



BANK FRICK

22

Annual Report

www.bankfrick.com

BANK FRICK

Wendelin Frommelt

Head of Services

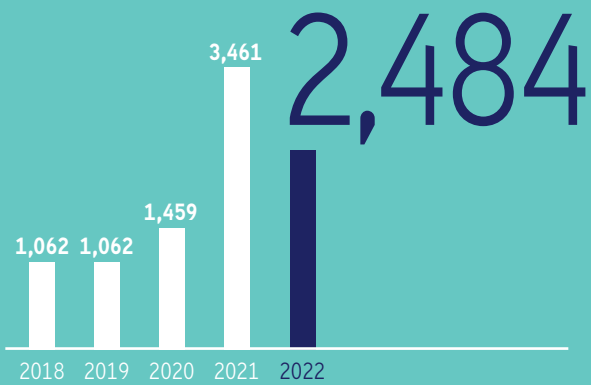


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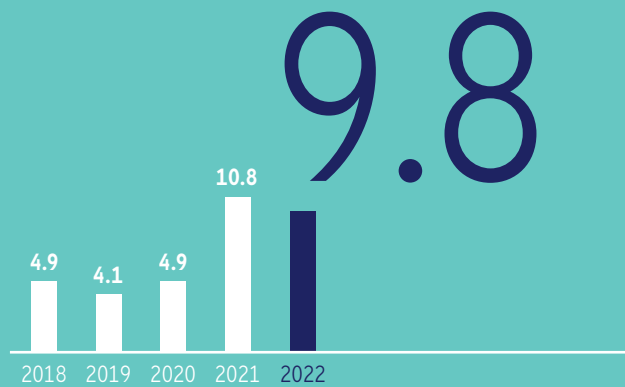
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## Selected key figures 2022

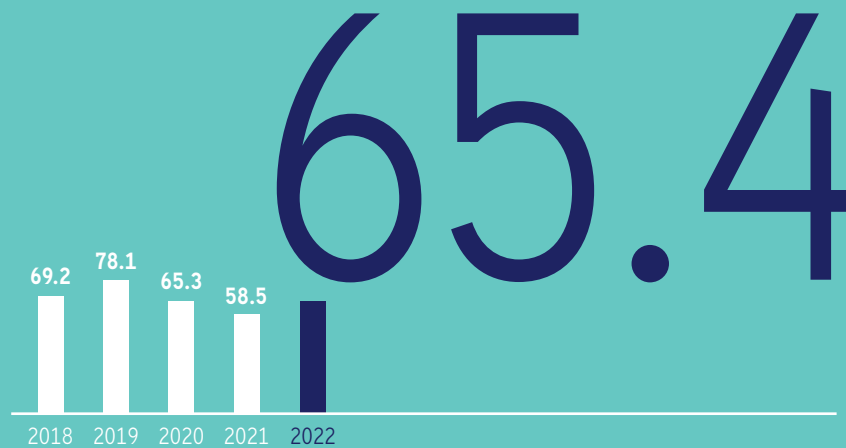
Balance sheet total  
in CHF million



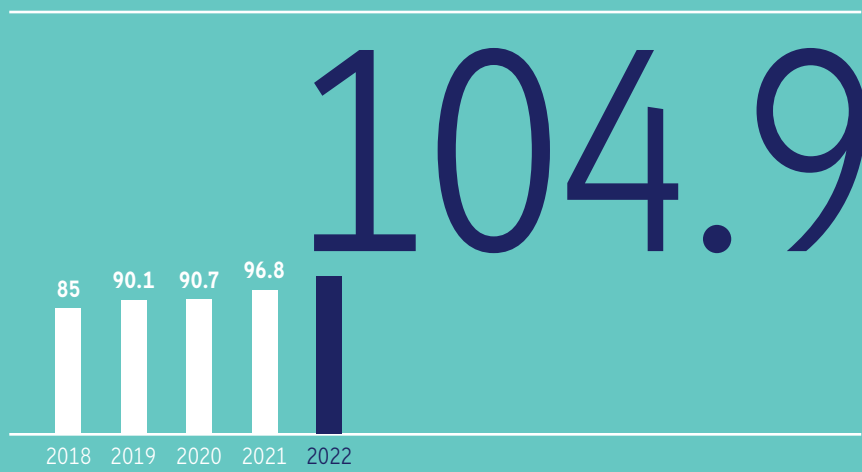
Return on equity  
in %



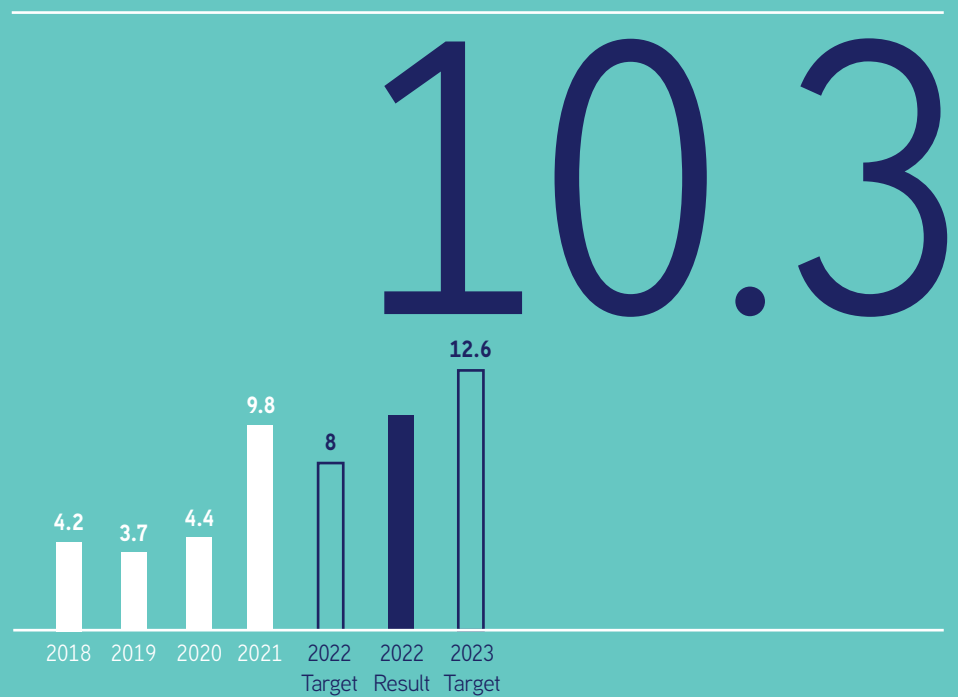
Cost/income ratio  
in %



Capital base  
in CHF million

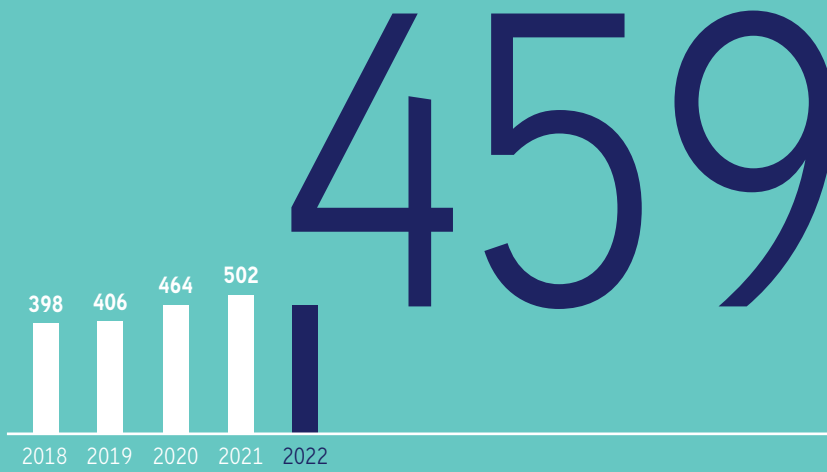


Net profit  
in CHF million



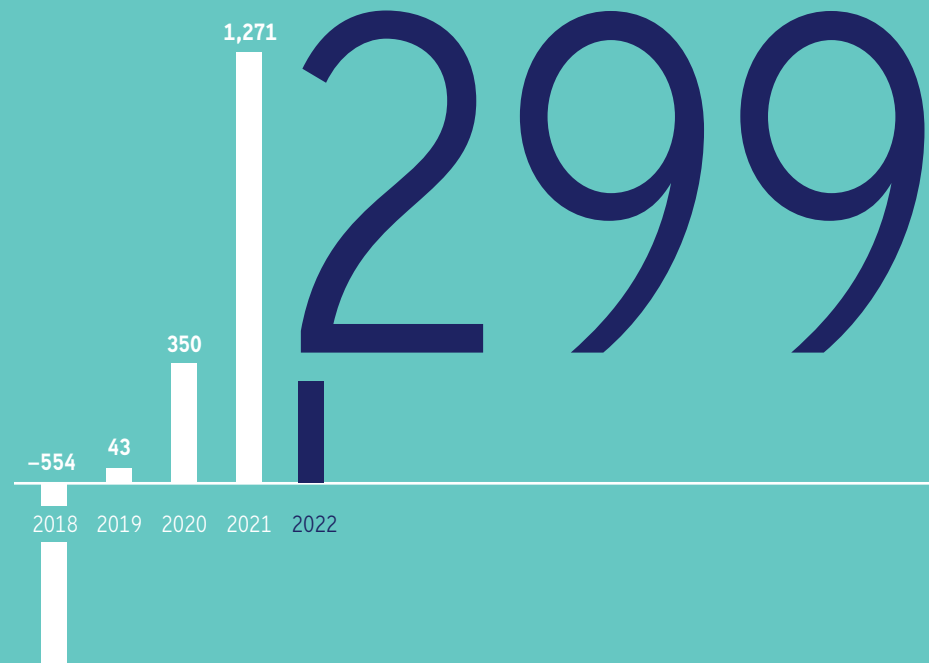
Receivables owed by clients  
in CHF million

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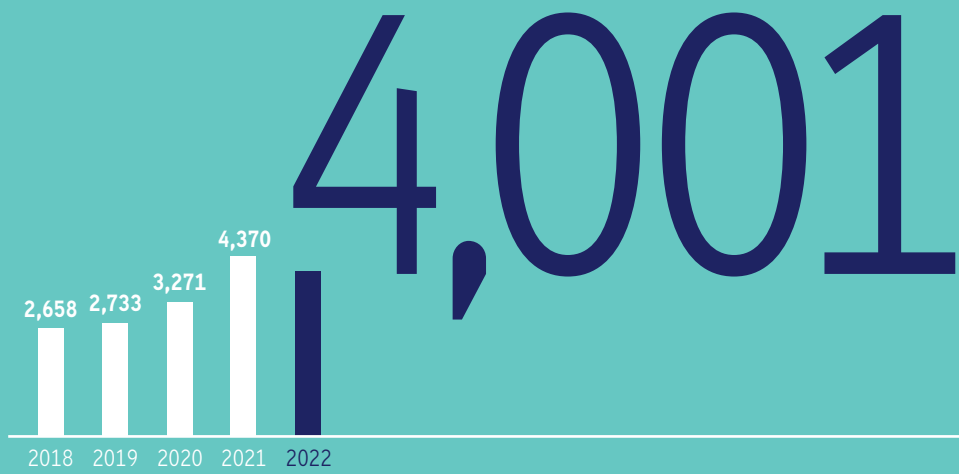


Net new money  
in CHF million

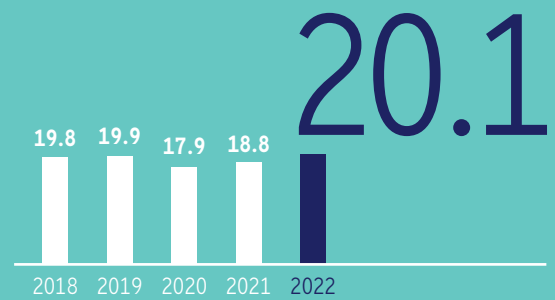
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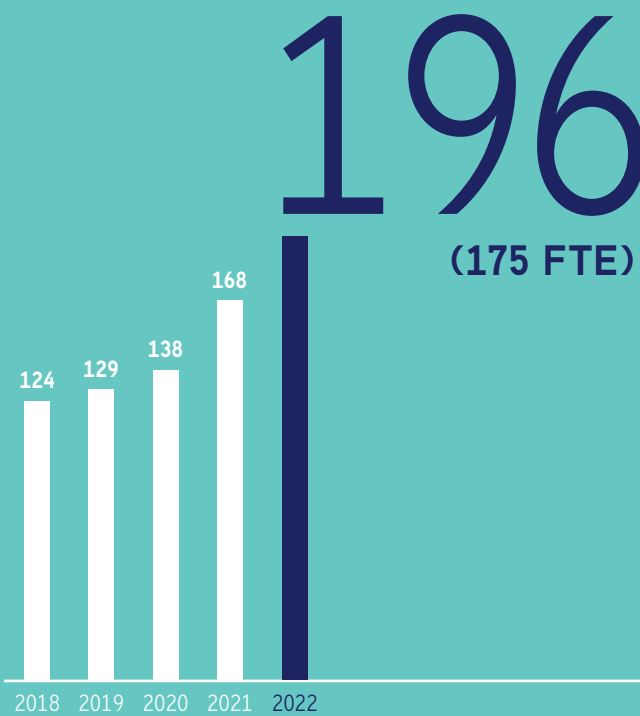
Assets under management  
in CHF million



CET1 ratio  
in %



Headcount



# Governing bodies/organisation chart



**Dr Mario Frick**  
Chairman



**Roland Frick**  
Vice-Chairman



**Rolf Jermann**



**Marianne Müller**



**Michael Kramer**



**Edi Wögerer**  
Chairman, CEO



**Michael Dolzer**  
COO



**Melanie Mündle**  
CFO



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**General Meeting**

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**External Auditors**  
Grant Thornton AG, Schaan

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**Board of Directors**

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**Internal Auditors**  
KPMG AG, Zürich

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**Management Board**

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**Compliance**

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**Corporate Communications  
and Marketing**

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**Management Office**

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**Management  
Projects**

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**Legal**

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**Customer Relations**

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**Business Technologies and  
Innovation Management**

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**Finance, Risk  
and Controlling**

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# Report of the Board of Directors and the Management Board

**Our growth strategy shaped 2022. The high investments in staff and infrastructure were offset by extremely gratifying income figures that were significantly over budget. Despite an extremely turbulent financial year associated with great adversity, the annual result for 2022 was CHF 10.3 million.**

Bank Frick was very successful in 2022. We closed the reporting period with a record result of CHF 10.3 million, roughly 28% above the budgeted profit. We already reported a historically high net profit of CHF 9.8 million in 2021. We were able to improve on these excellent results by an additional 4.5% in the past financial year and therefore report a net profit that exceeded CHF 10 million for the first time in the Bank's history.

