

**swissfirst** Report 2. Quarter  
2006

## Interim consolidated financial statements 2006

Balance sheet	Interim statement 30.06.2006	End year statement 31.12.2005	Interim statement 30.06.2005
	CHF	CHF	CHF
<b>Assets</b>			
Cash	56,467,753	317,266,891	44,587,697
Due from banks	725,320,441	485,686,766	425,900,205
Due from customers	399,037,582	371,940,498	445,839,510
Securities trading portfolios	28,901,953	80,286,702	88,998,620
Derivative financial instruments	40,248,723	43,370,646	26,135,626
Financial investments	227,072,085	196,223,345	158,350,931
Associated participations	1,494,953	1,382,922	1,382,922
Fixed assets	21,677,884	22,292,242	22,407,529
Intangible fixed assets	76,376,735	79,558,121	339,267
Goodwill	160,289,254	160,289,254	-
Prepaid expenses and accrued income	6,587,334	2,941,054	7,644,377
Current tax assets	15,578,972	18,449,606	18,096,105
Other assets	3,481,576	5,065,700	12,428,630
<b>Total assets</b>	<b>1,762,535,245</b>	<b>1,784,753,747</b>	<b>1,252,111,419</b>
<b>Liabilities and shareholders' equity</b>			
Due to banks	118,776,270	92,829,712	167,758,676
Due to customers	931,184,379	910,779,494	582,390,391
Derivative financial instruments and other trading liabilities	177,050,472	189,242,284	90,840,812
Debt issued	107,120,000	150,000,000	-
Deferred income	21,478,123	29,075,933	24,557,629
Other liabilities	55,319,019	43,619,300	63,257,721
Current tax liabilities	13,197,415	5,538,614	2,746,893
Deferred tax liabilities	18,603,462	18,938,605	3,555,985
Provisions	6,674,344	7,061,605	9,628,579
<b>Total liabilities</b>	<b>1,449,403,484</b>	<b>1,447,085,547</b>	<b>944,736,686</b>
Share capital	1,050,000	1,050,000	5,000,000
Treasury shares	-26,630,752	1,351,479	-12,530,105
Capital reserve	27,250,000	27,250,000	90,915
Retained earnings	287,762,757	285,887,612	289,681,021
<b>Equity attributable to shareholders of Swissfirst AG</b>	<b>289,432,005</b>	<b>315,539,091</b>	<b>282,241,831</b>
Minority interests	23,699,756	22,129,109	25,132,902
<b>Total equity</b>	<b>313,131,761</b>	<b>337,668,200</b>	<b>307,374,733</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,762,535,245</b>	<b>1,784,753,747</b>	<b>1,252,111,419</b>

**Interim consolidated financial statements 2006**

<b>Profit and loss account</b>	Period	Period	Period	Period
	1.1. - 30.06.2006	1.1. - 30.06.2005	1.4. - 30.06.2006	1.4. - 30.06.2005
	6 months	6 months	3 months	3 months
	CHF	CHF	CHF	CHF
<b>Net interest income</b>				
Interest and discount income	11,934,361	9,233,918	6,422,565	4,989,108
Dividend income	116,367	2,184,466	116,367	1,684,466
Interest expenses	-6,150,141	-3,672,743	-2,986,712	-2,041,840
<i>Subtotal: Net interest income</i>	5,900,587	7,745,641	3,552,220	4,631,734
<b>Net commission and service fee income</b>				
Commission income from lending activities	51,208	37,439	26,221	20,011
Commission income from securities and investment business	70,345,458	33,700,263	27,238,912	16,791,424
Commission income from other services	974,499	1,294,850	180,949	687,917
Commission expenses	-4,344,963	-3,900,031	-2,043,196	-2,207,339
<i>Subtotal: Net commission and service fee income</i>	67,026,202	31,132,521	25,402,886	15,292,013
<b>Net trading income</b>	<b>7,274,202</b>	<b>5,885,537</b>	<b>2,517,849</b>	<b>3,292,368</b>
<b>Other ordinary income</b>				
Real estate income	131,984	129,350	65,155	61,975
Income from associated companies	112,031	1,000,000	112,031	1,000,000
Income from sales of financial investments	4,279,884	268,235	4,273,302	-
Sundry ordinary expenses	-12,799	-396,716	-590	-372,312
Sundry ordinary income	347,503	874,612	115,216	394,557
<i>Subtotal: Other ordinary income</i>	4,858,603	1,875,481	4,565,114	1,084,220
<b>Net operating income</b>	<b>85,059,594</b>	<b>46,639,180</b>	<b>36,038,069</b>	<b>24,300,335</b>
<b>Operating expenses</b>				
Personnel expenses	-17,155,257	-11,515,748	-7,959,009	-5,581,998
Other operating expenses	-12,303,885	-6,788,614	-6,230,191	-3,471,251
<i>Subtotal: Operating expenses</i>	-29,459,142	-18,304,362	-14,189,200	-9,053,249
<b>Gross operating profit</b>	<b>55,600,452</b>	<b>28,334,818</b>	<b>21,848,869</b>	<b>15,247,086</b>
Depreciation and amortization on fixed assets	-1,251,107	-868,051	-738,847	-434,000
Depreciation and amortization on intangible fixed assets	-3,151,350	-	-1,465,328	-
Valuation adjustments, provisions and losses	-159,472	-1,337,232	-56,791	-1,239,318
Taxes	-7,747,335	-2,342,526	-2,470,389	-1,749,061
<b>Group net profit</b>	<b>43,291,188</b>	<b>23,787,009</b>	<b>17,117,514</b>	<b>11,824,707</b>
<i>Attributable to: - Shareholders of Swissfirst AG</i>	41,172,040	21,947,288	16,053,197	10,990,491
<i>- Minority interests</i>	2,119,148	1,839,721	1,064,317	834,216

