

**swissfirst** Report 1. Quarter  
2005

swissfirst AG, Zug

## Interim consolidated financial statements 2005

Balance sheet	Interim statement 31.03.2005	End year statement 31.12.2004	Interim statement 31.03.2004
	CHF	CHF	CHF
<b>Assets</b>			
Cash	49,973,695	39,222,002	18,684,833
Due from banks	331,764,204	223,291,606	381,698,727
Due from customers	433,589,032	393,335,678	482,027,093
Securities trading portfolio	62,820,498	37,029,592	14,943,082
Derivative financial instruments	26,257,426	21,647,246	60,260,875
Financial investments	164,425,968	133,770,126	183,212,205
Associated participations	1,382,922	1,382,922	1,148,665
Fixed assets	22,710,558	22,719,335	23,586,188
Intangible fixed assets	436,780	534,293	892,553
Prepaid expenses and accrued income	6,262,357	3,988,083	3,172,810
Current tax assets	16,358,110	10,262,075	10,060,687
Other assets	1,127,101	29,231,613	26,615,918
<b>Total assets</b>	<b>1,117,108,651</b>	<b>916,414,571</b>	<b>1,206,303,636</b>
<b>Liabilities and shareholders' equity</b>			
Due to banks	165,577,646	137,129,145	208,276,614
Due to customers	540,856,615	435,252,513	498,803,520
Derivative financial instruments	63,362,545	41,662,872	71,853,023
Deferred income	18,298,665	21,117,068	22,873,105
Other liabilities	3,719,550	5,137,943	62,519,144
Current tax liabilities	1,581,630	2,140,504	2,212,201
Deferred tax liabilities	3,555,717	3,565,087	3,885,098
Valuation adjustments and provisions	8,722,538	8,709,091	10,438,948
Minority interests	24,028,609	23,043,938	21,303,966
Share capital	5,000,000	5,000,000	5,000,000
Treasury shares	-64,693,427	-98,898,730	-533,800
Retained earnings	347,098,563	332,555,140	299,671,817
<b>Total liabilities and shareholders' equity</b>	<b>1,117,108,651</b>	<b>916,414,571</b>	<b>1,206,303,636</b>

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## Interim consolidated financial statements 2005

Profit and loss account	Period	Period
	1.1. - 31.03.2005	1.1. - 31.03.2004
	3 months	3 months
<b>Net interest income</b>		
Interest and discount income	4,244,810	3,301,855
Dividend income	500,000	-
Interest expenses	-1,630,903	-960,581
<i>Subtotal: Net interest income</i>	3,113,907	2,341,274
<b>Net commission and service fee income</b>		
Commission income from lending activities	17,428	43,884
Commission income from securities and investment business	16,908,839	19,011,394
Commission income from other services	606,933	481,015
Commission expenses	-1,692,692	-2,244,214
<i>Subtotal: Net commission and service fee income</i>	15,840,508	17,292,079
<b>Net trading income</b>	2,593,169	5,661,748
<b>Other ordinary income</b>		
Real estate income	67,375	84,309
Income from sales of financial investments	268,235	115,000
Sundry ordinary expenses	-24,404	-99,643
Sundry ordinary income	480,055	585,060
<i>Subtotal: Other ordinary income</i>	791,261	684,726
<b>Net operating income</b>	22,338,845	25,979,827
<b>Operating expenses</b>		
Personnel expenses	-5,933,750	-6,314,530
Other operating expenses	-3,317,363	-3,487,015
<i>Subtotal: Operating expenses</i>	-9,251,113	-9,801,545
<b>Gross operating profit</b>	13,087,732	16,178,282
Depreciation and write-offs on fixed assets	-434,051	-388,069
Valuation adjustments, provisions and losses	-97,914	-5,227
Taxes	-593,465	-2,831,326
<b>Profit for the period incl. minority interests</b>	11,962,302	12,953,660
Minority interests	1,005,505	783,126
<b>Group profit for the period</b>	10,956,797	12,170,534

These interim financial statements are not audited by the auditors appointed under banking law. However, they were established according to the same principles as the annual financial statements and correspond to the principles of accounting prescribed by banking law and the IFRS (International Financial Reporting Standards).

