



Achieve more together

Berlin and Brandenburg



Berliner
Volksbank

Ladies and gentlemen,
dear members and business friends



Dr. Holger Hatje
CEO of Berliner Volksbank

2010 has been a successful business year for Berliner Volksbank. The year's good operating result is due to increased earnings from the Bank's regional customer business, which is reflected in a markedly higher net interest income. Net commission income is slightly above the previous year's level. The annual targets were largely met despite high competitive and pricing pressures within the Bank's market segment.

Its economic success has enabled the Bank for the fifth year running to create precautionary reserves to guard against general banking risks as provided for by § 340 et seq. HGB (Commercial Code). Moreover, the Bank has been able to further strengthen its equity base and, therefore, its risk-taking capability by securing additional subscriptions for its shares.

Responding to social changes in communication behaviour, Berliner Volksbank has appeared since the beginning of the year in selected social media of web 2.0., has launched a corporate blog and enjoys the interest of numerous fans and followers on its Facebook page and on Twitter.

Prospects for 2011

Being particularly committed to small and medium-sized companies, the Bank's business customers' policy is geared to sustainability. It has stepped up its project-related activities, e.g. by establishing a consultancy centre for investors in renewable energy sources in 2010. On account of the brisk demand, it has meanwhile increased the amount available for loans under that programme by another €50 million to the current total of €100 million (mill.).

Earnings performance in 2010

Thanks to its markedly improved net interest income, i.e. by 10.4 per cent to a total of €237.5 mill., the Bank's gross surplus grew by 7.5 per cent to €330.4 mill. At €92.9 mill., its net commission income has almost equalled the previous year's level.

The Group's administrative expense dropped by €2.6 mill. to €256.3 mill. while its staff costs decreased by €4.0 mill., or 2.4 per cent, to €159.2 mill. Taking account of consolidation measures, the Group's general overheads in an amount of €83.7 mill. marked a slight increase (up from €82.2 mill. the year before).

This was primarily due to a higher contribution to the guarantee fund of the Federal Association of German Volksbanken und Raiffeisenbanken (BVR) and to donations associated with the transfer of art objects to the Bank's foundation.

The Bank's operating result marked a substantial increase by 55 per cent to a total of €70.7 mill. (up from €45.6 mill. the year before).

The Bank has continued to live up to its co-operative mandate to provide the region with loans, with customer loans rising by 2.5 per cent to €5.7 billion. The fact that at €5.3 mill. provision for potential loan losses was substantially decreased shows that the bank is living up to the challenge of giving precedence to quality over quantity. The pertinent amount of €34.5 mill. allocated for the purpose in accordance with the pertinent provisions of commercial law includes precautionary reserves created pursuant to sub-section 340 f HGB in an amount of €19.7 mill. and financial asset write-offs of €9.5 mill. from the valuation result.

Despite consistently low market interest rates, the Bank managed to almost maintain its customer deposits totalling €7.8 billion which it had newly acquired the year before (down from the previous year's €8.0 billion). Inclusive of the bearer bonds issued, the decrease amounts to €223 mill., or 2.8 per cent, and is primarily attributable to institutional clients. Berliner Volksbank has deliberately avoided following the industry's general trend to engage in a loss-generating price competition, so that overnight client deposits fell to €101 mill. while liabilities with agreed maturity dropped by €95 mill., of which €70 mill. was accounted for by savings deposits.

The Bank's equity has substantially increased during the year under review. The credit balances generated by its business activities and the reserves created from its result add up to an equity of €577.8 mill. exclusive of net earnings for the year (up from the previous year's figure of €512.1 mill.) The credit balances from business activities run to €259.6 mill., equalling a growth in volume by €10.8 mill., or 4.3 per cent. Reserves rose to €318.2 mill. This was due to the recognition of deferred tax assets pursuant to the provisions of BilMoG (Accounting Law Modernisation Act) and the concomitant creation without bearing on the operating result of pertinent reserves amounting to €51.1 mill.

The balance sheet total decreased to €9.2 billion as a result of the systematic reduction of own investments by €640 mill. or 6.5 per cent.

Following the creation of precautionary reserves and taking account of taxes on earnings paid in an amount of €4.8 mill., the annual surplus was €12.2 mill. The meeting of representatives approved a dividend payment of 4 per cent.

Berliner Volksbank caters to 632,000 individual and corporate clients and employs 2,230 people, including 134 trainees, which makes it one of the region's leading employers.

