



BANK FRICK

Annual Report 2013

Moving mountains



BANK FRICK

Annual Report 2013





Contents

Foreword of the Chairman of the Board of Directors	7
Annual Report of the Management Board 2013	10
Balance sheet	16
Income statement	18
Off balance-sheet items	19
Profit distribution	21
Cash flow statement	20
Notes on business activities and staffing	24
Accounting and valuation principles for the financial statements	28
Information about the balance sheet	36
Overview of cover	36
Vulnerable debts	36
Securities and precious metals held as current assets (excl. trading portfolio)	37
Securities and precious metals held as non-current assets	38
Statement of asset additions and disposals	39
Participations and shares in affiliated companies	40
Reporting of premium and discount on securities valued according to the accrual method	41
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	41

Valuation allowances and provisions /provisions for general banking risks	42
Total company equity	43
Major shareholders and groups of shareholders with voting rights	44
Disclosure pursuant to Art. 27 ERV as of 31.12.2013	44
Equity capital statement	45
Maturity structure of the assets as well as liabilities and provisions	46
Statement of receivables and liabilities vis-à-vis qualified parties and affiliated companies as well as loans extended to related parties and entities	48
Foreign currency denominated assets and debts in CHF	48
Composition of the balance sheet items «Other assets» and «Other liabilities»	49
Structure of client assets	49
Information about off balance-sheet transactions	50
Contingent liabilities	50
Open derivative financial instruments	50
Fiduciary transactions	50
Information about the income statement	51
Report of the statutory auditors	54
Company bodies and staff	58
Organisation chart as of	59
Imprint	62



Foreword by the Chairman of the Board of Directors to the 2013 Annual Report



The 2013 financial year was characterised by major regulatory changes and the after-effects of the financial crisis. Bank Frick continued to diversify and expand outwards.

From a regulatory point of view, it is becoming increasingly clear that there is a general shift towards automatic information exchange (AIE). This is logical given the international consensus that tax offences are far from trivial. It is regrettable that the idea, or even delusion, that all tax evaders must be caught can only be realised at the expense of freedom and confidentiality. We therefore need to keep a careful eye on where all this is headed. It is essential, for example, that we only release information that is required for the purposes of calculating tax.

The drive towards AIE also has some advantages for smaller banks, as evidenced by the final withholding tax agreement between Liechtenstein and Austria, for example. There is considerable work and expense involved in providing ongoing tax advice to Austrian-based clients who opt to make anonymous tax payments on funds deposited in Liechtenstein. And if only a few clients want to go down this road, this can be an extremely expensive solution for the bank. Economies of scale clearly do not come into play here.

Major regulatory changes are anticipated across the European Union and European Economic Area (EEA) in 2014 and 2015. Constitutional difficulties in transposing EEA financial market rules into national law in Norway and, to some extent, in Iceland have delayed adoption of the rules by Liechtenstein. As a general principle, the EEA/EFTA states are required to exercise the relevant rights and perform the relevant obligations within the EEA in conjunction. Given the difficulties referred to, various regulatory steps, which require investments of time and money, have now been delayed, while market access for alternative investment fund managers (AIFMs) has also been stalled. This delay will hinder the development of Bank Frick subsidiary, Crystal Fund Management AG, which over recent years has provided additional services to Bank Frick and other banks, contributing significant added value.

At a fundamental level, regulation tends to be aimed at large entities. While some measures make sense for companies with more than 200 employees, a number of rules and procedures are of little value to smaller banks. This is especially frustrating, given that it was the big players that caused the upheavals of the past few years - and surely this is a fact that brooks no argument. After all, the latest wave of regulation is supposed to be a response to these changes, so, essentially, it is penalising the wrong parties.

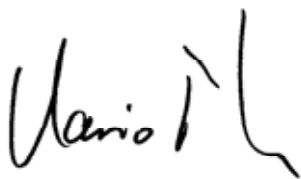
This makes it all the more important that regulators exercise their judgement and apply the principle of proportionality.

The Connect product has considerably improved access to Bank Frick. All clients who wish to do so can now use Connect to view their accounts securely from any computer in the world. Connect is currently a “view only” solution, but it also potentially provides secure communication, allowing payment and other orders to be transmitted securely to the Bank.

The London branch has now consolidated its financial position and taken on additional staff. Bank Frick plays a very active role in real estate projects, focusing primarily on short-term, highly secure bridging loans. In addition, the Bank will need to explore ways to provide additional services to clients locally, which are specifically geared to the UK and the prevailing environment of austerity.

Although asset management, mortgages and loans are still Bank Frick's bread-and-butter business, the Bank also needs to diversify into new areas. Payment solutions are a new area of business for the Bank. Bank Frick has held acquiring licences for Visa and MasterCard since 2012. These licences, combined with the expertise that we have since developed, will enable Bank Frick to offer the full spectrum of payment services to international businesses and merchants. Bank Frick is expecting these lines of business to deliver substantial contribution margins by 2015 at the latest.

It never ceases to amaze me that all these services can be performed with a relatively small workforce, which of course is only possible if all employees give their best and are willing to learn new skills. As in previous years, I would therefore like to close by expressing my thanks to the staff and management, who have once again delivered such outstanding work.

A handwritten signature in black ink, appearing to read 'Mario Frick', with a stylized flourish at the end.

Dr. Mario Frick
Chairman of the Board of Directors





Review

The focus in the past financial year was on setting up and developing our Payment Services unit and the branch office in London. Significant progress was made on both fronts. However, contrary to expectations, Payment Services fell just short of the break-even point in 2013. Our London business, on the other hand, continued to perform extremely well. The first real estate investment projects were assessed, and acquisitions have already been completed.

