

# Annual Report 2017

Jeder Mensch hat etwas, das ihn antreibt.

Wir machen den Weg frei.



**Berliner  
Volksbank**

## Dear members, customers, and business partners,

In 2017, the German economy continued on its upward trajectory of recent years and grew by about 2.2 percent. Steady levels of healthy consumer spending as well as a rise in national expenditure and increasing investment in construction were key factors that contributed to this trend.

Gross domestic product growth for Berlin is predicted to have picked up further in 2017 to a rate of 2.5 percent. Backed by rising levels of employment and growth in real incomes, private consumption provided support for the retail and hospitality sectors in Berlin. The continuing economic recovery in the eurozone had a positive effect on order books in the industrial sector. The construction industry continued to expand and enjoyed further revenue growth. Business services and IT and communications services also played an important part. These sectors accounted for approx. 77 percent of all new business start-ups in 2017 and also for the majority of new jobs created in Berlin.

Most companies in Brandenburg continue to describe their business situation as positive. Unlike in Berlin, the construction and industrial sectors were the main drivers of growth in this federal state in 2017. Service providers and commercial businesses in Brandenburg also describe the current situation as predominantly good.

Persistently low interest rates, tightening regulation, and the rapidly progressing digital transformation remain key challenges in this economic environment.

Our customers appreciate being offered modern products and services by their cooperative bank. The use of our online



© Peter Adamik

*“Our cooperative bank is committed to its role as a promoter of small and medium-sized enterprises and of its members – now and in the future.”*

banking platform, telephone banking, and mobile banking applications increased by 10 percent in 2017. In the coming years, we will continue to make purposeful investments in the further development of our business model and test new service and advisory offers. At around 200 locations in Berlin and across Brandenburg, we will continue to be available to our members and customers as the local partner of choice.

Our positive earnings figures provide the necessary impetus. Last year, our lending business continued to grow and our business performance exceeded expectations.

We see this as confirmation that our business model offers many characteristics that matter to our members and customers – it is tried and trusted, reliable, and focused on our members.

Dr. Holger Hatje  
Chief Executive Officer of Berliner Volksbank

## Key figures

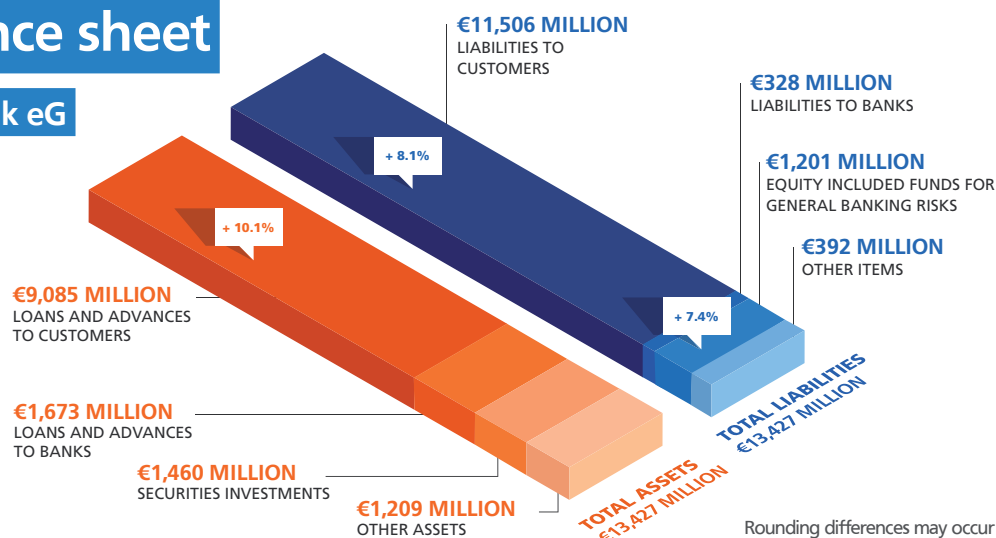
Facts	Berliner Volksbank Group	
	2017	2016
<b>Results</b>		
<b>Total assets (€ million)</b>	13,395	12,374
Volume of customer loans (€ million)	9,077	8,247
Customer deposits (€ million)	11,463	10,594
Employees	2,080	2,213
<b>Gross profit (€ million)<sup>1</sup></b>	340	346
Cost/income ratio (%) <sup>1</sup>	74.7	73.7
Dividend (%)	n.a.	n.a.
<b>Equity</b>		
Total capital ratio <sup>2</sup> (%)	17.4	16.0
Tier 1 capital ratio <sup>2</sup> (%)	14.4	13.6
Members	196,005	171,055

<sup>1</sup> Calculation of CIR in the strict sense (operating costs/income)

<sup>2</sup> Calculated for the Group based on the scope of consolidation determined for regulatory purposes.

