

Basel, here I feel at home.



2009 Annual General Report. Available in the German language is a complete version of the BKB Annual General Report. The German edition has been audited by Ernst & Young AG.



**Basler
Kantonalbank**
fair banking

Notes to the Consolidated Financial Statements

Key Figures

The BKB Group can look back on a very successful business year 2009 with marked changes in all important success and development measures. For example, consolidated gross profits, adjusted for the costs of the IT migration to Avaloq, increased compared to the previous year by +16.6% to 397.2 million CHF (previous year: 340.7 million CHF) and Group profit even by +47.7% to 289.4 million CHF (previous year: 196.0 million CHF), which represents the highest level in over 10 years of Group reporting. This very good result demonstrates the strong earnings power in the BKB Group, in that operating income increased by 70.1 million CHF (+10.5%) to 735.9 million CHF but was offset by an increase in expenses of only 13.6 million CHF (+4.2%). This improvement in productivity in the BKB Group is reflected ultimately in a lower cost-income ratio of 46.0% for 2009 (previous year: 48.8%). On the other hand, the larger scope of consolidation had, in line with expectations, little impact on the development of total assets. These grew during the reporting period by 1.6 billion CHF, or +5.1%, which as a result of substantial redistributions between receivables from banks and the financial assets, reflect only inadequately the disproportionate increases in customer lending of +6.7% and customer deposits of +11.1%. Customer assets increased significantly compared to the previous year by +18% to a new record value of just under 48 billion CHF as of 12/31/2009.

Balance Sheet

Consolidated total assets increased by 1.6 billion CHF to 32.8 billion CHF as of 12/31/2009. While this growth was characterized mainly by increased customer lending, the remaining increases were the result of optimized liquidity planning, wherein surplus and minimal-interest bank funds (-43.7%) were invested in higher-return financial interests (+62.0%). Customer lending of 22.9 billion CHF as of 12/31/2009 (previous year: 21.5 billion CHF) consist of commercial loans to corporate customers of 3.2 billion CHF (previous year: 3.0 billion CHF, or +4.8%) and mortgage claims of 19.7 billion CHF (previous year: 18.5 billion CHF, or +7.0%). Thus the BKB Group was able to further develop its position as major financiers of domestic residential and commercial property. Of the mortgage loans, 8.7 billion CHF, or 44.2%, originate from the parent Basler Kantonalbank, which, in addition to residential buildings in the canton where it is located, also grants mortgage loans to large corporate customers throughout Switzerland, and 11.0

billion CHF, or 55.8%, originate from the countrywide operations of Bank Coop, which as a typical retail bank specializes in residential mortgages to private individuals.

The BKB Group had at the end of 2009 a continued healthy refinancing structure. Customer deposits increased very strongly last year by +11.1% to 21.7 billion CHF (previous year: 19.5 billion CHF). The largest increase is attributed to liabilities to customers in savings and investments, with a growth of nearly 2 billion CHF, or +20.0%. In this regard, the BKB Group profited from a general increase in the public's inclination to save and from the confidence of customers in the institutions belonging to the Group. Whereas the parent Basler Kantonalbank reported an increase compared to the previous year of +15.0% (+724 million CHF), savings deposits at Bank Coop increased even by +25.1% (+1.2 billion CHF). An offsetting development occurred on the other hand in other liabilities to customers, which increased in 2009 by +584 million CHF, or +6.8%. While the demand for time deposits suffered due to low interest rates, call accounts reported in some cases substantial balances at year-end, particularly at Basler Kantonalbank. This can be attributed to the decision of many major customers, due to the uncertain economic situation, to hold significant, readily available liquidity reserves. Little enthusiasm was seen in the market for medium-term notes, so that these decreased by -346 million CHF to a level of just under 1 billion CHF as of 12/31/2009. This corresponds roughly to the volumes reported at the end of 2007. The same trend applied to bonds, which decreased by -450 million CHF, and mortgage bonds, which also fell by -200 million CHF to a level of 4.3 billion CHF as of 12/31/2009. Mature securities were not renewed due to adequately available liquidity in the Group. While an approximate balance was maintained within the BKB Group, with an inflow of customer deposits of 1.5 billion CHF and a demand for loans of 1.4 billion CHF during the reporting period, the refinancing degree, as a ratio of public deposits to customer lending at the end of 2009, was held constant at 113.3%, compared to the previous year (113.8%).

