

swissfirst Report 3. Quarter
2006

Interim consolidated financial statements 2006

Balance sheet	Interim statement 30.09.2006	End year statement 31.12.2005	Interim statement 30.09.2005
	CHF	CHF	CHF
Assets			
Cash	102,265,409	317,266,891	112,494,920
Due from banks	339,171,498	485,686,766	441,518,023
Due from customers	337,045,696	371,940,498	382,711,130
Securities trading portfolios	20,219,611	80,286,702	85,425,114
Derivative financial instruments	30,833,105	43,370,646	42,645,519
Financial investments	182,125,798	196,223,345	127,562,824
Associated participations	-	1,382,922	1,382,922
Fixed assets	8,871,967	22,292,242	22,177,176
Intangible fixed assets	74,781,297	79,558,121	244,642
Goodwill	160,289,254	160,289,254	-
Prepaid expenses and accrued income	3,171,597	2,941,054	4,284,929
Current tax assets	16,635,062	18,449,606	18,096,854
Other assets	2,245,886	5,065,700	109,814,756
Subsidiaries' assets held for sale	351,272,075	-	-
Total assets	1,628,928,255	1,784,753,747	1,348,358,809
Liabilities and shareholders' equity			
Due to banks	95,353,634	92,829,712	99,201,088
Due to customers	495,066,472	910,779,494	747,646,875
Derivative financial instruments and other trading liabilities	165,443,038	189,242,284	120,479,688
Debt issued	96,185,000	150,000,000	-
Deferred income	19,499,191	29,075,933	24,252,239
Other liabilities	31,919,649	43,619,300	14,299,888
Current tax liabilities	5,733,846	5,538,614	3,019,215
Deferred tax liabilities	17,526,992	18,938,605	7,946,341
Provisions	3,349,000	7,061,605	11,142,020
Subsidiaries' liabilities held for sale	331,905,702	-	-
Total liabilities	1,261,982,524	1,447,085,547	1,027,987,354
Share capital	1,050,000	1,050,000	1,000,000
Treasury shares	2,438,808	1,351,479	13,373,994
Capital reserve	27,250,000	27,250,000	-
Retained earnings	311,426,715	285,887,612	284,729,440
Equity attributable to shareholders of Swissfirst AG	342,165,523	315,539,091	299,103,434
Minority interests	24,780,208	22,129,109	21,268,021
Total equity	366,945,731	337,668,200	320,371,455
Total liabilities and shareholders' equity	1,628,928,255	1,784,753,747	1,348,358,809

The item "Subsidiaries' assets/liabilities held for sale" reflects the positions of Swissfirst Bank (Liechtenstein) AG, Vaduz, which was sold on 8 November 2006. This subsidiary is active in the Private Banking and Asset Management segments.

Interim consolidated financial statements 2006

Profit and loss account	Period	Period	Period	Period
	1.1. - 30.09.2006	1.1. - 30.09.2005	1.7. - 30.09.2006	1.7. - 30.09.2005
	9 months	9 months	3 months	3 months
	CHF	CHF	CHF	CHF
Net interest income				
Interest and discount income	19,817,823	15,441,958	7,883,462	6,208,040
Dividend income	826,300	2,183,438	709,933	-
Interest expenses	-10,688,878	-6,478,124	-4,538,737	-2,805,381
<i>Subtotal: Net interest income</i>	9,955,245	11,147,272	4,054,658	3,402,659
Net commission and service fee income				
Commission income from lending activities	69,996	70,972	18,788	33,533
Commission income from securities and investment business	99,586,189	53,095,079	29,240,731	19,394,816
Commission income from other services	1,898,073	1,990,486	923,574	695,636
Commission expenses	-7,463,900	-5,498,035	-3,118,937	-1,598,004
<i>Subtotal: Net commission and service fee income</i>	94,090,358	49,658,502	27,064,156	18,525,981
Net trading income	10,276,931	10,069,212	3,002,729	4,182,647
Other ordinary income				
Real estate income	196,586	191,325	64,602	61,975
Income from associated companies	543,791	1,000,000	431,760	-
Income from sales of financial investments	17,367,149	5,840,053	13,087,265	5,571,818
Sundry ordinary expenses	-55,340	-455,337	-42'541	-58,621
Sundry ordinary income	664,802	1,189,701	317,299	315,089
<i>Subtotal: Other ordinary income</i>	18,716,988	7,765,742	13,858,385	5,890,261
Net operating income	133,039,522	78,640,728	47,979,928	32,001,548
Operating expenses				
Personnel expenses	-25,059,397	-17,047,844	-7,904,140	-5,532,096
Other operating expenses	-19,283,671	-9,128,331	-6,979,786	-2,339,717
<i>Subtotal: Operating expenses</i>	-44,343,068	-26,176,175	-14,883,926	-7,871,813
Gross operating profit	88,696,454	52,464,553	33,096,002	24,129,735
Depreciation and amortization on fixed assets	-1,557,093	-1,299,162	-305,986	-431,111
Depreciation and amortization on intangible fixed assets	-5,058,065	-	-1,906,715	-
Valuation adjustments, provisions and losses	-174,018	-1,339,395	-14,546	-2,163
Taxes	-9,656,742	-8,544,121	-1,909,407	-6,201,595
Group net profit	72,250,536	41,281,875	28,959,348	17,494,866
<i>Attributable to: - Shareholders of Swissfirst AG</i>	69,065,091	38,147,584	27,893,051	16,200,296
<i>- Minority interests</i>	3,185,445	3,134,291	1,066,297	1,294,570