# 2017 balance sheet

Berliner Volksbank eG



## 2017 business performance

Equity grew by €82.7 million to €1.2 billion – an increase of 7.4 percent. The bank's subscribed capital went up by €58.9 million as a result of purchases of cooperative bank shares by 25,000 new members. The bank also added €17.8 million from current income and expenses to the fund for general banking risks and created allowances for general banking risks as permitted by section 340f HGB in an amount of €21.0 million. As at December 31, 2017, the Tier 1 capital ratio stood at 14.3 percent and was therefore well above the current minimum requirement of just over 8 percent.

The lending business grew by 10.1 percent to a total volume of €9.1 billion. Adjusted for repayments and redemptions, the bank's lending business recorded around €830 million of new business. The real-estate and corporate customer segments expanded the most. Around 54 percent of the total volume of loans granted to customers is being used for investments in land and residential property.

Customer deposits grew by €864.6 million to a total of €11.5 billion – an 8.1 percent increase year on year. To the bank, this rise is proof that its members and customers have confidence in the stability of Berliner Volksbank and in the cooperative deposit guarantee scheme. In times of persistently low interest rates, most customers invest their funds in highly flexible products that are repayable on demand.

Net interest income fell by €15.2 million, or 6.0 percent, to €236.0 million. The main reason for this fall was the continued downward trend in revenue from the deposit-taking business against a backdrop of low interest rates. Net fee and commission income rose by €4.6 million, or 4.6 percent, year on year to reach €103.4 million. However, the growth in net fee and commission income was not sufficient to offset the

decline in net interest income. Gross profit thus decreased slightly by €10.6 million or 3.0 percent.

Customers are intensifying their use of online banking, telephone banking and mobile applications. In reaction to this trend, the bank has been expanding its product and service offering for these channels for years. This is also having an impact on the work environment and the workforce. Customers are visiting bank branches ever less frequently. The bank is therefore monitoring the commercial viability of staffing levels on an ongoing basis and has been planning for the future. Expenses for measures to minimize the social impact of changes to the workforce in an amount of €22.2 million are included in staff expenses. Our social compensation plan will bring costs down in the future. Administrative expenses increased by €2.1 million or 0.8 percent overall. Total administrative expenses excluding the cost of the social compensation plan were lower than in 2016, at €20.1 million. Without these one-off items, operating profit would have amounted to €83.8 million, but after taking them into account, this figure came down to €61.6 million in total.

Berliner Volksbank's net income for the year was up by €2.6 million year on year at €19.6 million. Of this total, €15.8 million will be used to pay out a 2.5 percent dividend payment to members in June.

## Outlook

Berliner Volksbank expects that low interest rates will persist for the rest of the current financial year and thus anticipates lower levels of net interest income. "This year, we will continue to make purposeful investments in the further development of our business model. Our customers' desire for access to a full range of online offers will be our top priority," says Dr. Holger Hatje.

