



BANK FRICK

Annual Report 2020





Edi Wögerer

CEO

At Bank Frick since 2000

When one of my friends suggested that we should give trail biking a try as a group, my first thought was: Zipping down steep slopes on a bike? Not something for me. After all, I had already decided to hang my skis on the wall due to risk considerations. When he then taught us the basics and took us down the stairs on a test run, we all quickly took a liking to it and built up the courage to take on even bigger challenges step by step. Spectacular jumps are not really my thing, but there is always a certain risk. Luckily, my falls have been mild so far.

I have to summon new courage every time I tackle a new trail, but the feeling of arriving at the bottom after an adrenaline-filled ride over hill and dale is an incredible award for the effort. What I particularly like about my new hobby is the camaraderie: working together as a group to overcome a challenge that previously seemed insurmountable – and rewarding yourselves by enjoying a good meal together afterwards, of course.

Trail biking is also quite physically demanding. I train once a week with a personal trainer, but some of the physical strain is so specific that it's practically impossible to prepare for it. For instance, I've had the experience of thumb muscles that were so sore that I was no longer able to hold a knife and fork properly. That was good for a few laughs afterwards at dinner!

I find it really invigorating to try something new from time to time, also when it comes to business matters. At first glance, we as a bank have taken what appears to be a rather unusual path with our blockchain strategy. This new direction has also brought new energy and fun into the company – and we have now found success in establishing the new business model.

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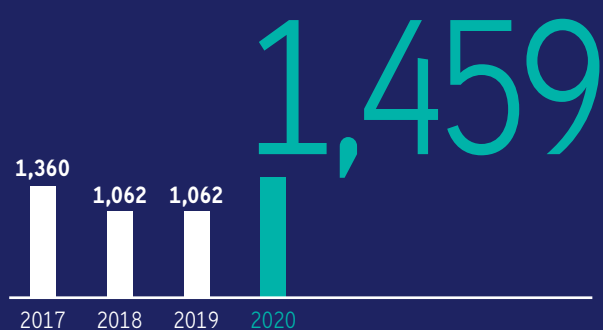
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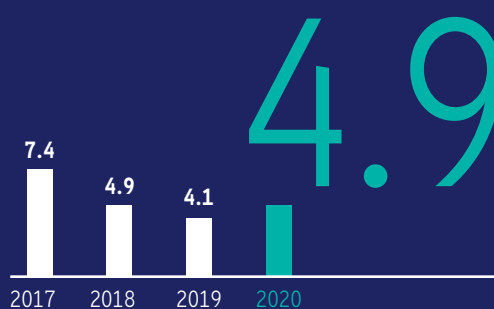
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Selected financial ratios 2020

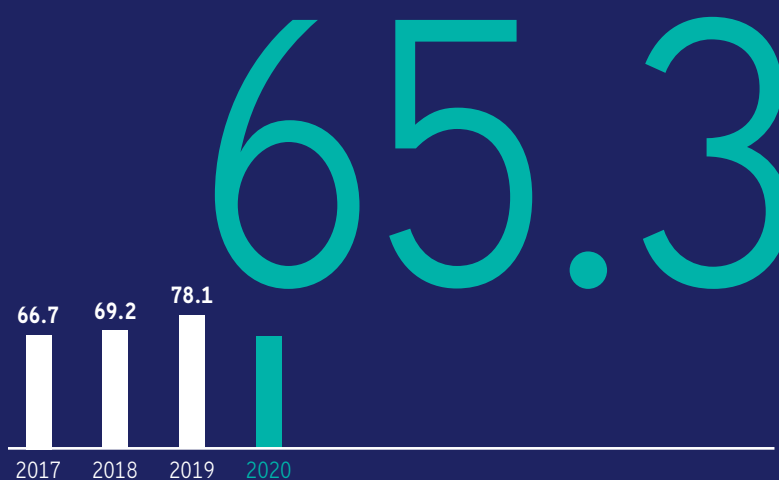
Total assets
in CHF m



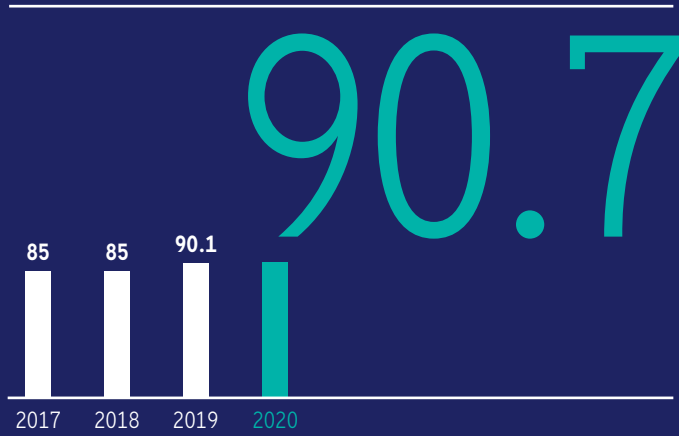
Return on equity
in %



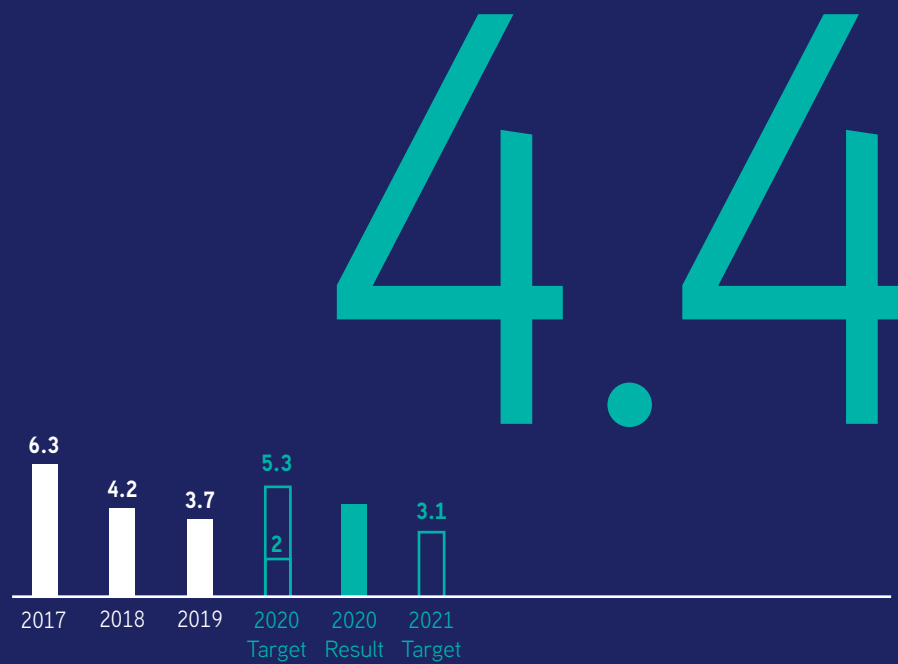
Cost-income ratio
in %



Equity in CHF m

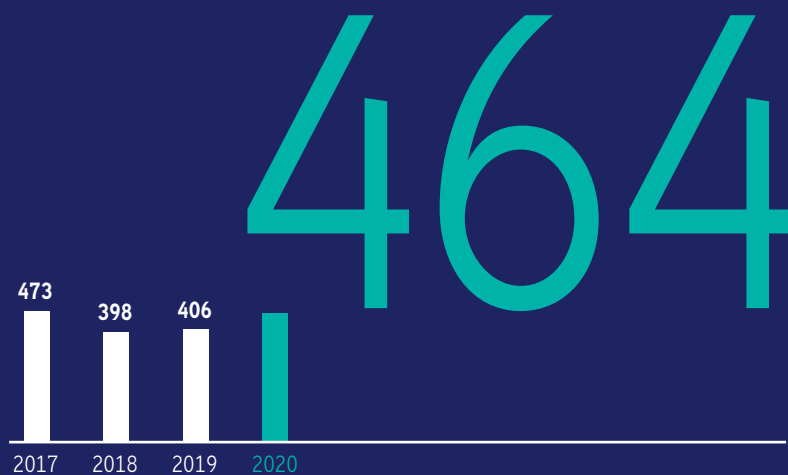


Profit in CHF m

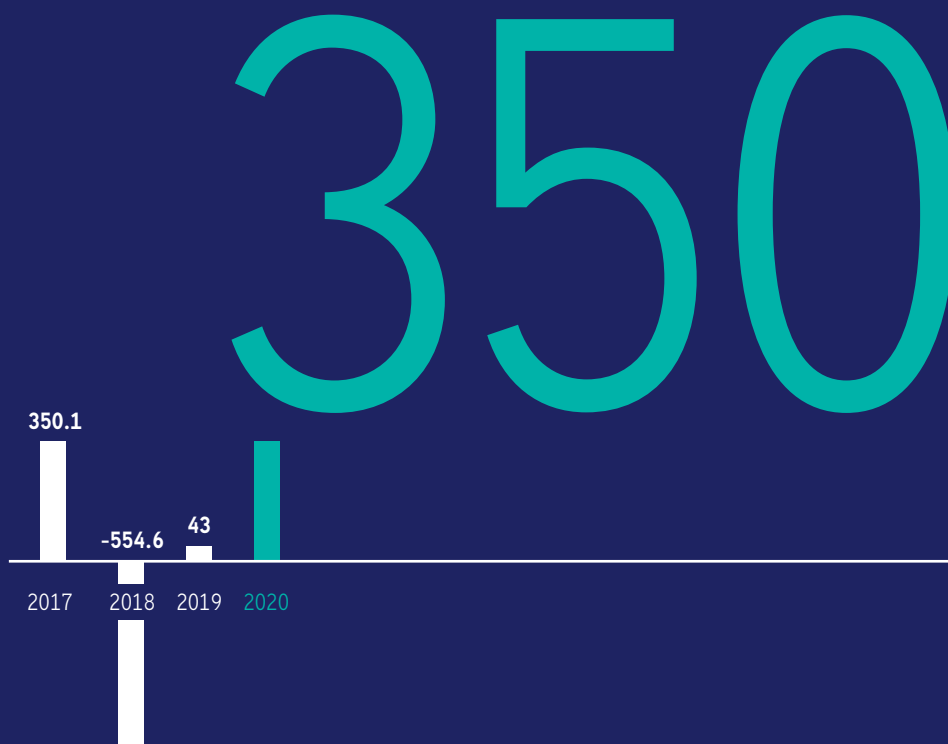


Due to the coronavirus crisis and the resulting difficulty in assessing future business trends at the beginning of the pandemic, we reduced our profit expectations from CHF 5.3 million to an annual profit in the range of CHF 1.0 to 2.0 million.

Due from clients
in CHF m



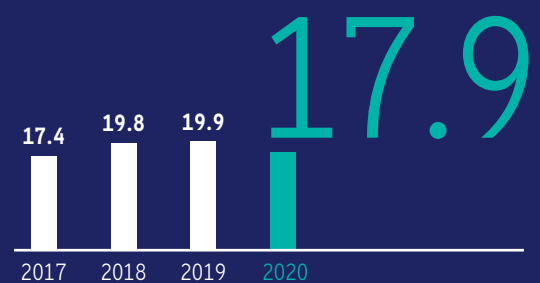
Net new money
in CHF m



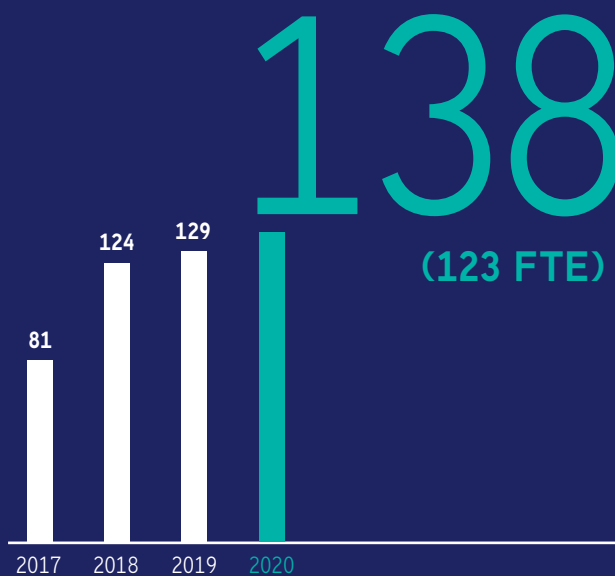
Assets under management in CHF m



Tier 1 capital ratio in %



Work force



Company bodies / Organisation chart



Dr Mario Frick
Chairman



Roland Frick
Vice-Chairman



Rolf Jermann



Alex Smith



Michael Kramer



Edi Wögerer
Chairman, CEO



Michael Dolzer
COO



Melanie Mündle
CFO



Report of the Board of Directors and the Management Board

Report of the Chairman of the Board of Directors and the CEO

Despite the prevailing uncertainty stemming from the global coronavirus pandemic, high volatility on the financial markets and the unstable economic situation, we succeeded in generating a gratifying net profit of CHF 4.4 million (previous year: CHF 3.7 million). The increasing income trend was confirmed in all business areas, while growth in expenses flattened at the same time. In addition, we were also able to nearly double the Bank's net income from CHF 20.0 million to roughly CHF 40.0 million between 2016 and 2020. Due to coronavirus-related uncertainties, we budgeted very conservatively for the coming year and expect an annual profit of CHF 3.1 million. The fact that Bank Frick is again fully owned by the Frick family since the beginning of 2021 creates a sense of security as well as clear responsibilities. It also strengthens the confidence that clients, employees and various partners have in the Bank.

Net income has doubled since 2016

Despite the extremely difficult circumstances of 2020, we generated a net profit of CHF 4.4 million and were again able to increase operating results as in the previous years. The rise in net income from the commission and service transactions was a particularly welcome development. The coronavirus pandemic ensured that there was a lot of activity on the financial markets, a trend from which we benefited greatly. We also succeeded in landing many clients who were also quite active, which led to above-average securities transaction volumes. In the reporting year, we recorded a 92% increase overall in the volume of stock

exchange and fund orders compared to the previous year. Thanks to commission expenses that continued to be moderate, the net income from the commission and service business rose to CHF 21.6 million, an increase of more than 70% (previous year: CHF 12.6 million).

We are also quite satisfied with the trend in the trading business, as we were also able to increase sales in this area and achieve a net income of CHF 6.4 million (previous year: CHF 4.7 million). The difficult environment was only noticeable in the area of interest income. In particular, the interest rate reductions instituted by the US Federal Reserve led to a drop in income that amounted to some CHF 2.0 million less than budgeted.

The constant rise in income contrasts with a flattening expenditure curve (see charts on page 20). The expanded workforce as part of the growth strategy of recent years had an impact on personnel expenses, which increased from CHF 9.3 million in 2016 to CHF 19.4 million in the reporting year. However, general and administrative expenses of CHF 9.3 million are below the level of 2019 (CHF 10.4 million), which stems from expenses not being incurred due to the circumstances of the pandemic.

Because of the coronavirus crisis and the resulting difficulty in assessing future business trends, at the beginning of the pandemic we reduced our profit expectations from CHF 5.3 million to an annual profit in the range of CHF 1.0 to 2.0 million. In view of the difficult framework conditions, the reported profit of CHF 4.4 million is a very solid result.

”

Net income has doubled since 2016.

The long-term income trend is a particularly welcome development. We succeeded in nearly doubling the Bank's net income from CHF 20.0 million to some CHF 40.0 million between 2016 and 2020 – accompanied by a simultaneous increase in bank expenditure of more than CHF 10.0 million in the same period. We can confirm that it was a successful



Chairman Dr Mario Frick (left) and CEO Edi Wögerer.
(The photo was taken before the outbreak of the pandemic.)



Stefan Rauti, Head of Private Clients and EAM, welcomes the guests to our client event in Crypto Valley in Zug, Switzerland. We used the introduction of the Blockchain Act in Liechtenstein to draw the industry's attention to Bank Frick's pioneering role in blockchain banking.

course of action to hire new staff, to make investments in our infrastructure, and to systematically implement our strategy, all of which were associated with costs.

In 2021, we budgeted very conservatively and set aside provisions for possible defaults related to the pandemic. Subject to impacts from the coronavirus crisis which remain unclear at this point, we expect an annual profit of CHF 3.1 million.

Coronavirus influences business performance

The coronavirus dominated 2020 like no other topic, and Bank Frick's business performance was also severely affected. Planned projects had to be postponed, and the prevailing uncertainty in the markets affected the Bank's business performance. The good results may be deceptive, as some things had to be postponed or were not able to be implemented as planned.

Bank Frick benefited from our affinity for technology, which enabled us to respond to the new, difficult situation very rapidly. Within 24 hours of the lockdown, approximately 80% of employees began working from home. In retrospect, we can say that our employees handled this unique situation in a manner that was both exemplary and very prudent. In order to protect all employees, families and, of course, our clients, the employees dispensed with personal contacts across the board. By using Skype for Business, e-mail, telephone and other technical tools, the smooth operation of day-to-day business was guaranteed at all times. We would like to express our sincere thanks to everyone for their commitment, flexibility and personal responsibility. However, we are also aware that everyone is eager for personal contact with others, and we have due confidence in our hope that the vaccination campaign will provide relief by the summer of 2021.

Business volume in the funds area very satisfying

The Fund and Capital Markets department is responsible for the development, management and monitoring of individually designed financial instruments. Great results were also achieved in terms of growth in 2020, with the volume of Liechtenstein funds increasing by 47% to CHF 1,176.0 million in the reporting period. The increase in volume was partly due to the good stock market

performance, but the lion's share came from newly acquired assets.

In the area of fund solutions that are not subject to Liechtenstein legislation, the booked volume remains in the range of CHF 430.0 million. Active expansion is not being pursued, and the focus is clearly on funds domiciled in Liechtenstein.

On the capital market side, we maintained a total of 93 paying agent mandates for third-party issuers at the end of the financial year and had a total of 17 own certificates outstanding, which are generally structured and issued on behalf of clients.

The primary focus is on digital solutions

Banking is and remains a "people business", and the drastic measures taken to contain the coronavirus have made personal contact very difficult. Meetings, trade fairs and events of every nature were postponed or cancelled entirely.

This is yet another reason why we are glad that we relied quite heavily on digital solutions even before the crisis, as this approach at least allowed us to continue to communicate professionally, process business and conduct transactions.

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The volume of Liechtenstein funds was increased by 47%.

Bank Frick shows the way with a new service architecture

Our focus is always on the customer experience. For this reason, we put in place a new service architecture in February 2020 that spotlights client orientation and pioneering service packages.

All client relationships are opened digitally

With our digital onboarding process (opening of the client relationship), which we introduced in March, we are aiming to significantly shorten the onboarding process and thus increase client benefit.

We have set for ourselves the goal of significantly shortening the entire process. This is an ambitious goal for a

bank whose clients primarily consist of financial intermediaries and professional clients, as the onboarding process is more complex for them. In contrast to comparable tools used by competitors, which are usually limited to onboarding of private individuals, Bank Frick's digital onboarding can be used to open accounts both for private individuals and for legal entities in a manner that is in line with the crossover concept.

Since roll-out of the tool in March 2020, we have increased the number of client accounts opened by more than 30%. These new accounts are primarily accounts of private clients and companies but also include a variety of accounts for funds and blockchain companies opened by professional financial intermediaries. In roughly 75% of the qualified enquiries received, opening an account was refused due to regula-

tory risks or because the client did not adequately meet internal standards. The feedback we have received from clients is quite promising, demonstrating to us that we are on the right track.

Bank Frick bridges the gap between traditional finance and blockchain-based assets

The traditional financial world is continuing its march towards consolidation with blockchain-based assets. Digital money has been entering the public consciousness more and more over time, with its true arrival seen as coinciding with the onset of the coronavirus pandemic at the latest. The topic has now become mainstream, with even the tabloid media now reporting on cryptocurrencies. That makes it clear once and for all that each and every asset manager needs to



The annual Christmas party also fell victim to the coronavirus pandemic. As a great alternative to this popular event, the Bank gave all employees a bulging Christmas box full of delicious ingredients – along with appropriate instructions in the form of a cooking video in order to help the employees prepare them correctly. The photo shows Edi Wögerer together with Melanie Mündle and Michael Dolzer (in the background on the left) during recording of the video in the TV cooking studio.

The participants in the certificate programme “Blockchain and FinTech”, which received financially support from Bank Frick, proudly show off their new diplomas to the camera. Due to the coronavirus pandemic, it was necessary to present the certificates virtually. The 24 participants, including 8 Bank Frick employees, were nevertheless delighted with the event.



devote serious attention to the matter – and our expertise makes it possible for us to provide the necessary support to these managers.

Crypto assets are becoming increasingly popular as an asset class – and the demand for corresponding banking services in the areas of trading and custody of such assets is rising at the same time. We have built a very sophisticated infrastructure in this regard, one that offers our clients the greatest possible convenience without compromising on security.

In addition to their role as direct investments, crypto assets have recently also been in high demand as target investments of investment products such as funds and certificates. In the reporting period, we were again responsible for developing and implementing a variety of products that participate in these new markets.

By continuously monitoring the market, we are ensuring that our solutions meet

the quality standards of our clients and are working every day on additional ways to bring the traditional financial world into contact with blockchain-based assets.

