

Annual Report
2012



Berliner
Volksbank

Dear Sir or Madam,
Dear members and business associates,



Dr. Holger Hatje
CEO of Berliner Volksbank

Berliner Volksbank can look back on a successful past year. It was a year once again marked by very challenging general economic conditions. While the global economy continued to slow down in 2012, the German economy proved to be comparatively stable. The Berlin economy even grew more strongly than the national average.

Keeping the interest income stable in 2012 was a particular challenge for the entire industry and Berliner Volksbank. Despite the low interest rate level and the increased margin pressure, Berliner Volksbank is once again able to look back on a successful financial year accompanied by renewed healthy growth in the lending and deposit-taking business. A further welcome aspect is the below-average provision for risks, which reflects the high quality of the lending business and our risk-conscious lending policy. The good economic performance makes it possible for us to form contingency reserves for general banking risks according to Section 340f of the Handelsgesetzbuch (Commercial Code) for the eighth year in succession.

The increased number of members is also a positive development. For us, over 4,100 new members stands for an increasing awareness of the cooperative idea and its values.

The focus remains on the continuous improvement of the quality of our advice and service. We are modernising and optimising our distribution network and continuously adjusting it to the needs and behaviour patterns of our members and customers. Apart from this, we are continuing our projects to optimise sales and business processes so that providing advice in line with needs will receive greater technical support in future and in this way a large number of daily customer requirements will be dealt with better, more quickly and easily. Continuity and stability are our maxims!

The outlook for 2013

Berliner Volksbank got off to a pleasingly good start in the 2013 financial year. Demand is very high in the lending business in particular and Berliner Volksbank continues to be a solid financing partner for the regional economy, contributing its share in the creation of new jobs in Berlin and Brandenburg.

Development of income in 2012

The gross income of the bank fell to €329.8 million due to a reduction in interest income of 2.7 percent.

The net commission received by the bank amounted to €99.9 million and almost matched the comparable figure of €91.2 million for the previous year. Brokering the products of the cooperative financial services network was once again a significant success factor.

The administrative costs of the bank including write-downs increased by €33.2 million to €293.5 million. This increase is attributable to special circumstances in personnel costs. Apart from provisions made for socially compatible measures designed to achieve a sustained reduction in costs, the gaps in provisions for retirement pensions that had existed in the past prior to the change made by the Bilanzrechtsmodernisierungsgesetz (Accounting Law Reform Act) were closed. Without these special circumstances the personnel costs would be almost the same as those for the preceding year.

The operating result of the bank fell to €36.3 million. The same result as that of the previous year would have almost been achieved without the special circumstances in personnel costs as can be seen from the cost-income ratio of 78.5 percent, which has hardly changed (previous year: 77.7).

Customer loans taken out rose by 4.6 percent to €6.2 billion. The fact that the bank consistently puts quality before quantity when granting loans has been reflected in the low need for net risk provisions for years.

The low costs of the previous year totalling €3.2 million compares with net retransfers of €5.9 million in 2012. A further reason for this development is that the Berlin economy grew more strongly than the national average. As a result the bank was able to reverse individual and general valuation adjustments.

It was also possible to increase customer deposits by 4.4 percent to €8.4 billion. As in the previous year, these increased above all in the cases of sight deposits, while savings deposits with an agreed term decreased.

The bank's equity was substantially strengthened by the subscription for further co-operative shares and new members by a total of €68.7 million.

Apart from an increase in core capital, the substance of the bank was further strengthened by transfer to the prudential reserves of €24.6 million under Section 340f of the Handelsgesetzbuch.

Of the net income shown on the balance sheet (€15.6 million compared with €13.5 million the previous year) the proposal put to the Representatives Assembly is a dividend totalling €12.4 million and transfer of €3.2 million to the reserves.

