

0720

Dynamic in Transition

Preface by the Management Board



Digital, sustainable, successful

2020 turned out to be a very challenging year for all of us. Since the start of the pandemic, both the economy and society have seen themselves in a state of emergency. However, thanks to an enormous effort, we have achieved dynamic growth once again. In doing so, Volksbank Bielefeld-Gütersloh has stood and stands by its members and customers as a partner in these challenging times. Our success factors: trust-based customer relationships and digital transformation. This allows us to remain close to our customers at all times. For a mutual, successful future.

Dear Ladies and Gentlemen,

2020 was a year like no other. A virus has changed the world. Apart from concerns about health, many people's fears about the future and their livelihoods also increased significantly. Numerous sectors and especially the self-employed are still suffering from the restrictions imposed as a result of the pandemic.

Volksbank Bielefeld-Gütersloh was also challenged. We have accepted this challenge and used our strengths: Thanks to our good digital service offers, our customer relationship became even stronger, and we provided them with first-class consultation and suitable offers. In light of this situation, it was crucial not to scale down our advisory services, but to significantly expand them once again.

"Morgen kann kommen" (We are prepared for the future) is more than a mere advertising slogan for us. We want to give people a feeling of security and fill this message with life for our private and commercial clients, even under the most difficult conditions. Together, we are successfully navigating through this crisis as partners. We always endeavour to be the first choice for the people and the economy in the region. Close contact with our members and clients was and is a key to our success.

Dynamic growth

All important balance sheet figures for the 2020 business year are in part significantly above the values of the previous year. The main drivers for this development were the strong demand for new loans (€1.09 billion, + 12%) and the increase in deposits (€3.58 billion, + 10%). Our Volksbank also benefited from consistent cost management and the expansion of promising business areas. The balance sheet total on the reporting date of 31 December 2020 was at a new record level of €5.33 billion. This corresponds to an increase of 15.3%.

A new expert on the Board of Directors

This year also sees important personnel changes at our Volksbank: Since 1 January, Thomas Mühlhausen has strengthened the Board of Directors team. The 48-year-old banking graduate contributes distinctive management experience in the lending business and plenty of expertise in robotic applications. The new board member will be taking over the position from Reinhold Frieling, who is retiring at the end of May after more than 24 years on the Board.

A strong team performance

We would like to thank all our employees who have shown an extraordinarily high degree of commitment to their customers and to Volksbank during this strenuous period. We would also like to thank our members, customers, the representatives, the members of the Supervisory Board and the Advisory Boards as well as our business partners who accompanied us on our successful path also during the corona year.

April 2021



Michael Deitert



Reinhold Frieling



Thomas Mühlhausen



Ulrich Scheppan

Supervisory Board Report



The Supervisory Board

Michael Mersch | Tax Consultant (Chairman of the Supervisory Board)
Jörg Seidel | Managing Director (Deputy Chairman of the Supervisory Board)
Lena Achtermann | Employee Representative (since 29/04/2020)
Christina Blankert | Employee Representative (until 29/04/2020)
Jürgen Both | Managing Director
Thorsten Flues | Employee Representative
Henrike Gieselmann | Managing Director
Markus Hüllmann | Managing Director (since 02/11/2020)
Olaf Husemann | Employee Representative (until 29/04/2020)
Thomas Kahmann | Managing Director
Franz-Josef Kleinekofort | Employee Representative
Heiner Kollmeyer | Farmer
Dieter Kornfeld | Employee Representative (until 29/04/2020)
Carola Nüßing | Managing Director
Jürgen Peterburs | Managing Director
Joachim Scholz | Lawyer
Jörg Schmedthenke | Managing Director (until 02/11/2020)
Christian Theiß | Employee Representative (since 29/04/2020)
Ernst-Dieter Thorwesten | Managing Director
Volker Tracht | Employee Representative
Patrick Witte | Employee Representative (since 29/04/2020)
Dr. Heiner Wortmann | Auditor and Tax Consultant

The Volksbank Bielefeld-Gütersloh Supervisory Board can look back with satisfaction at a successful 2020 financial year. A business year that was dominated by the pandemic and, as such, presented society and the economy with unprecedented challenges. However, thanks to an enormous effort, Volksbank Bielefeld-Gütersloh succeeded in continuing its dynamic growth and expanding its market position in the region. Strong sales figures, consistent cost management and an extraordinarily high level of employee commitment are key success factors.