We were able to achieve this result despite a very challenging market environment. The past economic year was as turbulent as seldom seen before. The war that broke out in Ukraine at the end of February 2022 put the financial markets into a state of shock. The unexpectedly high inflation also exerted additional pressure on the stock markets, and the central banks responded by implementing tighter monetary policies. Despite all this adversity, we achieved record results

in the reporting period, and all our business segments contributed to these exceptionally good results. This once again demonstrates the complete success of our broadly diversified business model, which is based on four strategic business units, and shows that our growth strategy is paying off. These results would not have been possible without the dedication of our employees. We would like to take this opportunity to extend our thanks to them for their commitment to Bank Frick.

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For the first time in our history, we were able to report a profit of more than CHF 10 million.

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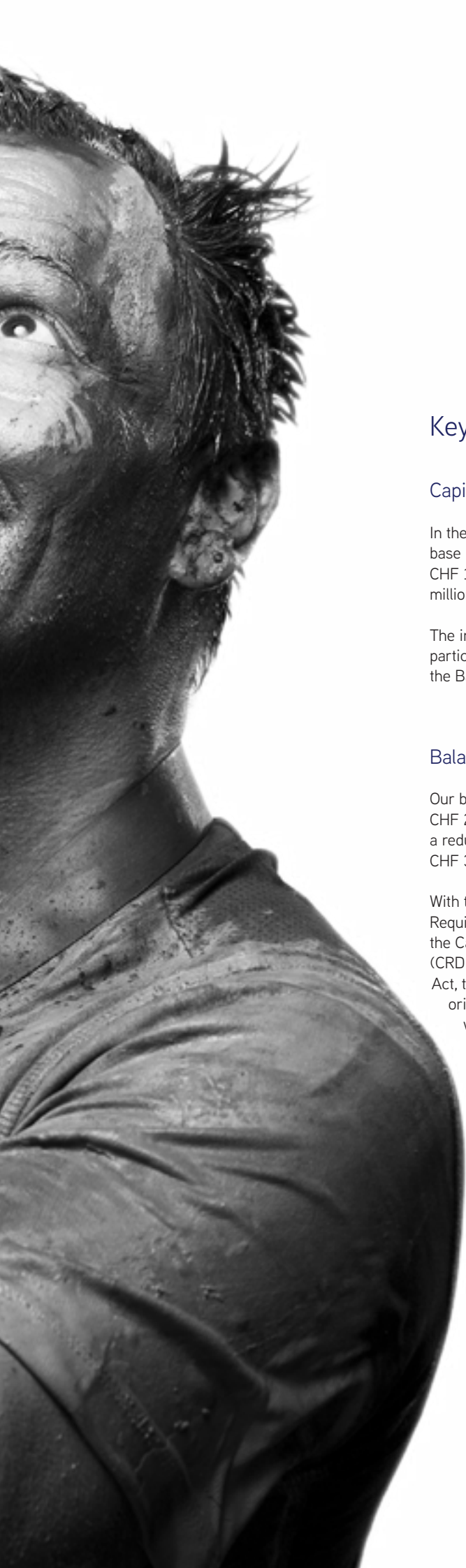


Chairman of the Board of Directors Dr Mario Frick (left) and CEO Edi Wögerer.

Stefan Rauti

Head of Classic Banking





## Key figures in detail

### Capital base

In the reporting period, the capital base increased by CHF 8.12 million to CHF 104.92 million (2021: CHF 96.8 million).

The increase in the capital base is due in particular to provisions that ensure that the Bank continues to grow.

### Balance sheet

Our balance sheet total amounted to CHF 2.5 billion as of 31 December 2022, a reduction of CHF 1 billion (2021: CHF 3.5 billion).

With the inclusion of the Capital Requirements Regulation (CRR II) and the Capital Requirements Directive (CRD V) in the Liechtenstein Banking Act, the leverage ratio, which has its origins in the Basel III framework, was honed and more precisely specified. The leverage ratio is therefore not permitted to drop below 3%. Deposits from clients

exert downward pressure on this ratio. Bank Frick actively reduced the balance sheet total to meet these regulatory requirements and has a leverage ratio of 4.19% as of 31 December 2022.

### Cost-income ratio

The cost-income ratio (CIR) increased from 58.51% in 2021 to 65.36% in 2022, therefore returning to the level of 2020.

Bank Frick reported exceptionally high earnings in 2021, leading to a CIR reduction last year. We already ceased to budget for the same amount of revenue for 2022. Our expenses have also increased, driven by the strong growth in headcount and the resultant higher personnel costs.

” Income from trading activities exceeded the budgeted amount by 21%.

### Client assets under management

Client assets under management as of 31 December 2022 are CHF 4.0 billion, a decrease of CHF 0.4 billion or 8.4% when compared to the prior period (2021: CHF 4.4 billion).

The decline in client assets under management can be attributed to the difficult market developments in particular. Geopolitical crises and a turning point in monetary policy left an imprint on 2022, and the stock market experienced one of the worst years in a long time.

### Sources of revenue

The income situation is very gratifying. We exceeded our budget targets in all areas. Due to rising key interest rates, interest income in particular performed above average. But we were also able to exceed our budgeted income in the commission and services business as well as in trading activities.

### Commission and service transactions

Net income from commission and service transactions fell to CHF 32.4 million (2021: CHF 34.8 million) but is still around 16% above budget.

Overall, 9% fewer stock exchange and fund orders were placed in the reporting year. This was accompanied by a decline in securities brokerage fees, especially for shares and crypto assets. In particular, the “crypto winter” – that is, the falling prices of cryptocurrencies – negatively affected the level of crypto trading, which fell by 52% compared to the previous period.

### Trading activities

Trading activities trended quite favourably. Compared to the same period of the previous year, we recorded an increase of CHF 4.5 million to CHF 15.7 million, therefore exceeding the budgeted income by 21%.

We were fortunately able to expand the foreign-exchange business again. Trading volume rose by 23.78% to CHF 5,835 million, resulting in a foreign-exchange gain of CHF 15.7 million (+39.56% relative to the previous year).

### Interest income

Net interest income totalled CHF 27.0 million and was therefore around CHF 9.4 million (+53%) higher than in the previous period (CHF 17.7 million), putting interest income 63% above budget.

The drastic change from a negative interest rate environment to a high interest rate environment created additional opportunities to earn interest from reverse repo transactions, money market and time deposits, FX swaps (interest rate differentials) and higher-yielding bonds, as well as from the lending business.



Elzbieta Sotbarn  
Head of Finance



Hansjörg Gruber  
Facility Manager





## Other significant events in the reporting year

### **Bank Frick strengthens its Board of Directors with the appointment of Marianne Müller**

Effective 1 May 2022, the Board of Directors of Bank Frick appointed Marianne Müller as a new member of the Board of Directors. Marianne Müller is a certified public accountant and has many years of experience in this function, particularly in connection with the auditing of banks in Switzerland and Liechtenstein. The Board of Directors has therefore achieved its goal of strengthening the Board with a qualified specialist who brings with her extensive experience and comprehensive expertise, particularly in the areas of regulatory affairs, compliance and financial market supervision.

### **Bank Frick expands its range of crypto assets and now offers trading and custodian services for Cardano, Polkadot and Tezos**

In May, we expanded our range of tradeable and custodial cryptocurrencies. We now offer financial intermediaries and professional clients the option of trading in and secure custody of Cardano (ADA), Polkadot (DOT) and Tezos (XTZ). Trading takes place within the fully regulated environment of the Bank. The offer is aimed in particular at institutional clients and crypto investors. With the addition of Cardano, Polkadot and Tezos, we offer our clients an additional option for diversifying their portfolios.

## Events after the balance sheet date

### **Bank Frick offers staking as a service for digital assets**

We are the first Liechtenstein bank to offer staking as a service. The new staking service gives Bank Frick clients who hold coins the opportunity to earn rewards in the form of newly generated digital assets, similar to the way that interest is earned on a savings account. Staking also contributes to the stability of the networks. As a fully regulated bank, Bank Frick ensures business continuity and full control over the associated funds at all times. In an initial stage, the cryptocurrencies Tezos (XTZ) and Polkadot (DOT) will be offered. Ethereum 2.0 will be added to the line-up as soon as the Shanghai upgrade is complete.



## Outlook for 2023

### 25 years of Bank Frick

Bank Frick was founded in December 1998 and will be celebrating its 25th anniversary in 2023. What began in the garage of an apartment building in 1998 has become an important player in the financial centre over the past 25 years. Each day, some 200 employees put themselves at the service of our clients.

What has not changed throughout this period is Bank Frick's entrepreneurial DNA. The organisation's willingness to try something new continues to be palpable, whether in our pioneering role in blockchain banking, in the area of acquiring services or in the many products relating to securities and capital markets. Our clients appreciate this entrepreneurial attitude as well as our willingness to go the extra mile.

Bank Frick is known for great celebratory events. Those who do good work and put in a great deal of effort can and should commemorate their milestones. Accordingly, we will be celebrating this important anniversary together with our staff in the second half of the year – as a token of our gratitude for the past 25 years and as a prelude to a promising future, which was discussed and planned in detail in an intensive alignment process in 2022.

### Increasing our focus from a position of strength

Bank Frick has grown very quickly over the past few years and has also been extremely successful in recent years. However, it would be negligent if we simply rested on our laurels, especially since we have come to the realisation that we are doing too much rather than too little. We therefore made the decision last year, from a position of strength, to closely scrutinise our strategy. In the analysis, we found that there was no need for a new strategy and that we only needed to hone certain points in order to increase our focus in regard to achieving our goals. To put it more precisely, we need to concentrate more on our strengths, and we also have the latitude to make this move, which will benefit our clients as well as the Bank.

During the entire alignment process, all employees and the managers in particular were closely involved and also significantly challenged during the entire alignment process. The 24-month roadmap, as well as the strategic mission and vision, therefore emerged from within the Bank. We now have very specific and detailed plans of what needs to happen across the board as well as in the individual departments. Due to the integrative and iterative process across all hierarchical levels, it is now apparent that the employees highly identify with the goals that have been set.

In 2023, the focus is now on the implementation of these plans and projects. We all know that this will not be easy. We will have to adapt many processes, change the manner in which we work together and give up some of our cherished ways of doing things. However, we know what we have in our employees, and we are convinced that we will achieve our goals together as a team, even if these goals are ambitious.

### Assessing future economic development remains difficult

Throughout the world, in the EU and in neighbouring Switzerland, there are many uncertainties when it comes to assessing economic development and Bank Frick's future business performance. The Russian war of aggression in Ukraine continues to weigh on the future. High energy prices, deteriorating international cooperation and global inflation each represent a major challenge on their own, and the circumstances are even more challenging when taken together. Experts forecast growth that will be significantly below average growth in 2023. The uncertainties confront the entire economy as well as our company.

Due to the reversal and interest rates, we expect significantly better results in the area of interest income in 2023. Together with the budgeted net new money, we are entering the financial year with a net profit of CHF 12.6 million.