# Our balance sheet

as at December 31, 2017

## Assets

				Dec. 31, 2017	Dec. 31, 2016
	(€)	(€)	(€)	(€)	(€'000)
<b>1. Cash and cash equivalents</b>					
a) Cash on hand			105,742,927.99		118,253
b) Balances with central banks			642,380,734.51		568,854
of which: with Deutsche Bundesbank	642,380,734.51				(568,854)
c) Balances with post office banks			0.00	748,123,662.50	0
<b>2. Debt instruments from public-sector entities and bills of exchange eligible for refinancing by central banks</b>					
a) Treasury bills, non-interest-bearing treasury notes and similar debt instruments from public-sector entities			0.00		0
of which: eligible for refinancing at Deutsche Bundesbank	0.00				(0)
b) Bills of exchanges			0.00	0.00	0
<b>3. Loans and advances to banks</b>					
a) Repayable on demand			925,619,538.51		696,420
b) Other loans and advances			747,313,056.86	1,672,932,595.37	456,134
<b>4. Loans and advances to customers</b>				9,085,102,694.19	8,255,000
of which: secured by mortgages	4,454,312,310.10				(4,242,890)
local authority loans	371,680,525.49				(274,203)
<b>5. Bonds and other fixed-income securities</b>					
a) Money market instruments					
aa) from public-sector issuers		0.00			0
of which: eligible as collateral at Deutsche Bundesbank	0.00				(0)
ab) from other issuers		0.00	0.00		0
of which: eligible as collateral at Deutsche Bundesbank	0.00				(0)
b) Bonds					
ba) from public-sector issuers		1,249,111,290.18			1,078,917
of which: eligible as collateral at Deutsche Bundesbank	1,249,111,290.18				(1,078,917)
bb) from other issuers		0.00	1,249,111,290.18		0
of which: eligible as collateral at Deutsche Bundesbank	0.00				(0)
c) Own bonds			0.00	1,249,111,290.18	0
Nominal value	0.00				(0)
<b>6. Shares and other variable-yield securities</b>				211,004,876.72	822,072
<b>6a. Trading assets</b>				0.00	0
<b>7. Long-term equity investments and paid-up shares in cooperatives</b>					
a) Long-term equity investments			191,764,094.77		193,340
of which: in banks	2,988,846.99				(2,789)
in financial services institutions	0.00				(0)
b) Paid-up shares in cooperatives			66,050.00	191,830,144.77	66
of which: in local cooperative banks	0.00				(0)
in financial services institutions	0.00				(0)
<b>8. Shares in affiliated companies</b>				49,851,294.10	47,576
of which: in banks	0.00				(0)
in financial services institutions	0.00				(0)
<b>9. Trust assets</b>				3,206,021.97	3,459
of which: trust loans	3,206,021.97				(3,459)
<b>10. Equalization claims on the public sector, including debt securities arising from their exchange</b>				0.00	0
<b>11. Intangible assets</b>					
a) Internally generated industrial rights and similar rights and assets			0.00		0
b) Purchased concessions, industrial and similar rights and assets, including licenses for such rights and assets			421,169.64		580
c) Goodwill			0.00		0
d) Payments in advance			0.00	421,169.64	115
<b>12. Property, plant and equipment</b>				98,125,226.49	63,718
<b>13. Other assets</b>				11,514,559.19	13,569
<b>14. Prepaid expenses and accrued income</b>				16,209,807.05	7,895
<b>15. Deferred tax assets</b>				89,401,184.01	84,530
<b>16. Excess of plan assets over pension liabilities</b>				0.00	0
<b>Total assets</b>				<b>13,426,834,526.18</b>	<b>12,410,498</b>

## Equity and liabilities

	(€)	(€)	(€)	Dec. 31, 2017 (€)	Dec. 31, 2016 (€'000)
<b>1. Deposits from banks</b>					
a) Repayable on demand			8,232,383.04		17,592
b) With agreed maturity or notice period			319,423,577.86	327,655,960.90	318,488
<b>2. Deposits from customers</b>					
a) Savings deposits					
aa) with agreed notice period of three months		801,661,870.22			888,719
ab) with agreed notice period of more than three months		4,545,075.81	806,206,946.03		5,927
b) Other deposits					
ba) Repayable on demand		9,575,883,699.00			9,310,068
bb) With agreed maturity or notice period		1,123,538,597.41	10,699,422,296.41	11,505,629,242.44	436,339
<b>3. Debt certificates issued including bonds</b>					
a) Bonds issued			0.00		0
b) Other debt certificates issued			0.00	0.00	0
of which: commercial paper	0.00				(0)
own acceptances and promissory notes outstanding	0.00				(0)
<b>3a. Trading liabilities</b>				0.00	0
<b>4. Trust liabilities</b>				3,206,021.97	3,459
of which: trust loans	3,206,021.97				(3,459)
<b>5. Other liabilities</b>				15,197,286.22	20,036
<b>6. Deferred income and accrued expenses</b>				6,963,084.70	8,955
<b>6a. Deferred tax liabilities</b>				0.00	0
<b>7. Provisions</b>					
a) Provisions for pensions and other post-employment benefits			118,660,435.61		115,845
b) Provisions for taxes			9,076,454.99		4,615
c) Other provisions			138,520,199.01	266,257,089.61	137,468
<b>8. No longer applicable</b>				0.00	0
<b>9. Subordinated liabilities</b>				101,338,269.59	25,128
<b>10. Profit-sharing rights</b>				0.00	0
of which: maturing within two years	0.00				(0)
<b>11. Fund for general banking risks</b>				170,646,000.00	152,819
of which: special item in accordance with section 340e (4) HGB	0.00				(6)
<b>12. Equity</b>					
a) Subscribed capital			670,779,824.00		611,898
b) Capital reserve			0.00		0
c) Revenue reserves					
ca) Statutory reserve		160,277,083.21			158,567
cb) Other revenue reserves		179,184,663.54	339,461,746.75		177,475
d) Distributable profit			19,700,000.00	1,029,941,570.75	17,100
<b>Total equity and liabilities</b>				<b>13,426,834,526.18</b>	<b>12,410,498</b>

