



BANK FRICK

Half-yearly results – H1 2022



Report of the Management Board

Following record results in the 2021 financial year, Bank Frick remains on track. In the first half of the year, the company generated an excellent net profit of CHF 5.1 million. All strategic business segments contributed to this long-term result. For 2022, we therefore expect an annual profit in the order of CHF 8 million.

The investments in reorganising and optimising our strategic business segments made in 2021 already had an impact in the first half of 2022: We closed the first half-year with a net profit of CHF 5.1 million, exceeding our expectations. Client assets declined slightly due to the difficult market environment and stood at CHF 4,051 million on 30 June 2022. This very pleasing half-year result is a clear sign that the implementation of our strategy, which is based on the traditional and blockchain-based banking, has been a complete success.

We consistently pursued our growth strategy in the first half of the year, focusing on increasing staff numbers in our departments, establishing clearer and more efficient processes, and using resources optimally. As of 30 June 2022, we employed 194 people, and we plan to further expand our staff resources.

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

Effective on 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 extensive experience in this function, particularly in the auditing of banks in Switzerland and Liechtenstein. The Board of Directors has thereby achieved its goal of expanding the Board to include a qualified specialist who brings with her great experience and expertise, especially 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.

Balance sheet

Our balance sheet total amounted to CHF 2,501 million as of 30 June 2022, which was 28% lower compared to the balance sheet total on 31 December 2021. The reason for the reduction in the balance sheet total was the revision of the Capital Requirements Regulation (CRR II) and the Capital Requirements Directive (CRD V). These frameworks entered into force in Liechtenstein on 1 May 2022. They stipulate among other things that the leverage ratio must not fall below 3%. We have therefore deliberately reduced the balance sheet total in the course of the first half of 2022.

Client assets under management

Client assets under management amount to CHF 4,051 million, a decrease of CHF 318 million (–7%) compared to 31 December 2021 (CHF 4,369 million). The decline can largely be explained by negative market trends. New business in all business segments compensated well for the in some cases substantial price declines in this reporting period.

Sources of revenue

Fund and Capital Markets

The Fund and Capital Markets department recorded moderate growth in the area of custodian and depositary bank services for Liechtenstein funds despite negative trends in the securities and crypto markets. Fund assets under management domiciled in Liechtenstein amounted to approximately CHF 1,553 million as of 30 June 2022 (compared to CHF 1,512 million as of 30 June 2021). By acquiring additional mandates, we were able to compensate well for the price declines in this reporting period.

In the issuing business for other securities offerings (with a focus on debt capital transactions), we also observed a pleasing increase in new mandates, while products linked to price developments were, expectedly, exposed to the difficult circumstances on the financial markets. We therefore succeeded in acquiring 33 new paying agent mandates in the first half of 2022. This brings the outstanding issuing volume from own and third-party issues to approximately CHF 1,610 million as of 30 June 2022 (compared to approximately CHF 1,500 million as of 30 June 2021).

Classic Banking

The Classic Banking department focuses on business development in cooperation with financial intermediaries such as

trust and insurance companies as well as asset management companies. The department had a successful first half of 2022, allowing us to further strengthen cooperation with existing financial intermediaries in our core markets and build relationships with several new financial intermediaries.

After an excellent 2021, the department continued to successfully acquire new money in the first half of 2022 despite the difficult situation on the stock exchanges and the events in Ukraine.

The uncertain development of global economy and rising inflation will continue to be major concerns for the markets and accordingly for our business partners and financial intermediaries in the second half of the year. Nevertheless, all signs indicate that it will also be positive for the Classic Banking department.

Blockchain Banking

The price of cryptocurrencies has been on a downward slide since the second quarter. This volatility in the market has some positive effects on client activity in cryptocurrency trading. The downtrend can be the time for clients to stock up on cryptocurrencies as well as to exit cryptocurrency trading. Trading volume is therefore present despite a downward movement in the second quarter of the year.

Demand from companies in the corporate blockchain sector continued to increase. It is also evident that individuals and organisations holding assets in cryptocurrencies are increasingly seeking traditional banking services to diversify their asset allocation. Here we observe significant growth compared to last year. We remain in a growth phase due to increasing demand for banking services from clients in the blockchain environment. We are improving client experience with new processes and services, positioning ourselves even more strongly in the market. The Blockchain Banking department will therefore be able to further increase its earnings in the second half of the year.

E-Commerce

The E-Commerce department had a very successful first half of 2022, continuing its growth from 2021. Volumes processed, for example, rose by a further 25% compared with the first half of 2021. We also expect growth to increase in the second half of 2022.

By further expanding our product range, we are now also able to offer our clients cryptocurrencies as a payment method. This service is provided by RocketFuel Blockchain, Inc. which has partnered with ACI Worldwide, our white label processing platform.

Outlook for the second half of 2022

We are very satisfied with the generated net profit of CHF 5.1 million. The result confirms that we are in a stable position as a bank and that our investments in staff, infrastructure and IT, as well as the development of our regulatory expertise, are paying off. We are therefore pleased that all the strategic business segments are making a lasting contribution to this success.