Customer Assets

Customer assets held in the BKB Group increased in 2009 by a significant +18.0% and reached a record value of 48.0 billion CHF at year-end (previous year: 40.6 billion CHF). In addition to very positive growth in the prices of deposited securities, the purchase of AAM Privatbank AG, with customer assets of 3.1 billion CHF as of 9/1/2009, and the expansion of Private Banking at the parent Basler Kantonalbank contributed to this substantial growth of +7.3 billion CHF. Correspondingly, the influx of new deposits in the BKB Group, adjusted for the purchase of AAM Privatbank, of 1.4 billion CHF showed a positive development. The 48.0 billion CHF in total customer assets were attributed to the parent Basler Kantonalbank (incl. AAM Privatbank AG), with 31.9 billion CHF, or 66.5% (previous year: 63.2%) and Bank Coop, with the remaining 16.1 billion CHF, or 33.5% (previous year: 36.8%).

Income Statement

In an extremely challenging environment with great uncertainties in the market and the successful completion of a major internal bank project, the BKB Group achieved a positive gross profit of 397.2 million CHF. Consolidated gross profits, adjusted for the costs of the IT migration to Avaloq, increased as a result compared to the previous year by 56.5 million CHF, or +16.6%. The change of the core banking system was implemented at the parent Basler Kantonalbank, as is well known, in the fall of 2009, and is planned for the beginning of 2011 at the subsidiary Bank Coop. Even if in the detailed analysis trading contributed predominantly to the positive results (+76.3 million CHF), positive developments were also reported in the commission business, with +14.8 million CHF, and other ordinary income, with +9.9 million CHF, compared to the previous year. Furthermore, the institutions in the BKB Group managed to keep additional costs moderate, resulting in an increase in operating expenses compared to the previous year of only +13.6 million CHF. The only indicator showing a negative trend in 2009 was interest income, which declined by -7.5% yet at 380.2 million CHF (previous year: 411.0 million CHF) and a share in total revenues of 51.7% remained one of the major sources of revenue in the BKB Group. On the other hand, the reporting period represented a very difficult year for income from interest-margin-based activities. This was characterized primarily by a lack of investment options for surplus liquidity, by continued pressure on margins, and by high interest rate

hedging costs for risk provisioning in the event of a potential future rise in the yield curve. Ultimately, as a consequence of low money market rates, refinancing income from trading portfolios decreased significantly as well compared to the previous year. On the other hand, in 2009, which was a difficult year for the market, income from the commission business and services sector showed a positive trend, with 195.1 million CHF (+8.2%). Thus these have already reached the earnings level of 2006. As a result of higher average managed assets, respectable brokerage revenues were reported in the securities and investing sectors (176.1 million CHF, or +6.2%), as well as positive asset management fees. In addition, the targeted expansion of Private Banking in the 2nd half of 2009 has already had a positive impact on commission income and promises further positive potential for upcoming years. The trading sector reported an excellent year, with an income of 143.7 million CHF, or more than double versus the year-back figure (+113.2%). Of this total, 54.7 million CHF represent an almost identical amount to the previous year in currency trading with customers and internal currency trading (previous year: 55.9 million CHF), while significantly higher earnings of 7.8 million CHF were achieved in precious metals trading (previous year: 5.8 million CHF) and 2.0 million CHF in foreign notes and coins trading (previous year: 0.7 million CHF). The remaining 79.4 million CHF (previous year: 5.0 million CHF) were attributed to securities trading (incl. hedging), in which mainly the parent Basler Kantonalbank and BKB Finance Ltd., Guernsey, profited significantly from rate gains on bank-internal securities portfolios due to lowering of the credit spread. Furthermore, due to the withdrawal of multiple competitors in the trading sector, the parent Basler Kantonalbank acquired market shares and utilized significant market opportunities – with unchanged risk strategy and continuous transaction monitoring. Despite growth, the BKB Group continues to have good control over costs. Consequently, as a result of various savings measures implemented with nonspecific expenditures, the increase in operating expenses in 2009 was +4.2%, below the expected 5-percent mark. Personnel expense, as the largest expense item, increased compared to 2008 by 2.7 million CHF, or +1.3%, attributable primarily to wage and salary increases and the related fringe benefits. At the same time the moderate investment strategy of the banks in the Group through the expansion of Private Banking, the launch of new trading products, and the modernization of the branch location network resulted in increased material

costs of 124.4 million CHF (previous year: 113.5 million CHF). The largest block of costs, similar to the previous year, consisted of IT expenses. Depreciation on assets in the BKB Group was 57.3 million CHF, approximately the same level as the previous year. These expenses consisted on the one hand of ordinary depreciation on bank buildings and other property and equipment of 20.6 million CHF and a total of 36.7 million CHF for a reduction in goodwill, calculated in accordance with the principle of prudence and verified by an impairment test, from the acquisition of AAM Privatbank AG and an additional tranche of Bank Coop equity interest. Furthermore, the BKB Group continued its strategies of loss allowances and risk provisioning that it has been following for years. Through continued improvement of the portfolio and absence of major loss events, these costs were reduced by –9.8 million CHF to 27.9 million CHF for 2009.

