



BANK FRICK

Annual Report 2014

The art of nature



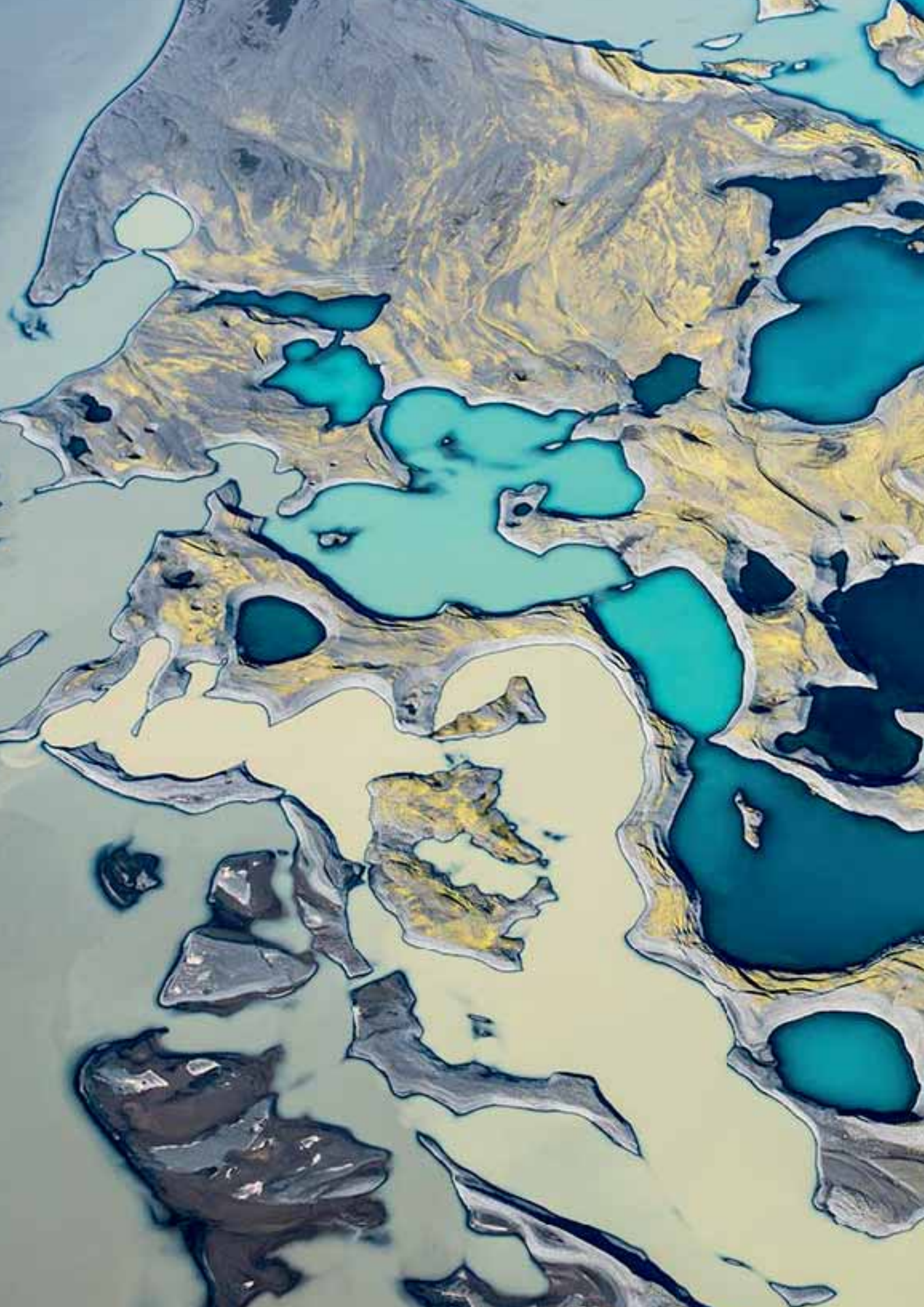
BANK FRICK



Contents

Foreword of the Chairman of the Board of Directors	7
Annual Report of the Management Board 2014	10
Balance sheet	16
Income statement	18
Off balance-sheet items	19
Profit distribution	19
Cash flow statement	20
Notes on business activities and staffing	24
Accounting and valuation principles for the financial statements	28
Information about the balance sheet	36
Overview of collateral	36
Vulnerable debts	36
Securities and precious metals held as current assets (excl. trading portfolio)	37
Securities and precious metals held as non-current assets	38
Statement of asset additions and disposals	39
Participations and shares in affiliated companies	40
Reporting of premium and discount on securities valued according to the accrual method	41
List of assets pledged or assigned to secure own liabilities and third-party liabilities (including contingent liabilities) as well as assets subject to reservation of title	41

Valuation allowances and provisions/provisions for general banking risks	42
Total company equity	43
Major shareholders and groups of shareholders with voting rights	44
Disclosure pursuant to Art. 27 ERV as of 31.12.2014	44
Equity capital statement	45
Maturity structure of the assets as well as liabilities and provisions	46
Statement of receivables and liabilities vis-à-vis qualified parties and affiliated companies as well as loans extended to related parties and entities	48
Foreign currency denominated assets and debts in CHF	48
Composition of the balance sheet items «Other assets» and «Other liabilities»	49
Structure of client assets	49
Information about off balance-sheet transactions	50
Contingent liabilities	50
Open derivative financial instruments	50
Fiduciary transactions	50
Information about the income statement	51
Report of the statutory auditors	54
Company bodies and staff	58
Organisation chart	59
Imprint	62



Foreword by the Chairman of the Board of Directors to the 2014 Annual Report



The year 2014 will be remembered as a very dramatic and painful year in the history of Bank Frick. The Bank itself achieved excellent operational results and undertook numerous strategic measures. However, all these achievements were overshadowed by the murder of Jürgen Frick, CEO of Bank Frick for many years, on 7 April 2014. The entire staff, the Board of Directors, friends and family members were united in facing the enormous challenge posed by this tragic event. Bank Frick will forever honour the memory of Jürgen Frick.

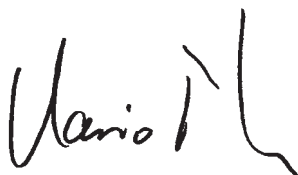
Despite this tragedy, or rather precisely because of it, the Bank made every effort to react to the challenges it faced. Several regulatory requirements, which were still in the discussion phase in 2014, have since been defined, and it also became clear that expenditures will continue to increase, particularly for smaller banks. At Bank Frick, further appointments, additional technologies and process improvements are part of the reaction to these challenges.