**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 2006

Cash flow statement	Period	Period	Period	Period
	1.1. - 30.06.2006	1.1. - 30.06.2005	1.4. - 30.06.2006	1.4. - 30.06.2005
	6 months	6 months	3 months	3 months
	CHF	CHF	CHF	CHF
<b>Cash flow from operating activities</b>				
Interest income (excluding financial investments)	11,710,653	7,226,220	7,731,263	3,807,287
Fee and commission income	71,384,684	35,268,605	28,583,406	17,699,242
Interest expense	-4,955,038	-2,482,318	-1,863,647	-1,478,092
Fee and commission expense	-3,282,750	-3,665,564	-694,072	-1,962,581
Personnel and general expense	-35,866,847	-21,166,679	-15,388,685	-6,169,382
Other income	1,905,033	277,041	2,134,073	1,443,177
<b>Subtotal</b>	<b>40,895,735</b>	<b>15,457,305</b>	<b>20,502,338</b>	<b>13,339,651</b>
<b>Net change in assets and liabilities relating to operating activities</b>				
Receivables and assets	-259,223,226	-249,905,537	-54,887,964	-98,233,543
Trading positions	42,314,860	-7,279,469	-20,698,501	1,421,944
Liabilities	46,351,443	177,767,409	62,826,653	43,714,806
Other	-8,889,934	25,667,166	25,183,722	-15,579,392
<b>Cash flow from operating activities before tax</b>	<b>-138,551,122</b>	<b>-38,293,126</b>	<b>32,926,248</b>	<b>-55,336,534</b>
Tax expense	-7,311,517	-9,276,500	-1,118,092	-2,028,531
<b>Cash flow from operating activities after tax</b>	<b>-145,862,639</b>	<b>-47,569,626</b>	<b>31,808,156</b>	<b>-57,365,065</b>
<b>Cash flow from investing activities</b>				
Purchase of financial assets	-52,018,335	-38,756,699	-7,887,726	-2,077,899
Purchase of fixed assets	-606,713	-361,219	-281,464	-361,219
Disposal of financial assets	13,662,062	8,969,000	8,652,546	-
Interest income from financial investments and associated companies	837,138	487,981	457,745	352,877
Dividends received from financial investments and associated companies	-	2,480,938	-	1,683,438
<b>Net cash flow from investing activities</b>	<b>-38,125,848</b>	<b>-27,179,999</b>	<b>941,101</b>	<b>-402,803</b>
<b>Cash flow from financing activities</b>				
Dividends paid	-20,999,918	-	-20,999,918	-
Net movements in treasury shares	-41,830,343	87,854,767	-34,186,128	53,649,464
Other movements	-	-6,193,198	-	-1,270,027
<b>Cash flow from financing activities</b>	<b>-62,830,261</b>	<b>81,661,569</b>	<b>-55,186,046</b>	<b>52,379,437</b>
<b>Balance</b>	<b>-246,818,748</b>	<b>6,911,944</b>	<b>-22,436,789</b>	<b>-5,388,431</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>319,408,664</b>	<b>54,327,394</b>	<b>95,026,705</b>	<b>66,627,769</b>
<b>Cash flow from operating activities after tax</b>	<b>-145,862,639</b>	<b>-47,569,626</b>	<b>31,808,156</b>	<b>-57,365,065</b>
<b>Net cash flow from investing activities</b>	<b>-38,125,848</b>	<b>-27,179,999</b>	<b>941,101</b>	<b>-402,803</b>
<b>Cash flow from financing activities</b>	<b>-62,830,261</b>	<b>81,661,569</b>	<b>-55,186,046</b>	<b>52,379,437</b>
<b>Cash and cash equivalents, end of period</b>	<b>72,589,916</b>	<b>61,239,338</b>	<b>72,589,916</b>	<b>61,239,338</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>Liquid assets</b>	<b>56,467,753</b>	<b>44,587,697</b>	<b>56,467,753</b>	<b>44,587,697</b>
<b>Securities eligible for refinancing at central banks</b>	<b>16,122,163</b>	<b>16,651,641</b>	<b>16,122,163</b>	<b>16,651,641</b>
<b>Total</b>	<b>72,589,916</b>	<b>61,239,338</b>	<b>72,589,916</b>	<b>61,239,338</b>