Net income for the 2013 financial year was CHF 3.5 million (-22.88%). This decline was primarily attributable to increased costs resulting from the expansion strategies previously referred to, but also to the higher costs associated with the ever-increasing burden of regulation. This decrease in earnings is also due to the continuing caution displayed by investors (caused by the ongoing financial crisis).

Expressing our thanks to our staff

The staff are the main assets of a small private bank, and the Management Board is well aware of this. The professional and social skills, and the loyalty, of our staff are key factors in our success, enabling us to meet the challenges of a constantly changing market. The Board of Directors, Management Board and entire staff are looking forward to successfully shaping our shared future.

Climate and markets

The central banks have created, and are maintaining, a low interest rate environment which has impacted investor behaviour around the world. This benefited equities, real estate and second-grade bonds in 2013.

Precious metals and commodities in general lost significant value in some cases. This meant that mining stocks, in particular, posted considerable declines.

The equity markets of the growth regions (BRIC countries) also suffered losses. China, in particular, has been facing constraints on growth: weaker economic data and the now apparent debt problems pose very large risks. The exchange-rate trends of the major currencies exhibited relatively normal deviations compared to the year-end figures for 2012. By contrast, less common currencies lost value (e.g. the South African rand).

The pressure on investors to preserve the purchasing power of their capital is set to persist.

Net income and assets under management

The 2013 annual results show a decrease of CHF 1.04 million. At CHF 3.5 million, net income is down 22.88% year-on-year. This decrease is primarily attributable to higher costs, but also to the declines in interest, commission and trading income. The increased costs are directly connected to the Bank's expansion strategies for Payment Services and the London business. Growing regulation has also added significantly to the cost pressures.

Assets under management stood at CHF 2.66 billion (CHF 2.85 billion in 2012, with a restatement prepared for the 2012 financial year). This decline of around CHF 195 million is owing to a major equity position (commodities sector) held by a client.

Net new money totalled approximately CHF 10 million. The client base therefore continues to be stable.

Sources of revenue and cost-income ratio

Given that many investors continue to be risk-averse, income from commission and service transactions was down by around 1.95%. Income from financial operations was also down 9.45%. Net interest income declined by 3.76%. However, income from securities benefited substantially from a CHF 761,745 boost in earnings.

The cost-income ratio as at 31 December 2013 was 76.39%. In view of the additional costs resulting from the expansion strategies and increased regulatory burden, this figure was in line with expectations.

Balance sheet

As at 31 December 2013, the balance sheet total stood at CHF 1.409 billion (+21.89%). The increase essentially came from liabilities due to clients and assets due from clients.

Bank Frick adopts a conservative approach to lending, which means that it always lends against high-quality collateral.

Payment Services

Bank Frick successfully forged ahead with the expansion of its Payment Services unit in 2013. This has yielded higher transaction volumes and promising new projects. By expanding the services we provide, we are confident that we can successfully establish ourselves in this business segment, given that the opportunities by far outweigh the risks.

The main focus of the new Payment Services unit will be on processing credit card transactions for online traders across Europe.

Social responsibility (charity and philanthropy) and sponsorship

CHF 45,000 in financial aid was allocated in the past financial year. These funds were donated to various social welfare projects in Nicaragua, Bolivia, Brazil and India, which provide integrated support for children and young people. Bank Frick's social commitments always contribute to the realisation of long-term, sustainable goals (helping people to help themselves).

Events after the balance sheet date

Between the balance sheet date and the publication 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 for 2014

The Management Board expects that the low interest rates for short-term maturities in general will persist throughout 2014. Monetary policy will continue to be expansionary, supporting the international financial markets.

It is likely that the ultra-low interest rate policy in the US will slowly but surely be brought to an end. In view of the robust US economic data, the tapering of the bond-buying programme by the Fed will drive long-term interest rates upwards. In the medium term, this may cause strains on government debt.

China, the most important Asian market, is susceptible to negative headlines, so it is essential to keep a watchful eye on the country's debt problems. The tug of war between the European Union and Russia over Ukraine will create geopolitical tensions, at least in the near term.

The increasingly intense regulation in recent years and the further surge in regulatory requirements anticipated in the near future will have a particularly adverse impact on Liechtenstein's competitiveness (and not just for the financial industry), which will drive up costs both internally and externally. Increased costs in relation to regulation and oversight will aggravate the situation further.

There is evidence to suggest that the initial outpouring of regulation has already affected decisions to invest in other third countries (e.g. fund formations and product development). The issue of whether the tougher regulations, which are generally aimed at major global companies within the European Union, is appropriate to Liechtenstein's size and can be applied to smaller entities in line with the principle of proportionality is a question that the government needs to answer. Although the time is ripe for taking such a step, the initial indications are not overly encouraging.

Conditions will therefore continue to be challenging in 2014. We will work resolutely with our employees to overcome these challenges successfully, preserving our shared values, emphasising long-term vision and stability.



