



# BANK FRICK

Annual Report 2015

Nature's moments



**BANK FRICK**





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## Foreword by the Chairman of the Board of Directors to the 2015 Annual Report

In August 2015, KPMG published a report on the performance of Swiss private banks entitled *The widening gap*. The study indicates that there is a growing gap between top-performing and other banks. While 41% of smaller banks are in “continuing decline”, only 14% are classed as “strong performers”. The weighted average return on equity in 2014 was a mere 3.5% (median value) compared to 13.1% in 2007.

There are now two possible responses to this unwelcome development. One response is to bet on a market correction and hope that in the meantime competitors will disappear from the market, interest rates will start to rise again and the flood of regulation will subside.

Alternatively, banks can adjust their business model to the new reality. Bank Frick has chosen the second approach. As previously noted in our 2014 Annual Report, we will continue to offer clients the full range of services they would expect from an all-purpose bank. However, certain services will in future be performed by Bank Frick partners. In pursuing this course of action, we will avoid the additional costs of duplicate and multiple structures brought about by red tape. Our clients will notice very little change, while benefiting from this one-stop-shop approach.

### Institutional Clients and Payment Services

The business units Institutional Clients and Payment Services are set to be key future revenue drivers. We will deliver essential platforms and services to our institutional clients, which include asset managers, insurance companies, fiduciaries and fund managers. We are also expanding the Payment Services unit. Alongside traditional payment services and transfers, we will provide services to online traders and service providers, for example, who require fully comprehensive, fast and reliable solutions for processing client payments. We can provide the full range of payment options, from PayPal, purchases on account and direct debits through to payments by instalment. We also provide valuable additional services to traders, including bridging loans or customised IT tools to optimise payment flows.



We are focusing on high-potential business models while ensuring we remain strongly diversified. Our London branch is already showing the way forward. Local staff are configuring individual service packages and developing creative solutions for clients who are resident or have their hub in the UK, with a particular emphasis on real estate financing.

### Crossover Finance

Bank Frick has also changed its slogan to reflect its ongoing commitment to delivering optimal solutions to clients. **Crossover Finance** has now become our watchword. Crossover is a term, or more precisely an approach, that often applies to musicians. For example, when the Run-D.M.C. rappers teamed up with rock band Aerosmith, they created a new, improved version of “Walk This Way” by combining the best of both worlds. Fusion cuisine combines the best techniques and recipes from different regions and cultures to produce something new and better. This is another example of a successful crossover.

In the same way, we create crossover solutions for clients by joining forces with our fiduciary, asset management, insurance, real estate and fintech partners. We work closely and effectively with them, but we also operate under non-exclusive cooperation arrangements, enabling us to approach the most suitable partner in each case. This will often (but not necessarily) be someone from the BFC Group.

### Excellent first six months of 2015

Operational performance in the first half of 2015 was extremely strong. However, we were also aware that certain business models had run their course and that substantial adjustments were required in other areas. In addition, the full impact of costs resulting from regulatory changes in 2014 and 2015 was felt. The decline in revenues in the second half of 2015 did therefore not come as a surprise. In 2015, we also decided to create appropriate provisions and adjustments to eliminate a number of uncertainties arising from the past. This has been facilitated by current figures and the 2016 budget, which confirm our expectations that the promising Payment Services unit is delivering solid profits and will boost earnings in 2016 and that the Institutional Clients unit will see steady growth.

Given that we will be investing heavily in infrastructure (primarily IT) in 2016, we view 2016 as a year of transition. We remain extremely optimistic as to earnings performance in the years ahead.

We see ourselves as one of the strong performers of the future, as described in the KPMG study. The foundations have already been laid, thanks to the exceptional commitment demonstrated by our staff, managers and the Management Board throughout 2015. I would like to conclude by thanking all our staff for their hard work and for their invaluable contribution to the upbeat working environment. I would also like to extend my special thanks to Dr Kuno Frick, a long-standing member and Vice-Chairman of the Bank's Board of Directors, who has stepped down after more than 15 years' service. He will now devote his energies to the Centre for Asset Management with which the Bank is involved..

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 - Bank Frick: flagship of the new BFC Group**

In the year under review, we concentrated our efforts on implementing the strategy defined in 2014. We are focusing on delivering core banking services to intermediaries and partners, operating within the strong BFC Group network. Against this backdrop, the subsidiary BFC Fund Management was hived off from the Bank in the reporting year.

Our main aim now is to expand our range of services and enhance quality in relation to traditional account and safe custody account business and advisory services for private clients as well as payment services for business clients.

Focusing on our strengths and active cooperation within the Group will enable us to deliver fully comprehensive, customised solutions to clients, supported by our new slogan "Crossover Finance".

### **Expressing our thanks to our staff**

Our staff have extensive professional expertise and strong interpersonal skills and are exceptionally loyal. They are the basis for our future success and survival in a shifting market. The Management Board would like to thank all our staff for their hard work and commitment. We support staff in applying their skills to their day-to-day work and promote continuing professional development.

