BANK FRICK

Annual Report 2021

Raphael Benz

Head of Trading

At Bank Frick since 2018

I grew up in the Rhine Valley in St. Gallen and had a view of the Säntis from my home. The mountain has always been a fixture in my life. After my apprenticeship, I moved out into the big wide world and earned my spurs as a trader at various brokers and banks.

Now I can keep my composure even in turbulent times on the stock exchange. When I was young, I had to learn the hard way, chased after supposedly hot tips, but learned the painful lesson that no one knows what the future holds. That is why I do not give investment advice to people in my personal environment. I am convinced that you can achieve long-term success on the stock exchange only with discipline and a clear plan.

The panic at the beginning of the COVID-19 pandemic was like experiencing the 2008 financial crisis all over again. The stampede with the panic selling was almost identical. Trading on the stock exchange is and remains to be a matter of psychology. Since we do not provide investment advice at Bank Frick, I do not have to slip into the role of psychologist as often as I used to.

There are moments when I miss the big city life. But my priorities have clearly shifted after getting married and having my children. My family is also the reason why I moved back to the region – the work-life balance is simply much better here. Instead of being stuck in traffic after work, I can be home within 30 minutes and quickly find peace at the foot of my local mountain, the Säntis, even after hectic days at work.

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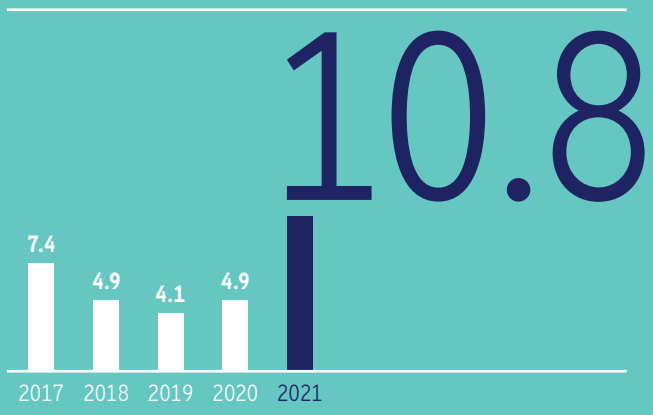
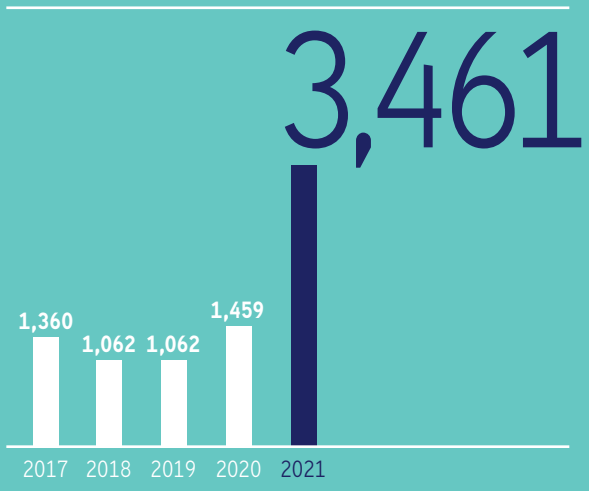
Selected financial ratios 2021