Jürgen Frick	Roland Frick	Edi Wögerer
Chairman of the Management Board	Director	Director





Balance sheet

as of 31.12.2013 with figures for the previous year

Assets	Previous column CHF	31.12.2013 CHF	Previous column CHF	31.12.2012 CHF
Liquid assets		32.429.850		66.851.627
Due from banks		374.619.322		327.097.098
of which repayable upon demand	265.261.361		195.508.072	
of which other receivables	109.357.961		131.589.026	
Due from clients		869.804.663		681.650.394
of which mortgage-backed claims	72.405.194		62.708.543	
Bonds and other fixed-interest securities		4.862.000		5.487.180
of which bonds:				
issued by public bodies	1.724.800		2.311.400	
issued by other borrowers	3.137.200		3.175.780	
Shares and other non-fixed-interest securities		96.855.806		60.536.406
Participations		125.002		50.002
Shares in affiliated companies		1.000.000		1.000.000
Intangibles		1		1
Property, plant and equipment		9.685.261		10.199.654
Other assets		16.365.603		1.716.762
Accrued expenses and deferred income		3.368.872		1.427.493
Total assets		1.409.116.380		1.156.016.617

Liabilities	Previous column CHF	31.12.2013 CHF	Previous column CHF	31.12.2012 CHF
Due to banks		34.312		68.036
of which repayable on demand	34.312		68.036	
with agreed terms or notice period	-		-	
Due to clients		1.150.763.271		956.517.620
of which savings deposits	-		-	
of which other liabilities				
repayable on demand	1.062.325.575		869.198.634	
with agreed terms or notice periods	88.437.696		87.318.986	
Certificated liabilities		172.125.906		119.127.469
of which medium-term notes	63.573.480		65.153.800	
of which other certificated liabilities	108.552.426		53.973.669	
Other liabilities		6.944.319		3.062.881
Accrued expenses and deferred income		3.287.753		3.744.313
Provisions		337.300		547.500
of which tax provisions	337.300		547.500	
of which other provisions	-		-	
Provisions for general banking risks		7.820.000		7.400.000
Subscribed capital		25.000.000		25.000.000
Capital reserves		1.000.000		1.000.000
Retained profit		38.298.000		35.004.018
of which statutory reserves	6.000.000		6.000.000	
of which other reserves	32.298.000		29.004.018	
Profit carried forward		798		234
Profit for the year from 01.01. to 31.12.		3.504.721		4.544.546
Total liabilities		1.409.116.380		1.156.016.617



Income statement

Items	Previous column CHF	2013 CHF	Previous column CHF	2012 CHF
Interest earned		24.777.000		16.940.041
of which income from fixed-interest securities	142.661		181.681	
Interest paid		-17.719.977		-9.607.618
Current income from securities		761.744		60.250
of which shares and other non-fixed-interest securities	761.745		60.250	
Income from commission and service transactions		9.546.798		10.187.386
of which commission income on loan transactions	5.967		12.059	
of which commission income from securities and investment transactions	7.356.032		8.035.390	
of which commission on other service activities	2.184.799		2.139.937	
Commission payable		-3.594.652		-4.116.627
Profit on financial operations		3.092.129		3.414.868
of which from commercial activities	3.130.349		3.176.352	
Other ordinary income		896.926		899.585
General administrative expenses		-12.328.797		-11.671.524
of which staff costs	-6.571.745		-6.370.487	
of which operating expenditure	-5.757.052		-5.301.037	
Depreciation on intangible assets as well as on property, plant and equipment		-514.393		-531.911
Other ordinary expenditure		-57.477		-93.293
Valuation allowances on claims and transfers to reserves for contingencies and credit risks		-700.000		-353.000
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		-300		-69.340
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets		38.220		-
Income from normal business activities		4.197.221		5.058.817
Extraordinary income		-		-
Extraordinary expenditure		-		-
Income tax		-272.500		-114.271
Other taxes		-		-
Allocations to provisions for general banking risks		-420.000		-400.000
Profit for the year from 01.01. to 31.12.		3.504.721		4.544.546

Off balance-sheet items



as at 31.12.2013

Off balance-sheet items	31.12.2013 CHF	31.12.2012 CHF
Contingent liabilities Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	3.675.620	4.831.761
Total contingent liabilities	3.675.620	4.831.761
Derivative financial instruments Contract volumes	290.760.685	345.551.916
Positive replacement values	925.518	1.381.924
Negative replacement values	710.035	1.143.190
Fiduciary transactions Fiduciary transactions	17.724.220	16.258.624
Fiduciary loans	-	-
Total fiduciary transactions	17.724.220	16.258.624

Profit distribution



The profit for the year 2013 is appropriated as follows

	Financial year CHF	Previous year CHF
Profit for the year	3.504.721	4.544.546
Profit carried forward	798	234
Total	3.505.519	4.544.780
Profit distribution Allocation to the statutory reserves	-	-
Allocation to the free reserves	3.505.000	3.293.982
Dividend on company capital	-	1.250.000
Profit carried forward	519	798



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	3.504.721		4.544.546	
Depreciation on securities as current assets	-		-	
Depreciation on securities as non-current assets		38.220	40.880	
Write-downs and write-ups on participations	300		28.460	
Depreciation on intangible assets and property, plant and equipment	514.393		531.911	
Valuation allowances and provisions	771.000		66.000	
Tax provisions		210.200		202.500
Provisions for general banking risks	420.000		400.000	
Accrued income and prepaid expenses		1.941.379	1.682.609	
Accrued expenses and deferred income		456.560		758.989
Distribution of dividends previous year		1.250.000		1.250.000
Balance	1.314.055	-	5.082.917	-