The Management Board is looking forward to successfully shaping our shared future together with the entire staff.

## **Net income and assets under management**

Net income amounted to approximately CHF 1.8 million (–28.11%) in the reporting year. While the first six months of 2015 were highly successful in operational terms, the decline in earnings in the second half of the year was attributable to two key factors: firstly, the capital expenditure on infrastructure and staff necessitated by regulatory changes and, secondly, the adjustments required to eliminate uncertainties from the past.

As at the reporting date, assets under management stood at CHF 2.2 billion (–15.5%). Net new money outflow totalled CHF 43 million in the reporting year (previous year: inflow of CHF 426 million).

## **Sources of revenue and cost-income ratio**

Once again, earnings from commission and service transactions increased by 32.4%. Net interest income declined by 6.6% compared to the previous year. Profit from financial operations showed a net gain of CHF 1.29 million.

The cost-income ratio in the reporting year declined to 60.4% (previous year: 61.8%). In view of the increased overheads and additional costs (expansion strategy and the increased regulatory burden), this figure was in line with expectations.

## **Balance sheet**

As at 31 December 2015, the balance sheet total amounted to CHF 1.43 billion (–10.8%) This decrease is essentially attributable to 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 the year under review. This has yielded higher transaction volumes and promising new client projects. Now that we have expanded our service offer, we will be able to provide a fully comprehensive and unique range of services to business clients and partners.

Alongside traditional account maintenance and payment services, we now supply online payment processing services to business clients. These cover all standard payment methods used within Europe, ranging from traditional credit card payments (VISA, MasterCard) to alternative payment options, such as purchases on account or SOFORT Überweisung.

Expanding the range of financing options available to business clients is a key priority for 2016.

## **Institutional Banking**

We recruited a number of new staff to the Institutional Banking unit in the year under review. This will significantly boost our sales activities and individual support for clients over the long term. We already predict that the targets set for 2016, albeit ambitious, will be exceeded.

## **Social responsibility (charity and philanthropy) and sponsorship**

Over the past financial year, we once again supported a number of social projects to help disadvantaged children and young people in South and Central America and India.

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 2016

Bank Frick has made a positive start to the new financial year. Individual business units are either progressing according to plan or better than expected. Previous investment in new lines of business is already having a positive impact. However, we still see 2016 as a year of transition. We will continue to pursue our strategy systematically, while keeping a close eye on costs. We are now in a demanding – and thoroughly exciting – development phase. We are making positive strides in our own development, remaining focused on our common objectives. Being able to take part in shaping the future is something both fine and valuable. It is a privilege – and an inspiration.



**Edi Wögerer**

Chairman of the  
Management  
Board



**Hubert Büchel**

Director







## Balance sheet

as of 31.12.2015 with figures from the previous year

Assets	Previous column CHF	31.12.2015 CHF	Previous column CHF	31.12.2014 CHF
Liquid assets	-	92.229.011	-	75.273.723
Due from banks	-	534.967.555	-	397.095.090
of which repayable upon demand	201.706.401	-	311.146.130	-
of which other receivables	333.261.154	-	85.948.960	-
Due from clients	-	681.666.450	-	1.002.382.078
of which mortgage-backed claims	80.014.000	-	103.142.896	-
Bonds and other fixed-interest securities	-	3.900.450	-	5.576.350
of which bonds:	-	-	-	-
issued by public bodies	500.000	-	1.101.450	-
issued by other borrowers	3.400.450	-	4.474.900	-
Shares and other non-fixed-interest securities	-	91.566.249	-	100.827.872
Participations	-	3	-	50.004
Shares in affiliated companies	-	-	-	1.000.000
Intangibles	-	1	-	1
Property, plant and equipment	-	10.890.136	-	9.291.098
Other assets	-	9.844.135	-	9.411.205
Accrued expenses and deferred income	-	4.963.455	-	2.528.236
Total assets	-	1.430.027.445	-	1.603.435.657



<b>Liabilities</b>	Previous column CHF	31.12.2015 CHF	Previous column CHF	31.12.2014 CHF
Due to banks	-	1.228.733	-	21
of which repayable on demand	1.228.733	-	21	-
with agreed terms or notice period	-	-	-	-
Due to clients	-	1.196.926.573	-	1.377.904.435
of which savings deposits	-	-	-	-
of which other liabilities	1.196.926.573	-	1.377.904.435	-
repayable on demand	1.062.839.094	-	1.264.852.207	-
with agreed terms or notice periods	134.087.479	-	113.052.228	-
Certificated liabilities	-	135.392.592	-	131.017.535
of which medium-term notes	16.596.200	-	17.317.400	-
of which other certificated liabilities	118.796.392	-	113.700.135	-
Other liabilities	-	11.563.850	-	10.373.355
Accrued expenses and deferred income	-	4.134.815	-	4.455.661
Provisions	-	978.838	-	874.500
of which tax provisions	978.838	-	874.500	-
of which other provisions	-	-	-	-
Provisions for general banking risks	-	9.940.000	-	8.500.000
Subscribed capital	-	25.000.000	-	25.000.000
Capital reserves	-	1.000.000	-	1.000.000
Retained profit	-	42.060.000	-	41.803.000
of which statutory reserves	6.000.000	-	6.000.000	-
of which other reserves	36.060.000	-	35.803.000	-
Profit carried forward	-	150	-	519
Profit for the year from 01.01. to 31.12.2014	-	1.801.894	-	2.506.631
<b>Total liabilities</b>	<b>-</b>	<b>1.430.027.445</b>	<b>-</b>	<b>1.603.435.657</b>