## Interim consolidated financial statements 2005

Cash flow statement	Period 1.1. - 31.03.2005	Period 1.1. - 31.03.2004
	3 months CHF	3 months CHF
<b>Cash flow from operating activities</b>		
Interest income (excluding financial investments)	3,418,933	3,206,944
Fee and commission income	17,569,363	22,360,815
Interest expense	-1,004,226	-718,603
Fee and commission expense	-1,702,983	-2,029,622
Personnel and general expense	-14,997,297	-14,927,587
Other income	-1,166,136	770,204
<b>Subtotal</b>	<b>2,117,654</b>	<b>8,662,151</b>
<b>Net change in assets and liabilities relating to operating activities</b>		
Receivables and financial investments	-151,671,994	-207,778,410
Trading positions	-8,701,413	33,092,140
Liabilities	134,052,603	81,113,166
Other	41,246,558	47,450,495
<b>Cash flow from operating activities before tax</b>	<b>17,043,408</b>	<b>-37,460,458</b>
Tax expense	-7,247,969	-11,613,088
<b>Cash flow from operating activities after tax</b>	<b>9,795,439</b>	<b>-49,073,546</b>
<b>Cash flow from investing activities</b>		
Purchase of financial assets	-36,678,800	-20,348,540
Proceeds from the disposal of financial assets	8,969,000	5,162,000
Interest income from financial investments and associated companies	135,104	364,144
Dividends received from financial investments and associated companies	797,500	-
<b>Net cash flow from investing activities</b>	<b>-26,777,196</b>	<b>-14,822,396</b>
<b>Cash flow from financing activities</b>		
Net movements in treasury shares/derivatives	34,205,303	21,957,450
Other movements	-4,923,171	-806,492
<b>Cash flow from financing activities</b>	<b>29,282,132</b>	<b>21,150,958</b>
<b>Balance</b>	<b>12,300,375</b>	<b>-42,744,984</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>54,327,394</b>	<b>70,129,817</b>
<b>Cash flow from operating activities after tax</b>	<b>9,795,439</b>	<b>-49,073,546</b>
<b>Cash flow from investing activities</b>	<b>-26,777,196</b>	<b>-14,822,396</b>
<b>Net cash flow from investing activities</b>	<b>29,282,132</b>	<b>21,150,958</b>
<b>Cash and cash equivalents, end of period</b>	<b>66,627,769</b>	<b>27,384,833</b>

Cash and cash equivalents comprise cash (cash on hand, postal check account deposits and deposits at central banks) as well as debt securities eligible for refinancing at central banks. The composition of cash and cash equivalents was as follows:

<b>Cash</b>	<b>49,973,695</b>	<b>18,684,833</b>
<b>Immediately available securities eligible for refinancing at central banks</b>	<b>16,654,074</b>	<b>8,700,000</b>
<b>Total</b>	<b>66,627,769</b>	<b>27,384,833</b>

