

INTERIM REPORT

31 March 2004



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Consolidated Interim Balance Sheet

	Notes	31 March 2004	31 March 2003	31 December 2003
ASSETS				
Cash and balances with central bank		19,599,243	11,661,853	43,490,235
Due from other banks		359,977,404	232,197,793	301,096,041
Derivatives financial instruments		292,838	334,120	169,766
Loans and advances to customers		27,642,009	8,700,263	19,016,926
Receivables and prepayments		2,025,719	2,241,637	1,196,573
Investment securities held to maturity		5,240,179	3,231,976	5,282,796
Goodwill		2,800,000	3,600,000	3,000,000
Property, plant and equipment	3	5,835,525	5,944,411	5,895,943
Other long term assets		484,006	395,377	486,626
Deferred tax assets, net		636,458	611,431	636,458
Total assets		424,533,381	268,918,861	380,271,364
LIABILITIES AND EQUITY				
Liabilities				
Due to other banks		309,540	803,491	1,416,909
Derivatives financial instruments		292,838	334,120	169,766
Due to customers		367,392,584	216,673,393	326,228,043
Trade and other payables		7,428,594	6,551,484	6,615,506
Provisions and pension		2,853,789	2,931,755	2,943,789
Total liabilities		378,277,345	227,294,243	337,374,013
Minority interest		-	7,270,033	-
EQUITY				
Ordinary shares	4	13,849,430	13,760,300	13,790,200
Share premium and reserves		62,071,751	61,630,127	61,723,981
Treasury shares	4.3	(2,643,200)	(1,618,882)	(1,902,255)
Accumulated losses		(27,021,945)	(39,416,960)	(30,714,575)
Total equity		46,256,036	34,354,585	42,897,351
Total liabilities and equity		424,533,381	268,918,861	380,271,364

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Consolidated Interim Statement of Operations

	Notes	3 months ended 31 March	
		2004	2003
Fee and commission income		9,528,091	4,248,109
Fee and commission expense		(1,072,966)	(459,230)
Net fee and commission income		8,455,125	3,788,879
Interest income		617,277	512,418
Interest expense		(156,411)	(134,897)
Net interest income		460,866	377,521
Net trading income		514,474	245,200
Other operating income		1,275,817	319,466
Operating income		10,706,282	4,731,066
Operating expenses	1	(6,890,312)	(5,233,426)
Operating profit / (loss) before depreciation, amortization and provision		3,815,970	(502,360)
Depreciation, amortization and provisions	3	(800,000)	(800,000)
Profit / (loss) before minority interest		3,015,970	(1,302,360)
Minority interest		-	311,304
Net Profit / (loss)		3,015,970	(991,056)
<i>Profit / (loss) per share</i>	2	<i>2.22</i>	<i>(0.77)</i>
<i>Diluted profit per share</i>		<i>2.07</i>	<i>Not applicable</i>

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Consolidated Interim Changes in Shareholders' Equity

	Share Capital	Share premium & reserves	Treasury shares	Accumulated losses	Total
Balance at 1 January 2003	13,760,300	61,630,127	(2,154,376)	(37,812,188)	35,423,863
Net changes in treasury shares	-	-	535,494	(613,716)	(78,222)
Net loss of the period	-	-	-	(991,056)	(991,056)
Balance at 31 March 2003	13,760,300	61,630,127	(1,618,882)	(39,416,960)	34,354,585
Balance at 1 January 2004	13,790,200	61,723,981	(1,902,255)	(30,714,575)	42,897,351
Capital increase resulting from the exercise of options	59,230	347,770	-	-	407,000
Net changes in treasury shares	-	-	(740,945)	676,660	(64,285)
Net profit of the period	-	-	-	3,015,970	3,015,970
Balance at 31 March 2004	13,849,430	62,071,751	(2,643,200)	(27,021,945)	46,256,036

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Consolidated Interim Condensed Cash Flow Statement