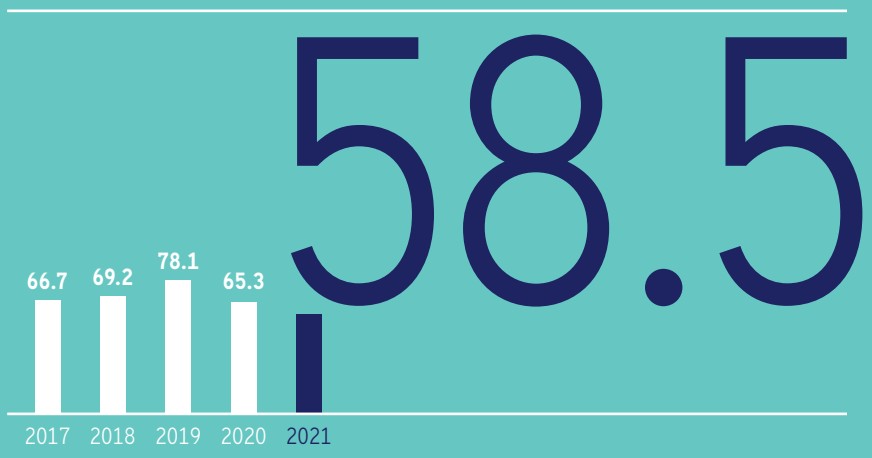
Return on equity
in %



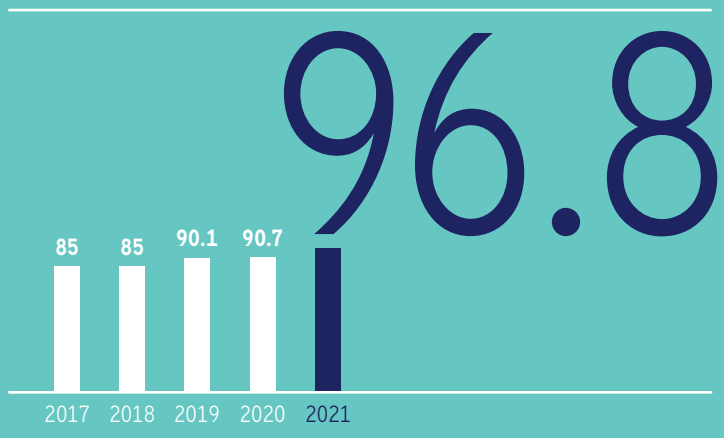
Total assets
in CHF m



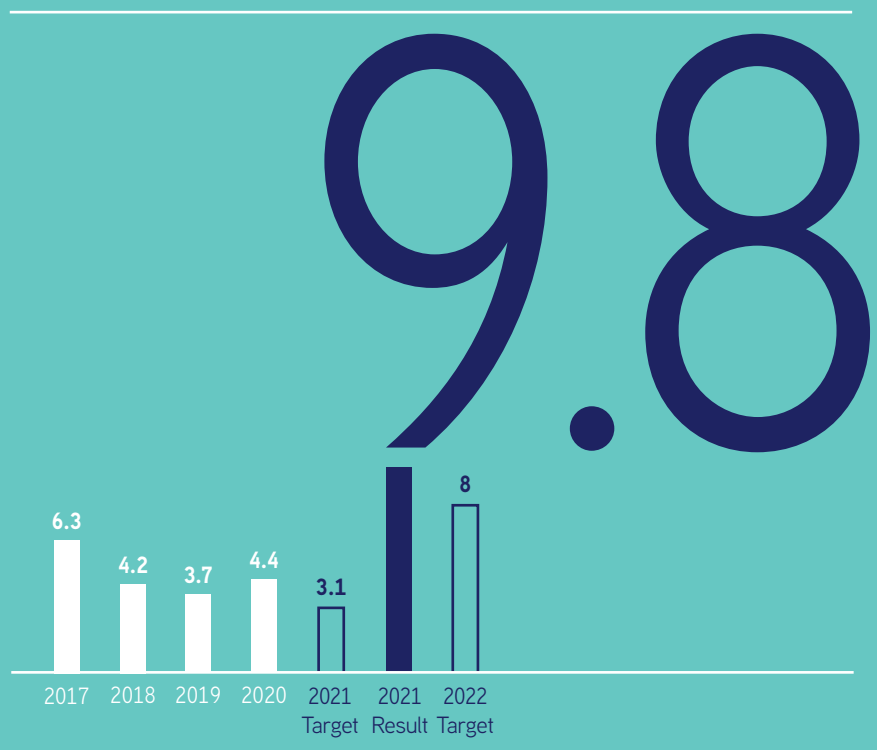
Cost-income ratio
in %



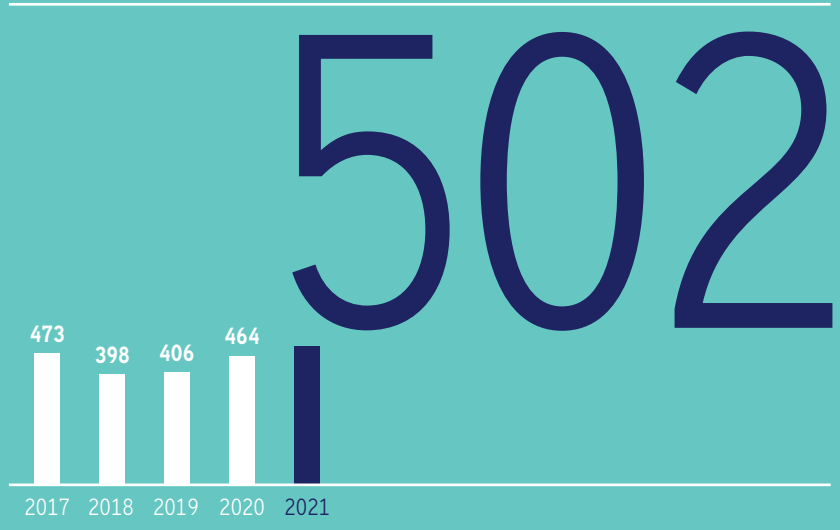
Equity
in CHF m



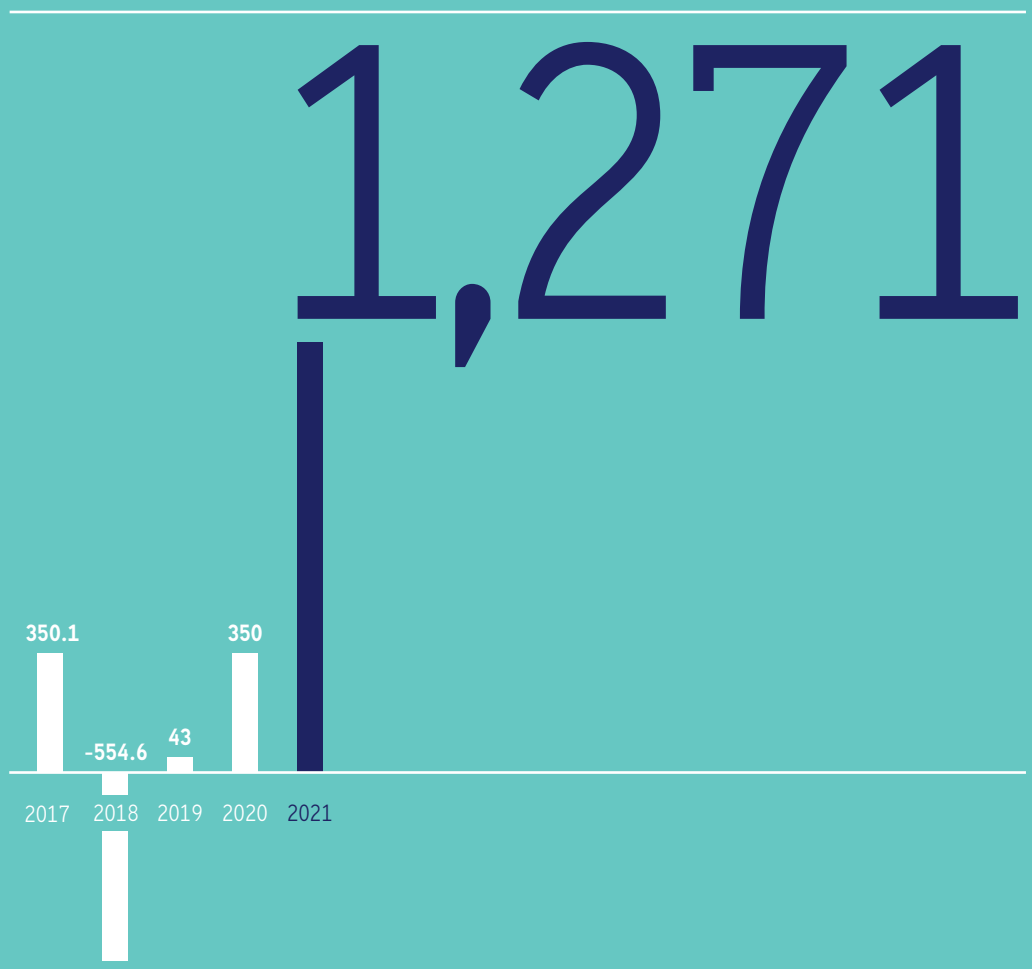
Profit
in CHF m



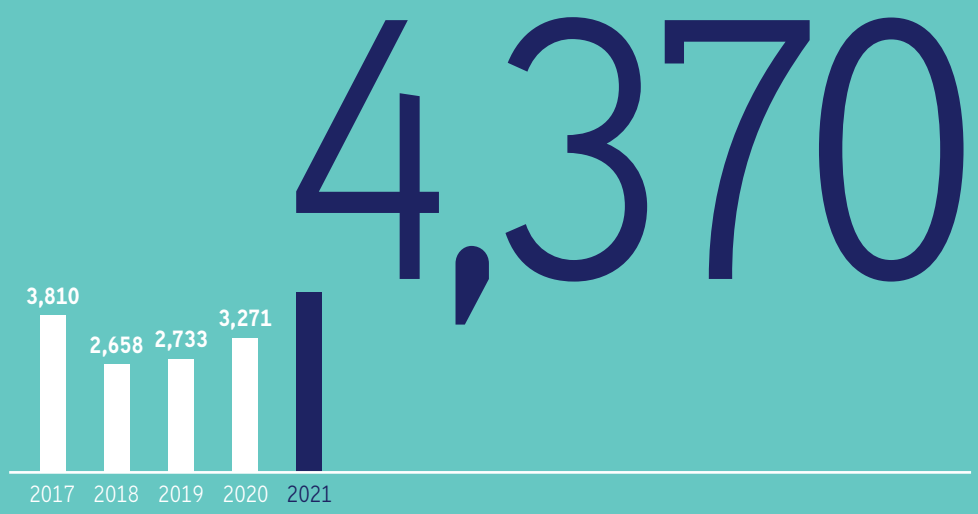
Due from clients
in CHF m



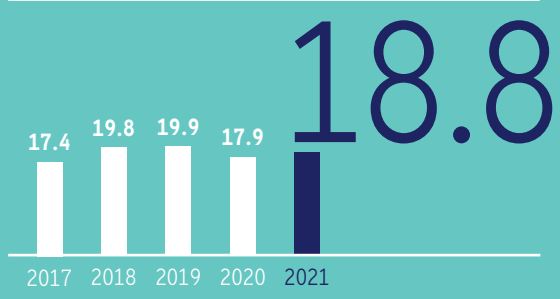
Net new money
in CHF m



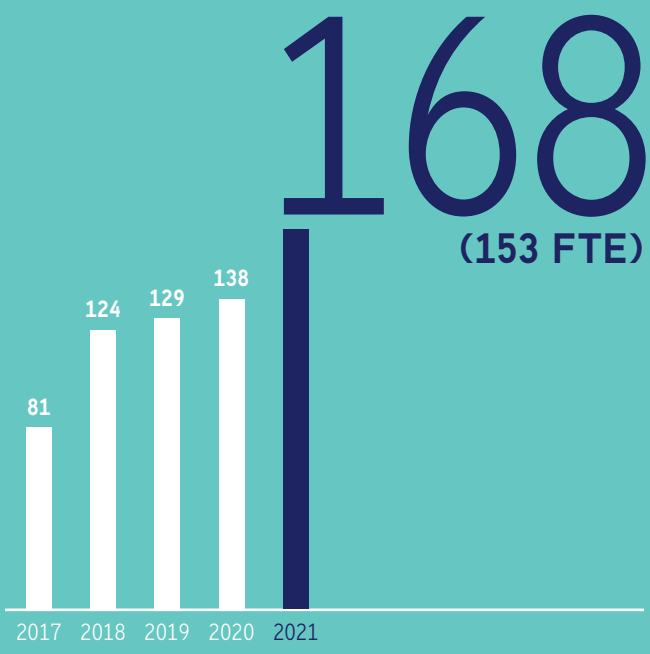
Assets under management
in CHF m



Tier 1 capital ratio
in %



Work force



Company bodies / Organisation chart

Dr Mario Frick
Chairman

Roland Frick
Vice-Chairman

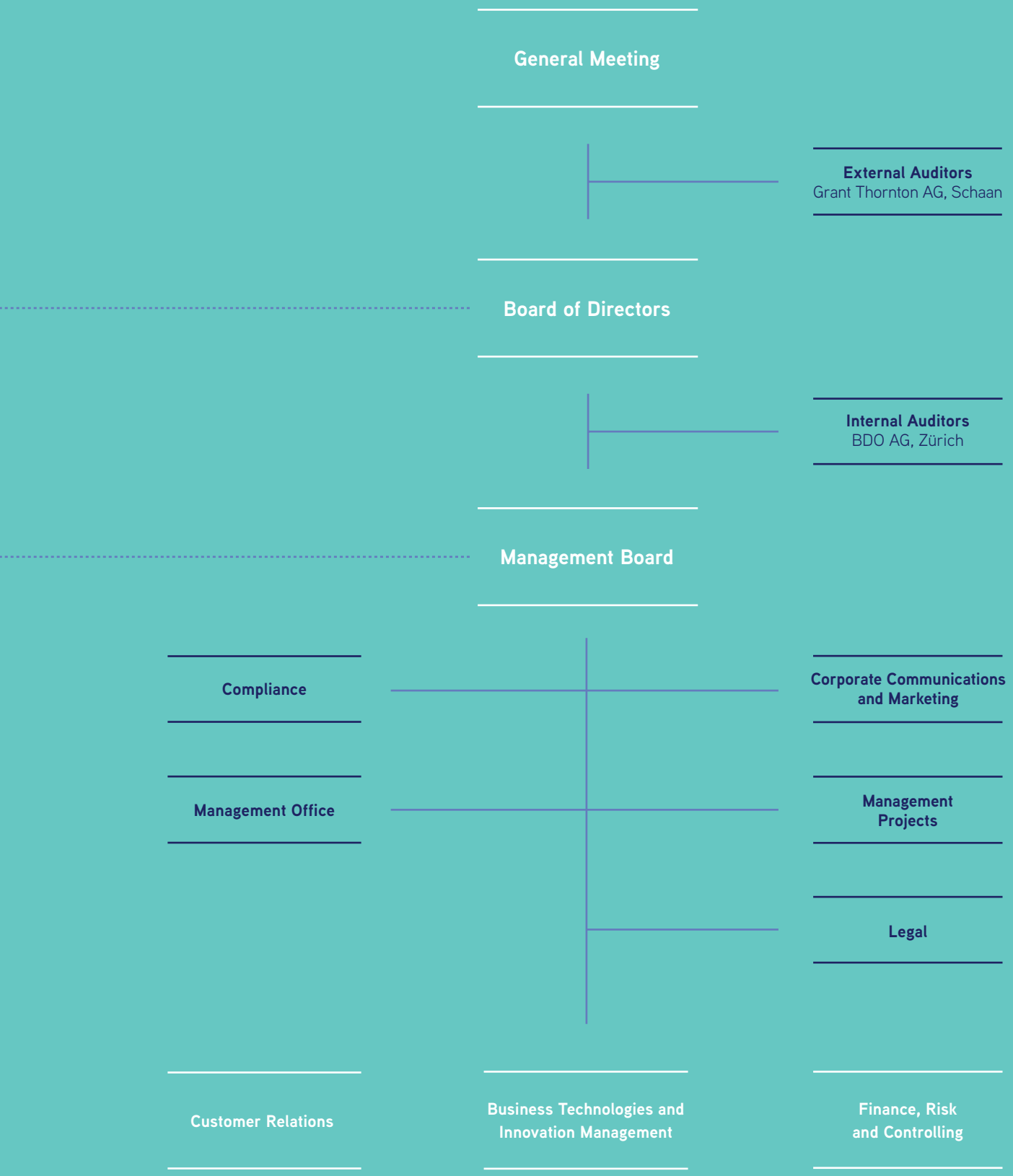
Rolf Jermann

Michael Kramer

Edi Wögerer
Chairman, CEO

Michael Dolzer
COO

Melanie Mündle
CFO


General Meeting
External Auditors
Grant Thornton AG, Schaan
Board of Directors
Internal Auditors
BDO AG, Zürich
Management Board
Compliance
Management Office
Corporate Communications and Marketing
Management Projects
Legal
Customer Relations
Business Technologies and Innovation Management
Finance, Risk and Controlling

Report of the Board of Directors and the Management Board

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

In 2021, we worked hard on implementing our growth strategy. A glance at the number of new clients, the financial results of the reporting period and our workforce shows clearly that we have chosen the right strategy and that its implementation has been a success. In 2021, we generated an incredible net profit of CHF 9.8 million (previous year: CHF 4.4 million). Income continued to rise in all business areas. Compared to the already successful 2020 results, the Bank's net income rose by 61% to CHF 66.8 million. Client assets under management also recorded exceptional growth in the reporting period, increasing by 33% to CHF 4.4 billion. For 2022, we expect a slightly lower annual profit of CHF 8.0 million.

We closed the 2021 financial year with a net profit of CHF 9.8 million (CHF 4.4 million). We thus succeeded in more than doubling earnings compared with the previous year. All four strategic business segments contributed to this exceptionally strong result. We have also benefited significantly this year from the volatility in the markets, with the price of cryptocurrencies experiencing particularly wild fluctuations in the reporting year. This volatility in the market had a very positive impact on client activity in cryptocurrency trading and, accordingly, led to a strong increase in trading volumes.

Client assets under management increased by 33% during the reporting period and now stand at CHF 4.4 billion. (2020: CHF 3.3 billion). We have increased the number of clients across all business segments, winning many new, highly active clients.

In our 2020 annual report, we reported that between 2016 and 2020, we almost doubled the Bank's net income from CHF 20 million to more than CHF 40 million. We not only maintained this trend in 2021, we improved on it. From an income perspective, 2021 was even more successful and we increased income in the reporting period by 61% compared to the previous year, resulting in a net income in 2021 of CHF 66.8 million (2020: CHF 41.6 million).

The very pleasing result is a clear sign that the implementation of our strategy, which is based on both traditional and blockchain-based banking, has been a complete success. In addition to the successful implementation of our growth strategy, we benefited significantly in 2021 from the high volatility on the markets. One-time gains also contributed to the successful 2021 results.

The strong rise in income contrasts with a steady expenditure curve (see charts on page 21). Increasing headcount as part of the growth strategy had an impact on personal expenses, which grew from CHF 19.4 million in 2020 to CHF 26.9 million in the reporting year. There was a comparatively moderate rise in operating expenses to CHF 13.9 million (2020: CHF 9.3 million).

We are expecting to see lower levels of trading activity on the markets in 2022 and consequently, lower income. In addition, the impact of recruiting personnel in 2021 will only be felt fully in 2022, with a commensurate rise in

> We closed 2021 with a net profit of CHF 9.8 million.

Chairman Dr Mario Frick (left) and CEO Edi Wögerer.

personnel expenses. In 2022, therefore, we expect – subject to the uncertain impact of the Russian invasion of Ukraine and the consequences of the COVID-19 crisis – an annual profit of CHF 8.0 million.

Even if we assume a slightly higher profit than last year's exceptional results, it is still an ambitious goal that will require plenty of work, commitment and dedication from the whole Bank Frick team. We have the greatest confidence in our employees, however, and with this team behind us, we are facing 2022 full of confidence and anticipation. Much of our work has been conducted virtually for the last two years, so we are particularly looking forward to face-to-face contact once again.

All business segments contributed to the success

All business segments contributed to our outstanding annual results. It is notable that the traditional financial world continues to merge with blockchain-based assets.

> Crypto assets are becoming increasingly popular as an asset class.

Our Classic Banking segment is performing extremely well. We have noticed that traditionally minded clients are increasingly interested in crypto and blockchain. Cryptocurrencies have reached the mainstream and the public is now more aware of them. Financial intermediaries such as asset managers need to devote serious attention to these areas and our expertise makes it possible for us to provide the necessary support to them.

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.

At the same time, successful, enterprising crypto investors are increasingly considering traditional financial services in order to diversify their portfolios and protect their assets. These clients value having a partner who understands how they have earned their money and who can advise them how best to increase and secure their crypto wealth using traditional forms of investment.

Our success is based on both the blockchain and the traditional banking world. We understand that a successful, long-term business relationship in both areas relies on values like trust and reliability. Our Bank has built solid foundations and we are well-equipped for the future.

At the Bank Frick summer party held in August 2021 we were able to have a social get-together for the first time since the outbreak of the coronavirus pandemic. In line with the 3G rules, we enjoyed the glorious weather, dancing and partying into the small hours.

Classic Banking

The Classic Banking department focuses on business development and support for

Chairman of the Bank Frick Board of Directors Mario Frick, PrismaLife CEO Holger Beitz and Chairman of the PwC Board Stefan Räbsamen, together with presenter Reto Lipp (from left to right), discussed Liechtenstein's and Switzerland's futures as financial centres in a panel discussion at the Finance Forum Liechtenstein.

financial intermediaries and professional clients as well as international financial intermediaries such as trustees, tax consultancies, lawyers, independent asset managers and insurance companies, and our direct clients. Using our Crossover Finance approach, our employees aim to provide both institutional clients and direct clients with comprehensive financial services from a single source, thereby creating added value.

The Classic Banking department also recorded significant growth in 2021. Driven by our crypto expertise and the strong brand awareness that has developed over the last few years, the number of clients grew by 15% in the reporting year.

This increase in active clients had a direct impact on our assets, which rose in our core markets from over CHF 1 billion to over CHF 3 billion.

As well as this, it has benefited from Bank Frick's crypto service offering. Traditional banking clients and established financial intermediaries are becoming increasingly interested in investing in cryptocurrencies. Bank Frick sees itself as the first point of contact in Liechtenstein when clients of financial intermediaries want to invest in cryptocurrencies.

In response to the strong growth and in order to meet future anticipated growth, the department added more staff in the reporting period. Despite significant demand for our services, we are keen to maintain the very best experience for our clients and business partners.

Blockchain Banking

The Blockchain Banking department spends every day focusing on the latest trends and innovations in the blockchain world. As blockchain experts, the team is the first point of call for potential new clients and projects.

2021 was a challenging but also highly successful year for the Blockchain Banking department. The record levels seen in the crypto market garnered significant public attention, resulting in a heavy workload for the department. The department also benefited from the volatility seen in the crypto market as this resulted in a strong increase in trading and subsequently a high level of income in this area.

The Blockchain Banking department acquired new clients in the high two digits, leading to a fourfold increase in income compared to the previous year.

It is evident that more and more traditional financial intermediaries and professional clients have become aware of, and are using, blockchain-based products and services. The trend for Classic Banking and Blockchain Banking to work ever more closely together was clearly seen in 2021, too.

Fund and Capital Markets

The Fund and Capital Markets department is responsible for the development, management and monitoring of individually designed financial instruments. In terms of growth, the reporting year saw very pleasing results. Overall, custo-

dian services for Liechtenstein funds recorded growth of CHF 275 million (+22.9%), primarily due to new mandates that were won in the reporting year.

The ongoing expansion of products and services in this year also set the course for further success in the future. This year, for example, we developed a fully automated solution that enables fund managers to have direct market access to the major online brokers. This is important both for algorithmic trading strategies and for those situations where investment markets are subject to significant time differences.

The Capital Markets team provides specialised banking services and specialises in bespoke debt instruments, including straight bonds for corporate financing and bespoke investment certificates. We recorded very pleasing growth in this area, too. Business volume increased by around CHF 700 million to just under CHF 2.8 billion, representing a fourfold increase.

E-Commerce

Since 2012, Bank Frick has been the only Liechtenstein institution to be a Principal Member of Visa and MasterCard. So far, we are focusing on acquiring services for merchants and business owners who wish to offer credit card payment options. As an EEA/EU payment partner, the E-Commerce department ensures that received payments are booked in a timely manner and also provides support to clients with onboarding, integration, and ongoing day-to-day business.

In 2021, the E-Commerce department worked on expanding their existing partnerships, improving their service to existing merchants and achieving significant growth. They also introduced stronger fraud prevention measures to provide maximum protection to the payment ecosystem.

Thanks to the outstanding work of the whole department, the volume of payments processed in 2021 in comparison to 2020 rose by 78%. The number of transactions also increased by 213%.

At the same time, we were successful in reducing our key risk figures in terms of both chargebacks and fraud cases.

More client service resources

In June 2020, we restructured our client contact departments. In order to optimise client benefits, we further improved the efficiency in departments with direct client contact, placing the client experience at the heart of our services.

The most obvious innovation is the establishment of the new Client Services department.

The main purpose of the newly created department is to further improve the client experience when providing support to existing clients and onboarding new clients, making banking as easy as possible for our clients. With this in mind, we set up five teams within the department with each one focusing on a specific client group – corporate clients, crypto companies, brokers, exchanges and private clients. This enables the account managers to specialise in each type of client.

In addition to the Client Services department, the two departments Classic Banking and Blockchain Banking were formed. Together with the Fund and Capital Markets and E-Commerce departments, these four departments are in line with our strategic business segments. Expertise in these business segments is consolidated in these departments and they are all responsible for taking up the clients' needs and finding tailor-made solutions for them, even beyond the boundaries of the respective business segment.

In recent years, we have made significant investments in technology, regulatory issues, compliance and the establishment of new business models. This new structure enables us to place our know-how in exactly the right areas. We have also recruited 15 new sales, advice and support employees, enabling us to provide a more efficient, personal service to our clients.

All in all, in making these changes we have created the organisational conditions needed to continue our pattern of considerable success and to develop new

> ”
> Custodian services for Liechtenstein funds grew by 23%

The Bank is the main sponsor of the Bank Frick LieMudRun. The second edition of the race on a dirt obstacle course in Liechtenstein took place in September 2021. Around 1,000 runners took part, including a number of employees from Bank Frick (in image).

business models and products that can compete at an international level.

We are the Bank for financial intermediaries in Liechtenstein and want to further consolidate our standing among independent custodian banks. We are a major banking partner for companies in the European blockchain and cryptocurrency sector and want to further consolidate our position. That's why we have made significant investment in training our employees and recruiting subject-matter experts, and will continue to do so. We know that blockchain expertise isn't just about the front-office departments; we also need experts in the downstream departments – Compliance, Processing, Client Services, etc. Blockchain banking can only function on an interdisciplinary level if there is understanding throughout the Bank of how it works and its special characteristics.

We want to work in partnership with our clients and strive for a successful, long-term relationship with them. And with all our strategic progress, we will remain flexible in order to be able to respond to changes in the market and leverage opportunities, in a manner fitting for a bank that thinks in an entrepreneurial way.

Bank Frick now fully family-owned again

Since the beginning of February 2021, Bank Frick is once again fully owned by the Kuno Frick Family Foundation (KFS). Net 1 UEPS Technologies, Inc. (Net1) sold the 35% stake it held in Bank Frick to the KFS. The Bank is once again fully controlled by the KFS. Alex Smith (CEO of Net1) left the Board of Directors of Bank Frick.

Other significant events during the reporting year

Bank Frick processes donations in the form of cryptocurrencies

Since July 2021, Bank Frick has been processing donations in the form of cryptocurrencies for the Swiss section of the human rights organisation Amnesty International. For this purpose, we have developed a set-up that enables the reliable, regulatory compliant and secure acceptance of crypto donations. The model is suitable for all NGOs and allows for careful verification of the origin of crypto donations.

Bank Frick expands role as crypto asset custodian for VanEck

In 2021, the role of crypto asset custodian for VanEck was expanded. VanEck value our proven expertise in setting up crypto-based financial instruments and by the end of 2021 they had used our custodian services for a total of seven crypto assets for seven specific exchange-trade notes (ETNs): VBTC Bitcoin ETN, VETH Ethereum ETN, VDOT Polkadot ETN, VSOL Solana ETN, VTRX TRON ETN, VAVA Avalanche ETN and VPOL Polygon ETN.

Back in November 2020, we assumed the role of bitcoin custodian for VanEck Vectors Bitcoin exchange-traded product (ETP), which is tradable in EUR on the XETRA, a trading platform on the Frankfurt stock exchange. VanEck is a renowned international asset manager and ETF provider with around USD 82 billion of assets under management at the end of 2021.

A valuable cooperation with the University of Liechtenstein

In 2021, 16 participants completed the Blockchain and Fintech certificate programme, 7 of whom were Bank Frick employees. Since the programme was introduced, 17 employees from different Bank Frick departments have taken part in it. As a bank, it is important that our blockchain expertise doesn't only reside in our front-office departments. Blockchain banking can only function on an interdisciplinary level if there is understanding throughout the Bank of how it works and its special characteristics. That's why we support this programme and encourage and motivate our employees to acquire and continually develop their knowledge in this specialist area.

Participants received their programme completion certificates on 3 September 2021 in the main chamber of the Vaduz town hall. Liechtensteins's Prime Minister, Dr Daniel Risch, welcomed the successful participants by video message and sent his congratulations on their achievement. He highlighted the fact that Liechtenstein views blockchain technology as an innovative driver of the financial centre.

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.

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.

Events after the balance sheet date

Russian invasion of Ukraine

Europe and the free world's reaction to Putin's invasion of Ukraine was unanimous and decisive, with far-reaching sanctions imposed on Russia and Belarus. Liechtenstein consistently implements EU sanctions. At the beginning of the way, the Liechtenstein Bankers Association (LBA) – including Bank Frick – and the Institute of Professional Trustees and Fiduciaries (THK) confirmed that they would implement the sanctions unreservedly.