## Income statement

Items	Previous column CHF	2015 CHF	Previous column CHF	2014 CHF
Interest earned	-	19.071.030	-	24.659.484
of which income from fixed-interest securities	79.800	-	120.390	-
Interest paid	-	-8.481.679	-	-13.325.481
Current income from securities	-	-	-	-
of which shares and other non-fixed-interest securities	-	-	-	-
Income from commission and service transactions	-	21.043.976	-	17.808.697
of which commission income on loan transactions	428.500	-	10.005	-
of which commission income from securities and investment transactions	7.187.569	-	6.671.572	-
of which commission on other service activities	13.427.907	-	11.127.120	-
Commission payable	-	-11.133.361	-	-10.323.083
Profit on financial operations	-	1.291.143	-	-1.368.889
of which from commercial activities	2.372.878	-	2.826.361	-
Other ordinary income	-	382.684	-	2.139.381
General administrative expenses	-	-13.156.118	-	-13.386.848
of which staff costs	-7.491.901	-	-7.479.449	-
of which operating expenditure	-5.664.217	-	-5.907.399	-
Depreciation on intangible assets as well as on property, plant and equipment	-	-532.313	-	-534.852
Other ordinary expenditure	-	-1.342.603	-	-667.173
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-	-3.510.092	-	-1.050.000
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	-	-49.999	-	-179.749
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	-	-	-
<b>Income from normal business activities</b>	-	<b>3.582.668</b>	-	<b>3.771.487</b>
Extraordinary income	-	-	-	-
Extraordinary expenditure	-	-	-	-
Income tax	-	-340.774	-	-584.856
Other taxes	-	-	-	-
Allocations to provisions for general banking risks	-	-1.440.000	-	-680.000
<b>Profit for the year from 01.01. to 31.12.2015</b>	-	<b>1.801.894</b>	-	<b>2.506.631</b>

## Off balance-sheet items



as at 31.12.2015

Off balance-sheet items	31.12.2015 CHF	31.12.2014 CHF
<b>Contingent liabilities</b> Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	15.683.500	13.682.573
<b>Total contingent liabilities</b>	<b>15.683.500</b>	<b>13.682.573</b>
<b>Derivative financial instruments</b> Contract volumes	400.719.971	687.387.456
Positive replacement values	3.029.922	7.316.209
Negative replacement values	2.791.113	6.979.178
<b>Fiduciary transactions</b> Fiduciary transactions	170.993.568	231.168.700
Fiduciary loans	-	-
<b>Total fiduciary transactions</b>	<b>170.993.568</b>	<b>231.168.700</b>

## Profit distribution



The profit for the year 2015 is appropriated as follows

	Financial year CHF	Previous year CHF
Profit for the year	1.801.894	2.506.631
Profit carried forward	150	519
<b>Total</b>	<b>1.802.044</b>	<b>2.507.150</b>
<b>Profit distribution</b> Allocation to the statutory reserves	-	-
Allocation to the free reserves	552.000	1.257.000
Dividend on company capital	1.250.000	1.250.000
<b>Profit carried forward</b>	<b>44</b>	<b>150</b>



## 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	1.801.894	-	2.506.631	-
Depreciation on securities as current assets	1.546.700	-	4.250.000	-
Depreciation on securities as non-current assets	334.550	-	-	54.750
Write-off and write-ups on participations	49.999	-	124.999	-
Depreciation on intangible assets and property, plant and equipment	532.313	-	534.852	-
Valuation allowances and provisions	3.076.759	-	-	229.000
Tax provisions	104.338	-	537.200	-
Provisions for general banking risks	1.440.000	-	680.000	-
Accrued income and prepaid expenses	-	2.435.219	840.636	-
Accrued expenses and deferred income	-	320.846	1.167.908	-
Distribution of dividends previous year	-	1.250.000	-	-
Distribution of interim dividend	-	1.000.000	-	-
<b>Balance</b>	<b>3.880.488</b>	<b>-</b>	<b>10.467.976</b>	<b>-</b>