Crypto trading with Bank Frick online banking

In May 2020, we became Liechtenstein's first financial institution to enable trading in cryptocurrencies in online banking. The offer specifically targets financial intermediaries such as trustees, asset managers and institutional clients. Crypto trading in online banking gives them the opportunity to make the new crypto-asset class accessible to their end clients so that they can differentiate themselves from their competitors. The intuitive user interface simplifies trading in cryptocurrencies, allowing intermediaries to quickly diversify their client portfolios. Conventional and blockchain banking are thus continuing to merge, and this is another example of how Bank Frick is bridging the gap between the traditional financial

world and new blockchain-based assets. All assets – whether fiat or crypto – can now be traded on one interface.

Bank Frick assumes the role of bitcoin custodian for VanEck

In November, we assumed the role of bitcoin custodian for VanEck's “VanEck Vectors Bitcoin ETP”, which is tradable in EUR on XETRA in Frankfurt. VanEck is a renowned international asset manager and ETF provider with some USD 69.0 billion of assets under management at the end of 2020.

Having VanEck choose us as its custodian is both a great success for our Bank and an internal “crossover” achievement of the entire team. The collaboration across divisions and teams worked extremely well and proved that our crossover approach works wonderfully – from the initial discussions to general questions about regulation in Liechtenstein as well as technical questions about

custody, our IT infrastructure and our IT security through to the effective implementation of the project (onboarding, test transactions in fiat as well as crypto assets and automation of data deliveries).

A valuable cooperation with the University of Liechtenstein

To mark Bank Frick's 20th anniversary in 2018, we entered into a five-year partnership with the University of Liechtenstein. As part of this collaboration in the areas of fintech and blockchain, Bank Frick is providing the university with substantial financial resources. Partnership-based research projects, projects with students and the establishment and provision of an annual certificate programme are the main aims of the collaboration.

The Blockchain and Fintech certificate programme has been a fabulous success, selling out in 2020. Awareness of the programme has risen even further over time. A total of 8 of the 24 participants were Bank Frick employees.

Due to the coronavirus, implementation of the programme was sometimes quite challenging and often affected by rapid changes to the course arrangements announced on short notice. For example, it was necessary to postpone three of the five blocks until autumn 2020, and some portions of the course had to be offered on a purely virtual basis.

We are convinced that the programme will be a crucial factor for the success of Liechtenstein as a location and of the prominence of the domestic financial centre. This collaboration will help the fintech industry in Liechtenstein to achieve even greater success, and the graduates will play an important role in ensuring a successful future for our small but growing hotspot for fintech and blockchain.

Other significant events during the reporting year

Blockchain Act: Bank Frick registered as first bank

The Liechtenstein Blockchain Act entered into force at the start of 2020. In March, the Financial Market Authority (FMA) Liechtenstein registered Bank Frick as a token creator, VT token custodian, token issuer and VT identity service provider, making it the first Liechtenstein institution to be recognised in this way.

Because of the coronavirus crisis, it is difficult to gauge the impact that the Blockchain Act's will have on the busi-

ness of Bank Frick. In addition, it should also be taken into consideration that the law has been in force for only about one year. We remain convinced that the comprehensive blockchain regulation will help us to defend and expand our leading position blockchain banking across Europe.

Range of crypto assets for which trading and custodian services are available expanded to include Bitcoin Cash

At the end of January, we expanded the offering of cryptocurrencies for which we provide trading and custodian services, and we now offer trading and



The Management Board of Bank Frick in 2020:
CFO Melanie Mündle, CEO Edi Wögerer and COO Michael Dolzer (from left to right)

secure custody of Bitcoin Cash (BCH) to professional market participants and wealthy private clients.

Since 2018, Bank Frick has been offering investors a smooth and secure way to trade the leading cryptocurrencies Bitcoin (BTC), Litecoin (LTC), Ether (ETH), Ethereum Classic (ETC), NEM (XEM), Qtum (QTUM), USD Coin (USDC) and Stellar (XLM). Bank Frick was the first bank in Europe to offer trading and custody in a fully regulated banking environment.

We have designed this offer particularly for institutional clients, miners and mining firms, and wealthy crypto investors.

Events after the balance sheet date

Bank Frick now fully family-owned again

Since the beginning of February 2021, Bank Frick is once again fully owned by the Frick family and the Kuno Frick Family Foundation (KFS). Net1 sold the 35% stake it held in Bank Frick to KFS, putting all shares in the Bank back in the hands of the Frick family at a purchase price of USD 30.0 million. Upon completion of this transaction, Alex Smith (CEO of Net1) left the Board of Directors of Bank Frick.

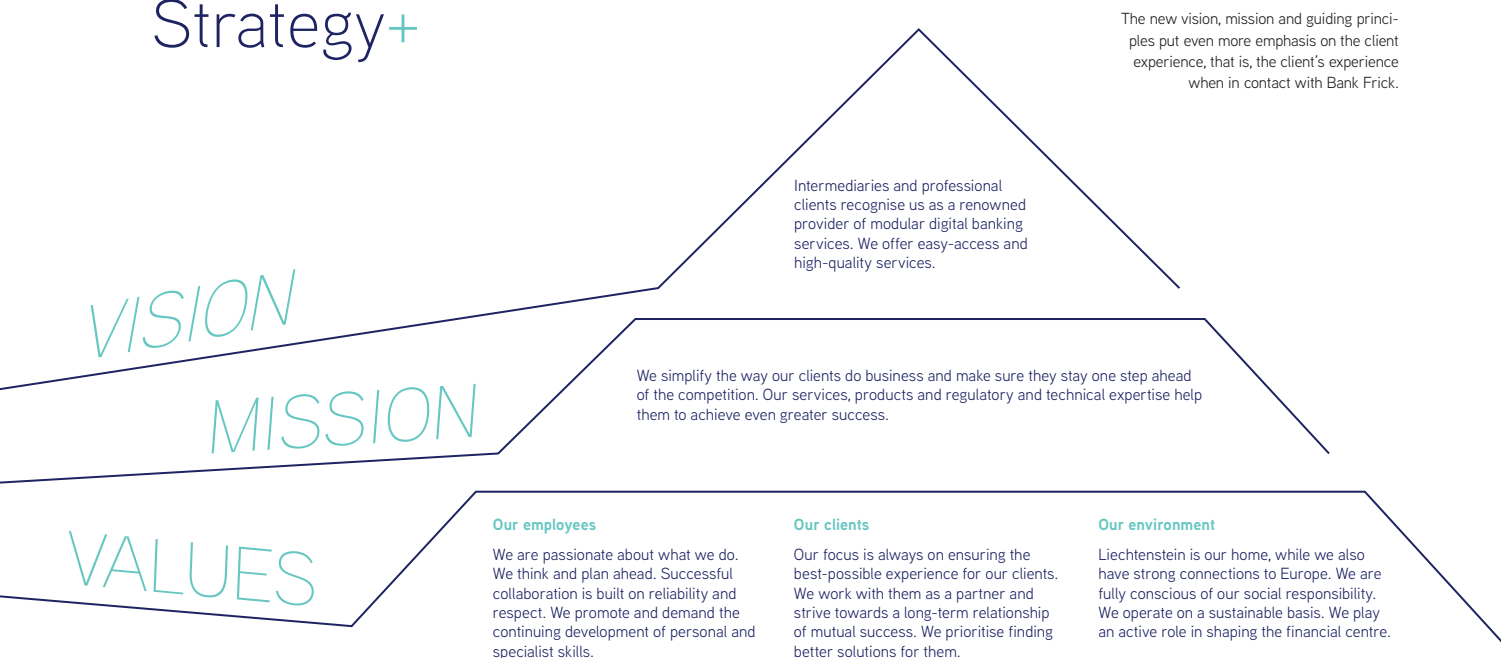
Net1 acquired a total of 35% of Bank Frick's capital stock from KFS in 2017

and 2018. The 2017 purchase agreement also provided for a purchase option of an additional 35%, and Net1 exercised this option in October 2019. Shortly before the purchase was to be completed in April 2020, Net1 withdrew from its offer to acquire a majority stake in Bank Frick. The backdrop here was Net1's new strategy, in which the European market no longer plays a role, resulting in just a few points of contact between Net1 and Bank Frick.

Being managed by a family adds value

As a bank, we have learned that our clients and our employees see clear added value in a family-run bank. This

Strategy+



has been clearly demonstrated to us by client responses as well as in an employee survey. As the owner, the Frick family provides a sense of stability. This shareholder structure creates clear lines of responsibility, bolsters the trust of clients and employees, and guarantees that decisions can be made quickly.

KFS is not out to make a quick profit but geared toward the long term. Nevertheless, it is within the realm of possibilities that KFS could allow a strategic minority partner to take a stake sometime in the future. However, it is necessary for this participation to fit the Bank and for the partnership to be intended for the long term. Continuity and reliability are important for KFS as well as for Bank Frick, as clients of Bank Frick and bank employees want to know and should know whom they are dealing with.

Outlook for 2021

Uncertain planning as a result of the coronavirus

The coronavirus pandemic has made it extremely difficult to anticipate how the global economy and, as such, Bank Frick's business performance will develop as time goes on. We are proceeding on the assumption that defaults on SME financing loans may still occur. We have therefore budgeted very conservatively again for 2021 and expect an annual profit of CHF 3.1 million, subject to the unclear effects of the coronavirus crisis.

Thanks to the acquisition of new clients and increased activities on the financial markets due to the coronavirus crisis, we were able to benefit from the commission and service business in the reporting year, with net income increasing by more than 70% to CHF 21.6 million. We

currently expect neither that this trend will continue in 2021 nor that brokerage income will reach the 2020 level in the 2021 financial year.

The global interest rate environment will remain difficult in 2021, with key interest rates – especially those based on the US dollar – likely to stagnate at a low level. We believe it is safe to assume that our interest income will remain at roughly the same level as in 2020.

Making changes to the front organisation to further improve the customer experience

In early 2021, we amended our vision, our mission and especially also our guiding principle in response to our very fast growth in recent years, which had also led to a significant increase in the number of clients we serve. It is important to us to focus even more on the client experience – that is, what the client encounters in their dealings with Bank Frick. We want to work in partnership with our clients and strive for a lasting and successful relationship with them.

It is a strategic goal of Bank Frick to offer our clients the best possible service because we can only be successful as a bank if we have satisfied and successful clients. This spurred us to conduct an analysis last year of how we could expand our service, with one result of the analysis being that we recognised the need to change the way we set up our client contact departments.

On the one hand, we will be establishing and expanding the new Client Services department. The focus of Client Services is exclusively on answering clients' questions in a competent manner and making banking as easy as possible for them – with all of this being accom-

plished in a manner that is in compliance with the regulations.

On the other hand, the Blockchain Banking, Classic Banking, Fund and Capital Markets and E-Commerce departments will be developing the new client business. These departments are responsible for listening to client needs and finding client solutions that fit perfectly.

With these changes, we are setting the organisational stage for continuing to develop new business models and products that are highly competitive in the international context. We want to remain a significant banking partner for blockchain companies in Europe as well as further expand our position in this area. We want to be the bank for financial intermediaries in Liechtenstein and further consolidate our standing among independent custodian banks. And with all our strategic progress, we will remain flexible in order to be able to respond to new market opportunities – in a manner fitting for a bank that thinks in an entrepreneurial manner.



Dr Mario Frick

Edi Wögerer

Report of the CFO

We closed the 2020 financial year with a profit of CHF 4.4 million. Due to the coronavirus pandemic and the resulting difficulty in assessing further business trends, we reduced our profit expectations from CHF 5.3 million at the beginning of the pandemic to an annual profit in the range of CHF 1.0 to 2.0 million. Given the very difficult conditions, we are all the more pleased with the reported profit. The operating income increased again in 2020, which contrasts with the flattening of bank expenditure. We budgeted very conservatively for 2021 and expect an annual profit of CHF 3.1 million, subject to the still unclear effects of the coronavirus crisis.



Melanie Mündle, Chief Financial Officer (CFO): "Despite the very conservative and safety-oriented planning, we are cautiously optimistic for 2021 and expect an annual profit of CHF 3.1 million."

In view of the coronavirus crisis, which was with us for nearly all of 2020, we are quite satisfied with the reported profit of CHF 4.4 million. We originally projected a 2020 profit of CHF 5.3 million. Due to the coronavirus pandemic and the associated uncertainties on the markets, we made critical revisions and adjustments to the planning. We budgeted very conservatively and cautiously and took actions that included the formation of additional provisions of around CHF 4.0 million for possible loan defaults related to SME financing. Based on our expected income and conservative estimates, we assumed a profit in the range of CHF 1.0 to 2.0 million. We were able to increase income from the commission and service transactions by some 50%, and we were also able to augment our trading business once again compared to the previous year. It was only the interest income that fell a bit short of the previous year's figure, due in particular to interest rate cuts by the US Federal Reserve, which resulted in losses of around CHF 2.0 million compared to the budgeted result. We are cautiously optimistic for 2021, with an anticipated annual profit of

CHF 3.1 million. The planning for 2021 remains quite conservative and focused on security.

Capital base

The capital base increased to CHF 90.7 million (2019: 90.1 million) during the reporting period.

Balance sheet

As of 31 December 2020, our balance sheet total was CHF 1.5 billion, an increase of 37%. The increase in total assets comes largely from higher deposits from clients in the crypto broker and exchange business.

Cost-income ratio (CIR)

The cost-income ratio (CIR) decreased from 78.1% in 2019 to 65.3% in 2020. The reason for the encouraging reduction in the CIR is the higher turnover in the trading area and higher brokerage fees for securities. We are also reporting lower material expenses

than originally planned for reasons that include expenses not incurred because of circumstances stemming from the coronavirus. The CIR is expected to level off again at around 75% in 2021.

Client assets under management

Client assets under management amounted to CHF 3.3 billion as of 31 December 2020, corresponding to an increase of 20% compared to the previous period (2019: CHF 2.7 billion). The trend of increasing client assets was thus also confirmed in the current financial year. The main reason for the increase in assets is the increase in client assets from the various business areas of Bank Frick. Fund assets increased significantly while new clients were also acquired in the Private Clients and External Asset Managers area. In addition, the crypto assets in custody also increased significantly during the reporting period. The fact that the growth is coming from all business areas clearly demonstrates the success of our strategy.

Sources of revenue

Even in a difficult year like 2020, we were still able to increase the operating results – as in previous years. The difficult environment was only noticeable in the area of interest income.

Net income from the commission and service transactions increased from CHF 12.6 million in 2019 to CHF 21.6 million in 2020, corresponding to an increase of more than 70%. This increase can be traced back to factors including business with new clients. The coronavirus pandemic also led to excessive volatility in the markets, which in turn brought on high trading activity. In the reporting year, a total of around 26,700 (+97.8% relative to the previous year) stock exchange and fund orders with an equivalent value of CHF 2,748 million (+92.4% relative to the previous year) were executed.

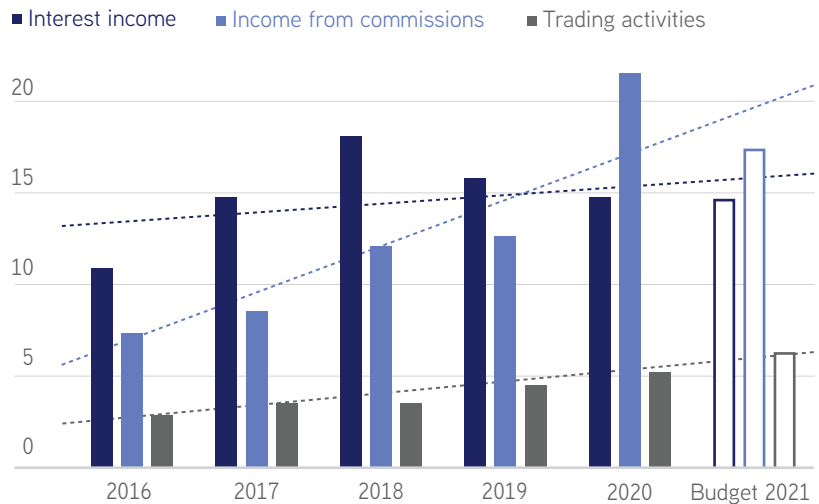
Thanks to continued moderate commission expenses of CHF 7.3 million (2019: CHF 6.2 million), net income and commission and service transactions rose to CHF 21.6 million (2019: CHF 12.7 million).

Trading activities also trended favourably, growing by CHF 1.7 million to CHF 6.4 million. New clients also played a major role in the successful trading business.

Interest income amounted to CHF 15.7 million, which was somewhat lower than in the previous period (CHF 18.9 million). Interest expenses fell significantly compared to the previous year, dropping by CHF 2,194 million to CHF 0.9 million. It should be mentioned here that, in accordance with FINMA Circular 15/1, negative interest rates must be recorded as a reduction in interest expenses.

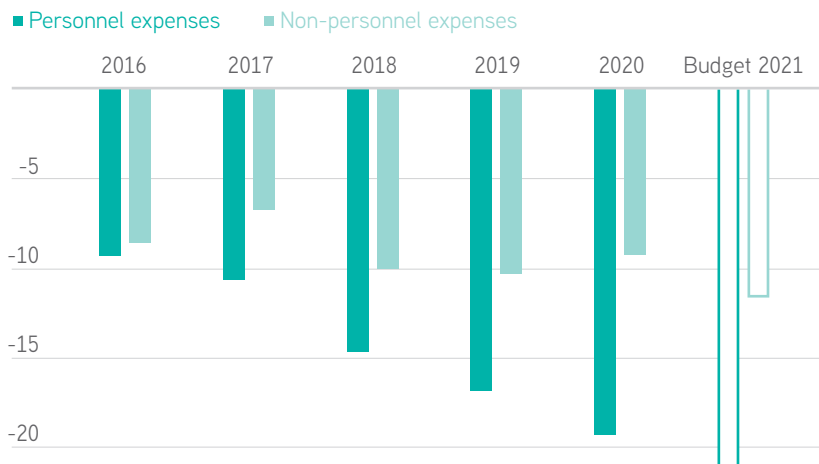
The US Federal Reserve's interest rate cut in the US dollar alone resulted in a loss of some CHF 2.0 million for Bank Frick. We were able to compensate for this loss to some extent in the Credit area. The net income of CHF 14.7 million (previous year: CHF 15.8 million)

Operating income in CHF million



The operating income has grown continuously in recent years, and this trend also continued in 2020. Particularly through commission income and trading activities, we were able to increase our net income once again.

Personnel and non-personnel expenses in CHF million



The steep growth in material and personnel expenses levelled off, and we expect this trend to continue in 2021. For more on this, please also see the chart on page 20.

corresponds to the level of 2017 and is a respectable result given the extremely difficult interest rate environment worldwide.

It is a welcome development that the Bank was able to nearly double its net income from CHF 20 million to around CHF 40 million between 2016 and 2020. This is contrasted with a flattening of the expenditure curve, which makes us very optimistic and clearly demonstrates that things are moving in the right direction.

Holdings

Bank Frick's active holdings are presented below. Information on the other holdings in BF Receipts Ltd. (London), MZ-Holding AG (Balzers), Real Pro Investments Ltd (Malta), Steamboat SA (Paradiso) and Priller Immo AG (Munich) can be found on page 60.

21.finance AG

After we increased our holdings in 21.finance AG to 50.14% in 2019, this percentage was further increased to some 59% in the course of further acquisitions of several small shareholders. This increase shows that we consider the business model of 21.finance AG to have very high potential while giving us the necessary leeway to integrate suitable partners in future.

Some adjustments were made to the business model. At its core, the focus remains on the placement of investor capital within the framework of primary market issues. To this end, 21.finance AG operates an online investment platform on which interested investors can invest in various financial products, such as shares in investment assets, equities, securitised or token-based debt securities or certificates. Looking to the future, 21.finance AG sees itself as a technology provider offering its clients the necessary hardware and

software solutions (marketplace as a service) in order to better combine capital supply with capital demand.

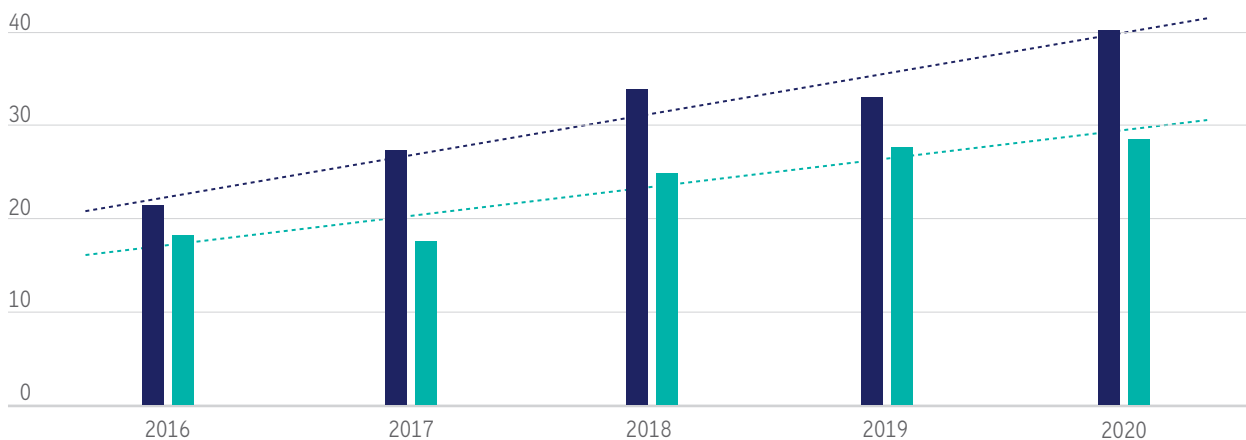
Through our majority stake, we can exert significant influence on the structure of the processes, which are quite regulatory in nature if nothing else, which makes them essential. The goal here is to be able to offer our clients a contemporary additional service, both in the new issue and investment business, through a future cooperation with 21.finance AG.