## Interim consolidated financial statements 2005

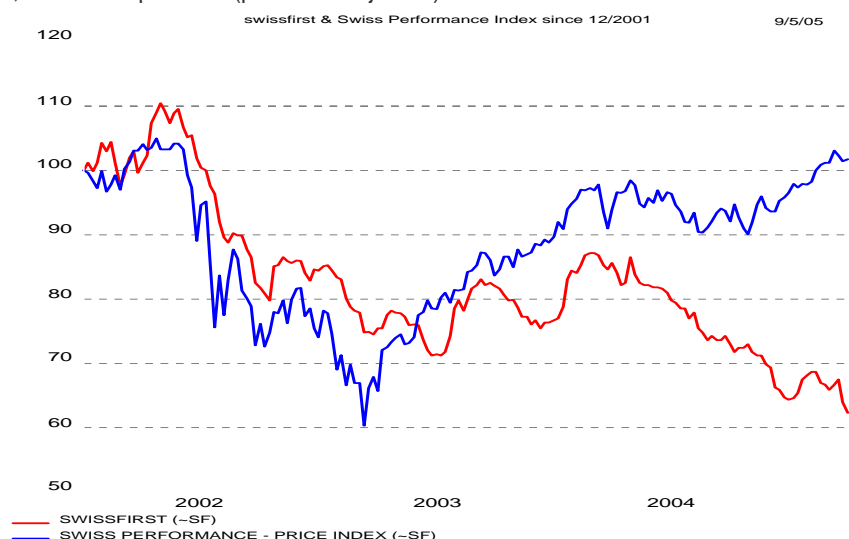
Business segments	Private Banking	Asset Management	Investment Banking	Corporate Items	TOTAL
<b>Period 1.1. - 31.03.2005</b>					
Net operating income	8,021,100	3,509,645	10,148,114	659,986	22,338,845
Operating expenses	-5,186,865	-1,818,034	-2,136,508	-109,706	-9,251,113
<b>Gross operating profit</b>	<b>2,834,235</b>	<b>1,691,611</b>	<b>8,011,606</b>	<b>550,280</b>	<b>13,087,732</b>
Depreciation, valuation adjustments, provisions and losses	-305,398	-155,418	-70,935	-214	-531,965
Taxes	-112,764	-232,761	-228,777	-19,163	-593,465
Minority interests	-641,476	-364,029	-	-	-1,005,505
<b>Profit after taxes</b>	<b>1,774,597</b>	<b>939,403</b>	<b>7,711,894</b>	<b>530,903</b>	<b>10,956,797</b>
Total assets	458,735,000	184,071,464	471,328,309	2,973,878	1,117,108,651
Total liabilities	418,938,478	136,470,680	247,956,213	2,309,535	805,674,906
Total capital expenditure	196,683	29,508	101,570	-	327,761
Total assets under management	2,173 m	1,990 m	830 m	60 m	5,053 m
<b>Period 1.1. - 31.03.2004</b>					
Net operating income	8,036,299	3,651,622	13,051,738	1,240,168	25,979,827
Operating expenses	-4,707,589	-1,796,830	-3,152,372	-144,754	-9,801,545
<b>Gross operating profit</b>	<b>3,328,710</b>	<b>1,854,792</b>	<b>9,899,366</b>	<b>1,095,414</b>	<b>16,178,282</b>
Depreciation, valuation adjustments, provisions and losses	-266,845	-51,879	-70,202	-4,370	-393,296
Taxes	-411,928	-403,810	-1,769,228	-246,360	-2,831,326
Minority interests	-92,838	-690,288	-	-	-783,126
<b>Profit after taxes</b>	<b>2'557'099</b>	<b>708,815</b>	<b>8,059,936</b>	<b>844,684</b>	<b>12,170,534</b>
Total assets	468,066,548	197,349,700	534,280,727	6,606,661	1,206,303,636
Total liabilities	402,145,386	121,377,984	374,814,279	3,827,970	902,165,619
Total capital expenditure	203,873	-	-	-	203,873
Total assets under management	1,883 m	1,601 m	1,278 m	36 m	4,798 m

## Interim consolidated financial statements 2005

Analysis of shareholders' equity	Share capital	Treas. shares/ derivatives	Retained earnings	Total share- holders' equity
<b>As at 31.12.2003</b>	<b>5,000,000</b>	<b>-22,540,385</b>	<b>297,981,145</b>	<b>280,440,760</b>
Change to treasury shares/derivatives	-	-76,358,345	-14,028,725	-90,387,070
Other changes	-	-	875,733	875,733
Net change in reserves for financial investments available for sale	-	-	15,352,813	15,352,813
Dividend 2003	-	-	-5,994,055	-5,994,055
Profit for the year 2004	-	-	38,368,229	38,368,229
<b>As at 31.12.2004</b>	<b>5,000,000</b>	<b>-98,898,730</b>	<b>332,555,140</b>	<b>238,656,410</b>
Change to treasury shares/derivatives	-	34,205,303	-7,613,809	26,591,494
Other changes	-	-	15,137	15,137
Net change in reserves for financial investments available for sale	-	-	11,185,298	11,185,298
Profit for the period	-	-	10,956,797	10,956,797
<b>As at 31.03.2005</b>	<b>5,000,000</b>	<b>-64,693,427</b>	<b>347,098,563</b>	<b>287,405,136</b>
As at 31.03.2004	5,000,000	-533,800	299,671,817	304,138,017

Price of the swissfirst share	31.03.2005	31.12.2004	High	Low
	CHF	CHF	CHF	CHF
	100.00	104.00	112.00	99.00

	1.1. - 31.03.2005 3 months	1.1. - 31.03.2004 3 months
Earnings per share	2.36	2.48
Earnings per share (diluted)	2.30	2.48
Nominal earnings per share (fully diluted)	2.19	2.43
Number of employees, absolute	at 31.03.2005: 116	at 31.12.2004: 115
Number of employees, full-time equivalent (part-time adjusted)	112.8	at 31.03.2004: 114



Source: DATASTREAM

swissfirst AG, Zug

## **Interim consolidated financial statements 2005**

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2005**

#### **Comments on the accounting and valuation regulations**

The consolidated interim financial statements of the swissfirst Group are established according to the accounting regulations of the international Accounting Committee (IASC).

The applied accounting and valuation methods correspond to the methods used for the establishment of the audited annual financial statements of the company as at 31 december 2004.