Raphael Haldner

Head of Fund and Capital Markets



Dorđe Žarković

Personal Advisor FCM

Roman Wildhaber

Team Leader Capital Markets





**BANK FRICK**

**Nico Bühler**

Relationship Manager Real Estate

## Financial statement 2022



## Balance sheet

in TCHF	31.12.2022	31.12.2021
<b>Assets</b>		
Liquid assets	213,760	2,104,698
Receivables owed by banks	1,464,991	534,101
→ of which receivables due on demand	93,286	180,106
→ of which other receivables	1,371,705	353,995
Receivables owed by clients	458,563	502,201
→ of which mortgage receivables	193,105	176,626
Debt securities and other fixed-interest securities	178,547	153,254
→ of which debt securities from public issuers	108,443	91,921
→ of which debt securities from other issuers	70,104	61,333
Shares and other non-fixed-interest securities	56,685	69,995
Holdings	593	100
Shares in affiliated companies	-	-
Intangible assets	-	-
Property, plant and equipment	9,312	9,152
Other assets	96,861	85,012
Accruals and deferrals	5,028	2,899
<b>Total assets</b>	<b>2,484,339</b>	<b>3,461,412</b>

## Balance sheet

in TCHF	31.12.2022	31.12.2021
<b>Liabilities</b>		
Liabilities owed to banks	346,161	16,732
→ of which liabilities due on demand	346,161	16,732
→ of which with agreed term or notice period	-	-
Liabilities owed to clients	1,919,525	3,241,980
→ of which savings deposits	-	-
→ of which other liabilities due on demand	1,795,486	3,191,895
→ of which other liabilities with agreed term or notice period	124,040	50,085
Securitised liabilities	42,174	54,629
→ of which medium-term bonds	5,914	11,203
→ of which other securitised liabilities	36,260	43,426
Other liabilities	47,320	28,636
Accruals and deferrals	11,155	10,473
Provisions	2,833	2,358
→ of which tax provisions	2,833	2,358
→ of which other provisions	-	-
Provisions for general banking risks	24,300	18,800
Subscribed capital	25,810	25,713
Capital reserves	5,643	5,425
Retained earnings	49,166	46,853
→ of which legal reserves	6,000	6,000
→ of which other reserves	43,166	40,853
Profit carried forward	-	-
Profit	10,252	9,814
<b>Total liabilities</b>	<b>2,484,339</b>	<b>3,461,412</b>

## Income statement from 1 January to 31 December 2022

in TCHF	2022	2021
<b>Positions</b>		
Interest income	23,931	12,725
→ of which from fixed-interest securities	3,068	483
Interest expense *	3,159	4,949
Current income from securities	4,193	29
→ of which shares and other non-fixed-interest securities	4,193	29
Income from commission and service transactions	47,541	50,547
→ of which commission income from the lending business	222	176
→ of which commission income from securities and investment operations	28,415	35,803
→ of which commission income from other service transactions	18,904	14,568
Commission expenditure	-15,117	-15,746
Profit from financial operations	9,901	14,330
→ of which from trading transactions	15,739	11,277
Other operating income	2,914	4,697
Bank expenditure	-48,676	-40,848
→ of which personnel expenditure	-32,056	-26,938
→ of which operating expenditure	-16,621	-13,910
Depreciation of intangible assets and property, plant and equipment	-338	-683
Other operating expenditure	-1,708	-1,684
Valuation allowances on claims and transfers to provisions for contingencies and credit risks	-7,796	-14,894
Income from the reversal of valuation allowances on receivables and from the reversal of provisions for contingent liabilities and credit risks	-	-
Depreciation of holdings, shares in affiliated companies and securities treated as non-current assets	-	-723
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	1,196
<b>Income from normal business activities</b>	<b>18,003</b>	<b>13,894</b>
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income taxes	-2,250	-1,680
Other taxes	-	-
Allocations to provisions for general banking risks	-5,500	-2,400
<b>Profit from 1 January to 31 December 2022</b>	<b>10,252</b>	<b>9,814</b>

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



## Off-balance sheet transactions

in TCHF	Financial year	Previous year
<b>Off-balance sheet items</b>		
<b>Contingent liabilities</b>		
Liabilities from guarantees and warranty agreements as well as liability from the provision of collateral	2,766	4,506
<b>Total contingent liabilities</b>	<b>2,766</b>	<b>4,506</b>
<b>Derivative financial instruments</b>		
Contract volume	1,738,940	1,209,930
Positive replacement values	16,004	7,416
Negative replacement values	-20,538	-6,731
<b>Fiduciary transactions</b>		
Fiduciary transactions	75,576	99,093
Fiduciary loans	-	-
<b>Total fiduciary transactions</b>	<b>75,576</b>	<b>99,093</b>

## Cash flow statement

in TCHF	Financial year		Previous year	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from operating result (internal financing)</b>				
Profit for the year	10,252	-	9,814	-
Depreciation of securities held as current assets	6,965	-	-	-
Depreciation of securities held as non-current assets	1,247	2,931	-	-
Depreciation and write-ups of investments	-	-	712	-
Depreciation of intangible assets and property, plant and equipment	338	-	42	-
Valuation allowances and provisions	7,905	620	-	10,745
Provisions for taxes	2,250	1,776	910	-
Provisions for general banking risks	5,500	-	2,400	-
Accrued income and prepaid expenditure	-	2,129	154	-
Accrued expenditure and deferred income	682	-	2,610	-
Distribution of previous year dividend	-	7,500	-	4,370
Distribution of interim dividend	-	-	-	-
<b>Balance</b>	<b>20,184</b>	<b>-</b>	<b>1,527</b>	<b>-</b>
<b>Cash flow from equity transactions</b>				
Capital increase	98	-	243	-
Premium from capital increase	218	-	3,485	-
<b>Balance</b>	<b>316</b>	<b>-</b>	<b>3,728</b>	<b>-</b>
<b>Cash flow from fixed-asset transactions</b>				
Shares in affiliated companies	-	-	-	-
Holdings	-	493	-	812
Real estate	-	-	-	-
Other property, plant and equipment	-	498	-	-
Intangible non-current assets	-	-	-	-
Securities and precious metals held as non-current assets	151,657	175,267	81,251	128,861
<b>Balance</b>	<b>-</b>	<b>24,601</b>	<b>-</b>	<b>48,422</b>

in TCHF	Financial year		Previous year	
	Source of funds	Use of funds	Source of funds	Use of funds

### Cash flow from banking business

#### Medium- and long-term business (>1 year)

Medium-term bonds	-	5,289	-	284
Other securitised liabilities	-	-	-	4,133
Receivables owed by clients	-	-	-	-
Mortgage receivables	-	14,035	2	-

#### Short-term business

Liabilities owed to banks	329,429	-	-	11,287
Liabilities owed to clients (other liabilities)	-	1,322,454	2,058,125	-
Medium-term bonds	-	-	-	-
Other securitised liabilities	-	7,166	6,317	-
Other liabilities	18,684	-	-	60,912
Receivables owed by banks	-	930,890	-	216,149
Receivables owed by clients	52,832	-	9,490	-
Mortgage receivables	-	2,444	-	37,275
Shares and other non-fixed-interest securities	6,348	-	8,145	-
Other assets	-	11,849	23,818	-
<b>Balance</b>	<b>-</b>	<b>1,886,835</b>	<b>1,775,856</b>	<b>-</b>

#### Liquidity

Liquid assets	-	1,890,937	1,732,689	-
<b>Balance</b>	<b>-</b>	<b>1,890,937</b>	<b>1,732,689</b>	<b>-</b>

Jonas Gantenbein

Senior Relationship Manager Blockchain Banking



## Notes on business activities and headcount

### All business segments contributed to the success

Bank Frick is an entrepreneurial and innovative bank for financial intermediaries and professional clients. The digital transformation belongs to the essence of Bank Frick, along with personal contact with our clients.

Bank Frick has four strategic business segments: Classic Banking, Blockchain Banking, Funds and Capital Markets, and E-Commerce. Our specialist departments boast outstanding specialist expertise in the field of

regulated blockchain banking, in the development of fund solutions, in the tokenisation of shares, in the setting up of capital market issues – and, of course, in conventional banking. We also provide a wealth of expertise in the area of credit card acquiring.

Bank Frick was very successful in 2022, closing the financial year with a profit of CHF 10.3 million. All these business segments contributed to our outstanding annual results. In the conventional financial world, interest in blockchain-based assets also continued to grow last year. The topics of cryptocurrencies and blockchain have entered the consciousness of the general public.






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The company's offer in the blockchain sector has been appreciably well received and utilised by the market.

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### Classic Banking

In reporting year 2022, Classic Banking put its focus on professional services for financial intermediaries such as fiduciaries, asset managers, insurance companies, lawyers and corporate service providers. Due to the repayment of obligations of individual clients, the Classic Banking division recorded a net outflow of CHF 194.6 million in client assets in the reporting year. Total income in 2022 was nevertheless higher than in the previous year.

Classic Banking honed and defined its target client markets last year and developed a strategy with clear action areas and goals for the next 24 months. We will remain on the road to success in 2023 with greater focus on financial intermediaries in Liechtenstein and Switzerland as well as new markets and products for private clients, non-commercial clients and commercially active corporate clients.

### Blockchain Banking

The Blockchain Banking department concerns itself with the latest trends and innovations in the world of blockchain. Our experts in the area of blockchain technology are the first point of contact for potential new clients and partner projects.

Despite great turbulence in the market, the reporting period was very successful for Blockchain Banking. We were able to attract a new and exciting client base and experienced an uptick in enquiries.

Due to geopolitical uncertainties in Europe and generally poor macroeconomic conditions, the rise in cryptocurrencies expected by the market failed to materialise. The "crypto winter" was also caused in part by self-inflicted crises in the crypto industry, leading to market exits on the part of some major participants in the blockchain world and creating additional uncertainty. As a fully regulated bank, we support the industry's calls for more regulation.

In addition to serving our existing clients, we were able to acquire exciting new clients. We generated good income for the Bank and were able to further expand our business. In 2022, it was also possible to increase income from trading, payment transactions and custody. The Bank, especially the Blockchain Banking department, was able to generate additional income also due to changes in the interest rate environment.

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 towards steady convergence of the areas of classic banking and blockchain banking could also be clearly observed in 2022.

Preparatory work for new products to be launched in 2023 was carried out during the reporting year. We are confident that with these innovations and the change in the interest rate environment, we will be able to make 2023 exciting and successful.

Chiara Rossi

Junior Personal Advisor FCM



Fabian Rudolf

Relationship Manager Real Estate





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We were able to conclude 11 new custodian mandates with Liechtenstein funds.

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### Fund and Capital Markets

The Fund and Capital Markets department is responsible for the development, management and monitoring of individually designed financial instruments. The teams specialise in servicing fund structures and issuers of securities in the EU and EEA.

In the area of Fund Services, we can also look back on very gratifying developments in this reporting year. A total of 11 new custodian mandates were concluded with Liechtenstein funds, corresponding to an increase of roughly 11.5% to 107 funds. From the perspective of business volume, we were able to maintain a stable level of roughly CHF 1.5 billion despite the adverse market circumstances and the associated corrections in valuation.

The picture is similar in the area of Capital Markets, with the number of accompanied securities issues rising from 114 to 155 and the number of issuers also increasing from 24 to 34. The difficult market developments had a negative impact on business volume in this area as well. Financial market developments affected a significant proportion of financial products, including Exchange Traded Notes (ETNs) and Actively Managed Certificates (AMCs).

At the end of 2022, the business volumes in this area amounted to CHF 1.677 billion (CHF 2.3 billion as of 31 December 2021). This decline can be explained in particular by falling prices in the crypto sector.



## E-Commerce

Since 2012, Bank Frick has been the only Liechtenstein institution to be a Principal Member of Visa and MasterCard. So far, we have exclusively focused on acquiring services for merchants and business owners who wish to offer credit card payment options. As the payment partner for the EEA/EU zone, the E-Commerce department ensures that incoming payments are promptly booked. This department also accompanies its clientèle during onboarding, integration and ongoing day-to-day business.

The E-Commerce department continued to grow in both volume and transactions in 2022. The processing volume increased by 25% compared to 2021. The number of transactions also increased by 20%. Over the same period, our key risk indicators related to chargebacks and fraud decreased.

## Headcount

The headcount as of 31 December 2022 was 196 employees (175 full-time equivalents, FTEs) (2021: 168 [153 FTEs]). The number of employed persons has therefore increased by 16.7% in 2022. The increase in headcount is in line with the planning for 2022 and resulted from the systematic implementation of a growth strategy.

The rapid growth goes hand in hand with various challenges for the entire organisation. We were particularly concerned with the organisation's focus on the optimal execution of processes. This required new employees to be integrated into its teams in the best possible way, and technological infrastructure to be adapted and improved. These challenges will continue to accompany us in 2023.

We planned to create around 50 new jobs in 2023, so some 250 employees will be working for Bank Frick by the end of the year.

## Holdings

Bank Frick's active holdings are presented below. Information on the other holdings Tradico AG (in Liq.) (Ruggell), DisrupTech AG (Vaduz), BF RECEIPTS Limited (London), MZ-Holding AG (Balzers) and PRILLER IMMO AG (Munich) can be found on page 44.

## 21.finance AG

As of 31 December 2022, we hold a stake of 19.61% in 21.finance AG. 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.

## 21.funds SICAV

We hold a 100% stake in 21.funds SICAV. The purpose of 21.funds SICAV is to invest and manage eligible assets. Subject to the restrictions laid down in the Liechtenstein Alternative Investment Fund Managers Act (AIFMG), the investment company may take all measures and actions it deems appropriate to achieve its corporate purpose.

## Cadeia GmbH

Bank Frick holds an 8.3% 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.