	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	-	75.300	-	28.460
Real estate	-	-	-	-
Other property, plant and equipment	-	-	-	36.372
Intangible assets	-	-	-	-
Securities and precious metals as non-current assets	1.275.800	612.400	3.811.400	1.603.800
Balance	588.100	-	2.142.768	-
Flow of funds from bank business				
Medium and long-term business (> 1 year)				
Medium-term notes	9.251.000	-	20.545.000	-
Other certificated liabilities	26.604.000	-	-	8.240.000
Due from clients	-	200.674.787	-	279.890
Mortgage claims	-	9.696.651	-	987.000
Short-term business				
Due to banks	-	33.724	-	1.006.447
Due to clients (other liabilities)	194.245.651	-	402.344.441	-
Medium-term notes	-	10.831.320	-	12.287.000
Other certificated liabilities	27.974.757	-	-	9.209.542
Other liabilities	3.881.438	-	-	4.973.427
Due from banks	-	47.522.224	-	87.962.261
Due from clients	21.446.169	-	-	276.879.533
Shares and other non-fixed-interest securities	-	36.319.400	-	910.050
Other assets	-	14.648.840	5.937.583	-
Balance	-	36.323.931	26.091.874	-
Liquidity				
Liquid assets	-	34.421.776	32.647.577	-
Balance	-	34.421.776	32.647.577	-







Notes on business activities and staffing

Asset management/portfolio management

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. In implementing its asset management activities, the management has introduced its "interactive portfolio management" (IAPM) concept. Ongoing analysis of risk and return as well as the systematic use of market timing generate recognisable added value for clients. In the field of alternative asset management, the Bank's executives have developed and successfully introduced a range of products, including, for example, 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 custodian bank for a large number of investment companies (investment funds). With the Bank's own fund management company, Crystal Fund Management AG, Bank Frick & Co. AG is also in a position to offer comprehensive fund services to third parties 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

Bank Frick's lending activities are operated as a complement to 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 43.73% of operating income, is interest-related activities. This is followed by commission and service transactions (36.87%) and profit from trading transactions (19.40%).

Human resources

At the end of the 2013 financial year, the Bank employed 36 persons (previous year: 29). On a full-time equivalent basis, our Bank had a workforce of 29.6 persons in the past financial year (previous year: 27.2). Together with the subsidiary Crystal Fund Management AG and Bank Frick UK branch, a total of 44 persons currently work for the Group.

Outsourcing

Once again, no divisions of the Bank were outsourced in the 2013 reporting year.







Accounting and valuation principles for the financial statements

Basic principles

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

Recognition and accounting

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 prudence. 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 lower of cost or market principle. Interest income is shown under the "interest earned" item, dividend income under the "current income 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 premature sale or redemption are deferred using the accrual method over the residual term to maturity, i.e. until the original maturity date. Interest income is shown under the "interest earned" item. Securities without fixed interest are valued according to the lower of cost or market principle. Dividend income is included under the "current income 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 25% stake in Top-Gold AG, the 19% stake in FinOps AG and the 38% 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 on a straight-line basis 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, custodian 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 prudence. 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 taxes" 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 date 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 lower of cost or market 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 derivative activities are only performed on the Bank's own account in exceptional cases and, if at all, only on a very small scale.

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 exposures 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 counterparties. Transactions are only performed on the Bank's own account in exceptional cases and, if at all, only on a very small scale.

Interest rate risk

In general terms, the interest rate risk can be characterised as being very low to non-existent. This is because loans are for the most part refinanced with matching maturities.

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 31.12.2013

CAD	0.83280
JPY	0.84390
ZAR	0.08500
GBP	1.46440
USD	0.88660
EUR	1.22480









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)	-	793.164.055	4.235.414	797.399.469
Mortgage claims residential properties	72.405.194	-	-	72.405.194
Office and commercial buildings	-	-	-	-
Trade and industry	-	-	-	-
Other	-	-	-	-
Total lending for the financial year	72.405.194	793.164.055	4.235.414	869.804.663
Previous year	62.708.543	614.150.560	4.791.291	681.650.394
Off balance-sheet				
Contingent liabilities	-	3.675.620	-	3.675.620
Irrevocable commitments	-	-	-	-
Call and additional funding obligations	-	-	-	-
Obligation-establishing loans	-	-	-	-
Total off balance-sheet financial year	-	3.675.620	-	3.675.620
Previous year	-	4.831.761	-	4.831.761

Vulnerable debts

	Gross indebtedness	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
Financial year	2.379.000	-	-	2.379.000
Previous year	2.308.000	-	-	2.308.000

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*	96.855.806	60.536.406	97.640.638	61.344.604	97.285.983	60.928.065
of which equity instruments of at least 10 % of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
Total	96.855.806	60.536.406	97.640.638	61.344.604	97.285.983	60.928.065
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	-	-	-	-	-	-