Bank Frick implemented a large-scale strategy process; the analysis also included companies working closely with the Bank, which, through joint shareholders, are actually part of the same Group. One clear outcome from the strategy process is that the Bank will focus on its core services, which it is able to offer as a unique selling point in its position as a bank. This includes account administration, payment services, loans, the production of financial instruments and non-independent investment consultancy as well as providing clients with essential, comprehensive advice. The Bank will also continue to provide asset management, structuring and insurance services as well as services designed to safeguard corporate succession, for example. However, these services will in future be performed by other businesses within the Group. As such, companies offering services in the fiduciary, structuring, asset protection, succession and financial planning and corporate sectors, as well as all matters related to real estate advice, fund management and asset management, all belong to the BFC Group.

The Bank achieved one of its highest ever operating profits. Substantial valuation allowances and provisions recognised for tax purposes were carried out, with due consideration of new projects and also pending requirements, and all of this in accordance with the principal of prudence. For example, Bank Frick is active in the payment services area and particularly in the online credit card system. We view both of these as growth areas - areas in which even small and medium-sized banks can find their niche. After a challenging initial two years, we will not only break even in 2015, but will also be able to move into stable profit.

The Bank was also restructured internally, both as a reaction to the loss of its long-standing CEO Jürgen Frick and to strengthen and promote efficiency across individual departments. This process has been completed successfully. For our clients, this means more clearly defined contact persons and even swifter handling of their requirements.

The requirements for all banks, and in particular smaller banks, will not become less demanding any time soon. It is likely to be another few years yet before the excessive regulations - and the accompanying hysteria - give way to a calmer state of affairs. Whatever the case, Bank Frick is well positioned to overcome these challenges successfully.

A handwritten signature in black ink, appearing to read 'Mario Frick', with a stylized flourish at the end.

Dr. Mario Frick
Chairman of the Board of Directors





Review - Bank Frick: flagship of the new BFC Group

The focus in the past financial year was on strategic realignment (see also the February 2015 press release). Bank Frick is to become the flagship of the new financial services group BFC Group.

The Bank is to focus on the areas of private banking, payment services, real estate and tailored solutions (opportunities).

This realignment is also expressed in the new slogan **"my bank, my opportunity"**. **"my bank"** represents the close collaboration between all staff members, while at the same time expressing the fact that our clients are also considered part of the Bank's family. **"my opportunity"** reflects the flexibility and the desire at Bank Frick to provide clients with tailored and optimised solutions within the regulatory framework.

Expressing our thanks to our staff

Our staff are our most important asset - something which the Management Board is very aware of. The professional and social skills, and the loyalty, of our staff are key factors in our success, enabling us to meet the challenges of a constantly changing market.

The exemplary conduct of our staff in reaction to the death of our long-term CEO Jürgen Frick at the beginning of April 2014 was proof that here at Bank Frick we think and act as one unit - and as one family.

Together, the Board of Directors, Management Board and entire staff are looking forward to successfully shaping our shared future.

Climate and markets

The continuing low interest rate environment remained a deciding influence on investor behaviour around the world. This meant shares, real estate and second-grade bonds continued to make sustainable profit. The year 2014 was also characterised by new geopolitical issues such as the crisis between Ukraine and Russia. As well as introducing a policy of negative interest, the European Central Bank also announced a programme to purchase large amounts of European government bonds.

Another topic to have an impact on the 2014 financial year was the dramatic collapse in the price of oil. The well-known Brent price stood at just USD 53.27 on 31 December 2014, representing a decline of over 50% compared to the highest price in 2014 of USD 115.71.

Net income and assets under management

Net income amounted to approximately CHF 2.5 million (-28.5%). Careful development of new valuation allowances for financial assets (in accordance with the principle of prudence) and the increase in allowances for doubtful accounts and provisions were the reasons behind this decrease. However, operational success saw significant, above-average growth compared to the previous year (see the section below entitled "Sources of revenue and cost-income ratio").

As at the reporting date, assets under management stood at CHF 2.6 billion (-6.2%). However, net new money of CHF 426 million was recorded in the reporting year (previous year: CHF 10 million).

Sources of revenue and cost-income ratio

Income from commission and service transactions showed an above-average increase of 79.5%. Income from interest-related activities also rose by 62.3%: a significantly higher amount compared to the previous year. In contrast, profit from financial operations posted a negative result of CHF -1.37 million, due to the new adjusted valuation allowances for financial assets, based on the principle of prudence.

The cost-income ratio in the reporting year was reduced to 61.84% (previous year: 76.4%). In view of the increased overheads and additional costs (expansion strategies and the increased regulatory burden), this figure was in line with expectations.

Balance sheet

As at 31 December 2014, the balance sheet total stood at CHF 1.603 billion (+13.8 %). The increase essentially came from liabilities due to clients and assets due from clients.

Bank Frick adopts a conservative approach to lending, which means that it always lends against high-quality collateral.

Payment Services

Bank Frick successfully forged ahead with the expansion of its Payment Services unit in 2014. This has yielded higher transaction volumes and promising new projects. By expanding the services we provide, we are confident that we can successfully establish ourselves in this business segment, given that the opportunities far outweigh the risks.

The main focus of the new Payment Services unit will be on processing credit card transactions for online traders across Europe.

Social responsibility (charity and philanthropy) and sponsorship

Bank Frick provides financial support to long-term social projects aimed at helping disadvantaged children and young people in South and Central America and India. In the past financial year, the Bank also donated USD 39,000 to finance the education and further training of around 120 teachers in Nicaragua, in the area of special education, over a period of several years.

Bank Frick's social commitments continue to contribute to the realisation of long-term, sustainable goals (helping people to help themselves).

Events after the balance sheet date

Between the balance sheet date and the publication of the Annual Report, no significant events took place that have a substantial impact on the wealth or the financial and revenue situation of Bank Frick.