Bank has few links to Russia/Belarus

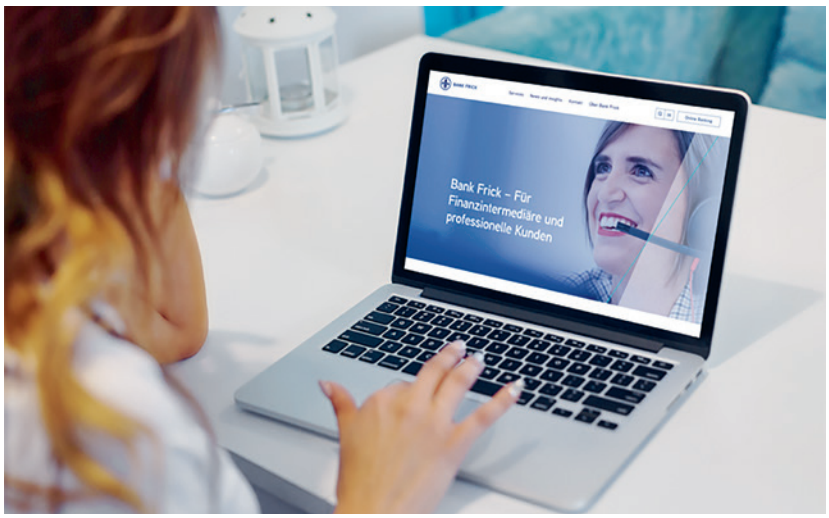
Bank Frick has only a few minor business relationships with Russia/Belarus. Furthermore, we will not be entering into any new business relationships with clients who have a link to Russia/Belarus.

The Bank will implement all measures necessary to ensure the smooth functioning of the Bank and the implementation of the announced sanctions, which will hopefully send a clear signal to the aggressor.

Outlook for 2022

Further growth in our sights: quality not quantity

In 2022, we will continue to pursue our growth strategy. In doing so, our focus will be on recruiting additional staff across our departments and optimising our processes and use of resources –



The new Bank Frick website went online during the first week of April 2022. The site has a contemporary, open and straightforward design. The content has also been overhauled and restructured.

> We will consistently pursue our growth strategy.

all with the aim of an even better client experience. Thanks to our busy order book and the ongoing heavy workload of our employees, we are planning to recruit an additional 200 employees by the middle of the year.

We will also aim to expand growth in our four strategic business segments, with a particular focus on winning new, high-quality clients who will help us create qualitative growth.

Despite the extremely promising result in the reporting period, we also see major challenges ahead of us. Various regulatory projects and the expansion of our digital interaction with clients will keep us very busy. To support this, we will be investing more in our technical infrastructure and our regulatory know-how. These challenges, however, are no cause for concern. We are in a strong financial situation, we've already invested significantly in staff in 2021 and we know what we want to achieve. We therefore face these challenges with a confident attitude, secure in the knowledge that we can rely on our people and our skills.

Difficult to assess future economic performance

There are many uncertainties around how the global economy and therefore also Bank Frick's business performance will develop. Above all, Putin's invasion of Ukraine makes it difficult to know what will happen in the future. In addition, there are significant uncertainties around how the COVID-19 pandemic will develop. We also cannot predict where inflation will be in the future. Are the current levels of inflation seen in the US and the EU only temporary or do we need to prepare for inflation of 4% or higher? What impact will this have on the Swiss franc? The whole economy needs to work out how to handle these uncertainties – and sodo we.

We have skilled staff, effective business models and – despite being small – we are a bank with an international reputation. For these reasons, we are confident that our investments in 2021 in restructuring and optimising our strategic business segments will pay off and that we will succeed in acquiring more new, high-quality clients. This is expected to have a positive effect on our 2022 financial statement. However, we do not expect the aforementioned extraordinary items to have the same impact on income as in the reporting period. In our current position, we are entering the financial year with a net profit of CHF 8.0 million.

Due to the increase in our headcount, our staff will be distributed across two additional locations near our headquarters. To streamline and simplify our internal processes, we started working on the development of a Collaboration Suite in 2021. Its first responsibilities, including task management across the Bank, have already been rolled out. Further responsibilities will be added in due course. This will improve internal collaboration with the Bank and will also help to offset the disadvantages of being split across several locations. All of these changes will make us more agile and efficient, in the interests of the Bank and above all, in the interests of our clients.

Dr Mario Frick Edi Wögerer

Report of the CFO

The 2021 financial year was extremely successful for Bank Frick. Once again we succeeded in increasing net income compared with 2020. Expenses also increased – in particular due to the 22.6% rise in the number of employees – but at a significantly lower rate than revenues. This resulted in a very gratifying profit of CHF 9.8 million, more than doubling our annual profit compared with the previous year. All strategic business segments contributed to this result. We also benefited from the volatility on the markets. For 2022, we expect an annual profit of CHF 8.0 million.

Melanie Mündle, Chief Financial Officer (CFO)

Client assets under management increased by 33% during the reporting period and now stand at CHF 4.4 billion. (2020: CHF 3.3 billion). We were able to further increase the number of our clients. Furthermore, we are reporting net income of CHF 66.8 million for 2021 and have more than tripled this since 2016. We were very successful in terms of income from commission and service transactions (CHF 34.8 million), financial operations (CHF 14.3 million) and interest income (CHF 17.7 million), with some very high gains compared with the previous period.

In 2021, we benefited from special effects – such as the high volatility on the markets. This volatility in the market had a very positive impact on customer activity in trading in 2021 and caused trading volumes to rise sharply accordingly. We assume that the aforementioned special effects will no longer have the same impact on earnings in 2022 as in the reporting period. Accordingly, we expect our earnings curve to weaken slightly.

Based on this starting position, we have slightly lowered our profit forecast for 2022 and expect a net profit of CHF 8.0 million.

Capital base

Equity capital increased by CHF 6.1 million to CHF 96.8 million in the reporting period (2020: CHF 90.7 million).

The increase in equity capital was a conscious decision to be prepared for the growth we continue to strive for. It was generated exclusively from own funds.

Balance sheet

Our balance sheet total was CHF 3.5 billion as of 31 December 2021, an increase of 233% (2020: CHF 1.5 billion). The increase in total assets comes largely from higher deposits from clients in the crypto broker and exchange business. Due to these customer deposits, the balance sheet total is very volatile.

With the new Capital Requirements Regulation (CRR II) and the Capital Requirements Directive (CRD V), two key regulatory frameworks for the European banking sector have been fundamentally revised. These frameworks will be incorporated into the Liechtenstein Banking Act (Bankgesetz) as of 1 May 2022.

Among other things, the leverage ratio, which originates from the Basel III framework, was tightened up and made more precise. As of 1 May 2022, the leverage ratio may not fall below the level of 3%. For this reason, it is planned to reduce the balance sheet total in the course of the first half of 2022.

Cost-income ratio (CIR)

The cost-income ratio (CIR) decreased from 65.3% in 2020 to 58.51%. Bank Frick had an exceptionally good year with very high earnings, which led to a reduction in the CIR.

For 2022, Bank Frick is no longer budgeting for revenues at the same level. In addition, expenses will increase – driven in particular by the strong growth in personnel and the resulting higher personnel costs. We therefore expect the cost-income ratio to be 65% at the end of 2022.

Client assets under management

Client assets under management as of 31 December 2021 are CHF 4.4 billion, an increase of CHF 1.1 billion or 33% from the prior period (2020: CHF 3.3 billion). We have thus confirmed the trend of rising customer assets for the fourth year in succession.

There are several reasons for the renewed rise in asset values. First of all, new customer business was very positive across all business segments, and we succeeded in acquiring very interesting new clients during the reporting period. Secondly, we benefited from the high volatility of the crypto markets, but also of the traditional markets. At the same time, crypto assets under custody also increased significantly during the reporting period. The fact that the growth came from all business areas clearly demonstrates the success of our strategy again this year.

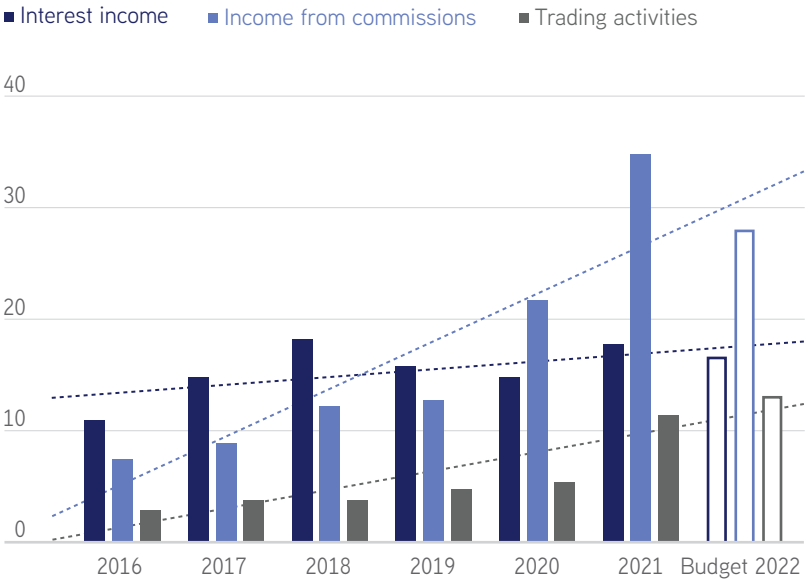
Sources of revenue

The year 2021 was extremely successful from an earnings perspective. Bank Frick was thus able to increase income from commission and service transactions, trading activities and interest income by CHF 22.2 million to CHF 66.8 million (+61%) (2020: CHF 41.6 million)

Commission and service transactions

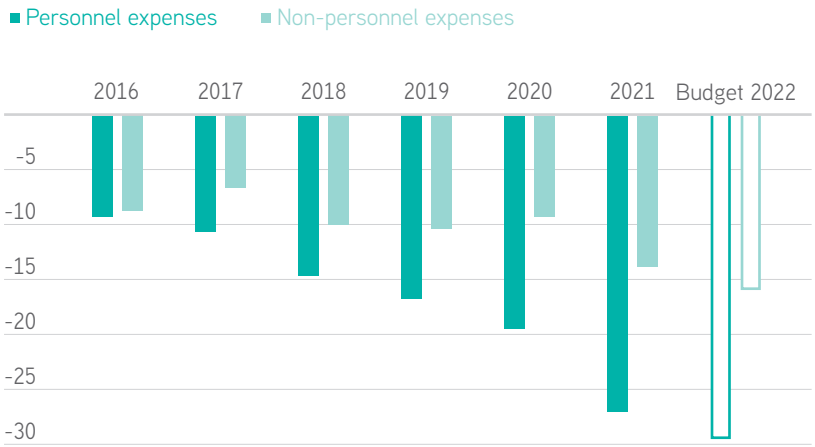
Net income from commission and service transactions increased from

Operating income
in CHF million



The trend of increasing operating income was also confirmed in the reporting year. The strong growth in commission income is due, in particular, to business with new clients as well as strong trading activities due to the COVID-19 pandemic.

Personnel and non-personnel expenses
in CHF million



Increasing headcount as part of the growth strategy had an impact on personnel expenses.

CHF 21.6 million in 2021 to CHF 34.8 million in 2021. This corresponds to an increase of 61%. We owe this increase, among other things, to stable growth in all business segments and to business with new customers. In addition, the still omnipresent coronavirus pandemic caused high volatility on the markets, which in turn led to high trading activity. In the reporting year, for example, around 29,600 stock exchange and fund orders (+11% year-on-year) with an equivalent value of CHF 4,179.0 million (+52% year-on-year) were placed.

Despite low interest rates worldwide, the volume of fiduciary, fixed-term and call-money transactions increased. It amounted to CHF 2,182.0 million (+29% compared to the previous year).

Crypto trading also developed very positively. Turnover in this area grew by 243% to CHF 998.0 million.

Although commission expenses more than doubled compared to the previous period (from CHF 7.2 million in 2020 to CHF 15.7 million in 2021), net income from commission and service transactions increased to CHF 34.8 million (2020: CHF 21.6 million).

Trading activities

Trading activities also performed well, with growth of CHF 4.9 million to CHF 11.3 million. New clients also played a major role in the successful trading activities.

Interest earned

Net interest income totalled CHF 17.7 million and was thus around CHF 2 million higher than in the previous period (CHF 14.8 million).

Income was generated on the one hand from increased client deposits, and on the other, we succeeded in increasing the credit portfolio through new business. In view of the extremely difficult interest rate environment worldwide, we are very satisfied with this result.

The development of net income over the last few years is very encouraging. We have managed to triple net income since 2016. While we generated a total income of CHF 15.5 million in 2016, in 2021 we report a net income of CHF 63.8 million. However, it should be noted that we do not expect another increase to the same extent. We expect market volatility to decline. This will result in lower trading activity on the markets, which in turn will have an impact on our earnings. Nevertheless, we look to the future with a great deal of optimism and are convinced that the trend is heading in the right direction.

Holdings

Bank Frick's active holdings are presented below. Information on the other investments BF RECEIPTS Limited (London), MZ-Holding AG (Balzers), REAL PRO INV. LTD (Malta), STEAMBOAT SA (Paradiso) and PRILLER IMMO AG (Munich) can be found on page 48.

21.finance AG

In the first half of 2021, we sold shares in 21.finance amounting to 39.14%. As a result, we still have a 20% holding as of 31 December 2021.

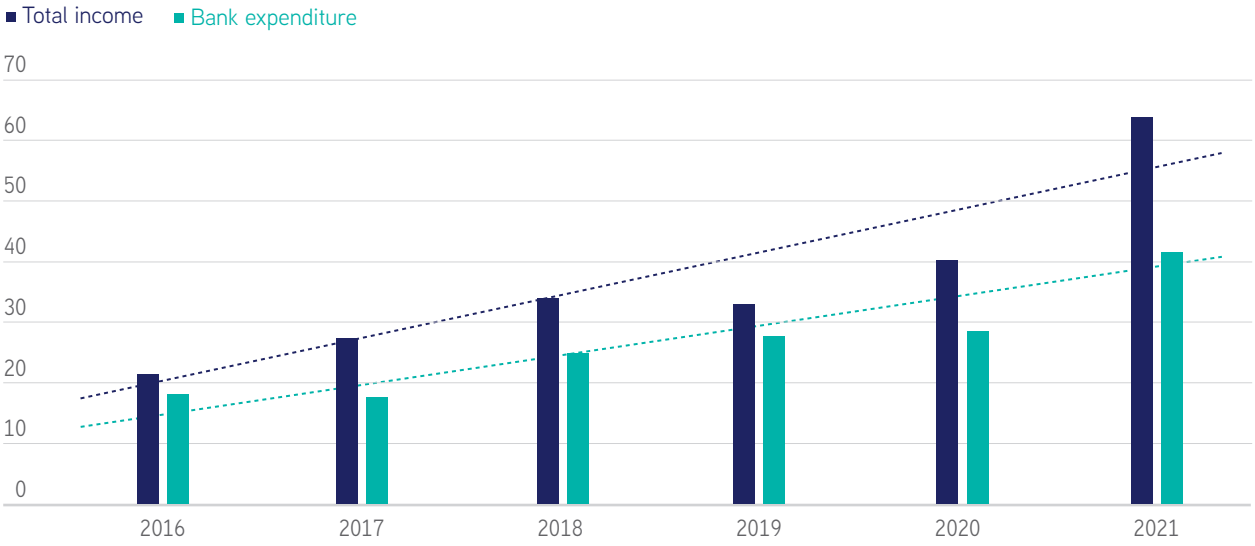
When 21.finance AG was founded, the focus was on brokering investor capital to issuers of financial products. The area2invest platform continues to offer the opportunity to present primary market placements to a broad investor audience. This meant that Bank Frick's issuing clients benefited from a highly targeted distribution channel. However, the demand changed more and more into the technology area and the software solution of 21.finance AG. For this reason, we decided to divest part of our holding.

Tradico AG

In November, a leading global logistics company acquired the software developed by fintech Tradico AG for processing purchase financing (fine trading). The logistics company is also purchasing the client base and the rights to the Tradico brand. Tradico AG, based in Liechtenstein, is a provider of fine trading for small and medium-sized enterprises in Europe. The Bank Frick holding Tradico AG will be liquidated following completion of the deal.

> Turnover in crypto trading grew by 243%.

Net income vs. Bank expenditure
in CHF million



Earnings increased strongly also in 2021. Net income grew during the reporting period by CHF 25.2 million (+61%) compared to the previous year. At the same time, bank expenditure rose over the same period by only CHF 12 million, or 47%.