Dorđe Žarković

Personal Advisor FCM



Nico Bühler

Relationship Manager Real Estate



# Risk management

**The success and stability of the Bank fundamentally requires efficient risk management. An essential component of Bank Frick's business model is to take calculable and well-monitored risks. We do this by paying attention to risk diversification and a sufficient and sustainable risk calculation. The risk policy approved by the Board of Directors forms an integral part of the general business policy and overall bank management.**

Bank Frick deliberately takes financial risks only when it can understand and calculate them in order to take advantage of opportunities and realise returns. Conservative handling of risks is of central importance here. The institute is increasingly focusing on lower-risk business relationships by explicitly emphasising core markets and the core client base in business with private clients. New financing models and innovative e-business models are being used to deliberately take on new entrepreneurial risks.

## Capital base management

The Internal Capital Adequacy Assessment Process (ICAAP) implemented by Bank Frick ensures appropriate risk-bearing capacity and the associated capital base adequacy.

Thanks to its business model, Bank Frick has a solid capital base. The CET1 ratio of 20.1% on 31 December 2022 was well above the lower limit of roughly 10.5% required by the Financial Market Authority (FMA) Liechtenstein.

The leverage ratio was 4.2% as of the reporting date and therefore also significantly above the regulatory requirement of 3.0%. To enable further balance sheet growth, which is limited by the leverage ratio, the capital base was increased by around 5% by the end of 2022.

## Liquidity risk

The Internal Liquidity Adequacy Assessment Process (ILAAP) implemented by Bank Frick ensures appropriate interplay between liquidity management and liquidity risk management and therefore the existence of sufficient liquidity. In this context, liquidity management ensures optimal liquidity control. In turn, liquidity risk management is responsible for setting limits and monitoring liquidity.

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

Bank Frick refinances itself primarily through client deposits, so the Bank is dependent neither on the money market nor on the capital market. The connection to the repo market ensures essential flexibility for solvency and refinancing.

In terms of liquidity, the most significant risk is the fact that the refinancing mainly consists of liabilities owed to clients, mostly from the crypto industry, which are due on demand. This represents a cluster risk that is taken into account in the investment strategy. Bank Frick invests a sufficient volume in the money market on a short-term basis, allowing it to respond to short-term fluctuations in deposit levels.

The liquidity coverage ratio (LCR) amounted to 176% as of 31 December 2022, which was well above the regulatory minimum of 100%.

At the end of the year, the Net Stable Funding Ratio (NSFR) was roughly 189% and therefore significantly over the applicable regulatory limit of 100%.

Bank Frick has a stress-testing framework that simulates the effects of various stress scenarios on the liquidity of the Bank. The goal is to ensure that the company remains resilient in times of crisis. In the course of the scenario analyses, alternative sources of financing were also defined to ensure sufficient liquidity in situations of extreme stress.

## Credit risk

Bank Frick's credit portfolio follows the approach of diversification and therefore implements a risk-conscious credit 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.

As of 31 December 2022, receivables owed by clients amounted to some CHF 459 million, which represents a reduction of about 10% compared to the previous year.

Our collateral in the Lombard and mortgage business is deposited using standard, conservative bank collateral values and monitored on an ongoing basis. The main markets for mortgage-backed loans are Liechtenstein, Switzerland, the United Kingdom and Germany. In the United Kingdom, mortgage-backed loans mainly relate to real estate development financing.

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

## Market risk

Market risk includes interest rate and currency risks to which Bank Frick is exposed. These risks are broken down into the following four categories:

### Trading and banking book

With regard to the derivatives business, Bank Frick's focus is on hedging the interest rate and exchange rate risks in the banking book that arise from client business. The trading book holdings are to be considered intangible as a whole.

### Share price risk

The share price risk is limited since the Bank does not have its own trading book positions. The balance sheet shows that the proportion of shares and other non-fixed-interest securities in relation to total securities is around 24%.

### Interest rate risk

Due to its specific balance sheet structure, the institution only engages in maturity transformation to a limited extent. Client deposits due on demand are invested in the money market. Accordingly, the resultant interest rate risk is low, and the six regulatory interest rate shocks do not have any significant effects on profit and loss.

## 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 per currency. The total of all open foreign currency positions held overnight must not exceed CHF 3 million. This essentially helps to minimise the exchange rate risk. Bank Frick uses the standard approach in accordance with Article 325 et seqq. of the CRR to calculate equity capital requirements for market risks.

## Operational risk

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

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 sudden internal or external events of strategic magnitude.

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

## Strategic risk

Strategic risks are identified and managed by the Risk Management department in cooperation with the Management Board. In order to minimise risks, the goal of securing the Bank's existence in the long run is prioritised in the strategic orientation.

## Regulatory framework conditions

The Basel III reform package issued by the BCBS defines requirements for financial institutions and standards for their supervisory bodies. 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 II) and the Capital Requirements Directive (CRD IV), which form the European legal framework for banks and financial services institutions.

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 therefore have a significant impact on the future of Bank Frick's blockchain banking.

Bank Frick was the first company in Liechtenstein to be registered by the FMA as a token issuer, token creator, TT identity service provider and TT token custodian pursuant to Article 12(1) and (2) of the Law on Tokens and TT Service Providers of 3 October 2019 (TTTL).

## Regulatory disclosure

Detailed information can be found in the disclosure report as per EU Regulation 575/2013 (Capital Adequacy Regulation), Part 8, Article 431 to 455, at [www.bankfrick.li/de/downloads](http://www.bankfrick.li/de/downloads) or [www.bankfrick.li/en/downloads](http://www.bankfrick.li/en/downloads).

Kurt Hanselmann

Team Leader Treasury





# 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 Müdle (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 conflicts of interest are avoided.

The Management Board takes decisions on an equal footing in their weekly Board meetings. Management Board members and department heads draw up the agenda to ensure that 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.

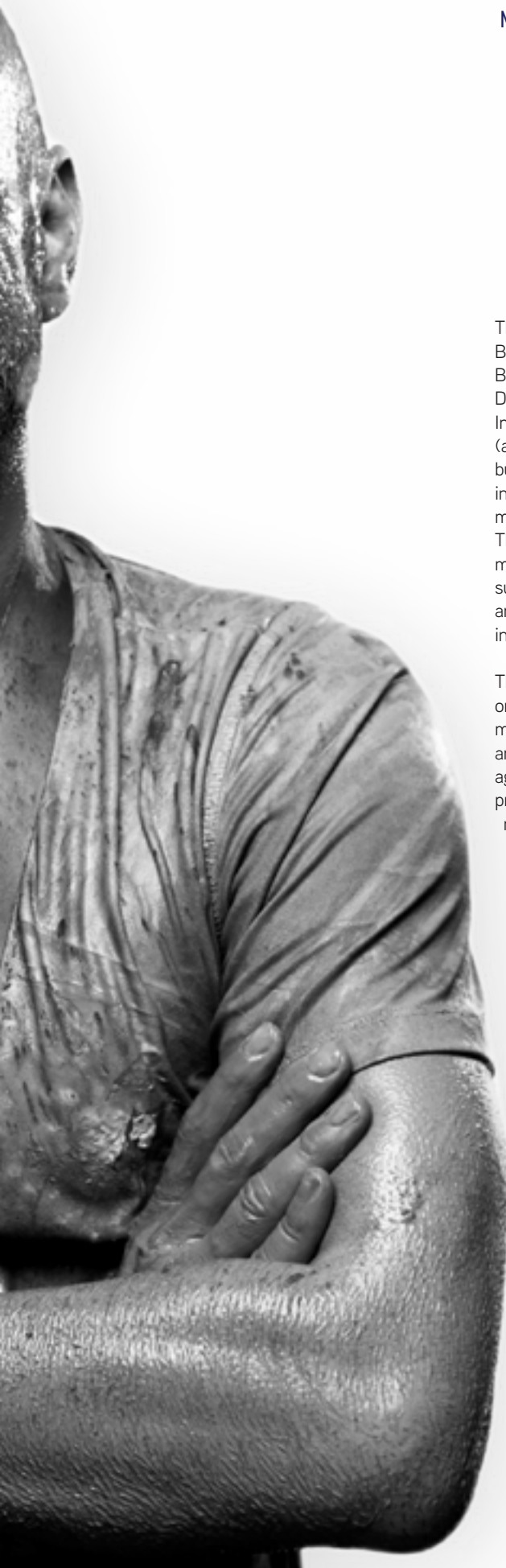
### Process of regular review of relevant regulations

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 drawn up or revised, it must be reviewed by the Compliance staff unit before 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. The Board of Directors therefore took care to include Dr Mario Frick, a lawyer and expert in the fiduciary sector, Roland Frick, an expert in the accounting and bookkeeping sector, and Rolf Jermann, an expert from the credit and general banking sector. 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. Marianne Müller, Director at SWA Swiss Auditors AG, Zurich, was elected to the Board of Directors in May 2022.



Ayse Kurtulan

Account Manager UK Branch



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 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 using 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 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 additional activities, information on these changes is also communicated via other channels. The Board of Directors brings together sufficient knowledge of accounting, financial controlling, lending, legal matters, international group structures and fintech companies to allow for adequate ongoing monitoring without intervening in ongoing business. The Board of Directors regularly commissions Internal Audit to examine specific 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 Management Board and the Finance department prepares the Annual Report. 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. The Bank employs qualified staff who are expected to work to the best of their abilities. The fixed component of the salary generally 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. The Management Board notifies the Chairman and Vice-Chairman of the Board of Directors in advance of the reasons for allocating any special payments.

At this meeting, the general remuneration policy and the development of profits are also analysed. Safeguarding the company's future, increasing the Bank's 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.

# Accounting and valuation principles for the financial statement

## Basic principles

Accounting, reporting and valuation are conducted in accordance with the provisions of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht – PGR*) and Liechtenstein Banking Act (*Bankengesetz – BankG*), 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 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 on their 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 in accordance with 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. Holdings 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 that are to be held to maturity, the accrual method is used for valuation. With this method, the premium or discount is accrued or deferred over the term held. Interest income is shown under the “interest earned” item. Securities without fixed interest are valued in accordance with 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.

### Shares in affiliated companies and holdings

The subsidiary BF Receipts Ltd. (100% stake), MZ-Holding AG (100% share), Priller Immo AG (94.12% stake), 21.finance AG (19.61% stake), 21.funds SICAV (100% stake), Tradico AG in liquidation (100% stake), DisrupTech AG (10%) and Cadeia GmbH (8.30%) are valued in accordance with the principle of acquisition price less operationally necessary valuation allowances.

### 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 forward 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.

# Balance sheet information

## Selected foreign currency rates (average balance sheet rates) as of 31.12.2022

in CHF	Financial year	Previous year	in CHF	Financial year	Previous year
EUR	0.9857	1.0339	JPY	0.7006	0.7926
USD	0.9241	0.9123	CAD	0.6827	0.7169
GBP	1.1122	1.2312	ZAR	0.0545	0.0573

## Collateral overview

in TCHF	Collateral type			
	Mortgage	Other	Without	Total
<b>Loans</b>				
Receivables owed by clients (without mortgage receivables)	15,642	159,854	89,962	265,458
<b>Total loans</b>	<b>15,642</b>	<b>159,854</b>	<b>89,962</b>	<b>265,458</b>
<b>Mortgage receivables</b>				
Residential properties	152,257	–	–	152,257
Office and commercial buildings	16,280	–	–	16,280
Commercial and industrial	16,115	–	–	16,115
Other	8,452	–	–	8,452
<b>Total mortgage receivables for the financial year</b>	<b>193,105</b>	<b>–</b>	<b>–</b>	<b>193,105</b>
<b>Total loans for the financial year</b>	<b>208,747</b>	<b>159,854</b>	<b>89,962</b>	<b>458,563</b>
Previous year	194,291	176,932	130,979	502,201
<b>Off-balance sheet</b>				
Contingent liabilities	–	1,978	789	2,766
Irrevocable commitments	–	–	–	–
Obligations to pay in and make additional contributions	–	–	–	–
Commitment credits	–	–	–	–
<b>Total off-balance sheet for the financial year</b>	<b>–</b>	<b>1,978</b>	<b>789</b>	<b>2,766</b>
Previous year	3,450	229	827	4,506
in TCHF	Gross debt	Estimated liquidation proceeds of the collateral	Net debt	Individual value allowances
<b>Impaired receivables</b>				
<b>Financial year</b>	<b>30,191</b>	<b>–</b>	<b>–</b>	<b>30,191</b>
Previous year	26,703	–	–	26,703

## Securities and precious metals held as current assets (excluding trading portfolio)

in TCHF	Carrying amount		Acquisition value		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt securities	-	-	-	-	-	-
→ of which own bonds and medium-term bonds	-	-	-	-	-	-
Equity securities*	56,685	69,995	70,402	76,736	67,576	77,564
→ of which qualified holdings of at least 10% of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>56,685</b>	<b>69,995</b>	<b>70,402</b>	<b>76,736</b>	<b>67,576</b>	<b>77,564</b>
Lent securities and precious metals held as current assets (excluding trading portfolios, receivables owed by banks and receivables owed by clients)	-	-	-	-	-	-

\* Fund units, of which TCHF 15,109 (at carrying amount) unlisted.