Outlook for 2015

Bank Frick has made a positive start in the new financial year. Individual business units are either progressing according to plan or better than expected. The effect of the far-reaching decisions made by the Swiss National Bank (lifting the minimum rate of EUR/CHF 1.20 and introducing negative interest rates) and the European Central Bank (introducing negative interest rates and purchasing government bonds) on the financial year as a whole cannot yet be fully assessed. As their implications are purely cost-based first and foremost, they will be reflected as expenditure in the income statement. These measures are also certain to complicate the business environment in general. This makes it all the more important to implement strategic decisions published in February 2015 within the framework of the new BFC Group this year - and to do so actively and successfully. The challenge now is creating these new structures. The realignment of Bank Frick, and its repositioning as the flagship of the new BFC Group strategy, will open up numerous opportunities, and we aim to take full advantage of these in a determined, but also risk-oriented, manner. We are now in a demanding - and thoroughly exciting - development phase. We are making positive strides in our own development, remaining focused on our common objectives. Being able to take part in shaping the future is something both fine and valuable. It is a privilege - and an inspiration.



Edi Wögerer	Roland Frick	Dr. Kuno Frick
Chairman of the Management Board	Director	Director





Balance sheet

as of 31.12.2014 with figures from the previous year

Assets	Previous column CHF	31.12.2014 CHF	Previous column CHF	31.12.2013 CHF
Liquid assets	-	75.273.723	-	32.429.850
Due from banks	-	397.095.090	-	374.619.322
of which repayable upon demand	311.146.130	-	265.261.361	-
of which other receivables	85.948.960	-	109.357.961	-
Due from clients	-	1.002.382.078	-	869.804.663
of which mortgage-backed claims	103.142.896	-	72.405.194	-
Bonds and other fixed- interest securities	-	5.576.350	-	4.862.000
of which bonds:	-	-	-	-
issued by public bodies	1.101.450	-	1.724.800	-
issued by other borrowers	4.474.900	-	3.137.200	-
Shares and other non-fixed-interest securities	-	100.827.872	-	96.855.806
Participations	-	50.004	-	125.002
Shares in affiliated companies	-	1.000.000	-	1.000.000
Intangibles	-	1	-	1
Property, plant and equipment	-	9.291.098	-	9.685.261
Other assets	-	9.411.205	-	16.365.602
Accrued expenses and deferred income	-	2.528.236	-	3.368.872
Total assets	-	1.603.435.657	-	1.409.116.380

Liabilities	Previous column CHF	31.12.2014 CHF	Previous column CHF	31.12.2013 CHF
Due to banks	-	21	-	34.312
of which repayable on demand	21	-	34.312	-
with agreed terms or notice period	-	-	-	-
Due to clients	-	1.377.904.435	-	1.150.763.271
of which savings deposits	-	-	-	-
of which other liabilities	-	-	-	-
repayable on demand	1.264.852.207	-	1.062.325.575	-
with agreed terms or notice periods	113.052.228	-	88.437.696	-
Certificated liabilities	-	131.017.535	-	172.125.906
of which medium-term notes	17.317.400	-	63.573.480	-
of which other certificated liabilities	113.700.135	-	108.552.426	-
Other liabilities	-	10.373.355	-	6.944.319
Accrued expenses and deferred income	-	4.455.661	-	3.287.753
Provisions	-	874.500	-	337.300
of which tax provisions	874.500	-	337.300	-
of which other provisions	-	-	-	-
Provisions for general banking risks	-	8.500.000	-	7.820.000
Subscribed capital	-	25.000.000	-	25.000.000
Capital reserves	-	1.000.000	-	1.000.000
Retained profit	-	41.803.000	-	38.298.000
of which statutory reserves	6.000.000	-	6.000.000	-
of which other reserves	35.803.000	-	32.298.000	-
Profit carried forward	-	519	-	798
Profit for the year from 01.01. to 31.12.2014	-	2.506.631	-	3.504.721
Total liabilities	-	1.603.435.657	-	1.409.116.380



Income statement

Items	Previous column CHF	2014 CHF	Previous column CHF	2013 CHF
Interest earned	-	24.659.484	-	24.777.000
of which income from fixed-interest securities	120.390	-	142.661	-
Interest paid	-	-13.325.481	-	-17.719.977
Current income from securities	-	-	-	761.745
of which shares and other non-fixed-interest securities	-	-	761.745	-
Income from commission and service transactions	-	17.808.697	-	9.546.798
of which commission income on loan transactions	10.005	-	5.967	-
of which commission income from securities and investment transactions	6.671.572	-	7.356.032	-
of which commission on other service activities	11.127.120	-	2.184.799	-
Commission payable	-	-10.323.083	-	-3.594.652
Profit on financial operations	-	-1.368.889	-	3.092.129
of which from commercial activities	2.826.361	-	3.130.349	-
Other ordinary income	-	2.139.381	-	896.926
General administrative expenses	-	-13.386.848	-	-12.328.797
of which staff costs	-7.479.449	-	-6.571.745	-
of which operating expenditure	-5.907.399	-	-5.757.052	-
Depreciation on intangible assets as well as on property, plant and equipment	-	-534.852	-	-514.393
Other ordinary expenditure	-	-667.173	-	-57.477
Valuation allowances on claims and transfers to reserves for contingencies and credit risks	-	-1.050.000	-	-700.000
Income from the dissolution of valuation allowances in respect of loans and from the dissolution of provisions for contingent liabilities and credit risks	-	-	-	-
Depreciation on participations, shares in affiliated companies and securities treated as non-current assets	-	-179.749	-	-300
Income from write-ups of shareholdings, shares in affiliated companies and securities treated as non-current assets	-	-	-	38.220
Income from normal business activities	-	3.771.487	-	4.197.221
Extraordinary income	-	-	-	-
Extraordinary expenditure	-	-	-	-
Income tax	-	-584.856	-	-272.500
Other taxes	-	-	-	-
Allocations to provisions for general banking risks	-	-680.000	-	-420.000
Profit from 01.01. to 31.12.2014	-	2.506.631	-	3.504.721

Off balance-sheet items



as at 31.12.2014

Off balance-sheet items	31.12.2014 CHF	31.12.2013 CHF
Contingent liabilities		
Liabilities from guarantees and warranty contracts as well as liability from provision of collateral	13.682.573	3.675.620
Total contingent liabilities	13.682.573	3.675.620
Derivative financial instruments		
Contract volumes	687.387.456	290.760.685
Positive replacement values	7.316.209	925.518
Negative replacement values	6.979.178	710.035
Fiduciary transactions		
Fiduciary transactions	231.168.700	17.724.220
Fiduciary loans	-	-
Total fiduciary transactions	231.168.700	17.724.220