DisrupTech AG
The Liechtenstein-based company DisrupTech AG, in which we hold a 10% stake, has set itself the goal of ensuring the basic supply of Liechtenstein by farmers. To this end, the company is developing a concept to promote future direct marketing with a local online marketplace and delivery system.

Cadeia GmbH
Bank Frick holds a 6.59% stake in the Munich-based B2B FinTech company Cadeia GmbH. The company's goal is to offer structuring and securitisation of receivables on the blockchain. At the heart of the solution is a proprietary smart contract engine, which is best described as "DLT-based" ABS transactions.

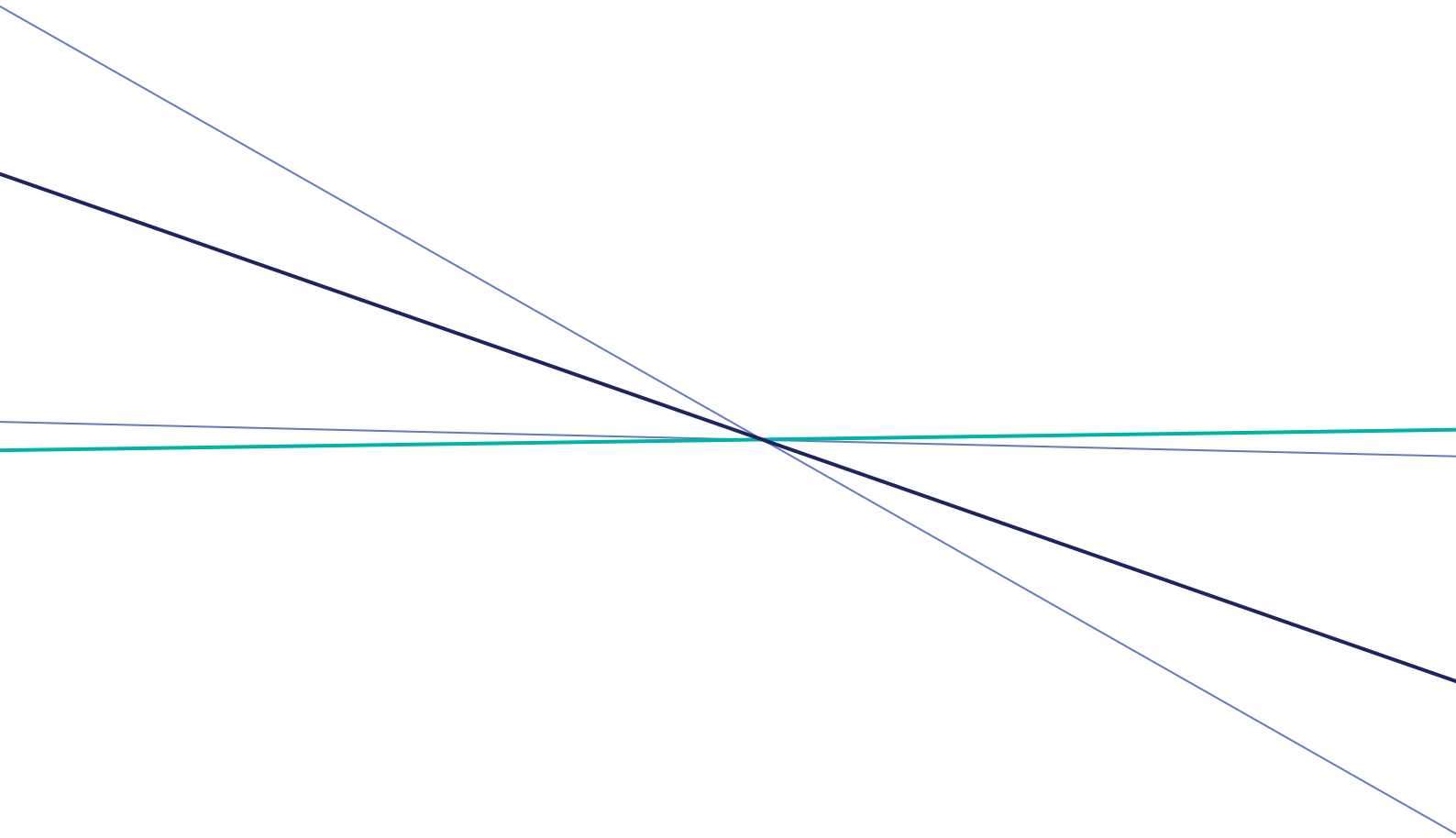
Headcount

The headcount as of 31 December 2021 was 168 employees (153 full-time equivalents, FTEs;) (2020: 137 [123 FTEs]). The number of employed persons has thus increased by 22.6% in 2021. On the one hand, the expansion in the workforce was necessary in order to meet the constantly increasing regulatory requirements. On the other, our guiding principles specify focusing on the client experience – that is, the experience of the client when in contact with Bank Frick. To fulfil this promise, we need the appropriate human resources.

The rapid growth goes hand in hand with various challenges for the entire organisation. In order to offer our employees a modern working environment with sufficient space, we moved to a new site on 1 June 2021. This means that our workforce now has access to three sites in close proximity to each other. With these sites, we are also ideally equipped for future growth.

Another task that we will need to tackle in 2022 is to align our organisation in such a way as to ensure the optimal execution of processes. To this end, new employees must be optimally integrated into their teams. In addition, the technological infrastructure needs to be adapted and improved.

We see the challenges that need to be addressed and are convinced that we are on the right track to master them. This means that we will also be well prepared for further growth in 2022.



BANK FRICK

Financial statement 2021

Valentina Troisio

Team Leader Operations and Technologies Analysis

At Bank Frick since 2018

At Bank Frick, everything is constantly in flux due to ongoing changes and staff growth. This gives me a lot to do as a Business Analyst. I analyse processes, systems and functions and look for potential for optimisation and how this can best be leveraged. Many people do not understand how you can get so much joy from such a "dry" job, but as trite as it sounds, I do love my work.

I used to work directly with customers, and this is also where I started at Bank Frick. However, when I was able to work on a project, I liked the work so much that I asked the project manager if I could do it every day. I got the chance and apparently did not do badly (laughs).

I do a lot of sport to clear my head. Strength training, in particular, allows me to switch off and recharge my batteries. As soon as the snow is gone from the mountains, hiking is one of my favourite pastimes – whether with my parents as family time together, with co-workers to complete a challenge and climb Mount Kilimanjaro, for example, or on my own. After work, I often take a hike up my local mountain, the Ellhorn.

However, I had never been to the Ochsenkopf, which is where my photo was taken. I have to admit that I underestimated the ascent a bit. It was quite exhausting and, as so often in such moments, I asked myself, "Why are you doing this to yourself?" When I reach the top, however, I get the same answer over and over again. For me it is one of the most beautiful feelings: standing at the top, enjoying the view and knowing that I have reached my goal. I think this is why hiking makes me so happy.

Balance sheet

in CHF 1,000	31.12.2021	31.12.2020
Assets		
Liquid assets	2,104,698	372,009
Due from banks	534,101	317,952
→ of which repayable upon demand	180,106	157,306
→ of which other receivables	353,995	160,646
Due from clients	502,201	463,673
→ of which mortgage-backed claims	176,626	139,353
Bonds and other fixed-interest securities	153,254	105,644
→ of which bonds issued by public bodies	91,921	50,488
→ of which bonds issued by other borrowers	61,333	55'156
Shares and other non-fixed-interest securities	69,995	78,143
Participations	100	–
Shares in affiliated companies	–	–
Intangibles	–	–
Property, plant and equipment	9,152	9,194
Other assets	85,012	108,830
Accrued expenses and deferred income	2,899	3,053
Total assets	**3,461,412**	**1,458,496**

Balance sheet

in CHF 1,000	31.12.2021	31.12.2020
Liabilities		
Due to banks	16,732	28,019
→ of which repayable on demand	16,732	28,019
→ with agreed terms or notice period	–	–
Due to clients	3,241,980	1,183,855
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	3,191,895	1,127,445
→ of which other liabilities with agreed terms or notice periods	50,085	56,410
Certificated liabilities	54,629	52,729
→ of which medium-term notes	11,203	11,488
→ of which other certificated liabilities	43,426	41,242
Other liabilities	28,636	89,548
Accrued expenses and deferred income	10,473	7,863
Provisions	2,358	1,448
→ of which tax provisions	2,358	1,448
→ of which other provisions	–	–
Provisions for general banking risks	18,800	16,400
Subscribed capital	25,713	25,470
Capital reserves	5,425	1,940
Retained profit	46,853	46,847
→ of which statutory reserves	6,000	6,000
→ of which other reserves	40,853	40,847
Profit carried forward	–	–
Profit	9,814	4,376
Total liabilities	**3,461,412**	**1,458,496**

Income statement from 1 January to 31 December 2021

in CHF 1,000	2021	2020
Items		
Interest earned	12,725	15,662
→ of which income from fixed-interest securities	483	1,516
Interest paid *	4,949	-904
Current income from securities	29	41
→ of which shares and other non-fixed-interest securities	29	41
Income from commission and service transactions	50,547	28,781
→ of which commission income on loan transactions	176	448
→ of which commission income from securities and investment transactions	35,803	20,380
→ of which commission on other service activities	14,568	7,953
Commission payable	-15,746	-7,218
Profit on financial operations	14,330	5,206
→ of which from commercial activities	11,277	6,399
Other ordinary income	4,697	3,150
General administrative expenses	-40,848	-28,761
→ of which staff costs	-26,938	-19,439
→ of which operating expenditure	-13,910	-9,322
Depreciation on intangible assets as well as on property, plant and equipment	-683	-695
Other ordinary expenditure	-1,684	-629
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-14,894	-8,476
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	-723	-1,226
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	1,196	215
Income from normal business activities	**13,894**	**5,146**
Extraordinary income	–	–
Extraordinary expenditure	–	–
Income tax	-1,680	-770
Other taxes	–	–
Allocations to provisions for general banking risks	-2,400	–
Profit for the year from 1 January to 31 December 2021	**9,814**	**4,376**

* 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	4,506	4,594
Total contingent liabilities	**4,506**	**4,594**
Derivative financial instruments		
Contract volumes	1,209,930	900,935
Positive replacement values	7,416	4,688
Negative replacement values	-6,731	-6,334
Fiduciary transactions		
Fiduciary transactions	99,093	52,639
Fiduciary loans	–	–
Total fiduciary transactions	**99,093**	**52,639**

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	9,814	–	4,376	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	–	–	–	–
Write-off and write-ups on participations	712	–	1,011	–
Depreciation on intangible assets and property, plant and equipment	42	–	695	–
Valuation allowances and provisions	–	10,745	–	7,613
Tax provisions	910	–	137	–
Provisions for general banking risks	2,400	–	–	–
Accrued income and prepaid expenses	154	–	–	990
Accrued expenses and deferred income	2,610	–	1,773	–
Distribution of dividends previous year	–	4,370	–	3,668
Distribution of interim dividend	–	–	–	–
Balance	**1,527**	**–**	**–**	**4,279**
Flow of funds from equity transactions				
Capital increase	243	–	171	–
Premium on capital increase	3,485	–	342	–
Balance	**3,728**	**–**	**513**	**–**
Flow of funds from investment transactions				
Shares in affiliated companies	–	–	–	–
Participations	–	812	–	470
Real estate	–	–	–	–
Other property, plant and equipment	–	–	–	–
Intangible assets	–	–	–	–
Securities and precious metals as non-current assets	81,251	128,861	102,114	108,383
Balance	**–**	**48,422**	**–**	**6,739**

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	–	284	–	22
Other certificated liabilities	–	4,133	7,900	–
Due from clients	–	–	–	–
Mortgage claims	2	–	–	9,118

Short-term business				
Due to banks	–	11,287	19,649	–
Due to clients (other liabilities)	2,058,125	–	408,283	–
Medium-term notes	–	–	–	–
Other certificated liabilities	6,317	–	–	30,844
Other liabilities	–	60,912	–	11,885
Due from banks	–	216,149	–	72,775
Due from clients	9,490	–	–	11,150
Mortgage-backed claims	–	37,275	–	29,336
Shares and other non-fixed-interest securities	8,145	–	1,251	–
Other assets	23,818	–	–	15,040
Balance	**1,775,856**	**–**	**256,913**	**–**

Liquidity				
Liquid assets	1,732,689	–	246,408	–
Balance	**1,732,689**	**–**	**246,408**	**–**

Corina Klammer

Brand Manager

At Bank Frick since 2018

I feel very lucky to be able to work part-time at Bank Frick. Four days a week I finish work at noon, but that is when things really get going – my little son keeps me really busy.

As Brand Manager at Bank Frick, I always make sure that the external image is perfect. There is no such thing as a typical day at the office for me. I really appreciate the variety in my work, as well as the creative freedom and the relaxed interaction among co-workers.

Before joining Bank Frick, I worked in the communications department at the University of Liechtenstein. Working at a bank was never part of my career plan, but when a co-worker told me about the vacancy and I spontaneously applied, it worked out right away. The fact that Bank Frick is positively different from the way outsiders imagine a bank to be certainly made it easier for me to find my way in.

I usually like to go jogging to clear my head and recharge my batteries. Unfortunately, I find little time for it at the moment. Nor is there much time for hiking right now. I used to go hiking in the mountains from time to time with my father, who is a passionate hiker. For the photo shoot I was on the Fürstensteig for the first time – I hope my father does not read this, or he will disinherit me (laughs). Before the ascent, I was still worried about the high altitude. But in hindsight, I can say that it was just incredibly beautiful. The view over the whole country and the Swiss mountains on the other side is indescribable. In such moments I often wonder why I do not do this more often.

Notes on business activities and workforce

Credit Office

The Credit Office department advises front-office units 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 for new loans and monitoring activities relating to current credit positions. Some assessments for the reports relating to the credit portfolio are also drawn up and reviewed in 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.

For many years we have been successfully arranging financing for real estate projects in various European countries. These have included large residential buildings containing housing for the elderly, although in some cases also the development of luxury properties. Over the last few years, we have also been able to build up significant expertise in relation to various forms of working capital financing, where we act as refinancer. When doing so, we work with reputable partners from the factoring and finetrading business. This financing requires specific know-how concerning processing and monitoring. We acquired a great deal of expertise not only in these but also in other specialised topics in recent years. Thanks to increasing volumes in this area, since the start of the reporting year a two-person team has been specifically charged with developing this business segment.

In 2021, we were able once again to further expand client financing volume. Mortgage-backed financing increased by around CHF 20 million (+12%), while Lombard loans rose by around CHF 8 million. Other financing (especially factoring) saw growth of around CHF 34 million. Interest income (after interest expenses related to lending business) from lending business rose from CHF 10.5 million in 2020 to around CHF 13.2 million in 2021.

Provisions for problematic credit positions (individual valuation allowance) amounted to CHF 26.7 million as of 31 December 2021 (previous CHF 19.0 million). In addition to the provisions made for the usual business, this primarily relates to a large loan from the Lombard loans segment for which provisions were increased once again out of an abundance of caution. The COVID-19 pandemic did not adversely affect our credit portfolio, and defaults failed to materialise. We are convinced that the provisions we made put us in a good position to cover any defaults.

During the reporting year, the headcount in the Credit Office department was 8.7 FTEs (previous year: 5.7 FTEs). Due to the planned expansion of the credit portfolio, we are also planning further growth in staff numbers in the credit area.

We are forecasting credit volume growth also in 2022. We also continue to see high demand in addition to several financing enquiries in the pipeline. We expect that we will be able to resolve various problematic issues in 2022.

Trading

The Trading department of Bank Frick processes orders exclusively on an execution-only basis for its clients (including 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 29,600 (+11% relative to the previous year) stock exchange and fund orders with an equivalent value of CHF 4,179 million were executed (+52% relative to the previous year). Despite low interest rates worldwide, the volume of fiduciary, fixed-term and call-money transactions increased. It amounted to CHF 2,182 million (+24% relative to the previous year). In turn, we were able to expand the currency business. Trading

> The number of account openings increased by 29% compared to the previous year.

volume rose by 15% to CHF 4,714 million, resulting in a foreign exchange gain of CHF 11,277 million (+76% relative to the previous year).

Crypto trading also continued to develop very positively. Turnover in this area grew by 243% to CHF 998,351 million.

Automation is to be accelerated further in Trading in 2022. At the start of the year, a total of five people (4.2 FTEs) worked in the department. As at year end, this figure had increased to six (5.2 FTEs).