	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
<b>Flow of funds from equity transactions</b>				
Capital increase/ Premium on capital increase	-	-	-	-
<b>Balance</b>	-	-	-	-
<b>Flow of funds from investment transactions</b>				
Shares in affiliated companies	1.000.000	-	-	-
Participations	2	-	-	50.000
Real estate	-	1.713.000	-	-
Other property, plant and equipment	-	418.352	-	140.689
Intangible assets	-	-	-	-
Securities and precious metals as non-current assets	1.341.350	-	-	769.100
<b>Balance</b>	<b>210.000</b>	-	-	<b>959.789</b>
<b>Flow of funds from bank business</b>				
<b>Medium and long-term business (&gt; 1 year)</b>				
Medium-term notes	-	721.200	-	21.560.000
Other certificated liabilities	-	35.634.000	44.318.000	-
Due from clients	1.771.000	-	9.474.176	-
Mortgage claims	350.000	-	-	30.737.702
<b>Short-term business</b>				
Due to banks	1.228.712	-	-	34.291
Due to clients (other liabilities)	-	180.977.862	227.141.164	-
Medium-term notes	-	-	-	24.696.080
Other certificated liabilities	40.730.257	-	-	39.170.291
Other liabilities	1.190.496	-	3.429.036	-
Due from banks	-	137.872.465	-	22.475.768
Due from clients	315.517.869	-	-	111.084.889
Shares and other non-fixed-interest securities	7.714.923	-	-	8.222.066
Other assets	-	432.930	6.954.397	-
<b>Balance</b>	<b>12.864.800</b>	-	<b>33.335.686</b>	-
<b>Liquidity</b>				
Liquid assets	16.955.288	-	42.843.873	-
<b>Balance</b>	<b>16.955.288</b>	-	<b>42.843.873</b>	-









## Notes on business activities and staffing

### **Client support, investment consultancy, Institutional Banking and Payment Services**

We provide support and advice to clients as well as investment advisory services.

We work very closely with national and international financial experts in the investment consulting and asset management business. In this context, we are able to offer non-independent (free of charge) investment consultancy, while our long-term partners provide clients with independent (subject to a fee) investment consultancy and asset management. Dividing the Group's functions in this way allows expertise to be optimised and pooled within the Bank's network, to the benefit of the entire client base. It creates transparency, trust and security in the decision-making process regarding definitive investment of assets.

We provide a wide range of services to business clients, including online payment processing. As a Principal Member of both VISA and MasterCard, we can provide business clients with a valuable additional service and facilitate online payments processing across Europe.

### **New opportunities, asset protection and retirement and financial planning**

Applying our proven national and international financial expertise within the new BFC Group, backed up by an extensive network of other experienced experts (lawyers, fiduciaries, fund service providers, asset managers, etc.), we can develop and implement customised investment solutions for clients extremely rapidly. This gives clients access to a wide range of attractive new opportunities.

Asset protection and retirement and financial planning are specialist services that we can provide to clients as part of the BFC Group. Coordinated cooperation between hand-picked, recognised experts provides the basis for sustainable solutions.

### **Real estate**

As an additional service, we provide access to optimised real estate developments. In 2014, a company was set up specifically for this purpose within our network, which is staffed by experienced real estate experts. The main target markets are Liechtenstein, Switzerland, Germany, Austria and the UK.



### **Depository functions and fund services**

The Bank acts as a custodian bank for a large number of investment companies (investment funds).

### **Trading activities**

Securities and foreign exchange trading is solely undertaken in relation to private clients. As a result, we do not generally engage in securities transactions for our own account.

### **Lending activities**

Lending is generally undertaken as a complement to our main areas of business. 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), we are expecting only moderate growth in this field of business in the coming years. Operations will only be extended in relation to business clients.

### **Principal source of income**

The main source of income, contributing 48.6% of operating income, is interest-related activities. This is followed by commission and service transactions (45.5%) and profit from trading transactions (5.9%).

### **Human resources**

At the end of the 2015 financial year, the Bank employed 53 persons (previous year: 42). On a full-time equivalent basis, the Bank had a workforce of 44.9 persons in the 2015 financial year (previous year: 38.0).

### **Outsourcing**

In acquiring banking, specific standard software solutions were outsourced.









## Accounting and valuation principles for the financial statements

### Basic principles

Accounting, reporting 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 the Bank 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 and 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 accrued or deferred 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 25% stake in Top-Gold AG, the wholly-owned Bf Receipts Limited and the wholly-owned MZ Holding AG are valued in accordance with the historical cost principle less any necessary deductions for valuation allowances.

#### **Property, plant and equipment**

Property, plant and equipment is essentially capitalised at cost of purchase and depreciated 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 accounted for on an accrual basis.

#### **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 results 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 minimise the Bank's overall risk exposure. 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. The Tier 1 ratio is 19.47%.

### **Default and country risks**

Loans are preferably extended to clients in the context of securities trading, asset management and mortgage lending. 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. In relation to refinancing, high priority is given to ensure matching maturities within the lending portfolio.

## **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.

## **Members of governing bodies**

Members of governing bodies are selected on the basis of reliability, qualifications, skills and experience, with priority given to diversity.

## **Remuneration policy**

Remuneration policy is based on the experience, qualifications, skills and responsibilities of the individuals concerned. Variable remuneration components are contingent on the Bank's overall performance as well as individual performance.







## Liquidity risks

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

## Remarks

All figures contained in the notes are shown in Swiss francs (CHF).