Best regards,
Dr. Holger Hatje

4 Assets

Balance sheet as of December 31, 2010				2010	2009
	€	€	€	€	T€
1. Liquid funds					
a) Cash			126,758,774.04		129.312
b) Balances with central banks thereof: with Deutsche Bundesbank	239,592,408.33		239,592,408.33		148.858 (148.858)
c) Balances with postal giro accounts			–	366,351,182.37	–
2. Debt instruments issued by public bodies and bills of exchange eligible for refinancing with central banks					
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			–	–	–
3. Receivables from banks					
a) Due on demand			280,099,482.33		275.921
b) Other receivables			215,195,612.63	495,295,094.96	123.603
4. Receivables from customers				5,676,035,532.89	5.535.448
thereof: secured by mortgage charges	2,206,610,646.85				(1.958.072)
thereof: municipal loans	305,231,113.19				(209.850)
5. Debt securities and other fixed-interest securities					
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	172,629,208.03	172,629,208.03			617.310 (617.310)
bb) issued by others thereof: eligible as collateral at Deutsche Bundesbank	233,756,736.24	233,756,736.24	406,385,944.27		235.559 (224.249)
c) Own debt securities Nominal amount	14,838,700.00		14,936,262.99	421,322,207.26	17.944 (17.932)
6. Shares and other variable-yield securities				1,985,022,059.15	2.539.983
6a. Held for trading				9,802,733.90	–
7. Investments and capital shares with cooperatives					
a) Investments			80,303,950.30		74.950 (62.672)
thereof: in banks	2,794,536.62				(–)
thereof: in financial service institutions	–				
b) Capital shares with cooperatives			79,758.86	80,383,709.16	80 (0)
thereof: in cooperative banking institutions	350.00				(–)
thereof: in financial service institutions	–				
8. Shares in affiliated undertakings				30,557,302.78	31.921
thereof: in banks	–				(–)
thereof: in financial service institutions	–				(–)
9. Trust assets				4,414,882.84	4.542
thereof: trust loans	4,414,882.84				(4.542)
10. Compensation receivables from public bodies. including debt securities arising from their exchange				–	–
11. Intangible assets					
a) Self-produced industrial property rights and similar rights and values			–		–
b) Purchased concessions, industrial property rights and similar rights and values as well as licenses thereto			617,498.99		1.033
c) Goodwill			–		–
d) Advance payments			–	617,498.99	–
12. Tangible fixed assets				106,932,235.45	113.682
13. Other assets				13,814,260.22	31.520
14. Prepaid and deferred items				3,278,506.86	4.137
15. Deferred tax assets				51,707,552.00	–
Total assets				9,245,534,758.83	9.885.803

Liabilities and equity

5

Balance sheet as of December 31, 2010				2010	2009
	€	€	€	€	T€
1. Liabilities to banks					
a) Payable on demand			18,651,359.15		4,482
b) With an agreed term or notice period			647,651,777.99	666,303,137.14	1,148,393
2. Liabilities to customers					
a) Savings deposits					
aa) with an agreed notice period of three months	1,142,584,278.99				1,213,930
ab) with an agreed notice period of more than three months	14,282,786.76	1,156,867,065.75			12,637
b) Other liabilities					
ba) payable on demand	6,211,991,976.30				6,312,492
bb) with an agreed term or notice period	190,178,896.85	6,402,170,873.15		7,559,037,938.90	215,904
3. Certificated liabilities					
a) Debt securities issued			219,536,082.01		246,108
b) Other certificated liabilities				219,536,082.01	–
thereof: money market paper	–				(–)
thereof: own acceptances and promissory notes outstanding	–				(–)
3a. Held for trading				–	–
4. Trust liabilities				4,414,882.84	4,542
thereof: trust loans	4,414,882.84				(4,542)
5. Other liabilities				27,870,585.20	21,392
6. Deferred items				17,853,208.55	21,353
6a. Deferred tax liabilities				–	–
7. Accrued expenses					
a) Pensions and similar commitments			58,117,891.42		58,124
b) Tax accruals			2,935,981.36		325
c) Other accrued expenses			99,358,908.66	160,412,781.44	98,821
8. no longer applies				–	–
9. Subordinated liabilities				–	–
10. Capital with participation rights				–	–
thereof: due within two years	–				(–)
11. Special items from currency conversion				–	–
thereof: special item pursuant to Section 340e (4) HGB	–				(–)
11a. Special item arising from currency conversion				–	2,885
12. Equity					
a) Subscribed capital			259,564,396.00		248,794
b) Capital reserve			–		–
c) Revenue reserves					
ca) legal reserve	149,667,083.21				148,437
cb) other revenue reserves	168,574,663.54	318,241,746.75			114,884
d) Unappropriated earnings			12,300,000.00	590,106,142.75	12,300
Total liabilities and equity				9,245,534,758.83	9,885,803
1. Contingent liabilities					
a) Contingent liabilities from the endorsement of bills rediscounted		–			–
b) Contingent liabilities from guarantees and indemnity agreements	175,805,964.46				140,120
c) Contingent liabilities from sureties pledged as collateral security on behalf of third parties	–	175,805,964.46			–
2. Other commitments					
a) Liabilities from non-genuine repurchase agreements		–			–
b) Placement and underwriting commitments		–			–
c) Irrevocable lines of credit granted	625,086,339.25	625,086,339.25			479,352
thereof: delivery obligations from interest-related forward transactions	–				(–)