Processing

A large number of groundbreaking developments have been initiated over the last few years. The rollout of ISO20022 across the board triggered a round of consolidation initiatives and a push towards digitalisation. For instance, consolidation was completed for the clearing and settlement platforms as well as eBill, and the changeover to QR invoices was successfully started. In addition, more than 6,000 ATMs throughout Switzerland have been converted to uniform operating software. Moreover, the red and orange ES/ESR payment slips will be replaced at the end of September 2022 and instant payments will be introduced over the next few years. During the 2021 financial year we also completed the move to a global service provider for SWIFT, Swiss Interbank Clearing (SIC) and euro Swiss Interbank Clearing (euroSIC). We were able to triple payment transactions turnover during the reporting year, thanks also to this automation and digitalisation.

In order to ensure we are well-placed for the future and future projects, we decided to introduce a new custody system in 2021. This project has been successfully implemented. The new custody solution makes us more agile when responding to changes and clients' needs.

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. Client Data has been subdivided into two teams – Client Data Services (CDS) and Client Data Management (CDM) – in order to record and maintain all client data. This means that we can ensure the standardised and efficient processing of client orders as well as handling regulatory reports.

Client Data Services

The Client Data Services (CDS) team is responsible for structured recording in the core banking system as well as archiving and the corresponding indexing. In order to ensure optimal data quality, we make sure that ongoing information and training are provided to our team in relation to process adjustments and regulatory requirements. Thanks to digitalisation, the related optimisation as well as the reorganisation of the department, the six CDS employees were able to achieve a 29% increase in account openings without any additional resources.

CDS ensures steadily increasing data quality in order to ensure certainty in relation to regulatory reports, internal system connections and sound analyses, thereby minimising the risk associated with incorrect client data.

Client Data Management

The constantly increasing requirements for the Bank to report data externally, coupled with regulatory requirements, have resulted in the necessary changes being made to processes, programmes and reports made on the basis of client data. This link with client data is dealt with in the Client Data Management (CDM) team. With its four employees, CDM is thus involved in most projects at the Bank involving the implementation of regulatory requirements. In addition, CDM provides assessments for a constantly expanding internal control system and monitors client data quality on an ongoing basis. In addition, 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).

During the reporting year we worked on partially automated business profiles, including their updating. We also supported the reorganisation of front-office departments, in particular in terms of client allocation.

Key regulatory projects included the CAR (central account register), the new account opening process for insurance companies and the comprehensive overhaul of our General Business Conditions, including the Bank's Safe Custody Regulations. CDM is also responsible for all of the Bank's forms, for new requirements and adjustments, as well as implementation in the various systems.

The CD department has 10 full-time employees in total and is very well placed in organisational terms to deal with future requirements and to support the Bank's further growth.

Business Analysis

The Business Analysis department develops, coordinates and manages change processes (change the Bank) with a clear focus on customer experience as well as automation and process optimisation. The responsibilities of the Business Analysis department consist of the activity areas of Requirement Management and Process & Change Management.

Having introduced digital onboarding, the Bank has achieved an important milestone on the road towards digitalisation. Acting in close cooperation with the Business Engineering department, last year the department worked on ongoing optimisation of the onboarding tool. Thanks to these efforts, during the reporting year we were able to complete 549 onboardings, thus doubling the figure from 2020.

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). Requests for changes can relate to a variety of areas in the Bank – from the creation of a new function in the core banking system through to process simplification. The Business Analysis department analyses, prioritises and in some cases supports the implementation of requests.

In order to be able to optimise the respective processes, Process Management takes care of process recording, modelling and analysis on an ongoing basis with the relevant stakeholders, with the aim or optimising and automating them.

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.

In addition to developing digital onboarding further, efforts have been focused on internal automation in the area of payment transactions, securities, and crypto. We aim to achieve further scalability by digitalising processes and making the relevant adjustments.

An important milestone was the go-live of the first fully API-integrated portfolio management system (PMS). This integration will enable our clients to manage payment transactions, securities and crypto through the midix.com ag PMS system in a fully automated manner and without any media discontinuity.

> ”We sensitise and train our employees in how to deal with IT security.

Similarly, last year a number of clients were linked up to our WebAPI. With this integration, we are making it possible for them to manage their banking relationships directly from their software. We have been able to establish more than 50 connections in total.

Application Engineering

Application Engineering ensures that core banking applications are available without any interruption – despite rising volumes and increasing employee numbers. This availability is essential for the Bank's operations; however, our clients are also relying on it directly through an increasing number of interfaces.

Our team has four employees and provides application support. In addition, we operate our Linux infrastructure via the central management solution Satellite. Last year, we expanded our internal reporting (Qlik-Sense) to include a data warehouse, and were thus able to integrate online banking, workflow and onboarding. The custody solution provided by external providers was also directly incorporated. These reports are becoming increasingly more important throughout the Bank. We have strong blockchain know-how in our department and support various specialist departments in relation to complex challenges and future-oriented projects. As well as implementing various small expansions, we have also changed our SWIFT service provider. This project was successfully implemented in four months.

We will further expand our department in 2022 in order to engage with increasingly demanding challenges. We will also upgrade our Bank application server and create a kubernetes cluster to efficiently support our growth.

System Engineering

The System Engineering and IT Security department is responsible for systems in the area of infrastructure, BCM and IT security, which form the backbone of our daily work. Our mission is to offer external and internal stakeholders maximum availability and security. In addition, we are an important piece of the puzzle in terms of Bank Frick's current role as an enabler for digital transformation.

A variety of projects were successfully implemented in the past financial year. As a result of Bank Frick's strong growth, the System Engineering and IT Security department was faced with the challenge of further expanding existing IT resources. Among other things, the entire server and storage infrastructure was overhauled and upgraded. In addition, rising staff numbers made it necessary to fit out additional office space and equip it with the appropriate IT infrastructure. In a period marked by hardware shortages and extraordinary supply chain bottlenecks, this was a major challenge. Due to the continuing coronavirus pandemic the previously road-tested home office infrastructure was further optimised – focusing in all instances on maximum customer experience.

Cloud computing will play an increasingly dominant role in future – especially in relation to collaboration. The aim in all instances is to offer users a modern and flexible workplace, while at the same time striking the right balance between maximum security and user friendliness.

One of the biggest challenges for Bank Frick has been in the area of IT security. The various types of threats have risen to new heights, and are cropping up in increasingly more innovative forms. In order to master these risks and offer the greatest possible security we are investing heavily in IT security: not only in hardware but also in social aspects, i.e. raising awareness and training our employees in dealing with IT issues.

Business Support

Business Support advises and supports clients and employees in relation to technical and application-related issues throughout the defined portals, processes and the resulting workflows.

In addition to ensuring constant upgrades on our interfaces and client portals, dealing with rapid growth is also a challenge for us. As a result, during the reporting year we focused on the expansion of internal support. In order to achieve this, we structured our processes even more efficiently. This involved the centralisation of a number of additional tasks with us as well as process optimisation. For example, inventory management has been streamlined by the integration of a new tool for managing all hardware components.

Compliance staff unit

The main task of the Compliance staff unit is to provide advice and support to employees and the Management Board in complying with due diligence obligations. The head of the staff unit assumes the role of Compliance Officer. CEO Edi Wögerer is the member of executive management with responsibility for due diligence obligations.

The Compliance staff unit has experienced staff, some of whom have been with Bank Frick for many years. Thanks to their experience, employees from the Compliance staff unit not only support internal processes, but also provide added value for client acquisition and support. The Compliance staff unit has

> The onboarding process was adapted to new regulatory specifications.

nine employees (8.6 FTEs), which is the same number as the previous year. The creation of an additional position was approved by the Management Board at the end of 2021.

It has been necessary to increase staffing levels not only due to the success of Bank Frick, but also as a result of the further intensification of, and some adjustments to, due diligence obligations. 1 April 2021 saw the adoption of the long-planned revision of the Due Diligence Act (DDA) in relation to the implementation of various requirements under the 5th EU Anti-Money Laundering Directive (among other things, a central account register, safe deposit boxes) as well as the implementation of the "Register of Beneficial Owners" in accordance with the Act on the Register of Beneficial Owners of Legal Entities (RBOLE). In addition, in the summer of 2021 a number of amendments were made to the Due Diligence Act (DDA), the Due Diligence Ordinance (DDO) and the guidelines of the Liechtenstein Financial Market Authority (FMA).

In particular, the changes made in the summer of 2021 were directly related to the Moneyval country review. Moneyval is the Committee of Experts of the Council of Europe on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. Representatives of Moneyval examined whether Liechtenstein was sufficiently implementing the requirements contained in the recommendations issued by the Financial Action Task Force on Money Laundering (FATF).

Assessors carried out several on-site visits in September 2021. The assessors invited representatives of Bank Frick to an interview, and also discussed issues with authorities and various other financial intermediaries from a number of sectors. As far as we are aware, the discussions went extremely well. The final report on the Moneyval country review is expected to be released in the summer of 2022.

The central account register – a requirement under the 5th EU Anti-Money Laundering Directive – was set up in October 2021. Since this time, data have been transmitted to the CAR, and the FIU and the FMA have had direct access to account data, and no longer need to request information from banks.

The onboarding process has been adjusted due to the requirements laid down by the Act on the Register of Beneficial Owners, as extracts from the Register of Beneficial Owners are now only necessary in some cases in order to open an account.

Monitoring processes were improved significantly in 2021, especially as regards the downstream monitoring of multiple transactions (transaction patterns such as pass-through transactions).

Further improvements were also made in relation to the updating of business profiles. The new profile requirements fulfil the enhanced supervisory requirements, and also represent an improvement in terms of client support. Moreover, the process for periodically updating business profiles was reconfigured in 2021.

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 (e.g. Bitcoin) are to be transmitted if a market participant subject to due diligence is involved. The regulatory framework (Article 12a DDA in conjunction with Articles 4 and 23b et seq DDA / FMA Guidelines 2021/18) was created in 2021, and the Compliance staff unit is currently working with IT on the implementation of these requirements.

Human Resources

At the start of 2021, 137 people (124 FTEs) worked at Bank Frick. At year end, we employed 168 (153 FTEs) (2020: 138 [123 FTEs]). 2021 was a year of growth, also as regards personnel policy. The number of employed persons thus increased during the reporting year by 22.6%. This was mainly due to the reorganisation of front-office departments and the related expansion of

bank-office organisational units. Thanks to this increase, we were also able to ensure growth in activities relating to downstream processes.

We are expecting further headcount growth in 2022, and are planning to have 200 employees by as early as mid-2022.

Providing training and continuing professional development for our employees is very important for us. We thus invested heavily in this area also in 2021. This included, among other things, management training for heads of department.

As of 31 December 2021, we employed 64% men and 36% women. 15 different nationalities are represented among our employees. On annual average, around 20% of employees work part time.

Corporate Communications and Marketing staff unit

At the end of the financial year, five people (4.3 FTEs, including management) were working in the Corporate Communications and Marketing staff unit. It ensures that its work is strategically aligned with Bank Frick's corporate goals. Corporation Communications provides a framework for effective coordination between internal and external communication. The staff unit liaises closely with heads of business areas regarding marketing communication and contributes marketing and campaign expertise.

The Corporate Communications staff unit brings together expertise in relation to financial communication, media work, internal communication, social media, reputation management, crisis communication and corporate design, and is responsible for these issues.

A particularly important task of Corporate Communications is to expand and protect the Bank's reputational capital. Thanks to rigorous, credible and open communication through the various channels, the department helps to maintain and ideally improve the Bank's reputation with stakeholders. In order to protect the Bank's reputation, the department monitors activities that are relevant for Bank Frick on social networks and in the media.

The staff unit's responsibility includes the development and management of its own internal and external communications channels. These include the Bank's flagship, the website, as well as the blog portal and, for internal communication, the intranet portal Frickipedia. Bank Frick has a social media presence on Twitter and LinkedIn.

During the reporting year, just under 100,000 users (+57% relative to the previous year) visited around half a million pages (+103%) on the website www.bankfrick.li. The massive increase is partially attributable to the hype on the cryptocurrency market at the start of 2021. It had already been noticed in the past that visitor numbers spike whenever cryptocurrencies reach new record highs.

Frickipedia is the mainstay of internal communication. It is a social intranet. It logged 96,000 visits during the reporting year, with a quarter of a million pages being viewed. The comparison with the previous year must be limited to the second half of the year, as Frickipedia was only set up in the middle of 2020. Compared to the second half of 2020, visitor numbers rose by 38% to 54,000 with 140,000 pages visited (+45%). The figures show that the social intranet

> We plan to have 200 employees by mid-2022.

is being increasingly widely accepted, as the number of visits to the website increased by 38%, which was much more than the increase in employee numbers (+23%).

During the reporting year the brand architecture developed by the department was approved. The department re-furnished the client foyer in the Bank's main building.

In 2020 the pandemic was already forcing an internal focus on enhanced visibility using audio-visual media. During the reporting year the staff unit was able to make this work even more professional and set up a recording studio in the Bank's sound-proofed archive, which is used for producing audio-visual content as well as photography. A core element of this is the internal vlog by CEO Edi Wögerer, which is produced by the staff unit. This was placed on an institutional footing in 2021. The studio is also used to create additional content for internal and external communication. The department also uses the virtual townhall format for internal company communications by the Management Board.

Other significant internal projects for which the department provided communications support include the reorganisation of the front-office units during the first half of 2021. During the second half of the year, the department supported the introduction of new pension fund models for employees as well as the rollout of a company-wide task management tool with appropriate advice and communications.

A language services process (correction, proofreading and translation) with an external service provider was successfully established for all departments throughout the company.

The demands placed on staff in the communications and marketing industry are changing extremely quickly. The department thus invests particularly heavily in training and continuing professional development in order to keep abreast of developments. This ensures that employees can provide optimal advice to stakeholders.

Outsourcing

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

The client foyer in the main building was refurnished in 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 and overall bank management.

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. New financing models and innovative e-business models are being used to deliberately take on new entrepreneurial risks.

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. In these areas, as well as in client onboarding, particular attention is paid to the associated risks. These have been reduced on an ongoing basis, in particular 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. The CET1 ratio of 18.8% on 31 December 2021 was well above the lower limit of 10.5% required by the Financial Market Authority (FMA) Liechtenstein (including a capital preservation buffer of 2.5%). The leverage ratio was 2.8% on the reporting date.

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 2021, receivables from clients totalled approximately CHF 502 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. This portfolio 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 other non-fixed-interest securities in relation to total securities according to the balance sheet is around 31%.

Interest rate risk

The most relevant market risk to which Bank Frick is exposed is interest rate risk. Interest rate risk in the banking book is evaluated on the basis of interest rate shocks. 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. The most relevant market risk to which Bank Frick is exposed is interest rate risk. Interest rate risk in the banking book is evaluated on the basis of interest rate shocks.

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.

Bank Frick refinances itself primarily through client deposits. This means that the Bank does not need to refinance itself on either the money market or the capital market. Connection to the repo market at the beginning of 2017 created significant flexibility in terms of solvency and refinancing.

The most significant risk is the fact that refinancing mainly results from liabilities to clients due on demand. This is countered on the other hand by the diversification of the client portfolio, the fact that client behaviour is generally not correlated, and cooperation with partner companies. In addition, stable funding in accordance with Art. 413 CRR is ensured through access to the money and capital markets (e.g. SNB marginal lending, repo market, etc.).

The liquidity coverage ratio (LCR) was 198% as of 31 December 2021, which is 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 continuously developing blockchain banking business area entails new technological and operational risks that are also being integrated into existing risk models and stress tests. For operational risks, additional capital from pillar II is provided in addition to pillar I in order to optimally counter these risks.

Bank Frick has its own Compliance department and there are clear guidelines regarding due diligence. 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 consistently pushing forward with innovative technologies, Bank Frick is 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 Art. 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.

Nicolas Marxer

Head of Blockchain Banking

At Bank Frick since 2016

After completing my apprenticeship in the fiduciary sector, I was given an opportunity to work in Hong Kong for a short time. That gave me a taste for it, and I wanted to see more of the world and learn languages. So, I decided to quit my job and travel for a year. At Bank Frick, I was able to start my career in banking as a newcomer who was looking for a career change and have now been with the company for six years.

I am glad to have been given the chance to join a relatively small bank. Here, I had the possibility to get a leadership position despite my age and background. Of course, my passion for blockchain issues also helped me.

I would say that in terms of blockchain and cryptocurrencies, we are moving at the level of the Internet in the early 1990s. The technology will catch on, but we are still mostly in unexplored territory. We have to try things and always be as flexible as possible in order to find solutions. And these solutions must comply with all strict banking regulations – without any compromise. This makes for very exciting and varied daily work, but it is also exhausting. That is why I use every free minute to travel and recharge my batteries. I love discovering new countries – but mostly I am drawn to warmer weather.

During the pandemic, travelling definitely was not an option, but one positive aspect was that I discovered my local area and region. As far as I can remember, I went up on the Staubern for the first time. The trip was definitely worth it: the view from up there is a dream. I have only now really become aware of the beautiful places waiting to be discovered right on our doorstep.