Tradico AG

Bank Frick acquired 100% of Tradico AG in 2019. The Liechtenstein-based company offers finance for goods purchasing, primarily to enterprises located in Germany, Austria and Switzerland (DACHLI region). Despite the pandemic, Tradico fortunately survived 2020 without any bad debts. The portfolio was analysed on an ongoing basis, with some positions reduced along the way.

Net income vs. Bank expenditure in CHF million

■ Total income ■ Bank expenditure



The constant rise in income contrasts with a flattening expenditure curve. Between 2016 and 2020, the Bank's net income nearly doubled from CHF 20 million to some CHF 40 million – with a simultaneous increase in Bank expenditure of more than CHF 10 million in the same period.

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We plan to create new positions in 2021.

The company was able to generate sales of EUR 12.0 million through its digital platform www.tradi.co, and a variety of different strategic sales cooperation agreements were also concluded. Tradico is looking to use multipliers to grow in several verticals (e.g. logistics and healthcare) in future, with the partnership with DSV Panalpina deserving special mention. With sales of EUR 60.0 billion, DSV is one of the three largest logistics service providers in the world, offering its clients procurement finance through a white-label solution. Clients use the Tradico platform and are financed by Bank Frick. The pilot phase was successful, with the first million euros of turnover from the DSV network booked in Q4 2020.

DisrupTech AG

We have held a 3% stake in the Liechtenstein company DisrupTech AG since August 2020. DisrupTech has set for itself the goal of providing a basic supply of food to Liechtenstein through farmers. To make this possible, the company is developing a concept to promote future direct marketing with a local online marketplace and delivery system.

Cadeia GmbH

Since August 2020, we have held a stake of 2.2% in the B2B fintech company Cadeia GmbH, based in Munich. The company's goal is to offer structur-

ing and securitisation of receivables on the blockchain. The key to the solution is a proprietary smart contract engine, which can best be described as DLT-based ABS transactions.

The DLT Markets AG

The DLT Markets AG, which was formed by Bank Frick in February 2019, provides institutional investors with professional access to the multi-exchange trading with digital tokens. To do so, the company developed a platform, which combines the regulatory security of the traditional securities business with the advantages offered by the new digital token asset class.

Since coming into existence, The DLT Markets AG has focused strongly on the German market. In this regard, it became apparent early on that it makes sense in terms of business policy to expand the range of services to include the DLT areas of custody and trading. In Germany, such services require a licence from the German Federal Financial Supervisory Authority (BaFin), which made it necessary for Bank Frick to sell The DLT Markets AG to a holding company in Germany that also includes companies with the necessary licences for custody and trading activities. This promises the greatest possible success for the company, from which Bank Frick will also benefit through the continued close collaboration.

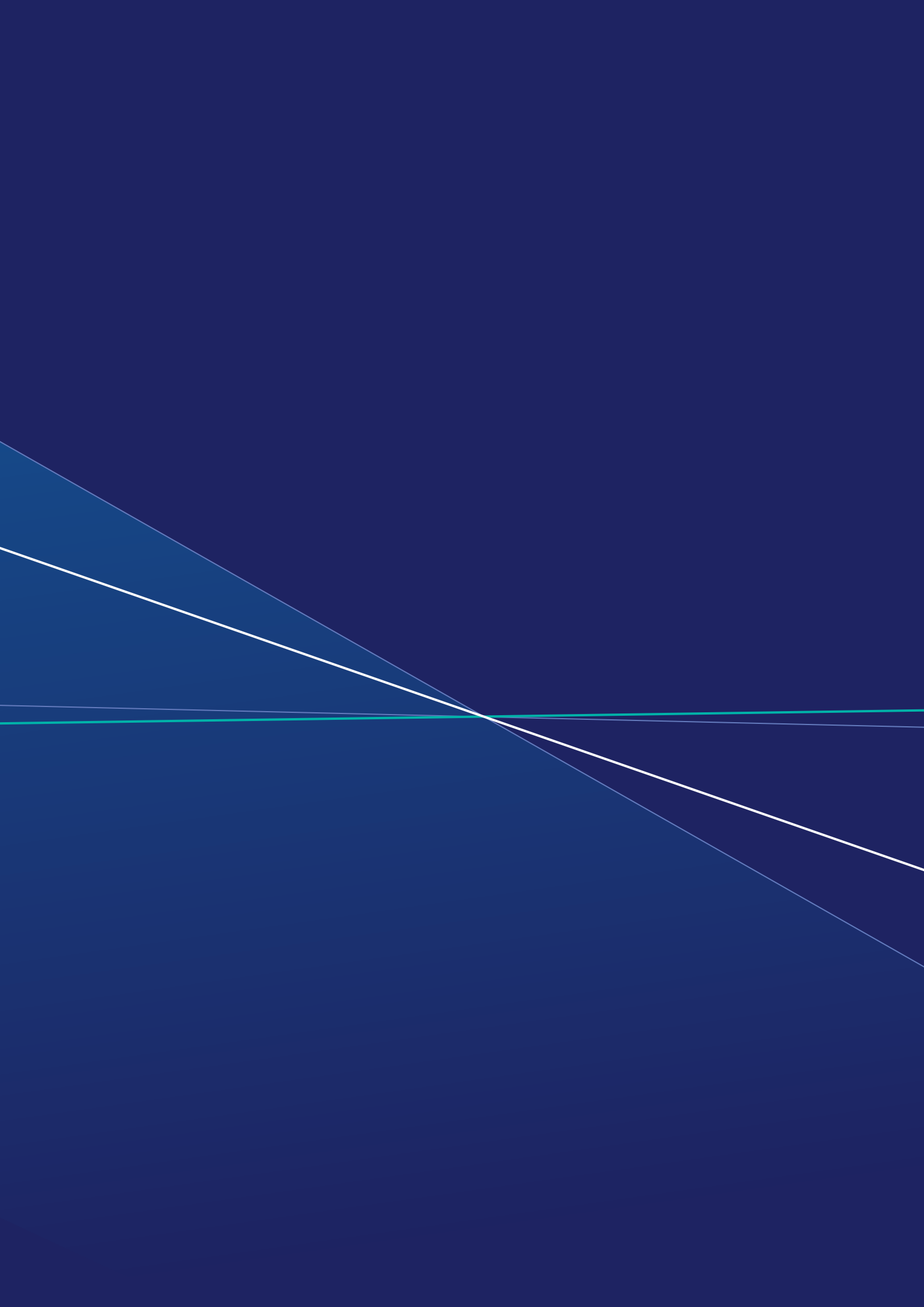
Distributed Ventures AG

Distributed Ventures AG, the subsidiary formed in February 2019, did not perform as anticipated. Consequently, Bank Frick and the Chief Executive Officer of Distributed Ventures AG agreed on a management buy-out. The Chief Executive Officer took over 100% of the shares in Distributed Ventures AG and will continue to run the company in his own responsibility.

Headcount

As of 31 December 2020, the headcount stood at 138 (123 FTEs) (2019: 129 [114 FTEs]). Due to the coronavirus, we have also been cautious in terms of new hires, so the number of employees did not increase significantly.

The year 2021 is characterised by growth, and we plan to create a variety of new jobs as well as expand the existing organisational units accordingly, particularly also due to the ongoing reorganisation of the front-office departments. We therefore assume that the number of employees will be higher on 31 December 2021.





BANK FRICK

Financial statement 2020

Vera Buech

Senior Compliance Officer
At Bank Frick since 2018

I have been in love with skiing since I was a child. Whenever my sister and I could persuade our parents, we would head out for a ski trip in Valais over the Christmas and Easter holidays. It simply wasn't possible for me to live out my passion where I grew up in Bonn. After my A levels, I enrolled to study in Constance to be closer to the mountains of Switzerland. After graduation, I then moved to Switzerland, where I initially lived in Wildhaus and gave lessons to adult beginners at the ski school on weekends. While standing on the sidelines of a ski race, I was given the tip to look around for a job in Liechtenstein – and that's how I ended up here.

I also got involved in volunteering roles related to competitive skiing early on. During the semester break, I helped out at World Cup races. When I was forced to put aside my skis for a while because of a cruciate ligament injury, I became a technical delegate (TD) – a sort of referee for ski races. However, I am limited to helping out at just two racing events per year at the moment. That's all my second job allows – I'm a single mother of a 6-year-old – alongside my 60% workload at Bank Frick.

My love of skiing made it possible for me to really integrate into Switzerland as a German. It is only in terms of language that I stumble a bit: You can tell from my accent and choice of words that I am a recent immigrant – but being a bit different is fun too! I now live in Davos and have settled in there really well. I don't mind doing the 50-minute commute to my workplace – because I in turn have the mountains and ski slopes right at my doorstep at home.





Balance sheet

in CHF 1,000

31.12.2020

31.12.2019

Assets

Liquid assets	372,009	125,601
Due from banks	317,952	245,176
→ of which repayable upon demand	157,306	142,411
→ of which other receivables	160,646	102,766
Due from clients	463,673	406,456
→ of which mortgage-backed claims	139,353	100,899
Bonds and other fixed-interest securities	105,644	99,376
→ of which bonds issued by public bodies	50,488	59,360
→ of which bonds issued by other borrowers	55,156	40,016
Shares and other non-fixed-interest securities	78,143	79,394
Participations	–	541
Shares in affiliated companies	–	–
Intangibles	–	–
Property, plant and equipment	9,194	9,889
Other assets	108,830	93,790
Accrued expenses and deferred income	3,053	2,063
Total assets	1,458,496	1,062,285

Balance sheet

in CHF 1,000

31.12.2020

31.12.2019

Liabilities

Due to banks	28,019	8,370
→ of which repayable on demand	28,019	8,370
→ with agreed terms or notice period	–	–
Due to clients	1,183,855	775,572
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	1,127,445	718,867
→ of which other liabilities with agreed terms or notice periods	56,410	56,706
Certificated liabilities	52,729	75,696
→ of which medium-term notes	11,488	11,510
→ of which other certificated liabilities	41,242	64,186
Other liabilities	89,548	101,433
Accrued expenses and deferred income	7,863	6,090
Provisions	1,448	1,311
→ of which tax provisions	1,448	1,311
→ of which other provisions	–	–
Provisions for general banking risks	16,400	16,400
Subscribed capital	25,470	25,299
Capital reserves	1,940	1,598
Retained profit	46,847	46,844
→ of which statutory reserves	6,000	6,000
→ of which other reserves	40,847	40,844
Profit carried forward	–	–
Profit	4,376	3,671
Total liabilities	1,458,496	1,062,285

Income statement from 1 January to 31 December 2020

in CHF 1,000	2020	2019
Items		
Interest earned	15,662	18,877
→ of which income from fixed-interest securities	1,516	660
Interest paid *	-904	-3,098
Current income from securities	41	26
→ of which shares and other non-fixed-interest securities	41	26
Income from commission and service transactions	28,781	18,893
→ of which commission income on loan transactions	448	89
→ of which commission income from securities and investment transactions	20,380	10,208
→ of which commission on other service activities	7,953	8,597
Commission payable	-7,218	-6,214
Profit on financial operations	5,206	5,416
→ of which from commercial activities	6,399	4,670
Other ordinary income	3,150	1,972
General administrative expenses	-28,761	-27,405
→ of which staff costs	-19,439	-16,943
→ of which operating expenditure	-9,322	-10,462
Depreciation on intangible assets as well as on property, plant and equipment	-695	-758
Other ordinary expenditure	-629	-761
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-8,476	-1,499
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	-1,226	-1,096
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	215	-
Income from normal business activities	5,146	4,353
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income tax	-770	-682
Other taxes	-	-
Allocations to provisions for general banking risks	-	-
Profit for the year from 1 January to 31 December 2019	4,376	3,671

* In accordance with FINMA Circular 15/1, negative interest rates in the lending business must be recorded as a reduction in interest expense.

Off-balance sheet items

in CHF 1,000	Financial year	Previous year
Off-balance sheet items		
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	4,594	10,284
Total contingent liabilities	4,594	10,284
Derivative financial instruments		
Contract volumes	900,935	748,965
Positive replacement values	4,688	3,654
Negative replacement values	-6,334	-3,360
Fiduciary transactions		
Fiduciary transactions	52,639	138,764
Fiduciary loans	–	–
Total fiduciary transactions	52,639	138,764

Cash flow statement

in CHF 1,000	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Flow of funds from operating result (internal financing)				
Annual profit	4,376	–	3,671	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	–	–	2,444	–
Write-off and write-ups on participations	1,011	–	1,096	–
Depreciation on intangible assets and property, plant and equipment	695	–	758	–
Valuation allowances and provisions	–	7,613	–	501
Tax provisions	137	–	82	–
Provisions for general banking risks	–	–	–	–
Accrued income and prepaid expenses	–	990	4,262	–
Accrued expenses and deferred income	1,773	–	1,429	–
Distribution of dividends previous year	–	3,668	–	–
Distribution of interim dividend	–	–	–	–
Balance	–	4,279	13,241	–
Flow of funds from equity transactions				
Capital increase	171	–	299	–
Premium on capital increase	342	–	598	–
Balance	513	–	897	–
Flow of funds from investment transactions				
Shares in affiliated companies	–	–	–	–
Participations	–	470	–	1,636
Real estate	–	–	–	–
Other property, plant and equipment	–	–	–	246
Intangible assets	–	–	–	–
Securities and precious metals as non-current assets	102,114	108,383	33,208	90,123
Balance	–	6,739	–	58,797

in CHF 1,000	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds

Flow of funds from bank business

Medium and long-term business (> 1 year)

Medium-term notes	–	22	–	250
Other certificated liabilities	7,900	–	–	25,204
Due from clients	–	–	–	–
Mortgage claims	–	9,118	–	2,038

Short-term business

Due to banks	19,649	–	–	7,567
Due to clients (other liabilities)	408,283	–	5,995	–
Medium-term notes	–	–	–	5,100
Other certificated liabilities	–	30,844	–	5,200
Other liabilities	–	11,885	31,933	–
Due from banks	–	72,775	129,172	–
Due from clients	–	11,150	–	10,589
Mortgage-backed claims	–	29,336	5,116	–
Shares and other non-fixed-interest securities	1,251	–	1,063	–
Other assets	–	15,040	–	44,786
Balance	256,913	–	72,545	–

Liquidity

Liquid assets	246,408	–	27,886	–
Balance	246,408	–	27,886	–



Roman Wildhaber

Personal Advisor, Fund and Capital Markets
At Bank Frick since 2012

I was originally a runner, and I've already completed several marathons – including a few held abroad. I only started strength training when I was forced to take six months off due to knee problems. The closure of all the health clubs during the coronavirus pandemic then allowed me to find my way to outdoor fitness. I now enjoy working out in the fresh air a lot more than indoors. There also great opportunities in Liechtenstein, such as the Vitaparcours near the forest and the street workout parks – and if you know what you are doing, you don't need much to ensure a great workout. A chin-up bar and a simple dumb-bell will do in a pinch.

I exercise at least once a day, as it's something I need to do to bring some balance to my daily routine. Hardly anyone has time for fitness anymore, but you really need to make time for things that are truly important to you. That's why I always find time for exercise somewhere – such as running on my lunch break. It's just part of my normal daily activities for me – like brushing my teeth.

Since my girlfriend found a job in Zurich, we recently moved to the city. Even though I will miss the beautiful Vitaparcours in Liechtenstein, Zurich offers great urban street workout parks for outdoor fitness. It actually would have made sense for me to also look for a job in Zurich, but I like it so much at Bank Frick that I'm happy to commute back. When I started working in the back office about eight years ago, there were just 30 employees. With the growth and positioning in regard to blockchain, things really started to heat up. I especially like working in a young team with motivated colleagues who are gearing up to change the world.



Notes on business activities and workforce

Fund and Capital Markets

The focus of the Fund and Capital Markets department in the reporting period was on further development of the service range and increasing the volume of business. This follows the implementation of comprehensive organisational measures in the previous year, including reorganisation into a variety of different teams of specialists for each specialisation. As we are convinced that there is great potential in regulated issue of tokens, the Token Offering team was incorporated. Recent regulatory developments have led us to believe that consolidating technical and capital markets expertise into a single department makes a great deal of sense.

The department's core business is developing and servicing tailored securitisation and fund solutions according to European law. To give our clients the greatest possible latitude of design in a manner that is also compliant with the relevant laws and regulations, individual services are offered on a modular basis. We supplement this with the expertise of certain third parties from our extensive partner network if necessary, including services such as fund administration, direct trade access, legal advice and corporate services. Bank Frick also makes it possible for its clients to process securities offers on the basis of or in combination with blockchain technology.

The Fund and Capital Markets department's primary areas of activity are collective investment schemes/funds and capital market products, with the focus of the latter being on debt capital

transactions such as fixed-interest bonds (straight bonds), asset-backed bonds or certificates.

When funds are involved, Bank Frick usually serves as the custodian for European alternative investment funds (AIFs) and pure securities funds (undertakings for collective investment in transferable securities, UCITS) or as the custodian bank for non-European funds. In conjunction with capital market products, it acts as the paying agent and/or issuer. In the past financial year, Bank Frick was also successfully appointed as a custodian for exchange-traded products (ETPs). This activity is closely related to the previous area of responsibility, with further growth in business volume expected.

An important element here is holistic support of the issuing process necessary before the fund and capital market products are launched. In this respect, Bank Frick acts as a nerve centre for all the stakeholders involved.

The ultimate objective is to operate in line with Bank Frick's Crossover Finance approach and bring together the highest possible flexibility with an equally high level of legal certainty for our clients.

A support team backs the work of the three teams of specialists – Funds, Capital Markets and Digital Asset Offerings – ensuring that solution development and administration are addressed separately. This separation of tasks results in the greatest possible focus and thus the best possible service quality.

The extraordinary items stemming from the coronavirus pandemic, notable in terms of both positive and negative impact, essentially balance each other out. On the one hand, high volatility on the markets has led to an exceptionally high trading volume. On the other hand, some important foreign currencies have depreciated strongly against the Swiss franc, which ultimately has a negative impact on business volume and thus overall earnings. We are seeing a similar picture emerge for the interest rate environment.

A quite welcome trend can be seen in trade in crypto assets as well as crypto derivatives, with a marked rise in business volumes in this area. This fact supports us in our efforts to become a strong partner for innovative business models. In addition to experiencing significantly higher trading volumes during the reporting period, we also acquired very renowned issuers as new clients.

In our view, tokenisation is still at a very early stage in its development. A variety of developments are necessary for it to be able to give complete expression to its potential, and Bank Frick can only effect a portion of these developments. We see the most important factors here as extensive standardisation with regard to stablecoins as well as the establishment of important elements of a functioning market infrastructure that are familiar to us from conventional banking and finance. In addition to regulated wallet providers, this also includes regulated markets that would meet the needs of a broader public. We are keeping our

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Our focus is on funds domiciled in Liechtenstein.

finger on the pulse of new developments so we can offer our clients the best solution at all times.

In terms of growth, we also saw very welcome results achieved in 2020. The volume of Liechtenstein funds, which represent the most significant indicator in the area of “Funds”, increased from CHF 801.0 million to CHF 1,176.0 million, corresponding to an increase of CHF 376.0 million (or 46.9%).

In the area of fund solutions that are not subject to Liechtenstein legislation, the booked volume remains in the range of CHF 430 million. Active expansion is not being pursued, and the focus is clearly on funds domiciled in Liechtenstein.

On the capital market side, at the end of the financial year we maintained a total of 93 paying agent mandates for third-party issuers and had a total of 17 own certificates outstanding, which are generally structured and issued on behalf of clients. We also note the encouraging news that Bank Frick’s services are increasingly being used by a number of large, well-known clients, as well as by internationally renowned issuers in some cases.

As of 31 December 2020, the headcount for the entire department stood at 10.8 full-time equivalents (FTEs) (previous year: 9.8 FTEs).

Key activities during the financial year

To meet the growing need for digital banking solutions, in 2018 Bank Frick took a majority stake in 21.finance AG,

which is based in Ruggell, Liechtenstein. The company sees itself as a digital marketplace for primary market issues, with this positioning being associated with fascinating opportunities for collaboration with our Fund and Capital Markets area in particular. To further develop the corresponding functionalities, there has also been close communication with 21.finance AG representatives in the current year. A tight-knit future partnership between the two companies appears to be emerging in the area of securities tokenisation if nothing else.

In the current year, digital onboarding was made a reality for clients of Funds and Capital Markets. Thanks to the professional support and project management of the in-house digital departments, the associated clients now have the option to submit their account opening applications online, which represents an important milestone in terms of client experience and scalability. The desire for completely digital account opening remains present, however, especially in an era of lockdowns driven by a pandemic.

It proved to be the right move to roll out new fund software in the previous year, as this made it possible to automate control duties and obligations to a significantly higher degree. With this as a reliable basis, a large number of subprocesses could be optimised, allowing us to greatly improve the scalability of the business model. This put us in a better position to further grow and to expand the fund business, which is now under strong pressure on margins.