In the year under review, the Supervisory Board was regularly informed by the bank management regarding the questions incumbent on it under the statutes, articles of association and rules of procedure, and it assumed its monitoring functions and took decisions within its field of competence.

The Management Board informed the Supervisory Board during eight joint meetings. These were largely held digitally due to the corona virus, and provided information on the business development as well as on significant business transactions and projects that contribute to ensuring a secure future. Thanks to comprehensive information and extensive consultation, the Management Board's decisions were conveyed transparently and comprehensibly to the Supervisory Board at all times. The requested information was always provided in full, and decisions were taken in separate votes.

In the course of the ordinary meetings, the Management Board informed the Supervisory Board about the bank's business performance, net assets, results of operations, financial position, and risk situation at all times. The Bank's internal evaluations were discussed in detail and in an appropriate manner. The Chairman informed the Supervisory Board regarding all key business-political operations.

In addition, the committees of the Supervisory Board (12 credit, 4 risk, 5 personnel and 4 audit committee meetings) met regularly and passed the resolutions as required by the articles of association. Among other things, the audit committee is responsible for monitoring the audit of the financial statements, in particular with regard to the auditor's independence and the non-audit services provided by the auditor.

Due to the foundation of its knowledge and experience as a whole, the Supervisory Board has sufficient industry and specialist knowledge as well as expertise in the fields of accounting and auditing of financial statements. The Supervisory Board reviewed these requirements as part of the self-assessment pursuant to § 25d, Par. 11 Sentence 2 numbers 3 and 4 of the German Credit Services Act (KWG). The Supervisory Board also has no conflicts of interest. Thus, the legal requirements pursuant to § 36 Par. 4 GenG (law governing the operation of cooperatives) are satisfied.

In our capacity as a supervisory body, we are satisfied that the annual financial statements have been correctly prepared from the accounting records and inventories of our bank. We received and critically examined the report on the statutory audit of the annual financial statements.

During the joint audit closing meeting, the Supervisory Board dealt intensively with the audit findings regarding the monitoring of the accounting process, the effectiveness of the internal control system and the risk management system. In addition, we gained information regarding special features and any discrepancies that may arise in the course of auditing the annual financial statements; no such discrepancies occurred.

The Genossenschaftsverband – Verband der Regionen e.V. confirmed to us the independence of the employees involved in the audit.

As a result, the Supervisory Board was sufficiently confident that the proper preparation and audit of the annual financial statements ensued, thereby contributing to the proper preparation of the accounts.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and dedicated work in the past financial year.

Gütersloh, in April 2021



Michael Mersch (Chairman)

The Financial Year 2020 – Management Board Report



Balance sheet total exceeds five billion euros for the first time

In a year that was significantly affected by the corona pandemic, Volksbank Bielefeld-Gütersloh has developed very well. It is efficiently positioned, continues to display dynamic growth and is excellently positioned in the market. Thanks to the positive development of all core areas, the balance sheet total increased by 15.3%. On the reporting date 31/12/2020, the total of all assets and liabilities was €5.33 billion (previous year €4.62 billion).

Credit business is growing

Volksbank Bielefeld-Gütersloh's growth was spurred by a flourishing credit business once again. As of 31/12/2020, customer loans and advances amounted to €3.54 billion (+ 5.8%). For the first time, the total of new loans to the domestic economy as well as to private customers exceeded the billion mark. Volksbank provided a total of €1.09 billion in new loans, which represented an increase of 12%. Corporate clients made up the largest share of the new loan volume, €749.6 million (+ 19%). Volksbank Bielefeld-Gütersloh also supported its customers in partnership during the corona pandemic. Here, for instance, a suspension of repayment was agreed for 1,529 loan accounts.

