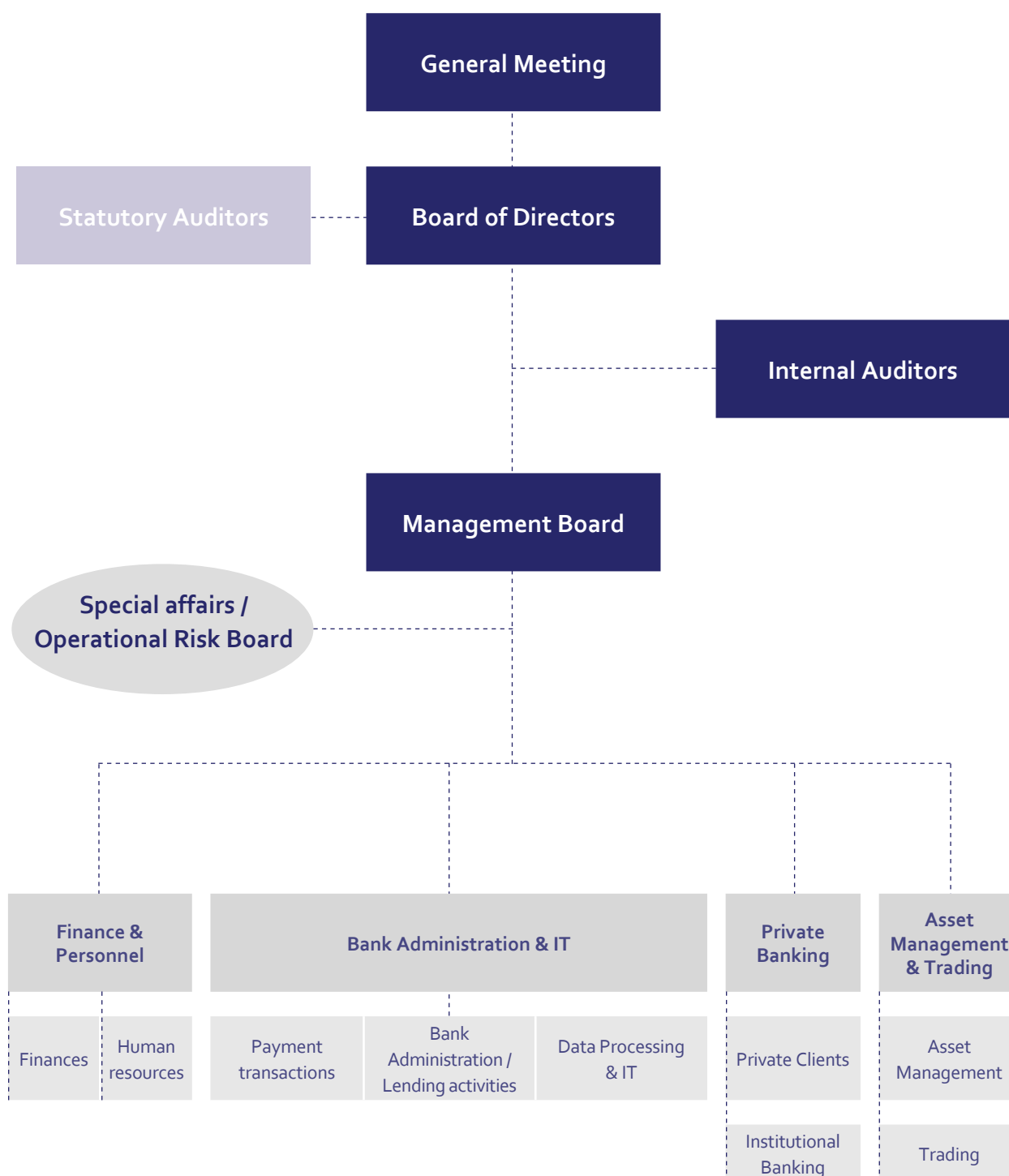
ReviTrust Revision AG, Schaan

Internal Auditors

Manfred Kaufmann

Staff

Jacqueline Banzer	Caroline Garhammer	Christoph Lingg
Emanuel Bargetze	Antonio Garieri	Gaby Morger
Ivo Beck	Melanie Gstöhl	Michael Nasahl
Alexandra Baumann	Evelyn Guntli	Elisabeth Oehri-Nagy
Hubert Büchel	Elisabeth Hasler	Stefan Rauti
Claudia Düringer	Karlheinz Hasler	Marc Rosenberg
Hans Peter Dürr	Lucia Kalberer-Hidber	Fabio Tschui
Franziska Frick	Erwin Keller	



www.bankfrick.li
www.bankfrick.co.uk







Imprint

Publisher

Bank Frick & Co. AG
Landstrasse 14
P.O. Box 43
LI-9496 Balzers
Telefon +423 388 21 21
Fax +423 388 21 22
bank@bankfrick.li
www.bankfrick.li

Printed by

Lampert Druckzentrum Vaduz

Photography

Artwork © Fotolia LLC, fotolia.com
Image processing © deep AG, deep.ch

Design

Agentur neun.li AG
Landstrasse 123
LI-9495 Triesen
www.neun.li

Modern. Flexible. Secure.



BANK FRICK



BANK FRICK

Modern. Flexible. Secure.