<b>1. Contingent liabilities</b>					
a) Contingent liabilities arising from rediscounted bills		0.00			0
b) Liabilities under guarantees and indemnity agreements		151,163,663.67			166,663
c) Liability arising from assets pledged as security for third-party liabilities		0.00	151,163,663.67		0
<b>2. Other obligations</b>					
a) Repurchase commitments under sales with an option to repurchase		0.00			0
b) Placement and underwriting commitments		0.00			0
c) Irrevocable loan commitments		988,244,814.08	988,244,814.08		899,430
of which: delivery obligations arising from interest-rate forward transactions	0.00				(0)

# Income statement

for the period January 1 to December 31, 2017

				Dec. 31, 2017	Dec. 31, 2016
	(€)	(€)	(€)	(€)	(€'000)
<b>1. Interest income from</b>					
a) Lending and money market business		288,893,971.49			251,132
b) Fixed-income securities and book-entry securities		65,858.66	288,959,830.15		267
<b>2. Interest expense</b>			61,259,464.55	227,700,365.60	9,145
<b>3. Current income from</b>					
a) Shares and other variable-yield securities			4,341,795.25		3,751
b) Long-term equity investments and paid-up shares in cooperatives			3,606,504.82		3,677
c) Shares in affiliated companies			382,750.00	8,331,050.07	1,508
<b>4. Income from profit-pooling, profit-transfer and partial profit-transfer agreements</b>				362,029.30	498
<b>5. Fee and commission income</b>			116,665,595.05		111,525
<b>6. Fee and commission expenses</b>			13,290,128.42	103,375,466.63	12,731
<b>7. Net trading income or net trading expenses</b>				6,326.64	0
<b>8. Other operating income</b>				35,746,604.86	23,959
<b>9. No longer applicable</b>				0.00	0
<b>10. General and administrative expenses</b>					
a) Staff expenses					
aa) Wages and salaries		117,383,548.76			123,521
ab) Social security, post-employment and other employee benefit expenses		37,853,075.51	155,236,624.27		34,050
of which: post-employment benefit expenses	18,890,370.50				(13,196)
b) Other administrative expenses			115,621,100.18	270,857,724.45	110,794
<b>11. Amortization and write-downs on intangible assets, and depreciation and write-downs on property, plant and equipment</b>				6,950,993.00	7,312
<b>12. Other operating expenses</b>				28,376,811.27	22,689
<b>13. Write-downs on and loss allowances for loans and advances and certain securities, and additions to provisions for losses on loans and advances</b>			15,879,948.30		2,661
<b>14. Income from the reversal of write-downs on loans and advances and certain securities, and from the reversal of provisions for losses on loans and advances</b>			0.00	-15,879,948.30	0
<b>15. Write-downs on and allowances for long-term equity investments, shares in affiliated companies, and securities treated as fixed assets</b>			0.00		8,267
<b>16. Income from the reversal of write-downs on long-term equity investments, shares in affiliated companies, and securities treated as fixed assets</b>			2,844,867.31	2,844,867.31	0
<b>17. Expenses from the transfer of losses</b>				0.00	0
<b>18. No longer applicable</b>				0.00	0
<b>19. Result from ordinary activities</b>				56,301,233.39	65,148
<b>20. Extraordinary income</b>			0.00		0
<b>21. Extraordinary expenses</b>			0.00		0
<b>22. Extraordinary result</b>				0.00	(0)
<b>23. Income taxes</b>			18,593,967.76		20,452
of which: deferred taxes	-4,871,497.50				(-13,913)
<b>24. Other taxes not included in item 12</b>			245,971.60	18,839,939.36	232
<b>24a. Expenses arising from the addition to the fund for general banking risks</b>				17,833,000.00	27,395
<b>25. Net income for the year</b>				19,628,294.03	17,068
<b>26. Profit brought forward from 2016</b>				71,705.97	32
				19,700,000.00	17,100
<b>27. Withdrawals from revenue reserves</b>					
a) from statutory reserve			0.00		0
b) from other revenue reserves			0.00	0.00	0
				19,700,000.00	17,100
<b>28. Additions to revenue reserves</b>					
a) To statutory reserve			0.00		0
b) To other revenue reserves			0.00	0.00	0
<b>29. Distributable profit</b>				<b>19,700,000.00</b>	<b>17,100</b>

