

0723

**Sustainable Growth**

# Foreword by the Managing Board



**Operative efficiency, digital excellence, sustainable growth**  
2023 was characterised by turning points: For Volksbank Bielefeld-Gütersloh, it marked a period of sustained growth and positive change. It was also a time of challenges and upheaval, fraught with a variety of unfavourable economic and political influences. The German economy slipped into recession, shrinking by 0.3 per cent on a price-adjusted basis.

Within the scope of this challenging economic environment, we once again proved our ability to reach core objectives in a comprehensive scope, with responsible action, digital and analogue excellence, as well as goal-oriented sustainability.

We impressively continued our sustainable growth trajectory of recent years and created a more than solid foundation for the upcoming merger with Volksbank Herford-Mindener Land.

*Dear Ladies and Gentlemen,*

Last year, we once again succeeded in improving our balance sheet and further expanded our position as a strong financial services provider in the region. This development underscores our operational efficiency and adaptability in a highly competitive market, impressively proving that we are successfully implementing our customer-centred, progressive strategy.

#### **Transformation is progressing**

The strategic orientation of our cooperative bank is based on continuous transformation, both digital and analogue. In the past year, we once again took a decisive step forward. The planned merger with Volksbank Herford-Mindener Land is yet another milestone and opens up new, outstanding opportunities for our company, which we will utilise intensively.

#### **Strong development in core business**

The positive trend is reflected in total assets of 5.62 billion euros as per 31 December 2023. This corresponds to an increase of 55.5 million euros, thereby marking a new record high. Customer deposits grew, and the securities business is particularly pleasing. These growth rates reflect our solid development. They indicate the stability and growth potential of our company. However, rising interest rates and a general economic cooling in the region also meant that we were able to grant fewer new loans.

#### **Strong interest in the cooperative**

The steadily growing enthusiasm for our Volksbank is also reflected in the increase in the number of shares. We were able to convince 2,884 new shareholders of the advantages of our Volksbank. This development reflects the increased relevance of our cooperative bank in the region. Currently, we have total of 113,126 members. Our experts are looking after a total of 165,564 customers who have at least one account.

#### **First-class team performance**

Our success is the result of first-class teamwork. With this strong team, our customers, members, representatives and the Supervisory Board at our side, we are more than confident about the future. We look forward to the tasks that lie ahead, and the financial solutions that we will develop in the future. We would like to take this opportunity to thank all involved persons for their active cooperation and for placing their trust in our Volksbank Bielefeld-Gütersloh. The results of the past financial year impressively prove the confidence our customers and members have in our financial institution. Our sincere thanks go to all our employees, whose outstanding commitment has once again made this possible.



Michael Deitert



Thomas Mühlhausen

# Report of the Supervisory Board



## The Supervisory Board

**Michael Mersch** Tax Consultant (Chairman of the Supervisory Board)

**Jürgen Both** Graduate Business Engineer (Deputy Chairman of the Supervisory Board)

**Lena Achtermann** Employee representative

**Christina Blankert** Employee representative

**Thorsten Flues** Employee representative

**Henrike Gieselmann** Managing director

**Markus Hüllmann** Managing director

**Alexander Ihde** Managing director

**Thomas Kahmann** Managing director

**Heiner Kollmeyer** Farmer

**Carola Nüßing** Managing director

**Jürgen Peterburs** Managing director

**Katja Saalfeld** Employee representative

**Joachim Scholz** Lawyer

**Christian Theiß** Employee representative

**Ernst-Dieter Thorwesten** Managing director

**Patrick Witte** Employee representative

**Dr Heiner Wortmann** Auditor and Tax Consultant

The Volksbank Bielefeld-Gütersloh Supervisory Board can look back at a successful 2023 financial year. Our Volksbank was able to noticeably expand its position as a strong force in the region. Despite an economically challenging market environment characterised by numerous uncertainties, the Volksbank team succeeded in continuing the sustainable growth course of recent years. Last year, our Volksbank continued its dynamic and future-oriented development. This has created a stable foundation for the forthcoming merger with Volksbank Herford-Mindener Land, to form the new Volksbank in Ostwestfalen eG.

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 over the course of nine joint meetings, which were held in person, about the business development, significant business transactions and future-proofing projects. 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.

