

swissfirst Report 3. Quarter
2005

swissfirst AG, Zug

Interim consolidated financial statements 2005

Balance sheet	Interim statement 30.09.2005	End year statement 31.12.2004	Interim statement 30.09.2004
	CHF	CHF	CHF
Assets			
Cash	112,494,920	39,222,002	87,869,732
Due from banks	441,518,023	223,291,606	314,011,380
Due from customers	382,711,130	393,335,678	360,572,222
Securities trading portfolios	85,425,114	37,029,592	23,741,652
Derivative financial instruments	42,645,519	21,647,246	42,110,075
Financial investments	127,562,824	133,770,126	144,392,631
Associated participations	1,382,922	1,382,922	1,382,922
Fixed assets	22,177,176	22,719,335	23,050,842
Intangible fixed assets	244,642	534,293	597,706
Prepaid expenses and accrued income	4,284,929	3,988,083	5,431,163
Current tax assets	18,096,854	10,262,075	11,519,060
Other assets	109,814,756	29,231,613	55,870,841
Total assets	1,348,358,809	916,414,571	1,070,550,226
Liabilities and shareholders' equity			
Due to banks	99,201,088	137,129,145	226,667,844
Due to customers	747,646,875	435,252,513	434,723,520
Derivative financial instruments	120,479,688	41,662,872	42,466,984
Deferred income	24,252,239	21,117,068	23,774,538
Other liabilities	14,299,888	5,137,943	49,514,699
Current tax liabilities	3,019,215	2,140,504	5,112,099
Deferred tax liabilities	7,946,341	3,565,087	4,130,382
Valuation adjustments and provisions	11,142,020	8,709,091	9,577,406
Total liabilities	1,027,987,354	654,714,223	795,967,472
Share capital	1,000,000	5,000,000	5,000,000
Treasury shares	13,373,994	-98,898,730	-403,925
Retained earnings	243,447,565	291,302,074	213,323,248
Net profit attributable to shareholders of swissfirst AG	41,281,875	41,253,066	34,169,219
Equity attributable to shareholders of swissfirst AG	299,103,434	238,656,410	252,088,542
Minority interests	21,268,021	23,043,938	22,494,212
Total equity	320,371,455	261,700,348	274,582,754
Total liabilities and shareholders' equity	1,348,358,809	916,414,571	1,070,550,226

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Profit and loss account	Period	Period	Period	Period
	1.1. - 30.09.2005	1.1. - 30.09.2004	1.7. - 30.09.2005	1.7. - 30.09.2004
	9 months	9 months	3 months	3 months
	CHF	CHF	CHF	CHF
Net interest income				
Interest and discount income	15,441,958	11,404,351	6,208,040	4,125,480
Dividend income	2,183,438	877,000	-	-
Interest expenses	-6,478,124	-3,559,134	-2,805,381	-1,452,201
<i>Subtotal: Net interest income</i>	11,147,272	8,722,217	3,402,659	2,673,279
Net commission and service fee income				
Commission income from lending activities	70,972	119,501	33,533	42,162
Commission income from securities and investment business	53,095,079	53,028,930	19,394,816	17,435,200
Commission income from other services	1,990,486	1,993,310	695,636	548,001
Commission expenses	-5,498,035	-6,120,667	-1,598,004	-2,965,472
<i>Subtotal: Net commission and service fee income</i>	49,658,502	49,021,074	18,525,981	15,059,891
Net trading income	10,069,212	7,337,077	4,182,647	1,304,346
Other ordinary income				
Real estate income	191,325	202,845	61,975	66,009
Income from associated companies	1,000,000	234,257	-	-
Income from sales of financial investments	5,840,053	1,993,002	5,571,818	52,347
Sundry ordinary expenses	-455,337	-149,498	-58,621	-23,183
Sundry ordinary income	1,189,701	1,140,096	315,089	109,300
<i>Subtotal: Other ordinary income</i>	7,765,742	3,420,702	5,890,261	204,473
Net operating income	78,640,728	68,501,070	32,001,548	19,241,989
Operating expenses				
Personnel expenses	-17,047,844	-18,411,362	-5,532,096	-6,019,473
Other operating expenses	-9,128,331	-9,550,122	-2,339,717	-2,629,412
<i>Subtotal: Operating expenses</i>	-26,176,175	-27,961,484	-7,871,813	-8,648,885
Gross operating profit	52,464,553	40,539,586	24,129,735	10,593,104
Depreciation and write-offs on fixed assets	-1,299,162	-1,358,187	-431,111	-492,156
Valuation adjustments, provisions and losses	-1,339,395	-475,931	-2,163	-461,537
Taxes	-8,544,121	-4,536,249	-6,201,595	-115,549
Profit for the period incl. minority interests	41,281,875	34,169,219	17,494,866	9,523,862
Minority interests	3,134,291	1,886,605	1,294,570	420,028
Group profit for the period	38,147,584	32,282,614	16,200,296	9,103,834