Strong growth in mortgage brokerage

Once again, Volksbank Bielefeld-Gütersloh's mortgage lending business benefited from excellent consultation and its outstanding market position. In particular, mortgage brokerage developed strongly and increased by 35% to €109.9 million. In total, we provided private house builders, investors and capital investors with real estate loans and mortgages amounting to €435 million (- 4.7%). Due to corona, some construction projects were postponed for the time being.

Since April 2020, Volksbank has been the only bank in OWL to offer an online construction financing certificate: a free financing confirmation for prospective real estate buyers. This digital offer was gladly used: 476 enquiries have been received so far, 139 certificates were issued directly.

Customer deposits reach new high

In the 2020 business year, there was again a significant increase in customer deposits. These grew by 10% to now €3.58 billion (previous year: €3.26 billion). The lion's share of customer deposits continues to be made up of balances on current and call money accounts. These demand deposits increased by 19% to €2.9 billion. However, savings deposits also increased again in the past financial year, by 0.9% to €454.7 million. In view of the uncertainty during the pandemic, these figures express our customers' need for security and their trust in Volksbank Bielefeld-Gütersloh. Because of the continuing low interest rates on credit balances, the advisory campaign for more lucrative forms of investment is being intensified.

Securities business benefits from the stock market boom

Following the corona shock in March, investor confidence in the stock market quickly returned. Thanks to the qualified advice, our customers increasingly rely on shares and funds for their investments. Therefore, the securities turnover of the cooperative financial institution increased to €606.4 million (+ 21.3%). This corresponds to an increase of 21.3% compared to the equally strong stock market year 2019. In addition, our market specialists brokered 5,360 fund savings plans (+ 26%). The securities portfolios of Volksbank customer deposits benefited from the boom on the stock markets. In 2020, there was an increase of 9.6% to a volume of €1.3 billion.

The asset management of Volksbank Bielefeld-Gütersloh remains a success story. In 2020, the number of mandates managed increased by 4.9% to 425 (2019: 405). Clients entrusted Volksbank with a volume of €346.5 million (2019: €311.9 million), an increase of 11.1%. Accordingly, total assets under management rose by 9.7% to €4.88 billion (2019: €4.45 billion).

NachhaltigkeitsInvest continues to perform

Volksbank Bielefeld-Gütersloh is very familiar with the topic of sustainability: For more than ten years, we have been successful on the market with our own mixed fund, the *Volksbank Bielefeld-Gütersloh Nachhaltigkeits-Invest*. Since its launch in 2009, the fund has achieved a performance of 66.1%. The portfolio only includes securities that satisfy strict ecological, ethical and social requirements. This is also appreciated by more and more clients who want to invest sustainably and who place their focus on returns. In 2020 alone, 1,551 new investors opted for *NachhaltigkeitsInvest*. The fund volume grew again last year by 22.3% to €155.9 million. With a plus of 4%, the 2020 fund outperformed the DAX.

Foreign business with increasing demand for advisory services

The corona pandemic has had an enormous impact on international business. The need for consultation and support increased significantly last year. Above all, the hedging of foreign business gained new significance. Our bank's team of experts handled a total of 19,335 transactions in 2020 (+ 28.9%), about 4,000 more than in 2019.

Geno Immobilien brokers more properties

Demand for real estate remains very high, despite the corona pandemic. Although purchase prices continued to rise, Geno Immobilien managed to broker significantly more properties for sale and rent. In 2020, the 307 properties brokered (previous year 285) reached a property volume of €78.9 million (previous year €57.6 million).

Geno Hausverwaltung managed a total of 1,284 residential units as at 31/12/2020, an increase of 94 mandates over the previous year.