* Fund units, of which CHF 1,563,854 (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»	4.862.000	5.487.180	5.107.900	6.032.171	4.964.593	5.679.364
of which own bonds and medium-term notes	-	-	-	-	-	-
of which valued using the «accrual method»	4.862.000	5.487.180	5.107.900	6.032.171	4.964.593	5.679.364
of which valued according to lowest value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Participation securities	1.125.002	1.050.002	3.538.410	3.463.110	1.125.002	1.050.002
of which qualified participations with at least 10 % of the capital or voting rights	1.125.002	1.050.002	3.538.410	3.463.110	1.125.002	1.050.002
Precious metals	-	-	-	-	-	-
Total	5.987.002	6.537.182	8.646.310	9.495.281	6.089.596	6.729.366
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	2.461.195	2.411.193	50.002	75.300	-	-	-	300	125.002
Total securities and precious metal portfolios held as non-current assets	6.032.171	-	5.487.180	612.400	1.275.800	-	38.220	-	4.862.000
Other intangible assets	1	-	1	-	-	-	-	-	1
Total intangible assets	1	-	1	-	-	-	-	-	1
Real estate	10.903.936	1.460.204	9.443.732	-	-	-	-	272.599	9.171.133
– Bank building	10.903.936	1.460.204	9.443.732	-	-	-	-	272.599	9.171.133
– Other real estate	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	3.530.923	2.775.001	755.922	-	-	-	-	241.794	514.128
Total property, plant and equipment	14.434.859	4.235.205	10.199.654	-	-	-	-	514.393	9.685.261
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	989.002	942.764		
Top-Gold AG m.v.K.*, Balzers				
Share capital	500.000	500.000	25 %	25 %
Annual profit**	-238.816	-46.813		
Finops AG*, Zurich				
Share capital	366.810	357.510	19 %	19 %
Annual profit***	-234.535	140.206		
Bluestone Asset Manag. Ltd.*, London				
Share capital (in GBP)	100	100	38 %	38 %
Annual profit (in GBP)	6.121	1.933		

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

* not including market value 2013

** The 2013 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	82.585	133.512
Discount	17.969	28.076

**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**

	31.12.2013		31.12.2012	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	3.533.257	-	3.558.531	-
Due from banks	25.894.674	-	33.262.818	-
Total	29.427.931	-	36.821.349	-

* Nominal values



Information about the balance sheet

Valuation allowances and provisions / provisions for general banking risks

	Position at end of previous year	Appropri- ation 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	2.308.000	-	-	-	71.000	-	2.379.000
Lumped specific bad debt charges	-	-	-	-	-	-	-
Lump-sum valuation allowances	1.000.000	-	-	-	700.000	-	1.700.000
Only valuation allowances permissible under tax regulations	-	-	-	-	-	-	-
Provisions for contingent liabilities and credit risks	-	-	-	-	-	-	-
Provisions for taxes and deferred taxes	-	-	-	-	-	-	-
Provisions for taxes and deferred taxes	547.500	482.700	-	-	272.500	-	337.300
Other provisions	-	-	-	-	-	-	-
Total valuation allowances and provisions	3.855.500	482.700	-	-	1.043.500	-	4.416.300
Less valuation allowances directly set off against assets	3.308.000	-	-	-	-	-	4.079.000
Total provisions according to balance sheet	547.500	-	-	-	-	-	337.300
Provisions for general banking risks	7.400.000	-	-	-	420.000	-	7.820.000

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 31.12.2013

(in CHF 1.000)

	Financial year	Previous year
A: own equity capable of being offset:	70.574	67.354
B: equity required:	52.239	42.799
of which:		
credit risk	48.932	39.454
market risk	55	168
operational risk	2.476	2.360

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

	2013
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	29.004.018
Provisions for general banking risks	7.400.000
Accumulated profit for the year	4.544.780
Total equity at the start of the financial year (before appropriation of net income)	72.948.798
+ Capital increase	-
+ Premium	-
+ Allocation to provisions for general banking risks	420.000
- Dividends and other distributions from the net annual profit for the previous year	-1.250.000
- Payment of coupon tax on historical reserves	-
+ Annual profit for the financial year	3.504.721
Total equity at the end of the financial year (before appropriation of net income)	75.623.519
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	32.298.000
Provisions for general banking risks	7.820.000
Accumulated profit for the year	3.505.519



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	32.430	-	-	-	-	-	-	32.430
Due from banks	265.261	-	82.047	27.311	-	-	-	374.619
Due from clients	53.777	570.760	97.791	129.429	18.047	-	-	869.804
of which mortgage-backed claims	-	72.405	-	-	-	-	-	72.405
Securities and precious metals held as current assets (excl. trading positions)	96.856	-	-	-	-	-	-	96.856
Securities and precious metals held as non-current assets	-	-	612	1.225	3.025	-	-	4.862
Other assets	21.374	-	-	-	-	-	9.171	30.545
Total assets financial year	469.698	570.760	180.450	157.965	21.072	-	9.171	1.409.116
Previous year	369.040	488.485	194.250	60.786	34.012	-	9.444	1.156.017
Liabilities								
Due to banks	34	-	-	-	-	-	-	34
Due to clients								
a) Savings deposits	-	-	-	-	-	-	-	-
b) Other liabilities	1.062.326	-	70.598	17.839	-	-	-	1.150.763
Certificated liabilities								
a) Issued bonds	-	-	6.124	23.672	26.429	7.348	-	63.573
of which medium-term notes	-	-	6.124	23.672	26.429	7.348	-	63.573
b) Other certificated liabilities	-	-	38.290	42.291	27.971	-	-	108.552
Provisions	337	-	-	-	-	-	-	337
Other liabilities	10.232	-	-	-	-	-	-	10.232
Total liabilities financial year	1.072.929	-	115.012	83.802	54.400	7.348	-	1.333.491
Previous year	876.622	-	100.058	61.780	37.363	7.246	-	1.083.069

Selected balance sheet items set to fall due in the 2013 financial year:	Financial year	Previous year
Total asset items No. 5 "securities and precious metals held as non-current assets":	1.837	1.272
Total liability items No. 3a "issued debt securities":	29.796	20.545



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	1.702.500	1.730.000
Liabilities vis-à-vis qualified parties		
Due to banks	-	-
Due to clients	3.371.800	1.922.337
Liabilities vis-à-vis affiliated companies		
Due to legal entities	-	-
Receivables from loans to directors		
Board of Directors	-	-
Management Board	2.588.000	3.083.000