Best regards,
Dr. Holger Hatje

4 Assets

Balance sheet as of December 31, 2012				2012	2011
	€	€	€	€	T€
1. Liquid funds					
a) Cash			140,114,052.06		142,165
b) Balances with central banks thereof: with Deutsche Bundesbank	137,302,754.80		137,302,754.80		297,327 (297,327)
c) Balances with postal giro accounts			–	277,416,806.86	–
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			258,476,477.85		237,490
b) Other receivables			99,951,775.18	358,428,253.03	107,272
4. Receivables from customers				6,192,355,828.69	5,918,507
thereof: secured by mortgage charges	2,985,848,859.66				(2,505,933)
thereof: municipal loans	250,065,820.66				(231,767)
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	557,357,396.82	557,357,396.82			383,864 (383,864)
bb) issued by others thereof: eligible as collateral at Deutsche Bundesbank	199,339,506.06	199,339,506.06	756,696,902.88		233,544 (233,544)
c) Own debt securities Nominal amount	9,240,400.00		9,541,115.31	766,238,018.19	13,540 (13,374)
6. Shares and other variable-yield securities				1,960,363,251.17	1,933,907
6a. Held for trading				7,748,658.67	18,204
7. Investments and capital shares with cooperatives					
a) Investments thereof: in banks thereof: in financial service institutions	2,773,095.99 –		72,081,735.84		73,117 (2,837) (–)
b) Capital shares with cooperatives thereof: in cooperative banking institutions thereof: in financial service institutions	– –		76,300.00	72,158,035.84	78 (0) (–)
8. Shares in affiliated undertakings				37,518,192.00	30,667
thereof: in banks	–				(–)
thereof: in financial service institutions	–				(–)
9. Trust assets				4,142,035.83	4,268
thereof: trust loans	4,142,035.83				(4,268)
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			2,213,519.52		1,117
c) Goodwill			–		–
d) Advance payments			239,190.68	2,452,710.20	–
12. Tangible fixed assets				85,229,393.62	101,152
13. Other assets				10,313,396.14	11,734
14. Prepaid and deferred items				1,511,071.91	2,422
15. Deferred tax assets				76,298,918.88	59,883
16. Excess of plan assets over pension liability				19,781.60	–
Total assets				9,852,194,352.63	9,570,258

Liabilities and equity

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Balance sheet as of December 31, 2012				2012	2011
	€	€	€	€	T€
1. Liabilities to banks					
a) Payable on demand			13,292,733.63		12,979
b) With an agreed term or notice period			392,860,996.73	406,153,730.36	491,232
2. Liabilities to customers					
a) Savings deposits					
aa) with an agreed notice period of three months	1,106,846,129.96				1,125,609
ab) with an agreed notice period of more than three months	16,204,482.72	1,123,050,612.68			16,559
b) Other liabilities					
ba) payable on demand	7,065,737,990.69				6,614,870
bb) with an agreed term or notice period	211,860,561.88	7,277,598,552.57		8,400,649,165.25	287,398
3. Certificated liabilities					
a) Debt securities issued			127,704,174.90		196,353
b) Other certificated liabilities				127,704,174.90	–
thereof: money market paper	–				(–)
thereof: own acceptances and promissory notes outstanding	–				(–)
3a. Held for trading				52,200.00	265
4. Trust liabilities				4,142,035.83	4,268
thereof: trust loans	4,142,035.83				(4,268)
5. Other liabilities				22,964,950.42	25,118
6. Deferred items				12,471,221.33	14,774
6a. Deferred tax liabilities				–	–
7. Accrued expenses					
a) Pensions and similar commitments			71,297,733.26		60,128
b) Tax accruals			14,908,345.47		3,385
c) Other accrued expenses			103,562,037.57	189,768,116.30	97,720
8. no longer applies				–	–
9. Subordinated liabilities				–	–
10. Capital with participation rights				–	–
thereof: due within two years	–				(–)
11. Special items from currency conversion				2,023.49	–
thereof: special item pursuant to Section 340e (4) HGB	2,023.49				(–)
12. Equity					
a) Subscribed capital			349,284,988.00		285,398
b) Capital reserve			–		–
c) Revenue reserves					
ca) legal reserve	152,247,083.21				150,897
cb) other revenue reserves	171,154,663.54	323,401,746.75			169,805
d) Unappropriated earnings			15,600,000.00	688,286,734.75	13,500
Total liabilities and equity				9,852,194,352.63	9,570,258
1. Contingent liabilities					
a) Contingent liabilities from the endorsement of bills rediscounted		–			–
b) Contingent liabilities from guarantees and indemnity agreements	181,641,095.92				241,139
c) Contingent liabilities from sureties pledged as collateral security on behalf of third parties	–	181,641,095.92			–
2. Other commitments					
a) Liabilities from non-genuine repurchase agreements		–			–
b) Placement and underwriting commitments		–			–
c) Irrevocable lines of credit granted	740,574,752.33	740,574,752.33			766,602
thereof: delivery obligations from interest-related forward transactions	–				(–)