Interim consolidated financial statements 2005

Cash flow statement	Period	Period	Period	Period
	1.1. - 30.09.2005	1.1. - 30.09.2004	1.7. - 30.09.2005	1.7. - 30.09.2004
	9 months	9 months	3 months	3 months
	CHF	CHF	CHF	CHF
Cash flow from operating activities				
Interest income (excluding financial investments)	12,032,683	9,947,650	4,806,463	1,646,474
Fee and commission income	56,944,401	54,464,410	21,675,796	15,294,845
Interest expense	-6,838,040	-2,984,243	-4,355,722	-418,806
Fee and commission expense	-5,567,940	-5,924,519	-1,902,376	-1,642,584
Personnel and general expense	-29,912,111	-31,276,307	-8,745,432	-8,043,600
Other income	3,737,999	1,860,795	3,460,958	1,437,749
Subtotal	30,396,992	26,087,786	14,939,687	8,274,078
Net change in assets and liabilities relating to operating activities				
Receivables and financial investments	-223,652,570	-2,538,203	26,252,967	11,937,821
Trading positions	9,423,021	13,058,331	16,702,490	3,935,398
Liabilities	274,466,305	35,423,956	96,698,896	-12,120,529
Other	-64,735,120	-877,363	-90,402,286	17,713,224
Cash flow from operating activities before tax	25,898,628	71,154,507	64,191,754	29,739,992
Tax expense	-9,331,074	-12,521,449	-54,574	-3,165,897
Cash flow from operating activities after tax	16,567,554	58,633,058	64,137,180	26,574,095
Cash flow from investing activities				
Purchase of financial assets	-43,682,364	-36,572,840	-4,925,665	-16,224,300
Purchase of fixed assets	-467,352	-74,729	-106,133	-60,251
Proceeds from the disposal of financial assets	65,940,367	44,149,485	56,971,367	37,954,485
Interest income from financial investments and associated companies	808,549	1,291,563	320,568	586,686
Dividends received from financial investments and associated companies	2,480,938	877,000	-	-86,975
Disposal of subsidiaries and associated companies	2,327,975	-	2,327,975	-
Net cash flow from investing activities	27,408,113	9,670,479	54,588,112	22,169,645
Cash flow from financing activities				
Dividends paid	-39,961,187	-5,994,055	-39,961,187	-
Net movements in treasury shares/derivatives	60,783,495	-35,869,567	-20,878,074	-57,020,525
Cash flow from financing activities	20,822,308	-41,863,622	-60,839,261	-57,020,525
Balance	64,797,975	26,439,915	57,886,031	-8,276,785
Cash and cash equivalents, beginning of period	54,327,394	70,129,817	61,239,338	104,846,517
Cash flow from operating activities after tax	16,567,554	58,633,058	64,137,180	26,574,095
Net cash flow from investing activities	27,408,113	9,670,479	54,588,112	22,169,645
Cash flow from financing activities	20,822,308	-41,863,622	-60,839,261	-57,020,525
Cash and cash equivalents, end of period	119,125,369	96,569,732	119,125,369	96,569,732

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:

Cash	112,494,920	87,869,732	112,494,920	87,869,732
Immediately available securities eligible for refinancing at central banks	6,630,449	8,700,000	6,630,449	8,700,000
Total	119,125,369	96,569,732	119,125,369	96,569,732