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 subsidiary BF Receipts Ltd. (100% stake), MZ-HOLDING AG (100% stake), Real Pro Investments Ltd (100% stake), STEAMBOAT SA (15% stake), Priller Immo AG (94.12% stake), 21.finance AG (20% stake), Tradico AG (100% stake), DisrupTech AG (10%) and Cadeia GmbH (6.59%) 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 31.12.2021

in CHF	Financial year	Previous year
EUR	1.0339	1.0813
USD	0.9123	0.8804
GBP	1.2312	1.2014

in CHF	Financial year	Previous year
JPY	0.7926	0.8540
CAD	0.7169	0.6912
ZAR	0.0573	0.0600

Overview of collateral

	Type of collateral			
in CHF 1,000	Mortgage-backed	Other	Without	Total
Lending				
Due from clients (excluding mortgage claims)	18,118	176,824	130,633	325,576
Total Lending	**18,118**	**176,824**	**130,633**	**325,576**
Mortgage claims				
Residential properties	143,168	107	345	143,621
Office and commercial buildings	5,845	–	–	5,845
Trade and industry	21,787	–	–	21,787
Other	5,373	–	–	5,373
Total Mortgage claims financial year	**176,173**	**107**	**345**	**176,626**
Total lending for the financial year	**194,291**	**176,932**	**130,979**	**502,201**
Previous year	173,628	149,531	140,513	463,673
Off-balance sheet				
Contingent liabilities	3,450	229	827	4,506
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off-balance sheet financial year	**3,450**	**229**	**827**	**4,506**
Previous year	3,450	179	965	4,594

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	**26,703**	**–**	**–**	**26,703**
Previous year	19,006	–	–	19,006

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 *	69,995	78,143	76,736	84,474	77,564	83,658
→ of which equity instruments of at least 10% of the capital or voting rights	–	–	–	–	–	–
Precious metals	–	–	–	–	–	–
Total	**69,995**	**78,143**	**76,736**	**84,474**	**77,564**	**83,658**
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	–	–	–	–	–	–

* Fund units, of which CHF 20,995,000 (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"	153,254	105,644	160,664	113,276	157,459	111,497
→ of which own bonds and medium-term notes	–	–	–	–	–	–
→ of which valued using the "accrual method"	153,254	105,644	160,664	113,276	157,459	111,497
→ of which valued according to lowest value	–	–	–	–	–	–
Fund unit certificates	–	–	–	–	–	–
Participation securities	100	–	2,569	2,992	100	–
→ of which qualified participations with at least 10% of the capital or voting rights	100	–	1,552	2,680	100	–
Precious metals	–	–	–	–	–	–
Total	**153,354**	**105,644**	**163,233**	**116,268**	**157,559**	**111,497**
→ of which securities eligible for discount with the central bank	19,185	20,065	21,128	21,242	19,753	21,122

Statement of asset additions and disposals

in CHF 1,000	Cost previous year	Depreciation to date	Carrying amount end of previous year	Financial year: Investments	Divestments	Account transfers	Additions	Depreciations	Carrying amount at end of financial year
Total shares in affiliated companies	–	–	–	–	–	–	–	–	–
Participations	3,515	3,515	–	812	–	–	–	712	100
Total securities and precious metal portfolios held as non-current assets	113,276	7,632	105,644	128,862	81,028	-223	–	–	153,254
Other intangible assets	–	–	–	–	–	–	–	–	–
Total intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Real estate									
→ Bank building	12,617	3,887	8,730	–	–	–	–	315	8,414
→ Other real estate	–	–	–	–	–	–	–	–	–
Other property, plant and equipment	4,262	3,798	464	642	–	–	–	368	738
Total property, plant and equipment	**16,879**	**7,685**	**9,194**	**642**	**–**	**–**	**–**	**683**	**9,152**
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									14,307
Fire insurance value of other property, plant and equipment for the reporting period									4,800
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	7	100%	100%
Annual profit / loss (in GBP)	1	–		
MZ-Holding AG *, Balzers				
Share capital and reserves (in EUR)	-1,548	56	100%	100%
Annual profit / loss (in EUR)	1,794	-1,605		
REAL PRO INV. LTD *, Malta				
Share capital and reserves (in EUR)	–	4	100%	100%
Annual profit / loss ** (in EUR)	–	–		
STEAMBOAT SA *, Paradiso (CH)				
Share capital and reserves (in CHF)	–	100	15%	15%
Annual profit / loss ** (in CHF)	–	–		
PRILLER IMMO AG *, München				
Share capital and reserves (in EUR)	–	-57	94.12%	11.76%
Annual profit / loss ** (in EUR)	–	-42		
21.finance AG *, Ruggell				
Share capital and reserves (in CHF)	1,879	642	20%	59.14%
Annual profit / loss (in CHF)	-2,454	-1,943		
Tradico AG *, Ruggell				
Share capital and reserves (in EUR)	1,399	1,737	100%	100%
Annual profit / loss (in EUR)	518	-345		
DisrupTech AG *, Vaduz				
Share capital and reserves (in CHF)	–	-66	10%	3%
Annual profit / loss ** (in CHF)	–	-228		
Cadeia GmbH *, München				
Share capital and reserves (in EUR)	–	35	6.59%	2.21%
Annual profit / loss ** (in EUR)	–	–		
21.funds SICAV*, Gamprin-Bendern				
Share capital and reserves (in EUR)	80	–	100%	–
Annual profit / loss (in EUR)	-14	–		

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 2021 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	710	663

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

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

	Financial year		Previous year	
in CHF 1,000	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	84,393	–	59,078	–
Due from banks	38,566	–	46,748	–
Total	**122,960**	**–**	**105,826**	**–**

* Nominal values

Lea Schnider

Head of Human Resources

At Bank Frick since 2018

I am actually a child of the industrial sector and worked for large corporations in the region before deciding to give a bank a try. At that time, Bank Frick had decided to set up a human resources department given the growth in the number of employees. This opened a door for me at the right time.

It was a real culture shock at first. I could not have imagined that the heavy regulation of the banking sector itself would impact the activities of an HR department. The people here, however, are down-to-earth, which made it very easy for me to quickly feel at home in the new environment. We really do have a fun group here that also goes out for a beer together after work. I especially like that everyone at the company is on a first-name basis. Since even the Chairman of the Board of Directors and trainees call each other by their first name, I have become so accustomed to it that when I go shopping in Switzerland, for example, I have to be careful not to offend anyone by addressing them informally.

My work deals with issues that are very contradictory. One moment I am dealing with dry regulations and labour law issues, and the next I need to be empathetic and sensitive. This constant alternation between hard and soft topics often takes a lot out of me, and I still do not manage to switch off completely after work. But when I am in my home region of Flumserberg and skiing down the slope, my worries are gone in one fell swoop. Here I feel at home, free and at peace.

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 *	19,006	3,472	1,135	-554	10,588	–	26,704
→ Lumped specific bad debt charges	–	–	–	–	–	–	–
→ Lump-sum valuation allowances	430	123	-1,135	–	4,306	–	3,478
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	1,448	770	–	–	1,680	–	2,358
Other provisions	–	–	–	–	–	–	–
Total valuation allowances and provisions	**20,884**	**4,364**	**–**	**-554**	**16,416**	**–**	**32,539**
Less valuation allowances directly set off against assets	19,436	3,594	–	-554	14,894	–	30,181
Total provisions according to balance sheet	**1,448**	**770**	**–**	**–**	**1,680**	**–**	**2,358**
Provisions for general banking risks	**16,400**	**–**	**–**	**–**	**2,400**	**–**	**18,800**

* A significant portion of the new individual value adjustment was created for a large loan.

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	5,713	11,425	5,713	5,470	10,940	5,470
Total company equity	**25,713**	**51,425**	**25,713**	**25,470**	**50,940**	**25,470**

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	20,000	100	13,000	65
Net1 UEPS Technology, Johannesburg	–	–	7,000	35
Total	**20,000**	**100**	**20,000**	**100**
Without voting rights				
Participation certificate capital	5,713	100	5,470	100
Total	**5,713**	**100**	**5,470**	**100**

Profit distribution

in CHF 1,000	Financial year	Previous year
Profit for the year	9,814	4,376
Profit carried forward	–	–
Total	**9,814**	**4,376**
Profit distribution		
Allocation to the statutory reserves	–	–
Allocation to the free reserves	2,314	7
Dividend on company capital	7,500	4,370
Profit carried forward	**–**	**–**

Equity capital statement

in CHF 1,000	2021
Equity capital at the start of the financial year	
Subscribed capital	25,470
Subtotal paid-up subscribed capital	**25,470**
Capital reserves	1,940
Statutory reserves	6,000
Reserves in accordance with the articles of association	–
Other reserves	40,847
Provisions for general banking risks	16,400
Accumulated profit for the year	4,376
Total equity at the start of the financial year (before appropriation of net income)	**95,033**
+ Capital increase	243
+ Premium	3,485
+ Allocation to provisions for general banking risks	2,400
- Dividends and other distributions from the net annual profit for the previous year	-4,370
- Interim dividend	–
+ Annual profit for the financial year	9,814
Total equity at the end of the financial year (before appropriation of net income)	**106,605**
→ of which subscribed capital	25,713
→ of which subtotal paid-up subscribed capital	25,713
→ of which capital reserves	5,425
→ of which statutory reserves	6,000
→ of which reserves in accordance with the articles of association	–
→ of which other reserves	40,853
→ of which provisions for general banking risks	18,800
→ of which accumulated profit for the year	9,814

Maturity structure of the assets as well as liabilities and provisions

in CHF 1,000	On demand	Subject to notice	due 0–3 m	3–12 m	1–5 y	5–∞ y	Immobilised	Total
Assets								
Liquid assets	2,104,698	–	–	–	–	–	–	2,104,698
Due from banks	180,106	130,806	210,877	12,312	–	–	–	534,101
Due from clients	125,264	–	349,571	9,816	4,999	12,552	–	502,201
→ of which mortgage-backed claims	–	–	159,075	–	4,999	12,552	–	176,626
Securities and precious metals held as current assets (excl, trading positions)	69,995	–	–	–	–	–	–	69,995
Securities and precious metals held as non-current assets	153,354	–	–	–	–	–	–	153,354
Other assets	87,585	–	–	159	67	100	9,152	97,063
Total assets financial year	**2,721,002**	**130,806**	**560,448**	**22,287**	**5,066**	**12,652**	**9,152**	**3,461,412**
Previous year	**945,956**	**25,685**	**434,412**	**25,476**	**6,872**	**10,901**	**9,194**	**1,458,496**
Liabilities								
Due to banks	16,732	–	–	–	–	–	–	16,732
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	3,191,895	–	40,635	9,450	–	–	–	3,241,980
Certificated liabilities								
a) Issued bonds	–	–	–	5,000	6,203	–	–	11,203
→ of which medium-term notes	–	–	–	5,000	6,203	–	–	11,203
b) Other certificated liabilities	37,450	–	–	3,962	2,013	–	–	43,426
Provisions	2,358	–	–	–	–	–	–	2,358
Other liabilities	39,109	–	–	–	–	–	–	39,109
Total liabilities financial year	**3,287,545**	**–**	**40,635**	**18,412**	**8,217**	**–**	**–**	**3,354,808**
Previous year	**1,278,316**	**2,163**	**44,675**	**20,675**	**17,634**	**–**	**–**	**1,363,463**

Selected balance sheet items due in the 2021 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	198,096	1,906,602	168,722	203,287
Due from banks	397,421	136,680	238,401	79,551
→ of which repayable upon demand	121,920	58,186	164,925	43,053
→ of which other receivables	275,501	78,494	73,477	36,498
Due from clients	199,080	303,121	178,680	284,993
→ of which mortgage-backed claims	104,294	72,331	80,524	58,828
Bonds and other fixed-interest securities	20,614	132,640	24,805	18,389
→ of which bonds issued by public bodies	–	91,921	–	–
→ of which bonds issued by other borrowers	20,614	40,719	24,805	18,389
Shares and other non-fixed-interest securities	60,241	9,754	64,769	10,182
Participations	100	–	–	–
Shares in affiliated companies	–	–	–	–
Intangibles	–	–	–	–
Property, plant and equipment	9,152	–	9,194	–
Other assets	84,981	31	108,435	197
Accrued expenses and deferred income	2,687	212	2,856	395
Total assets	**972,372**	**2,489,040**	**795,862**	**660,389**

Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance (Bankenverordnung – BankV).

Liabilities				
Due to banks	5,894	10,838	17,674	10,345
→ of which repayable on demand	5,894	10,838	17,674	10,345
→ with agreed terms or notice period	–	–	–	–
Due to clients	757,401	2,484,579	409,358	774,408
→ of which savings deposits	–	–	–	–
→ of which other liabilities repayable on demand	754,306	2,437,589	385,926	741,134
→ of which other liabilities with agreed terms or notice periods	3,094	46,990	23,432	33,274
Certificated liabilities	54,629	–	52,729	–
→ of which medium-term notes	11,203	–	11,488	–
→ of which other certificated liabilities	43,426	–	41,242	–
Other liabilities	28,545	91	89,274	363
Accrued expenses and deferred income	10,443	29	7,822	42
Provisions	2,358	–	1,448	–
→ of which tax provisions	2,358	–	1,448	–
→ of which other provisions	–	–	–	–

Provisions for general banking risks	18,800	–	16,400	–
Subscribed capital	25,713	–	25,470	–
Capital reserves	5,425	–	1,940	–
Retained profit	46,853	–	46,847	–
→ of which statutory reserves	6,000	–	6,000	–
→ of which other reserves	40,853	–	40,847	–
Profit carried forward	–	–	–	–
Profit	9,814	–	4,376	–
Total liabilities	**965,874**	**2,495,538**	**673,338**	**785,158**

Assets and liabilities by country

	Financial year		Previous year	
in CHF 1,000	Nominal	in %	Nominal	in %
Assets				
Europe	2,265,026	65.43	514,093	35.24
Switzerland	696,749	20.12	501,431	34.38
Liechtenstein	258,595	7.47	268,204	18.38
North America	154,577	4.46	81,904	5.61
Oceania	47,981	1.38	46,682	3.20
Caribbean	20,216	0.58	26,323	1.80
Asia	14,640	0.42	16,059	1.10
Africa	3,094	0.08	3,240	0.22
Latin America	534	0.01	559	0.03
Total	**3,461,412**	**100.00**	**1,458,496**	**100.00**
Liabilities				
Liechtenstein	2,210,153	63.85	489,468	33.55
Europe	744,451	21.50	572,260	39.23
Caribbean	221,423	6.39	101,078	6.93
Switzerland	219,875	6.35	263,159	18.04
North America	24,309	0.70	6,848	0.46
Oceania	15,245	0.44	10,049	0.68
Asia	10,465	0.30	4,497	0.30
Latin America	8,906	0.25	7,321	0.50
Africa	6,586	0.19	3,816	0.26
Total	**3,461,412**	**100.00**	**1,458,496**	**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	2,114	3,784
Liabilities vis-à-vis qualified parties		
Due to clients	1,038	2,334
Other liabilities	–	3,985
Liabilities vis-à-vis affiliated companies		
Due to legal entities	1,738	4,145
Receivables owed by related persons		
Client receivables	34,374	30,096
Receivables from loans to governing bodies		
→ Board of Directors	–	–
→ Management Board	2,138	1,438

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	3,010,796	1,060,430
→ of which in EUR	2,224,520	536,024
→ of which in USD	536,225	359,340
→ of which in CAD	12,022	9,048
→ of which in JPY	9,629	13,765
→ of which in GBP	153,516	81,735
→ of which in CZK	14,588	13,981
→ of which in ZAR	41,026	32,062

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

in CHF 1,000	Financial year	Previous year
Debts	3,059,445	1,146,412
→ of which in EUR	1,963,168	409,839
→ of which in USD	826,383	562,956
→ of which in CAD	30,467	18,047
→ of which in JPY	501	574
→ of which in GBP	164,130	81,895
→ of which in CZK	14,532	13,977
→ of which in ZAR	40,998	44,929

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	85,012	108,830
→ Positive replacement costs of forward foreign exchange transactions	7,416	4,688
→ Settlement account balance replacement costs for forward foreign exchange transactions	–	–
→ Settlement accounts	77,596	104,141
Other liabilities	28,636	89,548
→ Negative replacement costs of forward foreign exchange transactions	6,731	6,334
→ Settlement account balance replacement costs for forward foreign exchange transactions	685	-1,646
→ Settlement accounts	21,220	84,860

Structure of client assets

in CHF 1,000	Financial year	Previous year
Type of client assets		
Assets in funds under own management (investment company)	1,413,057	1,479,059
Assets with management mandate	–	–
Other client assets	2,956,467	1,792,082
Total client assets (incl, duplication)	**4,369,524**	**3,271,142**
→ of which duplication	1,051,591	1,025,974
→ Net influx of new funds	1,270,998	349,592

Emanuel Bargetze

Relationship Manager
Classic Banking

At Bank Frick since 2006

I have been with Bank Frick for 15 years now and have held various positions. Since we as a bank are always trying out new things, the work remains exciting even after all this time. I like the fact that employees can make a difference: If you have a good idea on Friday evening, it is quite possible that it will be implemented as early as Monday.