Unusual extraordinary income was reported at the end of 2009 of 31.3 million CHF, comprising primarily one-time proceeds from the sale of equity interests totalling 28.2 million CHF and including the sale of shares of Aduno Holding AG and of Logis Suisse AG by Bank Coop, as well as shares of Sourcag AG and Nationale Suisse by the parent Basler Kantonalbank. The remaining 3.1 million CHF are attributable to the dissolution of provisions, which are no longer needed, or the recovery of written-off claims. Based on a very positive gross profit in the BKB Group of 397.2 million CHF and slightly lower depreciation, loss allowances, and provisions totalling 85.2 million CHF (previous year: 94.5 million CHF), as well as the guarantor settlement to Basel-City canton fixed at 37.5 million CHF (previous year: 32.4 million CHF), a record high Group profit was reported for 2009, after extraordinary items of 28.6 million CHF and taxes of 13.7 million CHF, of 289.4 million CHF. The minority shareholder participation in this was 16.2 million CHF (previous year: 27.2 million CHF).

BKB Group – at a glance

Balance Sheet		31.12.2009	31.12.2008	31.12.2007
Balance-sheet total	in 1000 CHF	32 837 426	31 249 338	27 868 233
• Change	in %	5.08	12.13	8.57
Loans to customers	in 1000 CHF	22 917 770	21 485 280	20 355 736
• of which mortgage debts	in 1000 CHF	19 751 721	18 464 981	17 731 342
Customer money	in 1000 CHF	21 700 593	19 540 233	16 895 212
Public money	in 1000 CHF	25 965 238	24 455 008	22 236 417
Declared equity (including minority interests in profits)	in 1000 CHF	2 890 183	2 699 265	2 639 956
• of which minority interest	in 1000 CHF	375 617	364 520	364 792

Customer Assets		31.12.2009	31.12.2008	31.12.2007
Total customer assets	in 1000 CHF	47 957 359	40 633 378	44 768 110
• Change	in %	18.02	-9.24	5.57
• of which counted double	in 1000 CHF	7 844	6 211	41 814

Profit Statement		2009	2008	2007
Net profit from interest-rate transaction	in 1000 CHF	380 155	411 019	413 352
Net profit from commissions and services	in 1000 CHF	195 054	180 288	214 872
Net profit from commercial transactions	in 1000 CHF	143 707	67 401	75 095
Other ordinary profit	in 1000 CHF	17 027	7 157	32 340
Earnings from sales	in 1000 CHF	735 943	665 865	735 659
Operating expenses, adjusted (excluding IT migration)	in 1000 CHF	338 740	325 127	317 007
Gross profit, adjusted (excluding IT migration)	in 1000 CHF	397 203	340 738	418 652
• Change	in %	16.57	-18.61	1.79
Depreciations, corrections, provisions and losses	in 1000 CHF	85 204	94 462	66 042
Operating income, adjusted (excluding IT migration)	in 1000 CHF	311 999	246 276	352 610
• Change	in %	26.69	-30.16	0.51
Group profit, adjusted (excluding IT migration)	in 1000 CHF	289 429	196 015	280 284
• Change	in %	47.66	-30.07	-1.62
• of which minority shares	in 1000 CHF	16 202	27 180	35 787

Key Figures		2009	2008	2007
Equity ratio (incl. minority interests)	in %	8.80	8.64	9.47
Operating return on equity (RoE)	in %	11.33	9.38	13.94
Total return on assets (RoA)	in %	0.88	0.63	1.01
Equity coverage (less cantonal bank deduction) ¹⁾	in %	168.43	169.32	175.20
Tier 1 ratio (attributable core capital/risk-weighted items)	in %	13.47	13.55	14.59
Degree of refinancing I (customer assets/customer loans)	in %	94.69	90.95	83.00
Degree of refinancing II (public assets/customer loans)	in %	113.30	113.82	109.24
Cost-income ratio I	in %	46.03	48.83	43.09
Cost-income ratio II	in %	53.81	57.35	47.39

Values/Resources		2009	2008	2007
Number of customers		480 562	474 590	476 368
Number of employees		1 464	1 452	1 409
Number of business locations		56	52	52

¹⁾ 2009 and 2008 calculated on Basel II basis; 2007, on Basel I basis.