Profit distribution



The profit for the year 2014 is appropriated as follows

	Financial year CHF	Previous year CHF
Profit for the year	2.506.631	3.504.721
Profit carried forward	519	798
Total	2.507.150	3.505.519
Profit distribution		
Allocation to the statutory reserves	-	-
Allocation to the free reserves	1.257.000	3.505.000
Dividend on company capital	1.250.000	-
Profit carried forward	150	519



Cash flow statement

(all figures shown in CHF)

Flow of funds from operating result (internal financing)	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Annual profit	2.506.631	-	3.504.721	-
Depreciation on securities as current assets	4.250.000	-	-	-
Depreciation on securities as non-current assets	54.750	-	-	38.220
Write-off and write-ups on participations	124.999	-	300	-
Depreciation on intangible assets and property, plant and equipment	534.852	-	514.393	-
Valuation allowances and provisions	-	229.000	771.000	-
Tax provisions	537.200	-	-	210.200
Provisions for general banking risks	680.000	-	420.000	-
Accrued income and prepaid expenses	840.636	-	-	1.941.379
Accrued expenses and deferred income	1.167.908	-	-	456.560
Distribution of dividends previous year	-	-	-	1.250.000
Balance	10.467.976	-	1.314.055	-

	Financial year		Previous year	
	Origin of funds	Appropriation of funds	Origin of funds	Appropriation of funds
Flow of funds from equity transactions				
Capital increase	-	-	-	-
Balance	-	-	-	-
Flow of funds from investment transactions				
Shares in affiliated companies	-	-	-	-
Participations	-	50.000	-	75.300
Real estate	-	-	-	-
Other property, plant and equipment	-	140.689	-	-
Intangible assets	-	-	-	-
Securities and precious metals as non-current assets	-	769.100	1.275.800	612.400
Balance	-	959.789	588.100	-
Flow of funds from bank business				
Medium and long-term business (> 1 year)				
Medium-term notes	-	21.560.000	9.251.000	-
Other certificated liabilities	44.318.000	-	26.604.000	-
Due from clients	9.474.176	-	-	200.674.787
Mortgage claims	-	30.737.702	-	9.696.651
Short-term business				
Due to banks	-	34.291	-	33.724
Due to clients (other liabilities)	227.141.164	-	194.245.651	-
Medium-term notes	-	24.696.080	-	10.831.320
Other certificated liabilities	-	39.170.291	27.974.757	-
Other liabilities	3.429.036	-	3.881.438	-
Due from banks	-	22.475.768	-	47.522.224
Due from clients	-	111.084.889	21.446.169	-
Shares and other non-fixed-interest securities	-	8.222.066	-	36.319.400
Other assets	6.954.397	-	-	14.648.840
Balance	33.335.686	-	-	36.323.931
Liquidity				
Liquid assets	42.843.873	-	-	34.421.776
Balance	42.843.873	-	-	34.421.776







Notes on business activities and staffing

Client support, investment consultancy and asset management

Bank Frick is active in the client support and advisory service, investment consulting and asset management business.

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

New opportunities, asset protection and retirement and financial planning

The proven national and international financial expertise in the new BFC Group and the broad general network incorporating additional experienced experts (lawyers, fiduciaries, fund service providers, asset managers, etc.) means tailored, special solutions as the investment of assets can be developed very quickly. This creates various new opportunities for clients as a result.

Asset protection and retirement and financial planning are specialist services which Bank Frick provides to its clients as part of the BFC Group. Coordinated cooperation between hand-picked, proven experts provides the basis for sustainably built solutions.

Real estate

Optimised real estate developments are another opportunity which Bank Frick provides to its clients as a service. A specialised company was set up for this purpose in the Bank Frick network in 2014 - BFC REI AG - and staffed with experienced real estate experts. The main target markets are Austria, Germany, the Principality of Liechtenstein, Switzerland and the United Kingdom.

Depositary functions, fund services, AIFM approval

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

Bank Frick has assigned the administration of its investment funds and in-house funds (special fund) to its wholly owned subsidiary Crystal Fund Management AG. In recent years, this has developed into one of the Principality of Liechtenstein's recognised and established fund management companies. Crystal Fund Management AG also offers comprehensive, efficient fund services to third parties on competitive terms. It manages investment funds domiciled in the Principality of Liechtenstein or on Malta.

In autumn 2014, Crystal Fund Management AG was granted approval to act as an alternative investment fund manager (AIFM).

Trading activities

In securities and foreign exchange trading, Bank Frick focuses exclusively on private client business. Consequently, it does not in general engage in any securities transactions on its own account.

Lending activities

Bank Frick's lending activities are mainly operated as a complement to its main areas of business - private banking and fund services. Virtually all loans are extended against collateral. They are provided in conjunction with financial and financing transactions such as are usual in the banking sector. Given the natural boundaries combined with the available equity (loans must be backed by capital and reserves), the Bank's management is expecting only moderate growth in this field of business in the coming years.

Principal source of income

The main source of income, contributing 52.36% of operating income, is interest-related activities. This is followed by commission and service transactions (34.58%) and profit from trading transactions (13.06%).

Human resources

At the end of the 2014 financial year, the Bank employed 42 persons (previous year: 36). On a full-time equivalent basis, it had a workforce of 38.02 persons in the 2014 financial year (previous year: 29.6).

Together with the subsidiary Crystal Fund Management AG and Bank Frick UK branch, a total of 51 members of staff currently work for the Group (previous year: 44).

Outsourcing

In acquiring banking, specific standard software solutions were outsourced.







Accounting and valuation principles for the financial statements

Basic principles

Accounting, balancing and valuation are conducted in accordance with the provisions of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht - PGR*) and Liechtenstein Banking Act (*Bankengesetz*), together with the applicable Ordinance and any directives issued by the Liechtenstein Financial Market Authority on accounting standards.

Recognition and accounting

All business transactions are recorded in the accounts of Bank Frick on the closing date and are valued as of that point in time in accordance with the principles specified below.

General valuation principles

The most important valuation principles can be summarised as follows:

Foreign currencies

Receivables and liabilities denominated in foreign currencies are valued in accordance with the mean foreign exchange rates valid on the balance sheet date.

Liquid assets, receivables from banks and clients, mortgage claims, liabilities

These are entered in the balance sheet at nominal value. Recognisable risks are adjusted in accordance with the principle of prudence. If a debtor is in default with his interest payments by more than 90 days, the outstanding interest is then allocated directly to valuation allowances and is booked as income only after the interest has actually been paid.