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. - 30.09.2006	1.1. - 30.09.2005	1.7. - 30.09.2006	1.7. - 30.09.2005
	9 months	9 months	3 months	3 months
	CHF	CHF	CHF	CHF
Cash flow from operating activities				
Interest income (excluding financial investments)	19,590,148	12,032,683	7,879,495	4,806,463
Fee and commission income	101,572,827	56,944,401	30,188,143	21,675,796
Interest expense	-8,763,004	-6,838,040	-3,807,966	-4,355,722
Fee and commission expense	-5,609,568	-5,567,940	-2,326,818	-1,902,376
Personnel and general expense	-50,495,735	-29,912,111	-14,628,888	-8,745,432
Other income	12,294,692	3,737,999	10,389,659	3,460,958
Subtotal	68,589,360	30,396,992	27,693,625	14,939,687
Net change in assets and liabilities relating to operating activities				
Receivables and assets	-122,365,218	-223,652,570	136,858,008	26,252,967
Trading positions	48,661,636	9,423,021	6,346,776	16,702,490
Liabilities	-94,035,976	274,466,305	-140,387,419	96,698,896
Other	-57,602,721	-64,735,120	-48,712,787	-90,402,286
Cash flow from operating activities before tax	-156,752,919	25,898,628	-18,201,797	64,191,754
Tax expense	-13,254,267	-9,331,074	-5,942,750	-54,574
Cash flow from operating activities after tax	-170,007,186	16,567,554	-24,144,547	64,137,180
Cash flow from investing activities				
Purchase of financial assets	-49,012,139	-43,682,364	3,006,196	-4,925,665
Purchase of fixed assets	-871,805	-467,352	-265,092	-106,133
Disposal of financial assets	40,314,815	65,940,367	26,652,753	56,971,367
Interest income from financial investments and associated companies	1,458,874	808,549	621,736	320,568
Dividends received from financial investments and associated companies	2,936,530	2,480,938	2,936,530	-
Reduction of cash and cash equivalents following disposal of subsidiaries/shareholdings	2,000,000	2,327,975	2,000,000	2,327,975
Net cash flow from investing activities	-3,173,725	27,408,113	34,952,123	54,588,112
Cash flow from financing activities				
Dividends paid	-20,999,918	-39,961,187	-	-39,961,187
Net movements in treasury shares	-7,867,122	60,783,495	33,963,221	-27,071,272
Other movements	3,307,000	-	3,307,000	-
Cash flow from financing activities	-25,560,040	20,822,308	37,270,221	-67,032,459
Balance	-198,740,951	64,797,975	48,077,797	51,692,833
Cash and cash equivalents, beginning of period	319,408,664	54,327,394	72,589,916	67,432,536
Cash flow from operating activities after tax	-170,007,186	16,567,554	-24,144,547	64,137,180
Net cash flow from investing activities	-3,173,725	27,408,113	34,952,123	54,588,112
Cash flow from financing activities	-25,560,040	20,822,308	37,270,221	-67,032,459
Cash and cash equivalents, end of period	120,667,713	119,125,369	120,667,713	119,125,369

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:

Liquid assets	107,550,538	112,494,920	107,550,538	112,494,920
Securities eligible for refinancing at central banks	13,117,175	6,630,449	13,117,175	6,630,449
Total	120,667,713	119,125,369	120,667,713	119,125,369