During 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 (4 credit, 4 risk, 3 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, particularly regarding 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 in 2022 as part of the self-assessment in accordance with section 25d, Par. 11 Sentence 2 nos. 3 and 4 KWG (there

have been no personnel changes since then). 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 reviewed the management report, the sustainability report and the statutory audit report.

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 while auditing the annual financial statements; no such discrepancies occurred.

The der Genoverband e.V. confirmed the independence of the employees involved in the audit to us.

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 May 2024

A handwritten signature in blue ink, appearing to read 'M. Mersch', is written over a horizontal line.

Michael Mersch (Chairman)

# The Financial Year 2023 – Management Board Report



## **Balance sheet total reaches a new, all-time high**

The continuous growth of our total assets continued at a high level in the reporting year. At the end of the financial year, this essential indicator, which provides a comprehensive insight into the size and scope of our business activities, totalled 5.62 billion euros (previous year: 5.57 billion euros). This corresponds to an increase of 55.5 million euros (plus one per cent). The total volume of customers managed, including that of the cooperative network partners, increased by an equally impressive 5.0 per cent to 11.6 billion euros (previous year: 11.0 billion euros).

## **New record, also for customer deposits**

Among other things, the good performance of our financial institution is due to the good growth in customer deposits. Deposits reached a new high of 4.05 billion euros (up 4.9 per cent). This corresponds to an increase of 190 million euros compared to the previous year (3.86 billion euros).

## **Subdued demand for new loans**

A differentiated development was seen regarding new loans. The combination of economic uncertainty, rising energy prices, a lack of positive impetus for the economy and labour market, as well as higher interest rates, led to subdued demand for new loans in 2023, as predicted by our experts. In the past financial year, we provided new loans totalling 227.2 million euros to private customers and 564.6 million euros to corporate customers.

## **Targeted support for start-ups**

Despite the challenges described above, we brokered 53 new business start-up loans, totalling 3.41 million euros to start-ups and founders. This underlines our committed support, advice and guidance for aspiring entrepreneurs and business founders. Our objective is to promote innovative business ideas, thereby supporting the long-term economic upturn in East Westphalia.

The positive development in the number of start-up loans brokered reflects the basis of trust that we have successfully built up as a financial partner for aspiring entrepreneurs.

## **Positive effects in the building society sector**

The changed interest rate conditions also positively impacted the home loan and savings segment. In the past financial year, we were able to register an increase of four per cent in the number of home loan and savings contracts brokered, which corresponds to 2,389 new contracts with a home loan and savings sum of 181.6 million euros. By contrast, new business in the area of construction financing fell by 22 per cent to 311.6 million euros, due to rising interest rates and the renewed increase in construction costs.

## **The bulls are back on the trading floor**

Share prices around the world continued their upward trend over the course of the year, reaching new highs and thus performing significantly better than many had expected. To summarise, from an investor's perspective, 2023 was an extremely satisfactory year. This development was also reflected very favourably in our customers' investment accounts. The total volume of securities holdings recovered quickly from the previous year's losses and improved by 25.9 per cent (366.9 million euros) to 1.78 billion euros. The subsidiary klarwert GmbH also developed positively and was able to acquire further digitalised asset management mandates.

## **Strong performance with "sustainability investment"**

The pleasing positive development of our established "Nachhaltigkeitsinvest" fund has also continued steadily since the beginning of 2023. By the end of the year, the fund had grown by 8.4 per cent, increasing its total volume to more than 184.2 million euros (previous year: 169.9 million euros).

### **Sophisticated omnichannel strategy**

The use of digital touchpoints increased significantly last year. This confirms our targeted strategy of continuing to drive forward the digital transformation. By implementing well-wrought omnichannel strategies, we are also increasingly reaching other customer segments. More than two thirds of our 149,672 accounts are now online accounts (up 7.3 per cent). The trend towards card payments also continued unabated. Transactions increased by 14.53 per cent to 1.47 million, and the volume grew by 10.31 per cent to 48.55 million euros.

### **Mobile payment with rapid growth**

An increasing share of our customers is using mobile devices such as smartphones or tablets to perform financial transactions. Here, we recorded an increase of 79.5 per cent to a total of 688,084 transactions. The VR Banking app, which comes with high security standards that enable customers to process all their financial transactions and manage accounts at other banks, also achieved impressive results. The number of users increased by 25.8 per cent, to a total of 32,032.