Parent Basler Kantonalbank – at a glance

Balance Sheet		31.12.2009	31.12.2008	31.12.2007
Balance-sheet total	in 1000 CHF	20 205 689	19 381 116	16 664 209
• Change	in %	4.25	16.30	9.20
Loans to customers	in 1000 CHF	11 375 077	10 439 935	9 769 446
• of which mortgage debts	in 1000 CHF	8 724 194	7 962 542	7 711 833
Customer money	in 1000 CHF	12 153 024	10 841 799	9 026 213
Public money	in 1000 CHF	13 928 024	13 137 799	11 790 213
Declared equity	in 1000 CHF	2 385 504	2 249 795	2 197 820

Customer Assets		31.12.2009	31.12.2008	31.12.2007
Total customer assets	in 1000 CHF	28 913 410	25 662 803	28 072 929
• Change	in %	12.67	-8.59	6.15
• of which counted double	in 1000 CHF	-	-	20 989

Profit Statement		2009	2008	2007
Net profit from interest-rate transaction	in 1000 CHF	230 289	233 636	225 256
Net profit from commissions and services	in 1000 CHF	120 669	112 256	136 536
Net profit from commercial transactions	in 1000 CHF	122 380	60 485	60 980
Other ordinary profit	in 1000 CHF	50 594	26 767	53 259
Earnings from sales	in 1000 CHF	523 932	433 144	476 031
Operating expenses, adjusted (excluding IT migration)	in 1000 CHF	195 726	181 424	172 637
Gross profit, adjusted (excluding IT migration)	in 1000 CHF	328 206	251 720	303 394
• Change	in %	30.39	-17.03	0.95
Depreciations, corrections, provisions and losses	in 1000 CHF	66 590	65 503	37 941
Operating income, adjusted (excluding IT migration)	in 1000 CHF	261 616	186 217	265 453
• Change	in %	40.49	-29.85	0.32
Net profit for the year	in 1000 CHF	97 427	77 869	85 507
• Change	in %	25.12	-8.93	18.02

Key Figures		2009	2008	2007
Equity ratio	in %	11.81	11.61	13.19
Operating return on equity (RoE)	in %	11.46	8.51	12.59
Total return on assets (RoA)	in %	0.48	0.40	0.51
Equity coverage (less cantonal bank deduction) ¹⁾	in %	160.98	158.69	177.51
Tier 1 ratio (attributable core capital/risk-weighted items)	in %	12.88	12.69	18.45
Degree of refinancing I (customer assets/customer loans)	in %	106.84	103.85	92.39
Degree of refinancing II (public assets/customer loans)	in %	122.44	125.84	120.68
Cost-income ratio I	in %	37.36	41.89	36.27
Cost-income ratio II	in %	46.28	52.67	41.66

Values/Resources		2009	2008	2007
Number of customers		204 442	200 605	196 474
Number of employees		754	725	710
Number of business locations		19	19	19

¹⁾ 2009 and 2008 calculated on Basel II basis; 2007, on Basel I basis.

Consolidated Balance Sheet

	31.12.2009 1000 CHF	31.12.2008 1000 CHF	Change absolute	Change in %
Assets				
Cash	407 849	303 159	104 690	34.5
Money-market instruments	4 014	2 829	1 185	41.9
Due from banks	2 151 754	3 821 160	-1 669 406	-43.7
Due from customers	3 166 049	3 020 299	145 750	4.8
Mortgages	19 751 721	18 464 981	1 286 740	7.0
Trading inventories in securities and precious metals	1 973 119	1 605 975	367 144	22.9
Financial assets	2 687 399	1 658 525	1 028 874	62.0
Investments in non-consolidated affiliated companies	98 486	85 926	12 560	14.6
Tangible fixed assets	216 672	222 215	-5 543	-2.5
Intangible assets	30 099	30 472	-373	-1.2
Accrued income and prepaid expenses	151 758	122 899	28 859	23.5
Other assets	516 023	282 162	233 861	82.9
Positive replacement values	1 682 483	1 628 736	53 747	3.3
Total assets	32 837 426	31 249 338	1 588 088	5.1
Total subordinated assets	8 489	7 792	697	8.9
Total due from non-consolidated companies and qualified investors	93 425	102 964	-9 539	-9.3
Liabilities				
Money-market instruments	3 112	1 217	1 895	155.7
Due to banks	1 519 834	1 620 274	-100 440	-6.2
Due to customers on savings and investments	11 539 547	9 617 593	1 921 954	20.0
Other amounts due to customers	9 196 194	8 611 728	584 466	6.8
Issues of medium-term notes	964 852	1 310 912	-346 060	-26.4
Bonds and loans from central mortgage institutions	4 264 645	4 914 775	-650 130	-13.2
Accrued expenses and deferred income	167 566	186 455	-18 889	-10.1
Other liabilities	93 792	119 966	-26 174	-21.8
Negative replacement values	1 673 870	1 657 331	16 539	1.0
Value adjustments and provisions	523 831	509 822	14 009	2.7
Endowment/participation certificate capital	254 150	254 150	-	-
Capital reserves	173 553	165 872	7 681	4.6
Own equities	-60 985	-82 845	21 860	-26.4
Profit reserves	1 925 165	1 851 994	73 171	4.0
Minority interests in equity capital	359 415	337 340	22 075	6.5
Group profit	238 885	172 754	66 131	38.3
• of which minority interests in group profit	16 202	27 180	-10 978	-40.4
Total liabilities	32 837 426	31 249 338	1 588 088	5.1
Total subordinated liabilities	3 983	-	-	-
Total due to non-consolidated companies and qualified investors	154 037	200 132	-46 095	-23.0
Off-balance-sheet Transactions				
Contingent liabilities	854 279	971 024	-116 745	-12.0
Irrevocable commitments	264 772	253 042	11 730	4.6
Liabilities for calls on shares and other equities	46 224	39 592	6 632	16.8
Committed credit facilities	-	-	-	-
Derivative instruments				
• Contract volume	94 419 752	80 014 569	14 405 183	18.0
• Positive replacement values	1 682 483	1 628 736	53 747	3.3
• Negative replacement values	1 673 870	1 657 331	16 539	1.0
Fiduciary transactions	589 695	713 037	-123 342	-17.3