Securities held as current assets

Securities held as current assets are valued according to the lower of cost or market principle. Interest income is shown under the "interest earned" item, dividend income under the "current income from securities" item. Participations are essentially shown under the "securities held as current assets" balance sheet item.

Securities held as non-current assets

In the case of fixed-interest securities which are held to maturity, the accrual method is used for valuation. In this context, the premium or discount is amortised over the term to maturity. Interest-related realised profits or losses arising from premature sale or redemption are deferred using the accrual method over the residual term to maturity, i.e. until the original maturity date. Interest income is shown under the "interest earned" item. Securities without fixed interest are valued according to the lower of cost or market principle. Dividend income is included under the "current income from securities" item. Debt securities are essentially included under the "securities held as non-current assets" item.

Shares in affiliated companies and participations

The wholly-owned subsidiary Crystal Fund Management AG, the 25% stake in Top-Gold AG, the 19% stake in FinOps AG and the 38% stake in Bluestone Asset Management Ltd. are valued in accordance with the historical cost principle less any necessary deductions for valuation allowances.

Property, plant and equipment

Property, plant and equipment is essentially capitalised at cost of purchase and depreciated on a straight-line basis over the conservatively estimated useful life of the objects.

Accruals and deferrals

Interest expenses and income, personnel and non-personnel expenses as well as credit commission, custodian and asset management fees are amortised over time.

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 the operating result and are shown under the "provisions for taxes" item.



Precious metal accounts

Precious metal accounts are entered in the balance sheet at the prices applicable on the balance sheet date.

Contingent liabilities

These are entered under off-balance-sheet transactions at nominal value.

Derivative financial instruments

The positive and negative replacement values as well as the contract values of the derivative financial instruments open on the balance sheet date are shown under off-balance-sheet transactions.

Fully traded foreign exchange transactions are valued at market prices on the balance sheet date. If there is no representative market, then valuation is performed using the lower of cost or market principle.

Risk management

Credit and market risks are subject to limits. Compliance with these limits is continuously monitored. The objective is to keep the overall risk profile low. In addition, trading or derivative activities are only performed on the Bank's own account in exceptional cases and, if at all, only on a very small scale.

Default and country risks

Loans are preferably extended to clients within the framework of securities activities and asset management. Furthermore, in-house refinancing instruments (e.g. deposit certificates, medium-term bonds) can be used to secure loans. The resulting risk exposures can be assessed as being minor. Europe accounts for the majority of liabilities.

Trading and derivative activities

Trading and derivative activities are conducted with first-class counterparties. Transactions are only performed on the Bank's own account in exceptional cases and, if at all, only on a very small scale.

Interest rate risk

In general terms, the interest rate risk can be characterised as being very low to non-existent. This is because loans are for the most part refinanced with matching maturities.

Other market risks

The Bank holds only a very small quantity of foreign exchange items. These are used mainly to cover the daily foreign exchange requirements of our clients.





Liquidity risks

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

Remarks

All figures contained in the notes are shown in CHF.

Selected foreign exchange rates (mean balance sheet rates) as at 31.12.2014

CAD	0.85170
JPY	0.82780
ZAR	0.08540
GBP	1.53820
USD	0.98840
EUR	1.20290







Information about the balance sheet

Overview of collateral

	Type of collateral			Total
	Mortgage-backed collateral	Other collateral	Without collateral	
Lending				
Due from clients (excluding mortgage claims)	-	896.678.654	2.560.528	899.239.182
Mortgage claims residential properties	103.142.896	-	-	103.142.896
Office and commercial buildings	-	-	-	-
Trade and industry	-	-	-	-
Other	-	-	-	-
Total lending for the financial year	103.142.896	896.678.654	2.560.528	1.002.382.078
Previous year	72.405.194	793.164.055	4.235.414	869.804.663
Off balance-sheet				
Contingent liabilities	-	13.682.573	-	13.682.573
Irrevocable commitments	-	-	-	-
Call and additional funding obligations	-	-	-	-
Obligation-establishing loans	-	-	-	-
Total off balance sheet financial year	-	13.682.573	-	13.682.573
Previous year	-	3.675.620	-	3.675.620

Vulnerable debts

	Gross debt	Estimated amount realised from the sale of securities	Net debt rescheduling	Individual bad debt charges
Financial year	850.000	-	-	850.000
Previous year	2.379.000	-	-	2.379.000

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

	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument	-	-	-	-	-	-
of which own bonds and Medium-term notes	-	-	-	-	-	-
Equity instruments*	100.827.872	96.855.806	105.980.484	97.640.638	107.771.757	97.285.983
of which equity instruments of at least 10 % of the capital or voting rights	-	-	-	-	-	-
Precious metals	-	-	-	-	-	-
Total	100.827.872	96.855.806	105.980.484	97.640.638	107.771.757	97.285.983
Lent securities and precious metals from the current assets (excl. trading stock, claims against banks or clients)	-	-	-	-	-	-

* Fund units, of which CHF 3.954.732 (at carrying amount) not stock market listed



Information about the balance sheet

Securities and precious metals held as non-current assets

	Carrying amount		Cost		Market value	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Debt instrument «accrual method»	5.576.350	4.862.000	5.799.275	5.107.900	5.708.937	4.964.593
of which own bonds and medium-term notes	-	-	-	-	-	-
of which valued using the «accrual method»	5.576.350	4.862.000	5.799.275	5.107.900	5.708.937	4.964.593
of which valued according to lowest value	-	-	-	-	-	-
Fund unit certificates	-	-	-	-	-	-
Participation securities	1.050.004	1.125.002	1.278.111	3.538.410	1.050.004	1.125.002
of which qualified participations with at least 10 % of the capital or voting rights	1.050.004	1.125.002	1.278.111	3.538.410	1.050.004	1.125.002
Precious metals	-	-	-	-	-	-
Total	6.626.354	5.987.002	7.077.386	8.646.310	6.758.941	6.089.596
of which securities eligible for discount with the central bank	-	-	-	-	-	-