## Securities and precious metals held as non-current assets

in TCHF	Carrying amount		Acquisition value		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt securities "accrual method"	178,547	153,254	186,896	160,664	175,621	157,459
→ of which own bonds and medium-term bonds	-	-	-	-	-	-
→ of which valued in accordance with the "accrual method"	178,547	153,254	186,896	160,664	175,621	157,459
→ of which assessed in accordance with lower value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Equity securities	593	100	2,590	2,569	593	100
→ of which qualified holdings of at least 10% of the capital or voting rights	100	100	1,105	1,552	100	100
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>179,140</b>	<b>153,354</b>	<b>189,486</b>	<b>163,233</b>	<b>176,214</b>	<b>157,559</b>
→ of which eligible securities	29,488	19,185	32,351	21,128	27,477	19,753

## Fixed asset schedule

in TCHF	Acquisition value previous year	Depreciation accumulated to date	Carrying amount at end of previous year	Financial year					Carrying amount at end of financial year
				Investments	Disinvestments	Transfers	Write-ups	Depreciation	
Total shares in affiliated companies	-	-	-	-	-	-	-	-	-
Holdings	812	712	100	493	-	-	-	-	593
Total securities and precious metals held as non-current assets	160,664	7,410	153,254	175,267	151,656	-3	2,931	1,247	178,547
Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate									
→ Bank buildings	12,617	4,202	8,415	-	-	-	-	134	8,280
→ Other properties	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	4,904	4,166	738	498	-	-	-	203	1,033
<b>Total property, plant and equipment</b>	<b>17,521</b>	<b>8,368</b>	<b>9,152</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>9,313</b>
Fire insurance value of property, plant and equipment (buildings) for the reporting year									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 year									4,800
Fire insurance value of other property, plant and equipment for the previous year									4,800

The depreciations were made on the basis of economic considerations.

## Holdings and shares in affiliated companies

in 1,000	Capital base		Ownership stake	
	Financial year	Previous year	Financial year	Previous year
<b>BF RECEIPTS Limited*, London</b>				
Share capital and reserves (in GBP)	8	7	100%	100%
Profit for the year* (in GBP)	1	1		
<b>MZ-Holding AG*, Balzers</b>				
Share capital and reserves (in EUR)	-1,654	-1,548	100%	100%
Profit for the year (in EUR)*	-9	1,794		
<b>REAL PRO INV. LTD*, Malta</b>				
Share capital and reserves (in EUR)	-	4	0%	100%
Profit for the year** (in EUR)	-	-		
<b>STEAMBOAT SA*, Paradiso</b>				
Share capital and reserves (in CHF)	-	100	0%	15%
Profit for the year** (in CHF)	-	-		
<b>PRILLER IMMO AG*, Munich</b>				
Share capital and reserves (in EUR)	-124	-98	94.12%	94.12%
Profit for the year* (in EUR)	-23	-25		
<b>21.finance AG*, Ruggell</b>				
Share capital and reserves (in CHF)	-	1,879	19.61%	19.61%
Profit for the year** (in CHF)	-	-2,454		
<b>21.funds SICAV*, Gamprin-Bendern</b>				
Share capital and reserves (in CHF)	-	80	100%	100%
Profit for the year** (in CHF)	-	-14		
<b>Tradico AG*, Ruggell</b>				
Share capital and reserves (in EUR)	-522	1,399	100%	100%
Profit for the year** (in EUR)	7	-1,921		
<b>DisrupTech AG*, Vaduz</b>				
Share capital and reserves (in CHF)	-	66	10%	10%
Profit for the year** (in CHF)	-	-296		
<b>Cadeia GmbH*, Munich</b>				
Share capital and reserves (in EUR)	-	1,455	8.3%	6.59%
Profit for the year** (in EUR)	-	-359		

The consolidation was not included on the basis of Article 1104(1)(3) of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht – PGR*).

\* Without market value.

\*\* The 2022 annual financial statements were not yet available at the time the tables were prepared.



## Disclosure of premiums and discounts on securities valued in accordance with the accrual method

<b>in TCHF</b>	<b>Financial year</b>	<b>Previous year</b>	<b>in TCHF</b>	<b>Financial year</b>	<b>Previous year</b>
Premium	381	710	Discount	721	583

## Details of assets pledged or assigned as security for own liabilities and liabilities of third parties (including contingent liabilities) as well as assets subject to retention of title

<b>in TCHF</b>	<b>Financial year</b>		<b>Previous year</b>	
	Carrying amount	of which used	Carrying amount	of which used
Securities (financial assets)*	106,345	–	84,393	–
Receivables owed by banks	51,931	–	38,566	–
<b>Total</b>	<b>158,275</b>	<b>–</b>	<b>122,960</b>	<b>–</b>

\* Nominal values.

## Valuation allowance and provisions/ provisions for general banking risks

in TCHF	Status at end of previous year	Use for the intended purpose	Change of purpose (transfers)	Recoveries, interest at risk, currency differences	New provision charged to the income statement	Reversal in favour of the income statement	Status at end of financial year
Valuation allowances for default risks:							
→ Individual value allowances*	26,704	575	1,226	807	2,075	45	30,191
→ General individual value allowances	-	-	-	-	-	-	-
→ General value allowances	3,478	-	-1,226	-	5,023	-	7,275
Only valuation allowances permitted by tax law	-	-	-	-	-	-	-
Provisions for contingent liabilities and credit risks	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-
Provisions for taxes and deferred taxes	2,358	1,776	-	-	2,250	-	2,833
Other provisions	-	-	-	-	-	-	-
<b>Total valuation allowances and provisions</b>	<b>32,539</b>	<b>2,351</b>	<b>-</b>	<b>807</b>	<b>9,349</b>	<b>45</b>	<b>40,299</b>
Less value allowances directly offset against assets	30,181	575	-	-807	7,098	45	37,466
<b>Total provisions as shown on the balance sheet</b>	<b>2,358</b>	<b>1,776</b>	<b>-</b>	<b>-</b>	<b>2,251</b>	<b>-</b>	<b>2,833</b>
<b>Provisions for general banking risks</b>	<b>18,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>24,300</b>

\* A significant portion of the new individual valuation allowance was created for a large loan.

Lia Canal

Team Leader Financial and Regulatory Reporting



## Share capital

in TCHF	Financial year			Previous year		
	Total nominal value	Number	Capital entitled to dividends	Total nominal value	Number	Capital entitled to dividends
Share capital	20,000	40,000	20,000	20,000	40,000	20,000
Participation capital	5,810	11,620	5,810	5,713	11,425	5,713
<b>Total share capital</b>	<b>25,810</b>	<b>51,620</b>	<b>25,810</b>	<b>25,713</b>	<b>51,425</b>	<b>25,713</b>

## Significant shareholders and groups of shareholders with voting rights

in TCHF	Financial year		Previous year	
	Nominal	Share in %	Nominal	Share in %
<b>With voting rights</b>				
Kuno Frick Family Foundation, Balzers	20,000	100	20,000	100
<b>Total</b>	<b>20,000</b>	<b>100</b>	<b>20,000</b>	<b>100</b>
<b>Without voting rights</b>				
PC capital	5,810	100	5,713	100
<b>Total</b>	<b>5,810</b>	<b>100</b>	<b>5,713</b>	<b>100</b>

## Appropriation of profit

in TCHF	Financial year	Previous year
Profit for the year	10,252	9,814
Profit carried forward	-	-
<b>Available earnings</b>	<b>10,252</b>	<b>9,814</b>
<b>Appropriation of profit</b>		
Allocation to legal reserves	-	-
Allocation to free reserves	2,252	2,314
Distribution to share capital	8,000	7,500
<b>Profit carried forward</b>	<b>-</b>	<b>-</b>

## Statement of capital base

in TCHF

2022

### Capital base at the beginning of the financial year

Subscribed capital	25,713
<b>Subtotal of paid-in subscribed capital</b>	<b>25,713</b>
Capital reserves	5,425
Legal reserves	6,000
Statutory reserves	–
Other reserves	40,853
Provisions for general banking risks	18,800
Available earnings	9,814
<b>Total capital base at the beginning of the financial year (before appropriation of profit)</b>	<b>106,605</b>
+ Capital increase	98
+ Premium	218
+ Allocation to provisions for general banking risks	5,500
– Dividends and other distributions from the previous year's profit	–7,500
– Interim dividend	–
+ Profit for the financial year	10,252
<b>Total capital base at the end of the financial year (before appropriation of profit)</b>	<b>115,173</b>
→ of which subscribed capital	25,810
→ of which paid-in subscribed capital	25,810
→ of which capital reserves	5,643
→ of which legal reserves	6,000
→ of which statutory reserves	–
→ of which other reserves	43,166
→ of which provisions for general banking risks	24,300
→ of which available earnings	10,252

## Maturity structure of assets as well as liabilities and provisions

in TCHF	At sight	Callable	Due within				Immo- bilised	Total
			0–3 m.	3–12 m.	1–5 y.	5–∞ y.		
<b>Assets</b>								
Liquid assets	213,760	–	–	–	–	–	–	213,760
Receivables owed by banks	93,286	167,255	1,204,450	–	–	–	–	1,464,991
Receivables owed by clients	62,678	–	351,970	12,329	9,750	21,836	–	458,563
→ of which mortgage receivables	–	–	159,919	1,600	9,750	21,836	–	193,105
Securities and precious metals held as current assets (excluding trading portfolios)	56,685	–	–	–	–	–	–	56,685
Securities and precious metals held as non-current assets	6,445	–	75,268	21,530	56,412	18,891	–	178,547
Other assets	102,023	–	–	155	259	45	9,312	111,794
<b>Total assets in the financial year</b>	<b>534,877</b>	<b>167,255</b>	<b>1,631,689</b>	<b>34,013</b>	<b>66,422</b>	<b>40,772</b>	<b>9,312</b>	<b>2,484,339</b>
<b>Previous year</b>	<b>2,721,002</b>	<b>130,806</b>	<b>560,448</b>	<b>22,287</b>	<b>5,066</b>	<b>12,652</b>	<b>9,152</b>	<b>3,461,412</b>
<b>Liabilities</b>								
Liabilities owed to banks	346,161	–	–	–	–	–	–	346,161
Liabilities owed to clients								
a) Savings deposits	–	–	–	–	–	–	–	–
b) Other liabilities	1,795,477	69,733	41,523	12,792	–	–	–	1,919,525
Securitised liabilities								
a) Debt securities issued	–	–	–	–	5,914	–	–	5,914
→ of which medium-term bonds	–	–	–	–	5,914	–	–	5,914
b) Other securitised liabilities	34,379	–	–	–	1,881	–	–	36,260
Provisions	2,833	–	–	–	–	–	–	2,833
Other liabilities	58,475	–	–	–	–	–	–	58,475
<b>Total liabilities in the financial year</b>	<b>2,237,325</b>	<b>69,733</b>	<b>41,523</b>	<b>12,792</b>	<b>7,795</b>	<b>–</b>	<b>–</b>	<b>2,369,167</b>
<b>Previous year</b>	<b>3,287,545</b>	<b>–</b>	<b>40,635</b>	<b>18,412</b>	<b>8,127</b>	<b>–</b>	<b>–</b>	<b>3,354,808</b>

### Selected balance sheet items maturing in the 2022 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 Debt securities issued	–	–

Andreas Näscher

Head of Client Services



## Breakdown of assets and liabilities by location

in TCHF	Financial year		Previous year	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	126,820	86,940	198,096	1,906,602
Receivables owed by banks	1,315,518	149,473	397,421	136,680
→ of which receivables due on demand	62,769	30,517	121,920	58,186
→ of which other receivables	1,252,750	118,956	275,501	78,494
Receivables owed by clients	214,221	244,342	199,080	303,121
→ of which mortgage receivables	118,164	74,941	104,294	72,331
Debt securities and other fixed-interest securities	40,084	138,463	20,614	132,640
→ of which debt securities from public issuers	15,231	93,212	-	91,921
→ of which debt securities from other issuers	24,853	45,251	20,614	40,719
Shares and other non-fixed-interest securities	34,512	22,173	60,241	9,754
Holdings	100	493	100	-
Shares in affiliated companies	-	-	-	-
Intangible assets	-	-	-	-
Property, plant and equipment	9,312	-	9,152	-
Other assets	95,783	1,079	84,981	31
Accruals and deferrals	4,858	169	2,687	212
<b>Total assets</b>	<b>1,841,207</b>	<b>643,132</b>	<b>972,372</b>	<b>2,489,040</b>
Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance ( <i>Bankenverordnung – BankV</i> ).				
<b>Liabilities</b>				
Liabilities owed to banks	2,359	343,802	5,894	10,838
→ of which liabilities due on demand	2,359	343,802	5,894	10,838
→ of which with agreed term or notice period	-	-	-	-
Liabilities owed to clients	601,050	1,318,475	757,401	2,484,579
→ of which savings deposits	-	-	-	-
→ of which other liabilities due on demand	514,618	1,280,859	754,306	2,437,589
→ of which other liabilities with agreed term or notice period	86,432	37,616	3,094	46,990
Securitised liabilities	42,174	-	54,629	-
→ of which medium-term bonds	5,914	-	11,203	-
→ of which other securitised liabilities	36,260	-	43,426	-
Other liabilities	41,798	5,522	28,545	91
Accruals and deferrals	11,109	46	10,443	29
Provisions	2,833	-	2,358	-
→ of which tax provisions	2,833	-	2,358	-
→ of which other provisions	-	-	-	-