Consolidated Profit Statement

Income and Expenses from Ordinary Bank Transactions

	2009 1000 CHF	2008 1000 CHF	Change absolute	Change in %
Profit from Interest-rate Transactions				
Interest discount income	635 377	828 466	-193 089	-23.3
Interest and dividend income from financial assets	61 640	34 683	26 957	77.7
Interest expense	-316 862	-452 130	135 268	-29.9
Net profit from Interest transactions	380 155	411 019	-30 864	-7.5
Profit from Commissions and Fees				
Credit-related fees and commissions	8 936	5 017	3 919	78.1
Fee and commission income from securities and investment business	176 101	165 845	10 256	6.2
Other fee and commission income	33 379	31 120	2 259	7.3
Fee and commission expense	-23 362	-21 694	-1 668	7.7
Net profit from fees and commissions	195 054	180 288	14 766	8.2
Other fee and commission income	143 707	67 401	76 306	113.2
Other Ordinary Profit				
Net income from disposals of financial assets	2 225	4 096	-1 871	-45.7
Income from affiliated companies total	5 121	6 659	-1 538	-23.1
• of which from interests valued using the equity method	213	164	49	29.9
• of which from other non-consolidated interests	4 908	6 495	-1 587	-24.4
Net income from real estate	2 876	3 506	-630	-18.0
Other ordinary income	6 832	8 301	-1 469	-17.7
Other ordinary expense	-27	-15 405	15 378	-99.8
Net other ordinary profit	17 027	7 157	9 870	137.9
Operating profit	735 943	665 865	70 078	10.5
Operating Expenses				
Personnel expense	-214 337	-211 593	-2 744	1.3
General administrative expense	-174 947	-136 795	-38 152	27.9
Subtotal operating expenses, adjusted (excluding IT migration)	-338 740	-325 127	-13 613	4.2
Net operating expense	-389 284	-348 388	-40 896	11.7
Gross profit, adjusted (excluding IT migration)	397 203	340 738	56 465	16.6
Gross profit	346 659	317 477	29 182	9.2
Group Profit				
Gross Profit, adjusted (excluding IT migration)	397 203	340 738	56 465	16.6
Gross profit	346 659	317 477	29 182	9.2
Depreciation, write-offs of fixed assets	-57 293	-56 739	-554	1.0
Value adjustments, provisions and losses	-27 911	-37 723	9 812	-26.0
Operating Income, adjusted (excluding IT migration)	311 999	246 276	65 723	26.7
Operating results	261 455	223 015	38 440	17.2
Guarantor settlement	-37 510	-32 364	-5 146	15.9
Interim result, adjusted (excluding IT migration)	274 489	213 912	60 577	28.3
Interim result	223 945	190 651	33 294	17.5
Extraordinary income	31 287	2 809	28 478	-
Extraordinary expense	-2 619	-819	-1 800	219.8
Taxes	-13 728	-19 887	6 159	-31.0
Group profit, adjusted (excluding IT migration)	289 429	196 015	93 414	47.7
Group profit	238 885	172 754	66 131	38.3
• of which minority interests in the half-year profit	16 202	27 180	-10 978	-40.4

