

**swissfirst**

Report 2.Quarter  
2004

swissfirst AG, Zug

## Interim consolidated financial statements 2004

<b>Balance sheet</b>	Interim statement 30.06.2004	End year statement 31.12.2003	Interim statement 30.06.2003
	CHF	CHF	CHF
<b>Assets</b>			
Cash and other liquid assets	96,146,517	61,369,817	12,207,239
Due from banks	305,049,929	331,827,075	655,664,744
Due from customers	360,173,449	330,514,496	328,141,888
Securities trading portfolio	42,831,680	19,809,300	89,361,309
Derivative financial instruments	27,269,289	51,815,989	32,726,281
Financial investments	187,420,861	161,673,104	121,557,264
Associated participations	1,382,922	1,148,665	1,148,665
Fixed assets	24,118,423	25,455,978	25,948,720
Prepaid expenses and accrued income	4,259,997	1,968,841	15,546,604
Current tax assets	11,518,879	3,531,411	-
Other assets	38,312,941	16,440,391	12,688,048
Goodwill	-	-	4,695,461
<b>Total Assets</b>	<b>1,098,484,887</b>	<b>1,005,555,067</b>	<b>1,299,686,223</b>
<b>Liabilities and shareholders' equity</b>			
Due to banks	164,542,968	65,608,201	314,786,914
Due to customers	508,968,925	560,359,207	552,163,741
Derivative financial instruments	42,780,828	35,182,215	107,030,269
Deferred income	24,385,483	24,951,157	33,589,686
Current tax liabilities	5,367,026	2,108,515	-4,402,776
Deferred tax liabilities	3,885,098	2,964,287	3,827,898
Other liabilities	17,700,788	2,527,869	9,039,426
Valuation adjustments and provisions	9,952,023	10,429,959	8,327,915
Minority interests	22,089,384	20,982,897	18,063,215
Nominal share capital	5,000,000	5,000,000	5,000,000
Own shares	-3,925	-172,500	-172,500
Retained earnings	293,816,289	275,613,260	252,432,435
<b>Total Liabilities and shareholders' equity</b>	<b>1,098,484,887</b>	<b>1,005,555,067</b>	<b>1,299,686,223</b>

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Profit and loss account	Period	Period	Period	Period
	1.1. - 30.6.2004	1.1. - 30.6.2003	1.4. - 30.6.2004	1.4. - 30.6.2003
	6 months	6 months	3 months	3 months
<b>Net interest income</b>				
Interest and dividend income	7,278,871	7,245,098	3,977,016	3,671,197
Dividend income	877,000	260,000	877,000	260,000
Interest expenses	-2,106,933	-2,797,150	-1,146,352	-1,408,438
<i>Subtotal: Net interest income</i>	6,048,938	4,707,948	3,707,664	2,522,759
<b>Net commission and service fee income</b>				
Commission income from lending activities	77,339	57,627	33,455	28,466
Commission from securities and investment business	35,593,730	43,436,369	16,582,336	20,465,331
Commission from other services	1,445,309	510,183	964,294	209,410
Commission expenses	-3,155,195	-6,240,662	-910,981	-3,029,856
<i>Subtotal: Net commission and service fee income</i>	33,961,183	37,763,517	16,669,104	17,673,351
<b>Net trading income</b>	6,032,731	7,814,675	370,983	3,627,112
<b>Other ordinary income</b>				
Real estate income	136,836	134,825	52,527	56,685
Income from associated companies	234,257	931,685	234,257	931,685
Income from sales of financial investments	1,940,655	8,147	1,825,655	853
Sundry ordinary expenses	-126,315	-110,406	-26,672	-92,141
Sundry ordinary income	1,030,796	934,714	445,736	107,525
<i>Subtotal: Other ordinary income</i>	3,216,229	1,898,965	2,531,503	1,004,607
<b>Net operating income</b>	49,259,081	52,185,105	23,279,254	24,827,829
<b>Operating expenses</b>				
Personnel expenses	-12,391,889	-11,721,563	-6,077,359	-5,793,953
Other operating expenses	-6,920,710	-7,149,390	-3,433,695	-3,349,665
<i>Subtotal: Operating expenses</i>	-19,312,599	-18,870,953	-9,511,054	-9,143,618
<b>Gross operating profit</b>	<b>29,946,482</b>	<b>33,314,152</b>	<b>13,768,200</b>	<b>15,684,211</b>
Depreciation and write-offs on fixed assets	-866,031	-1,107,263	-477,962	-397,695
Depreciation on goodwill	-	-1,255,106	-	-627,553
Valuation adjustments, provisions and losses	-14,394	-3,030,449	-9,167	-619,479
Taxes	-4,420,700	-4,717,041	-1,589,374	-2,098,037
<b>Profit for the period incl. minority interests</b>	<b>24,645,357</b>	<b>23,204,293</b>	<b>11,691,697</b>	<b>11,941,447</b>
Minority interests	1,466,577	389,474	683,451	190,574
<b>Group profit for the period</b>	<b>23,178,780</b>	<b>22,814,819</b>	<b>11,008,246</b>	<b>11,750,873</b>