We continue to strive to increase growth in our four strategic business segments. Our clearly defined goal is to constantly acquire new and high-quality clients in order to ensure qualitative growth throughout the Bank. Despite the very promising results in the first half of the year, we are aware of the major challenges lying ahead of us: Various regulatory projects and the expansion of our digital interaction with clients will keep us busy in the second half of the year. We will therefore continue to invest in our technical infrastructure and regulatory expertise.

There are many uncertainties around how global economy and therefore also Bank Frick's business performance will develop. Putin's invasion of Ukraine makes it difficult to know what will happen in the future. In addition, there is still significant uncertainty regarding

the further development of the COVID-19 pandemic. It is also not clear how inflation will develop. These uncertainties are of concern not only to Bank Frick, but to the entire economy.

Based on this starting position, we continue to expect a net profit of CHF 8 million for the current financial year.



Edi Wögerer
CEO

Balance sheet as at 30 June 2022

in CHF 1,000

30.6.2022

31.12.2021

Assets

Liquid assets	1,232,992	2,104,698
Due from banks	416,044	534,101
→ of which repayable upon demand	213,461	180,106
→ of which other receivables	202,583	353,995
Due from clients	524,497	502,201
→ of which mortgage-backed claims	182,808	176,626
→ of which secured by mortgages	16,532	18,118
→ of which secured by other collateral	186,202	176,824
→ of which without collateral	138,955	130,633
Bonds and other fixed-interest securities	161,195	153,254
→ of which bonds issued by public bodies	154,687	91,921
→ of which bonds issued by other borrowers	6,508	61,333
Shares and other non-fixed-interest securities	62,371	69,995
Participations	100	100
Intangibles	–	–
Property, plant and equipment	9,228	9,152
Other assets	88,835	85,012
Accrued expenses and deferred income	5,446	2,899
Total assets	2,500,708	3,461,412

Balance sheet as at 30 June 2022

in CHF 1,000

30.6.2022

31.12.2021

Liabilities

Due to banks	39,569	16,732
→ of which repayable on demand	39,569	16,732
→ with agreed terms or notice period	–	–
Due to clients	2,253,190	3,241,980
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	2,222,204	3,191,895
→ of which other liabilities with agreed terms or notice periods	30,986	50,085
Certificated liabilities	48,215	54,629
→ of which medium-term notes	10,972	11,203
→ of which other certificated liabilities	37,243	43,426
Other liabilities	41,919	28,636
Accrued expenses and deferred income	10,290	10,473
Tax Provisions	2,985	2,358
Provisions for general banking risks	18,800	18,800
Subscribed capital	25,810	25,713
Capital reserves	5,643	5,425
Retained profit	49,166	46,853
→ of which statutory reserves	6,000	6,000
→ of which other reserves	43,166	40,853
Profit carried forward	–	–
Profit	5,121	9,814
Total liabilities	2,500,708	3,461,412

Income statement from 1 January to 30 June 2022

in CHF 1,000	30.6.2022	30.6.2021
Items		
Interest earned	8,567	6,897
→ of which income from fixed-interest securities	2,057	358
Interest expenses	3,926	1,482
Current income from securities	2,731	7
→ of which shares and other non-fixed-interest securities	2,731	7
Income from commission and service transactions	23,392	24,406
→ of which commission income on securities and investment operations	14,564	18,120
→ of which commission income on other service transactions	8,643	6,189
→ of which commission income on loan transactions	185	97
Commission expenses	-7,720	-7,094
Profit on financial operations	2,903	6,800
→ of which from trading	7,064	6,686
→ of which from disposal of securities	106	956
→ of which impairments to securities	-4,267	-842
Other operating income	871	3,203
General and administrative expenses	-23,547	-20,811
→ of which personnel expenses	-15,573	-14,266
→ of which business and office expenses	-3,787	-3,559
→ of which IT expenses	-4,187	-2,987
Depreciation on intangible assets and property, plant and equipment	-176	-390
Other operating expenses	-578	-662
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-4,609	-10,291
Income from the dissolution of valuation allowances in respect of loans and from the dissolution of provisions for contingent liabilities and credit risks	-	-
Depreciation on participations, shares in affiliated companies and securities treated as non-current assets	-	-
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	-
Income from normal business activities	5,759	3,546
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income tax	-637	-445
Other taxes	-	-
Allocations to provisions for general banking risks	-	-
Profit for the period from 1 January to 30 June 2022	5,121	3,101

Off-balance-sheet items as at 30 June 2022

in CHF 1,000

30.6.2022

31.12.2021

Off-balance sheet items

Contingent liabilities

of which credit guarantees and similar instruments	1,108	4,506
of which guarantees for warranty obligations and similar instruments	–	–
Total contingent liabilities	1,108	4,506