## Selected foreign exchange rates (mean balance sheet rates) as at 31.12.2015

CAD	0.7145
JPY	0.8243
ZAR	0.0635
GBP	1.4701
USD	0.9923
EUR	1.0827







## Information about the balance sheet

### Overview of collateral

	Type of collateral			Total
	Mortgage-backed collateral	Other collateral	Without collateral	
<b>Lending</b>				
Due from clients (excluding mortgage claims)	28.942.848	528.853.504	43.855.653	601.652.005
<b>Mortgage claims</b>				
residential properties	74.389.505	-	-	74.389.505
Office and commercial buildings	2.382.940	-	-	2.382.940
Trade and industry	596.000	-	-	596.000
Other	2.646.000	-	-	2.646.000
<b>Total lending for the financial year</b>	<b>108.957.293</b>	<b>528.853.504</b>	<b>43.855.653</b>	<b>681.666.450</b>
Previous year	103.142.896	896.678.653	2.560.528	1.002.382.078
<b>Off balance-sheet</b>				
Contingent liabilities	-	15.683.500	-	15.683.500
Irrevocable commitments	-	-	-	-
Call and additional funding obligations	-	-	-	-
Obligation-establishing loans	-	-	-	-
<b>Total off balance sheet financial year</b>	<b>-</b>	<b>15.683.500</b>	<b>-</b>	<b>15.683.500</b>
Previous year	-	13.682.573	-	13.682.573

### Vulnerable debts

	Gross debt	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
<b>Financial year</b>	<b>1.776.759</b>	<b>-</b>	<b>-</b>	<b>1.776.759</b>
Previous year	850.000	-	-	850.000

### 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*	91.566.249	100.827.872	98.575.678	105.980.484	91.954.302	107.771.757
of which equity instruments of at least 10 % of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>91.566.249</b>	<b>100.827.872</b>	<b>98.575.678</b>	<b>105.980.484</b>	<b>91.954.302</b>	<b>107.771.757</b>
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	-	-	-	-	-	-

\* Fund units, of which CHF 8.357.505 (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»	3.900.450	5.576.350	4.253.356	5.799.275	3.967.969	5.708.937
of which own bonds and medium-term notes	-	-	-	-	-	-
of which valued using the «accrual method»	3.900.450	5.576.350	4.253.356	5.799.275	3.967.969	5.708.937
of which valued according to lowest value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Participation securities	3	1.050.004	175.001	1.278.111	3	1.050.004
of which qualified participations with at least 10 % of the capital or voting rights	3	1.050.004	175.001	1.278.111	3	1.050.004
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>3.900.453</b>	<b>6.626.354</b>	<b>4.428.357</b>	<b>7.077.386</b>	<b>3.967.973</b>	<b>6.758.941</b>
of which securities eligible for discount with the central bank	-	-	-	-	-	-

## Statement of asset additions and disposals

	Financial year								
	Cost previous year	Depreciation to date	Carrying amount end of previous year	Investments	Divestments	Account transfers	Additions	Depreciations	Carrying amount at end of financial year
Total shares in affiliated companies	1.000.000	-	1.000.000	-	1.000.000	-	-	-	-
Participations	175.003	124.999	50.004	50.001	50.003	-	-	49.999	3
Total securities and precious metal portfolios held as non-current assets	5.799.275	-	5.576.350	541.350	1.882.700	-	-	334.550	3.900.450
Other intangible assets	1	-	1	-	-	-	-	-	1
<b>Total intangible assets</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Real estate	10.903.936	2.005.401	8.898.535	1.713.000	-	-	-	304.717	10.306.818
– Bank building	10.903.936	2.005.401	8.898.535	1.713.000	-	-	-	304.717	10.306.818
– Other real estate	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	3.671.612	3.279.049	392.563	418.352	-	-	-	227.596	583.319
<b>Total property, plant and equipment</b>	<b>14.575.548</b>	<b>5.284.450</b>	<b>9.291.098</b>	<b>2.131.352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>532.313</b>	<b>10.890.136</b>
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
<b>Crystal Fund Management AG*, Balzers</b>				
Share capital	-	1.000.000	0 %	100 %
Annual profit / loss	-	-65.700		
<b>Top-Gold AG m.v.K.*, Balzers</b>				
Share capital	500.000	500.000	25 %	25 %
Annual profit / loss**	-71.370	-47.255		
<b>BFC Wealth Management Ltd.*, London</b>				
Share capital (in GBP)		1	0 %	100 %
Annual profit / loss** (in GBP)	-	-		
<b>BFC REI AG.*, Balzers</b>				
Share capital	-	50.000	0 %	100 %
Annual profit / loss	-	-		
<b>Xingyun Ltd.*, London</b>				
Share capital		1	0 %	20 %
Annual profit / loss**	-	-		
<b>BF RECEIPTS Limited*, London</b>				
Share capital (in GBP)	1	-	100%	0 %
Annual profit / loss** (in GBP)	-	-		
<b>MZ-Holding AG, Balzers</b>				
Share capital	50.000	-	100%	0 %
Annual profit / loss**	-	-		

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

\* not including market value

\*\* The 2015 financial statements had not yet become available at the time of the compilation of the table.