Statement of asset additions and disposals

	Financial year								
	Cost previous year	Depreciation to date	Carrying amount end of previous year	Investments	Divestments	Account transfers	Additions	Depreciations	Carrying amount at end of financial year
Total shares in affiliated companies	1.000.000	-	1.000.000	-	-	-	-	-	1.000.000
Participations	2.536.495	2.411.493	125.002	50.002	1	-	-	124.999	50.004
Total securities and precious metal portfolios held as non-current assets	5.107.900	-	4.862.000	3.174.900	2.405.800	-	-	54.750	5.576.350
Other intangible assets	1	-	1	-	-	-	-	-	1
Total intangible assets	1	-	1	-	-	-	-	-	1
Real estate	10.903.936	1.732.803	9.171.133	-	-	-	-	272.598	8.898.535
– Bank building	10.903.936	1.732.803	9.171.133	-	-	-	-	272.598	8.898.535
– Other real estate	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	3.530.923	3.016.795	514.128	140.689	-	-	-	262.254	392.563
Total property, plant and equipment	14.434.859	4.749.598	9.685.261	140.689	-	-	-	534.852	9.291.098
Fire insurance value of property, plant and equipment (buildings) for the reporting period and the previous year									13.000.000
Fire insurance value of other property, plant and equipment for the reporting period									2.500.000
Fire insurance value of other property, plant and equipment for the previous year									2.500.000

Depreciation took place on the basis of operating results



Information about the balance sheet

Participations and shares in affiliated companies

	Equity capital		Holding	
	Financial year	Previous year	Financial year	Previous year
Crystal Fund Management AG*, Balzers				
Share capital	1.000.000	1.000.000	100 %	100 %
Annual profit / loss	-65.700	989.002		
Top-Gold AG m.v.K.*, Balzers				
Share capital	500.000	500.000	25 %	25 %
Annual profit / loss**	-47.255	-238.816		
BFC Wealth Management Ltd.*, London				
Share capital (in GBP)	1	-	100 %	0 %
Annual profit / loss** (in GBP)	-	-		
BFC REI AG.*, Balzers				
Share capital	50.000	-	100 %	0 %
Annual profit / loss **	-	-		
Xingyun Ltd.*, London				
Share capital	1	-	20 %	0 %
Annual profit / loss **	-	-		

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

* not including market value 2014

** The 2014 financial statements had not yet become available at the time of the compilation of the table.

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

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

	Financial year	Previous year
Premium	121.394	82.585
Discount	-	17.969

**List of assets pledged or assigned to secure own liabilities and
third-party liabilities (including contingent liabilities)
as well as assets subject to reservation of title**

	31.12.2014		31.12.2013	
	Carrying amount	of which claimed	Carrying amount	of which claimed
Securities (financial assets)*	4.383.317	-	3.533.257	-
Due from banks	25.638.951	-	25.894.674	-
Total	30.022.268	-	29.427.931	-

* Nominal values



Information about the balance sheet

Valuation allowances and provisions / provisions for general banking risks

	Position at end of previous year	Appropriation according to intended purpose	Change of intended use (reposting)	Recoveries, vulnerable interest, currency differences	Reorganisation at expense of income statement	Dissolution in favour of income statement	Position at end of financial year
Valuation allowances for default risks:	-	-	-	-	-	-	-
Individual bad debt charges	2.379.000	1.279.000	-250.000	-	-	-	850.000
Lumped specific bad debt charges	-	-	-	-	-	-	-
Lump-sum valuation allowances	1.700.000	-	250.000	-	1.050.000	-	3.000.000
Only valuation allowances permissible under tax regulations	-	-	-	-	-	-	-
Provisions for contingent liabilities and credit risks	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-
Provisions for taxes and deferred taxes	337.300	267.074	-	-	804.274	-	874.500
Other provisions	-	-	-	-	-	-	-
Total valuation allowances and provisions	4.416.300	1.546.074	-	-	1.854.274	-	4.724.500
Less valuation allowances directly set off against assets	4.079.000	-	-	-	-	-	3.850.000
Total provisions according to balance sheet	337.300	-	-	-	-	-	874.500
Provisions for general banking risks	7.820.000	-	-	-	680.000	-	8.500.000

Total company equity

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



Information about the balance sheet

Major shareholders and groups of shareholders with voting rights

	Financial year		Previous year	
	Nominal	Holding in %	Nominal	Holding in %
With voting rights: Combinvest Establishment, Balzers	20.000.000	100	20.000.000	100
Total	20.000.000	100	20.000.000	100
Without voting rights: Participation certificate capital	5.000.000	100	5.000.000	100
Total	5.000.000	100	5.000.000	100

Disclosure pursuant to Art. 27 ERV as of 31.12.2014

(in CHF 1.000)

	Financial year	Previous year
A: own equity capable of being offset:	75.254	70.574
B: equity required:	56.461	52.239
of which:		
credit risk	52.595	48.932
market risk	585	55
operational risk	2.538	2.476

C: Risks:
Refer to our Annual Report under the item "Accounting and valuation principles for the financial statements" for information concerning risks.

Equity capital statement

	2014
Equity capital at the start of the financial year	
Subscribed capital	25.000.000
Subtotal paid-up subscribed capital	25.000.000
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	-
Other reserves	32.298.000
Provisions for general banking risks	7.820.000
Accumulated profit for the year	3.505.519
Total equity at the start of the financial year (before appropriation of net income)	75.623.519
+ Capital increase	-
+ Premium	-
+ Allocation to provisions for general banking risks	680.000
- Dividends and other distributions from the net annual profit for the previous year	-
+ Annual profit for the financial year	2.506.631
Total equity at the end of the financial year (before appropriation of net income)	78.810.150
of which:	
Subscribed capital	25.000.000
Subtotal paid-up subscribed capital	25.000.000
Capital reserves	1.000.000
Statutory reserves	6.000.000
Reserves in accordance with the articles of association	-
Other reserves	35.803.000
Provisions for general banking risks	8.500.000
Accumulated profit for the year	2.507.150