## Interim consolidated financial statements 2006

Business segments	Private Banking	Asset Management	Investment Banking	Corporate Items	TOTAL
	CHF	CHF	CHF	CHF	CHF
<b>Period 1.1. - 30.06.2006</b>					
Net operating income	24,716,180	16,848,503	42,542,548	840,332	84,947,563
Profit from associated companies	-	-	112,031	-	112,031
Operating expenses	-11,634,362	-5,915,905	-10,276,384	-1,632,491	-29,459,142
Services from/to other segments, net	-929,441	-72,716	-580,000	1,582,157	-
<b>Gross operating profit</b>	<b>12,152,377</b>	<b>10,859,882</b>	<b>31,798,195</b>	<b>789,998</b>	<b>55,600,452</b>
Depreciation, valuation adjustments, provisions and losses	-850,119	-1,379,747	-2,332,063	-	-4,561,929
Taxes	-1,410,412	-318,246	-5,906,829	-111,848	-7,747,335
Minority interests	-1,906,621	-212,527	-	-	-2,119,148
<b>Profit after taxes</b>	<b>7,985,225</b>	<b>8,949,362</b>	<b>23,559,303</b>	<b>678,150</b>	<b>41,172,040</b>
Total assets	1,148,731,119	6,811,208	606,637,157	355,761	1,762,535,245
Total liabilities	1,061,801,545	5,933,509	381,050,198	618,232	1,449,403,484
Total capital expenditure	116,546	11,238	478,929	-	606,713
Total assets under management at 30.06.2006	3,558 m	4,517 m	3,488 m	63 m	11,626 m
<b>Period 1.1. - 30.06.2005</b>					
Net operating income	14,602,033	6,744,412	23,555,432	1,737,303	46,639,180
Operating expenses	-8,686,641	-3,155,386	-6,038,656	-423,679	-18,304,362
<b>Gross operating profit</b>	<b>5,915,392</b>	<b>3,589,026</b>	<b>17,516,776</b>	<b>1,313,624</b>	<b>28,334,818</b>
Depreciation, valuation adjustments, provisions and losses	-853,184	-158,968	-1,165,004	-28,127	-2,205,283
Taxes	-702,400	-515,598	-833,931	-290,597	-2,342,526
Minority interests	-906,487	-932,115	-1,119	-	-1,839,721
<b>Profit after taxes</b>	<b>3,453,321</b>	<b>1,982,345</b>	<b>15,516,722</b>	<b>994,900</b>	<b>21,947,288</b>
Total assets	589,841,854	130,117,740	527,355,081	4,796,744	1,252,111,419
Total liabilities	463,556,923	121,819,696	355,373,526	3,986,541	944,736,686
Total capital expenditure	184,222	-	176,997	-	361,219
Total assets under management at 30.06.2005	2,454 m	1,989 m	850 m	57 m	5,350 m
Total assets under management at 31.12.2005	2,849 m	4,906 m	3,085 m	74 m	10,914 m