6 Statement of income

for the period January 1 to December 31, 2010			2010	2009
	€	€	€	T€
1. Interest income from				
a) Loans and money market transactions	302.778.227,38			321.665
b) Fixed-interest securities and government-inscribed debt	14.676.340,05	317.454.567,43		15.430
2. Interest expense	91.459.102,00		225.995.465,43	155.233
3. Income from				
a) Shares and other variable-yield securities	7.765.710,14			30.956
b) Investments and capital shares with cooperatives	2.129.129,38			383
c) Shares in affiliated undertakings	1.000.000,00		10.894.839,52	1.300
4. Income from profit pooling, profit transfer and partial profit transfer agreements			590.298,58	570
5. Commission income	105.159.393,81			102.835
6. Commission expense	12.265.308,99		92.894.084,82	10.695
7. Net income from financial trading operations			-129.662,28	43
8. Other operating income			18.971.243,28	23.979
9. no longer applies			-	-
10. General administrative expense				
a) Personnel expense				
aa) wages and salaries	112.082.362,56			115.746
ab) social security contributions, pensions and welfare expense thereof: for pensions	28.187.849,79	140.270.212,35		34.993 (15.450)
	9.151.899,94			
b) Other administrative expenses	107.778.391,00		248.048.603,35	99.096
11. Amortisation, depreciation and write-down of intangible and tangible fixed assets			11.587.023,03	11.742
12. Other operating expenses			20.301.482,60	21.095
13. Write-downs of and provisions against receivables and certain securities and additions to accruals relating to the credit business	34.524.516,97			25.315
14. Income from reversal of write-downs of receivables and certain securities and income from release of accruals relating to the credit business	-		-34.524.516,97	-
15. Write-downs of and provisions against investments, shares in affiliated undertakings and securities treated as non-current assets	9.524.778,15			12.921
16. Income from reversal of write-downs of investments, shares in affiliated undertakings and securities treated as non-current assets	-		-9.524.778,15	-
17. Expense from losses assumed			-	-
18. no longer applies			-	-
19. Result from ordinary operations			25.229.865,25	10.325
20. Extraordinary income	-			-
21. Extraordinary expense	8.182.070,30			-
22. Extraordinary result			-8.182.070,30	(-)
23. Income tax	4.459.199,97			-2.297
thereof: deferred taxes	-570.236,00			(-)
24. Other taxes, if not included under caption 12	387.553,69		4.846.753,66	406
25. Earnings for the year			12.201.041,29	12.216
26. Earnings/loss carried forward from previous year			98.958,71	84
			12.300.000,00	12.300
27. Transfers from revenue reserves				
a) From legal reserve	-			-
b) From other revenue reserves	-		-	-
			12.300.000,00	12.300
28. Transfers to revenue reserves				
a) To legal reserve	-			-
b) To other reserves	-		-	-
29. Total income			12.300.000,00	12.300

Company profile in brief

- A privately organized financial institution and one of the largest regional cooperative banks in Germany with more than 103,000 cooperative members
- Over 632,000 business and private customers serviced
- 2,230 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 63-51 80
Telefax: + 49 30 30 63-15 40
E-mail: international.division@berliner-volksbank.de
Internet: 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 2010 is obtainable at address shown on the left or on our website www.berliner-volksbank.de/geschaeftsbericht

Imprint

Summary Report 2010
Berliner Volksbank eG
© Berliner Volksbank eG
Budapester Strasse 35
10787 Berlin
Germany

Concept, Design and Realisation:
MetaDesign, Berlin
Photography: Peter Adamik



Berliner
Volksbank