As Relationship Manager for the Liechtenstein market, I am in constant contact with our clients. I particularly value the interpersonal relationships – our clients represent the entire range of personalities. This always results in exciting discussions, and you always get new input and feedback that provides food for thought.

As much as I enjoy my work, I always look forward to the weekly rehearsals with Harmoniemusik Triesen. Playing music in a group allows me to switch off completely and clear my head. Since the birth of our daughter, my wife and I also spend much more time outdoors again. Long walks used to be something we found rather boring. But now that my daughter is fascinated by things that I take for granted, I am also much more aware of my environment.

I have many childhood memories of Gnalp, which is where my photo was taken. I would often go sledding there with my father. Later, of course, I skied down the slopes, but now I prefer to move through the winter landscape on cross-country skis. Although I am also drawn to the mountains in summer, I appreciate the local mountain world even more in winter when it is covered in snow.

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	4,506	3,679	827	4,594	3,629	965
Warranties and similar	–	–	–	–	–	–
Irrevocable liabilities	–	–	–	–	–	–
Other contingent liabilities	–	–	–	–	–	–

Open derivative financial instruments

in CHF 1,000	Financial year			Previous year		
	Replacement values			Replacement values		
	positive *	negative *	Contract-volume *	positive *	negative *	Contract-volume *
Forward foreign exchange contracts	7,416	6,731	1,209,930	4,688	6,334	900,935

* 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	99,093	52,639
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	11,277	6,399
→ of which foreign exchange transactions	11,913	6,369
→ of which cash transactions	-636	30
→ of which securities trading	–	–
→ of which precious metal transactions	–	–
Breakdown of staff costs	26,938	19,439
→ of which wages and salaries	18,696	13,777
→ of which remuneration of the members of the Board of Directors	3,249	2,333
→ of which social insurance contributions and support	1,842	1,471
→ of which pension expenses	1,151	970
→ of which other staff costs	1,999	888
Breakdown of operating expenditure	13,910	9,322
→ of which cost of business premises	880	758
→ of which IT expenditure	6,587	4,182
→ of which furniture	112	17
→ of which other equipment	–	–
→ of which other operating expenditure	6,332	4,365

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”	4,697	3,150
→ Income from property	510	504
→ Other income from ordinary activities	4,187	2,646

Statutory Auditors' Report to the General Meeting of Bank Frick & Co. AG, Balzers

This English-language Annual Report is a translation of the German original. Only the German report is legally binding. The English report is for information purposes only.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank Frick & Co. AG, which comprise the balance sheet as at December 31, 2021, the income statement for the year then ended, the cash flow statement and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank Frick & Co. AG as at December 31, 2021 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Bank Frick & Co. AG in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matter

Key Audit Matters are those matters that, in the engagement team's professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and a separate opinion is not provided on these matters.

In the following we present what we consider to be the Key Audit Matter.

The presentation is structured as follows:

1. The risk
2. Audit procedure and result
3. Reference to associated information

Key Audit Matter: Recoverability of loans

The risk

Bank Frick & Co. AG provides loans to private individuals and companies, primarily in European countries. As at 31 December 2021, the Bank reports loans of CHF 502 (2020: CHF 464), representing the third largest asset of the Bank. Most of the receivables are covered by mortgages and securities (39% respectively 35% of total loans). The remaining share of 26% are loans that are not covered. Possible impairments are taken into account with individual value adjustments. There is discretionary scope in determining the amount of these individual value adjustments. The individual value adjustments have a direct impact on the result in the annual financial statements.

Audit procedure and result

We conducted our audit on a risk-oriented basis. In doing so, we verified the existence of the following key controls in connection with the valuation of receivables from customers:

→ Credit processing and approval: Sample testing of the guidelines and processes in the bank's internal directives and work instructions within the framework of loan processing. In addition, we reviewed the approval competencies.

- Credit monitoring (periodic resubmission): Sample-based testing of identified high-risk loans as well as the determination of any need for value adjustments.

Our substantive audit procedures included:

- Analytical audit procedures, including prior year comparison and assessment of the interest income in relation to the loans to customers.
- Sample testing of new business and risk positions of the overall loan portfolio (including positions with individual value adjustments or impairment indicators) to assess whether any additional value adjustments were necessary.
- Sample testing of the methodology used to determine value adjustments of the total loan portfolio for appropriateness and consistency with the internal directives and work instructions issued by the group management.

Overall, on the basis of our audit procedures, we consider the recoverability of loans to be reasonable.

Reference to associated information
We refer to page 48 (Accounting and valuation methods) and page 49 (Information about the balance sheet).

Other information in the Annual Report
The Board of Directors is responsible for the other information in the Annual Report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on 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 related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on March 17, 2021. We have been the statutory auditor of the Company without interruption since the financial year ending December 31, 2002.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the annual report, in addition to the statutory audit for the audited company or for the companies controlled by it:

→ Regulatory audit according to Article 37ff Banking Act

→ Due diligence audit on behalf of the Financial Market Authority Liechtenstein

→ SNB-Audit

→ Tax advisory services as well as regulatory and other assessments services

→ Agreed upon procedures regarding AIA/FATCA

→ Agreed upon procedures regarding the trading of cryptocurrencies

Further, we declare that no prohibited non-audit services pursuant to Article 5 in accordance with Article 10 para. 2 lit. f Regulation (EU) No. 537/2014 Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further Confirmations pursuant to Article 196 PGR

The accompanying management report (pages 10 – 21) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

Schaan, 12th April 2022

Grant Thornton AG

Egon Hutter
Certified Accountant
Auditor in charge

ppa Florian Koch

BANK FRICK

Consolidated financial statement 2021

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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	31.12.2021	31.12.2020
Assets		
Liquid assets	2,104,712	372,617
Due from banks	534,101	317,952
→ of which repayable upon demand	180,106	157,306
→ of which other receivables	353,995	160,646
Due from clients	499,064	459,136
→ of which mortgage-backed claims	176,824	139,353
Bonds and other fixed-interest securities	153,254	105,644
→ of which bonds issued by public bodies	91,921	50,488
→ of which bonds issued by other borrowers	61,333	55,156
Shares and other non-fixed-interest securities	69,605	74,567
Non-consolidated participations	-348	–
Shares in affiliated companies	–	–
Intangibles	-2,565	-2,853
Property, plant and equipment	9,153	9,576
Outstanding contributions to subscribed capital	–	–
→ of which called	–	–
Own shares or units	–	–
Other assets	87,160	113,131
Deferred income	2,902	3,086
Total assets	**3,457,038**	**1,452,854**

Consolidated Balance sheet

in CHF 1,000	31.12.2021	31.12.2020
Liabilities		
Due to banks	16,732	28,019
→ of which repayable on demand	16,732	28,019
→ with agreed terms or notice period	–	–
Due to clients	3,240,379	1,179,883
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	3,190,294	1,123,473
→ of which other liabilities with agreed terms or notice periods	50,085	56,410
Certificated liabilities	54,629	52,729
→ of which medium-term notes	11,203	11,488
→ of which other certificated liabilities	43,426	41,242
Other liabilities	30,499	93,659
Deferred income	10,581	7,977
Provisions	2,576	1,671
→ of which tax provisions	2,576	1,671
→ of which other provisions	–	–
Provisions for general banking risks	18,800	16,400
Subscribed capital	25,713	25,470
Capital reserves	5,425	1,940
Retained profit	47,161	48,346
→ of which statutory reserves	6,000	6,000
→ of which other reserves	41,161	42,346
Minority shareholding in capital base	–	–
Profit carried forward	-7,989	-6,056
Annual profit on the consolidated financial statement	12,532	1,834
→ of which minority shareholdings in annual profit	–	-804
Total liabilities	**3,457,038**	**1,452,854**

Consolidated income statement from 1 January to 31 December 2021

in CHF 1,000	2021	2020
Items		
Interest earned	12,673	15,301
→ of which income from fixed-interest securities	483	1,516
Interest paid *	4,949	-948
Current income from securities	-319	41
→ of which shares and other non-fixed-interest securities	29	41
→ of which interests included in the consolidated financial statement according to the equity method	-348	–
Income from commission and service transactions	50,545	28,780
→ of which commission income on loan transactions	176	448
→ of which commission income from securities and investment transactions	35,803	20,380
→ of which commission on other service activities	14,566	7,951
Commission payable	-15,746	-7,213
Profit on financial operations	14,330	5,206
→ of which from commercial activities	11,277	6,399
Other ordinary income	9,674	6,892
General administrative expenses	-44,880	-31,323
→ of which staff costs	-27,415	-20,882
→ of which operating expenditure	-17,464	-10,441
Depreciation on intangible assets as well as on property, plant and equipment	-1,154	-1,006
Other ordinary expenditure	-1,684	-2,424
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-14,894	-8,476
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	-723	-2,212
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	3,847	215
Income from normal business activities	**16,617**	**2,833**
Extraordinary income	–	–
Extraordinary expenditure	–	–
Income tax	-1,684	-567
Other taxes	–	-432
Allocations to provisions for general banking risks	-2,400	–
Profit for the year from 1 January to 31 December 2021	**12,532**	**1,834**
→ of which minority shareholdings in annual profit	**–**	**-804**

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

Consolidated 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	4,506	4,594
Total contingent liabilities	**4,506**	**4,594**
Derivative financial instruments		
Contract volumes	1,209,930	900,935
Positive replacement values	7,416	4,688
Negative replacement values	-6,731	-6,334
Fiduciary transactions		
Fiduciary transactions	99,093	52,639
Fiduciary loans	–	–
Total fiduciary transactions	**99,093**	**52,639**

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	12,532	–	1,834	–
Depreciation on securities as current assets	–	–	–	–
Depreciation on securities as non-current assets	–	–	–	–
Write-off and write-ups on participations	–	982	–	–
Depreciation on intangible assets and property, plant and equipment	683	–	1,006	–
Valuation allowances and provisions	–	10,745	–	7,613
Tax provisions	906	–	354	–
Provisions for general banking risks	2,400	–	–	–
Accrued income and prepaid expenses	185	–	–	1,000
Accrued expenses and deferred income	2,604	–	1,809	–
Distribution of dividends previous year	–	–	–	–
Distribution of interim dividend	–	–	–	–
Balance	**7,583**	**–**	**–**	**3,610**
Flow of funds from equity transactions				
Capital increase	243	–	171	–
Premium on capital increase	3,485	–	342	–
Balance	**3,728**	**–**	**513**	**–**
Flow of funds from investment transactions				
Shares in affiliated companies	–	–	–	–
Participations	348	–	25	–
Real estate	–	–	6,687	–
Other property, plant and equipment	423	–	–	647
Intangible assets	288	–	–	283
Securities and precious metals as non-current assets	81,251	128,858	102,114	108,383
Balance	**–**	**46,548**	**–**	**487**

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	–	284	–	22
Other certificated liabilities	–	4,133	7,900	–
Due from clients	–	–	–	–
Mortgage claims	2	–	–	9,118

Short-term business				
Due to banks	–	11,287	19,649	–
Due to clients (other liabilities)	2,060,496	–	406,914	–
Medium-term notes	–	–	–	–
Other certificated liabilities	6,317	–	–	30,844
Other liabilities	–	63,160	–	9,634
Due from banks	–	216,149	–	72,776
Due from clients	1,876	–	–	24,873
Mortgage-backed claims	–	37,275	–	29,336
Shares and other non-fixed-interest securities	4,959	–	3,193	–
Other assets	25,970	–	–	11,271
Balance	**1,767,332**	**–**	**249,782**	**–**

Liquidity				
Liquid assets	1,732,095	–	246,198	–
Balance	**1,732,095**	**–**	**246,198**	**–**

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, 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 allocated directly to valuation allowances and 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 generally 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 method, 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 generally included under the "securities held as non-current assets" item.

Consolidation principles

The consolidated financial statement includes the financial statements of Bank Frick & Co. AG Balzers 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 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 Inv. LTD (100% stake), Steamboat SA (15% stake), Priller Immo AG (94.12% stake), 21.finance AG (20% stake), 21.funds SICAV (100% stake), Tradico AG (100% stake), DisrupTech AG (10% stake) and Cadeia GmbH (6.59% stake).

A full consolidation is carried out for companies in which the Bank holds a stake of more than 50%. For associated companies (20% to 50% stake), an equity consolidation is carried out. Subsidiaries in which the Bank holds a stake of less than 20% are not consolidated but valued according to the cost principle instead.

Property, plant and equipment

Property, plant and equipment is generally 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 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 and 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

All 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 31.12.2021

in CHF	Financial year	Previous year
EUR	1.0339	1.0813
USD	0.9123	0.8804
GBP	1.2312	1.2014

in CHF	Financial year	Previous year
JPY	0.7926	0.8540
CAD	0.7169	0.6912
ZAR	0.0573	0.0600

Overview of collateral

	Type of collateral			
in CHF 1,000	Mortgage-backed	Other	Without	Total
Lending				
Due from clients (excluding mortgage claims)	18,118	176,824	127,496	322,438
Total Lending	**18,118**	**176,824**	**127,496**	**322,438**
Mortgage claims				
Residential properties	143,168	107	345	143,621
Office and commercial buildings	5,845	–	–	5,845
Trade and industry	21,787	–	–	21,787
Other	5,373	–	–	5,373
Total Mortgage claims financial year	**176,173**	**107**	**345**	**176,626**
Total lending for the financial year	**194,291**	**176,932**	**127,841**	**499,064**
Previous year	173,628	146,531	138,976	459,136
Off-balance sheet				
Contingent liabilities	3,450	229	827	4,506
Irrevocable commitments	–	–	–	–
Call and additional funding obligations	–	–	–	–
Obligation-establishing loans	–	–	–	–
Total off-balance sheet financial year	**3,450**	**229**	**827**	**4,506**
Previous year	3,450	179	965	4,594

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	**26,703**	**–**	**–**	**26,703**
Previous year	19,006	–	–	19,006

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 *	69,605	74,567	76,342	80,898	77,171	80,082
→ of which equity instruments of at least 10% of the capital or voting rights	–	–	–	–	–	–
Precious metals	–	–	–	–	–	–
Total	**69,605**	**74,567**	**76,342**	**80,898**	**77,171**	**80,082**
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	–	–	–	–	–	–

* Fund units, of which CHF 20,995,000 (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"	153,254	105,644	160,664	113,276	157,459	111,497
→ of which own bonds and medium-term notes	–	–	–	–	–	–
→ of which valued using the "accrual method"	153,254	105,644	160,664	113,276	157,459	111,497
→ of which valued according to lowest value	–	–	–	–	–	–
Fund unit certificates	–	–	–	–	–	–
Participation securities	100	–	2,569	2,992	100	–
→ of which qualified participations with at least 10% of the capital or voting rights	100	–	1,552	2,680	100	–
Precious metals	–	–	–	–	–	–
Total	**153,354**	**105,644**	**163,233**	**116,268**	**157,559**	**111,497**
→ of which securities eligible for discount with the central bank	19,185	20,065	21,128	21,242	19,753	21,122

Statement of asset additions and disposals

in CHF 1,000	Cost previous year	Depreciation to date	Carrying amount end of previous year	Financial year: Investments	Divestments	Account transfers	Additions	Depreciations	Carrying amount at end of financial year
Total shares in affiliated companies	–	–	–	–	–	–	–	–	–
Non-consolidated participations	–	–	–	–	–	-348	–	–	-348
Total securities and precious metal portfolios held as non-current assets	113,276	7,632	105,644	128,862	81,028	-223	–	–	153,254
Other intangible assets	–	–	-2,853	–	–	288	–	–	-2,565
Total intangible assets	**–**	**–**	**-2,853**	**–**	**–**	**288**	**–**	**–**	**-2,565**
Real estate									
→ Bank building	12,617	3,887	8,730	–	–	–	–	315	8,414
→ Other real estate	–	–	–	–	–	–	–	–	–
Other property, plant and equipment	5,098	4,253	846	642	–	–	–	749	739
Total property, plant and equipment	**17,715**	**8,140**	**9,575**	**642**	**–**	**–**	**–**	**1,064**	**9,153**
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									14,307
Fire insurance value of other property, plant and equipment for the reporting period									4,800
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	7	100%	100%
Annual profit / loss (in GBP)	1	–		
MZ-Holding AG *, Balzers				
Share capital and reserves (in EUR)	-1,548	56	100%	100%
Annual profit / loss (in EUR)	1,794	-1,605		
REAL PRO INV. LTD *, Malta				
Share capital and reserves (in EUR)	–	4	100%	100%
Annual profit / loss ** (in EUR)	–	–		
STEAMBOAT SA *, Paradiso (CH)				
Share capital and reserves (in CHF)	–	100	15%	15%
Annual profit / loss ** (in CHF)	–	–		
PRILLER IMMO AG *, München				
Share capital and reserves (in EUR)	–	-57	94,12%	11,76%
Annual profit / loss ** (in EUR)	–	-42		
21.finance AG *, Ruggell				
Share capital and reserves (in CHF)	1,879	642	20%	59,14%
Annual profit / loss (in CHF)	-2,454	-1,943		
Tradico AG *, Ruggell				
Share capital and reserves (in EUR)	1,399	1,737	100%	100%
Annual profit / loss (in EUR)	518	-345		
DisrupTech AG *, Vaduz				
Share capital and reserves (in CHF)	–	-66	10%	3%
Annual profit / loss ** (in CHF)	–	-228		
Cadeia GmbH *, München				
Share capital and reserves (in EUR)	–	35	6,59%	2,21%
Annual profit / loss ** (in EUR)	–	–		
21.funds SICAV*, Gamprin-Bendern				
Share capital and reserves (in EUR)	80	–	100%	–
Annual profit / loss (in EUR)	-14	–		

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 2021 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	710	663

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

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

	Financial year		Previous year	
in CHF 1,000	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	84,393	–	59,078	–
Due from banks	38,566	–	46,748	–
Total	**122,960**	**–**	**105,826**	**–**

* 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 *	19,006	3,472	1,135	-554	10,588	–	26,704
→ Lumped specific bad debt charges	–	–	–	–	–	–	–
→ Lump-sum valuation allowances	430	123	-1,135	–	4,306	–	3,478
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	1,671	770	–	-5	1,680	–	2,576
Other provisions	–	–	–	–	–	–	–
Total valuation allowances and provisions	**21,107**	**4,364**	**–**	**-559**	**16,574**	**–**	**32,758**
Less valuation allowances directly set off against assets	19,436	3,594	–	-559	14,894	–	30,181
Total provisions according to balance sheet	**1,671**	**770**	**–**	**–**	**1,680**	**–**	**2,576**
Provisions for general banking risks	**16,400**	**–**	**–**	**–**	**2,400**	**–**	**18,800**

* A significant portion of the new individual value adjustment was created for a large loan.

