

Personal.  
Competent.  
Accessible.



Berliner  
Volksbank

Dear Madam/Sir,  
dear shareholders and business associates,



Dr. Holger Hatje  
CEO of Berliner Volksbank

Despite the change in framework conditions, Berliner Volksbank has had a successful financial year. Due to our positive net commission income, earnings rose significantly compared to the previous year. This placed us in a position to once again form a provident fund for general bank risks pursuant to Section 340 f HGB (German Commercial Code), thereby bolstering the bank's foundations. These provisions are required to ensure the availability of sufficient funds for customer loans in the years to come. The welcome fact that we have expanded loans to customers by approx. five percent in the financial year 2009 was proof of our adherence to the cooperative development concept – even in the difficult times we are currently operating in. As a reliable partner to our members and customers, we confidently confront the ubiquitous discussion of the so-called credit squeeze.

Our VR FinanzDienstLeistung GmbH (VR FDL) subsidiary commenced operations in May 2009. With the transfer of our post-market activities to the service company, we have built solid foundations for the continued provision of our financial services on a profitable basis. Due to Berliner Volksbank's substantial shareholding in VR FinanzDienstLeistung GmbH, we have prepared consolidated financial statements for the first time in the context of the 2009 annual report.

An important step in the further development of our distribution structure was taken with the establishment of financial centres and branch office centres. These centres distinguish themselves from previous branch offices in that they provide the entire range of consultancy services to private customers in one single location. As a result, these one-stop-shops offer first-class consultancy services beyond the familiar construction financing and wealth management advisors.

### Outlook for 2010

All in all, the bank's activities will remain focused on qualified and sustainable growth in its core business segments. In this context, we would like to reassure our customers that there will be no credit squeeze at Berliner Volksbank.

By enhancing our strengths (accessibility, advice and service), we aim to sharpen our focus on the quality bank concept throughout the current financial year 2010. The resulting income is expected to facilitate a continuous expansion of provident funds. Credit institutions are facing particular challenges in the form of new statutory regulations, such as the amendment of the German Securities Trading Act and the imminent review of the Consumer Credit Directive. Berliner Volksbank is in a strong position to deal with these challenges.

### Earnings trend, 2009

The **interest surplus** increased by Euro 1.1 million (0.5 percent) to Euro 215.1 million.

Due to the significant increase in the **net commission income** by Euro 8.8 million (10.5 percent) to Euro 92.1 million, the **unadjusted earnings** rose by a total of Euro 9.9 million (3.3 percent) to Euro 307.2 million. This result was predominantly driven by the bank's comprehensive consultancy approach in accordance with the VR financial plan.

**Administrative expenses** increased by Euro 6.1 million (2.4 percent) to Euro 261.6 million. The increase in the **cost of materials** is almost exclusively due to the purchase of services from VR FDL. As a result of cost cutting measures, the cost of materials declined by Euro 5.6 million at the group level. **Personnel expenses** went down by Euro 2.6 million to Euro 150.7 million. Due, among other reasons, to an allocation to the pension provision support fund and a significant rise in contributions to the pension insurance fund, the group's personnel expenses rose to a total of Euro 163.2 million.

Berliner Volksbank's **operating result** improved by Euro 3.9 million (9.3 percent) to Euro 45.6 million.

**Customer deposits** including issued bearer bonds increased by close to Euro 700 million to a total of Euro 8 thousand million, reflecting our customers' confidence in Berliner Volksbank's business model. All in all, the bank observed a change in investor behaviour. Demand deposits went up by Euro 1.5 thousand million while fixed-term liabilities declined by Euro 672 million – including savings deposits of Euro 68 million.

At Euro 25.3 million, the **provision for risks** reported according to commercial law also includes an allocation to the general bank risk provision pursuant to Section 340 f HGB in the amount of Euro 8.8 million. Due to the less palpable economic downturn in Berlin and Brandenburg, the **risk provision for the lending business** was significantly lower than expected.

The **net income for the year after taxes** declined slightly by Euro 0.4 million to Euro 12.2 million. The management board is set to propose a gross dividend of four percent to the shareholders.

