



BEKB | BCBE

**BEKB | BCBE's  
2011 interim results**

For families



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2011 interim results**



## Dear shareholders

In Switzerland, the first half of 2011 was dominated by solid economic growth and consistently low interest rates. However, the strength of the Swiss franc adversely affected exports and tourism. In the light of these conditions, BEKB | BCBE further expanded its mortgage business in particular and generated good results. It increased its net profit before taxes by approximately 2 per cent to over CHF 83 million. The danger inherent in rising property prices and historically low interest rates is high private debt. Through personal advice and forward-looking assessment we can offer our clients financing solutions that prove equally effective under changed circumstances.

Having long-term strategies is the cornerstone of our business policy as well as our realistic target return, resting on a strong capital base, with interest rates of 2 to 4 per cent above the return for risk-free investments. BEKB | BCBE's risk prevention makes up more than 10 per cent of the balance sheet total, including write-downs and reserves. Our net gains before taxes for 2010 enabled us to further raise dividends to CHF 5.10 per share this year. We want you, our shareholders, to keep on sharing in dividends and, from time to time, take advantage of subscription rights repayments of capital.



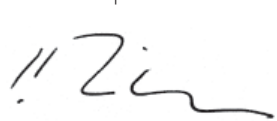
Dr. Jürg Rieben  
Chairman of the  
Board of Directors




Jean-Claude Nobili  
President of the  
Executive Board

Consistency in our customer care is equally important to us. We are glad to see entire families, with members from different generations, using our products and services. We want to offer the families something special outside our bank as well. Our family days, taking place all over the canton of Bern and in the town of Solothurn, are popular events. We hope that our new offer of family spots will appeal to you. An introduction in words and pictures to 3 out of our 12 local destinations can be found in the present booklet. Further information on the family spots can be found on [www.bekb.ch](http://www.bekb.ch)

On behalf of the Board of Directors and the Executive Board we would like to thank you for your commitment as BEKB | BCBE's shareholders.

  
 Chairman of the Board of Directors  
 Dr. Jürg Rieben

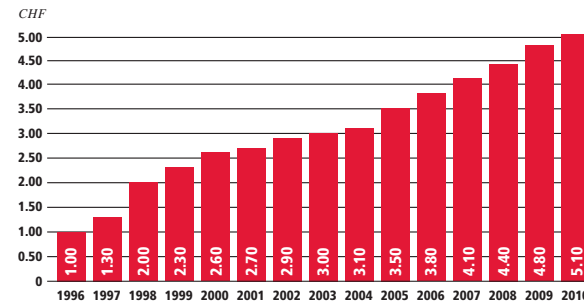
  
 President of the Executive Board  
 Jean-Claude Nobili

### Good result – strong mortgage performance

BEKB | BCBE performed well during the first half of the year 2011. Pre-tax net profit increased by 1.9 per cent to CHF 83.3 million (same period of the previous year: CHF 81.8 million). Private and corporate banking expanded further. Mortgage loans increased by CHF 308 million. Customer loans were refinanced in their entirety by customer assets.

The asset management volume remained at a stable level. Operating expenses are in the target range. BEKB | BCBE continued implementing the policy of funding innovative SMEs, new companies and successor arrangements with the result that 34 companies were financed during the first half of the year. In light of the bank's positive performance in 2010, BEKB | BCBE's annual General Meeting of Shareholders of May 17 of this year approved the fourteenth increase in dividend in a row and a dividend distribution of CHF 5.10 per share (previous year: CHF 4.80).