## Interim consolidated financial statements 2006

Analysis of shareholders' equity	Share capital	Treas. Shares	Capital reserve	Retained earnings	Minority interest	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF	CHF
<b>As at 31.12.2004</b>	<b>5,000,000</b>	<b>-98,898,730</b>	<b>-</b>	<b>332,555,140</b>	<b>23,043,938</b>	<b>261,700,348</b>
Change in treasury shares		100,250,209		-75,552,117		24,698,092
Other changes				-217,404		-217,404
Change of unrealized gains and losses (IAS 39)				9,958,301		9,958,301
Realized gains and losses reclassified to the income statement (IAS 39)				10,830,242		10,830,242
Capital increase	50,000		27,250,000	-		27,300,000
Capital reduction (AGM 17.5.2005)	-4,000,000			-		-4,000,000
Dividend 2004				-49,962,000		-49,962,000
Change in minority interest due to disposal of subsidiaries				-1,310,439	-4,871,324	-6,181,763
Change in minority interests				-132,562	-158,822	-291,384
Profit for the year 2005				59,718,451	4,115,317	63,833,768
<b>As at 31.12.2005</b>	<b>1,050,000</b>	<b>1,351,479</b>	<b>27,250,000</b>	<b>285,887,612</b>	<b>22,129,109</b>	<b>337,668,200</b>
Change in treasury shares		-27,982,231		-19,038,373		-47,020,604
Other changes				854,202	-525,105	329,097
Change of unrealized gains and losses (IAS 39)				3,762,226		3,762,226
Realized gains and losses reclassified to the income statement (IAS 39)				-3,875,032		-3,875,032
Dividend 2005				-20,999,918		-
Change in minority interests				-	-23,396	-23,396
Profit for the year 2006				41,172,040	2,119,148	43,291,188
<b>As at 30.06.2006</b>	<b>1,050,000</b>	<b>-26,630,752</b>	<b>27,250,000</b>	<b>287,762,757</b>	<b>23,699,756</b>	<b>313,131,761</b>
<i>As at 30.06.2005</i>	<i>5,000,000</i>	<i>-12,530,105</i>	<i>90,915</i>	<i>289,681,021</i>	<i>25,132,902</i>	<i>307,374,733</i>

## Price of the Swissfirst share

	31.03.2006	31.12.2005	High	Low
	CHF	CHF	CHF	CHF
	104.00	80.00	120.10	79.00

	1.1. - 30.06.2006 6 months	1.1. - 30.06.2005 6 months	1.4. - 30.06.2006 3 months	1.4. - 30.06.2005 3 months
Earnings per share	3.96	2.32	1.56	1.14
Earnings per share (diluted)	3.92	2.32	1.55	1.17
Nominal earnings per share (fully diluted)	3.92	2.19	1.53	1.09
	at 30.06.2006:	at 31.03.2006:	at 31.12.2005:	at 30.06.2005:
Number of employees, absolute	163	163	170	114
Number of employees, full-time equivalent (part-time adjusted)	157.0	158.0	164.8	111.3

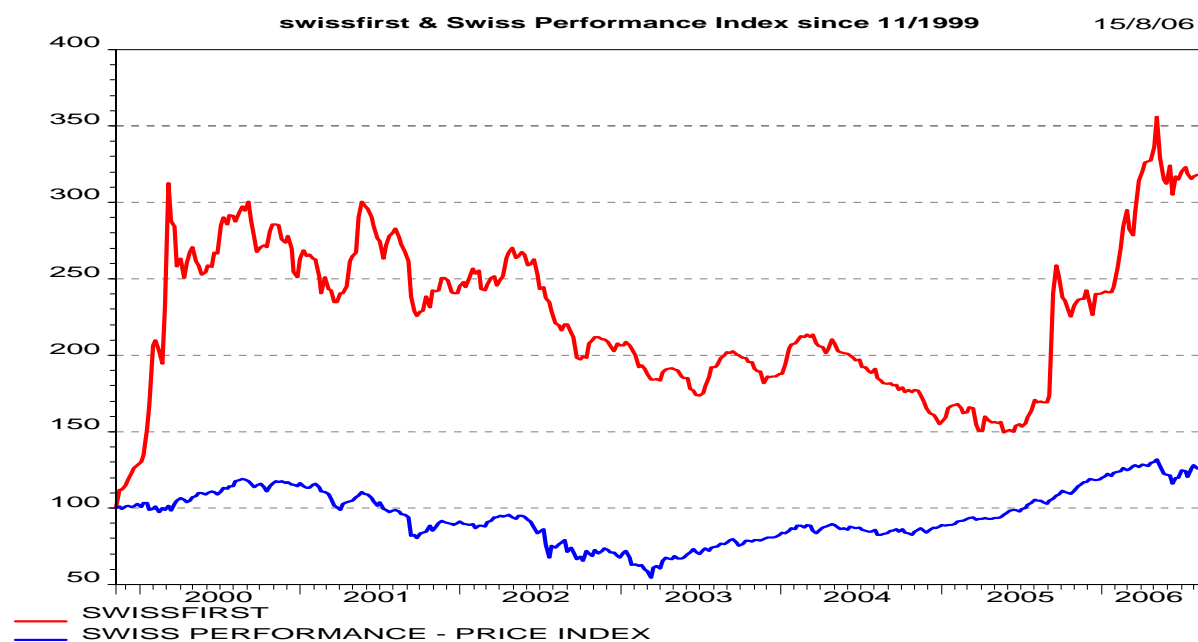
## Interim consolidated financial statements 2006

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2006

#### 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 Standards 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 2005.



Source: Thomson Datastream