Information about the balance sheet

Maturity structure of the assets as well as liabilities and provisions

(in CHF 1.000)

	due							TCHF
	On demand	Subject to notice	Within 3 months	After 3 months up to 12 months	After 12 months up to 5 years	After 5 years	Immobilised	Total
Assets								
Liquid assets	75.274	-	-	-	-	-	-	75.274
Due from banks	311.146	-	62.876	23.073	-	-	-	397.095
Due from clients	19.900	743.066	60.040	170.803	8.573	-	-	1.002.382
of which mortgage-backed claims	6.113	82.011	1.570	12.729	720	-	-	103.143
Securities and precious metals held as current assets (excl. trading positions)	100.828	-	-	-	-	-	-	100.828
Securities and precious metals held as non-current assets	-	-	601	1.401	3.574	-	-	5.576
Other assets	13.382	-	-	-	-	-	8.899	22.281
Total assets financial year	520.530	743.066	123.517	195.277	12.147	-	8.899	1.603.436
Previous year	469.698	570.760	180.450	157.965	21.072	-	9.171	1.409.116
Liabilities								
Due to banks	-	-	-	-	-	-	-	-
Due to clients	-	-	-	-	-	-	-	-
a) Savings deposits	-	-	-	-	-	-	-	-
b) Other liabilities	1.264.852	-	52.591	60.461	-	-	-	1.377.904
Certificated liabilities	-	-	-	-	-	-	-	-
a) Issued bonds	-	-	-	5.100	-	12.217	-	17.317
of which medium-term notes	-	-	-	5.100	-	12.217	-	17.317
b) Other certificated liabilities	-	-	7.380	34.031	72.289	-	-	113.700
Provisions	875	-	-	-	-	-	-	875
Other liabilities	14.829	-	-	-	-	-	-	14.829
Total liabilities financial year	1.280.556	-	59.971	99.592	72.289	12.217	-	1.524.625
Previous year	1.072.929	-	115.012	83.802	54.400	7.348	-	1.333.491

Selected balance sheet items due in the 2014 financial year:	Financial year	Previous year
Total asset items No. 5 "securities and precious metals held as non-current assets":	2.002	1.837
Total liability items No. 3a "issued debt securities":	5.100	29.796



Information about the balance sheet

Statement of receivables and liabilities vis-à-vis qualified parties and affiliated companies as well as loans extended to related parties and directors

	Financial year	Previous year
Receivables from qualified parties		
Due from banks	-	-
Due from clients	3.202.500	1.702.500
Liabilities vis-à-vis qualified parties		
Due to banks	-	-
Due to clients	2.462.198	3.371.800
Liabilities vis-à-vis affiliated companies		
Due to legal entities	-	-
Receivables from loans to directors		
Board of Directors	-	-
Management Board	867.617	2.588.000

No significant transactions were recorded with closely-associated persons during the year under review.
All transactions with closely-associated persons are concluded in accordance with standard market conditions.

Foreign currency-denominated assets and debts in CHF

	Financial year	Previous year
Assets	1.288.085.249	1.079.844.595
of which in EUR	230.327.419	243.331.651
of which in USD	699.706.741	524.891.243
of which in CAD	15.967.050	11.921.627
of which in SGD	29.062.366	40.519.503
of which in GBP	297.756.407	241.973.203
Debts	1.282.248.867	1.079.454.853
of which in EUR	230.117.897	243.313.831
of which in USD	696.452.962	524.565.755
of which in CAD	15.824.955	11.973.016
of which in SGD	29.073.137	40.479.142
of which in GBP	295.707.847	242.012.026

Comment: all foreign currency items worth more than CHF 10 million are listed in the table

Composition of the balance sheet items «Other assets» and «Other liabilities»

	Financial year	Previous year
Other assets	9.411.205	16.365.602
of which:		
Positive replacement costs of forward foreign exchange transactions	7.316.209	925.518
Settlement account balance replacement costs for forward foreign exchange transactions	-	-
Premium on financial investment bonds (accrual method)	121.394	82.585
Settlement accounts	1.973.602	15.357.499
Other liabilities	10.373.355	6.944.319
of which:		
Negative replacement costs of forward foreign exchange transactions	6.979.178	710.035
Settlement account balance replacement costs for forward foreign exchange transactions	337.031	215.483
Discount on financial investments bonds (accrual method)	-	17.969
Settlement accounts	3.057.146	6.000.832

Structure of client assets

Type of client assets* (in CHF 1,000)	Financial year	Previous year
Assets in funds under own management (investment company)	165.035	219.866
Assets with management mandate	1.140	203.614
Other client assets	2.454.860	2.370.633
Total client assets (incl. duplication)	2.621.035	2.794.113
of which duplication	766.973	134.358
Net influx of new funds	425.932	9.754

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



Information about off balance sheet transactions

Contingent liabilities

	Financial year			Previous year		
	Total	of which: secured with Lombard collateral	of which: without collateral (unsecured)	Total	of which: secured with Lombard collateral	of which: without collateral (unsecured)
Collateralization guarantees and similar	13.482.573	13.482.573	-	3.475.620	3.475.620	-
Warranties and similar	200.000	200.000	-	200.000	200.000	-
Irrevocable liabilities	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-

Open derivative financial instruments

	Financial year			Previous year		
	Replacement values		Contract volume*	Replacement values		Contract volume*
	positive*	negative*		positive*	negative*	
Forward foreign exchange contracts	7.316.209	6.979.178	687.387.456	925.518	710.035	290.760.685

* from trading activities

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

Fiduciary transactions

	Financial year	Previous year
Fiduciary investments at third-party banks	231.168.700	17.724.220
Fiduciary investments at affiliated banks and finance companies	-	-
Fiduciary loans	-	-
Other fiduciary financial transactions	-	-



	Financial year	Previous year
Profits from trading activities	2.826.361	3.130.349
of which:		
Foreign exchange transactions	2.790.001	3.071.163
Cash transactions	36.360	59.186
Securities trading	-	-
Precious metal transactions	-	-
Breakdown of staff costs	7.479.449	6.571.745
of which:		
Wages and salaries	6.315.642	5.541.216
Remuneration of the members of the Board of Directors	-	-
Social insurance contributions and support	587.589	503.033
Pension expenses	394.038	365.472
Other staff costs	182.180	162.024
Breakdown of operating expenditure	5.907.399	5.757.052
of which:		
Cost of business premises	166.737	425.496
IT expenditure	1.045.296	1.370.927
Furniture	24.966	44.955
Other equipment	149.110	89.884
Other operating expenditure	4.521.290	3.825.790

In accordance with Art. 1092 subsection 9 lit. d of the Liechtenstein Persons and Companies Act, the salaries of the members of the Board of Directors and Management Board are not disclosed.