### Development of dividend per share





**“Swimming in a lake, formed during the last ice age: what a wonderful experience! You and your family can even go boating and fishing on the protected **Burgäschisee** or go for a walk on the woodchip path around the lake.”**

Stefan Huber, head of the BEKB | BCBE Solothurn branch

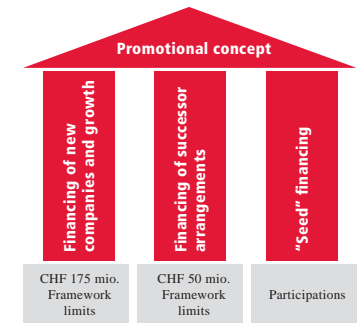


## Great demand for mortgages

Also in the first semester 2011, one of the main focuses of BEKB | BCBE's lending activities were private individuals and SMEs in the Espace Mittelland. Overall lending increased to CHF 18.3 billion. Mortgage loans increased 2.0 per cent to CHF 15.9 billion. The low interest rate level led to a growing demand for fixed-interest mortgages; the proportion of fixed-interest mortgages to the total mortgage portfolio has increased to 85.1 per cent by the middle of the year. In granting loans, the bank checks to ensure that customers have the financial capability to pay the interest rates even if those stabilize at a higher level. BEKB | BCBE thereby uses a calculatory interest rate of 5 per cent. Due to the high customer liquidity, increasing property prices and extremely low short and long-term interest rates, BEKB | BCBE requires at least 20 per cent equity capital from its customers for mortgage financing (excluding pension fund savings). Since May 2011, BEKB | BCBE has been offering a green mortgage for energy-saving refurbishments and a corresponding service package in collaboration with different partners (more information on [www.bekb.ch/umwelthypotheke](http://www.bekb.ch/umwelthypotheke)).

## Support for innovative SMEs and new companies

BEKB | BCBE is committed to supporting innovative SMEs and new companies on the basis of a three pillar approach: financing new companies and enterprise growth, financing successor arrangements, and seed financing. Financing for new companies and growth is subject to a CHF 175 million threshold of which CHF 102.2 million were granted by mid-year. The credit line for succession financing is CHF 50 million of which CHF 33.0 million were granted. An additional CHF 24.2 million in total were approved for companies in all regions during the first half of the year 2011, which resulted in the creation or maintenance of 498 jobs.



## Sound financial structure

BEKB | BCBE has a sound financial structure. Client funds in the strict sense of the term (saving deposits, medium term notes and other liabilities towards customers) increased during the first half of the year by 0.9 per cent to CHF 19.8 billion, and customer liquidity also remained at a high level. The balance sheet total as of the end of the first semester 2011 was CHF 24.7 billion, i.e. 1.6 per cent above the value at the beginning of the year. The equity ratio was 7.6 per cent as measured against the balance sheet total (BIS tier 1 ratio of 18.0 per cent in accordance with the Swiss standard rate). Including the reserves for default risks, BEKB | BCBE's risk prevention makes up more than 10 per cent of the balance sheet total.

## Interest rate business further expanded

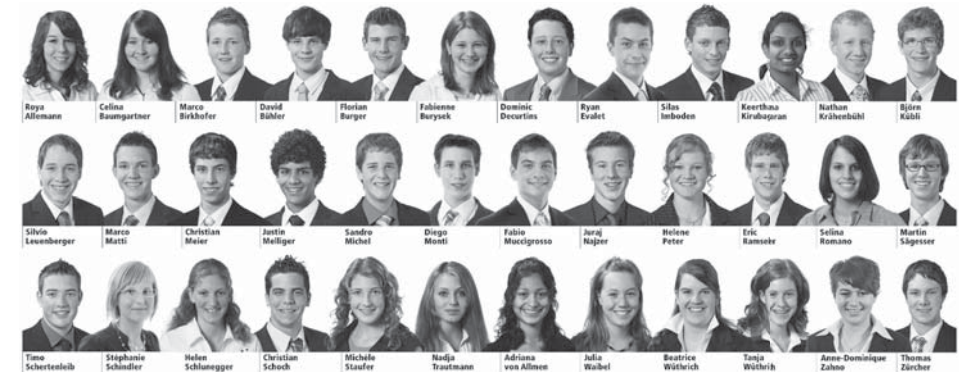
Due to higher volumes, good refinancing, low interest-rate levels and a positive result from the deployed interest rate swaps, interest operations generated CHF 185.1 million of revenue in the first half of the year, which was 2.5 per cent higher than in the same period last year. Commission earnings amounted to CHF 41.4 million, which is about 5.0 per cent lower than in the same period of the previous year. The number of customer investment accounts increased to over 100,000. Assets under management amounted to CHF 20.2 billion by mid-year. Earnings on trading transactions increased by 2.6 per cent to CHF 11.5 million and are therefore above the result of the same period of the previous year. Operating expenses increased by 4.8 per cent due to

higher personnel and IT costs and increased marketing activities. In terms of the proportion to the operating income, they remained within the 50 to 55 per cent target range. General banking risk reserve endowments totalling CHF 25 million were charged to the extraordinary expenses account.