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 2004

Cash flow statement	Period	Period	Period	Period
	1.1. - 30.6.2004	1.1. - 30.6.2003	1.4. - 30.6.2004	1.4. - 30.6.2003
	6 months	6 months	3 months	3 months
	CHF	CHF	CHF	CHF
<b>Cash flow from operating activities</b>				
Interest income (excluding financial investments)	8,301,176	9,173,662	5,094,232	4,440,720
Fee and commission income	39,169,565	44,481,100	16,808,750	14,868,687
Interest expense	-2,565,437	-4,363,616	-1,846,834	-1,126,606
Fee and commission expense	-4,281,935	-5,625,207	-2,252,313	-2,195,234
Personnel and general expense	-23,232,707	-23,416,880	-9,404,313	-9,666,461
Other income	423,046	1,337,218	752,035	1,248,356
<b>Subtotal</b>	<b>17,813,708</b>	<b>21,586,277</b>	<b>9,151,557</b>	<b>7,569,462</b>
<b>Change in assets and liabilities relating to operating activities</b>				
Receivables and assets	-14,476,024	-347,002,329	193,302,386	100,446,966
Trading positions	9,122,933	-6,572,264	-23,969,207	-41,357,262
Liabilities	47,544,485	183,696,985	-33,568,681	-231,986,148
Other	-18,590,587	-8,579,707	-66,041,082	49,114,547
<b>Cash flow from operating activities before tax</b>	<b>41,414,515</b>	<b>-156,871,038</b>	<b>78,874,973</b>	<b>-116,212,435</b>
Tax expense	-9,355,552	-13,962,964	2,257,536	-12,349,862
<b>Cash flow from operating activities after tax</b>	<b>32,058,963</b>	<b>-170,834,002</b>	<b>81,132,509</b>	<b>-128,562,297</b>
<b>Cash flow from investing activities</b>				
Purchase of financial assets	-20,348,540	-320,595	-	-320,595
Purchase of fixed assets	-14,478	-21,731	-14,478	-
Proceeds from the disposal of financial assets	6,195,000	-	1,033,000	-
Proceeds from the disposal of fixed assets	-	-1	-	-
Interest income from financial investments and associated companies	704,877	429,250	340,733	429,250
Dividends received from financial investments and associated companies	963,975	-	963,975	-
<b>Cash flow from investing activities</b>	<b>-12,499,166</b>	<b>86,923</b>	<b>2,323,230</b>	<b>108,655</b>
<b>Cash flow from financing activities</b>				
Dividends paid	-5,994,055	-4,881,681	-5,994,055	-4,881,681
Net movements in treasury shares	21,957,450	4,750,000	-	4,750,000
Other	-806,492	163,253	-	160,508
<b>Cash flow from financing activities</b>	<b>15,156,903</b>	<b>31,572</b>	<b>-5,994,055</b>	<b>28,827</b>
<b>Balance</b>	<b>34,716,700</b>	<b>-170,715,507</b>	<b>77,461,684</b>	<b>-128,424,815</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>70,129,817</b>	<b>184,622,746</b>	<b>27,384,833</b>	<b>142,332,054</b>
<b>Cash flow from operating activities after tax</b>	<b>32,058,963</b>	<b>-170,834,002</b>	<b>81,132,509</b>	<b>-128,562,297</b>
<b>Cash flow from investing activities</b>	<b>-12,499,166</b>	<b>86,923</b>	<b>2,323,230</b>	<b>108,655</b>
<b>Cash flow from financing activities</b>	<b>15,156,903</b>	<b>31,572</b>	<b>-5,994,055</b>	<b>28,827</b>
<b>Cash and cash equivalents, end of period</b>	<b>104,846,517</b>	<b>13,907,239</b>	<b>104,846,517</b>	<b>13,907,239</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>96,146,517</b>	<b>12,207,239</b>	<b>96,146,517</b>	<b>12,207,239</b>
<b>Immediately available securities eligible for refinancing at central banks</b>	<b>8,700,000</b>	<b>1,700,000</b>	<b>8,700,000</b>	<b>1,700,000</b>
<b>Total</b>	<b>104,846,517</b>	<b>13,907,239</b>	<b>104,846,517</b>	<b>13,907,239</b>

The liquid funds in the cash flow statement were redefined as at 31.12.2003 under review and the previous-period figures were consequently adjusted in accordance with the new criteria. The liquid funds now consist exclusively of immediately available cash and cash equivalents.