Life insurance at a high level

As expected, demand for life insurance policies declined slightly, but remained at a high level.

The total of new life insurance policies brokered by our S-Group partner *R+V Versicherung* was €49 million (- 3%) the number of new contracts decreased by 9.8% to 2,925 (previous year: 3,243). In home loan and savings, our customers concluded 2,732 new contracts (- 6.3%) with a total home loan and savings amount of €151.3 million. Thus the value of the previous year was reached.

A business model for the future

Volksbank Bielefeld-Gütersloh welcomed 4,212 new members last year (previous year 3,722). We are proud that the cooperative idea inspires so many people: Because our Volksbank now counts 111,829 bank members – a record number! Two of three customers are Volksbank members. At 165,795, the number of customers remained at the high level of the previous year.

For the people of the region

Supporting people in their projects – that is part of our cooperative DNA. Volksbank Bielefeld-Gütersloh continued its helpful social commitment even in these difficult times and supported associations, institutions and charitable projects with a total of €408,000. Through our crowdfunding platform, seven important projects were realised with Volksbank co-funding in the amount of €15,000.

A strong team continues to develop

Volksbank Bielefeld-Gütersloh is also a strong employee bank. 728 employees (status: 31/12/2020), of which 378 full-time employees, working for the financial institute. Our 54 apprentices also contribute toward developing the banking of tomorrow. Volksbank invested about €500,000 in the digital further education of its employees.

Proposal for the appropriation of profits

Our members participate in the business success as shareholders. The Management Board and the Supervisory Board propose a basic dividend of 2.0% to the representatives' meeting. Members also receive the BoD member bonus. The amount of the bonus depends on the intensity of the cooperation with Volksbank.

2.0% basic dividends	€658,168.60
Transfer to other revenue reserves	€3,740,000.00
Carried forward to new account	€12,717.40
Balance sheet profit	€4,410,886.00

Outlook



Cautious optimism

Volksbank Bielefeld-Gütersloh looks ahead to the 2021 financial year with cautious optimism. We assume that both the global economy and the economy in Germany will continue to recover. A plus of between three and five percent is expected for the national economy. This forecast depends above all on the question of how quickly the pandemic will be under control.

East Westphalia remains a strong region

The customers of Volksbank Bielefeld-Gütersloh and many companies in East Westphalia-Lippe have come through the Corona crisis relatively well so far – 9 considering the dimension of this pandemic. However, there are differences depending on the industry. The mood in the region is largely positive and the SME economy is well positioned overall. Volksbank Bielefeld-Gütersloh will not only actively accompany this development in 2021, but also intensively promote it and thus contribute to ensuring that East Westphalia-Lippe remains a strong region in the future.

Targeted expansion of digital services

Volksbank Bielefeld-Gütersloh feels well prepared for the challenges that lie ahead in this financial year, as we have made important strategic decisions in previous years, particularly in the area of digital transformation. The targeted expansion of digital services will remain a strategic focus in the 2021 business year. In addition, Volksbank will once again intensify its commitment in the area of start-ups and fintechs and enter into further participations and cooperations.

Strengthening sustainable commitment

Volksbank has also set itself ambitious goals in the important area of sustainability. The successful financial institution will further optimise its own environmental and energy management and expand the topic of e-mobility. Climate-damaging emissions that cannot be saved are to be offset, so that the Bank aims to achieve a neutral climate balance before the end of this year.

The right strategy

Innovations remain the key to success in the financial industry. In a highly digitalised world, Volksbank continues to rely on creativity, on the expansion of promising business areas and on cooperative values for the people and the companies in the region. Partnership-based, trusting customer relationships count for a lot now. The pandemic has shown us how important it is to stand together and show solidarity.


Volksbank Bielefeld-Gütersloh is well equipped for the future: with a sustainable business model, a clear strategy and a very good basic constitution.