## Successful youngsters

In its capacity as a training bank, BEKB | BCBE is strongly committed to encouraging young talent. The bank trains approximately a quarter of all banking-sector trainees in the canton of Bern. In the current year, 36 apprentices successfully completed their basic training at BEKB | BCBE. On 2 August, 36 young people started their first year of training. The bank trains 100 apprentices at the moment.

### BEKB | BCBE congratulates its trainees to the successful completion of their banking training





**“The picturesque Twannbach gorge offers everything you can think of: high rock faces, waterfalls, play of light and shadow and spectacular passages on the trail. A natural hike for the whole family.”**

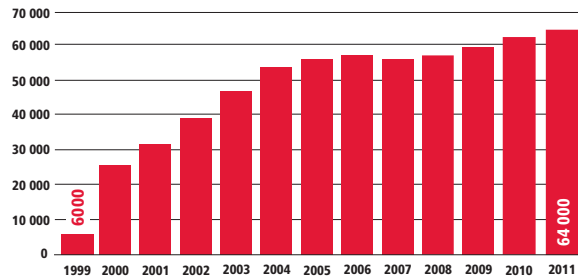
Andrea Baumann, client advisor private clients, BEKB | BCBE Biel branch



### Fourteenth dividend increase in a row

This year's General Meeting of Shareholders of 17 May decided to increase the shareholders' dividend for the fourteenth successive time, in this case from CHF 4.80 to CHF 5.10 per share. With over 64,000 shareholders, BEKB | BCBE is among the top ten Swiss companies in terms of the breadth of its shareholder base. The canton's share of the share capital is 51.5 per cent. The financial consolidation for the canton is considerable. Since BEKB | BCBE turned into a private corporation in 1998, the canton of Bern received over CHF 1 billion in the form of reimbursed endowment capital, placement of shares, nominal value repayments and the sale of subscription rights, dividends and taxes.

### Over 60,000 shareholders



### Higher half-year profit – omission of consolidated financial statements

After taxes, profit for the first half of the year was up 2.1 per cent to CHF 59.2 million (same period of the previous year: CHF 58.0 million). Pre-tax net profit (which is comparable with other cantonal banks) amounted to CHF 83.3 million, which was 1.9 per cent higher than in the preceding year.

On 1 May 2010, BEKB | BCBE's IT stopped being outsourced to its own subsidiary. By handing over IT services to a third-party company, the Hewlett Packard (Switzerland) GmbH, which operates the HP Banking Service Center in Bern, the conditions for a consolidation do not apply. RTC Real-Time Center AG does not operate anymore. BEKB | BCBE does not control any other major subsidiaries and therefore the consolidated financial statements are omitted.



**"The alpine playground Bort is great, designed for children of all ages. It is an ideal destination for the whole family, not only because of the way you get there – with the gondola – but also because of the impressive views and the healthy mountain air."**

Niklaus Rubi, head of the BEKB | BCBE Grindelwald branch



## BEKB | BCBE balance sheet as of 30 June 2011

in CHF 1000

<b>Assets</b>	<b>31.12.2010</b>	<b>30.6.2011</b>
Liquid assets	362 225	<b>342 646</b>
Amounts due from money-market papers	1 199 211	<b>1 599 189</b>
Amounts due from banks	687 756	<b>619 244</b>
Amounts due from customers	2 361 692	<b>2 395 437</b>
Amounts due secured by mortgage	15 609 781	<b>15 917 911</b>
Securities and precious metals held for trading purposes	8 727	<b>7 944</b>
Financial assets	3 379 243	<b>3 227 634</b>
Long-term holdings	31 744	<b>30 444</b>
Tangible fixed assets	203 590	<b>200 573</b>
Accrued receivables and prepaid expenses	67 640	<b>78 146</b>
Other assets	423 523	<b>299 395</b>
<b>Total assets</b>	<b>24 335 133</b>	<b>24 718 565</b>

The amounts stated in the balance sheet and income statement are rounded.