Derivative financial instruments

Notional value	1,242,385	1,209,930
Positive replacement values	18,945	7,416
Negative replacement values	-18,051	-6,731

Fiduciary transactions

Fiduciary transactions	121,735	99,093
Fiduciary loans	–	–
Total fiduciary transactions	121,735	99,093

Consolidated balance sheet as at 30 June 2022

in CHF 1,000	30.6.2022	31.12.2021
Assets		
Liquid assets	1,232,992	2,104,712
Due from banks	416,044	534,101
→ of which repayable upon demand	213,461	180,106
→ of which other receivables	202,583	353,995
Due from clients	523,164	499,064
→ of which mortgage-backed claims	182,808	176,824
Bonds and other fixed-interest securities	161,195	153,254
→ of which bonds issued by public bodies	154,687	91,921
→ of which bonds issued by other borrowers	6,508	61,333
Shares and other non-fixed-interest securities	60,271	69,605
Non-consolidated Participations	–	-348
Intangibles	-5,440	-2,565
Property, plant and equipment	9,229	9,153
Other assets	88,013	87,160
Accrued expenses and deferred income	5,473	2,902
Total assets	2,490,942	3,457,038

Consolidated balance sheet as at 30 June 2022

in CHF 1,000	30.6.2022	31.12.2021
Liabilities		
Due to banks	39,569	16,732
→ of which repayable on demand	39,569	16,732
→ with agreed terms or notice period	–	–
Due to clients	2,252,505	3,240,379
→ of which savings deposits	–	–
→ of which other liabilities repayable on demand	2,221,519	3,190,294
→ of which other liabilities with agreed terms or notice periods	30,986	50,085
Certificated liabilities	48,215	54,629
→ of which medium-term notes	10,972	11,203
→ of which other certificated liabilities	37,243	43,426
Other liabilities	42,199	30,499
Accrued expenses and deferred income	10,323	10,581
Tax Provisions	2,990	2,576
Provisions for general banking risks	18,800	18,800
Subscribed capital	25,810	25,713
Capital reserves	5,643	5,425
Retained profit	49,465	47,161
→ of which statutory reserves	6,000	6,000
→ of which other reserves	43,465	41,161
Minority interests in equity	–	–
Profit carried forward	-9,592	-7,989
Profit	5,014	12,532
→ thereof minority interests in net income	–	–
Total liabilities	2,490,942	3,457,038

Consolidated income statement from 1 January to 30 June 2022

in CHF 1,000	30.6.2022	30.6.2021
Items		
Interest earned	8,549	6,820
→ of which income from fixed-interest securities	2,057	358
Interest expenses	3,923	1,482
Current income from securities	2,731	7
→ of which shares and other non-fixed-interest securities	2,731	7
Income from commission and service transactions	23,391	24,405
→ of which commission income on securities and investment operations	14,564	18,120
→ of which commission income on other service transactions	8,642	6,188
→ of which commission income on loan transactions	185	97
Commission expenses	-7,717	-7,091
Profit on financial operations	2,903	6,800
→ of which from trading	7,064	6,686
→ of which from disposal of securities	106	956
→ of which impairments to securities	-4,267	-842
Other operating income	872	4,451
General and administrative expenses	-23,579	-23,390
→ of which personnel expenses	-15,574	-15,211
→ of which business and office expenses	-3,818	-5,175
→ of which IT expenses	-4,188	-3,004
Depreciation on intangible assets and property, plant and equipment	-219	-441
Other operating expenses	-590	-1,260
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-4,609	-10,291
Income from the dissolution of valuation allowances in respect of loans and from the dissolution of provisions for contingent liabilities and credit risks	-	-
Depreciation on participations, shares in affiliated companies and securities treated as non-current assets	-	-
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	1,973
Income from normal business activities	5,655	3,466
Extraordinary income	-	-
Extraordinary expenditure	-	-
Income tax	-640	-388
Other taxes	-	-418
Allocations to provisions for general banking risks	-	-
Profit for the period from 1 January to 30 June 2021	5,014	2,659

Consolidated off-balance-sheet items as at 30 June 2022

in CHF 1,000	30.6.2022	31.12.2021
Off-balance sheet items		
Contingent liabilities		
of which credit guarantees and similar instruments	1,108	4,506
of which guarantees for warranty obligations and similar instruments	–	–
Total contingent liabilities	1,108	4,506
Derivative financial instruments		
Notional value	1,242,385	1,209,930
Positive replacement values	18,945	7,416
Negative replacement values	-18,051	-6,731
Fiduciary transactions		
Fiduciary transactions	121,735	99,093
Fiduciary loans	–	–
Total fiduciary transactions	121,735	99,093

Excluded from consolidation based on Art. 1104 para. 1 item 3 PGR (Real Pro Inv. Limited., Priller Immo AG);
 Excluded from consolidation based on Art. 1104 Para. 1 item 2 PGR (21.finance AG);

The Bank Frick Half-yearly report is published in German and English.
 The German version is authoritative.

Crossover Finance