Private Clients and External Asset Management

The Private Clients and External Asset Management department is responsible for all client concerns arising from this department and manages both day-to-day business and after-sales service. In addition to handling classic private client business, the team provides support to internationally operating financial intermediaries such as fiduciaries, tax advisers, lawyers, independent asset managers and insurance companies. On the basis of our Crossover Finance approach the employees aim to provide private clients as well as institutional clients with comprehensive financial services from a single source and in that way to create added value.

We were able to make great progress this year in a variety of classic banking areas. On the technological side, we implemented the onboarding tool, which gives clients the option to open an account with Bank Frick on a largely remote basis. We raised awareness for the tool among clients as well as financial intermediaries with whom we work.

Meeting the demand of the onslaught of new account openings on this basis, as well as the numerous new regulatory requirements, such as flawless documentation on how to determine beneficial owners or how to format client profiles – represented a challenge for the available resources.

Our success in the area of crypto private clients is also worth mentioning,

with both the assets and the number of clients tripling in the course of the reporting year. Data from our onboarding statistics show that we receive roughly one hundred enquiries per month.

The work situation for the Private Clients and External Asset Management team abruptly changed in the first quarter of 2020. During the first lockdown of the coronavirus pandemic, half of our staff alternated in working from home in order to ensure that it would be possible to comply with social distancing rules in the office. Client meetings were conducted face-to-face only in urgent cases and held online whenever possible. This unfamiliar situation required flexibility from the entire staff, and suitable workspaces and workstations with appropriate infrastructure had to be created. Communication is increasingly taking place online rather than in physical meetings – both internally and in regard to clients. We have also seen major changes in client behaviour, with clients making use of digital solutions and services much more frequently.

A great deal of preparation also occurred in 2020: We got major projects off the ground, which we are now looking to accelerate in the current year. We acquired new mandates on this basis, a circumstance which will have a positive effect on earnings and assets under management in the initial months of 2021. The reporting year was already characterised by a great deal of success, allowing us to increase the assets managed by the team by nearly 20%, to find several interesting new business partners and to already close our first deals.

Our goal is to establish even greater proximity to financial intermediaries, to identify and understand the needs of our business partners and to offer added value to the end client. The level of awareness we achieved through our

blockchain activities helps a great deal in achieving this goal, and we want to use this new brand awareness to undergo even greater growth in our classic banking activities.

The crossover approach is to enable us to provide a wide selection of banking solutions to our clients. We saw the success of this approach in 2020, with both the Fund and Capital Markets department and the Blockchain department working together well for the benefit of the client and the Bank.

Blockchain

Brokers and Exchanges

The Broker and Exchanges team (crypto brokers and exchanges) was significantly affected by the many impacts of the coronavirus pandemic last year. With the onset of the financial market correction in February 2020, there were also great fluctuations in crypto assets. For example, Bitcoin lost nearly 60% of its value in one month but was able to stabilise again relatively quickly, returning to its pre-crisis levels in May 2020.

Bank Frick began offering financial services to crypto brokers and exchanges back in 2016 and is well positioned with its client portfolio. The strong rise in demand could be clearly seen in the increase in the number of transactions we handled. In the first quarter of 2020, this figure remained around 45,000; in the fourth quarter, it increased to roughly 110,000. The same applies to client assets under management.

For many brokers and exchanges, the past two years have been rather difficult due to lower trading volumes resulting from the drop in price. All of this changed in the middle of the reporting year due to the jump in Bitcoin and other cryptocurrency prices – the demand for

account openings massively increased, with existing client relationships intensifying and expanding.

It can generally be said that the companies have expanded their range of services over the years in response to the constant change and shifting dynamics of the blockchain and crypto market. These companies ultimately need to have reliable and supportive partners so that they can implement new projects and ensure that their business processes operate smoothly. For service providers in the crypto and blockchain market, Bank Frick is a banking partner held in high esteem due to its numerous services, client orientation and expertise.

The department has undergone a phase of vigorous growth, and its avowed goal is to continue to accelerate this growth also in the coming reporting year with brokers and exchanges that are well positioned and successful. We also succeeded in applying the crossover approach to existing companies, allowing them to increasingly benefit from other services we offer at the Bank.

Crypto Corporate

For the Crypto Corporate team, 2020 was a year of both excitement and challenges. The coronavirus pandemic dictated that many processes, workflows and ingrained habits had to change overnight.

In recent years, Bank Frick has had a prominent presence at numerous blockchain-related conferences, which were either cancelled or moved online due to the pandemic, making it difficult to acquire new clients. The team therefore moved its focus to engaging with clients online and responding to each one individually. It was still possible to offer the usual service to the clients thanks to the rapid changeover to working from home.

Despite all adverse circumstances, earnings rose by more than 20%.

The Crypto Corporate team was restructured in 2020, growing to a total of four people. Thanks to increasing cryptocurrency prices at the end of the year, more traditional financial service providers and professional clients became aware of the topic of blockchain and got in touch with us. The effect of this is expected to be positive in the 2021 financial year. At the same time, the pandemic is also expected to put many young entrepreneurs and start-ups in a difficult situation. Given that we support fintech companies working in the area of cryptocurrency, we are anxiously watching the development of the start-up scene in the blockchain sector.

Credit Office

The Credit Office department advises client advisors on all credit matters and supports them in responding to client enquiries as well as in the application process. The tasks for which the department is responsible include conducting assessments, submitting applications, preparing contracts and monitoring activities relating to current credit positions. The creation of reporting analyses affecting the credit portfolio also takes place within the Credit Office department.

Bank Frick's credit area is also distinguished by the fact that various non-standard financing products can also be offered in Liechtenstein and Switzerland in addition to Lombard and mortgage financing. We have been active in financing real estate projects in various European countries for many years, for example, and in recent years we have also been able to consolidate in-depth expertise in the area of various working capital financing structures, where we act as refinancers. We collaborate with respected partners from the factoring and fine trading business, a financing activity which requires specific know-how in the areas of processing and monitoring. We acquired a great deal of expertise in these and other specialised topics in recent years.

The business volume was able to be expanded considerably in 2020. Mortgage-backed financing increased by some CHF 55.0 million (+45.8%), although we also had high repayments. The volume of the Lombard loan business was maintained at the level of the previous year.

Provisions for problematic credit items (individual valuation allowances) amounted to CHF 19 million in 2020. In addition to the provisions set aside for the usual business, this primarily corresponds to a large loan from the Lombard loans segment, for which

matching provisions were made. The coronavirus pandemic has so far not had any significant negative impact on our credit portfolio. There were no significant defaults. We are convinced that the provisions we made put us in a good position to cover any defaults.

As of 31 December 2020, the headcount in the Credit Office department is 5.7 FTEs (previous year: 4.7 FTEs). The expected further increase in business volume and new regulatory requirements will lead to a further expansion of the team in 2021. Additional organisational adjustments are also being examined to increase efficiency and further optimise processes.

In 2021, the department expects further substantial growth in credit volume. We continue to see high demand in addition to several financing enquiries in the pipeline. Despite the coronavirus pandemic, we also do not expect any significant defaults in 2021.

Real estate

In real estate financing, Bank Frick is putting its focus on Germany, Austria and Switzerland (DACHLI region) and the UK. In doing so, we focus on collaborating with brokers and business partners who service end clients. The coronavirus pandemic and the

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Mortgage-backed financing increased by 45.8%.



We placed roughly 98% more stock exchange and fund orders than in the previous year.

measures taken in response also had consequences for the real estate market. Restaurants, shops and some offices were temporarily closed. Compared to the financial crisis, we expect the impact of the shock to be smaller and the recovery to be faster. The low-interest-rate environment has meant that investment conditions are largely the same, which has further encouraged investors to invest. Despite recent declines in value, we expect real estate to remain an attractive asset class due to the associated income. Compared to the previous year, we were able to double interest income in the real estate sector to nearly CHF 3.0 million, with successful real estate projects made a reality both in the UK and in the DACHLI region. A delay in saleability has become noticeable in the UK luxury segment, but Bank Frick pursues a conservative approach here, only lending up to roughly 50% of the market value of properties.

Bank Frick UK Branch

The regional and national lockdowns, as well as the uncertainties surrounding Brexit, have not put a strain on our trading business, and 2020 has been quite positive for the stock market. Our clients traded actively and invested more than in the previous year, causing the volume as well as the number of stock exchange transactions to increase significantly. The network of the UK Branch in the area of lawyers and tax advisors is particularly large, especially in London.

The basic sentiment among our clients and intermediaries is positive.

In the reporting year, we experienced a very positive development in our cooperation with asset managers in London. In spite of the political nervousness surrounding Brexit, we were able to acquire attractive new clients, with our fintech services also contributing a good amount to this.

The coronavirus crisis also shook up the real estate market in the UK, particularly in the high-end sector, but we saw a positive recovery towards the end of the year, especially in the commercial sector. Luxury private properties are also in demand again now that there is clarity regarding the UK leaving the European Union (EU). Furthermore, the real estate sector has been positively affected by the weakness of the pound sterling.

Trading

The Trading department of Bank Frick processes orders exclusively on an execution-only basis for its clients, which include financial intermediaries and funds. The segments we trade in comprise securities, derivatives, foreign exchange, precious metals, money market and cryptocurrencies. The Trading department manages its own foreign currency holdings and monitors maturities in the areas of forward foreign-exchange transactions, money market and nostro transactions.

In the reporting year, a total of around 26,700 (+97.8% relative to previous year) stock exchange and fund orders with an equivalent value of CHF 2,748.0 million (+92.4% relative the previous year) were executed. Interest rates, which were low worldwide, resulted again in a fall in the volume of fiduciary, fixed-term and call-money transactions. It amounted to CHF 1,764.0 million (-18.4% relative to the previous year). In turn, we were able to expand the currency business: Trading volume rose by 1.1% to CHF 4,108 million, resulting in a foreign exchange gain of CHF 6.4 million (+37% relative to the previous year).

In the summer of 2020, Treasury was spun off from the Trading department and integrated into the Finance department.

Automation is to be accelerated in Trading in 2021. At the start of the year, a total of six people (5.0 FTEs) worked in the department. As of year end, this figure had increased to five (4.2 FTEs).

E-Commerce

Since 2012, Bank Frick has been the only Liechtenstein institution to be a Principal Member of Visa and MasterCard.

We further bolstered our key function within the E-Commerce team in Liechtenstein last year. Due to the coronavirus pandemic, the team primarily worked from home. Despite the unusual circum-

stances, it was able to maintain a sense of camaraderie and team spirit.

In 2018, Visa International amended the requirements for European acquirers that have payment service providers in their portfolio. Since Bank Frick did not fully meet these new requirements, particularly the equity capital requirement of EUR 100.0 million, the Bank had to apply for Visa's waiver programme. Visa conducted an audit in June 2019, resulting in Bank Frick successfully receiving approval from Visa International in the first quarter of 2020.

Bank Frick began searching for more partners in 2019, and a new payment solution provider was signed up with the Visa Payment Facilitator Waiver in the second quarter of 2020. Integration of this provider was completed in the third quarter. Additional partnerships are being considered, and we expect to bring more partners on board in the current year.

Net1, which included Masterpayment AG and Ceevo, made the decision to cease operations in Europe in the third quarter of 2020, resulting in Bank Frick taking over a portion of the combined portfolio. Since then, Bank Frick has been servicing a portion of the portfolio directly via the white label processing platform ACI.

In the past, Bank Frick offered online acquiring only for Visa and MasterCard. The ACI platform now enables Bank Frick to offer service processing for American Express as well as SEPA direct debit transactions for e-commerce merchants.

Processing

A year ago, we did not anticipate the great challenges we would be facing in 2020, but we were able to overcome them thanks to our well-versed team.

The Liechtenstein starting situation in regard to payment transactions is unique. On the one hand, the currency treaty with Switzerland has linked the country to Switzerland's payment systems since 1980. On the other hand, Liechtenstein's status as a member of the European Economic Area (EEA) makes it necessary for it to implement and apply EU law in payment transaction matters. On this basis, the country is presented with greater regulatory and practical challenges in some cases.

The EU has a wide array of requirements to be met in the area of payment transactions. The Regulation (EC) No. 1781/2006 of the European Parliament and of the Council of 15 November 2006

on information on the payer accompanying transfers of funds is intended to ensure payments are completely traceable. The Regulation (EC) No. 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community is also intended to ensure that the same charges are levied for cross-border payments in euros as for corresponding euro payments within a member state. We should also mention the Revised Payment Services Directive (PSD2, Directive (EU) 2015/236), which aims to provide better protection to consumers when they transfer their payment orders online.

Outgoing payments, as well as incoming payments, increased quite significantly in the 2020 reporting year, and we were also able to expand the Payments service. The growth in transactions has naturally also caused the effort for research and clarification to increase at the same time.

In Securities, we registered a major increase in stock exchange transactions in the reporting year, with investors being very active in 2020. We also recorded an increase in securities positions in this area and were able to acquire new clients. We successfully implemented and enforced the Share-

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We are now able to offer service processing for American Express.

holder Rights Directive II (SRD II) on 1 September 2020. The protection of client assets, along with the discipline in securities settlement, will come into focus in 2021.

Risk Management

The Risk Management department identifies, assesses, manages and monitors all material risks on the overall bank level, with application of Liechtenstein banking law and the relevant legal foundations of Europe and taking the relevant Financial Market Authority (FMA) publications into account.

The implementation of an effective risk management process is essential in order to ensure this. Preparation of internal and external reports (Board of Directors, Management Board, FMA, audit) play a key role in monitoring and risk management. The authority to issue the Bank's risk policy lies with the Board of Directors, which is informed in regard to the Bank's risk situation on a quarterly basis at a minimum.

Defining the strategic corporate goals is key to ensuring that the Bank remains successful in future. Risk management as a control instance (second line of defence) makes an essential contribution to ensuring that the Bank can continue

to operate as a going concern. The operational objective is to diversify risks to ensure that risks taken and monitored are in good proportion to the expected return.

The Asset and Liability Committee (ALCO) serves as an additional risk management body, monitoring the risks entered into and deciding on counter-measures if required. The ALCO consists of the Management Board as well as the Risk Management, Finance, Treasury and Credit Office departments.

An additional risk management task is the implementation of national and international regulations. It is ensured at all times that existing regulations are complied with and that new regulatory requirements are monitored and incorporated into internal guidelines in good time where necessary. We were again able to successfully implement all new and existing regulatory requirements and projects in this reporting period.

The focus activities in the past financial year included timely preparation and submission of regulatory reports and notifications. Preparation of the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the recovery plan played a key role here. These activities also involved the Risk

Management department assuming responsibility for the Bank's internal and cross-departmental coordination.

The global coronavirus pandemic made it necessary for us to prepare additional risk analyses on the impact on the Bank, with these results also included in the reports mentioned above.

Over the past financial year, much attention was paid to the digitalisation of claims reporting in the Bank's proprietary system (TopEase). Internal reporting was also expanded, and a risk dashboard was created for efficient monitoring of the key risk indicators.

Monitoring the new and comprehensive package of banking regulations represented an additional challenge. This made it necessary for the Liechtenstein Bankers Association (LBV) to set up a working group in which representatives of our department are also participating.

For the new financial year, the focus is on further expansion of the internal control system (ICS) for all business-relevant areas on the second-line-of-defence level, optimising existing processes and implementing new processes where required. Stress testing is also to be largely automated, with this reprogramming making it possible to simulate and define scenarios with

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Additional risk analyses on the impact of the coronavirus pandemic on the Bank were prepared.

” Further development of blockchain services was advanced in the reporting year.

greater flexibility. This allows the results to be calculated on a fully automatic basis, presented in a consolidated overview and then incorporated into the appropriate reports as well as the remediation plan of the Risk Management department.

Business Development

Digitalisation has been expedited at Bank Frick for years, resulting in the development and interlinking of new, innovative business models within our ecosystem and along the entire client journey. In the past financial year, this included the further development and establishment of blockchain services such as tokenisation, in cooperation with strategic partners (21.Finance, Tokeny, FINOA), which received significant support from the Business Development team.

We also accompanied the restructuring of the E-Commerce department. The focus here was on the separation from the Net.1 subsidiary Ceevo, which in the past had provided a portion of the operational support for the acquiring business. In addition, the technical infrastructure was further expanded to efficiently process e-commerce payment transactions. Additional added value for clients was created by the roll-out of

the merchant cockpit PAY, which allows card transactions to be viewed within a dashboard and relevant e-commerce transactions to be digitally managed.

In addition to these developments, 2020 also saw a partnership with a strategic e-commerce provider that will further support the development of the product and service landscape using a data analytics solution within the new payment gateway by the name of PAYGATE.

The blockchain clients have survived the coronavirus crisis largely unscathed so far, continuing to expand their business along the way. We were able to support the front-office units in dealing with and implementing complex client objectives. Together with client advisors and other experts, we made various projects a reality and also made it possible for clients to expand their business models within a fully regulated framework.

The Bank's former subsidiary DLT Markets also accounted for a large component of the activities in Business Development last year, with the focus on building up and expanding the offering in line with our strategy. We are convinced that we were able to build and take an exciting product for professional investors live. The client-friendly trading interface, along with settlement through

a regulated bank, are unique in the market.

Business Development was also heavily involved in the strategic development of Bank Frick in 2020, with a great deal of preparatory work done to align the current organisational structure in the front office with factors that will assure future success.

Business Development was also active in the operational area, on the one hand through the expansion of our service range with the implementation of a bankruptcy-protected account for specially regulated companies, and on the other hand through project support for individual Bank Frick subsidiaries, for example.

In addition, we dealt a great deal with regulatory requirements over the past financial year, including implementation of the Payment Service Directive 2 (PSD2) as well as digitalisation of regulatory monitoring and reporting, which further increased operational excellence.

Business Engineering

The Business Engineering department develops, plans and controls the design of client-side software applications – including online banking, digital onboarding and application programming interfaces (APIs). We are also a point of contact for clients in the area of interfaces and technical integrations.

The new digital onboarding was developed for all client groups in 2020. All client relationships, from private individuals to funds, can be established digitally, and the tool offers optimal support to internal departments in the onboarding process.

Online banking was also expanded to include securities trading, which allows our clients to place their orders from the comfort of their own home, not only

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The number of client accounts opened increased by more than 30%.

in case of simple orders but also from intermediaries using block orders. In this way we were able to make a significant contribution to facilitating the everyday work of our clients and partners.

A unique selling point of Bank Frick is crypto trading using online banking. It is now as easy to trade cryptocurrencies as it is to trade normal currencies and securities: Bitcoin and the like can be bought or sold with just two clicks of the mouse. Our clients need not worry about a storage solution – we integrate the cryptocurrencies directly into their safe custody accounts.

After integrating securities and crypto trading into online banking, we also activated these features in our Web API, meaning that clients can now carry out full integrations into their existing systems and trade securities or cryptocurrencies directly from their system – a unique selling point of Bank Frick.

Over the past year, a variety of clients connected their systems to our Web API. With this integration, we are making it possible for them to manage the entire banking relationship directly from their software.

Business Analysis

The Business Analysis department develops, coordinates and manages change processes (change the Bank) with a clear focus on added value for clients (client experience). The respon-

sibilities of the Business Analysis department consist of the activity areas of Requirement Management and Process & Change Management.

Last year, the department created the specification of a holistic digital onboarding solution for all client types and configurations. The key requirement for the solution was to make the account opening process as uncomplicated as possible for the client while simultaneously conferring internal standards for risk mitigation and compliance with various regulatory requirements. After intensive testing and training of all internal stakeholders, the application was launched for clients at the beginning of March 2020 in close cooperation with the Business Engineering department, which developed the solution itself.

From now on, Bank Frick's onboarding process will be handled seamlessly using the tool, from client enquiry to automatic assignment of a specialised client advisor for review and processing by internal review bodies, depending on the risk (Due Diligence and/or Blockchain Compliance committees as well as the Management Board), and all the way through to entry by Client Data.

Since March 2020 we were able to increase the number of client accounts opened by more than 30%. These new accounts are primarily accounts of private clients and companies but also include a variety of accounts for funds and blockchain companies opened by professional financial intermediaries.

In roughly 75% of the qualified enquiries received, opening an account was refused due to regulatory risks or because the client did not adequately meet internal standards.

The roll-out of digital onboarding also makes it possible for the Bank to conduct in-depth analyses regarding client structures and their demand for products and services. The enquiries provide detailed information regarding matters including the origin of potential clients, what motivates them to seek out services and the assets they plan to contribute. It is also worth mentioning that in November 2020, the tool enabled the highest number of onboardings in a single month in the past three years – and this despite the second coronavirus wave and the correspondingly high proportion of involved stakeholders who were working from home.

In the Change Management area, the primary task is internal coordination and prioritisation of change requests throughout the Bank. Every Bank employee can submit requests for changes (RfCs). Some 300 RfCs were processed in 2020.

After release of the new online banking features, we were in charge of communicating them to the clients, including the changeover to online banking.

Process Management takes care of process recording, modelling and analysis. With a view to creating a Bank-wide process map, the Business Analysis

department recorded the relevant business processes. These are constantly being subjected to optimisation and digitalisation.

Application Engineering

In addition to support for the classic core banking application, more and more peripheral systems and technologies are the responsibility of Application Engineering. We therefore expanded the department to four full-time equivalents by hiring a Blockchain Application Engineer.