The total may differ from the sum of the single values.

<b>Liabilities</b>	<b>31.12.2010</b>	<b>30.6.2011</b>
Amounts due to banks	67 067	<b>344 185</b>
Amounts due to customers in the form of savings and deposits	15 275 360	<b>15 403 264</b>
Other amounts due to customers	3 893 576	<b>3 990 537</b>
Medium-term notes	452 573	<b>394 690</b>
Bond issues and loans from central mortgage institutions	1 482 000	<b>1 380 000</b>
Accrued expenses and deferred incomes	123 853	<b>129 675</b>
Other liabilities	347 613	<b>363 723</b>
Value adjustments and provisions	745 342	<b>749 604</b>
Reserves for general banking risks	607 188	<b>604 569</b>
Capital stock	186 400	<b>186 400</b>
General statutory reserve <sup>1</sup>	239 185	<b>239 185</b>
Other reserves	834 045	<b>912 523</b>
Own shares	(45 026)	<b>(40 417)</b>
Profit brought forward	125 956	<b>1 424</b>
Half-year profit		<b>59 202</b>
<b>Total liabilities</b>	<b>24 335 133</b>	<b>24 718 565</b>

### Off-balance-sheet items

Contingent liabilities	230 077	<b>203 136</b>
Irrevocable facilities granted	245 829	<b>250 526</b>
Contingent liabilities for calls and margin liabilities	84 904	<b>84 904</b>
Derivative financial instruments		
– from bank's hedging transactions		
Positive replacement values	49 117	<b>35 436</b>
Negative replacement values	68 996	<b>67 599</b>
Contract volume	4 719 500	<b>4 929 475</b>
– from trading activities		
Positive replacement values	31 220	<b>24 041</b>
Negative replacement values	30 882	<b>23 917</b>
Contract volume	610 828	<b>1 277 658</b>
Fiduciary transactions	9 850	<b>23 267</b>

<sup>1</sup> of which reserves from capital contribution: CHF 26 835 060.

## BEKB | BCBE income statement 1.1.–30.6.2011

in CHF 1000

<b>Revenue from interest-differential business</b>	<b>1.1.–30.6.2010</b>	<b>1.1.–30.6.2011</b>
Interest and discount income	251 705	243 298
Interest and dividend income from trading activities	87	84
Interest and dividend income from financial assets	38 353	32 712
Interest expense	(109 657)	(91 010)
<b>Subtotal net revenue from interest-differential business</b>	<b>180 488</b>	<b>185 084</b>
<b>Commissions and revenue from services</b>		
Commission from lending	1 624	1 437
Commission from securities and investment business	41 110	38 876
Commission from other services	6 344	6 444
Commission expense	(5 553)	(5 404)
<b>Subtotal net commissions and revenue from services</b>	<b>43 523</b>	<b>41 354</b>
<b>Dealing profits</b>		
	<b>11 210</b>	<b>11 504</b>
<b>Other revenue from ordinary activities</b>		
Profit from sale of financial assets	2 123	2 821
Income from long-term holdings	2 500	3 000
Profits from real estate	2 044	1 200
Other income from ordinary activities	13 967	15 713
Other expenses relating to ordinary activities	(2 778)	(3 470)
<b>Subtotal other revenue from ordinary activities</b>	<b>17 856</b>	<b>19 264</b>
<b>Net operating income</b>		
<b>before profit of sale of financial assets</b>	<b>250 954</b>	<b>254 384</b>
Net operating income	253 077	257 205