### **Use of ATMs declining**

Cash withdrawals fell by 5.3 per cent to 1.47 million transactions. This is because the trend towards card payments continues unabated: Customers increasingly favoured debit and credit cards for their purchases. Transactions rose by 14.5 per cent, to 1.47 million. With the purpose of further improving security both at ATM locations and for customers, we invested around 500,000 euros in comprehensive security measures last year. The ATMs are still available in the immediate vicinity of our customers.

### **Sustainability deeply rooted in our DNA**

Sustainability plays a central role in our strategy. We are continuously honing our approach to sustainability. This is done with the goal of satisfying the changing requirements of our members and customers to an even greater extent, and to set new sustainability standards. Sustainability is a high priority for us and is part of our DNA. To achieve this, we have further strengthened our commitment. Here, for example, we have continued to intensively train numerous colleagues who specialise as

ESG experts. They provide our company with targeted support in developing guidelines and strategies, and in improving environmental and social standards as well as governance practices. In addition, we are continuously working on integrating ESG criteria into our business processes.

This applies to the lending business, for example, where ESG criteria are becoming increasingly important both for customers and for our Volksbank. To actively shape this change, we introduced an impact dialogue last year to ensure a structured exchange with corporate customers. This dialogue serves to promote and intensify ecological and social aspects as well as sustainable corporate governance. The increasing demand for investment and financing for the sustainable transformation of the economy opens up outstanding opportunities for our cooperative bank as a major financing partner. Through this process, we can actively contribute to generating new business opportunities and positively impacting society. As a cooperative, we do not only see our role as the provider of funding; we are also a driver of sustainable change. To achieve this, we actively tackle the challenges and opportunities of sustainable development, together with our customers.

### **Support for regional projects becomes more digital**

Over the course of the past year, financial support through crowdfunding grew from 4,000 to 32,000 euros. This not only emphasises the growing importance of digital platforms for the financial support of regional projects; it also highlights the population's increasing involvement in digital transformation related to local engagement.

In addition, we once again provided increased sponsorship to associations, institutions and social projects last year. The total amount increased by ten per cent, to 155,000 euros. All in all, Volksbank and the Volksbank Foundation distributed around 483,000 euros for development measures.

2.5 % dividends	€ 1,191,279.19
Transfer to other revenue reserves	€ 5,100,000.00
Carried forward to new account	€ 8,378.18
<b>Balance sheet profit</b>	<b>€ 6,299,657.37</b>

# Outlook



## **Economic development is being curbed**

We are experiencing a myriad of global challenges that concern us all and also affect our region. They include both new and familiar issues. These are geopolitical tensions, a cooling of the overall economic development, the serious effects of climate change, and the need to deal with the rapid pace of technological progress. All of these factors directly impact investment activity, economic growth and the demand for labour in our region. Most economists from institutions and banks have lowered their forecasts for economic development this year, and the majority expect a slight decline in economic output.

## **Challenging macroeconomic context**

This complex situation calls for a strong, pioneering bank that develops and successfully implements comprehensive and innovative solutions together with its private and business customers. Within this constantly challenging macroeconomic context, we will continue to do everything we can in the current financial year to stay in close contact with our customers and provide them with targeted support. We achieve this by providing holistic advice, utilising the opportunities offered by a more favourable interest rate environment and investing capital in promising growth opportunities with attractive returns.

## **A promising year for investments**

Despite the numerous economic, geopolitical and other challenges, many factors indicate that 2024 could be an attractive year for investments. The increasing use of artificial intelligence poses challenges for companies. Simultaneously, though, special focus is on the topics of resource transition, supporting the population and next-phase technology.

In this dynamic environment, there are forward-looking investment opportunities for investors. Our objective is to retain the position as the first point of contact for people in the region in all areas and to further expand this position with the new Volksbank in Ostwestfalen. Bearing this in mind, we are determined to see the challenges as opportunities and open up innovative paths for sustainable development and economic success.