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



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

	Financial year	Previous year
<b>Premium</b>	56.782	121.394
<b>Discount</b>	-	-

**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**

	31.12.2015		31.12.2014	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	505.900	-	4.383.317	-
Due from banks	29.194.427	-	25.638.951	-
<b>Total</b>	<b>29.700.327</b>	<b>-</b>	<b>30.022.268</b>	<b>-</b>

\* 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	850.000	467.166	250.000	-	1.143.925	-	1.776.759
Lumped specific bad debt charges	-	-	2.250.000	-	200.000	-	2.450.000
Lump-sum valuation allowances	3.000.000	-	-2.500.000	-	2.200.000	-	2.700.000
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	874.500	236.436	-	-	411.000	70.226	978.838
Other provisions	-	-	-	-	-	-	-
<b>Total valuation allowances and provisions</b>	<b>4.724.500</b>	<b>703.602</b>	<b>-</b>	<b>-</b>	<b>3.954.925</b>	<b>70.226</b>	<b>7.905.597</b>
Less valuation allowances directly set off against assets	3.850.000	-	-	-	-	-	6.926.758
<b>Total provisions according to balance sheet</b>	<b>874.500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>978.838</b>
<b>Provisions for general banking risks</b>	<b>8.500.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.440.000</b>	<b>-</b>	<b>9.940.000</b>

## Total company equity

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



## Information about the balance sheet

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

	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
<b>With voting rights:</b> Kuno Frick Familienstiftung, Balzers Combinvest Establishment, Balzers	20.000.000 -	100 -	- 20.000.000	- 100
<b>Total</b>	<b>20.000.000</b>	<b>100</b>	<b>20.000.000</b>	<b>100</b>
<b>Without voting rights:</b> Participation certificate capital	5.000.000	100	5.000.000	100
<b>Total</b>	<b>5.000.000</b>	<b>100</b>	<b>5.000.000</b>	<b>100</b>

### Disclosure pursuant to CRR as of 31.12.2015

(in CHF 1.000)

	Financial year	Previous year
A: own equity capable of being offset:	78.000	75.254
B: equity required:	31.611	56.461
of which:		
credit risk	28.083	52.595
market risk	464	585
operational risk	2.956	2.538
CVA	107	-

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

	2015
<b>Equity capital at the start of the financial year</b>	
Subscribed capital	25.000.000
<b>Subtotal paid-up subscribed capital</b>	<b>25.000.000</b>
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	-
Other reserves	35.803.000
Provisions for general banking risks	8.500.000
Accumulated profit for the year	2.507.150
<b>Total equity at the start of the financial year (before appropriation of net income)</b>	<b>78.810.150</b>
+ Capital increase	-
+ Premium	-
+ Allocation to provisions for general banking risks	1.440.000
- Dividends and other distributions from the net annual profit for the previous year	-1.250.000
- Interim dividend	-1.000.000
+ Annual profit for the financial year	1.801.894
<b>Total equity at the end of the financial year (before appropriation of net income)</b>	<b>79.802.044</b>
of which:	
Subscribed capital	25.000.000
Subtotal paid-up subscribed capital	25.000.000
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	-
Other reserves	36.060.000
Provisions for general banking risks	9.940.000
Accumulated profit for the year	<b>1.802.044</b>



## 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	92.229	-	-	-	-	-	-	92.229	
Due from banks	201.706	-	221.718	111.543	-	-	-	534.967	
Due from clients	54.225	417.018	59.904	143.717	6.802	-	-	681.666	
of which mortgage-backed claims	69	79.225	-	350	370	-	-	80.014	
Securities and precious metals held as current assets (excl. trading positions)	91.568	-	-	-	-	-	-	91.568	
Securities and precious metals held as non-current assets	-	-	-	2.276	1.624	-	-	3.900	
Other assets	15.390	-	-	-	-	-	10.307	25.697	
Total assets financial year	455.118	417.018	281.622	257.536	8.426	-	10.307	1.430.027	
Previous year	520.530	743.066	123.517	195.277	12.147	-	8.899	1.603.436	
Liabilities									
Due to banks	1.229	-	-	-	-	-	-	1.229	
Due to clients	-	-	-	-	-	-	-	-	
a) Savings deposits	-	-	-	-	-	-	-	-	
b) Other liabilities	1.062.839	-	64.818	69.270	-	-	-	1.196.927	
Certificated liabilities	-	-	-	-	-	-	-	-	
a) Issued bonds	-	-	-	-	5.100	11.496	-	16.596	
of which medium-term notes	-	-	-	-	5.100	11.496	-	16.596	
b) Other certificated liabilities	-	-	16.413	65.728	36.655	-	-	118.796	
Provisions	979	-	-	-	-	-	-	979	
Other liabilities	15.700	-	-	-	-	-	-	15.700	
Total liabilities financial year	1.080.747	-	81.231	134.998	41.755	11.496	-	1.350.227	
Previous year	1.280.556	-	59.971	99.592	72.289	12.217	-	1.524.625	