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	1.079.844.595	801.032.008
of which in EUR	243.331.651	216.767.771
of which in USD	524.891.243	356.145.802
of which in CAD	11.921.627	14.106.614
of which in SGD	40.519.503	44.909.813
of which in RUB	11.491.449	17.643.861
of which in GBP	241.973.203	147.341.474
Debts	1.079.454.853	799.818.724
of which in EUR	243.313.831	216.384.886
of which in USD	524.565.755	356.504.737
of which in CAD	11.973.016	14.155.460
of which in SGD	40.479.142	44.908.688
of which in RUB	11.565.496	16.459.168
of which in GBP	242.012.026	147.400.681

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	16.365.602	1.716.762
of which: Positive replacement costs of forward foreign exchange transactions	925.518	1.381.924
Settlement account balance replacement costs for forward foreign exchange transactions	-	-
Premium on financial investment bonds (accrual method)	82.585	133.512
Settlement accounts	15.357.499	201.326
Other liabilities	6.944.319	3.062.881
of which: Negative replacement costs of forward foreign exchange transactions	710.035	1.143.190
Settlement account balance replacement costs for forward foreign exchange transactions	215.483	238.734
Discount on financial investments bonds (accrual method)	17.969	28.076
Settlement accounts	6.000.832	1.652.881

Structure of client assets

Type of client assets (in CHF 1,000)	Financial year	Previous year
Assets in funds under own management (investment company)	219.866	235.404
Assets with management mandate	203.614	176.044
Other client assets	2.370.633	3.308.687
Total client assets (incl. duplication)	2.794.113	3.720.135
of which duplication	134.358	865.561
Net influx of new funds	9.754	103.501

Note: The previous year's figures have been recalculated.



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	3.475.620	3.475.620	-	4.631.761	4.631.761	-
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	925.518	710.035	290.760.685	1.381.924	1.143.190	345.551.916

* 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	17.724.220	16.258.624
Fiduciary investments at affiliated banks and finance companies	-	-
Fiduciary loans	-	-
Other fiduciary financial transactions	-	-