<b>Operating expenses</b>	<b>1.1.–30.6.2010</b>	<b>1.1.–30.6.2011</b>
Personnel expenses	(74 365)	(75 160)
Other operating expenses	(51 491)	(56 764)
<b>Subtotal operating expenses</b>	<b>(125 856)</b>	<b>(131 924)</b>
<b>Gross profit</b>		
<b>before income from sale of financial assets</b>	<b>125 097</b>	<b>122 460</b>
Gross profit	127 221	125 281
Amortization of fixed assets	(10 077)	(11 380)
Value adjustments, provisions and losses	(9 019)	(5 333)
<b>Interim result</b>	<b>108 125</b>	<b>108 568</b>
Extraordinary income	30 721	23 681
Extraordinary expenses	(57 062)	(48 947)
<b>Half-year profit before taxes</b>	<b>81 783</b>	<b>83 302</b>
Taxes	(23 800)	(24 100)
<b>Half-year profit</b>	<b>57 983</b>	<b>59 202</b>

# Officers and Directors

1 September 2011

## Board of Directors

<b>Chairman</b>	Dr. Jürg Rieben**
<b>Vice president</b>	Thomas Rufer*
<b>Members</b>	Kathrin Anderegg-Dietrich** Daniel Bloch Prof. Dr. Rudolf Grünig Sandra von May-Granelli Dr. Rudolf Stämpfli* Dr. Rudolf Wehrli**

\*Member of auditing committee  
\*\*Member of remuneration committee

**Secretary** Beat Flückiger

## Executive Board

<b>President</b>	Jean-Claude Nobili
<b>Members</b>	Hanspeter Rüfenacht Stefan Gerber Johannes Hopf Alois Schärli

## Statutory Auditors and Banking Law Auditors

Ernst & Young AG, Zurich

## Corporate Governance

- 1) The Board of Directors, the Executive Board and the employees are responsible for the bank's long-term and sustainable development.
- 2) Members of the Board of Directors and the Executive Board, and the employees represent the bank's interests. They have to withdraw in instances of conflict of interest between the bank's business activities and their own interests or those of people or organisations they're closely attached to.
- 3) Members of the Board of Directors and the Executive Board are required to disclose all their important positions in executive or supervisory committees of other organisations.
- 4) The responsibilities of the Board of Directors and the Executive Board are separated.
- 5) Members of the Executive Board are not to be appointed to the Board of Directors of companies in which a member of BEKB | BCBE's Board of Directors sits on the Executive Board.
- 6) The terms of office of the Board of Directors' members are restricted to 12 years. The age limit is 70 years.
- 7) The compensation model for the members of the Board of Directors is set by the entire Board of Directors and published in full. On the basis of the Board of Directors' remuneration model, the Board of Directors participates in the bank's profit or loss.
- 8) The Executive Board's remuneration is determined by the Board of Directors' committee. The highest overall compensation equals a maximum of a twenty-fold of the lowest overall compensation.
- 9) BEKB | BCBE does not pay any leaving remunerations.
- 10) No further payments are paid in addition to the payments made under the Board of Directors' remuneration model.

## Informations about BEKB | BCBE

### BEKB | BCBE registered share

Security code 969160  
ISIN CH0009691608

### Share capital

CHF 186.4 million  
divided into 9,320,000 registered shares each of CHF 20 nominal value

### Number of shareholders

64,000

### Market capitalisation

CHF 2.299 billion (by 30.6.2011)

### Ticker symbols

Stock market quotation	SIX Swiss Exchange	Berne eXchange (BX)
Bloomberg	BEKN.SW	–
Thomson Reuters	BEKN.S	BEKN.BN
Telekurs	BEKN,4	BEKN,5

### Current stock market prices

and information about BEKB | BCBE on the Internet: [www.bekb.ch](http://www.bekb.ch)

### Enquiries / Information

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Fax +041 31 666 19 91  
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3001 Bern

### Agenda

15 March 2012 Annual results 2011  
15 May 2012 General Meeting 2012

# BEKB | BCBE – With pleasure!

Central/Information	031 666 11 11	Muri b. Bern	031 954 46 10
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Internet	www.bekb.ch	La Neuveville	032 752 35 23
Fax	031 666 60 40	Nidau	032 331 82 51
CantoPhone/CantoMobile/	0848 848 666	Niederbipp	032 633 23 44
CantoFax		Oberdiessbach	031 771 05 97