Yours sincerely,  
Dr. Holger Hatje  
CEO

# 4 Assets

Balance sheet as of December 31, 2009			2009	2008
	€	€	€	T€
<b>1. Liquid funds</b>				
a) Cash		129,312,471.95		144,573
b) Balances with central banks thereof: with Deutsche Bundesbank	148,857,669.47	148,857,669.47		182,972 (182,972)
c) Balances with postal giro accounts		–	278,170,141.42	–
<b>2. Debt instruments issued by public bodies and bills of exchange eligible for refinancing with central banks</b>				
a) Treasury bills and non-interest bearing treasury notes and similar debt instruments issued by public bodies thereof: refinancable at Deutsche Bundesbank	–	–		– (–)
b) Bills of exchange thereof: refinancable at Deutsche Bundesbank	–	–	–	– (–)
<b>3. Receivables from banks</b>				
a) Due on demand		275,920,527.60		556,909
b) Other receivables		123,603,418.79	399,523,946.39	621,003
<b>4. Receivables from customers</b>			5,535,447,616.78	5,287,659
thereof: secured by mortgage charges	1,958,072,297.30			(1,611,980)
thereof: municipal loans	209,849,782.06			(215,115)
<b>5. Debt securities and other fixed-interest securities</b>				
a) Money market paper				
aa) issued by public bodies thereof: eligible as collateral at Deutsche Bundesbank	–	–		– (–)
ab) issued by others thereof: eligible as collateral at Deutsche Bundesbank	–	–	–	– (–)
b) Bonds and debt securities				
ba) issued by public bodies thereof: eligible as collateral at Deutsche Bundesbank	617,310,068.49	617,310,068.49		(–) (–)
bb) issued by others thereof: eligible as collateral at Deutsche Bundesbank	224,248,702.39	235,559,135.92	852,869,204.41	148,415 (144,980)
c) Own debt securities Nominal amount	17,932,200.00	17,943,984.47	870,813,188.88	7,465 (7,510)
<b>6. Shares and other variable-yield securities</b>			2,539,983,292.99	2,391,968
<b>7. Investments and capital shares with cooperatives</b>				
a) Investments thereof: in banks thereof: in financial service institutions	62,672,045.96 –	74,950,356.81		73,615 (60,332) (–)
b) Capital shares with cooperatives thereof: in cooperative banking institutions thereof: in financial service institutions	350.00 –	79,758.86	75,030,115.67	80 (0) (–)
<b>8. Shares in affiliated undertakings</b>			31,921,052.78	31,666
thereof: in banks	–			(–)
thereof: in financial service institutions	–			(–)
<b>9. Trust assets</b>			4,542,191.93	4,718
thereof: trust loans	4,542,191.93			(4,718)
<b>10. Compensation receivables from public bodies, including debt securities arising from their exchange</b>			–	–
<b>11. Intangible assets</b>			1,033,239.93	1,693
<b>12. Tangible fixed assets</b>			113,681,773.01	120,504
<b>13. Other assets</b>			31,520,263.69	35,086
<b>14. Prepaid and deferred items</b>			4,136,601.68	4,908
<b>Total assets</b>			9,885,803,425.15	9,613,234

# Liabilities and equity

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Balance sheet as of December 31, 2009			2009	2008
	€	€	€	T€
<b>1. Liabilities to banks</b>				
a) Payable on demand		4,481,648.10		6,942
b) With an agreed term or notice period		1,148,392,802.63	1,152,874,450.73	1,476,132
<b>2. Liabilities to customers</b>				
a) Savings deposits				
aa) with an agreed notice period of three months	1,213,930,018.10			1,283,181
ab) with an agreed notice period of more than three months	12,637,362.52	1,226,567,380.62		11,168
b) Other liabilities				
ba) payable on demand	6,312,492,156.06			4,771,078
bb) with an agreed term or notice period	215,904,355.86	6,528,396,511.92	7,754,963,892.54	887,459
<b>3. Certificated liabilities</b>				
a) Debt securities issued		246,108,341.29		360,610
b) Other certificated liabilities		–	246,108,341.29	–
thereof: money market paper	–			(–)
thereof: own acceptances and promissory notes outstanding	–			(–)
<b>4. Trust liabilities</b>			4,542,191.93	4,718
thereof: trust loans	4,542,191.93			(4,718)
<b>5. Other liabilities</b>			21,391,739.16	42,309
<b>6. Deferred items</b>			21,352,846.43	27,432
<b>7. Accrued expenses</b>				
a) Pensions and similar commitments		58,123,890.00		58,435
b) Tax accruals		325,449.36		5,182
c) Other accrued expenses		98,821,077.30	157,270,416.66	104,256
<b>8. Untaxed reserves</b>			–	–
<b>9. Subordinated liabilities</b>			–	35,322
<b>10. Capital with participation rights</b>			–	7,721
thereof: due within two years	–			(7,721)
<b>11. Special items from currency conversion</b>			2,885,223.23	4,954
<b>12. Equity</b>				
a) Subscribed capital		248,793,792.00		252,855
b) Capital reserve		–		–
c) Revenue reserves				
ca) legal reserve	148,437,083.21			147,167
cb) other revenue reserves	114,883,447.97	263,320,531.18		113,613
d) Unappropriated earnings		12,300,000.00	524,414,323.18	12,700
<b>Total liabilities and equity</b>			9,885,803,425.15	9,613,234
<b>1. Contingent liabilities</b>				
a) Contingent liabilities from the endorsement of bills rediscounted		–		–
b) Contingent liabilities from guarantees and indemnity agreements	140,120,495.67			157,615
c) Contingent liabilities from sureties pledged as collateral security on behalf of third parties	–	140,120,495.67		–
<b>2. Other commitments</b>				
a) Liabilities from non-genuine repurchase agreements		–		–
b) Placement and underwriting commitments		–		–
c) Irrevocable lines of credit granted	479,351,680.94	479,351,680.94		475,702
thereof: delivery obligations from interest-related forward transactions	–			(–)