Genossenschaftsverband – Verband der Regionen e.V. [Association of Cooperatives - Association of the Regions] issued an unqualified opinion for the 2017 annual financial statements and consolidated financial statements on April 19, 2018. A condensed version of the annual financial statements is included in this Annual Report. The management report and group management report, including the annex, and the full annual financial statements and consolidated financial statements – comprising the (consolidated) balance sheet, (consolidated) income statement, notes to the (consolidated) financial statements, and the group's statement of changes in equity and statement of cash flows – are available for inspection at our headquarters and will be published in the electronic Federal Gazette after the general assembly of representatives.

## Short profile

- ▶ A privately organised financial institution and the largest regional cooperative bank in Germany with 196,005 cooperative members
- ▶ 1,793 competent and friendly employees
- ▶ An extremely dense network of about 75 branches and more than 370 cashpoints in the German Federal States Berlin and Brandenburg
- ▶ Traditional association with a particular obligation to small- and medium-sized enterprises
- ▶ Fitch Ratings: AA–, outlook: stable
- ▶ Standard & Poor's: AA–, outlook: stable

## The perfect basis for a partnership

- ▶ As a cooperative financial institution, partnership-based cooperation with our international customers and correspondent banks has always been a matter of course for us.
- ▶ The combination of our choice location in the heart of Europe, our optimum size and our many decades of experience in international banking have made us an ideal partner in Europe.
- ▶ As the largest regional cooperative bank in Germany, we guarantee cost-effective, efficient and rapid handling of your international business and transactions.
- ▶ At the same time, we are flexible enough to offer our partners and customers individual solutions whenever needed.

Mortgage loans, insurance, leasing, home loan and savings transactions, investment or real estate funds – all cooperative banks, irrespective of their size, offer their customers the entire range of financial services provided by the Volksbanken Raiffeisenbanken cooperative financial group. The decentralised association system offers a wide range of services without centralised administration. The following enterprises are part of this network:

- ▶ Bausparkasse Schwäbisch Hall AG
- ▶ Deutsche Genossenschafts-Hypothekenbank AG
- ▶ DZ BANK AG: The cooperative's central institution
- ▶ DZ PRIVATBANK S.A.
- ▶ Münchener Hypothekenbank eG
- ▶ R+V Versicherung AG
- ▶ TeamBank AG
- ▶ Union Investment Gruppe
- ▶ VR Leasing Gruppe
- ▶ WL Bank

## How to reach us

Berliner Volksbank eG, International Division  
Bundesallee 210, 10719 Berlin, Germany  
Telephone: +49 30 30 63-14 90  
Telefax: +49 30 30 63-15 40  
E-mail: [auslandscenter@berliner-volksbank.de](mailto:auslandscenter@berliner-volksbank.de)  
Internet: [www.berliner-volksbank.de](http://www.berliner-volksbank.de)  
SWIFT: BEVO DE BB

## Important note

This Summary Report is for information purposes only and has no legal binding character. Our legally binding German Annual Report 2017 is obtainable at address shown on the left or on our website [www.berliner-volksbank.de/geschaeftsbericht](http://www.berliner-volksbank.de/geschaeftsbericht)

## Imprint

Summary Report 2017  
Berliner Volksbank eG  
© Berliner Volksbank eG  
Wittestraße 30 R  
13509 Berlin  
Germany  
Concept, Design and Realisation:  
FFE media, Berlin

-  [facebook.com/berlinervolksbank](https://facebook.com/berlinervolksbank)
-  [twitter.com/bevoba](https://twitter.com/bevoba)
-  [instagram.com/berlinervolksbank](https://instagram.com/berlinervolksbank)
-  [youtube.com/user/berlinervolksbank](https://youtube.com/user/berlinervolksbank)
-  [berliner-volksbank.de/blog](https://berliner-volksbank.de/blog)
-  [plus.google.com/+berlinervolksbank](https://plus.google.com/+berlinervolksbank)
-  [xing.com/companies/berlinervolksbankeg](https://xing.com/companies/berlinervolksbankeg)
-  [unternehmerakzente.de](https://unternehmerakzente.de)



**Berliner  
Volksbank**