## Branches

Aarberg	032 392 42 14	Oey	033 681 80 12
Aarwangen	062 916 27 90	Orpund	032 355 22 22
Adelboden	033 673 71 71	Ostermundigen	031 939 46 60
Balsthal	062 391 94 70	Pieterlen	032 372 15 30
Beatenberg	033 841 14 44	Rapperswil	031 879 12 22
Belp	031 812 45 40	Reconvilier	032 481 42 33
Bern-Altstadt	031 318 49 10	Roggwil	062 929 28 88
Bern-Breitenrain	031 348 45 00	Schönried	033 744 52 11
Bern-Bubenbergrplatz	031 666 11 11	Schüpfen	031 879 22 82
Bern-Bümpliz	031 994 45 30	Schwarzenburg	031 732 46 20
Bern-Bundesplatz	031 666 11 11	Seftigen	033 345 34 26
Bern-Eigerplatz	031 376 45 10	Sigriswil	033 251 03 10
Bern-Inselspital	031 398 45 20	Solothurn	032 626 31 40
Biel / Bienne	032 327 47 47	Solothurn Private Banking	032 621 09 88
Biel-Bözingen	032 342 42 56	Spiez	033 655 55 55
Bolligen	031 918 45 50	Steffisburg	033 437 54 12
Brienz	033 951 20 53	St-Imier	032 942 34 23
Büren an der Aare	032 351 57 57	Sumiswald-Grünen	034 431 51 35
Burgdorf	034 428 41 11	Täuffelen	032 327 43 47
Corgémont	032 489 25 15	Tavannes	032 481 23 40
Egerkingen	062 956 65 74	Thun-Bahnhofstrasse	033 227 11 11
Frutigen	033 672 39 44	Thun-Marktgasse	033 221 54 60
Grenchen	032 653 44 70	Thun-Süd, MMM-Zentrum	033 227 11 11
Grindelwald	033 854 13 31	Tramelan	032 486 88 10
Grosshöchstetten	031 711 24 25	Unterseen	033 823 71 60
Gstaad	033 748 74 44	Utzenstorf	032 665 46 44
Gunten	033 251 03 10	Wabern	031 964 46 30
Hägendorf	062 216 93 88	Wangen an der Aare	032 631 27 77
Härkingen	062 956 65 74	Wangen bei Olten	062 956 65 74
Hasliberg Wasserwendi	033 971 33 45	Wattenwil	033 356 16 55
Herzogenbuchsee	062 956 65 11	Wengen	033 855 12 18
Hünibach	033 251 03 10	Wiedlisbach	032 636 10 70
Huttwil	062 959 92 50	Wimmis	033 657 26 26
Ins	032 313 77 20	Worb	031 832 46 40
Interlaken	033 826 61 31	Zollbrück	034 496 81 08
Ittigen	031 918 45 60	Zollikofen	031 914 46 50
Jegenstorf	031 760 49 50		
Kandersteg	033 675 15 48		
Kirchberg-Alchenflüh	034 445 58 11		
Köniz	031 974 45 70		
Konolfingen	031 791 02 47		
Koppigen	034 413 03 03		
Langenthal	062 916 25 25		
Langnau im Emmental	034 408 30 30		
Laupen	031 748 45 90		
Lengnau	032 653 84 50		
Lenk im Simmental	033 733 18 14		
Lyss	032 387 85 11		
Malleray	032 492 18 10		
Meiringen	033 971 36 16		
Merligen	033 251 03 10		
Moutier	032 494 62 00		
Münsingen	031 722 46 00		

## Cyberbank BEKB | BCBE net

Phone	031 666 12 60
Fax	031 666 12 55
E-Mail	bekbnet@bekbnet.ch
Internet	www.bekbnet.ch

## ATMs also available in:

Bern-Liebefeld, Schwarzenburgstrasse 160
Biel-Mett, Poststrasse 17
Ittigen, motorway service area Grauholz
Langenthal, SBB Railway Station
Ostermundigen, MM-Zentrum
Solothurn, Hauptgasse 14
Spiez, MM-Zentrum