Balance Sheet – before appropriation of profit

Parent Basler Kantonalkbank

	31.12.2009 1000 CHF	31.12.2008 1000 CHF	Change absolute	Change in %
Assets				
Cash	289 721	217 590	72 131	33.1
Money-market instruments	3 165	1 979	1 186	59.9
Due from banks	1 817 092	3 031 777	-1 214 685	-40.1
Due from customers	2 650 883	2 477 393	173 490	7.0
Mortgages	8 724 194	7 962 542	761 652	9.6
Trading inventories in securities and precious metals	1 756 356	1 637 482	118 874	7.3
Financial assets	1 984 245	1 408 117	576 128	40.9
Investments	509 263	477 387	31 876	6.7
Tangible fixed assets	103 368	106 723	-3 355	-3.1
Accrued income and prepaid expenses	103 386	86 392	16 994	19.7
Other assets	503 998	271 978	232 020	85.3
Positive replacement values	1 760 018	1 701 756	58 262	3.4
Total assets	20 205 689	19 381 116	824 573	4.3
Total subordinated assets	8 489	7 792	697	8.9
Total due from Group companies	709 586	565 186	144 400	25.5
Total due from Basel-City canton	78 425	81 013	-2 588	-3.2
Liabilities				
Money-market instruments	2 356	176	2 180	-
Due to banks	1 670 108	1 785 105	-114 997	-6.4
Due to customers on savings and investments	5 562 972	4 838 891	724 081	15.0
Other amounts due to customers	6 217 798	5 520 770	697 028	12.6
Issues of medium term notes	372 254	482 138	-109 884	-22.8
Bonds and loans from central mortgage institutions	1 775 000	2 296 000	-521 000	-22.7
Accrued expenses and deferred income	106 563	121 817	-15 254	-12.5
Other liabilities	64 803	78 560	-13 757	-17.5
Negative replacement values	1 693 687	1 675 574	18 113	1.1
Value adjustments and provisions	354 644	332 290	22 354	6.7
Reserves for general banking risks	1 633 400	1 466 707	166 693	11.4
Endowment/participation certificate capital	254 150	254 150	-	-
General statutory reserves	399 534	383 426	16 108	4.2
Reserve for treasury shares	-	57 343	-57 343	-
Profit carried over	993	10 300	-9 307	-90.4
Net profit for the year	97 427	77 869	19 558	25.1
Total liabilities	20 205 689	19 381 116	824 573	4.3
Total subordinated liabilities	3 983	-	3 983	-
Total due to Group companies	570 228	511 092	59 136	11.6
Total due to Basel-City canton	129 619	187 221	-57 602	-30.8
Off-balance-sheet Transactions				
Contingent liabilities	798 393	941 557	-143 164	-15.2
Irrevocable commitments	106 692	80 946	25 746	31.8
Liabilities for calls on shares and other equities	34 750	34 200	550	1.6
Committed credit facilities	-	-	-	-
Derivative instruments				
• Contract volume	96 979 994	82 650 985	14 329 009	17.3
• Positive replacement values	1 760 018	1 701 756	58 262	3.4
• Negative replacement values	1 693 687	1 675 574	18 113	1.1
Fiduciary transactions	204 319	498 497	-294 178	-59.0