**Selected balance sheet items due in the 2016 financial year:**

	Financial year	Previous year
Total asset items No. 5 "securities and precious metals held as non-current assets":	2.276	2.002
Total liability items No. 3a "issued debt securities":	-	5.100



## 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
<b>Receivables from qualified parties</b>		
Due from banks	-	-
Due from clients	1.144.189	3.202.500
<b>Liabilities vis-à-vis qualified parties</b>		
Due to banks	-	-
Due to clients	40.563	2.462.198
<b>Liabilities vis-à-vis affiliated companies</b>		
Due to legal entities	-	-
<b>Receivables from loans to directors</b>		
Board of Directors	700.000	-
Management Board	790.000	867.617

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
<b>Assets</b>	<b>1.093.749.090</b>	<b>1.288.085.249</b>
of which in EUR	180.255.536	230.327.419
of which in USD	625.428.922	699.706.741
of which in CAD	16.382.523	15.967.050
of which in SGD	1.014.900	29.062.366
of which in GBP	256.546.572	297.756.407
<b>Debts</b>	<b>1.093.575.895</b>	<b>1.282.248.867</b>
of which in EUR	180.266.833	230.117.897
of which in USD	625.391.336	696.452.962
of which in CAD	16.379.524	15.824.955
of which in SGD	1.014.494	29.073.137
of which in GBP	256.531.302	295.707.847

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
<b>Other assets</b>	<b>9.844.135</b>	<b>9.411.205</b>
of which: Positive replacement costs of forward foreign exchange transactions	3.029.922	7.316.209
Settlement account balance replacement costs for forward foreign exchange transactions	-	-
Premium on financial investment bonds (accrual method)	56.782	121.394
Settlement accounts	6.757.431	1.973.602
<b>Other liabilities</b>	<b>11.563.850</b>	<b>10.373.355</b>
of which: Negative replacement costs of forward foreign exchange transactions	2.791.113	6.979.178
Settlement account balance replacement costs for forward foreign exchange transactions	238.809	337.031
Discount on financial investments bonds (accrual method)	-	-
Settlement accounts	8.533.928	3.057.146

## Structure of client assets

Type of client assets* (in CHF 1,000)	Financial year	Previous year
Assets in funds under own management (investment company)	588.337	165.035
Assets with management mandate	110.180	1.140
Other client assets	1.515.562	2.454.860
<b>Total client assets (incl. duplication)</b>	<b>2.214.079</b>	<b>2.621.035</b>
of which duplication	588.337	766.973
Net influx of new funds	-43.291	425.932

\* The calculation used for the values displayed were revised in the year reported.



## 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	15.483.500	15.483.500	-	13.482.573	13.482.573	-
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	3.029.922	2.791.113	400.719.971	7.316.209	6.979.178	687.387.456

\* 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	170.993.568	231.168.700
Fiduciary investments at affiliated banks and finance companies	-	-
Fiduciary loans	-	-
Other fiduciary financial transactions	-	-

## Information about the income statement



	Financial year	Previous year
<b>Profits from trading activities</b>	<b>2.372.878</b>	<b>2.826.361</b>
of which: Foreign exchange transactions	2.905.166	2.790.001
Cash transactions	-532.288	36.360
Securities trading	-	-
Precious metal transactions	-	-
<b>Breakdown of staff costs</b>	<b>7.491.901</b>	<b>7.479.449</b>
of which: Wages and salaries	6.240.248	6.315.642
Remuneration of the members of the Board of Directors	-	-
Social insurance contributions and support	552.512	587.589
Pension expenses	440.281	394.038
Other staff costs	258.860	182.180
<b>Breakdown of operating expenditure</b>	<b>5.664.216</b>	<b>5.907.399</b>
of which: Cost of business premises	160.278	166.737
IT expenditure	1.779.537	1.045.296
Furniture	93.965	24.966
Other equipment	150.784	149.110
Other operating expenditure	3.479.652	4.521.290

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.  
Based on art. 24e, para. 1, clause 6 BankV the return on capital is 0.13%

<b>Breakdown of the item «Other income from ordinary activities»:</b>	<b>382.684</b>	<b>2.139.381</b>
of which: Income from property	274.000	185.490
Liquidation income from derecognised receivables *	-	-
Other income from ordinary activities	108.684	1.953.891

\* 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 2015.

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 stylized handwritten signature in black ink, consisting of several sweeping strokes.

Egon Hutter  
Certified Public Accountant  
(Lead Auditor)

A handwritten signature in black ink, featuring a large, looped 'R' followed by a series of connected strokes.