# 6 Statement of income

for the period January 1 to December 31, 2009			2009	2008
	€	€	€	T€
1. Interest income from				
a) Loans and money market transactions	321,665,083.58			366,968
b) Fixed-interest securities and government-inscribed debt	15,429,857.74	337,094,941.32		4,917
2. Interest expense		155,233,198.63	181,861,742.69	276,727
3. Income from				
a) Shares and other variable-yield securities		30,955,864.79		112,616
b) Investments and capital shares with cooperatives		383,640.62		2,217
c) Shares in affiliated undertakings		1,300,000.00	32,639,505.41	3,200
4. Income from profit pooling, profit transfer and partial profit transfer agreements			570,379.86	735
5. Commission income		102,834,990.92		96,276
6. Commission expense		10,694,943.80	92,140,047.12	12,924
7. Net income from financial trading operations			42,626.23	46
8. Other operating income			23,978,763.29	17,779
9. Income from release of untaxed reserves			–	–
10. General administrative expense				
a) Personnel expense				
aa) wages and salaries	115,745,690.32			124,249
ab) social security contributions, pensions and welfare expense thereof: for pensions	15,450,085.44	34,993,226.96	150,738,917.28	29,139 (7,681)
b) Other administrative expenses		99,096,266.80	249,835,184.08	87,871
11. Amortisation, depreciation and write-down of intangible and tangible fixed assets			11,741,928.03	14,261
12. Other operating expenses			21,095,195.38	8,510
13. Write-downs of and provisions against receivables and certain securities and additions to accruals relating to the credit business		25,314,962.50		28,041
14. Income from reversal of write-downs of receivables and certain securities and income from release of accruals relating to the credit business		–	–25,314,962.50	–
15. Write-downs of and provisions against investments, shares in affiliated undertakings and securities treated as non-current assets		12,920,374.15		–
16. Income from reversal of write-downs of investments, shares in affiliated undertakings and securities treated as non-current assets		–	–12,920,374.15	34,565
17. Expense from losses assumed			–	–
18. Transfers to untaxed reserves			–	–
19. Result from ordinary operations			10,325,420.46	57,597
20. Extraordinary income		–		–
21. Extraordinary expense		–		45,275
22. Extraordinary result			–	–45,275
23. Taxes on income		–2,296,472.86		–632
24. Other taxes, if not included under caption 12		405,862.80	–1,890,610.06	306
25. Earnings for the year			12,216,030.52	12,648
26. Earnings/loss carried forward from previous year			83,969.48	52
			12,300,000.00	12,700
27. Transfers from revenue reserves				
a) From legal reserve		–		–
b) From other revenue reserves		–	–	–
			12,300,000.00	12,700
28. Transfers to revenue reserves				
a) To legal reserve		–		–
b) To other reserves		–	–	–
29. Total income			12,300,000.00	12,700

# Executive board

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Carsten Jung

Stefan Gerdmeier

Andreas Mertke

Johannes Altenwerth

Dr. Holger Hatje, CEO

## Supervisory board

### **Stephan Schwarz**

Chairman of the supervisory board  
and chairman of personal committee

### **Thomas Mank**

Deputy chairman of the supervisory board

### **Wolf Burkhard Wenkel**

Chairman loan committee

### **Fred-Raimund Winkler**

Chairman audit committee

# 8 Berliner Volksbank

## Company profile in brief

- A privately organized financial institution and one of the largest regional cooperative banks in Germany with more than 105,000 cooperative members
- Over 644,000 business and private customers serviced
- 2,310 competent and friendly employees
- An extremely dense network of over 130 branches in the German Federal States Berlin and Brandenburg
- Traditional association with and particular obligation to small- and medium-sized enterprises
- Fitch-Rating: A+, outlook: stable
- Standard + Poor's Rating: A+, 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 one of the largest regional cooperative banks 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 FinanzVerbund (Cooperative Finance Network). The decentralized association system offers a wide range of services without centralized administration. The following enterprises are part of the FinanzVerbund:

- Bausparkasse Schwäbisch Hall AG
- R+V Versicherung AG
- The Union Investment Group companies, among them Union Investment Real Estate AG
- Deutsche Genossenschafts-Hypothekenbank AG
- Münchener Hypothekenbank eG
- TeamBank AG
- The cooperative's central institutions: DZ BANK AG and WGZ Bank AG
- VR LEASING AG and VR FACTOREM GmbH
- GVA Geno-Vermögens-Anlage
- RV Touristik

## How to reach us

Berliner Volksbank eG, International Division  
Budapester Strasse 35, 10787 Berlin, Germany  
Telephone: +49 30 30 63-12 00  
Telefax: +49 30 30 63-15 40  
E-mail: [international.division@berliner-volksbank.de](mailto:international.division@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 2009 is obtainable at address shown on the left or on our website [www.berliner-volksbank.de](http://www.berliner-volksbank.de).

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