It is increasingly the case that more effort is required for regulatory reporting. In many cases, the related data formatting and interfaces for electronic transmission need to first be developed.

Together with the Business Engineering department, we developed interfaces between online banking and the core banking system so that opening of securities custody accounts and processing of securities transactions could be automated. A highlight of these upgrades is automatic processing of crypto orders from online banking.

Despite the coronavirus pandemic and the associated work from home, the availabil-

ity of all applications was guaranteed at all times during the reporting year.

System Engineering

The System Engineering department is responsible for systems in the area of infrastructure, which forms the backbone of our daily work. Our mission is to offer external and internal stakeholders maximum availability and security. In addition, we see ourselves daily in the role of a business enabler in digital transformation.

A variety of projects were successfully implemented in the past financial year. However, the primary focus was on quickly providing our employees with everything they needed in terms of infrastructure for working from home as well as on continuously developing and optimising this infrastructure in the course of the year.

The IT security challenges that companies face in today's networked digital economy have reached a new level in terms of their threat, which the Bank is addressing accordingly.

Regulators and supervisors in the financial sector industry have also become increasingly aware that financial services

are becoming more vulnerable to cyber threats, primarily due to the growing role of digital services in the delivery of financial services. In response to this, the FMA has raised the legal and regulatory requirements.

Client Data

The Client Data department is responsible for recording and adjusting all data of Bank clients as well as for archiving and indexing the original forms and documents. Other tasks include managing the ever-growing requirements for securing data for regulatory reporting in accordance with the Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation – EMIR), the ELS clearing system, the 2014/65/EU Markets in Financial Instruments Directive (MiFID II) and so on. Likewise, additional client data is needed in the core banking system, such as for online banking, the onboarding process or blocking management. Form management and coordination of mass mailings are also our responsibility. Furthermore, Client Data is responsible for reporting according to the global standard on automatic exchange of information on financial accounts (AEOI) and the US Foreign Account Tax Compliance Act (FATCA).

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Within a very short period of time, we put in place a fully-fledged infrastructure for enabling work from home.

In the reporting year, our focus projects are primarily included in the planned core banking release and the implementation of the qualified intermediary (OU) status and the new Markets in Financial Instruments Directive (MiFID) set-up. By optimising and digitalising the processes, we are to benefit the client by carrying out an ever-increasing number of annual account openings in an even shorter period of time. The Client Data department now has nine employees, spread between the Client Data Services team (6.0 FTEs) and the Client Data Management team (3.0 FTEs).

Through adjustments to its organisation and processes, the department is very well positioned to meet the challenges of supporting additional digitalisation in the current year.

Business Support

The new digital services are appreciated and actively used by our clients. Business Support ensures that these services are supported and has established

itself well as the interface between the client, the front office and IT.

We are available to our clients daily through a variety of channels, handling some 5,500 individual enquiries in the reporting year. Business Support also ensures application support for the ticketing system, which is used not only in the technical area but increasingly also to support corporate management.

As announced in the 2019 annual report, we successfully implemented the e-learning platform Aha! and are now supporting staff in creating courses, which represents an essential contribution to building and safeguarding expertise. On the one hand, our comprehensive training concept ensures internal transfer of knowledge in cooperation with internal and external resources; on the other hand, internal stakeholders are regularly involved in the context of extensive test management before the roll-out of new systems and releases. Business Support attends to these tasks and thus also remains in dialogue with the service recipients.

In 2021 we intend to do our key work in the institutionalisation and optimisation of tasks and processes as well as in providing enhanced support for projects.

Compliance staff unit Compliance

The Compliance staff unit advises and supports Bank Frick employees and the Management Board in complying with due diligence obligations. The head of the staff unit assumes the role of Compliance Officer, with the role of responsible member of the management level held by Edi Wögerer.

The Compliance staff unit ensures that employees are always up to date on due diligence issues through training (annual due diligence training, quarterly training for new hires, annual training for the Board of Directors and Management Board and ad hoc training) within the scope of internal training and continuing education management.

Since October 2018, the Compliance staff unit has been divided into the Blockchain Compliance (BCC) and Due Diligence Compliance (DDC) teams, thus reflecting the topic of blockchain banking in the internal structure. The Compliance staff unit has nine employees (8.5 FTEs), which is the same number as the previous year. Despite good staffing, it is necessary to make appropriate adjustments to the internal processes (onboarding, monitoring) in order to deal with the growing regulatory requirements and the high workload in the day-to-day business. We have experienced staff in the Compliance staff unit, some of whom have been with Bank Frick for many years. With their experience, the employees of the Compliance staff unit not only provide support for internal departments but also for client acquisition and support.

In the past financial year, certain activities and internal adjustments were

” By making our processes digital, we want to shorten the time it takes to open an account.

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We ensure that employees are always up to date in the area of due diligence.

necessary in the context of acquiring TT service provider licenses under the Blockchain Act.

In addition to the usual external audits in the area of due diligence, additional on-site inspections by the FMA in regard to compliance with due diligence obligations took place in November 2020 relating to our activities as a bank and TT service provider. Discussions with FMA representatives resulted in added value and demonstrated that we had further optimised ourselves in recent years. We are aware of the necessary adjustments, and with the specific feedback from the FMA, we can and will advance the internal projects, especially in the areas of monitoring and business profile quality.

Within the framework of Level 2 Due Diligence Ordinance (DDO), it was ensured by the end of 2020 that the beneficial owners of all business relationships had been identified using forms C and T, and the project was completed on time. The Compliance staff unit continues to support the front office in dealing with the last open cases. With regard to the identification of beneficial owners, reference should also be made to the verification of beneficial owners. According to the FMA requirements, third-party documents confirming the information on beneficial owners must always be requested for business relationships in

the risk categories of “high” and “very high”. The Compliance staff unit has been analysing and processing these cases since mid-2020 and will continue to deal with them in 2021.

With the ongoing Profile+CRM project, the initial deadline for updating all business profiles of the risk categories “high” and “very high” was completed.

The planned revision of the Due Diligence Act (DDA) as of 1 April 2021 will implement requirements from the 5th EU Anti-Money Laundering Directive. In particular, this includes the extension of due diligence obligations when offering safe deposit boxes – with the DDA now also covering rental or safekeeping of safe deposit boxes – along with the new central account register. In this case we are waiting on additional specifications. With regard to account registers, a project has already been set up: Bank Frick, as one of the pilot banks, can work directly with the authorities on the implementation. The DDA was originally supposed to go into effect on 1 January 2021, but this was prevented by other EEA states. Nevertheless, the deadline remains in place for implementation of the account register on 1 October 2021 – that is, the interface must be in place and account data must be transmitted to the authorities for the first time by this date.

In addition, the revised DDA implements the Financial Action Task Force on Money Laundering (FATF) requirements on virtual asset transfer. In this context, data on the originator and beneficiary of virtual assets such as Bitcoin are to be transmitted if a market participant subject to due diligence is involved. The basis for this is laid down in the new Article 12a DDA; further details are addressed in the associated ordinance (DDO). At an early stage, Bank Frick contacted FMA representatives to support them in the implementation.

The Moneyval country assessment will take place in September 2021. Representatives of Bank Frick’s Compliance staff unit are directly involved in the corresponding preparatory work through participation in various committees of the LBV. In addition to preparing for the country assessment and the possibility of an interview at Bank Frick, we are currently putting our focus on various adjustments in conjunction with the implementation of the measures from the Sectorial Risk Assessment (SRA). Based on the revised National Risk Assessment (NRA), the internal risk assessment according to Article 9a DDA – as a so-called Institutional Risk Assessment (IRA) – will also be adapted or revised in the current year, with the basis for risk appetite in the area of due diligence being defined in it.

Legal staff unit

The Legal staff unit advises and supports the Bank primarily in complying with legal and regulatory obligations, monitoring and preventing legal risks, and reviewing and drafting contracts, including special tax (law) clarifications, such as issues relating to the regulations concerning the final withholding tax agreement (AStA) with Austria, FATCA and AEOL. Any legal risks are minimised by internal regulations and directives on organisation and control, and compliance with these is regularly checked by the relevant line manager, by the employees of the Legal/Risk/Compliance staff units and by Internal Audit.

In addition, through regular training on a wide range of legal issues, we ensure that the knowledge of all the Bank's employees is constantly kept up to date – something that is absolutely necessary, especially against the backdrop of a regulatory framework subject to constant change. For example, a key aspect in recent years has been Brexit and the resulting questions and need for action. This issue will continue to occupy our time for the foreseeable future.

In addition, the Legal staff unit acts as a data protection officer and Complaints Office. On the one hand, we communicate directly with clients in the context of any data protection issues or complaints, and on the other hand, we also communicate properly with the Conciliation Board if an individual case requires this.

Finally, we are the first point of contact for our employees for a variety of legal matters relating to the operational business, with our primary actions being on the final escalation level for front-office employees. We also act as a sparring partner in matters of strategy and law for our Management Board and the various other departments. We have designed our cooperation as a business partner model and, in the spirit

of a modern legal department, we do not see our work as a hindrance but as an enabler – also when it comes to the latest business ideas.

In 2020, the Legal staff unit consisted of two employees (1.4 FTEs), with external – and in each case local – legal advisors being involved as required, an arrangement which is particularly in response to our primarily international client structure. We also have staff with a background in legal training distributed to the individual departments of the Bank, which not only ensures close operational proximity but also allows us to provide advice quickly, efficiently and with a great deal of specialist knowledge.

Human Resources staff unit

At the start of 2020, 132 people (116 FTEs) worked at Bank Frick. At the end of the year, we employed 138 people (123.0 FTEs), compared to 129 in 2019 (114.0 FTEs). This development is in line with HR planning.

In 2020, we were able to continue working together on innovation and optimisation programmes to ensure our future success. Our motivated employees have accepted the challenges and demonstrated a great deal of flexibility in the rapidly changing financial world.

The past financial year was marked by the coronavirus pandemic also for the Human Resources staff unit. Our employees demonstrated themselves to be extremely flexible in providing support for and implementing the necessary measures, and nearly the entire staff was able to quickly switch to working from home. It was important to be able to rapidly make adjustments on a flexible basis, to press ahead with the business even in the face of an unfamiliar situation and to cultivate a sense of cohesion despite the physical distance. In this extraordinary year, we are proud that we were able to continue to pursue our vision, mission and thus our goals in a focused manner – thanks to our employees.

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We were kept very busy by the Moneyval country review set to take place in September 2021.

” The topics of security tokens and tokenisation clearly gained momentum in 2020.

Blockchain Lab

After a turbulent year that brought new challenges and changes, the Blockchain Lab can now look back with pride on the work that has been accomplished. When the coronavirus pandemic hit, the Blockchain Lab was moved to the staff members' homes. This was associated with new challenges but did not impair the results. In spite of the unusual circumstances, the Blockchain Lab was able to press ahead with the tokenisation, USD coin (USDC) support and Staking project and achieve the defined milestones along the way.

The topics of security tokens and tokenisation gained significant momentum in 2020, a fact that could be noted in ways that included a rise in client enquiries. These topics are of high priority for Bank Frick and the Blockchain Lab, with the Fund and Capital Markets department having made the strategic decision to integrate technical tokenisation into Bank Frick's future services and further expand the existing business areas on this basis. The Blockchain Lab was tasked with analysing the topic and finding a suitable provider for the tokenisation activities. After extensive work on

the project, the Blockchain Lab was able to find a reliable partner.

In the first quarter of 2020, trading and custody of USDC was added to the service range after several months of analysis, and feedback from the market was all quite positive.

With the announcement that Ethereum was changing the consensus mechanism from Proof of Work to Proof of Stake, support for Ether staking on the new network was extremely important for Bank Frick and particularly for the Blockchain Lab. Staking describes the process in which an Ethereum holder freezes their Ether on the network and is paid a reward for it. This circumstance is extremely likely to lead to strong growth in demand for Ethereum 2.0 and stakable assets in general. In 2020, the Blockchain Lab carried out the necessary analyses for this project, examined the topic from a banking perspective, and intensively exchanged ideas with potential service providers who are providing the technical infrastructure.

At the end of the year, the Blockchain Lab was integrated into the newly founded Innovation Lab.

Corporate Communications and Marketing staff unit

The Corporate Communications and Marketing staff unit is bringing its work into strategic alignment with Bank Frick's corporate goals. The mission of Corporate Communications is ultimately to use suitable campaigns and projects to consolidate and cultivate the Bank's reputation among the various stakeholders. Marketing primarily supports client acquisition and sales to the strategically identified target clients in the target markets.

For obvious reasons, many of the operational plans for 2020 had to be thrown overboard before the end of the first quarter. In particular, no events for which Corporate Communications and Marketing was responsible could be held with the physical presence of guests from March 2020 onwards, with both external and internal events affected. Internal information events were successfully hosted on a virtual basis throughout the year.

The Blockchain Act went into force in Liechtenstein on 1 January 2020, providing a binding legal framework for applications that use tokens. The Bank used the passage of the Blockchain Act as an opportunity to offer new services. Bank Frick presented itself in the city of Zug in Switzerland – the centre of Crypto Valley – shortly after the law went into effect, inviting guests from the crypto and blockchain industry to learn about the new regulation and the resulting business opportunities in Liechtenstein. In the first quarter, an articulated bus of the Zug public transport company was used to promote Bank Frick – which has its headquarters just 99 kilometres away from Zug.

The market's perception that Bank Frick is an innovative blockchain bank has the effect that outsiders often see the Bank as only operating in this business

segment. To counteract this limited perception, an awareness campaign with a focus on financial intermediaries and asset managers was launched in the fourth quarter in the home market of Liechtenstein. The key thrust of the campaign was demonstrating that Bank Frick, as a regulated full-service bank, is the optimal partner for financial professionals and that we are proficient in both classic and blockchain banking, which allows us to offer clients corresponding added value and makes us stand out in the market.

Bank Frick is a recognised point of contact for financial, business and specialist journalists at regional and national (Swiss) media companies. The department brokered more than 20 interviews, most of which were from German-speaking countries. In the reporting year, the topic of tokenised assets interested the media in particular, with feedback ranging from neutral to positive. The department actively cultivates contact with journalists.

The department operates the Bank's social media channels on Twitter and LinkedIn, ensuring that the Bank is perceived as an opinion leader and using these contacts for marketing new Bank services. The Bank welcomes a more crypto-savvy audience on Twitter, while classic banking topics are more popular on LinkedIn.

The department keeps a close eye on social media and media activities with the aim of protecting Bank Frick's reputation. Corresponding instructions and processes for dealing with problematic situations and for crisis communication were updated in the reporting year.

Bank Frick's new collaborative intranet was launched in mid-2020. The greatly expanded channel helps ensure rapid department-spanning communication

that is appropriate to the level. A determination was made that acceptance of the intranet as a channel for two-way communication still has a lot of room for improvement. The department is working on initiatives to increase acceptance and willingness to collaborate.

In addition to communicating half-year and annual results, the department accompanied the planned acquisition of a majority stake in Bank Frick by Net 1 UEPS Technologies Inc. (Net1), a move which was announced in October 2019. In April 2020, Net1 then decided not to take the majority stake in Bank Frick, contrary to the contractual agreement, and it was necessary to communicate this to the Bank's internal and external stakeholders in a manner that was both quick and emphatic.

During the reporting year, the team advised the Board of Directors, the Management Board, the staff units and the departments on both communication and marketing issues.

As of mid-March 2020, the department was working together on an entirely digital basis and with minimal physical presence. The department was already making use of collaborative tools and hardly any physical media before the switch to working from home, and this made it possible for the projects and tasks with external and internal stakeholders to also be implemented seamlessly and without any loss of performance while working from home. Given the current situation, it is expected that the arrangements will continue in 2021 and until further notice.

At the beginning of the financial year, five people (4.3 FTEs) were working in the department. One person from the department left the company, and one employee was on maternity leave in the second and third quarters. A trainee

joined the team in the first quarter, and he was then hired permanently in the fourth quarter. At the end of 2020, the headcount was five and there were 4.1 FTEs.

Outsourcing

Bank Frick did not outsource any areas during the reporting year.

Risk management

Banking for us means managing risks. A key part of our business model is entering into a calculable and well-monitored risk. We do this by paying attention to risk diversification and an adequate and sustainable risk calculation. The risk policy defined by the Board of Directors forms an integral part of the general business policy.

Risk development

Bank Frick is increasingly focusing on lower-risk business relationships by explicitly focusing on core markets and core clients in business with private clients. This has already enabled a significant reduction in risks. At the same time, however, the entrepreneurial risk was increased by new financing models and innovative e-business models.

During the reporting year, it was possible to expand the business with the trading and custody of crypto assets, meaning Bank Frick is increasingly exposed to risks in new, non-traditional markets. Particular attention is paid to trading and custody risks as well as to client onboarding. These are to be limited on an ongoing basis through advancing standardisation and optimisation of processes.

Strategy for equity capital

Bank Frick insists on having above-average, high-quality equity capital coverage to ensure the long-term security of the Bank. Its CET1 ratio of 17.9% is significantly above the lower limit of 10.5% required by the FMA Liechtenstein (including a capital preservation buffer of 2.5%). The leverage ratio was at 6.1% as of 31 December 2020. As a result, Bank Frick's risk-bearing capacity can be rated as very good.

The Internal Capital Adequacy Assessment Process (ICAAP) ensures the

risk-bearing capacity and associated equity capital base.

Financial risks

Calculable financial risks are accepted deliberately to take advantage of opportunities and achieve income. The conservative handling of risks is of central importance. Transactions are not executed unless Bank Frick has ensured the basis for controlling the associated risks.

Credit risks

As of 31 December 2020, the receivables from clients amounted to approximately CHF 464 million.

Our collateral in the Lombard and mortgage business is deposited with conservative, standard bank collateral values, and monitored on an ongoing basis. The main markets for mortgage-backed loans are Switzerland, Liechtenstein and the United Kingdom. In the United Kingdom, mortgage-backed loans mainly relate to real estate development financing. In this niche, we have been able to build up good know-how in recent years.

The credit portfolio as a whole is distributed across many different clients, credits and collateral. The diversification also reflects our risk-conscious lending policy. Loans are always granted on the basis of national and international

regulations and internal credit instructions. In order to adequately account for credit risks, provisions are also set up on a regular basis.

Bank Frick uses the standard approach in accordance with Article 111 CRR to calculate equity capital requirements for credit risks.

Market risks

Market risk refers to all systemic risks where their common characteristic is that they result from price changes on the money, capital and commodity markets. Accordingly, we divide market risk into the following four categories:

Trading and banking book

In order to keep market risk positions low and limit them, trading and derivative transactions are not conducted for the Bank's own account and, if necessary, only to a very minor extent and only with first-class counterparties. As a result, market risk at Bank Frick consists largely of risk positions in the banking book.

Share price risk

The share price risk is massively limited since the Bank does not have its own trading book positions. The proportion of shares and funds in the banking book is roughly 25%.

Interest rate risk

In relation to refinancing, high priority is given to ensure matching maturities

within the credit portfolio. As a result, the interest rate risk can be kept correspondingly low. Periodic stress tests (six scenarios, including a parallel shift of the yield curve by +100 basis points) are carried out to determine the interest rate risk.

Exchange rate risk

Bank Frick's internal regulations stipulate that no open foreign exchange positions of more than CHF 1 million or equivalent may be held overnight in any currency. The total of all open foreign currency positions held overnight must not exceed CHF 3 million. This makes a substantial contribution to minimising the exchange rate risk. For the calculation of capital requirements for market risks, Bank Frick uses the standard approach according to Art. 325 ff. CRR.

Liquidity risk

Bank Frick's liquidity management ensures optimal monitoring and controlling of liquidity and ensures solvency and access to sources of refinancing.

Bank Frick had very good liquidity coverage in the past financial year. This is due to a very high level of high-quality liquid assets and cash and cash equivalents.

The liquidity coverage ratio (LCR) amounted to 335% as of 31 December 2020, which was well above the regulatory minimum of 100%.

In addition, very strict stress tests show that Bank Frick would still have sufficient liquidity even under extreme circumstances (e.g. default of an important counterparty).

In the course of the scenario analyses, alternative sources of financing were also defined to ensure sufficient liquidity in situations of extreme stress. The Internal Liquidity Adequacy Assessment Process (ILAAP) also ensures solvency and the associated refinancing capacity.

Operational risks

Bank Frick endeavours to reduce operational risk to a minimum by specifying clear powers and responsibilities, a complete limit system, appropriate controls and the resulting precautions. Furthermore, the new blockchain banking business area entails new technological and operational risks that are also being integrated in existing risk models and stress tests. For operational risks, the additional capital base from pillar II risks is provided in addition to pillar I in order to optimally counter these risks.

In addition, business continuity management (BCM) ensures that critical business processes and functions can be maintained or restored as quickly as possible in the event of massive, incisive internal or external events (worst-case scenarios).

Bank Frick uses the basic indicator approach in accordance with Article 315 CRR to calculate equity capital requirements for operational risks.

Strategic risk

Strategic risks are identified and managed by the Management Board. Strategic risks may result from the following events:

- Resolutions adopted by management
- Insufficient decision-making process
- External events (unanticipated events)
- Economic and technological environment
- Poor implementation

The goal of securing the Bank's existence in the long run is a priority in the strategic orientation in order to minimise the strategic risk.