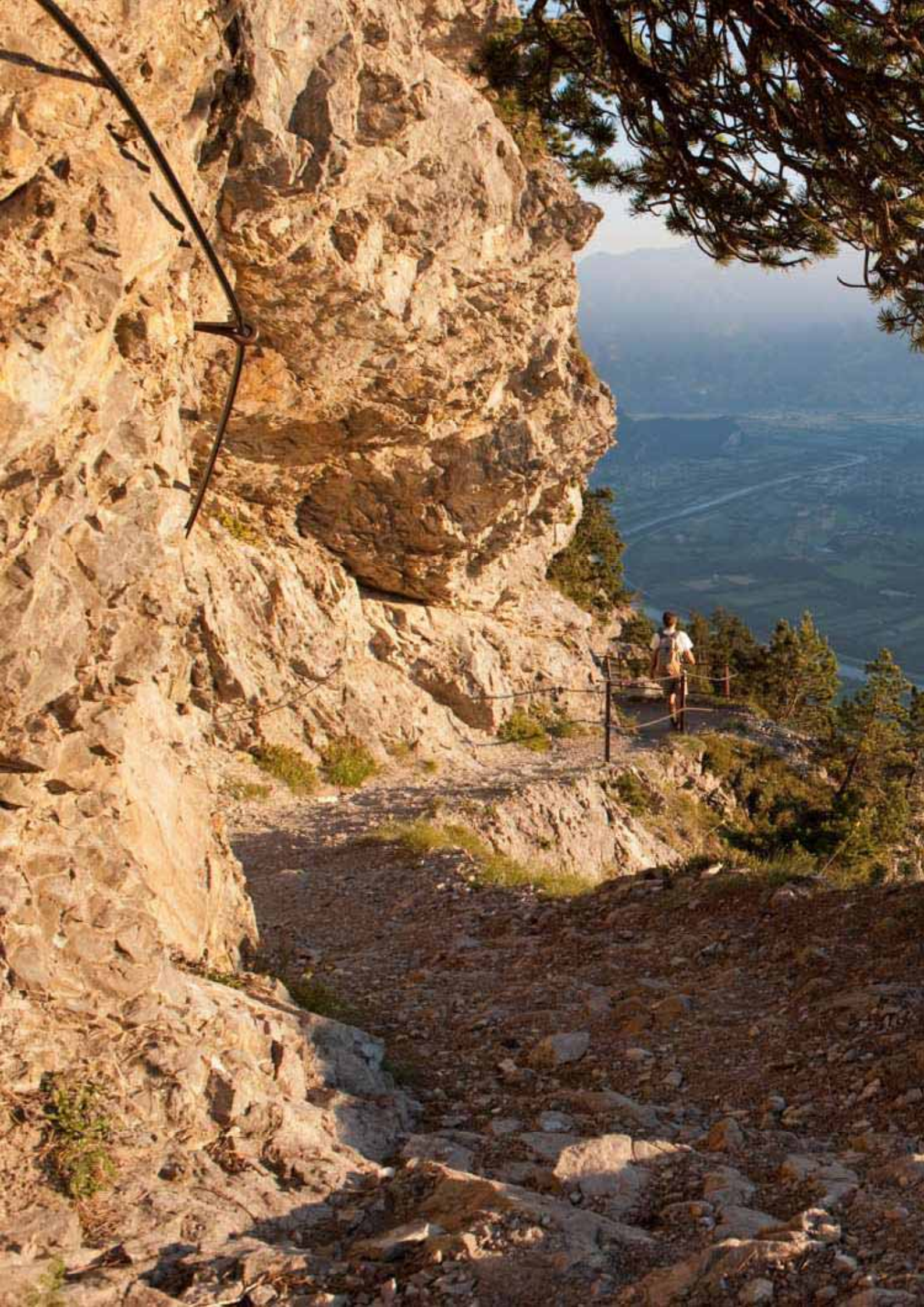


	Financial year	Previous year
Profits from trading activities	3.130.349	3.176.352
of which:		
Foreign exchange transactions	3.071.163	3.183.121
Cash transactions	59.186	-6.769
Securities trading	-	-
Precious metal transactions	-	-
Breakdown of staff costs	6.571.745	6.370.487
of which:		
Wages and salaries	5.541.216	5.364.177
Remuneration of the members of the Board of Directors	-	-
Social insurance contributions and support	503.033	471.598
Pension expenses	365.472	341.375
Other staff costs	162.024	193.337
Breakdown of operating expenditure	5.757.052	5.301.037
of which:		
Cost of business premises	425.496	401.641
IT expenditure	1.370.927	1.381.764
Furniture	44.955	41.065
Other equipment	89.884	101.272
Other operating expenditure	3.825.790	3.375.295

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

Breakdown of the item «Other income from ordinary activities»:	896.926	899.585
of which: Income from property	500.800	555.075
Liquidation income from derecognised receivables *	-	-
Other income from ordinary activities	396.126	344.510

* income attributable to other periods







Report of the statutory auditors

Report of the statutory auditors to the General Meeting of Bank Frick & Co. AG, 9496 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 51) and the annual report of Bank Frick & Co. AG for the year ended 31 December 2013.

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 qualifications 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 Liechtenstein law. Furthermore, the accounting records, financial statements and the annual report as well as the proposed appropriation of available earnings comply with 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 Grant Thornton AG

A handwritten signature in black ink, consisting of a large, stylized 'H' with a long horizontal stroke extending to the left.

Egon Hutter

Certified Public Accountant

(Lead Auditor)

Schaan, 21 March 2014

A handwritten signature in black ink, featuring a large, stylized 'R' followed by a series of loops and a long horizontal stroke.

Rainer Marxer

Certified Public Accountant







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, CEO
Roland Frick, MAS iCF CFO, Member of the Management Board, CFO
Edi Wögerer, Member of the Management Board, COO