## **Pioneer in modern banking**

We are optimistic about the future for the emerging Volksbank in East Westphalia, as it will remain in demand as a financially strong cooperative in these challenging times. With the merger of Volksbank Herford-Mindener Land with our Volksbank Bielefeld-Gütersloh, we can offer our customers in our business region even higher quality and quantity financial services and ensure their long-term financial success. With the efficiency of the new Volksbank in East Westphalia, we will definitely be able to realise this even more effectively. We are striving to play a pioneering role in modern analogue and digital banking with the new Volksbank in Ostwestfalen.

The timetable for the merger is clearly defined: The last separate representative meetings of both companies will take place again in May. The new Volksbank in East Westphalia is scheduled to be entered in the cooperative register at the beginning of August, followed by the technical merger and the merging of the IT systems at the end of August. This structured process will ensure that we maximise the potential of the merger. We are very much looking forward to our new Volksbank in Ostwestfalen.

# An Overview of the Year

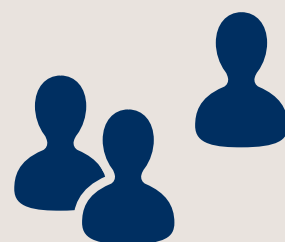
**Balance sheet total in billion €**  
In the previous year € 5.57 billion



**Members**

113,126

2,884  
New members



**Customer deposits in billion €**  
In the previous year € 3.86 billion



**Receivables from customers in billion €**  
In the previous year € 3.92 billion



+ 1.3 %

3.97

**Securities in billion €**  
Increase by € 0.36 billion



**Regional commitment in €**  
Shaping the cooperative idea together

28,000  
Volksbank foundation

32,000  
Crowdfunding

268,000  
Donations



155,000  
Sponsoring

483,000

# Balance Sheet

Annual balance sheet on 31.12.2023  
(abbreviated form)

	2023	Previous year	Change
	€T	€T	€T
<b>Assets</b>			
Cash reserves	57,498	447,000	-289,502
Loans and advances to credit institutions	393,861	68,447	225,414
Receivables from customers	3,970,530	3,918,609	51,921
Securities and participations	1,024,480	946,690	77,790
Property, plant and equipment (incl. software)	98,566	92,001	6,565
Active deferred taxes	47,720	54,322	-6,602
Other assets	30,713	40,767	-10,054
<b>Balance sheet total</b>	<b>5,623,368</b>	<b>5,567,836</b>	<b>55,532</b>
<b>Liabilities</b>	€T	€T	€T
Liabilities to credit institutions	843,341	1,036,547	-193,206
Liabilities to customers	4,049,646	3,859,637	190,009
Securitised liabilities	0	0	0
Provisions	68,081	60,593	7,488
Other liabilities	25,654	28,197	-2,543
Funds for general bank crises	304,400	262,500	41,900
Equity	332,246	320,362	11,884
<b>Balance sheet total</b>	<b>5,623,368</b>	<b>5,567,836</b>	<b>55,532</b>

# Profit and loss account

Profit and loss account  
as of 31.12.2023  
(abbreviated form)

	2023	Previous year	Impact on results
	€T	€T	€T
Interest income	136,564	88,118	48,446
Interest expenses	-41,680	-6,844	-34,836
Current income from securities and investments	8,773	7,402	1,371
Commission result	32,132	35,009	-2,877
Other operating income	4,799	5,583	-784
Personnel expenses	-48,532	-44,599	-3,933
Other administrative expenses	-26,511	-25,379	-1,132
Depreciation and value adjustments on property, plant and equipment	-4,754	-4,462	-292
Other operating expenses	-1,497	-2,311	814
Valuation result	15,926	-47,436	63,362
<b>Surplus from ordinary activities</b>	<b>75,220</b>	<b>5,081</b>	<b>70,139</b>
Extraordinary result	0	0	0
Taxes	-23,823	893	-24,716
thereof: Income from deferred taxes	6,602	-9,149	15,751
Allocations to funds for general bank crises	41,900	0	41,900
<b>Net profit for the year</b>	<b>9,497</b>	<b>5,973</b>	<b>3,524</b>
Profit brought forward from previous year	3	9	-6
Transfer to earnings reserves	-3,200	-2,000	-1,200
<b>Balance sheet profit</b>	<b>6,300</b>	<b>3,982</b>	<b>2,318</b>

**Relevant Auditing Association**  
Genoverband e.V.  
Ludwig-Erhard-Allee 20  
40227 Duesseldorf

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

0723

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