Regulatory Risks

By systematically entering new markets and pushing forward with innovative technologies, Bank Frick is also exposing itself to additional regulatory risk. New regulatory and legal developments as well as trends in the area of distributed ledger technology (DLT) and crypto assets could thus have a significant impact on the future of Bank Frick's blockchain banking. For example, Bank Frick was the first company in Liechtenstein to be registered by the

FMA as a token issuer, token creator, TT identity service provider and TT token custodian pursuant to Article 12(1) and (2) of the Law on Tokens and TT Service Providers of 3 October 2019 (TTTL).

Reputational risks

Reputational risk for the Bank is characterised as the risk of negative economic implications which could result from damage to the Bank's reputation. The Bank's reputation is based on the trust of the public and the Bank's employees, clients and investors. Reputational risks are significantly reduced by the efficient design and implementation of risk management processes.

Banking supervision

The Basel III reform package issued by the Basel Committee on Banking Supervision (BCBS) defines requirements for financial institutions on the one hand and standards for their supervisory bodies on the other. Basel III also sets forth the introduction of a global liquidity standard and stricter equity capital requirements in comparison to previous reform packages.

As an EEA member, Liechtenstein is subject to the Capital Requirements Regulation (CRR) and Capital Requirements Directive) (CRD IV), which form the European legal framework for banks and financial service providers.

Regulatory disclosure

Detailed information can also be found in the Bank Frick Disclosure Report in accordance with Regulation (EU) No. 575/2013 (Capital Requirements Directive), Part 8, Articles 431 to 455 at www.bankfrick.li/en/downloads and www.bankfrick.li/en/downloads.

Corporate governance

Management principles of the Management Board

Three members of the Management Board are responsible for operations at Bank Frick: Edi Wögerer (CEO), Michael Dolzer (COO) and Melanie Mündle (CFO). In the event of departure at short notice (accident, illness, etc.), a corresponding business continuity management plan is in place, which ensures that operational management processes remain intact. The number of other mandates held by members of the Management Board is set such that their main duties at Bank Frick are not compromised and that conflicts of interest are avoided.

The Management Board takes decisions on an equal footing in their weekly Board meetings. The agenda is drawn up by the Management Board members as well as by the heads of department to ensure the meeting is prepared and carried out in an orderly manner.

The functions of the Management Board and the Board of Directors are rigorously separated from each other. The Management Board is responsible for operational management and for preparing most of the business carried out by the Board of Directors. The Board of Directors is responsible for the Bank's long-term strategy and for monitoring business activities. Furthermore, certain business is assigned to the Board of Directors where such is required by law or business regulations.

Process of regular review of relevant regulations

Compliance acts as an independent control body to ensure the separation of responsibilities and the avoidance of conflicts of interest within Bank Frick. Compliance is therefore required to carry out periodic factual checks of relevant regulations. When a regulation is introduced or revised, Compliance must review it prior to approval.

All risk-related regulations should be assessed at least once a year. Proposals for revisions should be submitted to Compliance, the Management Board and the Board of Directors in their function as approval bodies.

Members of the Board of Directors

All management bodies are staffed by people with the corresponding professional qualifications. It was thus ensured that the Board of Directors included Dr Mario Frick, a legal specialist, lawyer and expert in the fiduciary business; Roland Frick, an expert in accounting and financial reporting; and Rolf Jermann, an expert in the lending and general banking business; these three members of the Board of Directors work for the Bank on a full-time basis. Michael Kramer, a fintech and banking entrepreneur, joined

the Board of Directors of Bank Frick in September 2017. In November 2020, Alex Smith, CEO of Net1, was elected to the Board of Directors. He replaced former member Herman Kotzé, who left Net1 at the end of September 2020. Following the Net1 share repurchase by the Kuno Frick Family Foundation in February 2021, Alex Smith will step down from the Board of Directors effective from 9 April 2021.

The number of other mandates held by members of the Board of Directors is set such that their duties at Bank Frick are not compromised and that conflicts of interest are avoided.

If they do not already have proven specialist knowledge, new members of the Board of Directors are given external training and inducted into their roles internally. This is done by explaining the available directives and regulations on the basis of corresponding documentation with the laws and ordinances (Liechtenstein Banking Act, Liechtenstein Banking Ordinance, Due Diligence Act, excerpt from Liechtenstein Persons and Companies Act).

The Board of Directors holds ordinary Board meetings at least four times a year, as well as a budget and planning meeting. The Board of Directors Committee meets in those months when there is no full Board of Directors meeting. Regulations and directives

are prepared in their own department, and the Board of Directors is notified at regular intervals of any regulatory changes and new requirements. Because of members' of the Board of Directors other activities, information on these changes is also communicated via other channels. The Board of Directors has sufficient knowledge of accounting, financial controlling, credit facilities, legal matters, international corporate structures and fintech companies to ensure that an adequate control on an ongoing basis can be maintained without interfering in day-to-day business operations. Internal Audit regularly receives mandates from the Board of Directors to provide information on specific sub-areas of the Bank. The Chairman and Vice-Chairman of the Board of Directors are responsible for maintaining contact with the Management Board and – in consultation with the Management Board – the various departments, so that they can receive timely information on key developments. The minutes of the meetings of the Management Board are distributed to the Chairman and Vice-Chairman of the Board of Directors.

The Annual Report is prepared by the Management Board and the Finance department. The Chairman and Vice-Chairman of the Board of Directors carry out the necessary preparations for the ordinary Board meeting.

Remuneration policy

Bank Frick considers it important to pay appropriate salaries in line with the market. Qualified staff are employed, who are expected to work to the best of their abilities. In principle, the fixed component of the salary covers the work carried out for the Bank. No special payments are promised or guaranteed. If the targets set out in the annual budget are met, the Board of Directors determines an amount that can be used to make individual special payments. Variable remuneration components are contingent on Bank Frick's overall performance as well as on individual performance. At a joint meeting with the Chairman and Vice-Chairman of the Board of Directors, the Management Board explains its rationale for allocating the special payments.

At this meeting, the general remuneration policy and the development of profits are also analysed. Safeguarding the Bank's future, increasing its equity capital and hedging against future risks take priority over special payments and similar remuneration. A sustainable equity capital policy is the best safeguard for employees.

Article 1092(9) of the Liechtenstein Persons and Companies Act was applied for the remuneration report.

Romina Schnyder

Junior Personal Advisor,
Fund and Capital Markets
At Bank Frick since 2016

Since my whole family is crazy about volleyball, that I would play this sport was a foregone conclusion. I've been participating since I was 10, and I currently play in the top Swiss league as part of the Volley Toggenburg team. I come from the Zurich area, and it was athletic pursuits that brought me to Liechtenstein, where I could play for the Galina Schaan Volleyball Club. I looked for an apprenticeship in Liechtenstein so I would be able to train with the team more often, and I found it at Bank Frick. Last year I successfully completed the training programme.

Volleyball has made it possible for me to visit every corner of Switzerland. I was playing on a professional team in Western Switzerland until a year ago. It was a fantastic experience, but I would personally never choose to put all my eggs in one basket. My current club, Volley Toggenburg, is a good fit for me, allowing me to compete on a high level and play an important role on the team. At the same time, I also have a good job to fall back on.

At a height of just under 164 cm, I'm the shortest person on the team. You generally need to be 180 cm or taller to make it all the way to the top in women's volleyball, so it has always been clear to me that the position of libero is the only chance I would have to compete on the elite level. The libero position more or less takes the lead as far as defensive play, so you actually benefit a lot from being a size that makes you agile and nimble.

You need stamina in competitive sports, and you learn along the way that you have to work hard to achieve your goals – all of which is enormously helpful in your professional life. To me it is important that I am appreciated for what I accomplish, whether in athletics or on the job. This appreciation is extended to me at Bank Frick – but it's also a very comfortable environment for me here because of my open and helpful co-workers.





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*) 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 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 subsidiary BF Receipts Ltd. (100% stake), MZ-HOLDING AG (100% stake), Real Pro Investments Ltd (100% stake), STEAMBOAT SA (15% stake), Priller Immo AG (11.76% stake), 21.finance AG (59.14% stake), tradico AG (100% stake), DisrupTech AG (3%) and Cadeia GmbH (2.21%) are valued according to the principle of acquisition price less operationally necessary 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.

Remarks on the Annual Report notes

All of the amounts in the notes are given in Swiss francs unless otherwise specified.

Information about the balance sheet

Selected foreign exchange rates (mean balance sheet rates) as at 31.12.2020

in CHF	Financial year	Previous year	in CHF	Financial year	Previous year
EUR	1.0813	1.0851	JPY	0.8540	0.8911
USD	0.8804	0.9671	CAD	0.6912	0.7425
GBP	1.2014	1.2742	ZAR	0.0600	0.0690

Overview of collateral

in CHF 1,000	Type of collateral			
	Mortgage-backed	Other	Without	Total
Lending				
Due from clients (excluding mortgage claims)	35,213	149,298	139,809	324,320
Total Lending	35,213	149,298	139,809	324,320
Mortgage claims				
Residential properties	119,667	233	700	120,601
Office and commercial buildings	–	–	–	–
Trade and industry	14,420	–	2	14,422
Other	4,329	–	1	4,330
Total Mortgage claims financial year	96,483	2,122	2,294	100,899
Total lending for the financial year	173,628	149,531	140,513	463,673
Previous year	115,379	202,610	88,466	406,456
Off-balance sheet				
Contingent liabilities	3,450	179	965	4,594
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off-balance sheet financial year	3,450	179	965	4,594
Previous year	3,450	6,734	100	10,284
in CHF 1,000	Gross debt	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
Vulnerable debts				
Financial year	19,006	–	–	19,006
Previous year	8,937	–	–	8,937

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

in CHF 1,000	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*	78,143	79,394	84,474	87,806	83,658	85,097
→ of which equity instruments of at least 10% of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
Total	78,143	79,394	84,474	87,806	83,658	85,097
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	-	-	-	-	-	-

* Fund units, of which CHF 31,979,000 (at carrying amount) not stock market listed

Securities and precious metals held as non-current assets

in CHF 1,000	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument "accrual method"	105,644	99,376	113,276	105,541	111,497	102,878
→ of which own bonds and medium-term notes	-	-	-	-	-	-
→ of which valued using the "accrual method"	105,644	99,376	113,276	105,541	111,497	102,878
→ of which valued according to lowest value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Participation securities	-	541	2,992	2,830	-	541
→ of which qualified participations with at least 10% of the capital or voting rights	-	541	2,680	2,830	-	541
Precious metals	-	-	-	-	-	-
Total	105,644	99,917	116,268	108,371	111,497	103,418
→ of which securities eligible for discount with the central bank	20,065	32,036	21,242	33,460	21,122	32,937

Statement of asset additions and disposals

in CHF 1,000	Cost previous year	Depreciation to date	Carrying amount end of previous year	Financial year					Carrying amount at end of financial year
				Investments	Divestments	Account transfers	Additions	Depreciations	
Total shares in affiliated companies	-	-	-	-	-	-	-	-	-
Participations	2,830	2,289	541	682	215	-3	215	1,226	-
Total securities and precious metal portfolios held as non-current assets	105,541	6,165	99,376	108,383	99,489	-2,626	-	-	105,644
Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Real estate									
→ Bank building	12,617	3,572	9,045	-	-	-	-	315	8,730
→ Other real estate	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	4,262	3,418	844	-	-	-	-	380	464
Total property, plant and equipment	16,879	6,990	9,889	-	-	-	-	695	9,194
Fire insurance value of property, plant and equipment (buildings) for the reporting period									14,307
Fire insurance value of property, plant and equipment (buildings) for the previous year									14,674
Fire insurance value of other property, plant and equipment for the reporting period									4,750
Fire insurance value of other property, plant and equipment for the previous year									4,750

Depreciation took place on the basis of operating results

Participations and shares in affiliated companies

in 1,000	Equity capital		Holding	
	Financial year	Previous year	Financial year	Previous year
BF RECEIPTS Limited *, London				
Share capital and reserves (in GBP)	7	6	100%	100%
Annual profit/loss ** (in GBP)	–	2		
MZ-Holding AG *, Balzers				
Share capital and reserves (in EUR)	56	60	100%	100%
Annual profit/loss (in EUR)	-1,605	-4		
REAL PRO INV. LTD *, Malta				
Share capital and reserves (in EUR)	4	4	100%	100%
Annual profit/loss ** (in EUR)	–	–		
STEAMBOAT SA *, Paradiso (CH)				
Share capital and reserves (in CHF)	100	100	15%	15%
Annual profit/loss ** (in CHF)	–	–		
PRILLER IMMO AG *, München				
Share capital and reserves (in EUR)	-57	-61	11.76%	11.76%
Annual profit/loss (in EUR)	-42	4		
21.finance AG *, Ruggell				
Share capital and reserves (in CHF)	642	1,665	59.14%	50.14%
Annual profit/loss (in CHF)	-1,943	-1,022		
Distributed Ventures AG *, Balzers				
Share capital and reserves (in CHF)	–	150	0%	95%
Annual profit/loss (in CHF)	–	-262		
The DLT-Markets AG *, Balzers				
Share capital and reserves (in CHF)	–	225	0%	93%
Annual profit/loss (in CHF)	–	-1,384		
Tradico AG *, Ruggell				
Share capital and reserves (in EUR)	1,737	1,838	100%	100%
Annual profit/loss (in EUR)	-345	-116		
DisrupTech AG *, Vaduz				
Share capital and reserves (in CHF)	-66	–	3%	0%
Annual profit/loss (in CHF)	-228	–		
Cadeia GmbH *, München				
Share capital and reserves (in EUR)	35	–	2.2%	0%
Annual profit/loss ** (in EUR)	–	–		

The consolidation was not included on the basis of Article 1104(1)(4) of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht – PGR).

* Without market value.

** The 2020 annual financial statements were not yet available at the time the table was prepared.

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

in CHF 1,000	Financial year	Previous year
Premium	663	88

in CHF 1,000	Financial year	Previous year
Discount	292	583

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

in CHF 1,000	Financial year		Previous year	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	59,078	–	–	–
Due from banks	46,748	–	11,520	–
Total	105,826	–	11,520	–

* Nominal values

Simone Quashie

Head of Business Support

At Bank Frick since 2018

Since my 12-year-old son doesn't find it overly thrilling to go for a walk with his mum, I had to come up with something that would allow us to spend our free time together in a beneficial way and get some exercise at the same time. We agreed that we would enjoy a regular outing together outside – with me on a bike and him jogging along beside me. That allows him to increase his fitness level, which he needs for football, handball and tennis, while also letting me do something for my health.

Since I injured my knee in a skiing accident six years ago and continue to struggle with pain even after three operations, sport has been something I have had to put on the back burner, unfortunately. I purchased an e-bike to keep the strain on my knee low, especially when just starting off or powering up hills. But when we head out to cover some distance together, the motor stays off – as I can still keep up without any help. We have since increased the length of our routes a bit and have also been getting faster. We are making athletic progress and having a good time together along the way.

As a single mother, our regular excursion out into Schaaner Riet is a good way for me to get some fresh air, to clear my head and to spend some time with my son. My department has grown a lot since I joined Bank Frick in spring 2018, where I set up internal and external IT support as a one-woman department. There is always a lot to do, with work being the most important priority for me after my son, and everything else has to take a back seat.





Valuation allowances and provisions / provisions for general banking risks

in CHF 1,000	Position at end of previous year	Appropriation according to intended purpose	Change of intended use (reposting)	Recoveries, vulnerable interest, currency differences	Reorganisation 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*	8,433	782	5,760	-37	5,676	44	19,006
→ Lumped specific bad debt charges	-	-	-	-	-	-	-
→ Lump-sum valuation allowances	3,390	-	-5,760	-	2,800	-	430
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	1,311	633	-	-	770	-	1,448
Other provisions	-	-	-	-	-	-	-
Total valuation allowances and provisions	13,134	1,415	-	-37	9,246	44	20,884
Less valuation allowances directly set off against assets	11,823	782	-	-37	8,476	44	19,436
Total provisions according to balance sheet	1,311	633	-	-	770	-	1,448
Provisions for general banking risks	16,400	-	-	-	-	-	16,400

* The large loan ceiling was exceeded in 2020. A significant proportion of the individual valuation allowance was created for this business case. The responsible supervisory authority, FMA Liechtenstein, was informed about this circumstance.

Total company equity

in CHF 1,000	Financial year			Previous year		
	Total nominal value	Quantity	Dividend-bearing capital	Total nominal value	Quantity	Dividend-bearing capital
Share capital	20,000	40,000	20,000	20,000	40,000	20,000
Participation capital	5,470	10,940	5,470	5,299	10,598	5,299
Total company equity	25,470	50,940	25,470	25,299	50,598	25,299

Major shareholders and groups of shareholders with voting rights

in CHF 1,000	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
With voting rights				
Kuno Frick Familienstiftung, Balzers	13,000	65	13,000	65
Net1 UEPS Technology, Johannesburg	7,000	35	7,000	35
Total	20,000	100	20,000	100
Without voting rights				
Participation certificate capital	5,470	100	5,299	100
Total	5,470	100	5,299	100

Profit distribution

in CHF 1,000	Financial year	Previous year
Profit for the year	4,376	3,671
Profit carried forward	–	–
Total	4,377	3,671
Profit distribution		
Allocation to the statutory reserves	–	–
Allocation to the free reserves	7	3
Dividend on company capital	4,370	3,668
Profit carried forward	–	–

Equity capital statement

in CHF 1,000

2020

Equity capital at the start of the financial year

Subscribed capital	25,299
Subtotal paid-up subscribed capital	25,299
Capital reserves	1,598
Statutory reserves	6,000
Reserves in accordance with the articles of association	–
Other reserves	40,844
Provisions for general banking risks	16,400
Accumulated profit for the year	3,671
Total equity at the start of the financial year (before appropriation of net income)	93,812
+ Capital increase	171
+ Premium	342
+ Allocation to provisions for general banking risks	–
- Dividends and other distributions from the net annual profit for the previous year	-3,668
- Interim dividend	–
+ Annual profit for the financial year	4,376
Total equity at the end of the financial year (before appropriation of net income)	95,033
→ of which subscribed capital	25,470
→ of which subtotal paid-up subscribed capital	25,470
→ of which capital reserves	1,940
→ of which statutory reserves	6,000
→ of which reserves in accordance with the articles of association	–
→ of which other reserves	40,847
→ of which provisions for general banking risks	16,400
→ of which accumulated profit for the year	4,376

Maturity structure of the assets as well as liabilities and provisions

in CHF 1,000	On demand	Subject to notice	due				Immobi- lised	Total
			0–3 m	3–12 m	1–5 y	5–∞ y		
Assets								
Liquid assets	372,009	–	–	–	–	–	–	372,009
Due from banks	157,306	25,685	124,077	10,885	–	–	–	317,952
Due from clients	121,193	–	310,336	14,591	6,773	10,780	–	463,673
→ of which mortgage-backed claims	25	–	117,682	4,092	6,773	10,780	–	139,353
Securities and precious metals held as current assets (excl. trading positions)	105,644	–	–	–	–	–	–	105,644
Securities and precious metals held as non-current assets	78,143	–	–	–	–	–	–	78,143
Other assets	111,663	–	–	–	99	121	9,194	121,076
Total assets financial year	945,956	25,685	434,412	25,476	6,872	10,901	9,194	1,458,496
Previous year	620,379	2,846	409,493	11,243	6,685	1,750	9,889	1,062,285
Liabilities								
Due to banks	28,019	–	–	–	–	–	–	28,019
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	1,127,445	2,163	44,675	9,572	–	–	–	1,183,855
Certificated liabilities								
a) Issued bonds	–	–	–	–	11,488	–	–	11,488
→ of which medium-term notes	–	–	–	–	11,488	–	–	11,488
b) Other certificated liabilities	23,992	–	–	11,103	6,146	–	–	41,242
Provisions	1,448	–	–	–	–	–	–	1,448
Other liabilities	97,411	–	–	–	–	–	–	97,411
Total liabilities financial year	1,278,316	2,163	44,675	20,675	17,634	–	–	1,363,463
Previous year	868,487	31,173	11,141	28,583	22,578	6,510	–	968,473

Selected balance sheet items due in the 2020 financial year

	Financial year	Previous year
Total asset items No. 5 Securities and precious metals held as non-current assets	–	–
Total liability items No. 3a Issued debt securities	–	–

Breakdown of assets and liabilities by location

in CHF 1,000	Financial year		Previous year	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	168,722	203,287	103,888	21,714
Due from banks	238,401	79,551	207,650	37,527
→ of which repayable upon demand	114,252	43,053	107,730	34,681
→ of which other receivables	124,149	36,498	99,920	2,846
Due from clients	178,680	284,993	126,467	279,989
→ of which mortgage-backed claims	80,524	58,828	56,735	44,165
Bonds and other fixed-interest securities	18,389	87,255	6,588	92,788
→ of which bonds issued by public bodies	–	50,488	6,588	52,784
→ of which bonds issued by other borrowers	18,389	36,767	–	40,016
Shares and other non-fixed-interest securities	69,978	8,164	47,979	31,415
Participations	–	–	541	–
Shares in affiliated companies	–	–	–	–
Intangibles	–	–	–	–
Property, plant and equipment	9,194	–	9,889	–
Other assets	108,435	395	93,404	234
Accrued expenses and deferred income	2,856	197	1,829	386
Total assets	794,656	663,842	596,371	465,913
Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance (Bankenverordnung – BankV).				
Liabilities				
Due to banks	17,674	10,345	3,842	4,528
→ of which repayable on demand	17,674	10,345	3,842	4,528
→ with agreed terms or notice period	–	–	–	–
Due to clients	409,447	774,408	300,098	475,475
→ of which savings deposits	–	–	–	–
→ of which other liabilities repayable on demand	386,015	741,134	276,666	442,201
→ of which other liabilities with agreed terms or notice periods	23,432	33,274	23,432	33,274
Certificated liabilities	52,729	–	75,696	–
→ of which medium-term notes	11,488	–	11,510	–
→ of which other certificated liabilities	41,242	–	64,186	–
Other liabilities	89,185	363	100,749	684
Accrued expenses and deferred income	7,822	42	6,076	14
Provisions	1,448	–	1,311	–
→ of which tax provisions	1,448	–	1,311	–
→ of which other provisions	–	–	–	–