Profit Statement

Parent Basler Kantonalbank

Income and Expenses from Ordinary Bank Transactions

	2009 1000 CHF	2008 1000 CHF	Change absolute	Change in %
Profit from interest-rate Transactions				
Interest discount income	319 577	451 578	-132 001	-29.2
Interest and dividend income from financial assets	47 681	26 293	21 388	81.3
Interest expense	-136 969	-244 235	107 266	-43.9
Net profit from Interest transactions	230 289	233 636	-3 347	-1.4
Profit from Commissions and Fees				
Credit-related fees and commissions	6 005	3 430	2 575	75.1
Fee and commission income from securities and investment business	114 325	107 911	6 414	5.9
Other fee and commission income	15 802	16 159	-357	-2.2
Fee and commission expense	-15 463	-15 244	-219	1.4
Net profit from fees and commissions	120 669	112 256	8 413	7.5
Profit from trading operations	122 380	60 485	61 895	102.3
Other Ordinary Profit				
Net income from disposals of financial assets	3 191	4 086	-895	-21.9
Income from affiliated companies	21 685	22 739	-1 054	-4.6
Net income from real estate	1 733	2 140	-407	-19.0
Other ordinary income	23 985	13 205	10 780	81.6
Other ordinary expense	-	-15 403	15 403	-
Net other ordinary income	50 594	26 767	23 827	89.0
Operating income	523 932	433 144	90 788	21.0
Operating Expense				
Personnel expense	-122 687	-114 925	-7 762	6.8
General administrative expense	-98 808	-89 760	-9 048	10.1
Subtotal operating expenses, adjusted (excluding IT migration)	-195 726	-181 424	-14 302	7.9
Net operating expense	-221 495	-204 685	-16 810	8.2
Gross profit, adjusted (excluding IT migration)	328 206	251 720	76 486	30.4
Gross profit	302 437	228 459	73 978	32.4
Profit				
Gross profit, adjusted (excluding IT migration)	328 206	251 720	76 486	30.4
Operating profit	302 437	228 459	73 978	32.4
Depreciation, write-offs of fixed assets	-46 770	-46 722	-48	0.1
Value adjustments, provisions and losses	-19 820	-18 781	-1 039	5.5
Operating income, adjusted (excluding IT migration)	261 616	186 217	75 399	40.5
Operating income	235 847	162 956	72 891	44.7
Guarantor settlement	-37 510	-32 363	-5 147	15.9
Interim result, adjusted (excluding IT migration)	224 106	153 854	70 252	45.7
Interim result	198 337	130 593	67 744	51.9
Extraordinary income	41 320	25 148	16 172	64.3
Extraordinary expense	-140 965	-77 000	-63 965	83.1
Taxes	-1 265	-872	-393	45.1
Net profit for the year	97 427	77 869	19 558	25.1

Appropriation of Profit

	2009 CHF 1000	2008 CHF 1000	Change absolute	Change in %
Appropriation of Profit				
Annual profit	97 427	77 869	19 558	25.1
Profit brought forward	993	10 300	-9 307	-90.4
Balance-sheet profit	98 420	88 169	10 251	11.6
Allocation to the general legal reserves	17 725	16 108	1 617	10.0
Dividends on the participation certificate capital	19 470	16 200	3 270	20.2
Interest on endowment funds	5 540	6 543	-1 003	-15.3
Ordinary payment to Basel-City canton	53 175	48 325	4 850	10.0
Profit carried forward to new account	2 510	993	1 517	152.8

	2009 CHF	2008 CHF
Dividends		
Per participation certificate of CHF 8.50 nominal		
• Dividends gross	3.30	3.00
• less Swiss federal withholding tax 35%	1.15	1.05
• Dividends net	2.15	1.95
Redemption on	5.5.2010	24.4.2009

Participation Certificate of Basler Kantonalbank – at a glance

Capital Structure		2009	2008	2007
Number of participation certificates	in items	5 900 000	5 900 000	5 900 000
Nominal value per certificate	in CHF	8.50	8.50	8.50
Share capital	in 1000 CHF	254 150	254 150	254 150
• Endowment capital	in 1000 CHF	204 000	204 000	204 000
• Participation certificate capital	in 1000 CHF	50 150	50 150	50 150

Price Development				
Market price, at year-end	in CHF	119.60	115.10	114.90
• Change	in %	3.91	0.17	3.98
Highest price	in CHF	120.20	117.00	121.30
Lowest price	in CHF	112.80	114.20	109.75
Market capitalization at year-end ¹⁾	in millions CHF	3 576.04	3 441.49	3 435.51
• as a % of gross profit	in %	1 089.57	1 367.19	1 132.36
• as a % of equity capital	in %	154.99	157.96	161.68

Key Figures per Participation Certificate

Gross profit adjusted (without IT migration) ¹⁾	in CHF	10.98	8.42	10.15
Operating income adjusted (without IT migration) ¹⁾	in CHF	8.75	6.23	8.88
Net profit for the year (earnings per share ¹⁾)	in CHF	3.26	2.60	2.86
Book value ¹⁾	in CHF	77.17	72.87	71.07
Return on dividends	in %	2.76	2.61	2.61
Pay-out ratio	in %	19.98	20.80	20.70
Price-earnings ratio		17.29	27.56	18.27
Price-book ratio		1.55	1.58	1.62

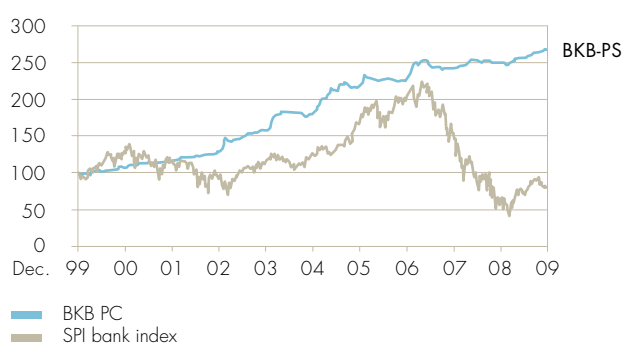
Dividends

Per participation certificate of CHF 8.50 nominal				
• Dividends gross	in CHF	3.30	3.00	3.00
• less Swiss federal withholding tax 35%	in CHF	1.15	1.05	1.05
• Dividends net	in CHF	2.15	1.95	1.95
Redemption on		5.5.2010	24.4.2009	18.4.2008
Participation certificate validation number: 923646 (ISIN: CH0009236461)				