	Notes	3 months ended 31 March	
		2004	2003
Cash flow from operating activities			
Ordinary		36,794,227	35,647,167
Restructuring and discontinued operations		(90,000)	(4,428,343)
Net cash from operating activities		36,704,227	31,218,824
Cash flow used in investing activities			
Purchase of property, plant and equipment		(539,582)	(939,488)
Change in Other long term assets		(2,620)	(53,257)
Treasury shares		(64,285)	(39,840)
Net cash used in investing activities		(606,487)	(1,032,585)
Cash flow from financing activities			
Net proceeds of issue of ordinary shares		407,000	-
Net cash from financing activities		407,000	-
INCREASE IN CASH AND CASH EQUIVALENTS		36,097,740	30,186,239
Movements in cash and cash equivalents			
At beginning of year		343,169,367	212,869,916
Increase		36,097,740	30,186,239
At 31 March		379,267,107	243,056,155
Cash and cash equivalents			
Cash and balances with central bank		19,599,243	11,661,853
Due from other banks		359,977,404	232,197,793
Due to other banks		(309,540)	(803,491)
Total at 31 March		379,267,107	243,056,155

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SECTION I ACCOUNTING POLICIES

The consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2003.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to anticipate or defer such costs at the end of the financial year.

The consolidated interim financial statements should be read in conjunction with the 2003 annual consolidated financial statements.

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SECTION II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating Expenses

	3 months ended 31 March	
	2004	2003
Payroll & related expenses	3,389,717	2,448,063
Production expenses	1,291,611	885,649
Marketing expenses	942,920	728,786
Administration and other operating expenses	1,266,064	1,170,928
Total	6,890,312	5,233,426

2. Profit / (loss) per Share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period.

	3 months ended 31 March	
	2004	2003
Net loss	3,015,970	(991,056)
Weighted average number of ordinary shares in issue	1,357,155	1,284,900
<i>Basic loss per share</i>	2.22	(0.77)
<i>Diluted loss per shares</i>	2.07	<i>Not applicable</i>

In accordance with IAS 33, diluted earning per share is only disclosed when the Group posts a profit.

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3. Property, Plant and Equipment

	IT systems	Others	Total
3 months ended 31 March 2003			
Opening net book amount (1.1.2003)	4,607,252	997,671	5,604,923
Addition	711,878	227,610	939,488
Depreciation	(583,267)	(16,733)	(600,000)
Closing net book amount (31.3.2003)	4,735,863	1,208,548	5,944,411
3 months ended 31 March 2004			
Opening net book amount (1.1.2004)	4,411,187	1,484,756	5,895,943
Addition	489,956	49,626	539,582
Depreciation	(558,000)	(42,000)	(600,000)
Closing net book amount (31.3.2004)	4,343,143	1,492,382	5,835,525

Additions to Property, Plant and Equipment include an amount of CHF 38,200 (2003: CHF 165,581) representing own costs capitalized in connection with the development of the systems of the Bank.

4. Equity

4.1 Structure of Capital

Number of shares	Ordinary Shares Issued	Unissued Shares		Total Shares Issued and Unissued
		Conditional Capital	Authorized Capital	
At 1 January 2003	1,376,030	40,000	-	1,416,030
At 31 March 2003	1,376,030	40,000	-	1,416,030
At 1 January 2004	1,379,020	37,010	-	1,416,030
Capital increase resulting from options exercised	5,923	(5,923)	-	-
Increase of the Conditional Capital and Creation of an Authorized Capital *	-	68,913	200,000	268,913
At 31 March 2004	1,384,943	100,000	200,000	1,684,943

* Resolutions passed at the 30 March 2004 AGM.

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4.2 Information on Stock Option

	3rd Allocation	4th Allocation	5th Allocation	Total	Conditional shares available for exercise
Balance at 1 January 2003	14,524	48,000	20,300	82,824	40,000
Grants	-	-	-	-	
Exercise	-	-	-	-	
Lapsed	-	-	-	-	
Balance at 31 March 2003	14,524	48,000	20,300	82,824	40,000
Balance at 1 January 2004	11,712	48,000	16,450	76,162	37,010
Grants	-	-	-	-	
Exercise	(4,673)	-	(1,250)	(5,923)	(5,923)
Lapsed	(300)	-	-	(300)	
Increase of the Conditional Capital further to the resolution of the AGM on 30 March 2004	-	-	-	-	68,913
Balance at 31 March 2004	6,739	48,000	15,200	69,939	100,000
Outstanding options				↳	(69,939)
Balance Conditional Shares available for future grants					30,061

4.3 Treasury Shares

Treasury shares at 31 March 2004 consist of 22'400 shares valued at the closing price on that date. The following transactions took place in the period from 1 January to 31 March 2004:

- ▶ the acquisition of 555 shares at a unit price ranging from CHF 118.50 to CHF 121.00 (average cost of CHF 119.40 per share), and
- ▶ the disposal of 20 shares at a unit prices ranging from CHF 121 to CHF 122 (average net price per share of CHF 121.50).