Provisions for general banking risks	16,400	–	16,400	–
Subscribed capital	25,470	–	25,299	–
Capital reserves	1,940	–	1,598	–
Retained profit	46,847	–	46,844	–
→ of which statutory reserves	6,000	–	6,000	–
→ of which other reserves	40,847	–	40,844	–
Profit carried forward	–	–	–	–
Profit	4,376	–	3,671	–
Total liabilities	673,338	785,158	581,584	480,700

Assets and liabilities by country

in CHF 1,000	Financial year		Previous year	
	Nominal	in %	Nominal	in %
Assets				
Europe	514,093	35.24	300,250	28.26
Switzerland	501,431	34.38	372,003	35.02
Liechtenstein	268,204	18.38	224,369	21.12
North America	81,904	5.61	35,143	3.30
Oceania	46,682	3.20	50,751	4.77
Caribbean	26,323	1.80	58,937	5.54
Asia	16,059	1.10	3,577	0.33
Africa	3,240	0.22	16,462	1.54
Latin America	559	0.03	794	0.07
Total	1,458,496	100.00	1,062,285	100.00
Liabilities				
Liechtenstein	572,260	39.23	521,554	49.09
Europe	489,468	33.55	365,957	34.45
Caribbean	263,159	18.04	78,307	7.37
Switzerland	101,078	6.93	60,031	5.65
North America	10,049	0.68	1,987	0.18
Oceania	7,321	0.50	8,313	0.78
Asia	6,848	0.46	22,709	2.13
Latin America	4,497	0.30	2,369	0.22
Africa	3,816	0.26	1,059	0.09
Total	1,458,496	100.00	1,062,285	100.00

Statement of receivables and liabilities

of affiliated companies in which participating interests are held, as well as significant shareholders; loans to members of governing bodies and transactions with close associates

in CHF 1,000	Financial year	Previous year
Receivables from qualified parties		
Due from clients	–	–
Receivables from affiliated companies		
Due from clients	3,784	17,888
Liabilities vis-à-vis qualified parties		
Due to clients	2,334	150
Other liabilities	3,985	–
Liabilities vis-à-vis affiliated companies		
Due to legal entities	4,145	2,890
Receivables owed by related persons		
Client receivables	30,096	–
Receivables from loans to governing bodies		
→ Board of Directors	–	–
→ Management Board	1,438	1,519

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

in CHF 1,000	Financial year	Previous year
Assets	1,060,430	773,343
→ of which in EUR	536,024	360,688
→ of which in USD	359,340	302,851
→ of which in CAD	9,048	2,593
→ of which in JPY	13,765	9,888
→ of which in GBP	81,735	79,544
→ of which in CZK	13,981	442
→ of which in ZAR	32,062	3,369

All foreign currency items worth more than CHF 10 million are listed in the table.

in CHF 1,000	Financial year	Previous year
Debts	1,146,412	769,126
→ of which in EUR	409,839	359,329
→ of which in USD	562,956	299,548
→ of which in CAD	18,047	2,571
→ of which in JPY	574	9,880
→ of which in GBP	81,895	79,870
→ of which in CZK	13,977	415
→ of which in ZAR	44,929	3,364

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”

in CHF 1,000	Financial year	Previous year
Other assets	108,830	93,790
→ Positive replacement costs of forward foreign exchange transactions	4,688	3,654
→ Settlement account balance replacement costs for forward foreign exchange transactions	–	–
→ Settlement accounts	104,141	90,135
Other liabilities	89,548	101,433
→ Negative replacement costs of forward foreign exchange transactions	6,334	3,360
→ Settlement account balance replacement costs for forward foreign exchange transactions	-1,646	295
→ Settlement accounts	84,860	97,779

Structure of client assets

in CHF 1,000	Financial year	Previous year
Type of client assets		
Assets in funds under own management (investment company)	1,479,059	1,219,299
Assets with management mandate	–	–
Other client assets	1,792,082	1,514,428
Total client assets (incl. duplication)	3,271,142	2,733,728
→ of which duplication	1,025,974	694,871
→ Net influx of new funds	349,592	43,352

Stefan Rauti

Head of Private Clients and External Asset
Managers, Head of Blockchain Banking,
Head of UK Branch
At Bank Frick since 2010

Since I was a child, tennis has been my great hobby. I used to be on the tennis court up to five times a week. Melanie Molitor, the mother of Martina Hingis, joined the Balzers Tennis Club as a coach at the time. Because I was quite ambitious and hard-working – and also played on the national squad back then – she chose me as a sparring partner for her daughter. That's how it came to pass that I regularly stood on the tennis court at their home in Trübbach, hitting balls to Martina Hingis.

However, it was easy for me to make a decision between pursuing sport more seriously or taking the classic route of an apprenticeship. I had always wanted to do a banking apprenticeship and emulate my older brother, who was already working at a bank at the time. I still had a great time playing tennis and was allowed to participate in the European Championships as part of the Liechtenstein team. Even today, you can still regularly find me on the tennis court and playing in amateur championships with the Balzers Tennis Club.

In the meantime, I've been able to discover a second sporting hobby for myself: golfing. However, I don't fit the cliché of the golfing banker at all. For me, it's all about having a good time in a cosy little group of old friends. My handicap is solid and stable, as I have no ambition whatsoever to knock it down to size in tournaments – and I've already dedicated enough time to achieving what I can in competitive sport on the tennis court. However, I benefit from the fact that I have been trying to hit balls from A to B as precisely as possible since I was just a child, and it definitely helps me a lot when I am playing golf now.





Information about off-balance sheet transactions

Contingent liabilities

in CHF 1,000	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	4,594	3,629	965	10,284	6,734	100
Warranties and similar	–	–	–	–	–	–
Irrevocable liabilities	–	–	–	–	–	–
Other contingent liabilities	–	–	–	–	–	–

Open derivative financial instruments

in CHF 1,000	Financial year			Previous year		
	Replacement values		Contract-volume*	Replacement values		Contract-volume*
	positive *	negative *		positive *	negative *	
Forward foreign exchange contracts	4,688	6,334	900,935	3,654	3,360	748,965

* from trading activities

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

Fiduciary transactions

in CHF 1,000	Financial year	Previous year
Fiduciary investments at third-party banks	52,639	138,764
Fiduciary investments at affiliated banks and finance companies	–	–
Fiduciary loans	–	–
Other fiduciary financial transactions	–	–

Information about the income statement

in CHF 1,000	Financial year	Previous year
Profits from trading activities	6,399	4,670
→ of which foreign exchange transactions	6,369	4,727
→ of which cash transactions	30	-57
→ of which securities trading	-	-
→ of which precious metal transactions	-	-
Breakdown of staff costs	19,439	16,943
→ of which wages and salaries	13,777	11,454
→ of which remuneration of the members of the Board of Directors	2,333	2,180
→ of which social insurance contributions and support	1,471	1,343
→ of which pension expenses	970	859
→ of which other staff costs	888	1,107
Breakdown of operating expenditure	9,322	10,462
→ of which cost of business premises	758	674
→ of which IT expenditure	4,182	4,627
→ of which furniture	17	13
→ of which other equipment	-	-
→ of which other operating expenditure	4,365	5,147

Based on art. 24e, para. 1, clause 6 BankV the return on capital is 0.30%.

in CHF 1,000	Financial year	Previous year
Breakdown of the item "Other income from ordinary activities"	3,150	1,972
→ Income from property	504	497
→ Other income from ordinary activities	2,646	1,475

Report of the statutory auditors

Report of the auditors on the audit of the financial statement

Audit opinion

We have audited the financial statement of Bank Frick & Co. AG (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and the cash flow statement for the year then ended, along with the notes to the financial statement, including a summary of significant accounting and valuation principles.

In our opinion, the financial statement (pages 26 to 75) gives a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for the audit opinion

We conducted our audit in accordance with Liechtenstein law and the International Standards on Auditing (ISA). Our responsibilities under these provisions and standards are further described in the “Responsibilities of the auditors for the audit of the financial statement” section of our report.

In accordance with Liechtenstein law and the requirements of the profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), we are independent of the Company, and we have fulfilled our other professional duties of conduct in accordance with these requirements.

We believe that the audit evidence we obtained is sufficient and appropriate for providing a basis for our audit opinion.

Other information in the annual report

The Board of Directors is responsible for the other information contained in the annual report. The other information includes all information presented in the annual report, with the exception of the financial statement, the annual report and our associated report.

The other information in the annual report is not the subject of our audit opinion on the financial statement, and we do not express an audit opinion on this information.

As part of our audit of the financial statement, it is our responsibility to read the other information in the annual report and assess whether there are any material inconsistencies

with the financial statement or our knowledge obtained in the course of the audit, or if there otherwise appears to be any material misstatements. If our work leads us to conclude that there has been a material misstatement of the other information, we are required to report on this fact. We have no comments to make in this regard.

Responsibilities of the Board of Directors for the financial statement

In accordance with the legal provisions and the Articles of Association, the Board of Directors is responsible for the preparation of a financial statement and for internal controls that the Board of Directors determines are necessary to enable preparation of a financial statement that gives an appropriate picture of the actual circumstances, free from material misstatement, whether intentional or unintentional.

In preparing the financial statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, for disclosing, if applicable, matters related to its continued operation as a going concern and for using the going-concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease operations, or if the Company has no realistic alternative to liquidation and ceasing of operations.

Responsibilities of the auditors for audit of the financial statement

Our objectives are to obtain sufficient assurance about whether the financial statement as a whole is free from material misstatement, whether intentional or unintentional, and to issue a report that includes our audit opinion. Sufficient assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Liechtenstein law and the ISA will always detect a material misstatement if any such misstatement exists. Misstatements may result from fraudulent acts or errors and are considered material if, individually or as a whole, they could reasonably be expected to influence the economic decisions of users made on the basis of this financial statement.

As part of an audit in accordance with Liechtenstein law and the ISA, we exercise professional judgement and maintain a critical attitude throughout the audit. We also do the following:

- We identify and assess risks of material misstatements of the financial statement, whether intentional or unintentional, design and implement audit procedures

in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinion. The risk that material misstatements resulting from fraudulent acts will not be detected is higher than the risk that material misstatements resulting from errors will not be detected since fraudulent acts may involve collusion, forgery, intentional omissions, misleading representations or the override of internal controls.

- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate to the circumstances but not with the objective of expressing an audit opinion on the effectiveness of the Company's internal control system.
- We evaluate the appropriateness of accounting methods used and the reasonableness of accounting estimates and related information.
- We draw conclusions about the appropriateness of the Board of Directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our report to the associated information in the notes to the financial statement or to modify our audit opinion if this information is inadequate. We draw our conclusions based on the audit evidence obtained up until the date of our report. However, future events or circumstances may cause the Company to cease operations as a going concern.
- We evaluate the overall presentation, structure and content of the financial statement, including the information in the notes, as well as whether the financial statement represents the underlying business transactions and events in a manner that an appropriate presentation of the overall situation is achieved.

We communicate with the Board of Directors regarding matters that include the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Report on other statutory requirements and other legal requirements

The annual report (page 10 to 21) as at 31 December 2020 complies with Liechtenstein law and the Articles of Association. The annual report is consistent with the financial statement and, in our opinion, does not contain any material misstatements.

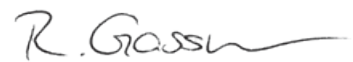
We further confirm that the financial statement and the proposed appropriation of available earnings comply with Liechtenstein law and the Company's Articles of Association and recommend that the financial statement submitted to you be approved.

Schaan, 16 April 2021

Grant Thornton AG



Egon Hutter
Registered accountant
Head auditor



ppa Ricarda Gassner
Registered accountant



BANK FRICK

Consolidated financial statement 2020

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Report of the Board of Directors and the Management Board on the consolidated financial statement

The report of the Board of Directors and the Management Board on the consolidated financial statement of Bank Frick & Co. AG can be found in the individual financial statement.

Consolidated Balance sheet

in CHF 1,000	31.12.2020	31.12.2019
Assets		
Liquid assets	372,617	126,419
Due from banks	317,952	245,176
→ of which repayable upon demand	157,306	142,411
→ of which other receivables	160,646	102,766
Due from clients	459,136	389,913
→ of which mortgage-backed claims	139,353	100,899
Bonds and other fixed-interest securities	105,644	99,375
→ of which bonds issued by public bodies	50,488	59,360
→ of which bonds issued by other borrowers	55,156	40,016
Shares and other non-fixed-interest securities	74,567	77,760
Non-consolidated participations	–	25
Shares in affiliated companies	–	–
Intangibles	-2,853	-2,570
Property, plant and equipment	9,576	16,622
Outstanding contributions to subscribed capital	–	–
→ of which called	–	–
Own shares or units	–	–
Other assets	113,131	101,860
Deferred income	3,086	2,086
Total assets	1,452,854	1,056,667

Consolidated Balance sheet

in CHF 1,000	31.12.2020	31.12.2019
Liabilities		
Due to banks	28,019	8,370
→ of which repayable on demand	28,019	8,370
→ with agreed terms or notice period	–	–
Due to clients	1,179,883	772,969
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	1,123,473	716,264
→ of which other liabilities with agreed terms or notice periods	56,410	56,706
Certificated liabilities	52,729	75,696
→ of which medium-term notes	11,488	11,510
→ of which other certificated liabilities	41,242	64,186
Other liabilities	93,659	103,292
Deferred income	7,977	6,168
Provisions	1,671	1,317
→ of which tax provisions	1,671	1,317
→ of which other provisions	–	–
Provisions for general banking risks	16,400	16,400
Subscribed capital	25,470	25,299
Capital reserves	1,940	1,598
Retained profit	48,346	47,594
→ of which statutory reserves	6,000	6,000
→ of which other reserves	42,346	41,594
Minority shareholding in capital base	982	1,222
Profit carried forward	-6,056	-4,664
Annual profit on the consolidated financial statement	1,834	1,407
→ of which minority shareholdings in annual profit	-804	-620
Total liabilities	1,452,854	1,056,667

Consolidated income statement from 1 January to 31 December 2020

in CHF 1,000	2020	2019
Items		
Interest earned	15,301	18,317
→ of which income from fixed-interest securities	1,516	660
Interest paid *	-948	-3,117
Current income from securities	41	26
→ of which shares and other non-fixed-interest securities	41	26
→ of which interests included in the consolidated financial statement according to the equity method	-	-
Income from commission and service transactions	28,780	18,887
→ of which commission income on loan transactions	448	89
→ of which commission income from securities and investment transactions	20,380	10,208
→ of which commission on other service activities	7,951	8,591
Commission payable	-7,213	-6,208
Profit on financial operations	5,206	5,416
→ of which from commercial activities	6,399	4,670
Other ordinary income	6,892	4,215
General administrative expenses	-31,323	-30,264
→ of which staff costs	-20,882	-18,192
→ of which operating expenditure	-10,441	-12,072
Depreciation on intangible assets as well as on property, plant and equipment	-1,006	-1,181
Other ordinary expenditure	-2,424	-2,457
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-8,476	-1,499
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	-2,212	-8
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	215	-
Income from normal business activities	2,833	2,128
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income tax	-567	-685
Other taxes	-432	-37
Allocations to provisions for general banking risks	-	-
Profit for the year from 1 January to 31 December 2020	1,834	1,407
→ of which minority shareholdings in annual profit	-804	-620

* In accordance with FINMA Circular 15/1, negative interest rates in the lending business must be recorded as a reduction in interest expense.

Off-balance sheet items

in CHF 1,000	Financial year	Previous year
Off-balance sheet items		
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	4,594	10,284
Total contingent liabilities	4,594	10,284
Derivative financial instruments		
Contract volumes	900,935	748,965
Positive replacement values	4,688	3,654
Negative replacement values	-6,334	-3,360
Fiduciary transactions		
Fiduciary transactions	52,639	138,764
Fiduciary loans	–	–
Total fiduciary transactions	52,639	138,764

Consolidated Cash flow statement

in CHF 1,000	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Flow of funds from operating result (internal financing)				
Annual profit	1,834	–	1,407	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	–	–	2,444	–
Write-off and write-ups on participations	–	–	8	–
Depreciation on intangible assets and property, plant and equipment	1,006	–	1,181	–
Valuation allowances and provisions	–	7,613	–	501
Tax provisions	354	–	88	–
Provisions for general banking risks	–	–	–	–
Accrued income and prepaid expenses	–	1,000	4,241	–
Accrued expenses and deferred income	1,809	–	1,502	–
Distribution of dividends previous year	–	–	–	–
Distribution of interim dividend	–	–	–	–
Balance	–	3,610	10,370	–
Flow of funds from equity transactions				
Capital increase	171	–	299	–
Premium on capital increase	342	–	598	–
Balance	513	–	897	–
Flow of funds from investment transactions				
Shares in affiliated companies	–	–	–	–
Participations	25	–	–	813
Real estate	6,687	–	–	–
Other property, plant and equipment	–	647	–	435
Intangible assets	–	283	–	2,534
Securities and precious metals as non-current assets	102,114	108,383	33,208	90,123
Balance	–	487	–	60,697

in CHF 1,000	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds

Flow of funds from bank business

Medium and long-term business (> 1 year)

Medium-term notes	–	22	–	250
Other certificated liabilities	7,900	–	–	25,204
Due from clients	–	–	–	–
Mortgage claims	–	9,118	–	2,038

Short-term business

Due to banks	19,649	–	–	7,567
Due to clients (other liabilities)	406,914	–	3,441	–
Medium-term notes	–	–	–	5,100
Other certificated liabilities	–	30,844	–	5,200
Other liabilities	–	9,634	33,731	–
Due from banks	–	72,776	129,172	–
Due from clients	–	24,873	3,959	–
Mortgage-backed claims	–	29,336	5,116	–
Shares and other non-fixed-interest securities	3,193	–	658	–
Other assets	–	11,271	–	52,775
Balance	249,782	–	77,943	–

Liquidity

Liquid assets	246,198	–	–	28,513
Balance	246,198	–	–	28,513

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*) 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 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 "interested 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 consolidated financial statement includes the financial statements of Bank Frick & Co. AG Vaduz and its subsidiaries, which are all presented as one economic unit. Subsidiaries controlled directly or indirectly by the Bank Frick Group are consolidated. Subsidiaries are consolidated from the point at which control is transferred, and are deconsolidated at the point at which control ends.

The subsidiaries of Bank Frick & Co. AG are BF Receipts Ltd. (100% stake), MZ-HOLDING AG (100% stake), Real Pro Investments Ltd (100% stake), STEAM-BOAT SA (15% stake), Priller Immo AG (11.76% stake), 21.financeAG (59.14% stake), tradico AG (100% stake), Disrup-Tech AG (3%) and Cadeia GmbH (2.21%).

Full consolidation is carried out with a participation of more than 50%. With an associated company – 20% to 50% participation – equity consolidation is carried out. Participations of less than 20% are not consolidated, but are valued according to the cost principle. The consolidation of the holdings in Real Pro and Priller Immo AG was waived due to Article 1104(1)(3) of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht* – PGR).

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.

Remarks on the Annual Report notes

All of the amounts in the notes are given in Swiss francs unless otherwise specified.