An Overview of the Year

Total members

New members 4,212

111,829



Balance sheet total in billion €

(+ 15.3%)

5.33



New lending in € billion

Companies continued to invest strongly



Mortgage financing in million €

Total - 4.7%

€325.1 million (- 13.3%)
Own mortgage loans

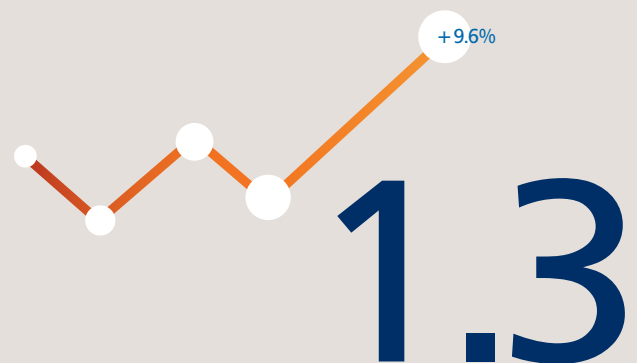
435.0



€109.9 million (+ 35.0%)
Mortgage loans brokered

Securities business in € billion

Investors benefited from the stock market boom



Regional commitment in €

Our cooperative DNA: Achieving more together

€45,000
Volksbank foundation

€15,000
Crowdfunding

€200,000
Donations



408,000

€148,000
Sponsoring

Balance Sheet

Annual balance sheet on
31/12/2020
(abbreviated form)

	2020	Previous year	Change
	€T	€T	€T
Assets			
Cash reserves	379,868	62,755	317,113
Loans and advances to credit institutions	204,630	63,052	141,578
Receivables from customers	3,540,939	3,345,571	195,368
Securities and participations	1,058,926	1,028,273	30,653
Property, plant and equipment (incl. software)	74,649	67,170	7,479
Active deferred taxes	40,224	36,820	3,404
Other assets	25,856	15,836	10,020
Balance sheet total	5,325,092	4,619,477	705,615
Liabilities	€T	€T	€T
Liabilities to credit institutions	1,116,026	779,304	336,722
Liabilities to customers	3,583,466	3,257,200	326,266
Securitised liabilities	0	0	0
Provisions	60,347	56,012	4,335
Other liabilities	21,766	3,935	17,831
Funds for general bank crises	249,300	236,300	13,000
Equity	294,187	286,726	7,461
Balance sheet total	5,325,092	4,619,477	705,615

Profit and loss account

Profit and loss account as of
31/12/2020
(abbreviated form)

	2020	Previous year	Impact on results
	€T	€T	€T
Interest income	85,271	86,887	-1,616
Interest expenses	-10,015	-11,937	1,922
Current income from securities and investments	3,553	4,700	-1,147
Commission result	34,084	31,339	2,745
Other operating income	3,550	5,028	-1,478
Personnel expenses	-40,584	-41,705	1,121
Other administrative expenses	-24,087	-24,695	608
Depreciation and value adjustments on property, plant and equipment	-4,332	-4,630	298
Other operating expenses	-4,475	-6,682	2,207
Valuation result	-12,123	64	-12,187
Surplus from ordinary activities	30,842	38,369	-7,527
Extraordinary result	0	0	0
Taxes	-9,232	-9,965	733
thereof: Income from deferred taxes	3,404	1,168	2,236
Allocations to funds for general bank crises	-13,000	-19,800	6,800
Net profit for the year	8,610	8,604	6
Profit brought forward from previous year	0	0	0
Transfer to earnings reserves	-4,200	-4,100	-100
Balance sheet profit	4,410	4,504	-94

Relevant Auditing Association
Genossenschaftsverband – Verband der Regionen e. V.
Peter-Müller-Str. 26
40468 Duesseldorf

The complete annual financial statements (balance sheet, profit and loss account and annex), and the management report with auditor's certificate from Genossenschaftsverband – Verband der Regionen e. V., Düsseldorf, will be published in the electronic Federal Gazette after approval by the Representatives' Meeting.

0320

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