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Business segments	Private Banking	Asset Management	Investment Banking	Corporate Items	TOTAL
	CHF	CHF	CHF	CHF	CHF
Period 1.1. - 30.09.2005					
Net operating income	25,649,989	9,254,740	41,089,364	2,646,635	78,640,728
Operating expenses	-13,280,141	-3,962,013	-8,595,581	-338,440	-26,176,175
Gross operating profit	12,369,848	5,292,727	32,493,783	2,308,195	52,464,553
Depreciation, valuation adjustments, provisions and losses	-1,164,630	-215,527	-1,247,915	-10,485	-2,638,557
Taxes	-1,605,262	-698,221	-5,781,493	-459,146	-8,544,122
Minority interests	-1,779,682	-1,352,333	-2,275	-	-3,134,290
Profit after taxes	7,820,274	3,026,646	25,462,100	1,838,564	38,147,584
Total assets	649,534,355	115,182,972	578,571,619	5,069,863	1,348,358,809
Total liabilities	586,709,937	139,664,750	286,723,953	14,888,714	1,027,987,354
Total capital expenditure	233,677	4,673	229,003	-	467,353
Total assets under management as 30.9.2005	2,642 m	1,977 m	911 m	56 m	5,586 m
Period 1.1. - 30.09.2004					
Net operating income	19,403,697	11,673,133	34,427,823	2,996,417	68,501,070
Operating expenses	-13,932,862	-4,392,017	-9,407,461	-229,144	-27,961,484
Gross operating profit	5,470,835	7,281,116	25,020,362	2,767,273	40,539,586
Depreciation, valuation adjustments, provisions and losses	-1,376,805	-220,663	-222,730	-13,920	-1,834,118
Taxes	-650,523	-1,159,388	-2,036,042	-690,296	-4,536,249
Minority interests	-616,204	-1,270,401	-	-	-1,886,605
Profit after taxes	2,827,303	4,630,664	22,761,590	2,063,057	32,282,614
Total assets	546,251,551	155,623,830	367,675,202	999,643	1,070,550,226
Total liabilities	441,494,864	135,760,306	218,078,131	634,171	795,967,472
Total capital expenditure	149,271	-	143,417	-	292,688
Total assets under management as 30.9.2004	1,937 m	1,801 m	1,130 m	34 m	4,902 m
Total assets under management as 31.12.2004	2,036 m	1,755 m	1,039 m	64 m	4,894 m

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Analysis of shareholders' equity	Share capital	Treas. shares/ derivatives	Capital reserve	Retained earnings	Minority interest	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF	CHF
As at 31.12.2003	5,000,000	-22,540,385	-	297,981,145	20,982,897	301,423,657
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
Changes in minority interest			-	-	-823,796	-823,796
Profit for the year 2004			-	38,368,229	2,884,837	41,253,066
As at 31.12.2004	5,000,000	-98,898,730	-	332,555,140	23,043,938	261,700,348
Change to treasury shares/derivatives		112,272,724	-	-63,053,056	-	49,219,668
Other changes				-153,701	-4,871,325	-5,025,026
Net change in reserves for financial investments available for sale				27,195,473	-	27,195,473
Dividend 2004				-49,962,000	-	-49,962,000
Reduction of par value	-4,000,000			-	-	-4,000,000
Changes in minority interest			-	-	-38,883	-38,883
Profit for the period			-	38,147,584	3,134,291	41,281,875
As at 30.09.2005	1,000,000	13,373,994	-	284,729,440	21,268,021	320,371,455
As at 30.09.2004	5,000,000	-403,925	-	247,492,467	22,494,212	274,582,754

Price of the swissfirst share (adjusted)	30.09.2005	31.12.2004	High	Low
	CHF	CHF	CHF	CHF
	79.50	51.76	86.59	48.97

	1.1. - 30.09.2005 9 months	1.1. - 30.09.2004 * 9 months	1.7. - 30.09.2005 3 months	1.7. - 30.09.2004 * 3 months
Earnings per share	4.01	3.30	1.69	0.94
Earnings per share (diluted)	3.98	3.30	1.66	0.94
Nominal earnings per share (fully diluted)	3.81	3.23	1.62	0.91
	at 30.09.2005:	at 30.06.2005:	at 31.12.2004:	at 30.09.2004:
Number of employees, absolute	115	114	115	114
Number of employees, full-time equivalent (part-time adjusted)	111.0	111.3	112.8	110.0

* = Earnings have been adjusted due to stock split 1:2 as at 17.5.2005.

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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.

According to IAS 1, minority interest shall now be recognized within the income statement as well as within the equity. The net profit in the consolidated income statement is attributed on the one hand on the shareholders of swissfirst Ltd and on the other hand to the minority interest. The figure presented for earnings per share is based on the profit attributable to the shareholders of swissfirst Ltd.

Swissfirst Ltd has sold swissfirst Structured Bonds Ltd, Zug to the management on the 1st july 2005. This financial investment has been consolidated on the 30th june 2005 for the last time. All business activities of swissfirst Structured Bonds Ltd (a. o. the asset management activities) will be continued by other group companies, particularly by swissfirst Bank Ltd as well as swissfirst Asset Management Ltd. No business will be waived according to IFRS 5.

On the 22.11.2005 swissfirst Ltd took over the Bank am Bellevue Ltd an the Bellevue Asset Management Ltd with 100% effect from the 1.10.2005.

In connection with the merger of swissfirst and Bellevue groupe, one swissfirst Ltd shareholder has openly threatened to file a civil action at an unknown amount against Mr. Thomas Matter and swissfirst. Up to now, no civil proceedings have been initiated.