Provisions for general banking risks	24,300	–	18,800	–
Subscribed capital	25,810	–	25,713	–
Capital reserves	5,643	–	5,425	–
Retained earnings	49,166	–	46,853	–
→ of which legal reserves	6,000	–	6,000	–
→ of which other reserves	43,166	–	40,853	–
Profit carried forward	–	–	–	–
Profit for the year	10,252	–	9,814	–
<b>Total liabilities</b>	<b>816,494</b>	<b>1,667,845</b>	<b>965,874</b>	<b>2,495,538</b>

## Assets and liabilities by country

in TCHF	Financial year		Previous year	
	Nominal	Share in %	Nominal	Share in %
<b>Assets</b>				
Switzerland	1,586,000	63.83	696,749	20.13
Europe	501,804	20.19	2,265,026	65.44
Liechtenstein	255,013	10.26	258,595	7.47
North America	92,044	3.70	154,577	4.47
Caribbean	18,347	0.73	20,216	0.58
Asia	14,156	0.56	14,640	0.42
Oceania	13,520	0.54	47,981	1.38
Africa	2,946	0.11	3,094	0.09
Latin America	510	0.02	534	0.02
<b>Total</b>	<b>2,484,339</b>	<b>100.00</b>	<b>3,461,412</b>	<b>100.00</b>
<b>Liabilities</b>				
Europe	1,020,142	41.06	2,210,153	63.85
Liechtenstein	670,031	26.97	744,451	21.51
North America	347,459	13.98	15,245	0.44
Caribbean	244,436	9.83	219,875	6.35
Switzerland	146,463	5.89	221,423	6.40
Africa	27,143	1.09	6,586	0.19
Oceania	12,173	0.48	8,906	0.26
Asia	10,368	0.41	24,309	0.70
Latin America	6,125	0.24	10,465	0.30
<b>Total</b>	<b>2,484,339</b>	<b>100.00</b>	<b>3,461,412</b>	<b>100.00</b>

## Details regarding 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 TCHF	Financial year	Previous year
<b>Receivables owed by significant shareholders</b>		
Receivables owed by clients	-	-
<b>Receivables owed by affiliated companies</b>		
Receivables owed by clients	634	2,114
<b>Liabilities owed to qualified participants</b>		
Liabilities owed to clients	1,190	1,038
Other liabilities	-	-
<b>Liabilities owed to affiliated companies</b>		
Liabilities owed to legal entities	3,492	1,738
<b>Receivables owed by close associates</b>		
Receivables owed by clients	20,571	34,374
<b>Receivables from loans to governing bodies</b>		
→ Board of Directors	1,400	-
→ Management Board	2,441	2,138

No material transactions with close associates were booked in the reporting year.  
All transactions with close associates are concluded at arm's length.

## Assets and liabilities denominated in foreign currencies converted to CHF

in TCHF	Financial year	Previous year
Assets	1,281,666	3,010,796
→ of which in EUR	754,888	2,224,520
→ of which in USD	367,181	536,225
→ of which in CAD	8,507	12,022
→ of which in GBP	128,450	153,516
→ of which in CZK	4,265	14,588
→ of which in ZAR	3,143	41,026

All foreign currency positions greater than CHF 10 million are listed in the table.

in TCHF	Financial year	Previous year
Debts	2,098,987	3,059,445
→ of which in EUR	1,176,386	1,963,168
→ of which in USD	736,814	826,383
→ of which in CAD	21,328	30,467
→ of which in GBP	128,390	164,130
→ of which in CZK	18,160	14,532
→ of which in ZAR	3,143	40,998

All foreign currency positions greater than CHF 10 million are listed in the table.

## Composition of the balance sheet items “Other assets” and “Other liabilities”

in TCHF	Financial year	Previous year
Other assets	96,861	85,012
→ Positive replacement values of forward foreign-exchange transactions	16,004	7,416
→ Balance of settlement account of replacement values of forward foreign-exchange transactions	-	-
→ Settlement accounts	80,857	77,596
Other liabilities	47,320	28,636
→ Negative replacement values of forward foreign-exchange transactions	20,538	6,731
→ Balance of settlement account of replacement values of forward foreign-exchange transactions	-4,534	685
→ Settlement accounts	31,315	21,220

## Breakdown of client assets

in TCHF	Financial year	Previous year
<b>Type of client assets</b>		
Assets in self-managed funds (investment entities)	1,536,651	1,413,057
Assets with management mandate	-	-
Other client assets	2,464,289	2,956,467
<b>Total client assets (including double-counted)</b>	<b>4,000,940</b>	<b>4,369,524</b>
→ of which double-counted	1,173,927	1,051,591
→ Net new money inflow/outflow	299,831	1,270,998

# Information regarding off-balance sheet transactions

## Contingent liabilities

in TCHF

Credit guarantees and similar instruments	2,766	1,978	789	4,506	3,679	827
Guarantees for warranty obligations and similar instruments	-	-	-	-	-	-
Irrevocable liabilities	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-

## Open derivative financial instruments

in TCHF	Financial year			Previous year		
	Replacement values		Contract volume*	Replacement values		Contract volume*
	Positive*	Negative*		Positive*	Negative*	
Forward foreign-exchange contracts	16,004	20,538	1,738,940	7,416	6,731	1,209,930

\* From trading activities.

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

## Fiduciary transactions

in TCHF

	Financial year	Previous year
Fiduciary deposits at third-party banks	75,576	99,093
Fiduciary deposits with affiliated banks and finance companies	-	-
Fiduciary loans	-	-
Other fiduciary financial transactions	-	-

## Information regarding the income statement

in TCHF	Financial year	Previous year
Income from trading activities	15,739	11,277
→ of which foreign-exchange transactions	16,851	11,913
→ of which spot transactions	-1,112	-636
→ of which securities trading	-	-
→ of which precious metal transactions	-	-
Breakdown of personnel expenditure	32,056	26,938
→ of which wages and salaries	21,247	18,696
→ of which remuneration of the Management Board and the Board of Directors	5,166	3,249
→ of which social security contributions and support	1,919	1,842
→ of which expenditure for retirement provision	1,813	1,151
→ of which other personnel expenditure	1,910	1,999
Breakdown of general expenditure	16,621	13,910
→ of which premises expenditure	1,184	880
→ of which expenditure for IT	7,152	6,587
→ of which furniture	78	112
→ of which other facilities	-	-
→ of which other bank expenditure	8,207	6,332

The return on capital as per Article 24e (1) (6) of the Liechtenstein Banking Ordinance amounts to 0.41%.

in TCHF	Financial year	Previous year
Breakdown of the item "Other operating income"	2,914	4,697
→ Income from real estate	525	510
→ Other operating income	2,389	4,187

# Audit report

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, 2022, the income statement for the year then ended, the cash flow statement and the notes to the financial statements.

In our opinion, the accompanying financial statements (pages 21 to 61) give a true and fair view of the financial position of the Bank Frick & Co. AG as at December 31, 2022 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 2022, the Bank reports loans of CHF 459 million (31 December 2021: CHF 502 million), representing the second largest asset of the Bank. Most of the receivables are covered by mortgages (42%) and securities (35%). The remaining share of 23% 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 44 (Accounting and valuation methods) and page 45 (Notes to 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.

# Audit report

## 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 Board of Directors 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 Board of Directors, 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 April 12, 2022. 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
- Regulatory audit of the depositary function according to IUG, UCITSG, AIFMG
- Audit on the requirements for the protection of shareholders according to Article 367ff PGR
- SNB-Audit

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 Confirmations pursuant to Article 196 PGR

The accompanying management report (pages 10–18) 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, 19th April 2023

Grant Thornton AG



**Egon Hutter**  
Certified Accountant  
(Auditor in charge)



**ppa Florian Koch**  
Certified Accountant

Andreas Näscher

Head of Client Services





**BANK FRICK**

**Markus Beck**

Head of Compliance



## Consolidated financial statement 2022

Gloria Frommelt-Brendle  
Head of Processing



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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 TCHF	31.12.2022	31.12.2021
<b>Assets</b>		
Liquid assets	213,760	2,104,712
Receivables owed by banks	1,464,991	534,101
→ of which receivables due on demand	93,286	180,106
→ of which other receivables	1,371,705	353,995
Receivables owed by clients	457,234	499,064
→ of which mortgage receivables	193,105	176,824
Debt securities and other fixed-interest securities	178,547	153,254
→ of which debt securities from public issuers	108,443	91,921
→ of which debt securities from other issuers	70,104	61,333
Shares and other non-fixed-interest securities	54,606	69,605
Non-consolidated holdings	493	-348
Shares in affiliated companies	-	-
Intangible assets	-	-2,565
Property, plant and equipment	9,312	9,153
Outstanding contributions to subscribed capital	-	-
→ of which called	-	-
Own shares or units	-	-
Other assets	96,973	87,160
Accruals and deferrals	5,053	2,902
<b>Total assets</b>	<b>2,480,969</b>	<b>3,457,038</b>

## Consolidated balance sheet

in TCHF	31.12.2022	31.12.2021
<b>Liabilities</b>		
Liabilities owed to banks	346,166	16,732
→ of which liabilities due on demand	346,166	16,732
→ of which with agreed term or notice period	-	-
Liabilities owed to clients	1,918,887	3,240,379
→ of which savings deposits	-	-
→ of which other liabilities due on demand	1,794,847	3,190,294
→ of which other liabilities with agreed term or notice period	124,040	50,085
Securitised liabilities	42,174	54,629
→ of which medium-term bonds	5,914	11,203
→ of which other securitised liabilities	36,260	43,426
Other liabilities	47,537	30,499
Accruals and deferrals	11,204	10,581
Provisions	2,949	2,576
→ of which tax provisions	2,949	2,576
→ of which other provisions	-	-
Provisions for general banking risks	24,300	18,800
Subscribed capital	25,810	25,713
Capital reserves	5,643	5,425
Retained earnings	54,887	47,161
→ of which legal reserves	6,000	6,000
→ of which other reserves	48,887	41,161
Minority shareholdings in capital base	-	-
Profit carried forward	-9,565	-7,989
Profit for the year of the consolidated financial statements	10,976	12,532
→ of which minority shareholdings in profit for the year	-	-
<b>Total liabilities</b>	<b>2,480,969</b>	<b>3,457,038</b>

## Consolidated income statement from 1 January to 31 December 2022

in TCHF	2022	2021
<b>Positions</b>		
Interest income	23,890	12,673
→ of which from fixed-interest securities	3,068	483
Interest expense*	3,156	4,949
Current income from securities	4,193	-319
→ of which shares and other non-fixed-interest securities	4,193	29
→ of which investments from holdings included in the consolidated financial statements using the equity method	-	-348
Income from commission and service transactions	47,539	50,545
→ of which commission income from the lending business	222	176
→ of which commission income from securities and investment operations	28,415	35,803
→ of which commission income from other service transactions	18,902	14,566
Commission expenditure	-15,110	-15,746
Profit from financial operations	9,901	14,330
→ of which from trading transactions	15,739	11,277
Other operating income	3,843	9,674
Bank expenditure	-48,747	-44,880
→ of which personnel expenditure	-32,064	-27,415
→ of which operating expenditure	-16,683	-17,464
Depreciation of intangible assets and property, plant and equipment	-416	-1,154
Other operating expenditure	-1,720	-1,684
Valuation allowances on claims and transfers to provisions for contingencies and credit risks	-8,672	-14,894
Income from the reversal of valuation allowances on receivables and from the reversal of provisions for contingent liabilities and credit risks	973	-
Depreciation of holdings, shares in affiliated companies and securities treated as non-current assets	-	-723
Income from write-ups of holdings, shares in affiliated companies and securities treated as non-current assets	-	3,847
<b>Income from normal business activities</b>	<b>18,830</b>	<b>16,617</b>
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income taxes	-2,354	-1,684
Other taxes	-	-
Allocations to provisions for general banking risks	-5,500	-2,400
<b>Profit from 1 January to 31 December 2022</b>	<b>10,976</b>	<b>12,532</b>
→ of which minority shareholdings in profit for the year	-	-

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



## Consolidated off-balance sheet transactions

in TCHF	Financial year	Previous year
<b>Off-balance sheet items</b>		
<b>Contingent liabilities</b>		
Liabilities from guarantees and warranty agreements as well as liability from the provision of collateral	2,766	4,506
<b>Total contingent liabilities</b>	<b>2,766</b>	<b>4,506</b>
<b>Derivative financial instruments</b>		
Contract volume	1,738,940	1,209,930
Positive replacement values	16,004	7,416
Negative replacement values	-20,538	-6,731
<b>Fiduciary transactions</b>		
Fiduciary transactions	75,576	99,093
Fiduciary loans	-	-
<b>Total fiduciary transactions</b>	<b>75,576</b>	<b>99,093</b>