Breakdown of the item «Other income from ordinary activities»:	2.139.381	896.926
of which: Income from property	185.490	500.800
Liquidation income from derecognised receivables *	-	-
Other income from ordinary activities	1.953.891	396.126

* income attributable to other periods







Report of the statutory auditors to the General Meeting of Bank Frick & Co. AG, 9496 Balzers

As statutory auditors, we have audited the accounting records, the financial statements (balance sheet, income statement, notes and cash flow statement; pages 16 to 51) and the annual report of Bank Frick & Co. AG for the year ended 31 December 2014.

These financial statements and the annual report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualifications and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the annual report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Liechtenstein law. Furthermore, the accounting records, financial statements and the annual report as well as the proposed appropriation of available earnings comply with Liechtenstein law and the company's articles of incorporation.

The annual report is in conformity with the financial statements.

We recommend that the financial statements submitted to you be approved.

ReviTrust Grant Thornton AG

A handwritten signature in black ink, consisting of a large, stylized 'H' with a horizontal line extending to the right and a vertical line extending downwards from the center.

Egon Hutter

Certified Public Accountant

(Lead Auditor)

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a series of loops and a final vertical stroke.

Rainer Marxer

Certified Public Accountant

Schaan, 24. April 2015







Company bodies and staff

Board of Directors

Dr. Mario Frick, Chairman of the Board of Directors, Balzers
Kuno Frick sen., Member of the Board of Directors, Balzers
Werner Fiori, Member of the Board of Directors, Lugano
Mag. Johann Fahrnberger, Member of the Board of Directors, Schaan

Management Board

Edi Wögerer, Chairman of the Management Board, CEO (since 01 Mai 2014)
Jürgen Frick+, Chairman of the Management Board, CEO (until 07 April 2014)
Roland Frick, Member of the Management Board, CFO & HR
Dr. Kuno Frick, Member of the Management Board, CIO

External Auditors

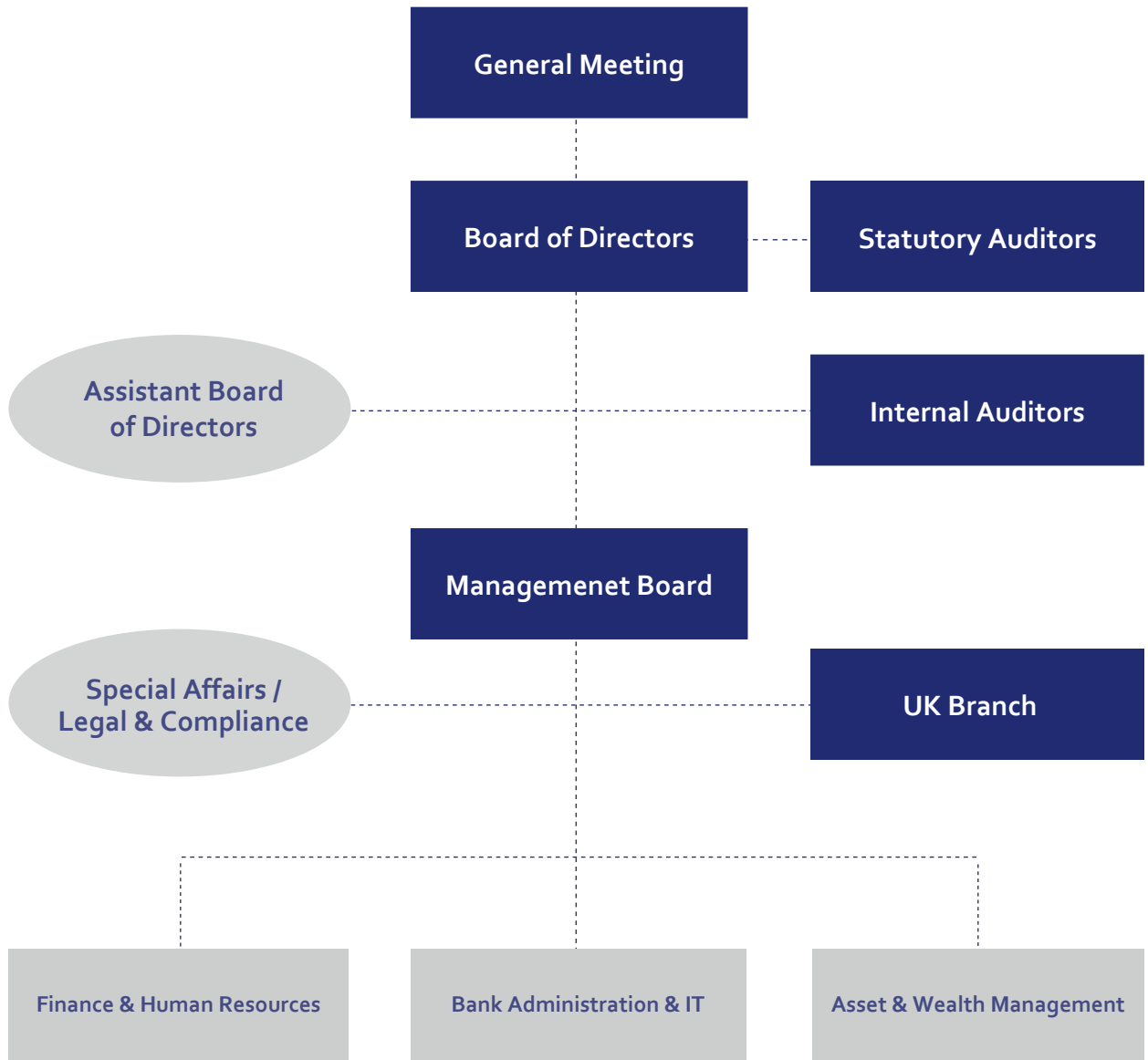
ReviTrust Grant Thornton, Schaan

Internal Auditors

BDO AG, Zürich

Members of Operational Risk Board (ORB)

Ivo Beck
Hubert Büchel
Dr. Kuno Frick
Roland Frick
Erwin Keller
Christoph Lingg
Michael Nasahl
Gabriel Tschui
Edi Wögerer





www.bankfrick.li
www.bankfrick.co.uk





Publishing information

Publisher

Bank Frick & Co. AG
Landstrasse 14
Postfach 43
LI-9496 Balzers

Telefon +423 388 21 21
FAX +423 388 21 22
bank@bankfrick.li
www.bankfrick.li

Pictures

Marco Nescher
Im Tröxle 45
LI-9494 Schaan

Iceland - The art of nature

my bank, my opportunity



BANK FRICK



BANK FRICK my bank, my opportunity