6 Statement of income

for the period January 1 to December 31, 2012			2012	2011
	€	€	€	T€
1. Interest income from				
a) Loans and money market transactions	288,762,607.67			304,810
b) Fixed-interest securities and government-inscribed debt	8,805,090.87	297,567,698.54		8,299
2. Interest expense		79,841,032.21	217,726,666.33	90,863
3. Income from				
a) Shares and other variable-yield securities		18,119,397.38		20,511
b) Investments and capital shares with cooperatives		255,741.03		1,010
c) Shares in affiliated undertakings		1,939,506.87	20,314,645.28	1,112
4. Income from profit pooling, profit transfer and partial profit transfer agreements			910,871.70	661
5. Commission income		103,190,771.09		103,030
6. Commission expense		12,311,100.40	90,879,670.69	11,806
7. Net income from financial trading operations			18,211.40	-304
8. Other operating income			27,862,439.20	17,988
9. no longer applies			-	-
10. General administrative expense				
a) Personnel expense				
aa) wages and salaries		114,412,973.04		114,263
ab) social security contributions, pensions and welfare expense thereof: for pensions	33,496,473.91	52,560,741.62	166,973,714.66	22,567 (3,645)
b) Other administrative expenses		113,508,753.63	280,482,468.29	114,035
11. Amortisation, depreciation and write-down of intangible and tangible fixed assets			13,030,605.19	9,444
12. Other operating expenses			20,550,314.20	22,793
13. Write-downs of and provisions against receivables and certain securities and additions to accruals relating to the credit business		17,797,944.72		34,076
14. Income from reversal of write-downs of receivables and certain securities and income from release of accruals relating to the credit business		-	-17,797,944.72	-
15. Write-downs of and provisions against investments, shares in affiliated undertakings and securities treated as non-current assets		-		9,521
16. Income from reversal of write-downs of investments, shares in affiliated undertakings and securities treated as non-current assets		1,013,193.61	1,013,193.61	-
17. Expense from losses assumed			-	-
18. no longer applies			-	-
19. Result from ordinary operations			26,864,365.81	27,749
20. Extraordinary income		-		-
21. Extraordinary expense		2,417,379.67		5,532
22. Extraordinary result			-2,417,379.67	(-5,532)
23. Income tax		8,473,238.79		8,070
thereof: deferred taxes	-16,416,075.88			(-8,175)
24. Other taxes, if not included under caption 12		421,397.06	8,894,635.85	728
25. Earnings for the year			15,552,350.29	13,419
26. Earnings/loss carried forward from previous year			47,649.71	81
			15,600,000.00	13,500
27. Transfers from revenue reserves				
a) From legal reserve		-		-
b) From other revenue reserves		-	-	-
			15,600,000.00	13,500
28. Transfers to revenue reserves				
a) To legal reserve		-		-
b) To other reserves		-	-	-
29. Total income			15,600,000.00	13,500

Company profile in brief

- A privately organized financial institution and one of the largest regional cooperative banks in Germany with 106,333 cooperative members
- Over 610,000 business and private customers serviced
- 2,142 competent and friendly employees
- An extremely dense network of 120 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: 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 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: auslandscenter@berliner-volksbank.de
Internet: www.berliner-volksbank.de
SWIFT: BEVO DE BB

Important note

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