Information about the balance sheet

Selected foreign exchange rates (mean balance sheet rates) as at 31.12.2020

in CHF	Financial year	Previous year
EUR	1.0813	1.0851
USD	0.8804	0.9671
GBP	1.2014	1.2742

in CHF	Financial year	Previous year
JPY	0.8540	0.8911
CAD	0.6912	0.7425
ZAR	0.0600	0.0690

Overview of collateral

in CHF 1,000	Type of collateral			
	Mortgage-backed	Other	Without	Total
Lending				
Due from clients (excluding mortgage claims)	35,213	146,298	138,272	319,783
Total Lending	35,213	146,298	138,272	319,783
Mortgage claims				
Residential properties	119,667	233	700	120,601
Office and commercial buildings	–	–	–	–
Trade and industry	14,420	–	2	14,422
Other	4,329	–	1	4,330
Total Mortgage claims financial year	138,416	233	704	139,353
Total lending for the financial year	173,628	146,531	138,976	459,136
Previous year	115,379	202,610	71,923	389,913
Off-balance sheet				
Contingent liabilities	3,450	179	965	4,594
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off-balance sheet financial year	3,450	179	965	4,594
Previous year	3,450	6,734	100	10,284
in CHF 1,000	Estimated amount realised from the sale of securities			
	Gross debt	Net debt rescheduling	Individual bad debt charges	
Vulnerable debts				
Financial year	19,006	–	–	19,006
Previous year	8,937	–	–	8,937

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

in CHF 1,000	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*	74,567	77,760	80,898	82,263	80,082	83,463
→ of which equity instruments of at least 10% of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
Total	74,567	77,760	80,898	82,263	80,082	83,463
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	-	-	-	-	-	-

* Fund units, of which CHF 31,979,000 (at carrying amount) not stock market listed

Securities and precious metals held as non-current assets

in CHF 1,000	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument "accrual method"	105,644	99,376	113,276	105,541	111,497	102,878
→ of which own bonds and medium-term notes	-	-	-	-	-	-
→ of which valued using the "accrual method"	105,644	99,376	113,276	105,541	111,497	102,878
→ of which valued according to lowest value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Non-consolidated participation securities	-	25	-	25	-	25
→ of which qualified participations with at least 10% of the capital or voting rights	-	25	-	25	-	25
Precious metals	-	-	-	-	-	-
Total	105,644	99,401	113,276	105,566	111,497	102,902
→ of which securities eligible for discount with the central bank	20,065	32,036	21,242	33,460	21,122	32,937

Statement of asset additions and disposals

in CHF 1,000	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	-	-	-	-	-	-	-	-	-
Non-consolidated participations	-	-	25	-	25	-	-	-	-
Total securities and precious metal portfolios held as non-current assets	105,541	6,165	99,376	108,383	99,489	-2,626	-	-	105,644
Other intangible assets	-	-	-2,570	-	-	-283	-	-	-2,853
Total intangible assets	-	-	-2,570	-	-	-283	-	-	-2,853
Real estate									
→ Bank building	12,617	3,572	9,045	-	-	-	-	315	8,730
→ Other real estate	7,291	604	6,687	-	6,687	-	-	-	-
Other property, plant and equipment	4,451	3,562	890	647	-	-	-	691	846
Total property, plant and equipment	17,068	7,737	16,622	647	6,687	-	-	1,006	9,576
Fire insurance value of property, plant and equipment (buildings) for the reporting period									14,307
Fire insurance value of property, plant and equipment (buildings) for the previous year									14,674
Fire insurance value of other property, plant and equipment for the reporting period									4,750
Fire insurance value of other property, plant and equipment for the previous year									4,750

Depreciation took place on the basis of operating results

Participations and shares in affiliated companies

in 1,000	Equity capital		Holding	
	Financial year	Previous year	Financial year	Previous year
BF RECEIPTS Limited *, London				
Share capital and reserves (in GBP)	7	6	100%	100%
Annual profit/loss ** (in GBP)	-	2		
MZ-Holding AG *, Balzers				
Share capital and reserves (in EUR)	56	60	100%	100%
Annual profit/loss (in EUR)	-1,605	-4		
REAL PRO INV. LTD *, Malta				
Share capital and reserves (in EUR)	4	4	100%	100%
Annual profit/loss ** (in EUR)	-	-		
STEAMBOAT SA *, Paradiso (CH)				
Share capital and reserves (in CHF)	100	100	15%	15%
Annual profit/loss ** (in CHF)	-	-		
PRILLER IMMO AG *, München				
Share capital and reserves (in EUR)	-57	-61	11.76%	11.76%
Annual profit/loss (in EUR)	-42	4		
21.finance AG *, Ruggell				
Share capital and reserves (in CHF)	642	1,665	59.14%	50.14%
Annual profit/loss (in CHF)	-1,943	-1,022		
Distributed Ventures AG *, Balzers				
Share capital and reserves (in CHF)	-	150	0%	95%
Annual profit/loss (in CHF)	-	-262		
The DLT-Markets AG *, Balzers				
Share capital and reserves (in CHF)	-	225	0%	93%
Annual profit/loss (in CHF)	-	-1,384		
Tradico AG *, Ruggell				
Share capital and reserves (in EUR)	1,737	1,838	100%	100%
Annual profit/loss (in EUR)	-345	-116		
DisrupTech AG *, Vaduz				
Share capital and reserves (in CHF)	-66	-	3%	0%
Annual profit/loss (in CHF)	-228	-		
Cadeia GmbH *, München				
Share capital and reserves (in EUR)	35	-	2.21%	0%
Annual profit/loss ** (in EUR)	-	-		

The consolidation was not included on the basis of Article 1104(1)(4) of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht – PGR).

* Without market value.

** The 2020 annual financial statements were not yet available at the time the table was prepared.

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

in CHF 1,000	Financial year	Previous year	in CHF 1,000	Financial year	Previous year
Premium	663	88	Discount	292	583

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

in CHF 1,000	Financial year		Previous year	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	59,078	–	–	–
Due from banks	46,748	–	11,520	–
Total	105,826	–	11,520	–

* Nominal values

Valuation allowances and provisions / provisions for general banking risks

in CHF 1,000	Position at end of previous year	Appropriation according to intended purpose	Change of intended use (reposting)	Recoveries, vulnerable interest, currency differences	Reorganisation 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*	8,433	782	5,760	-37	5,676	44	19,006
→ Lumped specific bad debt charges	-	-	-	-	-	-	-
→ Lump-sum valuation allowances	3,390	-	-5,760	-	2,800	-	430
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	1,311	633	-	-	993	-	1,671
Other provisions	-	-	-	-	-	-	-
Total valuation allowances and provisions	13,134	1,415	-	-37	9,469	44	21,107
Less valuation allowances directly set off against assets	11,823	782	-	-37	8,476	44	19,436
Total provisions according to balance sheet	1,311	633	-	-	993	-	1,671
Provisions for general banking risks	16,400	-	-	-	-	-	16,400

* The large loan ceiling was exceeded in 2020. A significant proportion of the individual valuation allowance was created for this business case. The responsible supervisory authority, FMA Liechtenstein, was informed about this circumstance.

Major shareholders and groups of shareholders with voting rights

in CHF 1,000	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
With voting rights				
Kuno Frick Familienstiftung, Balzers	13,000	65	13,000	65
Net1 UEPS Technology, Johannesburg	7,000	35	7,000	35
Total	20,000	100	20,000	100
Without voting rights				
Participation certificate capital	5,470	100	5,299	100
Total	5,470	100	5,299	100

Equity capital statement

in CHF 1,000

2020

Equity capital at the start of the financial year

Subscribed capital	25,299
Subtotal paid-up subscribed capital	25,299
Capital reserves	1,598
Statutory reserves	6,000
Reserves in accordance with the articles of association	–
Other reserves	41,594
Provisions for general banking risks	16,400
Minority shareholdings in capital base	1,222
Profit/loss carried forward	-4,664
Available earnings	1,406
Total equity at the start of the financial year (before appropriation of net income)	88,855
+ Capital increase	171
+ Premium	342
+ Allocation to provisions for general banking risks	-2,286
- Dividends and other distributions from the net annual profit for the previous year	–
- Interim dividend	–
+ Annual profit for the financial year	1,834
Total equity at the end of the financial year (before appropriation of net income)	88,916
→ of which subscribed capital	25,470
→ of which capital reserves	1,940
→ of which statutory reserves	6,000
→ of which reserves in accordance with the articles of association	–
→ of which other reserves	42,346
→ of which provisions for general banking risks	16,400
→ of which minority shareholdings in capital base	982
→ of which loss carried forward	-6,056
→ of which available earnings	1,834

Maturity structure of the assets as well as liabilities and provisions

in CHF 1,000	On demand	Subject to notice	due				Immobi- lised	Total
			0–3 m	3–12 m	1–5 y	5–∞ y		
Assets								
Liquid assets	372,617	–	–	–	–	–	–	372,617
Due from banks	157,306	25,685	124,077	10,885	–	–	–	317,952
Due from clients	121,193	–	305,801	14,591	6,773	10,780	–	459,136
→ of which mortgage-backed claims	25	–	117,682	4,092	6,773	10,780	–	139,353
Securities and precious metals held as current assets (excl. trading positions)	105,644	–	–	–	–	–	–	105,644
Securities and precious metals held as non-current assets	74,567	–	–	–	–	–	–	74,567
Other assets	113,144	–	–	–	99	121	9,576	122,940
Total assets financial year	944,471	25,685	429,877	25,476	6,872	10,901	9,576	1,452,854
Previous year	608,918	2,846	409,493	11,243	6,685	1,750	15,732	1,056,667
Liabilities								
Due to banks	28,019	–	–	–	–	–	–	28,019
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	1,123,472	2,163	44,675	9,572	–	–	–	1,179,883
Certificated liabilities								
a) Issued bonds	–	–	–	–	11,488	–	–	11,488
→ of which medium-term notes	–	–	–	–	11,488	–	–	11,488
b) Other certificated liabilities	23,992	–	–	11,103	6,146	–	–	41,242
Provisions	1,671	–	–	–	–	–	–	1,671
Other liabilities	101,635	–	–	–	–	–	–	101,635
Total liabilities financial year	1,278,789	2,163	44,675	20,675	17,634	–	–	1,363,938
Previous year	867,826	31,173	11,141	28,583	22,578	6,510	–	967,812

Selected balance sheet items due in the 2020 financial year

	Financial year	Previous year
Total asset items No. 5 Securities and precious metals held as non-current assets	–	–
Total liability items No. 3a Issued debt securities	–	–

Breakdown of assets and liabilities by location

in CHF 1,000	Financial year		Previous year	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	169,248	203,369	104,705	21,714
Due from banks	238,401	79,551	207,650	37,527
→ of which repayable upon demand	114,252	43,053	107,730	34,681
→ of which other receivables	124,149	36,498	99,920	2,846
Due from clients	178,680	280,455	109,924	279,989
→ of which mortgage-backed claims	80,524	58,828	56,735	44,165
Bonds and other fixed-interest securities	18,389	87,255	6,588	92,788
→ of which bonds issued by public bodies	–	50,488	6,588	52,772
→ of which bonds issued by other borrowers	18,389	36,767	–	40,016
Shares and other non-fixed-interest securities	66,402	8,164	47,979	29,781
Participations	–	–	25	–
Shares in affiliated companies	–	–	–	–
Intangibles	-3,043	190	-2,570	–
Property, plant and equipment	9,576	1	16,622	–
Other assets	108,482	4,649	101,627	234
Accrued expenses and deferred income	2,888	198	1,700	386
Total assets	789,023	663,833	594,249	462,418
Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance (Bankenverordnung – BankV).				
Liabilities				
Due to banks	17,674	10,345	3,842	4,528
→ of which repayable on demand	17,674	10,345	3,842	4,528
→ with agreed terms or notice period	–	–	–	–
Due to clients	409,312	770,570	297,495	475,475
→ of which savings deposits	–	–	–	–
→ of which other liabilities repayable on demand	385,880	737,296	274,063	442,201
→ of which other liabilities with agreed terms or notice periods	23,432	33,274	23,432	33,274
Certificated liabilities	52,729	–	75,696	–
→ of which medium-term notes	11,488	–	11,510	–
→ of which other certificated liabilities	41,242	–	64,186	–
Other liabilities	91,589	2,070	102,608	684
Accrued expenses and deferred income	7,930	47	6,154	14
Provisions	1,462	208	1,317	–
→ of which tax provisions	1,462	208	1,317	–
→ of which other provisions	–	–	–	–

Provisions for general banking risks	16,400	–	16,400	–
Subscribed capital	25,470	–	25,299	–
Capital reserves	1,940	–	1,598	–
Retained profit	48,347	–	47,594	–
→ of which statutory reserves	6,000	–	6,000	–
→ of which other reserves	42,347	–	41,594	–
Minority shareholdings in capital base	982	–	1,222	–
Profit carried forward	-3,104	-2,949	-4,664	–
Profit	-126	1,960	1,407	–
Total liabilities	670,604	782,251	575,967	480,700

Assets and liabilities by country

in CHF 1,000	Financial year		Previous year	
	Nominal	in %	Nominal	in %
Assets				
Europe	514,948	35.44	300,250	28.41
Switzerland	501,431	34.51	372,003	35.21
Liechtenstein	261,707	18.01	218,751	20.70
North America	81,904	5.64	35,143	3.33
Oceania	46,682	3.21	50,751	4.80
Caribbean	26,323	1.81	58,937	5.58
Asia	16,059	1.11	3,577	0.34
Africa	3,240	0.22	16,462	1.56
Latin America	559	0.01	794	0.08
Total	1,452,854	100.00	1,056,667	100.00
Liabilities				
Liechtenstein	569,524	39.20	515,936	48.83
Europe	486,562	33.49	365,957	34.63
Caribbean	263,159	18.11	78,307	7.41
Switzerland	101,078	6.96	60,031	5.68
North America	10,049	0.69	1,987	0.19
Oceania	7,321	0.50	8,313	0.79
Asia	6,848	0.47	22,709	2.15
Latin America	4,497	0.31	2,369	0.22
Africa	3,816	0.26	1,059	0.10
Total	1,452,854	100.00	1,056,667	100.00

Statement of receivables and liabilities

of affiliated companies in which participating interests are held, as well as significant shareholders; loans to members of governing bodies and transactions with close associates

in CHF 1,000	Financial year	Previous year
Receivables from qualified parties		
Due from clients	–	–
Receivables from affiliated companies		
Due from clients	3,784	17,888
Liabilities vis-à-vis qualified parties		
Due to clients	2,334	150
Other liabilities	3,985	–
Liabilities vis-à-vis affiliated companies		
Due to legal entities	4,145	2,890
Receivables owed by related persons		
Client receivables	30,096	–
Receivables from loans to governing bodies		
→ Board of Directors	–	–
→ Management Board	1,438	1,519

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

in CHF 1,000	Financial year	Previous year
Assets	1,060,430	773,343
→ of which in EUR	536,024	360,688
→ of which in USD	359,340	302,851
→ of which in CAD	9,048	2,593
→ of which in JPY	13,765	9,888
→ of which in GBP	81,735	79,544
→ of which in CZK	13,981	442
→ of which in ZAR	32,062	3,369

All foreign currency items worth more than CHF 10 million are listed in the table.

in CHF 1,000	Financial year	Previous year
Debts	1,146,412	769,126
→ of which in EUR	409,839	359,329
→ of which in USD	562,956	299,548
→ of which in CAD	18,047	2,571
→ of which in JPY	574	9,880
→ of which in GBP	81,895	79,870
→ of which in CZK	13,977	415
→ of which in ZAR	44,929	3,364

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”

in CHF 1,000	Financial year	Previous year
Other assets	113,131	101,860
→ Positive replacement costs of forward foreign exchange transactions	4,688	3,654
→ Settlement account balance replacement costs for forward foreign exchange transactions	–	–
→ Settlement accounts	108,443	98,206
Other liabilities	93,658	103,292
→ Negative replacement costs of forward foreign exchange transactions	6,334	3,360
→ Settlement account balance replacement costs for forward foreign exchange transactions	-1,646	295
→ Settlement accounts	88,970	99,638

Structure of client assets

in CHF 1,000	Financial year	Previous year
Type of client assets		
Assets in funds under own management (investment company)	1,479,059	1,219,299
Assets with management mandate	–	–
Other client assets	1,792,082	1,514,428
Total client assets (incl. duplication)	3,271,142	2,733,728
→ of which duplication	1,025,974	694,871
→ Net influx of new funds	349,592	43,352

Information about off-balance sheet transactions

Contingent liabilities

in CHF 1,000	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	4,594	3,629	965	10,284	6,734	100
Warranties and similar	–	–	–	–	–	–
Irrevocable liabilities	–	–	–	–	–	–
Other contingent liabilities	–	–	–	–	–	–

Open derivative financial instruments

in CHF 1,000	Financial year			Previous year		
	Replacement values		Contract-volume*	Replacement values		Contract-volume*
	positive *	negative *		positive *	negative *	
Forward foreign exchange contracts	4,688	6,334	900,935	3,654	3,360	748,965

* from trading activities

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

Fiduciary transactions

in CHF 1,000	Financial year	Previous year
Fiduciary investments at third-party banks	52,639	138,764
Fiduciary investments at affiliated banks and finance companies	–	–
Fiduciary loans	–	–
Other fiduciary financial transactions	–	–

Information about the consolidated income statement

in CHF 1,000	Financial year	Previous year
Profits from trading activities	6,399	4,670
→ of which foreign exchange transactions	6,369	4,727
→ of which cash transactions	30	-57
→ of which securities trading	-	-
→ of which precious metal transactions	-	-
Breakdown of staff costs	20,882	18,192
→ of which wages and salaries	15,044	12,703
→ of which remuneration of the members of the Board of Directors	2,333	2,180
→ of which social insurance contributions and support	1,533	1,343
→ of which pension expenses	1,093	859
→ of which other staff costs	879	1,107
Breakdown of operating expenditure	10,441	12,072
→ of which cost of business premises	764	674
→ of which IT expenditure	4,182	5,347
→ of which furniture	17	13
→ of which other equipment	-	-
→ of which other operating expenditure	5,479	6,037

in CHF 1,000	Financial year	Previous year
Breakdown of the item "Other income from ordinary activities"	6,892	4,215
→ Income from property	3,749	497
→ Other income from ordinary activities	3,143	3,718

Report of the statutory auditors

Report of the auditors on the audit of the consolidated financial statement

Audit opinion

We have audited the consolidated financial statement of Bank Frick & Co. AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, along with the notes to the consolidated financial statement, including a summary of significant accounting and valuation principles.

In our opinion, the consolidated financial statement (pages 82 to 103) gives a true and fair view of the financial position of the Group as at 31 December 2020 and of its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for the audit opinion

We conducted our audit in accordance with Liechtenstein law and the International Standards on Auditing (ISA). Our responsibilities under these provisions and standards are further described in the “Responsibilities of the auditors for the audit of the consolidated financial statement” section of our report.

In accordance with Liechtenstein law and the requirements of the profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), we are independent of the Group, and we have fulfilled our other professional duties of conduct in accordance with these requirements.

We believe that the audit evidence we obtained is sufficient and appropriate for providing a basis for our audit opinion.

Other information in the annual report

The Board of Directors is responsible for the other information contained in the annual report. The other information includes all information presented in the annual report, with the exception of the consolidated financial statement, the consolidated annual report and our associated report.

The other information in the annual report is not the subject of our audit opinion on the consolidated financial statement, and we do not express an audit opinion on this information.

As part of our audit of the consolidated financial statement, it is our responsibility to read the other information in the annual report and assess whether there are any material inconsistencies with the consolidated financial statement or our knowledge obtained in the course of the audit, or if there otherwise appears to be any material misstatements. If our work leads us to conclude that there has been a material misstatement of the other information, we are required to report on this fact. We have no comments to make in this regard.

Responsibilities of the Board of Directors for the consolidated financial statement

In accordance with the legal provisions and the Articles of Association, the Board of Directors is responsible for the preparation of a consolidated financial statement and for internal controls that the Board of Directors determines are necessary to enable preparation of a consolidated financial statement that gives an appropriate picture of the actual circumstances, free from material misstatement, whether intentional or unintentional.

In preparing the consolidated financial statement, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, for disclosing, if applicable, matters related to its continued operation as a going concern and for using the going-concern basis of accounting, unless the Board of Directors either intends to liquidate the Group or to cease operations, or if the Group has no realistic alternative to liquidation and ceasing of operations.

Responsibilities of the auditors for audit of the consolidated financial statement

Our objectives are to obtain sufficient assurance about whether the consolidated financial statement as a whole is free from material misstatement, whether intentional or unintentional, and to issue a report that includes our audit opinion. Sufficient assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Liechtenstein law and the ISA will always detect a material misstatement if any such misstatement exists. Misstatements may result from fraudulent acts or errors and are considered material if, individually or as a whole, they could reasonably be expected to influence the economic decisions of users made on the basis of this consolidated financial statement.

As part of an audit in accordance with Liechtenstein law and the ISA, we exercise professional judgement and maintain a critical attitude throughout the audit. We also do the following:

- We identify and assess risks of material misstatements of the consolidated financial statement, whether intentional or unintentional, design and implement audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinion. The risk that material misstatements resulting from fraudulent acts will not be detected is higher than the risk that material misstatements resulting from errors will not be detected since fraudulent acts may involve collusion, forgery, intentional omissions, misleading representations or the override of internal controls.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate to the circumstances but not with the objective of expressing an audit opinion on the effectiveness of the Group's internal control system.
- We evaluate the appropriateness of accounting methods used and the reasonableness of accounting estimates and related information.
- We draw conclusions about the appropriateness of the Board of Directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our report to the associated information in the notes to the consolidated financial statement or to modify our audit opinion if this information is inadequate. We draw our conclusions based on the audit evidence obtained up until the date of our report. However, future events or circumstances may cause the Group to cease operations as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statement, including the information in the notes, as well as whether the consolidated financial statement represents the underlying business transactions and events in a manner that an appropriate presentation of the overall situation is achieved.

We communicate with the Board of Directors regarding matters that include the planned scope and timing of the

audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Report on other statutory requirements and other legal requirements

The consolidated annual report (page 10-21 and 82) as at 31 December 2020 complies with Liechtenstein law and the Articles of Association. The consolidated annual report is consistent with the consolidated financial statement and, in our opinion, does not contain any material misstatements.

We recommend that the consolidated financial statement submitted to you be approved.

Schaan, 16 April 2021

Grant Thornton AG



Egon Hutter
Registered accountant
Head auditor



ppa Ricarda Gassner
Registered accountant



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