## Consolidated cash flow statement

in TCHF	Financial year		Previous year	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from operating result (internal financing)</b>				
Profit for the year	10,976	–	12,532	–
Depreciation of securities held as current assets	6,964	–	–	–
Depreciation of securities held as non-current assets	1,247	2,931	–	–
Depreciation and write-ups of holdings	–	–	–	982
Depreciation of intangible assets and property, plant and equipment	281	–	683	–
Depreciation of property	134	–	–	–
Valuation allowances and provisions	8,762	1,571	–	10,745
Provisions for taxes	2,353	1,776	906	–
Provisions for general banking risks	5,500	–	2,400	–
Prepaid expenditure and accrued income	–	2,152	185	–
Accrued expenditure and deferred income	623	–	2,604	–
Distribution of previous year dividend	–	7,500	–	–
Distribution of interim dividend	–	–	–	–
<b>Balance</b>	<b>20,910</b>	<b>–</b>	<b>7,583</b>	<b>–</b>
<b>Cash flow from equity transactions</b>				
Capital increase	98	–	243	–
Premium from capital increase	218	–	3,485	–
<b>Balance</b>	<b>316</b>	<b>–</b>	<b>3,728</b>	<b>–</b>
<b>Cash flow from fixed-asset transactions</b>				
Shares in affiliated companies	–	–	–	–
Holdings	–	–	348	–
Real estate	–	–	–	–
Other property, plant and equipment	–	498	423	–
Intangible non-current assets	–	2,565	288	–
Securities and precious metals held as non-current assets	151,657	175,267	81,251	128,858
<b>Balance</b>	<b>–</b>	<b>26,673</b>	<b>–</b>	<b>46,548</b>

in TCHF	Financial year		Previous year	
	Source of funds	Use of funds	Source of funds	Use of funds

### Cash flow from banking business

#### Medium- and long-term business (>1 year)

Medium-term bonds	-	5,289	-	284
Other securitised liabilities	-	-	-	4,133
Receivables owed by clients	-	-	-	-
Mortgage receivables	-	14,035	2	-

#### Short-term business

Liabilities owed to banks	329,434	-	-	11,287
Liabilities owed to clients (other liabilities)	-	1,321,492	2,060,496	-
Medium-term bonds	-	-	-	-
Other securitised liabilities	-	7,166	6,317	-
Other liabilities	17,038	-	-	63,160
Receivables owed by banks	-	930,890	-	216,149
Receivables owed by clients	51,119	-	1,876	-
Mortgage receivables	-	2,444	-	37,275
Shares and other non-fixed-interest securities	8,034	-	4,959	-
Other assets	-	9,813	25,970	-
<b>Balance</b>	<b>-</b>	<b>1,885,504</b>	<b>1,767,332</b>	<b>-</b>

#### Liquidity

Liquid assets	-	1,890,951	1,732,095	-
<b>Balance</b>	<b>-</b>	<b>1,890,951</b>	<b>1,732,095</b>	<b>-</b>

# Accounting and valuation principles for the consolidated financial statements

## Basic principles

Accounting, reporting and valuation are conducted in accordance with the provisions of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht – PGR*) and Liechtenstein Banking Act (*Bankengesetz – BankG*), 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 on their 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 in accordance with 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. Holdings 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 that are to be held to maturity, the accrual method is used for valuation. With 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, that is, until the original maturity date. Interest income is shown under the “interest earned” item. Securities without fixed interest are valued in accordance with 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 in accordance with 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 forward 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.

# Balance sheet information

## Selected foreign currency rates (average balance sheet rates) as of 31.12.2021

in CHF	Financial year	Previous year	in CHF	Financial year	Previous year
EUR	0.9857	1.0339	JPY	0.7006	0.7926
USD	0.9241	0.9123	CAD	0.6827	0.7169
GBP	1.1122	1.2312	ZAR	0.0545	0.0573

## Collateral overview

in TCHF	Collateral type			
	Mortgage	Other	Without	Total
<b>Loans</b>				
Receivables owed by clients (without mortgage receivables)	15,642	159,854	88,633	264,129
<b>Total loans</b>	<b>15,642</b>	<b>159,854</b>	<b>88,633</b>	<b>264,129</b>
<b>Mortgage receivables</b>				
Residential properties	152,257		–	152,257
Office and commercial buildings	16,280	–	–	16,280
Commercial and industrial	16,115	–	–	16,115
Other	8,452	–	–	8,452
<b>Total mortgage receivables for the financial year</b>	<b>193,105</b>	<b>–</b>	<b>–</b>	<b>193,105</b>
<b>Total loans for the financial year</b>	<b>208,747</b>	<b>159,854</b>	<b>88,633</b>	<b>457,234</b>
Previous year	194,291	176,932	127,841	499,064
<b>Off-balance sheet</b>				
Contingent liabilities	–	1,978	789	2,766
Irrevocable commitments	–	–	–	–
Obligations to pay in and make additional contributions	–	–	–	–
Commitment credits	–	–	–	–
<b>Total off-balance sheet for the financial year</b>	<b>–</b>	<b>1,978</b>	<b>789</b>	<b>2,766</b>
Previous year	3,450	229	827	4,506
in TCHF	Gross debt	Estimated liquidation proceeds of the collateral	Net debt	Individual value allowances
<b>Impaired receivables</b>				
<b>Financial year</b>	<b>30,191</b>	<b>–</b>	<b>–</b>	<b>30,191</b>
Previous year	26,703	–	–	26,703

## Securities and precious metals held as current assets (excluding trading portfolio)

in TCHF	Carrying amount		Acquisition value		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt securities	-	-	-	-	-	-
→ of which own bonds and medium-term bonds	-	-	-	-	-	-
Equity securities*	54,606	69,605	70,402	76,342	65,497	77,171
→ of which qualified holdings of at least 10% of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>54,606</b>	<b>69,605</b>	<b>70,402</b>	<b>76,342</b>	<b>65,497</b>	<b>77,171</b>
Lent securities and precious metals held as current assets (excluding trading portfolios, receivables owed by banks and receivables owed by clients)	-	-	-	-	-	-

\* Fund units, of which TCHF 15,109 (at carrying amount) unlisted.

## Securities and precious metals held as non-current assets

in TCHF	Carrying amount		Acquisition value		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt securities "accrual method"	178,547	153,254	186,896	160,664	175,621	157,459
→ of which own bonds and medium-term bonds	-	-	-	-	-	-
→ of which valued in accordance with the "accrual method"	178,547	153,254	186,896	160,664	175,621	157,459
→ of which assessed in accordance with lower value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Equity securities	593	100	2,590	2,569	593	100
→ of which qualified holdings of at least 10% of the capital or voting rights	100	100	1,105	1,552	100	100
Precious metals	-	-	-	-	-	-
<b>Total</b>	<b>179,140</b>	<b>153,354</b>	<b>189,486</b>	<b>163,233</b>	<b>176,214</b>	<b>157,559</b>
→ of which eligible securities	29,488	19,185	32,351	21,128	27,477	19,753

## Fixed asset schedule

in TCHF	Acquisition value previous year	Depreciation accumulated to date	Carrying amount at end of previous year	Financial year					Carrying amount at end of financial year
				Investments	Disinvestments	Transfers	Write-ups	Depreciation	
Total shares in affiliated companies	-	-	-	-	-	-	-	-	-
Holdings	-	-	-	493	-	-	-	-	493
Total securities and precious metals held as non-current assets	160,664	7,410	153,254	175,267	151,656	-3	2,931	1,247	178,547
Other intangible assets	-	-	-2,565	-	-	2,565	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-2,565</b>	<b>-</b>	<b>-</b>	<b>2,565</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate									
→ Bank buildings	12,617	4,202	8,415	-	-	-	-	134	8,280
→ Other properties	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	4,904	4,166	738	498	-	-	-	203	1,033
<b>Total property, plant and equipment</b>	<b>17,521</b>	<b>8,368</b>	<b>9,152</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>9,313</b>
Fire insurance value of property, plant and equipment (buildings) for the reporting year									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 year									4,750
Fire insurance value of other property, plant and equipment for the previous year									4,750

The depreciations were made on the basis of economic considerations.

## Holdings and shares in affiliated companies

in 1,000	Capital base		Ownership stake	
	Financial year	Previous year	Financial year	Previous year
<b>BF RECEIPTS Limited*, London</b>				
Share capital and reserves (in GBP)	8	7	100%	100%
Profit for the year* (in GBP)	1	1		
<b>MZ-Holding AG*, Balzers</b>				
Share capital and reserves (in EUR)	-1,654	-1,548	100%	100%
Profit for the year (in EUR)*	-9	1,794		
<b>REAL PRO INV. LTD*, Malta</b>				
Share capital and reserves (in EUR)	-	4	0%	100%
Profit for the year** (in EUR)	-	-		
<b>STEAMBOAT SA*, Paradiso</b>				
Share capital and reserves (in CHF)	-	100	0%	15%
Profit for the year** (in CHF)	-	-		
<b>PRILLER IMMO AG*, Munich</b>				
Share capital and reserves (in EUR)	-124	-98	94.12%	94.12%
Profit for the year* (in EUR)	-23	-25		
<b>21.finance AG*, Ruggell</b>				
Share capital and reserves (in CHF)	-	1,879	19.61%	19.61%
Profit for the year** (in CHF)	-	-2,454		
<b>21.funds SICAV*, Gamprin-Bendern</b>				
Share capital and reserves (in CHF)	-	80	100%	100%
Profit for the year** (in CHF)	-	-14		
<b>Tradico AG*, Ruggell</b>				
Share capital and reserves (in EUR)	-522	1,399	100%	100%
Profit for the year** (in EUR)	7	-1,921		
<b>DisrupTech AG*, Vaduz</b>				
Share capital and reserves (in CHF)	-	66	10%	10%
Profit for the year** (in CHF)	-	-296		
<b>Cadeia GmbH*, Munich</b>				
Share capital and reserves (in EUR)	-	1,455	8.3%	6.59%
Profit for the year** (in EUR)	-	-359		

The consolidation was not included on the basis of Article 1104(1)(3) of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht – PGR*).

\* Without market value.

\*\* The 2022 annual financial statements were not yet available at the time the tables were prepared.



## Disclosure of premiums and discounts on securities valued in accordance with the accrual method

<b>in TCHF</b>	<b>Financial year</b>	<b>Previous year</b>	<b>in TCHF</b>	<b>Financial year</b>	<b>Previous year</b>
Premium	381	710	Discount	721	583

## Details of assets pledged or assigned as security for own liabilities and liabilities of third parties (including contingent liabilities) as well as assets subject to retention of title

<b>in TCHF</b>	<b>Financial year</b>		<b>Previous year</b>	
	Carrying amount	of which used	Carrying amount	of which used
Securities (financial assets)*	106,345	–	84,393	–
Receivables owed by banks	51,931	–	38,566	–
<b>Total</b>	<b>158,275</b>	<b>–</b>	<b>122,960</b>	<b>–</b>

\* Nominal values.

## Valuation allowance and provisions/ provisions for general banking risks

in TCHF	Status at end of previous year	Use for the intended purpose	Change of purpose (transfers)	Recoveries, interest at risk, currency differences	New provision charged to the income statement	Reversal in favour of the income statement	Status at end of financial year
Valuation allowances for default risks:							
→ Individual value allowances*	26,704	575	1,226	807	2,075	45	30,191
→ General individual value allowances	-	-	-	-	-	-	-
→ General value allowances	3,478	-	-1,226	-	5,023	-	7,275
Only valuation allowances permitted by tax law	-	-	-	-	-	-	-
Provisions for contingent liabilities and credit risks	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-
Provisions for taxes and deferred taxes	2,576	1,994	13	-	2,354	-	2,949
Other provisions	-	-	-	-	-	-	-
<b>Total valuation allowances and provisions</b>	<b>32,758</b>	<b>2,569</b>	<b>13</b>	<b>807</b>	<b>9,452</b>	<b>45</b>	<b>40,415</b>
Less value allowances directly offset against assets	30,181	575	-	807	7,098	45	37,466
<b>Total provisions as shown on the balance sheet</b>	<b>2,576</b>	<b>1,994</b>	<b>13</b>	<b>-</b>	<b>2,354</b>	<b>-</b>	<b>2,949</b>
<b>Provisions for general banking risks</b>	<b>18,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>24,300</b>

\* A significant portion of the new individual valuation allowance was created for a large loan.