¹⁾ The endowment capital is also taken into account

Performance of BKB Participation Certificate

indexed



Basler Kantonalbank Locations

Head office	Telephone	+41 (0)61 266 33 33
Spiegelgasse 2	Fax	+41 (0)61 266 25 96
P.O. Box	BKB-Lady-Consult	+41 (0)61 266 30 00
4002 Basel	BKB Senior citizens	
welcome@bkb.ch, www.bkb.ch	advisory team	+41 (0)61 266 33 66

Outlets in Basel, Riehen and Muttenz

BKB-Aeschen, Aeschenvorstadt 41	+41 (0)61 266 27 66
BKB-Bahnhof SBB, Centralbahnstrasse 16	+41 (0)61 266 30 18
BKB-Brausebad, Spalenring 150	+41 (0)61 266 26 11
BKB-Breite, Zürcherstrasse 131	+41 (0)61 266 26 22
BKB-Burgfelderplatz, Missionsstrasse 86	+41 (0)61 266 26 55
BKB-Claraspital, Kleinriehenstrasse 30	+41 (0)61 266 27 30
BKB-Gundeldingen, Güterstrasse 265	+41 (0)61 266 26 33
BKB-Güterstrasse, Güterstrasse 116	+41 (0)61 266 33 88
BKB-Kasse Muttenz, Rothausstrasse 61/Bau 905	+41 (0)61 266 34 20
BKB-Kleinhüningen, Wiesenplatz/Färberstrasse 1	+41 (0)61 266 27 77
BKB-Klybeck, Klybeckstrasse 70	+41 (0)61 266 26 44
BKB-Kongresszentrum, Messeplatz 21	+41 (0)61 266 26 66
BKB-Neubad, Neuweilerplatz 1	+41 (0)61 266 26 77
BKB-Riehen Dorf, Schmiedgasse 15	+41 (0)61 266 27 33
BKB-Riehen Rauracher, In den Neumatten 63	+41 (0)61 266 27 22
BKB-Rosental, Schwarzwaldallee 215	+41 (0)61 266 34 40
BKB-Spiegelgasse, Spiegelgasse 2	+41 (0)61 266 25 55
BKB-Voltacenter, Vogesenplatz 10	+41 (0)61 266 28 22

Private Banking

Basel, Brunnegässlein 3, P.O. Box, 4002 Basel	+41 (0)61 266 33 55
Berne, Schupplatzgasse 21, P.O. Box 5026, 3001 Berne	+41 (0)31 326 90 00
Geneva, 15, rue de Rive, P.O. Box 3681, 1211 Geneva 3	+41 (0)22 318 87 30
Olten, Cityhof, Baslerstrasse 47, P.O. Box 232, 4603 Olten	+41 (0)62 206 84 84
Riehen, Im Singeisenhof 9, P.O. Box 412, 4125 Riehen 1	+41 (0)61 266 30 81
Zurich, Stockerhof, Stockerstrasse 23, P.O. Box 1595, 8027 Zurich	+41 (0)44 283 41 48

Other automatic teller machines in Basel

Badischer Bahnhof (German Railway Station), Schwarzwaldallee 200	Grand Casino Basel, Flughafenstrasse 225
Swiss Railway Station, RailCity, Güterstrasse 115	Merian Iselin Hospital, Föhrenstrasse 2
Barfüsserplatz, Tramhaltestelle	Messe Basel, Messeplatz 2
Bethesda Hospital, Gellertstrasse 144	Steinen, Steinenvorstadt 34
Coop City, Gerbergasse 4	Stückli Shopping Basel, Hochbergerstrasse 70
Coop City Pfauen, Freie Strasse 75	University Library, Schönbeinstrasse 18/20
Dosenbach, Greifengasse 23	University Hospital, Petersgraben
Felix Platter Hospital, Burgfelderstrasse 101	University Psychiatric Clinic, Central Administration, Friedrich-Miescher-Strasse

Basler Kantonalbank, Head office
Spiegelgasse 2
P.O. Box
CH-4002 Basel

Telephone +41 (0)61 266 33 33
Fax +41 (0)61 266 25 96

welcome@bkb.ch
www.bkb.ch