Rainer Marxer  
Certified Public Accountant

Schaan, 11. April 2016









## Company bodies and staff

### Board of Directors

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

Roland Frick, Vice Chairman of the Board of Directors, Balzers (from 23.12.2015)

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

Werner Fiori, Member of the Board of Directors, Lugano (to 23.12.2015)

Dr. Kuno Frick, Member of the Board of Directors, Balzers (from 01.06.2015 to 23.12.2015)

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

### Management Board

Edi Wögerer, Chairman of the Management Board, CEO

Roland Frick, Member of the Management Board, CFO & HR (to 23.12.2015)

Dr. Kuno Frick, Member of the Management Board, CIO (to 01.06.2015)

Hubert Büchel, Member of the Management Board, CIO (from 01.06.2015)

### External Auditors

ReviTrust Grant Thornton, Schaan

### Internal Auditors

BDO AG, Zürich

### Members of Operational Risk Board (ORB)

Edi Wögerer

Hubert Büchel

Ivo Beck

Christoph Lingg

Emanuel Bargetze

Melanie Gstöhl

Erwin Keller

Reto Näscher

Michael Nasahl

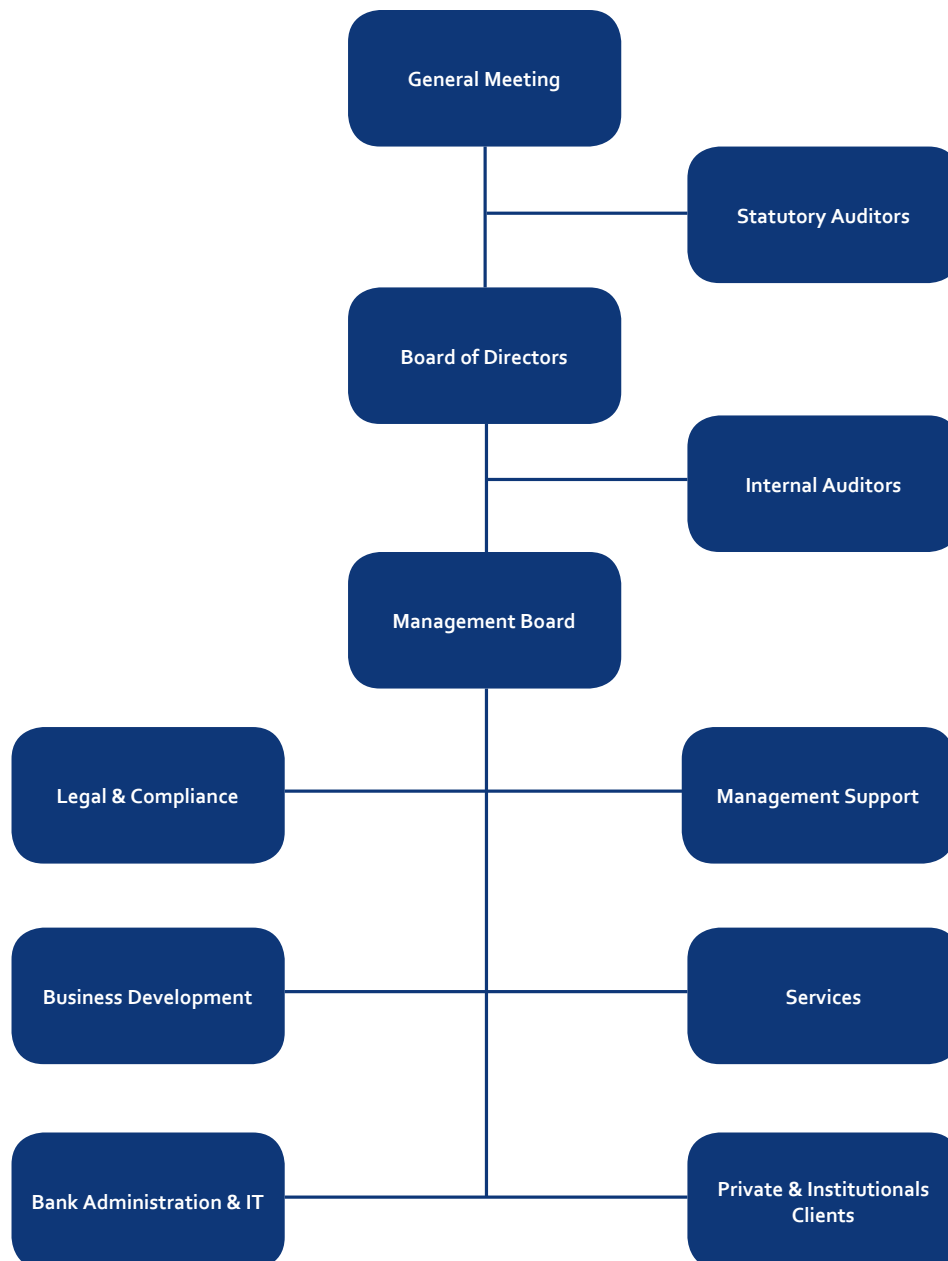
Gabriel Tschui

Michael Dolzer

Alexander Marxer

Thomas D. Hasler











[www.bankfrick.li](http://www.bankfrick.li)  
[www.bankfrick.co.uk](http://www.bankfrick.co.uk)



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### Pictures

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Nature's moments

**Crossover Finance**



**BANK FRICK**





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