## Significant shareholders and groups of shareholders with voting rights

in TCHF	Financial year		Previous year	
	Nominal	Share in %	Nominal	Share in %
<b>With voting rights</b>				
Kuno Frick Family Foundation, Balzers	20,000	100	20,000	100
<b>Total</b>	<b>20,000</b>	<b>100</b>	<b>20,000</b>	<b>100</b>
<b>Without voting rights</b>				
PC capital	5,810	100	5,713	100
<b>Total</b>	<b>5,810</b>	<b>100</b>	<b>5,713</b>	<b>100</b>

## Statement of capital base

in TCHF

2022

### Capital base at the beginning of the financial year

Subscribed capital	25,713
<b>Subtotal of paid-in subscribed capital</b>	<b>25,713</b>
Capital reserves	5,425
Legal reserves	6,000
Statutory reserves	-
Other reserves	41,161
Provisions for general banking risks	18,800
Minority shareholdings in capital base	-
Profit/loss carried forward	-7,989
Available earnings	12,532
<b>Total capital base at the beginning of the financial year (before appropriation of profit)</b>	<b>101,641</b>
+ Capital increase	98
+ Premium	218
+ Other allocations from reserves	1,119
+ Allocation to provisions for general banking risks	5,500
- Dividends and other distributions from the previous year's profit	-7,500
- Interim dividend	-
+ Profit for the financial year	10,976
<b>Total capital base at the end of the financial year (before appropriation of profit)</b>	<b>112,052</b>
→ of which subscribed capital	25,810
→ of which capital reserves	5,643
→ of which legal reserves	6,000
→ of which statutory reserves	-
→ of which other reserves	48,887
→ of which provisions for general banking risks	24,300
→ of which minority shareholdings in capital base	-
→ of which loss carried forward	-9,565
→ of which available earnings	10,976

## Maturity structure of assets as well as liabilities and provisions

in TCHF	At sight	Callable	Due within				Immo- bilised	Total
			0-3 m.	3-12 m.	1-5 y.	5-∞ y.		
<b>Assets</b>								
Liquid assets	213,760	-	-	-	-	-	-	213,760
Receivables owed by banks	93,286	167,255	1,204,450	-	-	-	-	1,464,991
Receivables owed by clients	61,349	-	351,970	12,329	9,750	21,836	-	457,234
→ of which mortgage receivables	-	-	159,919	1,600	9,750	21,836	-	193,105
Securities and precious metals held as current assets (excluding trading portfolios)	55,099	-	-	-	-	-	-	55,099
Securities and precious metals held as non-current assets	6,445	-	75,268	21,530	56,412	18,891	-	178,547
Other assets	101,567	-	-	155	259	45	9,312	111,338
<b>Total assets in the financial year</b>	<b>531,506</b>	<b>167,255</b>	<b>1,631,689</b>	<b>34,013</b>	<b>66,421</b>	<b>40,771</b>	<b>9,312</b>	<b>2,480,969</b>
<b>Previous year</b>	<b>2,716,626</b>	<b>130,806</b>	<b>560,448</b>	<b>22,287</b>	<b>5,066</b>	<b>12,652</b>	<b>9,153</b>	<b>3,457,038</b>
<b>Liabilities</b>								
Liabilities owed to banks	346,166	-	-	-	-	-	-	346,166
Liabilities owed to clients								
a) Savings deposits	-	-	-	-	-	-	-	-
b) Other liabilities	1,794,839	69,733	41,523	12,792	-	-	-	1,918,887
Securitised liabilities								
a) Debt securities issued	-	-	-	-	5,914	-	-	5,914
→ of which medium-term bonds	-	-	-	-	5,914	-	-	5,914
b) Other securitised liabilities	34,379	-	-	-	1,881	-	-	36,260
Provisions	2,949	-	-	-	-	-	-	2,949
Other liabilities	58,741	-	-	-	-	-	-	58,741
<b>Total liabilities in the financial year</b>	<b>2,237,075</b>	<b>69,733</b>	<b>41,523</b>	<b>12,792</b>	<b>7,795</b>	<b>-</b>	<b>-</b>	<b>2,368,917</b>
<b>Previous year</b>	<b>3,288,133</b>	<b>-</b>	<b>40,635</b>	<b>18,412</b>	<b>8,217</b>	<b>-</b>	<b>-</b>	<b>3,355,396</b>

### Selected balance sheet items maturing in the 2022 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 Debt securities issued	-	-

## Breakdown of assets and liabilities by location

in TCHF	Financial year		Previous year	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	126,820	86,940	198,110	1,906,602
Receivables owed by banks	1,315,518	149,473	397,421	136,680
→ of which receivables due on demand	62,769	30,517	121,920	58,186
→ of which other receivables	1,252,750	118,956	275,501	78,494
Receivables owed by clients	213,731	243,502	196,826	302,240
→ of which mortgage receivables	118,164	74,941	104,294	72,331
Debt securities and other fixed-interest securities	40,084	138,463	20,614	132,640
→ of which debt securities from public issuers	15,231	93,212	–	91,921
→ of which debt securities from other issuers	24,853	45,251	20,614	40,719
Shares and other non-fixed-interest securities	32,433	22,173	59,851	9,754
Holdings	–	493	–348	–
Shares in affiliated companies	–	–	–	–
Intangible assets	–	–	–2,654	89
Property, plant and equipment	9,312	–	9,152	1
Other assets	95,825	1,148	86,707	453
Accruals and deferrals	4,858	195	2,686	215
<b>Total assets</b>	<b>1,838,582</b>	<b>642,387</b>	<b>968,365</b>	<b>2,488,673</b>
Switzerland is considered domestic pursuant to Article 24e(1) of the Liechtenstein Banking Ordinance ( <i>Bankenverordnung – BankV</i> ).				
<b>Liabilities</b>				
Liabilities owed to banks	2,359	343,807	5,894	10,838
→ of which liabilities due on demand	2,359	343,807	5,894	10,838
→ of which with agreed term or notice period	–	–	–	–
Liabilities owed to clients	600,905	1,317,982	756,344	2,484,035
→ of which savings deposits	–	–	–	–
→ of which other liabilities due on demand	514,473	1,280,375	753,250	2,437,045
→ of which other liabilities with agreed term or notice period	86,432	37,607	3,094	46,990
Securitised liabilities	42,174	–	54,629	–
→ of which medium-term bonds	5,914	–	11,203	–
→ of which other securitised liabilities	36,260	–	43,426	–
Other liabilities	42,004	5,532	29,193	1,306
Accruals and deferrals	11,140	64	10,476	105
Provisions	2,949	–	2,152	425
→ of which tax provisions	2,949	–	2,152	425
→ of which other provisions	–	–	–	–

Provisions for general banking risks	24,300	-	18,800	-
Subscribed capital	25,810	-	25,713	-
Capital reserves	5,643	-	5,425	-
Retained earnings	54,887	-	47,161	-
→ of which legal reserves	6,000	-	6,000	-
→ of which other reserves	48,887	-	41,161	-
Minority shareholdings in capital base	-	-	-	-
Profit carried forward	-6,720	-2,845	-3,960	-4,030
Profit for the year	11,079	-102	13,112	-579
<b>Total liabilities</b>	<b>816,531</b>	<b>1,664,438</b>	<b>964,938</b>	<b>2,492,100</b>

## Assets and liabilities by country

in TCHF	Financial year		Previous year	
	Nominal	Share in %	Nominal	Share in %
<b>Assets</b>				
Switzerland	1,586,000	63.93	696,749	20.15
Europe	499,729	20.14	2,264,657	65.51
Liechtenstein	253,717	10.23	254,590	7.36
North America	92,044	3.71	154,577	4.47
Caribbean	18,347	0.74	20,216	0.58
Asia	14,156	0.57	14,640	0.42
Oceania	13,520	0.54	47,981	1.39
Africa	2,946	0.12	3,094	0.09
Latin America	510	0.02	534	0.02
<b>Total</b>	<b>2,480,969</b>	<b>100.00</b>	<b>3,457,038</b>	<b>100.00</b>
<b>Liabilities</b>				
Europe	1,011,744	40.78	743,214	21.50
Liechtenstein	675,058	27.21	2,207,016	63.84
North America	347,459	14.00	24,309	0.70
Caribbean	244,436	9.85	221,423	6.41
Switzerland	146,463	5.90	219,875	6.36
Africa	27,143	1.09	6,586	0.19
Oceania	12,173	0.49	15,245	0.44
Asia	10,368	0.42	10,465	0.30
Latin America	6,125	0.25	8,906	0.26
<b>Total</b>	<b>2,480,969</b>	<b>100.00</b>	<b>3,457,038</b>	<b>100.00</b>

## Details regarding 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 TCHF	Financial year	Previous year
<b>Receivables owed by significant shareholders</b>		
Receivables owed by clients	-	-
<b>Receivables owed by affiliated companies</b>		
Receivables owed by clients	634	2,114
<b>Liabilities owed to qualified participants</b>		
Liabilities owed to clients	1,190	1,038
Other liabilities	-	-
<b>Liabilities owed to affiliated companies</b>		
Liabilities owed to legal entities	3,492	1,738
<b>Receivables owed by close associates</b>		
Receivables owed by clients	20,571	34,374
<b>Receivables from loans to governing bodies</b>		
→ Board of Directors	1,400	-
→ Management Board	2,441	2,138

No material transactions with close associates were booked in the reporting year.  
All transactions with close associates are concluded at arm's length.

## Assets and liabilities denominated in foreign currencies converted to CHF

in TCHF	Financial year	Previous year
Assets	1,281,666	3,010,796
→ of which in EUR	751,684	2,224,520
→ of which in USD	367,181	536,225
→ of which in CAD	8,507	12,022
→ of which in GBP	128,450	153,516
→ of which in CZK	4,265	14,588
→ of which in ZAR	3,143	41,026

All foreign currency positions greater than CHF 10 million are listed in the table.



in TCHF	Financial year	Previous year
Debts	2,098,987	3,059,445
→ of which in EUR	1,167,432	1,963,168
→ of which in USD	736,814	826,383
→ of which in CAD	21,328	30,467
→ of which in GBP	128,376	164,130
→ of which in CZK	18,160	14,532
→ of which in ZAR	3,143	40,998

All foreign currency positions greater than CHF 10 million are listed in the table.

## Composition of the balance sheet items “Other assets” and “Other liabilities”

in TCHF	Financial year	Previous year
Other assets	96,973	87,160
→ Positive replacement values of forward foreign-exchange transactions	16,004	7,416
→ Balance of settlement account of replacement values of forward foreign-exchange transactions	-	-
→ Settlement accounts	80,969	79,744
Other liabilities	47,537	30,499
→ Negative replacement values of forward foreign-exchange transactions	20,538	6,731
→ Balance of settlement account of replacement values of forward foreign-exchange transactions	-4,534	685
→ Settlement accounts	31,533	23,083

## Breakdown of client assets

in TCHF	Financial year	Previous year
<b>Type of client assets</b>		
Assets in self-managed funds (investment entities)	1,536,651	1,413,057
Assets with management mandate	-	-
Other client assets	2,464,289	2,956,467
<b>Total client assets (including double-counted)</b>	<b>4,000,940</b>	<b>4,369,524</b>
→ of which double-counted	1,173,927	1,051,591
→ Net new money inflow/outflow	299,831	1,270,998

# Information regarding off-balance sheet transactions

## Contingent liabilities

in TCHF	Financial year			Previous year		
	Total	of which secured	of which without collateral (unsecured)	Total	of which Lombard-secured	of which without collateral (unsecured)
Credit guarantees and similar instruments	2,766	1,978	789	4,506	3,679	827
Guarantees for warranty obligations and similar instruments	-	-	-	-	-	-
Irrevocable liabilities	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-

## Open derivative financial instruments

in TCHF	Financial year			Previous year		
	Replacement values		Contract volume*	Replacement values		Contract volume*
	Positive*	Negative*		Positive*	Negative*	
Forward foreign-exchange contracts	16,004	20,538	1,738,940	7,416	6,731	1,209,930

\* From trading activities.

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

## Fiduciary transactions

in TCHF	Financial year	Previous year
Fiduciary deposits at third-party banks	75,576	99,093
Fiduciary deposits with affiliated banks and finance companies	-	-
Fiduciary loans	-	-
Other fiduciary financial transactions	-	-

## Information regarding the consolidated income statement

in TCHF	Financial year	Previous year
Income from trading activities	15,739	11,277
→ of which foreign-exchange transactions	16,851	11,913
→ of which spot transactions	-1,112	-636
→ of which securities trading	-	-
→ of which precious metal transactions	-	-
Breakdown of personnel expenditure	32,064	27,415
→ of which wages and salaries	21,252	19,174
→ of which remuneration of the Management Board and the Board of Directors	5,166	3,249
→ of which social security contributions and support	1,920	1,842
→ of which expenditure for retirement provision	1,813	1,151
→ of which other personnel expenditure	1,913	1,999
Breakdown of general expenditure	16,682	17,458
→ of which premises expenditure	1,190	880
→ of which expenditure for IT	7,157	6,587
→ of which furniture	78	112
→ of which other facilities	-	-
→ of which other bank expenditure	8,257	9,879

in TCHF	Financial year	Previous year
Breakdown of the item "Other operating income"	3,843	9,674
→ Income from real estate	525	510
→ Other operating income	3,318	9,164

# Audit report

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, 2022, the consolidated income statement for the year then ended, the consolidated cash flow statement and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements (pages 70 to 91) give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, 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

### Pey Audit Matter: Recoverability of loans

#### The risk

The Group provides loans to private individuals and companies, primarily in European countries. As at 31 December 2022, the Group reports loans of CHF 457 million (31 December 2021: CHF 499 million), representing the second largest asset of the Group. Most of the receivables are covered by mortgages (42%) and securities (35%). The remaining share of 23% 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 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 76 (Accounting and valuation methods) and page 77 (Notes to 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.

# Audit report

## 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 Board of Directors 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 Board of Directors, 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 April 12, 2022. 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
- Regulatory audit of the depositary function according to IUG, UCITSG, AIFMG
- Audit on the requirements for the protection of shareholders according to Article 367ff PGR
- SNB-Audit

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 Confirmations pursuant to Article 196 PGR

The accompanying consolidated management report (page 70) 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 comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying consolidated financial statements submitted to you be approved.

Schaan, 19th April 2023

Grant Thornton AG



**Egon Hutter**  
Certified Accountant  
(Auditor in charge)



**ppa Florian Koch**  
Certified Accountant

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The German version is authoritative.



Christoph Lingg

Head of Credit Office



Corsin Candinas

Client Data Services