Major shareholders and groups of shareholders with voting rights

	Financial year		Previous year	
in CHF 1,000	Nominal	Holding in %	Nominal	Holding in %
With voting rights				
Kuno Frick Familienstiftung, Balzers	20,000	100	13,000	65
Net1 UEPS Technology, Johannesburg	–	–	7,000	35
Total	**20,000**	**100**	**20,000**	**100**
Without voting rights				
Participation certificate capital	5,713	100	5,470	100
Total	**5,713**	**100**	**5,470**	**100**

Equity capital statement

in CHF 1,000	2021
Equity capital at the start of the financial year	
Subscribed capital	25,470
Subtotal paid-up subscribed capital	**25,470**
Capital reserves	1,940
Statutory reserves	6,000
Reserves in accordance with the articles of association	–
Other reserves	42,346
Provisions for general banking risks	16,400
Minority shareholdings in capital base	982
Profit/loss carried forward	-6,056
Available earnings	1,834
Total equity at the start of the financial year (before appropriation of net income)	**88,916**
+ Capital increase	243
+ Premium	3,485
+ Other allocations from the reserves	-1,565
+ Allocation to provisions for general banking risks	2,400
- Dividends and other distributions from the net annual profit for the previous year	-4,370
- Interim dividend	–
+ Annual profit for the financial year	12,532
Total equity at the end of the financial year (before appropriation of net income)	**101,641**
→ of which subscribed capital	25,713
→ of which capital reserves	5,425
→ of which statutory reserves	6,000
→ of which reserves in accordance with the articles of association	–
→ of which other reserves	41,161
→ of which provisions for general banking risks	18,800
→ of which minority shareholdings in capital base	–
→ of which loss carried forward	-7,989
→ of which available earnings	12,532

Maturity structure of the assets as well as liabilities and provisions

in CHF 1,000	On demand	Subject to notice	due 0–3 m	3–12 m	1–5 y	5–∞ y	Immobilised	Total
Assets								
Liquid assets	2,104,712	–	–	–	–	–	–	2,104,712
Due from banks	180,106	130,806	210,877	12,312	–	–	–	534,101
Due from clients	122,127	0	349,571	9,816	4,999	12,552	–	499,064
→ of which mortgage-backed claims	–	–	159,075	–	4,999	12,552	–	176,626
Securities and precious metals held as current assets (excl, trading positions)	69,605	–	–	–	–	–	–	69,605
Securities and precious metals held as non-current assets	153,354	–	–	–	–	–	–	153,354
Other assets	86,722	–	–	159	67	100	9,153	96,202
Total assets financial year	**2,716,626**	**130,806**	**560,448**	**22,287**	**5,066**	**12,652**	**9,153**	**3,457,038**
Previous year	**944,471**	**25,685**	**429,877**	**25,476**	**6,872**	**10,901**	**9,576**	**1,452,854**
Liabilities								
Due to banks	16,732	–	–	–	–	–	–	16,732
Due to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	3,190,294	–	40,635	9,450	–	–	–	3,240,379
Certificated liabilities								
a) Issued bonds	–	–	–	5,000	6,203	–	–	11,203
→ of which medium-term notes	–	–	–	5,000	6,203	–	–	11,203
b) Other certificated liabilities	37,450	–	–	3,962	2,013	–	–	43,426
Provisions	2,576	–	–	–	–	–	–	2,576
Other liabilities	41,080	–	–	–	–	–	–	41,080
Total liabilities financial year	**3,288,133**	**–**	**40,635**	**18,412**	**8,217**	**–**	**–**	**3,355,396**
Previous year	**1,278,789**	**2,163**	**44,675**	**20,675**	**17,634**	**–**	**–**	**1,363,938**

Selected balance sheet items due in the 2021 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	198,110	1,906,602	169,248	203,369
Due from banks	397,421	136,680	238,401	79,551
→ of which repayable upon demand	121,920	58,186	114,252	43,053
→ of which other receivables	275,501	78,494	124,149	36,4986
Due from clients	196,826	302,240	178,680	280,455
→ of which mortgage-backed claims	104,294	72,331	80,524	58,828
Bonds and other fixed-interest securities	20,614	132,640	18,389	87,255
→ of which bonds issued by public bodies	–	91,921	–	50,488
→ of which bonds issued by other borrowers	20,614	40,719	18,389	36,787
Shares and other non-fixed-interest securities	59,851	9,754	66,402	8,164
Participations	-348	–	–	–
Shares in affiliated companies	–	–	–	–
Intangibles	-2,654	89	-3,043	190
Property, plant and equipment	9,152	1	9,576	1
Other assets	86,707	453	108,482	4,649
Accrued expenses and deferred income	2,686	215	2,888	198
Total assets	**968,365**	**2,488,673**	**789,023**	**663,832**

Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance (Bankenverordnung – BankV).

Liabilities				
Due to banks	5,894	10,838	17,674	10,345
→ of which repayable on demand	5,894	10,838	17,674	10,345
→ with agreed terms or notice period	–	–	–	–
Due to clients	756,344	2,484,035	409,312	770,570
→ of which savings deposits	–	–	–	–
→ of which other liabilities repayable on demand	753,250	2,437,045	385,880	737,296
→ of which other liabilities with agreed terms or notice periods	3,094	46,990	23,432	33,274
Certificated liabilities	54,629	–	52,729	–
→ of which medium-term notes	11,203	–	11,488	–
→ of which other certificated liabilities	43,426	–	41,242	–
Other liabilities	29,193	1,306	91,589	2,070
Accrued expenses and deferred income	10,476	105	7,930	47
Provisions	2,152	425	1,462	208
→ of which tax provisions	2,152	425	1,462	208
→ of which other provisions	–	–	–	–

Provisions for general banking risks	18,800	–	16,400	–
Subscribed capital	25,713	–	25,470	–
Capital reserves	5,425	–	1,940	–
Retained profit	47,161	–	48,347	–
→ of which statutory reserves	6,000	–	6,000	–
→ of which other reserves	41,161	–	42,347	–
Minority shareholdings in capital base	–	–	982	–
Profit carried forward	-3,960	-4,030	-3,104	-2,949
Profit	13,112	-579	-126	1,960
Total liabilities	**964,938**	**2,492,100**	**670,606**	**782,251**

Assets and liabilities by country

	Financial year		Previous year	
in CHF 1,000	Nominal	in %	Nominal	in %
Assets				
Europe	2,264,657	65.51	514,948	65.51
Switzerland	696,749	20.15	501,431	20.15
Liechtenstein	254,590	7.36	261,707	7.36
North America	154,577	4.47	81,904	4.47
Oceania	47,981	1.39	46,682	1.39
Caribbean	20,216	0.58	26,323	0.58
Asia	14,640	0.42	16,059	0.42
Africa	3,094	0.09	3,240	0.09
Latin America	534	0.02	559	0.01
Total	**3,457,038**	**100.00**	**1,452,854**	**100.00**
Liabilities				
Liechtenstein	2,207,016	63.84	569,524	63.84
Europe	743,214	21.50	486,562	21.50
Caribbean	221,423	6.41	263,159	6.41
Switzerland	219,875	6.36	101,078	6.36
North America	24,309	0.70	10,049	0.70
Oceania	15,245	0.44	7,321	0.44
Asia	10,465	0.30	6,848	0.30
Latin America	8,906	0.26	4,497	0.26
Africa	6,586	0.19	3,816	0.19
Total	**3,457,038**	**100.00**	**1,452,854**	**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	2,114	3,784
Liabilities vis-à-vis qualified parties		
Due to clients	1,038	2,334
Other liabilities	–	3,985
Liabilities vis-à-vis affiliated companies		
Due to legal entities	1,738	4,145
Receivables owed by related persons		
Client receivables	34,374	30,096
Receivables from loans to governing bodies		
→ Board of Directors	–	–
→ Management Board	2,138	1,438

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	3,010,796	1,060,430
→ of which in EUR	2,224,520	536,024
→ of which in USD	536,225	359,340
→ of which in CAD	12,022	9,048
→ of which in JPY	9,629	13,765
→ of which in GBP	153,516	81,735
→ of which in CZK	14,588	13,981
→ of which in ZAR	41,026	32,062

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

in CHF 1,000	Financial year	Previous year
Debts	3,059,445	1,146,412
→ of which in EUR	1,963,168	409,839
→ of which in USD	826,383	562,956
→ of which in CAD	30,467	18,047
→ of which in JPY	501	574
→ of which in GBP	164,130	81,895
→ of which in CZK	14,532	13,977
→ of which in ZAR	40,998	44,929

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	87,160	113,131
→ Positive replacement costs of forward foreign exchange transactions	7,416	4,688
→ Settlement account balance replacement costs for forward foreign exchange transactions	–	–
→ Settlement accounts	79,744	108,443
Other liabilities	30,499	93,658
→ Negative replacement costs of forward foreign exchange transactions	6,731	6,334
→ Settlement account balance replacement costs for forward foreign exchange transactions	685	-1,646
→ Settlement accounts	23,083	88,970

Structure of client assets

in CHF 1,000	Financial year	Previous year
Type of client assets		
Assets in funds under own management (investment company)	1,413,057	1,479,059
Assets with management mandate	–	–
Other client assets	2,956,467	1,792,082
Total client assets (incl, duplication)	**4,369,524**	**3,271,142**
→ of which duplication	1,051,591	1,025,974
→ Net influx of new funds	1,270,998	349,592

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	4,506	3,679	827	4,594	3,629	965
Warranties and similar	–	–	–	–	–	–
Irrevocable liabilities	–	–	–	–	–	–
Other contingent liabilities	–	–	–	–	–	–

Open derivative financial instruments

in CHF 1,000	Financial year			Previous year		
	Replacement values			Replacement values		
	positive *	negative *	Contract-volume *	positive *	negative *	Contract-volume *
Forward foreign exchange contracts	7,416	6,731	1,209,930	4,688	6,334	900,935

* 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	99,093	52,639
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	11,277	6,399
→ of which foreign exchange transactions	11,913	6,369
→ of which cash transactions	-636	30
→ of which securities trading	–	–
→ of which precious metal transactions	–	–
Breakdown of staff costs	27,415	20,882
→ of which wages and salaries	19,174	15,044
→ of which remuneration of the members of the Board of Directors	3,249	2,333
→ of which social insurance contributions and support	1,842	1,533
→ of which pension expenses	1,151	1,093
→ of which other staff costs	1,999	879
Breakdown of operating expenditure	17,458	10,441
→ of which cost of business premises	880	764
→ of which IT expenditure	6,587	4,182
→ of which furniture	112	17
→ of which other equipment	–	–
→ of which other operating expenditure	9,879	5,479

in CHF 1,000	Financial year	Previous year
Breakdown of the item “Other income from ordinary activities”	9,674	6,892
→ Income from property	510	3,749
→ Other income from ordinary activities	9,164	3,143

Statutory Auditors' Report to the General Meeting of Bank Frick & Co. AG, Balzers

This English-language Annual Report is a translation of the German original. Only the German report is legally binding. The English report is for information purposes only.

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bank Frick & Co. AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated income statement for the year then ended, the consolidated cash flow statement and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 76 to 97) give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matter

Key Audit Matters are those matters that, in the engagement team's professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and a separate opinion is not provided on these matters.

In the following we present what we consider to be the Key Audit Matter.

The presentation is structured as follows:

1. The risk
2. Audit procedure and result
3. Reference to associated information

Key Audit Matter: Recoverability of loans

The risk

The Group provides loans to private individuals and companies, primarily in European countries. As at 31 December 2021, the Group reports loans of CHF 499 (2020: CHF 459), representing the third largest asset of the Group. Most of the receivables are covered by mortgages and securities (39% respectively 35% of total loans). The remaining share of 26% are loans that are not covered. Possible impairments are taken into account with individual value adjustments. There is discretionary scope in determining the amount of these individual value adjustments. The individual value adjustments have a direct impact on the result in the annual financial statements.

Audit procedure and result

We conducted our audit on a riskoriented basis. In doing so, we verified the existence of the following key controls in connection with the valuation of receivables from customers:

→ Credit processing and approval: Sample testing of the guidelines and processes in the group's internal directives and work instructions within the framework of loan processing. In addition, we reviewed the approval competencies.

→ Credit monitoring (periodic resubmission): Sample-based testing of identified high-risk loans as well as the determination of any need for value adjustments.

Our substantive audit procedures included:

→ Analytical audit procedures, including prior year comparison and assessment of the interest income in relation to the loans to customers.

→ Sample testing of new business and risk positions of the overall loan portfolio (including positions with individual value adjustments or impairment indicators) to assess whether any additional value adjustments were necessary.

→ Sample testing of the methodology used to determine value adjustments of the total loan portfolio for appropriateness and consistency with the internal directives and work instructions issued by the group management.

Overall, on the basis of our audit procedures, we consider the recoverability of loans to be reasonable.

Reference to associated information
We refer to page 82 (Accounting and valuation methods) and page 83 (Information about the balance sheet).

Other information in the Annual Report
The Board of Directors is responsible for the other information in the Annual Report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the consolidated management report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

→ Identify and assess the risks of material misstatement of the consolidated financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

→ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

→ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

→ Conclude on 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 related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

→ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on March 17, 2021. We have been the statutory auditor of the Group without interruption since the financial year ending December 31, 2019.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the consolidated financial statements or in the consolidated management report, in addition to the statutory audit for the audited group or for the companies controlled by it:

- Regulatory audit according to Article 37ff Banking Act
- Due diligence audit on behalf of the Financial Market Authority Liechtenstein
- SNB-Audit
- Tax advisory services as well as regulatory and other assessments services
- Agreed upon procedures regarding AIA/FATCA
- Agreed upon procedures regarding the trading of crypto-currencies

Further, we declare that no prohibited non-audit services pursuant to Article 5 in accordance with Article 10 para. 2 lit. f Regulation (EU) No. 537/2014 Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further, we declare that no prohibited non-audit services pursuant to Article 5 para. 1 Regulation (EU) No. 537/2014 were provided.

Further Confirmations pursuant to Article 196 PGR
The accompanying consolidated management report (page 76) has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated financial statements and our understanding of the Group and its environment does not contain any material misstatements.

We further confirm that the consolidated financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying consolidated financial statements submitted to you be approved.

Schaan, 12th April 2022

Grant Thornton AG

Egon Hutter
Certified Accountant
Auditor in charge

ppa Florian Koch

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