External Auditors

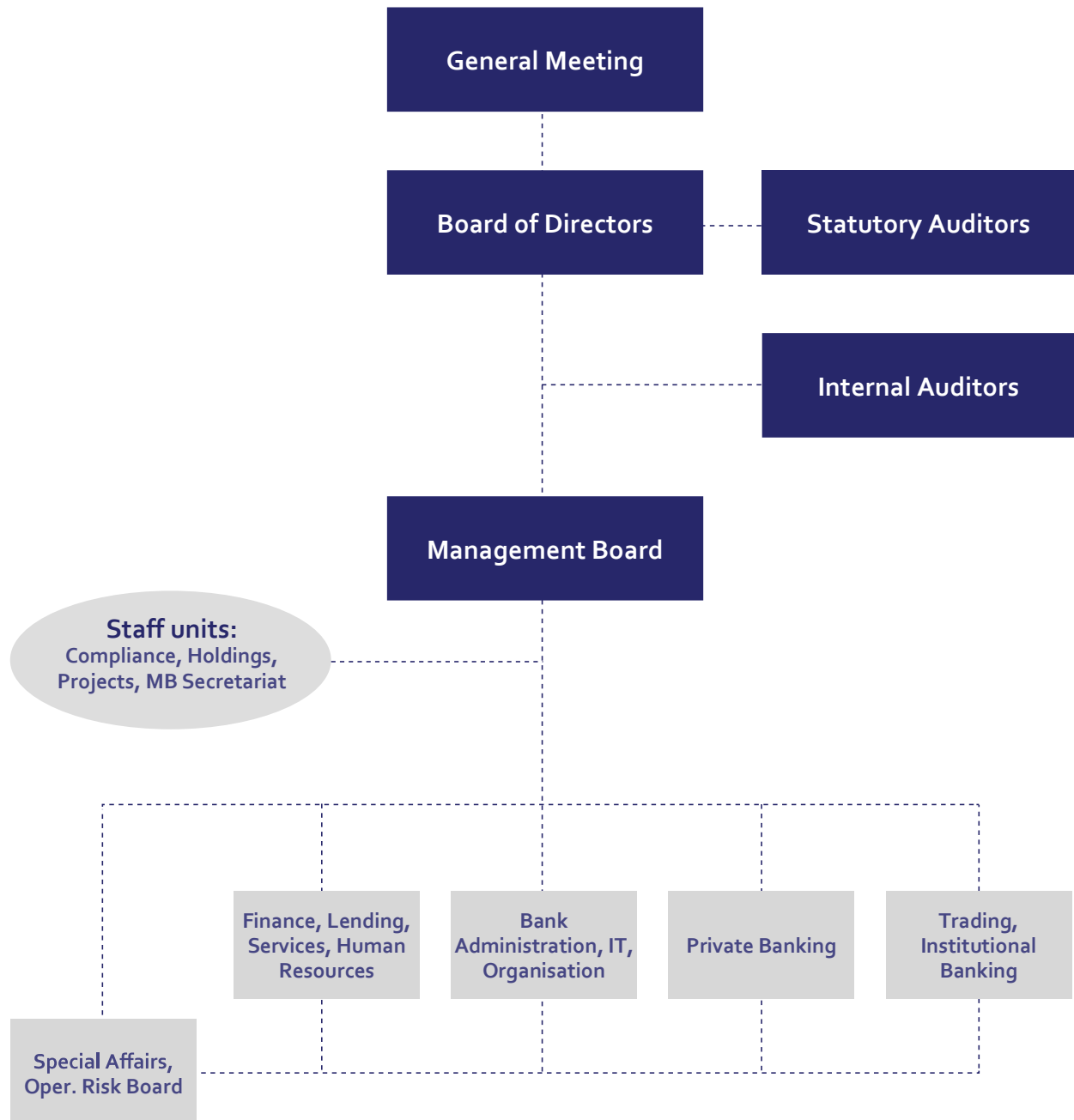
ReviTrust Grant Thornton, Schaan

Internal Auditors

Manfred Kaufmann

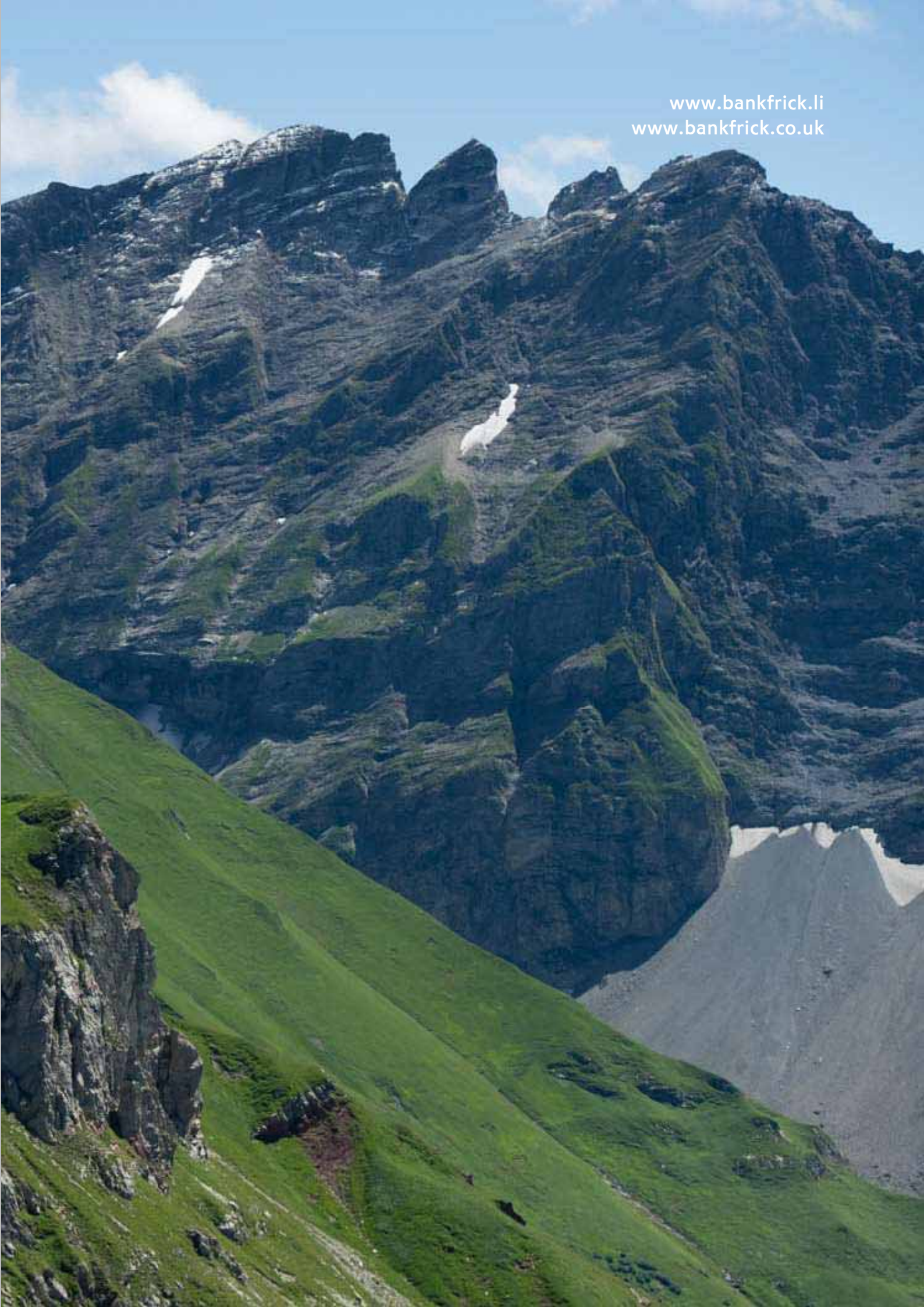
Members of Operational Risk Board (ORB)

Ivo Beck
Hubert Büchel
Jürgen Frick
Roland Frick
Manfred Kaufmann (without a vote)
Erwin Keller
Christoph Lingg
Michael Nasahl
Gabriel Tschui
Edi Wögerer





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





Imprint

Publisher

Bank Frick & Co. AG
Landstrasse 14
Postfach 43
LI-9496 Balzers

Phone +423 388 21 21
Fax +423 388 21 22
bank@bankfrick.li
www.bankfrick.li

Modern. Flexible. Secure.



BANK FRICK



BANK FRICK

Modern. Flexible. Secure.