Interim consolidated financial statements 2006

Business segments	Private Banking	Asset Management	Investment Banking	Corporate Items	TOTAL
	CHF	CHF	CHF	CHF	CHF
Period 1.1. - 30.09.2006					
Net operating income	33,393,038	26,558,297	52,550,038	19,994,358	132,495,731
Profit from associated companies	-	-	-	543,791	543,791
Operating expenses	-17,906,034	-8,851,496	-13,356,781	-4,228,757	-44,343,068
Services from/to other segments, net	-1,327,920	-99,237	-890,000	2,317,157	-
Gross operating profit	14,159,084	17,607,564	38,303,257	18,626,549	88,696,454
Depreciation, valuation adjustments, provisions and losses	-1,163,141	-2,124,425	-3,501,610	-	-6,789,176
Taxes	-474,877	-534,542	-7,155,475	-1,491,848	-9,656,742
Minority interests	-2,803,044	-382,401	-	-	-3,185,445
Profit after taxes	9,718,022	14,566,196	27,646,172	17,134,701	69,065,091
Total assets	1,030,750,164	94,277,052	359,741,479	144,159,560	1,628,928,255
Total liabilities	833,800,231	6,324,751	290,400,180	131,457,362	1,261,982,524
Total capital expenditure	116,547	11,607	743,651	-	871,805
Total assets under management at 30.09.2006	3,590 m	4,556 m	3,039 m	55 m	11,240 m
Period 1.1. - 30.09.2005					
Net operating income	25,649,989	9,254,740	30,515,796	13,220,203	78,640,728
Operating expenses	-13,280,141	-3,962,013	-8,301,793	-632,228	-26,176,175
Gross operating profit	12,369,848	5,292,727	22,214,003	12,587,975	52,464,553
Depreciation, valuation adjustments, provisions and losses	-1,164,630	-215,527	-247,915	-1,010,485	-2,638,557
Taxes	-1,605,262	-698,221	-4,131,493	-2,109,146	-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	17,832,320	9,468,344	38,147,584
Total assets	649,534,355	115,182,972	389,668,677	193,972,805	1,348,358,809
Total liabilities	586,709,937	139,664,750	273,432,562	28,180,105	1,027,987,354
Total capital expenditure	233,677	4,673	229,003	-	467,353
Total assets under management at 30.09.2005	2,642 m	1,977 m	911 m	56 m	5,586 m
Total assets under management at 31.12.2005	2,849 m	4,906 m	3,085 m	74 m	10,914 m

The management has decided that the financial activities of Swissfirst AG will no longer be part of Investment Banking. From now on these activities will therefore be allocated to Corporate Items. The previous year's figures will be adjusted accordingly.

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
As at 31.12.2004	5,000,000	-98,898,730	-	332,555,140	23,043,938	261,700,348
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
As at 31.12.2005	1,050,000	1,351,479	27,250,000	285,887,612	22,129,109	337,668,200
Change in treasury shares		1,087,329		-10,657,206		-9,569,877
Other changes				1,549,720	-525,105	1,024,615
Change of unrealized gains and losses (IAS 39)				3,983,620		3,983,620
Realized gains and losses reclassified to the income statement (IAS 39)				-17,402,194		-17,402,194
Dividend 2005				-20,999,918		-20,999,918
Change in minority interests				-	-9,241	-9,241
Profit for the year 2006				69,065,081	3,185,445	72,250,526
As at 30.09.2006	1,050,000	2,438,808	27,250,000	311,426,715	24,780,208	366,945,731
<i>As at 30.09.2005</i>	<i>1,000,000</i>	<i>13,373,994</i>	<i>-</i>	<i>284,729,440</i>	<i>21,268,021</i>	<i>320,371,455</i>

Price of the Swissfirst share

30.09.2006	31.12.2005	High	Low
CHF	CHF	CHF	CHF
77.00	80.00	120.10	66.80

	1.1. - 30.09.2006 9 months	1.1. - 30.09.2005 9 months	1.7. - 30.09.2006 3 months	1.7. - 30.09.2005 3 months
Earnings per share	6.70	4.01	2.74	1.69
Earnings per share (diluted)	6.68	3.98	2.76	1.66
Nominal earnings per share (fully diluted)	6.58	3.81	2.66	1.62
	at 30.09.2006:	at 30.06.2006:	at 31.12.2005:	at 30.09.2005:
Number of employees, absolute	160	163	170	115
Number of employees, full-time equivalent (part-time adjusted)	154.3	157.0	164.8	111.0

Swissfirst AG, Zug

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.

Events after the balance sheet date

The subsidiary Swissfirst Bank (Liechtenstein) AG, Vaduz was sold on 8 November 2006. A public announcement was made on 6 November 2006 that the Basel branch, which is part of Private Banking, was available for sale. The profit contributed to the operating result is considered to be inconsequential.

Assets/liabilities held for sale of Swissfirst Bank (Liechtenstein) AG, Vaduz

Cash	5,285,129
Due from banks	232,518,072
Due from customers	70,149,287
Securities trading portfolios	137,270
Derivative financial instruments	5,651,566
Financial investments	23,902,800
Fixed assets	12,441,941
Intangible fixed assets	11,805
Prepaid expenses and accrued income	1,160,810
Other assets	13,395
Subsidiaries' assets held for sale	351,272,075
Due to banks	8,371,353
Due to customers	310,781,771
Derivative financial instruments and other trading liabilities	5,645,086
Deferred income	3,549,880
Other liabilities	477,760
Current tax liabilities	612,679
Deferred tax liabilities	775,555
Provisions	1,691,618
Subsidiaries' liabilities held for sale	331,905,702

The amount of profit contributed to the operating result amounted to CHF 3.5 million as at 30 September 2006.