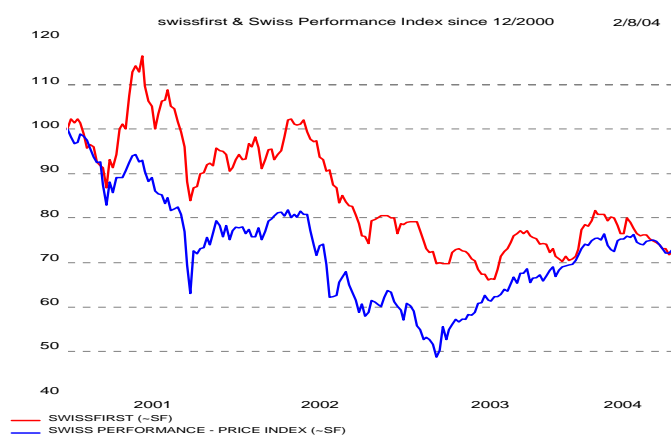
**Interim consolidated financial statements 2004**

<b>Business segments</b>	<b>Private Banking</b>	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Corporate Items</b>	<b>TOTAL</b>
<b>Period 1.1. - 30.6.2004</b>					
Net operating income	14,409,377	7,281,593	25,285,151	2,282,960	49,259,081
Operating expenses	-9,827,427	-3,603,956	-5,699,006	-182,210	-19,312,599
<b>Gross operating profit</b>	<b>4,581,950</b>	<b>3,677,637</b>	<b>19,586,145</b>	<b>2,100,750</b>	<b>29,946,482</b>
Depreciation, valuation adjustments, provisions and losses	-633,119	-116,098	-131,168	-40	-880,425
Taxes	-627,109	-763,465	-2,540,817	-489,309	-4,420,700
Minority interests	-445,027	-1,021,550	-	-	-1,466,577
<b>Profit after taxes</b>	<b>2,876,695</b>	<b>1,776,524</b>	<b>16,914,160</b>	<b>1,611,401</b>	<b>23,178,780</b>
Total assets	504,794,296	128,262,826	462,211,633	3,216,132	1,098,484,887
Total liabilities	468,450,084	123,672,437	206,312,390	1,237,612	799,672,523
Total assets under management	1,926 m	1,820 m	1,216 m	35 m	4,997 m
<b>Period 1.1. - 30.6.2003</b>					
Net operating income	12,751,048	3,650,342	35,066,055	717,660	52,185,105
Operating expenses	-9,272,267	-2,298,222	-6,869,938	-430,526	-18,870,953
<b>Gross operating profit</b>	<b>3,478,781</b>	<b>1,352,120</b>	<b>28,196,117</b>	<b>287,134</b>	<b>33,314,152</b>
Depreciation, valuation adjustments, provisions and losses	-2,365,400	-159,283	-2,819,300	-48,835	-5,392,818
Taxes	-194,923	-140,039	-4,319,879	-62,200	-4,717,041
Minority interests	-203,215	-186,259	-	-	-389,474
<b>Profit after taxes</b>	<b>715'243.0</b>	<b>866,539</b>	<b>21,056,938</b>	<b>176,099</b>	<b>22,814,819</b>
Total assets	524,786,156	76,841,073	686,932,833	11,126,161	1,299,686,223
Total liabilities	476,482,620	54,090,476	504,792,687	7,060,505	1,042,426,288
Total assets under management	1,505 m	1,275 m	1,497 m	27 m	4,304 m

## Interim consolidated financial statements 2004

Analysis of shareholders' equity	Share capital	Retained earnings	Total share-holders' equity
	CHF	CHF	CHF
<b>As at 31.12.2002</b>	<b>4,977,500</b>	<b>247,464,516</b>	<b>252,442,016</b>
Net change in reserves for financial investments available for sale		15,371,174	15,371,174
Change to own shares	-150,000	-12,306,813	-12,456,813
Allocation to pension fund provisions		-5,158,000	-5,158,000
Other changes		285,382	285,382
Dividend 2002		-4,881,681	-4,881,681
Profit for the year 2003		34,838,682	34,838,682
<b>As at 31.12.2003</b>	<b>4,827,500</b>	<b>275,613,260</b>	<b>280,440,760</b>
Net change in reserves for financial investments available for sale		1,852,029	1,852,029
Change to own shares	168,575	-595,831	-427,256
Other changes		-241,006	-241,006
Dividend 2003		-5,994,055	-5,994,055
Difference on currency translation		3,112	3,112
Profit for the period		23,178,780	23,178,780
<b>As at 30.6.2004</b>	<b>4,996,075</b>	<b>293,816,289</b>	<b>298,812,364</b>
As at 30.6.2003	4,827,500	252,432,435	257,259,935

Price of the swissfirst share	30.06.2004	30.12.2003	High	Low
	CHF	CHF	CHF	CHF
	130.00	125.00	143.50	125.00
	1.1. - 30.6.2004	1.1. - 30.6.2003	1.4. - 30.6.2004	1.4. - 30.6.2003
	6 months	6 months	3 months	3 months
Earnings per share	4.72	4.73	2.24	2.43
Earnings per share (diluted)	4.72	4.73	2.24	2.43
Nominal earnings per share (fully diluted)	4.64	4.56	2.21	2.35
	at 30.6.2004:	at 31.3.2004:	at 31.12.2003:	at 30.6.2003:
Number of employees, absolute	119	114	107	111
Number of employees, full-time equivalent (part-time adjusted)	114.6	110.4	103.4	104.5



swissfirst AG, Zug

## **Interim consolidated financial statements 2004**

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2003**

#### **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 2003.